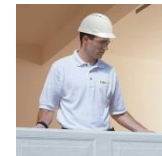


# Second Quarter 2016 Earnings Presentation



# 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" under 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," "should" or "intend," and other words and phrases of similar meanings, the negative of these terms, and similar references to future periods. 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 in our forward-looking statements. Our future performance may be affected by 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; and our ability to realize the expected benefits of the Separation. We discuss the material risks we face 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. 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 to, and not as an alternative for, 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](http://www.topbuild.com).*

## Q2 Overview

(\$ in 000s)	Second Quarter 2016
Sales Y-O-Y Change	\$431,589 6.9%
Gross Profit Margin Y-O-Y Change	22.6% 140 bps
Adjusted Operating Profit Margin * Y-O-Y Change	6.4% 140 bps
Adjusted Net Income per Share * Y-O-Y Change	\$0.43 59.3%

*\* See Slides 17 & 18 for adjusted EBITDA reconciliation and GAAP to non-GAAP reconciliation*

Strong Revenue Growth and Expanding Margins

# Capital Allocation

- \$50M Share Repurchase Program
  - \$4.96M purchased first six months
  - \$32.34 per share average price
- Accretive/Strategic Acquisitions
  - Installation and distribution targets
    - Expand market penetration
    - Focus on regions with outsized growth prospects
  - Commercial Installation
    - Fragmented industry
    - Growth opportunity

Demonstrated Commitment to Enhancing Shareholder Value

# Quarter Review



## Home-Building Environment

- Household formations increasing
- Barriers to home ownership improving
- Builders starting to focus on entry level homes
- Labor shortage extending completions

**Anticipate Longer Recovery Cycle with Continued Growth  
in New Home Construction**

# Income Statement

(\$ in 000s)	Second Quarter 2016	Second Quarter 2015
Sales Y-O-Y Change	\$431,589 6.9%	\$403,761
Adjusted Operating Profit * Y-O-Y Change	\$27,437 41.9%	\$19,331
Adjusted Operating Margin * Y-O-Y Change	6.4% 140 bps	5.0%
Adjusted EBITDA * Y-O-Y Change	\$32,555 39.9%	\$23,276

*\* See Slides 17 & 18 for adjusted EBITDA reconciliation and GAAP to non-GAAP reconciliation*

## Highlights

- Sales up 6.9%... TruTeam up 8.6% and Service Partners up 2.1%
- Adjusted operating profit margin improves 140 basis points...2Q an easier comp due to prior year selling price/material cost imbalance
- Adjusted EBITDA improves \$9.3M....33.3% pull through on sales change



(\$ in 000s)	Second Quarter 2016	Second Quarter 2015
Sales <i>Y-O-Y Change</i>	\$288,042 8.6%	\$265,296
Adjusted Operating Profit * <i>Y-O-Y Change</i>	\$22,863 76.3%	\$12,965
Adjusted Operating Margin * <i>Y-O-Y Change</i>	7.9% 280 bps	5.1%

\* See slide 18 for GAAP to non-GAAP reconciliation

## Highlights

- Sales growth driven by higher level activity in both residential and commercial and higher selling price
- Margin improvement due to volume leverage, improved price and strong cost control



(\$ in 000s)	Second Quarter 2016	Second Quarter 2015
Sales Y-O-Y Change	\$164,257 2.1%	\$160,841
Adjusted Operating Profit * Y-O-Y Change	\$13,547 9.2%	\$12,409
Adjusted Operating Margin * Y-O-Y Change	8.2% 50 bps	7.7%

\* See slide 18 for GAAP to non-GAAP reconciliation

## Highlights

- Sales up 2.1% for improved residential and commercial volume; partially offset by lower selling prices
- 2Q 2016 adjusted operating margin improved 50 basis points on volume leverage and cost reductions; partially offset by lower selling prices

# Adjusted EPS

(\$ in 000s)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Income from continuing operations before income taxes, as reported</b>	\$ 25,480	\$ 8,330	\$ 43,649	\$ 4,030
Rationalization charges <sup>†</sup>	647	3,700	1,655	4,342
Legal adjustments, net	—	1,020	—	1,370
Fixed asset disposal (truck mounted device)	—	1,690	—	1,690
Masco general corporate expense, net	—	5,724	—	13,627
Masco direct corporate expense	—	1,207	—	5,604
Expected standalone corporate expense	—	(5,500)	—	(11,000)
<b>Income from continuing operations before income taxes, as adjusted</b>	<b>26,127</b>	<b>16,171</b>	<b>45,304</b>	<b>19,663</b>
Tax rate at 38% and 36% for 2016 and 2015, respectively	(9,928)	(5,822)	(17,216)	(7,079)
<b>Income from continuing operations, as adjusted</b>	<b>\$ 16,199</b>	<b>\$ 10,349</b>	<b>\$ 28,088</b>	<b>\$ 12,584</b>
<b>Income per common share, as adjusted</b>	<b>\$ 0.43</b>	<b>\$ 0.27</b>	<b>\$ 0.74</b>	<b>\$ 0.34</b>
Average diluted common shares outstanding	37,976,703	37,667,947	37,938,108	37,667,947

† 2015 Rationalization charges included spin-off charges.

# Cash Flow/Working Capital/CAPEX

(\$ in 000s)	Six Months ended June 30, 2016	Six Months ended June 30, 2015
CAPEX	\$6,023	\$7,111
Working Capital % to sales (using LTM sales)	8.4%	8.3%
Operating Cash Flow	\$6,146	(\$8,957)
Cash Balance	\$102,090	\$63,268

## Highlights

- CAPEX @ 0.7% of sales
- Working capital as a % of LTM sales increases by 10 bps vs. prior year
- Operating cash flow up \$15 million on primarily improved earnings
- Overall liquidity of \$172 million between cash and accessible credit facility

# Driving Performance

- Builder sentiment optimistic
- TruTeam
  - Gaining market share
  - Achieving strong operational improvements
  - Growing commercial revenue...light & heavy
  - Realizing improved pricing
- Service Partners
  - Growing volume
  - Converting top line growth to bottom line
  - Seeing some selling price compression



Our strategy of driving performance through  
**LOCAL EMPOWERMENT, OPERATIONAL EXCELLENCE**  
and the **SIMPLIFICATION OF BUSINESS PROCESSES**  
is yielding solid results.

## Employer of Choice



**FULL RANGE**  
of **BENEFITS**

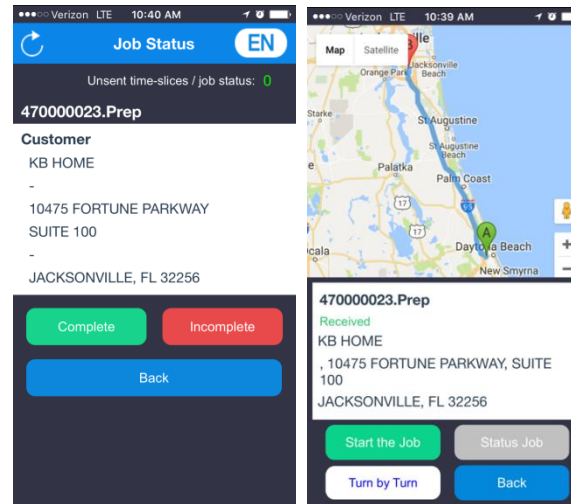
**STRONG FOCUS**  
on **SAFETY**

# Workforce Efficiency

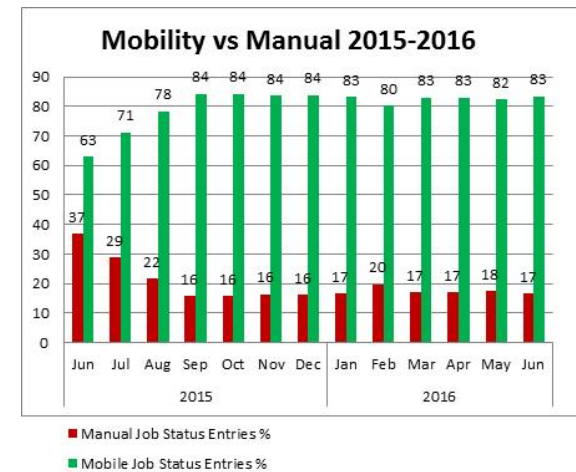
Proprietary Technology Solution  
Smartphone App



Route Optimization



Job Tracking



Productivity Measured

improved  
**CUSTOMER SATISFACTION**

# Differentiated Business Model



National footprint,  
local-brand appeal

Consistency and reliability  
valued by customers



Strong value  
proposition and  
relationships with  
local contractors and  
other customers



**Small Contractors,  
Lumber Yards, Retail**



**50,000+ Builders and General Contractors**

**WE REACH CUSTOMERS**  
REGARDLESS OF SIZE OR GEOGRAPHIC LOCATION.

# Driving Value

- Diverse business model
- Experienced, cycle tested leadership team
  - Successful track record
  - Cultural fit
- Focused Strategy
  - Local empowerment
  - Simplification
- Operational excellence
- Commercial expansion
- M&A initiative

**IMPROVING** Business Performance



# Appendix

# Adjusted EBITDA Reconciliation

TopBuild Corp.

Segment Data (Unaudited)

(\$ in 000s)

(dollars in thousands)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net sales after eliminations	\$ 431,589	\$ 403,761	6.9 %	\$ 845,613	\$ 762,221	10.9 %
Operating profit, as reported - segment	\$ 36,344	\$ 18,964		\$ 64,183	\$ 29,309	
General corporate expense, net	(6,030)	(5,724)		(10,750)	(13,627)	
Intercompany eliminations and other adjustments	(3,524)	(1,750)		(6,876)	(5,339)	
Operating profit, as reported	\$ 26,790	\$ 11,490		\$ 46,557	\$ 10,343	
Operating margin, as reported	6.2 %	2.8 %		5.5 %	1.4 %	
Rationalization charges <sup>††</sup>	647	3,700		1,655	4,342	
Legal adjustments, net	—	1,020		—	1,370	
Fixed asset disposal (truck mounted devices)	—	1,690		—	1,690	
Masco general corporate expense, net	—	5,724		—	13,627	
Masco direct corporate expense	—	1,207		—	5,604	
Expected standalone corporate expense	—	(5,500)		—	(11,000)	
Operating profit, as adjusted	\$ 27,437	\$ 19,331		\$ 48,212	\$ 25,976	
Operating margin, as adjusted	6.4 %	5.0 %		5.7 %	3.4 %	
Share-based compensation	2,105	858		3,705	1,666	
Depreciation and amortization	3,013	3,087		5,908	6,140	
EBITDA, as adjusted	\$ 32,555	\$ 23,276		\$ 57,825	\$ 33,782	
Sales change period over period	27,828			83,392		
EBITDA, as adjusted change period over period	9,279			24,043		

# Segment GAAP to Non-GAAP Reconciliation

		Three Months Ended June 30,			Six Months Ended June 30,		
	(\$ in 000s)	2016	2015	Change	2016	2015	Change
<b>Installation</b>							
Sales		\$ 288,042	\$ 265,296	8.6 %	\$ 560,920	\$ 498,659	12.5 %
Operating profit, as reported		\$ 22,797	\$ 7,067		\$ 36,303	\$ 6,035	
Operating margin, as reported		7.9 %	2.7 %		6.5 %	1.2 %	
Rationalization charges <sup>†</sup>		66	3,188		894	3,830	
Legal adjustments, net		—	1,020		—	1,370	
Fixed asset disposal (truck mounted devices)		—	1,690		—	1,690	
Operating profit, as adjusted		\$ 22,863	\$ 12,965		\$ 37,197	\$ 12,925	
Operating margin, as adjusted		7.9 %	5.1 %		6.6 %	2.7 %	
<b>Distribution</b>							
Sales		\$ 164,257	\$ 160,841	2.1 %	\$ 325,145	\$ 305,452	6.4 %
Operating profit, as reported		\$ 13,547	\$ 11,897		\$ 27,880	\$ 23,274	
Operating margin, as reported		8.2 %	7.4 %		8.6 %	7.6 %	
Rationalization charges		—	512		83	512	
Operating profit, as adjusted		\$ 13,547	\$ 12,409		\$ 27,963	\$ 23,786	
Operating margin, as adjusted		8.2 %	7.7 %		8.6 %	7.8 %	

<sup>†</sup> 2015 Rationalization charges included spin-off charges.