



FOURTH QUARTER

Robert Buck, President & CEO
Rob Kuhns, CFO

February 23, 2023

SAFE HARBOR

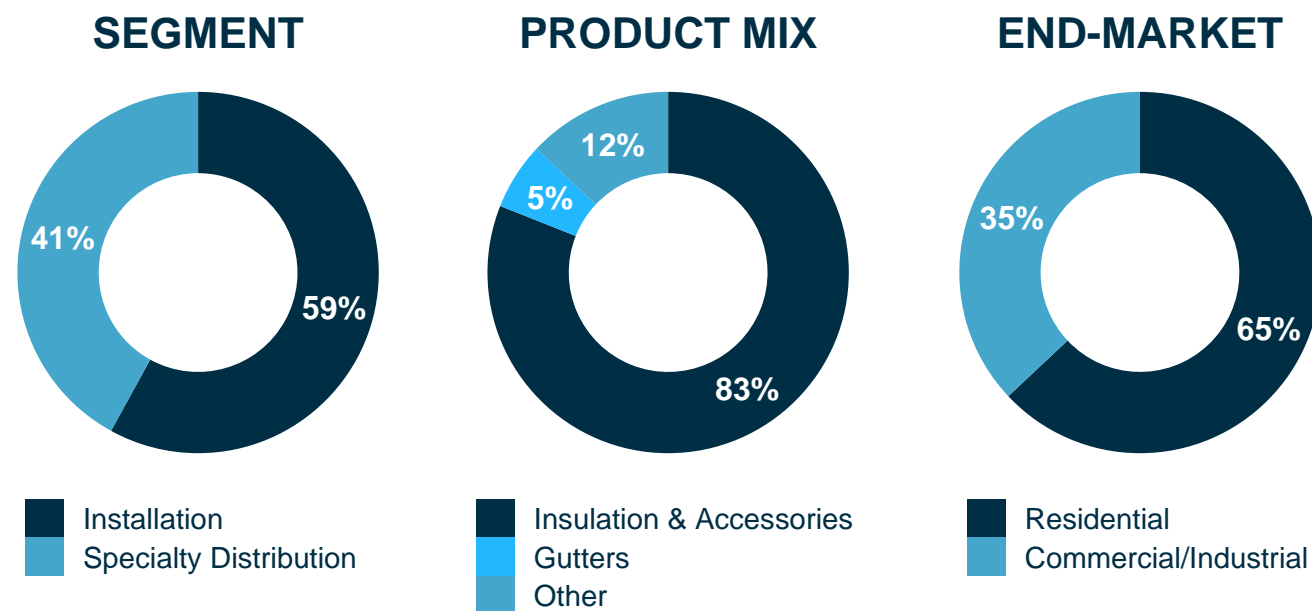
Statements contained herein reflect our views about future periods, including our future plans and performance, constitute “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “will,” “would,” “anticipate,” “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 a number of risks including but not limited to the material risks under the caption entitled “Risk Factors” in our most recent Annual Report, as filed with the SEC, 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 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 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 United States GAAP. 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.

TOPBUILD SNAPSHOT (NYSE: BLD)

Key Stats

Headquarters	Daytona Beach, FL
Market Cap ¹	\$6.1B
Employees	~13,000
Total Branches	~410

Sales Breakdown



LEADING INSTALLER AND SPECIALTY DISTRIBUTOR OF INSULATION AND RELATED BUILDING MATERIAL PRODUCTS

OUR BUSINESS MODEL

Core Strengths

- Unique model, diversified end markets
- Laser focus on core business, insulation
- Multiple avenues for growth
- Unrivaled North American size and scale
- Operational excellence and performance driven
- M&A a core competency
- Recognized for exceptional labor, service and reliability
- Emphasis on talent development
- Safety of our people always comes first
- Business is inherently environmentally friendly

Our Values



SAFETY

We put the **safety** of our **people** first.



INTEGRITY

We deliver results with **integrity, respect,** and **accountability.**



FOCUS

We are **customer-focused**, grounded in strong relationships.



INNOVATION

We are **continuously improving** and encourage idea sharing.



UNITY

We are united as one **team**, valuing **diversity.**



COMMUNITY

We **make a difference** in the communities we serve.






EMPOWERMENT

We are **empowered** to be our best, individually and as a team.

BEST IN CLASS EXECUTION AND MAKING A DIFFERENCE LOCALLY

MULTIPLE AVENUES FOR GROWTH

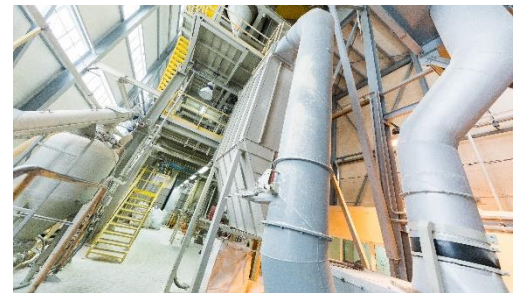
Total Addressable Market of ~\$16.0B

END-MARKET	MARKET SIZE	OUR SHARE	OUR FOCUS
Residential	~\$5.5B	 ~40%	<ul style="list-style-type: none">• Superior labor network• Ability to serve builders/contractors of all sizes
Commercial Building Insulation	~\$5.5B	 ~11%	<ul style="list-style-type: none">• Bundled product solutions• Provide services for light and heavy commercial
Commercial / Industrial Mechanical Insulation	~\$5.0B	 ~10%	<ul style="list-style-type: none">• Industry leading service and custom fabrication capabilities• Driving MRO business for recurring revenue

INCREASING SHARE ORGANICALLY AND THROUGH TARGETED ACQUISITIONS

BUSINESS UPDATE

- Outstanding fourth quarter and record full-year results
- Strong backlog of single and multi-family homes
- Commercial/Industrial environment continues to improve
 - Strong bidding activity and growing backlog
 - Increasing demand for mechanical insulation...new projects and MRO work
- Fiberglass material still tight and industry remains on allocation
- Labor remains constrained
- Robust pipeline of acquisition opportunities



POSITIONED TO OUTPERFORM IN ANY ENVIRONMENT

2022 ACCOMPLISHMENTS

- Record sales and profitability
- Best year ever with regards to employee safety
- Successfully integrated Distribution International into Specialty Distribution segment
- Improved labor and sales productivity through technology tools
- Back-office technology initiatives resulted in cost savings and improved operational efficiencies
- Continued strategic allocation of capital
- Enhanced disclosures related to ESG



ANOTHER YEAR OF STRONG GROWTH

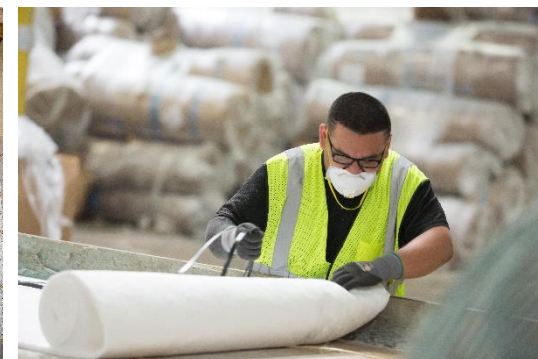
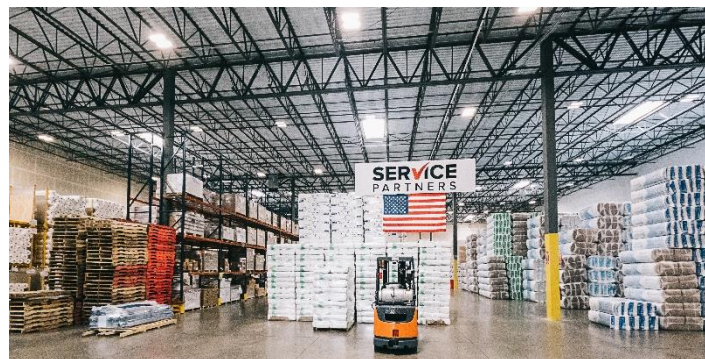
2022 FINANCIAL HIGHLIGHTS*

4Q ADJUSTED

- 18.9% sales increase
- 29.7% gross margin, up 160 bps
- 16.2% operating margin, up 200 bps
- 18.8% EBITDA margin, up 170 bps
- 30.8% same branch incremental EBITDA margin

FULL-YEAR ADJUSTED

- 43.7% sales increase
- 29.7% gross margin, up 130 bps
- 16.1% operating margin, up 130 bps
- 18.8% EBITDA margin, up 140 bps
- 30.8% same branch incremental EBITDA margin



DIFFERENTIATED BUSINESS MODEL EXECUTING WELL

INSTALLATION



(\$ in 000s)	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2022
Comparisons are to the period ended December 31, 2021		
Sales Change	\$761,261 21.4%	\$2,969,978 24.9%
Adjusted Operating Profit* Change	\$142,145 33.7%	\$548,756 42.2%
Adjusted Operating Margin* Change	18.7% 170 bps	18.5% 230 bps
Adjusted EBITDA Margin* Change	20.8% 140 bps	20.6% 190 bps

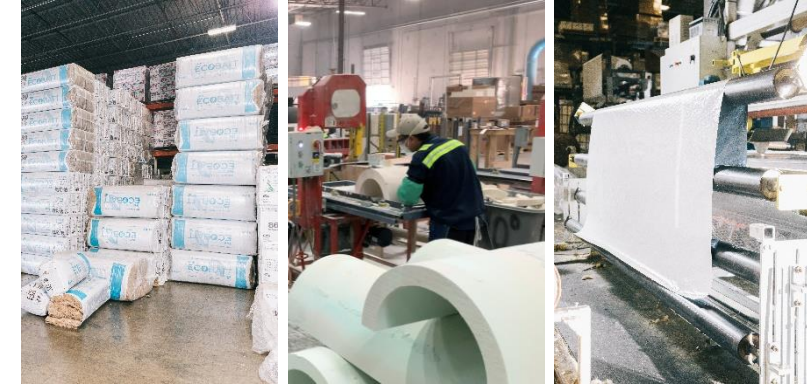
- ✓ Revenue growth driven by increased volume and higher selling prices
- ✓ Strong backlog of single and multi-family homes
- ✓ Successfully balancing cost increases and selling price adjustments

RECORD VOLUME GROWTH AND MARGIN EXPANSION

SPECIALTY DISTRIBUTION

SERVICE
PARTNERS

DI | DISTRIBUTION
INTERNATIONAL



(\$ in 000s)

Comparisons are to the period ended
December 31, 2021

**Three Months Ended
December 31, 2022**

**Twelve Months Ended
December 31, 2022**

Sales Change	\$563,065 15.9%	\$2,278,261 77.0%
Adjusted Operating Profit* Change	\$80,958 34.2%	\$327,728 76.4%
Adjusted Operating Margin* Change	14.4% 200 bps	14.4% 0 bps
Adjusted EBITDA Margin* Change	16.7% 170 bps	16.9% 90 bps

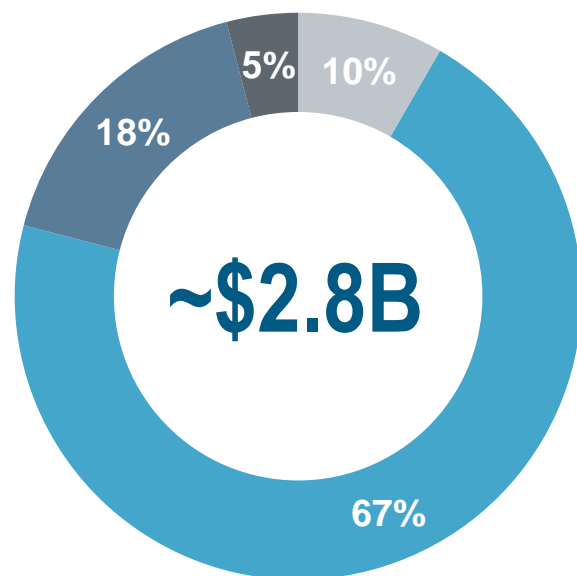
- ✓ Revenue growth primarily driven by M&A and improved pricing
- ✓ Continue to identify opportunities to improve operational efficiencies
- ✓ Multiple avenues for growth, both organically and through strategic acquisitions

STRONG REVENUE GROWTH AND EBITDA MARGIN EXPANSION

CAPITAL ALLOCATION PAST FIVE YEARS

USE OF CAPITAL

(Since Jan 1, 2018)



Internal Investments

- CapEx 1.7% of Sales
- Investing in equipment upgrades and digitization

Acquisitions

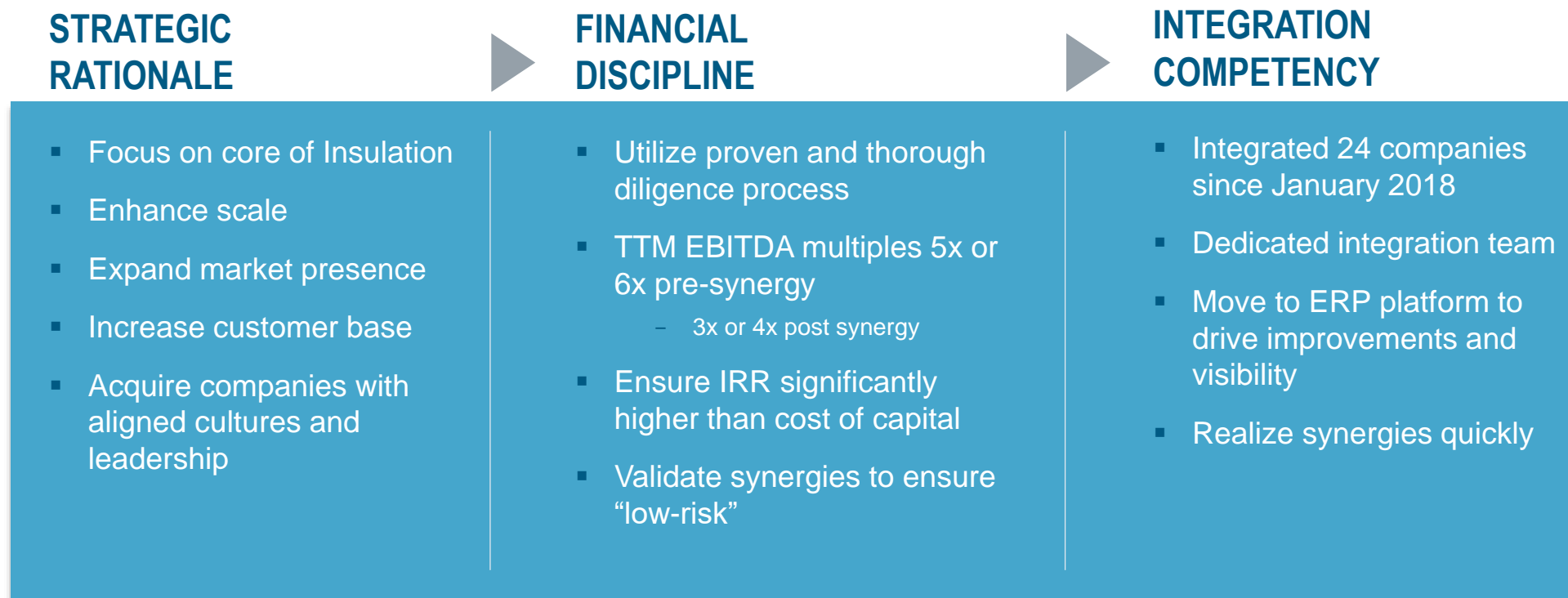
- Completed 24 transactions
 - ~\$1.6B in revenue added
- End-markets very fragmented

Share Repurchases

- ~\$510M in repurchases at an average share price of \$112.67

SIGNIFICANT VALUE CREATION

M&A: A CORE COMPETENCY



PROVEN STRATEGY AND DISCIPLINE, CREATING SIGNIFICANT SHAREHOLDER RETURNS

CAPITAL ALLOCATION

- Five acquisitions completed in 2022

SOUTHWEST INSULATION

- Residential insulation
- \$1.7M annual revenue



- Residential insulation
- \$6.5M annual revenue



Green Energy Solutions, Inc.

- Residential insulation
- \$2.0M annual revenue



- Residential insulation
- \$5.5M annual revenue

C V Insulation LLC

- Residential insulation
- \$1.6M annual revenue

- Repurchased 1,390,667 shares for approximately \$250 million
 - \$154.4M remaining on authorization

PRODUCING STRONG RETURNS FOR SHAREHOLDERS

CAPEX, WORKING CAPITAL & CASH FLOW

\$ in 000s

	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021
Operating Cash Flow	\$495,801	\$403,025
CAPEX	\$76,382	\$55,546
FREE CASH FLOW	\$419,419	\$347,479

	December 31, 2022	December 31, 2021
Cash Balance	\$240,069	\$139,779
Working Capital % to TTM Sales*	15.7%	13.3%



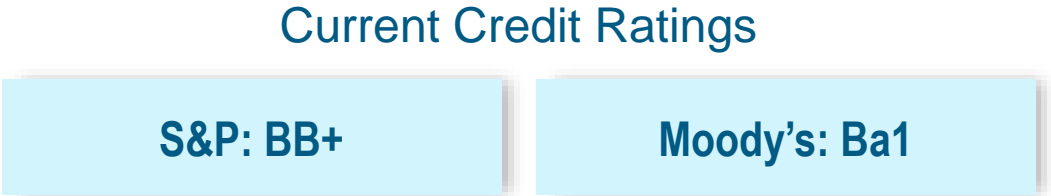
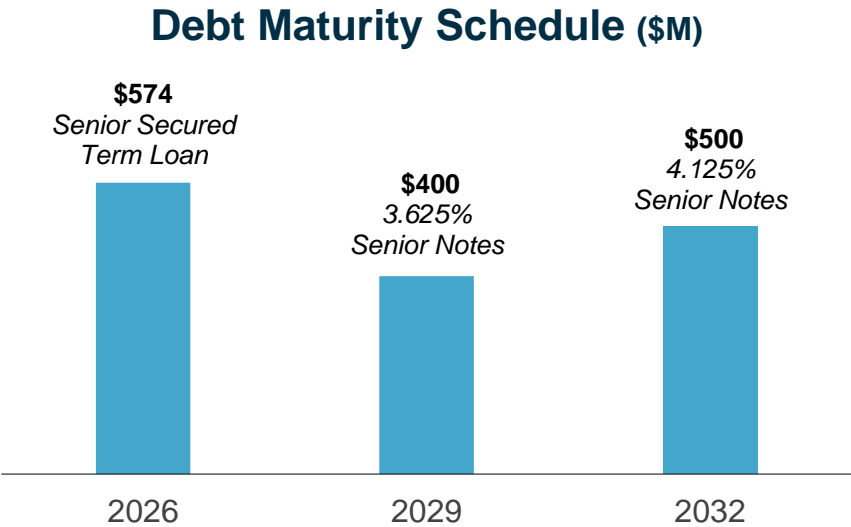
CAPITAL LIGHT MODEL GENERATING STRONG CASH FLOWS

FLEXIBLE CAPITAL STRUCTURE

Capital Summary & Financial Highlights (\$M)

December 31, 2022	
Cash	\$ 240.1
Total Debt	\$ 1,474.7
Net Debt	\$1,234.6
TTM Proforma Adjusted EBITDA*	\$941.2
Net Leverage	1.31x
Available Credit Under Revolving Credit Facility	\$ 432.3
Cash & Cash Equivalents	\$ 240.1
Total Available Liquidity	\$ 672.4

Capital Structure (As of December 31, 2022)



HEALTHY BALANCE SHEET SUPPORTS CAPITAL ALLOCATION PRIORITIES

*See Appendix for Reconciliation

2023 OUTLOOK

(as of February 22, 2023)

SALES

\$4,700M to \$4,900M

ADJUSTED EBITDA*

\$820M to \$910M

ASSUMPTIONS

RESIDENTIAL

Mid to Upper Single Digit
Revenue Decline

COMMERCIAL/ INDUSTRIAL

Low to Mid-Single Digit
Revenue Growth

CAPEX

1.5% to 2% of Revenue

WORKING CAPITAL

12% to 14%

INCOME TAX RATE

25% to 27%

INCREMENTAL EBITDA

Organic: 22% to 27%
Acquisitions Year 1: 11% to 16%



OUTPERFORMING IN ANY ENVIRONMENT

OUR ESG FOCUS



ENVIRONMENTAL

- Utilize materials often made from recycled, re-used and long-lasting materials
- Waste minimization program
- Centralized fleet management
- Fleet refreshment program



SOCIAL

- Safety-first culture
- Workplace fostering equity, diversity and inclusion
- Principles of integrity, respect and accountability embedded in our culture



GOVERNANCE

- Independent Board Chair
- Directors serve one-year terms
- Majority vote director resignation policy
- Robust clawback policy
- Shareholders can amend bylaws
- Related party transactions are prohibited



STRONG COMMITMENT BY BOARD AND MANAGEMENT

OUR BUSINESS IS INHERENTLY ENVIRONMENTALLY FRIENDLY

- Insulation products we install and distribute significantly enhance energy efficiency
- A typical pound of fiberglass insulation saves 12x as much energy in its first year in place as the energy used to produce it
- Building insulation benefits
 - Thermal efficiency
 - Reduced GHG emissions
 - Lower energy usage and costs
 - Reduced carbon intensity from heating and cooling



IMPROVING ENERGY EFFICIENCY



APPENDIX

ADJUSTED EBITDA RECONCILIATION (unaudited)

(\$ in 000s)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net income, as reported	\$ 143,834	\$ 78,360	\$ 555,989	\$ 324,016
Adjustments to arrive at EBITDA, as adjusted:				
Interest expense and other, net	15,194	11,140	55,029	29,139
Income tax expense	44,086	28,968	186,146	109,427
Depreciation and amortization	30,284	28,385	123,335	79,390
Share-based compensation	2,637	2,941	12,310	11,316
Rationalization charges	162	—	(172)	16
Acquisition related costs	1,216	16,262	7,974	22,107
Acquisition purchase accounting (inventory step-up)	—	15,853	—	15,853
Refinancing costs and loss on extinguishment of debt	—	163	—	14,025
COVID-19 pay	—	—	—	659
EBITDA, as adjusted	<u>\$ 237,413</u>	<u>\$ 182,072</u>	<u>\$ 940,611</u>	<u>\$ 605,948</u>
Proforma acquisition EBITDA ^(a)			548	
Proforma TTM EBITDA, as adjusted			<u>\$ 941,159</u>	

(a) Represents the trailing twelve months proforma impact of acquisitions completed in 2022.

SEGMENT DATA (unaudited)

(\$ in 000s)

	Three Months Ended December 31,		Change	Year Ended December 31,		Change
	2022	2021		2022	2021	
Installation						
Sales	\$ 761,261	\$ 627,123	21.4 %	\$ 2,969,978	\$ 2,378,401	24.9 %
Operating profit, as reported	\$ 141,961	\$ 105,975		\$ 548,795	\$ 383,722	
Operating margin, as reported	18.6 %	16.9 %		18.5 %	16.1 %	
Rationalization charges	161	—		(174)	—	
Acquisition related costs	23	362		135	1,642	
COVID-19 pay	—	—		—	605	
Operating profit, as adjusted	\$ 142,145	\$ 106,337		\$ 548,756	\$ 385,969	
Operating margin, as adjusted	18.7 %	17.0 %		18.5 %	16.2 %	
Share-based compensation	339	270		1,296	1,157	
Depreciation and amortization	15,869	15,227		62,483	57,815	
EBITDA, as adjusted	\$ 158,353	\$ 121,834	30.0 %	\$ 612,535	\$ 444,941	37.7 %
EBITDA margin, as adjusted	20.8 %	19.4 %		20.6 %	18.7 %	
Speciality Distribution						
Sales	\$ 563,065	\$ 485,813	15.9 %	\$ 2,278,261	\$ 1,287,176	77.0 %
Operating profit, as reported	\$ 80,692	\$ 43,964		\$ 326,226	\$ 169,368	
Operating margin, as reported	14.3 %	9.0 %		14.3 %	13.2 %	
Acquisition related costs	266	530		1,502	530	
Acquisition purchase accounting (inventory step-up)	—	15,853		—	15,853	
COVID-19 pay	—	—		—	54	
Operating profit, as adjusted	\$ 80,958	\$ 60,347		\$ 327,728	\$ 185,805	
Operating margin, as adjusted	14.4 %	12.4 %		14.4 %	14.4 %	
Share-based compensation	104	304		1,041	1,032	
Depreciation and amortization	13,184	12,405		56,881	18,743	
EBITDA, as adjusted	\$ 94,246	\$ 73,056	29.0 %	\$ 385,650	\$ 205,580	87.6 %
EBITDA margin, as adjusted	16.7 %	15.0 %		16.9 %	16.0 %	
Total net sales						
Sales before eliminations	\$ 1,324,326	\$ 1,112,936		\$ 5,248,239	\$ 3,665,577	
Intercompany eliminations	(59,783)	(49,538)		(239,495)	(179,370)	
Net sales after eliminations	\$ 1,264,543	\$ 1,063,398	18.9 %	\$ 5,008,744	\$ 3,486,207	43.7 %

MARGIN RECONCILIATION (unaudited)

(\$ in 000s)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Gross profit, as reported	\$ 375,672	\$ 283,161	\$ 1,486,719	\$ 974,389
<i>Gross margin, as reported</i>	29.7 %	26.6 %	29.7 %	27.9 %
Acquisition purchase accounting (inventory step-up)	—	15,853	—	15,853
Acquisition related costs	15	—	135	—
COVID-19 pay	—	—	—	592
<i>Gross profit, as adjusted</i>	\$ 375,687	\$ 299,014	\$ 1,486,854	\$ 990,834
<i>Gross margin, as adjusted</i>	29.7 %	28.1 %	29.7 %	28.4 %
Operating profit, as reported - segments	\$ 222,653	\$ 149,939	\$ 875,021	\$ 553,090
General corporate expense, net	(9,650)	(22,893)	(38,018)	(47,018)
Intercompany eliminations	(9,889)	(8,603)	(39,839)	(29,653)
<i>Operating profit, as reported</i>	\$ 203,114	\$ 118,443	\$ 797,164	\$ 476,419
<i>Operating margin, as reported</i>	16.1 %	11.1 %	15.9 %	13.7 %
Rationalization charges	162	—	(172)	16
Acquisition related costs ¹	1,216	16,262	7,974	22,107
Acquisition purchase accounting (inventory step-up)	—	15,853	—	15,853
Refinancing costs	—	188	—	188
COVID-19 pay	—	—	—	659
<i>Operating profit, as adjusted</i>	\$ 204,492	\$ 150,746	\$ 804,966	\$ 515,242
<i>Operating margin, as adjusted</i>	16.2 %	14.2 %	16.1 %	14.8 %
Share-based compensation	2,637	2,941	12,310	11,316
Depreciation and amortization	30,284	28,385	123,335	79,390
<i>EBITDA, as adjusted</i>	\$ 237,413	\$ 182,072	\$ 940,611	\$ 602,948
<i>EBITDA margin, as adjusted</i>	18.8 %	17.1 %	18.8 %	17.4 %

¹ Acquisition related costs include corporate level adjustments as well as segment operating adjustments

SAME BRANCH AND ACQUISITION METRICS (unaudited)

(\$ in 000s)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net Sales				
Same branch	\$ 1,214,183	\$ 1,063,398	\$ 4,140,512	\$ 3,486,207
Acquisitions (a)	50,360	—	868,232	—
Total	\$ 1,264,543	\$ 1,063,398	\$ 5,008,744	\$ 3,486,207
Gross profit, as adjusted				
Same branch	\$ 361,974	\$ 299,014	\$ 1,261,934	\$ 990,834
Acquisitions (a)	13,713	—	224,920	—
Total	\$ 375,687	\$ 299,014	\$ 1,486,854	\$ 990,834
Gross margin, as adjusted				
Same branch (b)	29.8 %	28.1 %	30.5 %	28.4 %
Acquisitions (c)	27.2 %		25.9 %	
Operating profit, as adjusted				
Same branch	\$ 197,680	\$ 150,746	\$ 714,058	\$ 515,242
Acquisitions (a)	6,812	—	90,908	—
Total	\$ 204,492	\$ 150,746	\$ 804,966	\$ 515,242
Operating margin, as adjusted				
Same branch (b)	16.3 %	14.2 %	17.2 %	14.8 %
Acquisitions (c)	13.5 %		10.5 %	

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

(b) Same branch metric, as adjusted, as a percentage of same branch sales

(c) Acquired metric, as adjusted, as a percentage of acquired sales

SAME BRANCH AND ACQUISITION METRICS (unaudited)

(\$ in 000s)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
EBITDA, as adjusted				
Same branch	\$ 228,459	\$ 182,072	\$ 807,309	\$ 605,948
Acquisitions (a)	8,954	—	133,302	—
Total	\$ 237,413	\$ 182,072	\$ 940,611	\$ 605,948
EBITDA, as adjusted, as a percentage of sales				
Same branch (b)	18.8 %		19.5 %	
Acquisitions (c)	17.8 %		15.4 %	
Total (d)	18.8 %	17.1 %	18.8 %	17.4 %
As Adjusted Incremental EBITDA, as a percentage of change in sales				
Same branch (e)	30.8 %		30.8 %	
Acquisitions (c)	17.8 %		15.4 %	
Total (f)	27.5 %		22.0 %	

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

(b) Same branch metric, as adjusted, as a percentage of same branch sales

(c) Acquired metric, as adjusted, as a percentage of acquired sales

(d) Total EBITDA, as adjusted, as a percentage of total sales

(e) Change in same branch EBITDA, as adjusted, as a percentage of change in same branch sales

(f) Change in total EBITDA, as adjusted, as a percentage of change in total sales

INCOME PER COMMON SHARE RECONCILIATION (unaudited)

(\$ in 000s except share and per common share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Income before income taxes, as reported	\$ 187,920	\$ 107,328	\$ 742,135	\$ 433,443
Rationalization charges	162	—	(172)	16
Acquisition related costs	1,216	16,262	7,974	22,107
Acquisition purchase accounting (inventory step-up)	—	15,853	—	15,853
Refinancing costs and loss on extinguishment of debt	—	163	—	14,025
COVID-19 pay	—	—	—	659
Income before income taxes, as adjusted	189,298	139,606	749,937	486,103
Tax rate at 26.0%	(49,217)	(36,298)	(194,984)	(126,387)
Income, as adjusted	\$ 140,081	\$ 103,308	\$ 554,953	\$ 359,716
Income per common share, as adjusted	\$ 4.40	\$ 3.12	\$ 17.11	\$ 10.85
Weighted average diluted common shares outstanding	31,838,352	33,117,227	32,440,405	33,146,171

ACQUISITION ADJUSTED NET SALES (unaudited)

(\$ in 000s)

	2022				Year Ended December 31, 2022
	Q1	Q2	Q3	Q4	
Net Sales	\$ 1,168,918	\$ 1,274,285	\$ 1,300,998	\$ 1,264,543	\$ 5,008,744
Acquisitions proforma adjustment [†]	2,934	438	-	-	3,372
Net sales, acquisition adjusted	<u>\$ 1,171,852</u>	<u>\$ 1,274,723</u>	<u>\$ 1,300,998</u>	<u>\$ 1,264,543</u>	<u>\$ 5,012,116</u>
Receivables, net plus inventories, net less accounts payable					\$ 787,601
Receivables, net plus inventories, net less accounts payable as a percent of net sales, acquisition adjusted (TTM) [†]					15.7 %

[†] Trailing 12 months sales have been adjusted for the pro forma effect of acquired branches

RECONCILIATION GUIDANCE TABLE (unaudited)

(\$ in 000s)

	Twelve Months Ending December 31, 2023	
	Low	High
Estimated net income	\$ 445.0	\$ 523.0
Adjustments to arrive at estimated EBITDA, as adjusted:		
Interest expense and other, net	72.0	66.0
Income tax expense	157.0	184.0
Depreciation and amortization	128.0	123.0
Share-based compensation	16.0	13.0
Acquisition related costs	2.0	1.0
Estimated EBITDA, as adjusted	\$ 820.0	\$ 910.0

