



# First Quarter 2024

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# 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](http://www.topbuild.com).

# Q1 2024 Key Takeaways

*Our Unique and Proven Business Model Positions Us to Outperform*

- Solid start to 2024
  - Meaningful profit improvement across both segments
  - We continue to drive operational improvements
- Fiberglass environment remains tight
- Capital allocation strategy is disciplined and unchanged
  - \$18.25B TAM allows for robust M&A pipeline
  - Return capital to shareholders through new \$1B share repurchase authorization
- Macro environment supports promising balance of the year
  - Q1 single-family housing starts +27% versus 2023
  - Commercial and Industrial bidding and backlog are strong
  - Raising full year sales and EBITDA outlook



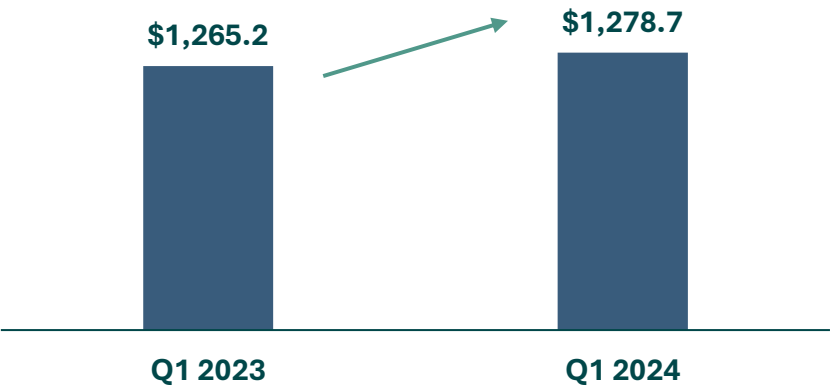
Service Partners truck completes fiberglass delivery

# Q1 2024 Financial Results

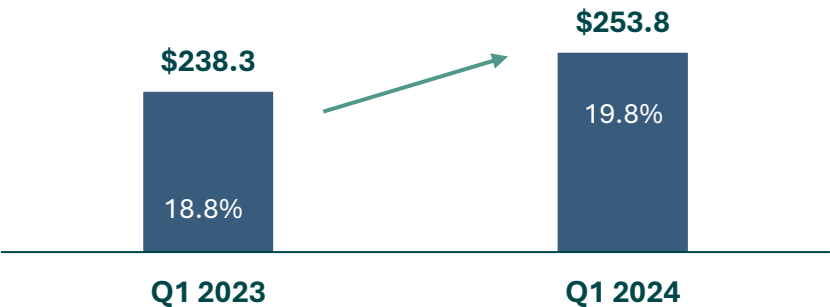
Continuing Strong Track Record of Profitable Growth

(\$ in 000s)

Sales Up 1.1%



Adjusted EBITDA\* Grew 6.5%  
Margin\* Expanded 100 bps



Top: TruTeam insulation installation at residential location.  
Bottom: Mechanical insulation inventory at fabrication facility



# Installation

## Continued Strong Performance Across Residential and Commercial



Comparisons are to the periods ended March 31, 2023  
(\$ in 000s)

### Three Months Ended March 31, 2024

Revenue Change	\$ 798,743 4.1%
Adjusted Operating Profit* Change	156,802 6.6%
Adjusted Operating Margin* Change	19.6% 40 bps
Adjusted EBITDA Margin* Change	22.0% 60 bps

- Revenue growth driven by acquisitions, higher pricing and increased volume, partly offset by disposition of a non-core business
- Margin expansion driven by productivity initiatives and pricing



TruTeam residential insulation installation in progress.

\*See Appendix for Reconciliation

# Specialty Distribution

## *Margin Expansion Driven by Improved Productivity and Pricing*



Comparisons are to the periods ended March 31, 2023  
(\$ in 000s)

### Three Months Ended March 31, 2024

Revenue Change	\$ 545,794 (2.3)%
Adjusted Operating Profit* Change	76,829 4.3%
Adjusted Operating Margin* Change	14.1% 90 bps
Adjusted EBITDA Margin* Change	16.9% 110 bps

- Revenue decline driven by tightness in supply and business mix, partly offset by pricing and acquisitions
- Several mechanical mega projects on the horizon



Custom fabrication of mechanical insulation at Distribution International.



# Healthy Balance Sheet and Strong Cash Flow

*New \$1 Billion Share Repurchase Authorization Demonstrates Confidence in Long-term Strategy and Importance of Returning Capital to Shareholders*

(\$ in 000s)

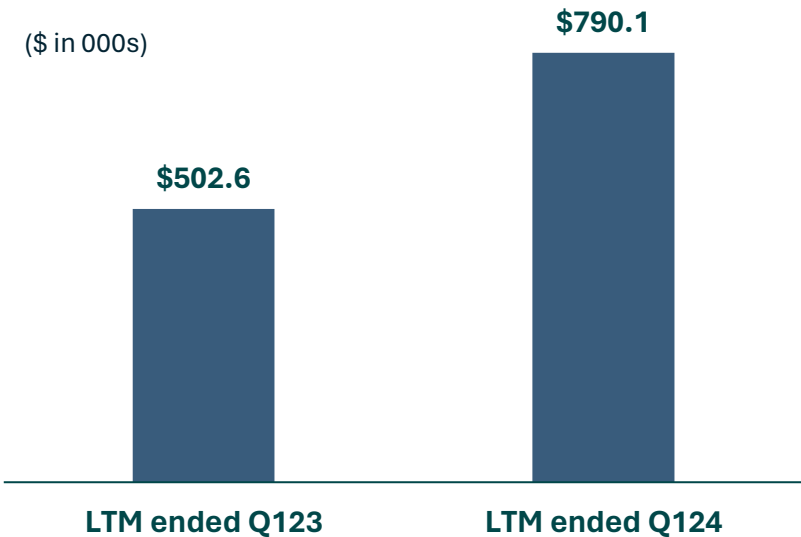
## Cash, Available Liquidity & Working Capital

Cash & Cash Equivalents	\$ 968.8
Available Credit Under Revolver	436.2
<b>Total Available Liquidity</b>	<b>\$1,405.0</b>

## Net Debt and Leverage

Net Debt	\$ 453.7
LTM Pro Forma Adjusted EBITDA*	1,073.0
<b>Net Leverage</b>	<b>0.42x</b>

## Free Cash Flow<sup>1</sup>



<b>Working Capital<sup>2</sup></b>	<b>\$736.4</b>
<i>As a % of LTM Pro Forma Sales*</i>	<i>14.0%</i>

<sup>1</sup> Free cash flow is defined as cash from operating activities less capital expenditures.

<sup>2</sup> Working capital is defined as receivables, net plus inventories less accounts payable.

\*See Appendix for Reconciliation

# Focused and Disciplined M&A Strategy

*Five Acquisitions Announced to Date in 2024 Totaling ~\$68M in Annual Revenue*



## **Brabble Insulation**

- Residential and light commercial insulation installer serving northeast North Carolina
- ~\$5M in annual revenue



## **Morris Black**

- Residential and light commercial insulation installer serving Pennsylvania
- ~\$4M in annual revenue



## **Pest Control Insulation**

- Specialty distribution focused on blended, customized insulation products, accessories, and equipment for the pest control industry
- ~\$25M in annual revenue



## **GreenSpace Insulation**

- Residential and light commercial insulation installer, serving central Missouri and the surrounding states with both fiberglass and spray foam
- ~\$6M in annual revenue



## **Insulation Works**

- Residential and light commercial installer in southwest and central Arkansas and the surrounding states and national insulation installer for agricultural buildings
- ~\$28M in annual revenue

## ENHANCING OPERATIONS ACROSS OUR FOOTPRINT

Dedicated integration team with proven expertise




Highly complementary businesses enable substantial synergy realization


Consistent track record of successfully executing on plan



# We Serve Large, Highly Fragmented Insulation End Markets

*Total Addressable Market of ~\$18.25B to Grow Organically and Via Acquisition*

STRUCTURE	Residential		Commercial / Industrial					
MARKET SIZE	~\$6.25B		Building Envelope ~\$6.25B		Mechanical ~\$5.75B			
SUB-MARKETS/ VERTICALS	Single Family	Multi Family	Light Commercial	Heavy Commercial	Industrial Mfg	Energy & Alt Fuel	Oil & Gas	Chemicals
					Pharma & Biotech	Food & Beverage	Marine	Other
TOPBUILD REPORTING SEGMENTS & TARGET CUSTOMERS	Installation  Builders, General Contractors				61% of 2023 Sales			
	Specialty Distribution   National and Local Contractors, Installers				39% of 2023 Sales			
INSULATION PRODUCTS	Fiberglass, Spray Foam, and Cellulose		Fiberglass, Spray Foam, Mineral Wool, Metal Building Insulation, Fireproofing, Firestopping, Expansion Joints, Vapor Barriers, and Rigid Board		Commercial – Fiberglass Duct Wrap, Fiberglass Pipe Cover, PVC Jacketing and Fittings, Phenolic and Foam Glass, Fiberglass and Foam Duct Board, Fiberglass, and Mineral Wool Pipe Insulation  Industrial – Fiberglass, Foam Glass, Mineral Wool, Ceramic Fiber, Metal Jacketing and Fittings, Aerogel, Perlite, Calcium Silicate, Phenolic, and Polyisocyanurate			



# Commercial Building Insulation

*Insulating the Building Envelope Across Diverse Customer Base*

## Light Commercial

- Restaurants
- Retail Buildings
- Tilt Wall Construction

## Heavy Commercial

- Data Centers
- Entertainment Venues
- Leisure and Hospitality
- Sports Facilities
- Institutional Buildings (Education, Healthcare, Research, Religious)
- Airports
- Manufacturing facilities
- Warehouses and Distribution Centers

### Ole Red

Las Vegas, Nevada



Rendering Credit: Ryman Hospitality Properties

### Modesto Courthouse

Modesto, California



Rendering Credit: Skidmore, Owings & Merrill LLP

### Chevron Headquarters

San Ramon, California



Credit: Todd Johnson, San Francisco Business Times



# Commercial/Industrial Mechanical Insulation

*Includes Recurring Revenue Stream of Maintenance and Repair Work*

**Providing equipment insulation and custom fabrication for commercial and industrial construction projects**

- Industrial Manufacturing
- Oil & Gas
- Energy & Alternative Fuels
- Chemical Processing
- Pharmaceuticals & Biotech
- Food and Beverage
- Marine
- Other

## Venture Global Plaquemines LNG

Plaquemines Parish, Louisiana



Credit: Venture Global LNG

## Hemlock Semiconductor

Hemlock, Michigan



Credit: Hemlock Semiconductor Operations

## QTS Phoenix Data Center Campus

Phoenix, Arizona



Rendering Credit: QTS Realty Trust

# Raising 2024 Outlook

## *Another Year of Profitable Growth Expected*

(as of May 7, 2024)

### SALES

**\$5,400M to \$5,600M**

- Mid single digit residential growth
- Mid single digit commercial/industrial growth

### ADJUSTED EBITDA\*

**\$1,065M to \$1,155M**







# About Us

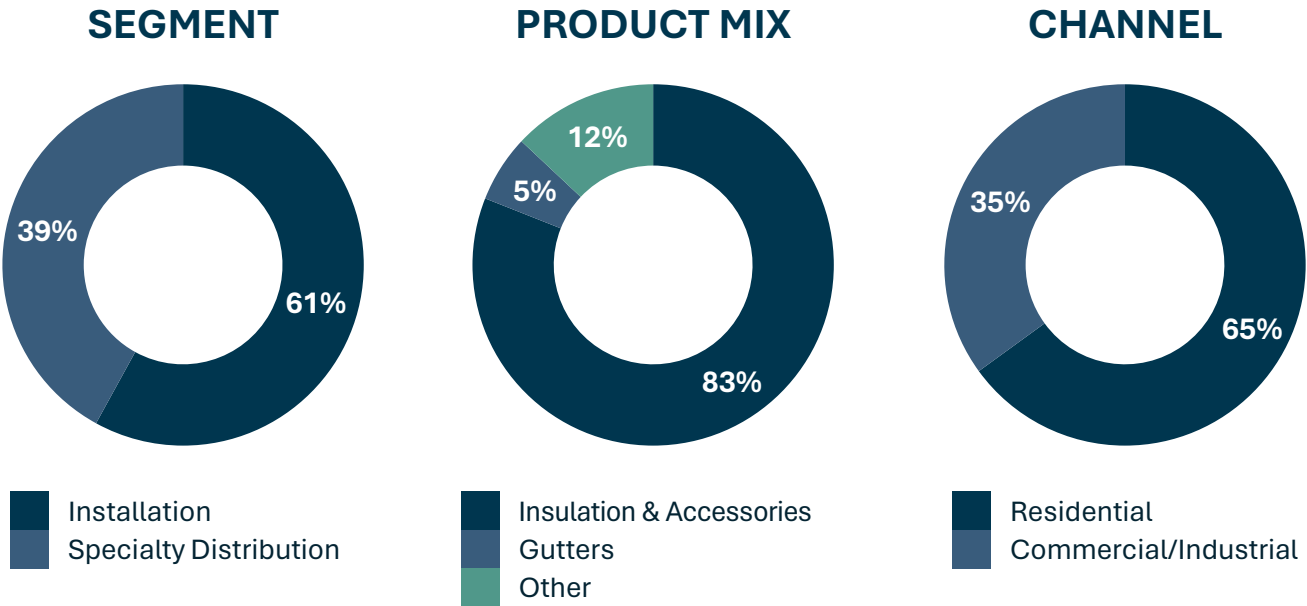
# TopBuild Snapshot

*Leading installer and specialty distributor of insulation and related building material products*

## Key Stats

Headquarters	Daytona Beach, FL
Employees	~14,000
Total Branches	~410

## Sales Breakdown





# Our Business Model

*Best in class execution and making a difference locally*

## Core Strengths

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

## Our Values

 <b>SAFETY</b> We put the <i>safety</i> of our <i>people</i> first.	 <b>INTEGRITY</b> We deliver results with <i>integrity, respect,</i> and <i>accountability.</i>	 <b>FOCUS</b> We are <i>customer-focused</i> , grounded in strong relationships.	 <b>INNOVATION</b> We are <i>continuously improving</i> and encourage idea sharing.
 <b>UNITY</b> We are united as one <i>team</i> , valuing <i>diversity.</i>	 <b>COMMUNITY</b> We <i>make a difference</i> in the communities we serve.	 <b>EMPOWERMENT</b> We are <i>empowered</i> to be our best, individually and as a team.	

# M&A: A Core Competency

*Disciplined acquisition strategy creating significant shareholder returns*

## Strategic Rationale

- Focus on core Insulation products
- Enhance resources and capabilities
- Expand geographic presence and customer base
- Value accretive growth opportunities
- Aligns to culture and leadership



## Integration Expertise

- Integrated 28 companies since 1/1/2019
- Dedicated integration team
- Timely conversion to our ERP system
- Realize synergies quickly

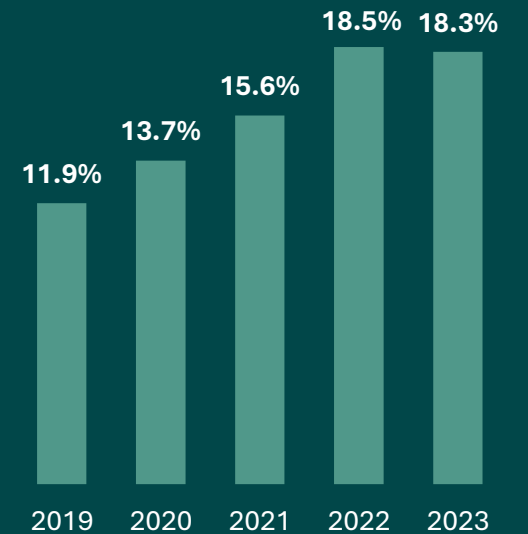


## Track Record of Success

- Exceeded projected synergies, including DI and USI integrations
- Consistently expanded margins post-acquisitions
- Operational excellence focus enhances results



## ROIC<sup>1</sup>

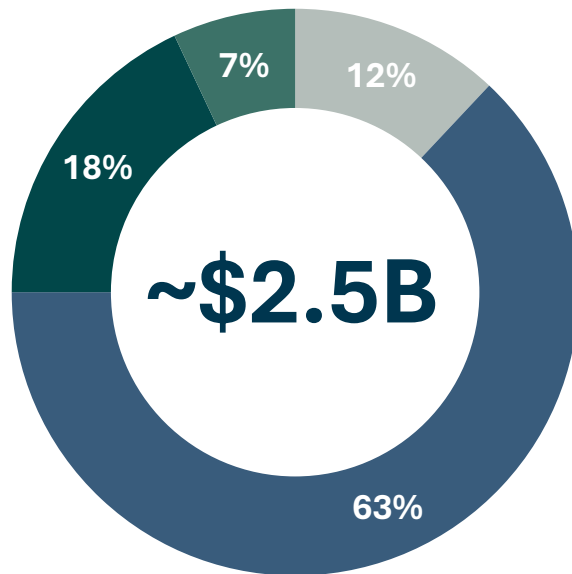


# Historical Capital Allocation

*Acquisitions are our #1 capital allocation priority*

## USE OF CAPITAL

(1/1/19-3/31/24)



### Internal Investments

- CapEx 1.5% of Sales
- Investing in equipment upgrades and digitization

### Acquisitions

- Completed 28 transactions
  - ~\$1.3B in revenue added
- End-markets very fragmented

### Share Repurchases

- ~\$446M in repurchases at an average share price of \$134.83





# Appendix

# Reconciliation of Adjusted EBITDA to Net Income (unaudited)

(in thousands)

	Three Months Ended March 31,		Trailing Twelve Months Ended
	2024	2023	March 31, 2024
<b>Net income, as reported</b>	<b>\$ 152,381</b>	<b>\$ 135,870</b>	<b>\$ 630,765</b>
Adjustments to arrive at EBITDA, as adjusted:			
Interest expense and other, net	7,513	16,116	44,739
Income tax expense	54,614	47,445	218,398
Depreciation and amortization	34,257	32,100	135,035
Share-based compensation	5,127	3,135	17,828
Rationalization charges	(750)	—	1,173
Acquisition related costs	676	3,658	16,716
<b>EBITDA, as adjusted</b>	<b>\$ 253,818</b>	<b>\$ 238,324</b>	<b>\$ 1,064,654</b>
Proforma acquisition EBITDA (a)			10,293
Proforma disposition EBITDA (b)			(1,906)
<b>Proforma TTM EBITDA, as adjusted</b>			<b>\$ 1,073,041</b>

(a) Represents the trailing twelve months proforma impact of acquisitions

(b) Represents the trailing twelve months proforma impact of dispositions

# Acquisition Adjusted Net Sales (unaudited)

(dollars in thousands)

	Q2	2023 Q3	Q4	2024 Q1	Trailing Twelve Months Ended March 31, 2024
Net Sales	\$ 1,317,262	\$ 1,326,120	\$ 1,286,074	\$ 1,278,717	\$ 5,208,173
Acquisitions proforma adjustment <sup>†</sup>	35,527	13,815	9,525	5,691	64,558
Net sales, acquisition adjusted	<u>\$ 1,352,789</u>	<u>\$ 1,339,935</u>	<u>\$ 1,295,599</u>	<u>\$ 1,284,408</u>	<u>\$ 5,272,731</u>
Receivables, net plus inventories less accounts payable					\$ 736,414
<i>Receivables, net plus inventories less accounts payable as a percent of sales (TTM) <sup>†</sup></i>					14.0 %

<sup>†</sup> Trailing 12 months sales have been adjusted for the pro forma effect of acquired branches



# Segment Data (unaudited)

(dollars in thousands)

## Installation

Sales

Operating profit, as reported  
*Operating margin, as reported*

Acquisition related costs  
Operating profit, as adjusted  
*Operating margin, as adjusted*

Share-based compensation  
Depreciation and amortization  
EBITDA, as adjusted  
*EBITDA margin, as adjusted*

## Specialty Distribution

Sales

Operating profit, as reported  
*Operating margin, as reported*

Rationalization charges  
Acquisition related costs  
Operating profit, as adjusted  
*Operating margin, as adjusted*

Share-based compensation  
Depreciation and amortization  
EBITDA, as adjusted  
*EBITDA margin, as adjusted*

## Total net sales

Sales before eliminations  
Intercompany eliminations  
Net sales after eliminations

Three Months Ended March 31,		Change
2024	2023	
\$ 798,743	\$ 767,090	4.1 %
\$ 156,757	\$ 146,897	
19.6 %	19.1 %	
45	263	
\$ 156,802	\$ 147,160	
19.6 %	19.2 %	
330	379	
18,267	16,493	
\$ 175,399	\$ 164,032	6.9 %
22.0 %	21.4 %	
\$ 545,794	\$ 558,375	(2.3) %
\$ 77,579	\$ 73,333	
14.2 %	13.1 %	
(750)	—	
—	340	
\$ 76,829	\$ 73,673	
14.1 %	13.2 %	
433	238	
14,836	14,572	
\$ 92,098	\$ 88,483	4.1 %
16.9 %	15.8 %	
\$ 1,344,537	\$ 1,325,465	
(65,820)	(60,227)	
\$ 1,278,717	\$ 1,265,238	1.1 %

# Margin Reconciliations (unaudited)

(dollars in thousands)

	Three Months Ended March 31,	
	2024	2023
Gross profit, as reported	\$ 387,150	\$ 370,215
<i>Gross margin, as reported</i>	30.3 %	29.3 %
Acquisition related costs	—	—
Gross profit, as adjusted	\$ 387,150	\$ 370,215
<i>Gross margin, as adjusted</i>	30.3 %	29.3 %
Operating profit, as reported - segments	\$ 234,336	\$ 220,230
General corporate expense, net	(9,067)	(10,828)
Intercompany eliminations	(10,761)	(9,971)
Operating profit, as reported	\$ 214,508	\$ 199,431
<i>Operating margin, as reported</i>	16.8 %	15.8 %
Rationalization charges	(750)	—
Acquisition related costs <sup>1</sup>	676	3,658
Operating profit, as adjusted	\$ 214,434	\$ 203,089
<i>Operating margin, as adjusted</i>	16.8 %	16.1 %
Share-based compensation	5,127	3,135
Depreciation and amortization	34,257	32,100
EBITDA, as adjusted	\$ 253,818	\$ 238,324
<i>EBITDA margin, as adjusted</i>	19.8 %	18.8 %

<sup>1</sup> Acquisition related costs include corporate level adjustments as well as segment operating adjustments.

# 2024 Estimated Adjusted EBITDA Range (unaudited)

(in millions)

	Twelve Months Ending December 31, 2024	
	Low	High
<b>Estimated net income</b>	<b>\$ 611.0</b>	<b>\$ 689.0</b>
Adjustments to arrive at estimated EBITDA, as adjusted:		
Interest expense and other, net	47.0	43.0
Income tax expense	216.0	241.0
Depreciation and amortization	143.0	139.0
Share-based compensation	19.0	17.0
Acquisition related costs	29.0	26.0
<b>Estimated EBITDA, as adjusted</b>	<b>\$ 1,065.0</b>	<b>\$ 1,155.0</b>