



2020 Second QUARTER

Jerry Volas, CEO

Robert Buck, President & COO

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August 4, 2020

SAFE HARBOR

Statements contained herein reflect our views about future periods, including our future plans and performance, constitute “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “will,” “would,” “anticipate,” “expect,” “believe,” “designed,” “plan,” or “intend,” the negative of these terms, and similar references to future periods. These views involve risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed in our forward-looking statements. We caution you against unduly relying on any of these forward-looking statements. Our future performance may be affected by the duration and impact of the COVID-19 pandemic on the United States economy, specifically with respect to residential and commercial construction; our ability to continue operations in markets affected by the COVID-19 pandemic and our ability to collect receivables from our customers; our reliance on residential new construction, residential repair/remodel, and commercial construction; our reliance on third-party suppliers and manufacturers; our ability to attract, develop, and retain talented personnel and our sales and labor force; our ability to maintain consistent practices across our locations; and our ability to maintain our competitive position. We discuss the material risks we face under the caption entitled “Risk Factors” in our Annual Report for the year ended December 31, 2019, as filed with the SEC on February 25, 2020, as well as under the caption entitled “Risk Factors” in subsequent reports that we file with the SEC. Our forward-looking statements in this presentation speak only as of the date of this presentation. Factors or events that could cause our actual results to differ may emerge from time to time and it is not possible for us to predict all of them. Unless required by law, we undertake no obligation to update publicly any forward-looking statements as a result of new information, future events, or otherwise. The Company believes that the non-GAAP performance measures and ratios that are contained herein, which management uses to manage our business, provide users of this financial information with additional meaningful comparisons between current results and results in our prior periods. Non-GAAP performance measures and ratios should be viewed in addition, and not as an alternative, to the Company's reported results under accounting principles generally accepted in the United States. Additional information about the Company is contained in the Company's filings with the SEC and is available on TopBuild's website at www.topbuild.com.

BUSINESS UPDATE

- Strict safety protocols remain in place
- Revenue increased each month as we moved through the quarter
- Growing builder optimism
- Continue to proactively flex business model
- Ample liquidity

OUR SAFETY CULTURE REMAINS A TOP PRIORITY

2Q 2020 FINANCIAL HIGHLIGHTS*

- 2.1% sales decline driven by impact of COVID-19
- 27.8% adjusted gross margin, up 130 bps
- 12.9% adjusted operating margin, up 130 bps
- 16.7% adjusted EBITDA margin, up 250 bps
- 17.5% increase in adjusted EPS to \$1.68 per diluted share

STRONG MARGIN EXPANSION

Capital Allocation

- Resuming acquisition program...#1 capital allocation priority
 - Full pipeline of prospects
 - Almost \$650M of liquidity
 - Primary focus core insulation businesses
 - Secondary focus on glass businesses
- Share repurchase program in place

ROBUST PIPELINE OF ACQUISITION PROSPECTS

**HARD WORK,
DEDICATION
& TEAMWORK**

THANK YOU TOPBUILD TEAM

Installers, warehouse workers, drivers, office and sales staff, field leadership and branch support center team.

You helped deliver our very strong second quarter results!



Responding to current environment

- Strict safety protocols in place at branches and on job sites
 - Social distancing
 - Sanitizing and disinfecting
- Work-from-home policy remains in place at Branch Support Center
- Internal communications significantly ramped up
- Maintaining focus on core values
 - Safety
 - Diversity
 - Inclusion

CORNERSTONE VALUES OUR GUIDING PRINCIPLES

Operations Overview

- **Flexible business model** enables us to quickly adapt to changing market conditions...on both upside and downside
- **Ability to attract labor** important competitive advantage
- **Integrated systems** allow us to share labor, equipment and inventory
- **Strong supply chain** ensures we can meet customer demand
- **Long-term customer and supplier partner relationships** with a focus on customer service and support
- **Company-wide focus on operational efficiency and sales and labor productivity** supports quick adaptation to market forces

FLEXIBLE MODEL...STRONG RESULTS

Quickly Flexed the Business

- Continued tight control of key input costs
- Capital expenditures significantly reduced
- Overhead expenses reduced
- Travel & Entertainment significantly curtailed
- COVID-19 Leave Plan implemented

MULTIPLE LEVERS PULLED



(\$ in 000s)	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Sales	\$466,569	\$942,442
Y-O-Y Change	(3.4%)	1.1%
Adjusted Operating Profit*	\$71,138	\$131,493
Y-O-Y Change	3.4%	9.3%
Adjusted Operating Margin*	15.2%	14.0%
Y-O-Y Change	100 bps	110 bps

RESULTS IMPROVED AS QUARTER PROGRESSED



(\$ in 000s)	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Sales	\$216,336	\$430,558
Y-O-Y Change	1.3%	3.0%
Adjusted Operating Profit*	\$25,153	\$49,823
Y-O-Y Change	18.9%	19.0%
Adjusted Operating Margin*	11.6%	11.6%
Y-O-Y Change	170 bps	160 bps

SOLID SALES GROWTH...STRONG MARGIN EXPANSION

New Product Line: Disinfection Supplies



CORONAVIRUS (COVID-19) DISINFECTION SUPPLIES YOU NEED

The worldwide COVID-19 pandemic has spurred unprecedented demand for surface cleaning, sanitization services and supplies to protect our communities. The virus can live on surfaces for days, which means that continuing to disinfect surfaces is essential for reducing the spread and ensuring that people feel safe where they live, work and play. When you need to properly sanitize and disinfect to protect against COVID-19, Service Partners is here to help.



COVID-19 SPRAY DISINFECTANTS

Service Partners carries spray disinfectants included on the EPA List N that provide top protection for businesses and communities against COVID-19. During a time when the availability of spray disinfectants is scarce and fraudulent products are being sold frequently, we carry products you can trust.



PROFESSIONAL-GRADE EQUIPMENT

Service Partners has a long history as a leading supplier of spray-applied products and Personal Protective Equipment (PPE). Whether you are providing a local sanitization service or disinfecting your own property, we have the professional-grade equipment and disinfectant solutions you need for ongoing performance.



DISINFECTION SUPPLIES ONE-STOP SHOP

Service Partners is your trusted source for COVID-19 disinfection supplies. We provide a wide range of industry-leading equipment and materials, including EPA-registered disinfectants that can be purchased separately or SP Sanitize & Disinfect Kits to get you started quickly.



DISINFECTION & SANITIZATION KITS

Whether you're a contractor just getting started offering a local sanitization service or a business getting ready to open back up, we can help you quickly protect against COVID-19 with our recommended products kits: Contractor Starter Kit and Contractor Pro Kit.

CREATIVELY MEETING NEW MARKET DEMAND

Commercial Business

- Declined 12.9% in 2Q, 6.9% YTD (same branch)*
- Large number of commercial projects delayed
 - New guidelines governing density of construction crews on site
- Some commercial projects cancelled, but partially offset by new projects awarded
 - Distribution centers
 - Healthcare facilities
 - Infrastructure projects

CONFIDENT IN LONG-TERM GROWTH PROSPECTS

FINANCIAL OVERVIEW

Second Quarter 2020

(\$ in 000s except per share amounts)	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Sales	\$646,099	\$1,299,327
Y-O-Y Change	-2.1%	1.6%
Adjusted Operating Profit*	\$83,502	\$153,764
Y-O-Y Change	9.3%	13.5%
Adjusted Operating Margin*	12.9%	11.8%
Y-O-Y Change	130 bps	120 bps
Adjusted EBITDA*	\$107,753	\$196,113
Y-O-Y Change	14.6%	16.4%
Adjusted EBITDA Margin*	16.7%	15.1%
Y-O-Y Change	250 bps	190 bps
Adjusted Income per Diluted Share	\$1.68	\$3.04
Y-O-Y Change	17.5%	22.1%

STRONG PERFORMANCE

CapEx, Working Capital & Cash Flow

\$ in 000s

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
CAPEX	\$20,937	\$21,982
Operating Cash Flow	\$178,162	\$96,264
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	June 30, 2020	December 31, 2019
Cash Balance	\$258,837	\$184,807
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	June 30, 2020	June 30, 2019
Working Capital % to Sales	10.5%	11.9%

STRONG LIQUIDITY

Leverage

\$ in millions

Total Debt	\$725.7	<ul style="list-style-type: none"> ✓ \$389.6M available on \$450M Revolver ✓ Significant room under debt covenants
Less Cash	258.8	
Net Debt	\$466.9	
TTM Adj. EBITDA	\$386.7	
Leverage	1.21x	

STRONG BALANCE SHEET



APPENDIX

ADJUSTED EBITDA RECONCILIATION

(\$ in 000s)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income, as reported	\$ 55,496	\$ 52,051	\$ 106,268	\$ 90,035
Adjustments to arrive at EBITDA, as adjusted:				
Interest expense and other, net	8,188	9,105	16,457	18,374
Income tax expense	16,770	14,883	27,485	24,249
Depreciation and amortization	19,121	13,062	33,311	25,538
Share-based compensation	5,130	4,513	9,038	7,485
Rationalization charges	2,376	142	2,376	1,969
Acquisition related costs	(40)	251	196	903
Refinancing costs and loss on extinguishment of debt	20	—	290	—
COVID-19 pay	692	—	692	—
EBITDA, as adjusted	\$ 107,753	\$ 94,007	\$ 196,113	\$ 168,553

SEGMENT GAAP TO NON-GAAP RECONCILIATION

(\$ in 000s)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
TruTeam						
Sales	\$ 466,569	\$ 483,028	(3.4) %	\$ 942,442	\$ 932,410	1.1 %
Operating profit, as reported	\$ 69,643	\$ 68,423		\$ 129,994	\$ 119,722	
Operating margin, as reported	14.9 %	14.2 %		13.8 %	12.8 %	
Rationalization charges	857	81		857	199	
Acquisition related costs	—	277		4	403	
COVID-19 pay	638	—		638	—	
Operating profit, as adjusted	\$ 71,138	\$ 68,781		\$ 131,493	\$ 120,324	
Operating margin, as adjusted	15.2 %	14.2 %		14.0 %	12.9 %	
Service Partners						
Sales	\$ 216,336	\$ 213,487	1.3 %	\$ 430,558	\$ 417,951	3.0 %
Operating profit, as reported	\$ 24,155	\$ 21,151		\$ 48,825	\$ 41,748	
Operating margin, as reported	11.2 %	9.9 %		11.3 %	10.0 %	
Rationalization charges	944	—		944	109	
COVID-19 pay	54	—		54	—	
Operating profit, as adjusted	\$ 25,153	\$ 21,151		\$ 49,823	\$ 41,857	
Operating margin, as adjusted	11.6 %	9.9 %		11.6 %	10.0 %	

INCOME PER COMMON SHARE RECONCILIATION

(\$ in 000s)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Income Per Common Share Reconciliation				
Income before income taxes, as reported	\$ 72,266	\$ 66,934	\$ 133,753	\$ 114,284
Rationalization charges	2,376	142	2,376	1,969
Acquisition related costs	(40)	251	196	903
Refinancing costs and loss on extinguishment of debt	20	—	290	—
COVID-19 pay	692	—	692	—
Income before income taxes, as adjusted	75,314	67,327	137,307	117,156
Tax rate at 26.0% and 26.5% for 2020 and 2019, respectively	(19,582)	(17,842)	(35,700)	(31,046)
Income, as adjusted	\$ 55,732	\$ 49,485	\$ 101,607	\$ 86,110
Income per common share, as adjusted	\$ 1.68	\$ 1.43	\$ 3.04	\$ 2.49
Weighted average diluted common shares outstanding	33,202,423	34,577,664	33,401,135	34,630,048

SAME BRANCH AND ACQUISITION NET SALES RECONCILIATION

(\$ in 000s)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Same branch:				
Residential	\$ 503,928	\$ 504,659	\$ 1,009,615	\$ 980,794
Commercial	135,422	155,453	278,098	298,648
Same branch net sales	639,350	660,112	1,287,713	1,279,442
Acquisitions (a):				
Residential	\$ 1,606	\$ —	\$ 2,651	\$ —
Commercial	5,143	—	8,963	—
Acquisitions net sales	6,749	—	11,614	—
Total net sales	\$ 646,099	\$ 660,112	\$ 1,299,327	\$ 1,279,442

(a) Represents current year impact of acquisitions in their first twelve months

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