Fourth Quarter 2018 Presentation

February 26, 2019

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SAFE HARBOR

Statements contained in this presentation that are not historical and reflect our views about future periods and events, including our future performance, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "will," "would," "anticipate," "expect," "believe," "plan," "hope," "estimates," "suggests," "has the potential to," "projects," "assumes," "goal," "targets," "likely," "should," or "intend," and other words and phrases of similar meanings, the negative of these terms, and similar references to anticipated or expected events, activities, trends, future periods or results. Forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed or implied in our forward-looking statements. Forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including: 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; our ability to maintain our competitive position; our ability to integrate acquisitions; changes in the costs of the products we install and/or distribute; increases in fuel costs; significant competition in our industry; seasonal effects on our business; and the other risks described under the caption entitled "Risk Factors" in our most recent Annual Report on Form 10-K filed with the SEC and under similar headings in our subsequently filed Quarterly Reports on Forms 10-Q and other filings 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.

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CURRENT ENVIRONMENT

- Strong economy, wage and job growth
- Fed has moderated view on interest rate increases
- Mortgage rates down from 4Q highs
- Builders focused on building homes consumers want and can afford

"THESE FACTORS SHOULD PRECLUDE AN ESCALATION OF CONSUMER AFFORDABILITY ISSUES."

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LONG-TERM OUTLOOK

- Household formations will continue to increase
- Pent-up demand growing
- Builders will remain focused on building homes consumers want and can afford
- Housing starts will eventually grow to historical average of 1.4M to 1.5M annually

"SUPPLY AND DEMAND FUNDAMENTALS REMAIN STRONG FOR CORE BUSINESSES."

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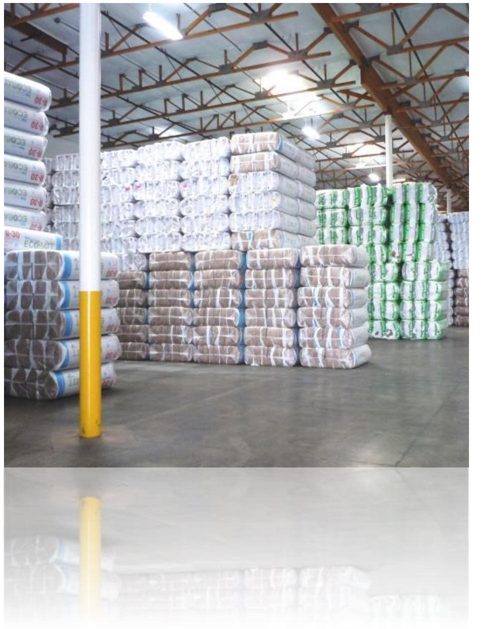
2018 FINANCIAL HIGHLIGHTS



- 25.1% revenue growth, 8.5% organic
  - Outpaced lagged housing starts of 5.3%
- Gross margin flat at 24.2%
  - Expanded 40 basis points in Q4
- 11.9% adjusted EBITDA margin, up 150 bps
- 17.9% incremental EBITDA margin,
  - 25.1% same branch
  - 14.3% acquisitions
- 50.7% increase in adjusted EPS to $4.19 per diluted share
- Total liquidity of $291.6 million

"OUR GOAL IS PROFITABLE GROWTH AND OUR RESULTS DEMONSTRATE OUR SUCCESS IN MEETING THIS OBJECTIVE."

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2018 SIGNIFICANT ACCOMPLISHMENTS

- Closing and integrating three acquisitions expected to generate $410M+ in annual revenue
- Identifying over $15M in cost-saving synergies through the integration of USI onto our operating platform
- Enhancing geographic footprint in key growth regions
- Successfully managing rising material costs and achieving selling price increases
- Completing a $400M bond offering at 5.625%
- Returning $65 million of capital to our shareholders through a share repurchase program
- 2018 ENERGY STAR Partner…Award winner 16 years in a row

"A YEAR OF DEMONSTRATED, MEASURABLE RESULTS."

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2019 OUTLOOK

- Optimistic it will be another good year
- Profitable growth remains key focus
- Continue to identify and implement initiatives that drive operational efficiency
- Continued deployment of capital
  - Internal growth
  - Accretive acquisitions
  - Share buybacks
    - $200M authorized

"2019 SHOULD BE ANOTHER YEAR OF PROFITABLE GROWTH."

TOPBUILD FINANCIAL OVERVIEW

($ in 000s)	Three Months ended December 31, 2018	Twelve Months ended December 31, 2018
Sales *Y-O-Y Change*	$639,547 27.6%	$2,384,249 25.1%
Adjusted Operating Profit * *Y-O-Y Change*	$67,156 32.1%	$232,614 35.3%
Adjusted Operating Margin * *Y-O-Y Change*	10.5% 40 bps	9.8% 80 bps
Adjusted EBITDA * *Y-O-Y Change*	$82,514 42.4%	$283,350 43.4%
Adjusted EBITDA Margin* *Y-O-Y Change*	12.9% 130 bps	11.9% 150 bps

** See Slides 19 & 20 for adjusted EBITDA reconciliation and GAAP to non-GAAP reconciliation*

4Q Highlights

- $105.7M of revenue from companies acquired since January 2018
- Selling prices increased 5.9% at TruTeam and 7.9% at Service Partners
- Adjusted EBITDA margin expanded 130 bps

ADJUSTED EPS

($ in 000s)

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Income before income taxes, as reported	$ 55,766	$ 47,760	$ 180,824	$ 128,040
Significant legal settlement	—	—	—	30,000
Rationalization charges	929	356	7,736	3,755
Acquisition related costs	1,066	508	15,925	1,256
Loss on extinguishment of debt	—	—	—	1,086
Income before income taxes, as adjusted	**57,761**	**48,624**	**204,485**	**164,137**
Tax rate at 27% and 38% for 2018 and 2017, respectively	(15,595)	(18,477)	(55,211)	(62,372)
Income, as adjusted	**$ 42,166**	**$ 30,147**	**$ 149,274**	**$ 101,765**
Income per common share, as adjusted	**$ 1.20**	**$ 0.84**	**$ 4.19**	**$ 2.78**
Weighted average diluted common shares outstanding	35,012,535	35,772,124	35,613,319	36,572,146

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CASH FLOW/WORKING CAPITAL & CAPEX

($ in 000s)	Twelve Months ended December 31, 2018	Twelve Months ended December 31, 2017
CAPEX	$52,504	$25,308
Working Capital % to sales (using Pro Forma LTM sales)	10.4%	9.1%
Operating Cash Flow	$167,172	$113,192
Cash Balance	$100,929	$56,521
Net Leverage*	2.19x	0.9x

Highlights

- CAPEX @ 2.2% of sales, within targeted range
- Working capital increase tied to USI segment mix
- Strong cash generation

*Using Pro Forma LTM Adjusted EBITDA

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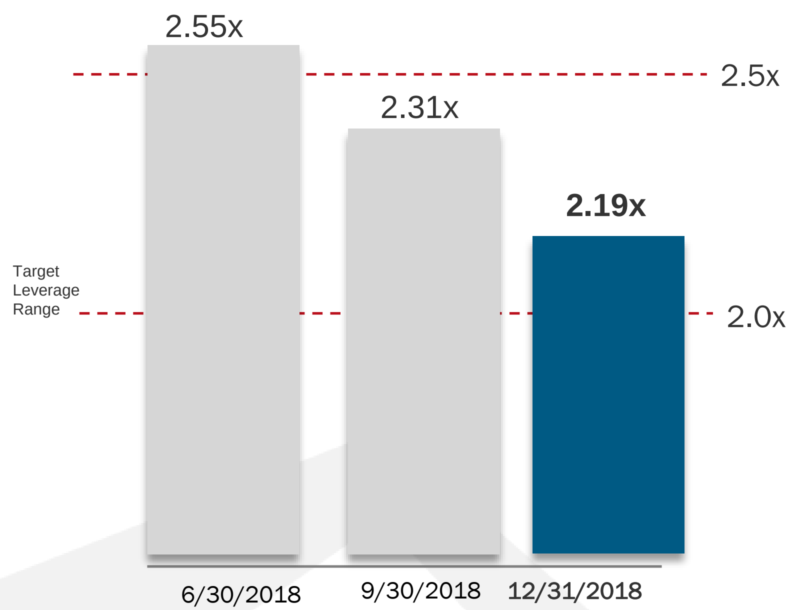
LEVERAGE

(at 12/31/18)

Total Debt	$751.9
Less Cash	100.9
Net Debt	**$651.0**
Adj. EBITDA[1]	$297.9
Leverage	2.19x

1. Proforma LTM EBITDA



"CONTINUING TO DELEVER, WITHIN OUR TARGETED RANGE."

LONG-TERM TARGETS AND ANNUAL GUIDANCE

3-YEAR TARGETS

10%
Commercial Annual Revenue Growth

11% to 16%[1]
Incremental EBITDA % (M&A)

10% to 11%
Working Capital (% of Sales)

22% to 27%
Incremental EBITDA % (Organic)

2.0% to 2.5%
Capex (% of Sales)

26% to 27%
Normalized Tax Rate

$80M
of Residential Revenue for Every 50K Increase in Starts

[1] *Acquisitions in year one*

2019 OUTLOOK* ($M)

$2,570 to $2,635
Revenue

$310 to $330
Adjusted EBITDA

**See Slide 21 for GAAP to non-GAAP reconciliation*

2018 Assumptions:

1,260K to 1,300K
Housing Starts

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TruTeam
Local Relationships. National Resources.

($ in 000s)	Three Months ended December 31, 2018	Twelve Months ended December 31, 2018
Sales *Y-O-Y Change*	$457,610 36.1%	$1,680,967 31.2%
Adjusted Operating Profit * *Y-O-Y Change*	$57,232 34.1%	$197,831 40.9%
Adjusted Operating Margin * *Y-O-Y Change*	12.5% (20 bps)	11.8% 80 bps

* *See slide 20 for GAAP to non-GAAP reconciliation*

4Q Highlights

- 8.9% same branch growth (3.0% volume, 5.9% price)
- Successfully passing along increasing costs
- Spray foam sales increased 38.8%, 16.5% same branch
- Best in class operational execution

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($ in 000s)	Three Months ended December 31, 2018	Twelve Months ended December 31, 2018
Sales *Y-O-Y Change*	$213,974 10.7%	$820,309 14.0%
Adjusted Operating Profit * *Y-O-Y Change*	$21,598 20.5%	$78,898 14.8%
Adjusted Operating Margin * *Y-O-Y Change*	10.1% 80 bps	9.6% 0 bps

* *See slide 20 for GAAP to non-GAAP reconciliation*

4Q Highlights

- 7.9% increase in selling prices
- Spray foam sales increased 32.0%, 21.0% same branch
- Deliberate price/volume decisions
- Adjusted operating margin expansion

USI INTEGRATION

- Exceeding all integration milestones
- All core USI locations successfully transferred to BLD operating systems
- Back office and corporate functions consolidated
- Supply chain integrated
- Efficiently sharing labor and materials
- Undertaking branch optimization effort
- Highly confident will exceed $15M of cost savings synergies

"USI HAS BEEN A GREAT ADDITION TO OUR COMPANY."

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ADJACENT PRODUCT OFFERINGS

- Deep dive review underway
- Considering product offerings that provide value to existing customers and enhance supplier relationships
  - Glass and windows a focus area
    - Product line entered through USI acquisition
    - ~$90M in annual revenue
    - Accretive margins

"PROFITABILITY, SCALE, TALENT AND SYNERGIES PRIMARY CRITERIA."

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WE ARE FOCUSED ON…

- Driving operational improvements through best in class execution
- Growing heavy and light commercial businesses
- Increasing market share organically and through acquisitions
- Expanding into adjacent product areas
- Maximizing long-term value

"2019 WILL BE ANOTHER SOLID YEAR FOR TOPBUILD."

APPENDIX

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Adjusted EBITDA Reconciliation

($ in 000s)

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Net income, as reported	**$ 38,553**	**$ 104,991**	**$ 134,752**	**$ 158,133**
Adjustments to arrive at EBITDA, as adjusted:				
Interest expense and other, net	9,395	2,210	28,129	7,738
Income tax expense (benefit)	17,213	(57,231)	46,072	(30,093)
Depreciation and amortization	12,286	4,700	39,419	16,453
Share-based compensation †	3,072	2,415	11,317	9,274
Significant legal settlement	—	—	—	30,000
Rationalization charges	929	356	7,736	3,755
Loss on extinguishment of debt	—	—	—	1,086
Acquisition related costs	1,066	508	15,925	1,256
EBITDA, as adjusted	**$ 82,514**	**$ 57,949**	**$ 283,350**	**$ 197,602**

† Amounts for the year ending December 31, 2017, excludes $0.6 million of share-based compensation included in the line item, rationalization charges.

Segment GAAP to Non-GAAP Reconciliation

($ in 000s)

	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Change	Year Ended December 31, 2018	Year Ended December 31, 2017	Change
Installation						
Sales	$ 457,610	$ 336,188	*36.1 %*	$ 1,680,967	$ 1,281,296	*31.2 %*
Operating profit, as reported	$ 57,016	$ 42,331		$ 196,986	$ 109,316	
Operating margin, as reported	*12.5 %*	*12.6 %*		*11.7 %*	*8.5 %*	
Significant legal settlement	—	—		—	30,000	
Rationalization charges	216	336		845	1,056	
Operating profit, as adjusted	$ 57,232	$ 42,667		$ 197,831	$ 140,372	
Operating margin, as adjusted	*12.5 %*	*12.7 %*		*11.8 %*	*11.0 %*	
Distribution						
Sales	$ 213,974	$ 193,306	*10.7 %*	$ 820,309	$ 719,759	*14.0 %*
Operating profit, as reported	$ 21,598	$ 17,927		$ 78,739	$ 68,733	
Operating margin, as reported	*10.1 %*	*9.3 %*		*9.6 %*	*9.5 %*	
Rationalization charges	—	—		159	23	
Operating profit, as adjusted	$ 21,598	$ 17,927		$ 78,898	$ 68,756	
Operating margin, as adjusted	*10.1 %*	*9.3 %*		*9.6 %*	*9.6 %*	

Reconciliation Table

($ in 000,000s)

	Twelve Months Ended December 31, 2019	
	Low	High
Estimated net income	$ 145.3	$ 167.9
Adjustments to arrive at Estimated EBITDA, as adjusted		
Interest expense and other, net	38.9	35.9
Income tax expense	53.7	62.1
Depreciation and amortization	54.5	50.5
Share-based compensation	14.6	12.6
Rationalization charges	3.0	1.0
Estimated EBITDA , as adjusted	$ 310.0	$ 330.0