TopBuild®

2020
Third QUARTER

Jerry Volas, CEO
Robert Buck, President & COO
John Peterson, CFO

November 3, 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.

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BUSINESS UPDATE

- TopBuild performing well in current environment
- Housing industry remains a positive story
  - Builders reporting strong traffic and record-setting order growth
  - COVID-19 Impacts
    - Buyers looking to escape dense urban environments
    - Work from home policies driving demand for more space
    - Active adults seeking to avoid senior residential facilities
  - Long-term industry fundamentals positive
    - Historically low interest rates
    - Increasing household formations
    - Low inventory

HOUSING INDUSTRY DEMONSTRATING STRENGTH

3Q 2020 FINANCIAL HIGHLIGHTS*

- 2.2% net sales increase
- 28.4% gross margin, up 210 bps
- 14.6% adjusted operating margin, up 280 bps
- 17.1% adjusted EBITDA margin, up 270 bps
- 37.3% increase in adjusted EPS to $2.10 per diluted share

RESULTS REFLECT STRENGTH OF DIVERSIFIED MODEL

* See slide 14-17 for GAAP to non-GAAP reconciliations

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CAPITAL ALLOCATION

- Acquired Garland Insulating October 1
  - One of the largest locally owned and operated installation companies in Texas
  - Generated ~$60M in revenue TTM ended June 30, 2020
- Announced three acquisitions year-to-date
  - Expected to generate ~$79M in annual revenue
- Repurchased ~58,000 shares in 3Q
  - 582,000 shares YTD

ROBUST PIPELINE OF ACQUISTION PROSPECTS

TruTeam

($ in 000s)	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Sales Y-O-Y Change	$492,206 (1.2%)	$1,434,648 0.3%
Adjusted Operating Profit* Y-O-Y Change	$83,429 19.4%	$214,922 13.0%
Adjusted Operating Margin* Y-O-Y Change	17.0% 300 bps	15.0% 170 bps

OPERATIONAL EXCELLENCE DRIVING STRONG MARGIN EXPANSION

* See slide 15 for Segment GAAP to Non-GAAP Reconciliation

($ in 000s)	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Sales Y-O-Y Change	$244,113 10.5%	$674,672 5.6%
Adjusted Operating Profit* Y-O-Y Change	$32,641 39.5%	$82,464 26.4%
Adjusted Operating Margin* Y-O-Y Change	13.4% 280 bps	12.2% 200 bps

SOLID SALES GROWTH…STRONG MARGIN EXPANSION

* See slide 15 for Segment GAAP to Non-GAAP Reconciliation

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COMMERCIAL BUSINESS

- Declined 6.8% in 3Q, 6.9% YTD (same branch)*
- Some heavy commercial projects delayed
  - New guidelines governing density of construction crews on site
- Few heavy commercial projects cancelled, partially offset by new projects
  - Distribution centers
  - Healthcare facilities
  - Infrastructure projects
- Healthy backlog, bidding projects into 2022

CONFIDENT IN LONG-TERM GROWTH PROSPECTS

* See slide 17 for Same branch and acquisition net sales reconciliation

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INDUSTRY TRENDS

LABOR CONSTRAINED

- "Friends and Family" referral program
- Employer of Choice
  - Full suite of benefits
  - Opportunity to move up in the organization
  - Average installer earns $45,000-$50,000 a year
- Integrated systems allow us to share labor, equipment and inventory

MATERIAL CONSTRAINED

- Capacity tightening for many building materials
- Additional fiberglass capacity coming online next year
- Comfortable with our supply chain
- Fiberglass cost increases announced for January

WELL POSITIONED ON BOTH LABOR AND MATERIAL

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FINANCIAL OVERVIEW

Third Quarter 2020

($ in 000s except per share amounts)	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2020
Sales Y-O-Y Change	$697,223 2.2%	$1,996,551 1.8%
Adjusted Operating Profit* Y-O-Y Change	$101,684 26.2%	$255,450 18.2%
Adjusted Operating Margin* Y-O-Y Change	14.6% 280 bps	12.8% 180 bps
Adjusted EBITDA* Y-O-Y Change	$119,180 21.6%	$315,294 18.3%
Adjusted EBITDA Margin* Y-O-Y Change	17.1% 270 bps	15.8% 220 bps
Adjusted Income per Diluted Share Y-O-Y Change	$2.10 37.3%	$5.14 27.9%

CONTINUED STRONG PERFORMANCE

* See slides 14 -17 for GAAP to non-GAAP reconciliations

CAPEX, WORKING CAPITAL & CASH FLOW

$ in 000s

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
CAPEX	$27,206	$34,100
Operating Cash Flow	$255,723	$182,779

	September 30, 2020	December 31, 2019
Cash Balance	$315,338	$184,807

	September 30, 2020	September 30, 2019
Working Capital % to TTM Sales	10.1%	11.6%

MINIMAL CAPEX REQUIRED…WORKING CAPITAL IMPROVING

LEVERAGE

$ in millions

Total Debt	$720.0
Less Cash	315.3
Net Debt	**$404.7**
TTM Adj. EBITDA	$407.8
Leverage	0.99x

- $389.6M available on $450M Revolver
- Significant room under debt covenants

STRONG BALANCE SHEET…AMPLE LIQUIDITY

* See slide 14 for adjusted EBITDA reconciliation

APPENDIX

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ADJUSTED EBITDA RECONCILIATION

($ in 000s)

	Three Months Ended September 30,		Nine Months Ended September 30,		TTM[1] Ended September 30,
	2020	2019	2020	2019	2020
Net income, as reported	**$ 69,996**	**$ 54,976**	**$ 176,266**	**$ 145,011**	**$ 222,251**
Adjustments to arrive at EBITDA, as adjusted:					
Interest expense and other, net	7,606	8,854	24,063	27,228	32,580
Income tax expense	23,921	16,615	51,407	40,864	73,326
Depreciation and amortization	14,216	13,467	47,527	39,005	61,223
Share-based compensation	3,280	3,926	12,317	11,411	14,563
Rationalization charges	(274)	8	2,102	1,977	2,117
Acquisition related costs	142	131	338	1,034	504
Refinancing costs and loss on extinguishment of debt	—	—	290	—	290
COVID-19 pay	293	—	984	—	984
EBITDA, as adjusted	**$ 119,180**	**$ 97,977**	**$ 315,294**	**$ 266,530**	**$ 407,838**
Net Sales	**$ 697,223**	**$ 682,330**	**$ 1,996,551**	**$ 1,961,771**	**$ 2,658,900**
EBITDA margin, as adjusted	17.1 %	14.4 %	15.8 %	13.6 %	15.3 %

[1] Trailing twelve months

SEGMENT GAAP TO NON-GAAP RECONCILIATION

($ in 000s)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Change	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019	Change
TruTeam						
Sales	$ 492,206	$ 498,390	*(1.2) %*	$ 1,434,648	$ 1,430,800	*0.3 %*
Operating profit, as reported	$ 83,142	$ 69,846		$ 213,136	$ 189,568	
Operating margin, as reported	*16.9 %*	*14.0 %*		*14.9 %*	*13.2 %*	
Rationalization charges	9	(16)		866	183	
Acquisition related costs	—	56		4	459	
COVID-19 pay	278	—		916	—	
Operating profit, as adjusted	$ 83,429	$ 69,886		$ 214,922	$ 190,210	
Operating margin, as adjusted	*17.0 %*	*14.0 %*		*15.0 %*	*13.3 %*	
Service Partners						
Sales	$ 244,113	$ 220,947	*10.5 %*	$ 674,672	$ 638,899	*5.6 %*
Operating profit, as reported	$ 32,787	$ 23,406		$ 81,612	$ 65,154	
Operating margin, as reported	*13.4 %*	*10.6 %*		*12.1 %*	*10.2 %*	
Rationalization charges	(161)	—		783	109	
COVID-19 pay	15	—		70	—	
Operating profit, as adjusted	$ 32,641	$ 23,406		$ 82,464	$ 65,263	
Operating margin, as adjusted	*13.4 %*	*10.6 %*		*12.2 %*	*10.2 %*	
Total						
Sales before eliminations	$ 736,319	$ 719,337		$ 2,109,320	$ 2,069,699	
Intercompany eliminations	(39,096)	(37,007)		(112,769)	(107,928)	
Net sales after eliminations	$ 697,223	$ 682,330	*2.2 %*	$ 1,996,551	$ 1,961,771	*1.8 %*
Operating profit, as reported - segments	$ 115,929	$ 93,252		$ 294,748	$ 254,722	
General corporate expense, net	(8,032)	(6,872)		(24,610)	(23,606)	
Intercompany eliminations	(6,374)	(5,935)		(18,169)	(18,013)	
Operating profit, as reported	$ 101,523	$ 80,445		$ 251,969	$ 213,103	
Operating margin, as reported	*14.6 %*	*11.8 %*		*12.6 %*	*10.9 %*	
Rationalization charges	(274)	8		2,102	1,977	
Acquisition related costs	142	131		338	1,034	
Refinancing costs	—	—		57	—	
COVID-19 pay	293	—		984	—	
Operating profit, as adjusted	$ 101,684	$ 80,584		$ 255,450	$ 216,114	
Operating margin, as adjusted	*14.6 %*	*11.8 %*		*12.8 %*	*11.0 %*	

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INCOME PER COMMON SHARE RECONCILIATION

($ in 000s)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Income before income taxes, as reported	**$ 93,917**	**$ 71,591**	**$ 227,673**	**$ 185,875**
Rationalization charges	(274)	8	2,102	1,977
Acquisition related costs	142	131	338	1,034
Refinancing costs and loss on extinguishment of debt	—	—	290	—
COVID-19 pay	293	—	984	—
Income before income taxes, as adjusted	**94,078**	**71,730**	**231,387**	**188,886**
Tax rate at 26.0% and 26.5% for 2020 and 2019, respectively	(24,460)	(19,008)	(60,161)	(50,055)
Income, as adjusted	**$ 69,618**	**$ 52,722**	**$ 171,226**	**$ 138,831**
Income per common share, as adjusted	**$ 2.10**	**$ 1.53**	**$ 5.14**	**$ 4.02**
Weighted average diluted common shares outstanding	33,210,545	34,367,902	33,337,259	34,541,635

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SAME BRANCH AND ACQUISITION NET SALES RECONCILIATION

($ in 000s)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Same branch:				
Residential	$ 543,658	$ 522,506	$ 1,553,273	$ 1,503,300
Commercial	148,949	159,824	427,048	458,471
Same branch net sales	692,607	682,330	1,980,321	1,961,771
Acquisitions (a):				
Residential	$ 2,030	$ —	$ 4,681	$ —
Commercial	2,586	—	11,549	—
Acquisitions net sales	4,616	—	16,230	—
Total net sales	**$ 697,223**	**$ 682,330**	**$ 1,996,551**	**$ 1,961,771**

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

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