



2021 FOURTH QUARTER

Robert Buck, President & CEO

John Peterson, CFO

Rob Kuhns, VP & Controller

February 22, 2022

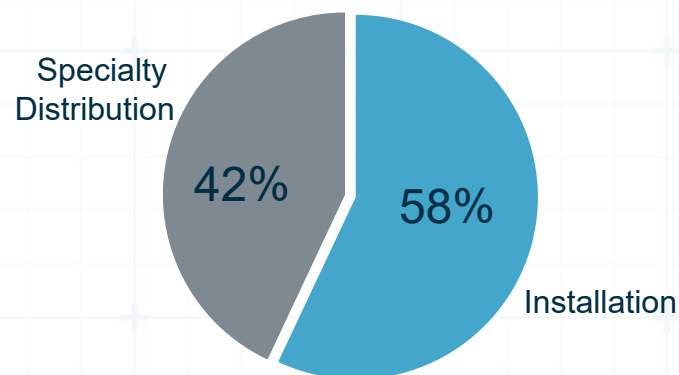
SAFE HARBOR

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.

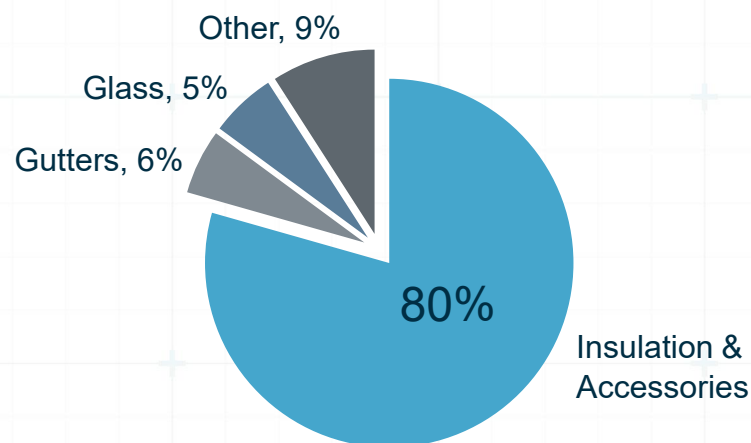
TOPBUILD AT-A-GLANCE*

SPIN-DATE (from Masco)	HEADQUARTERS	MARKET-CAP	U.S. EMPLOYEES
June 30, 2015	Daytona Beach, FL	\$7.5B	13,000+

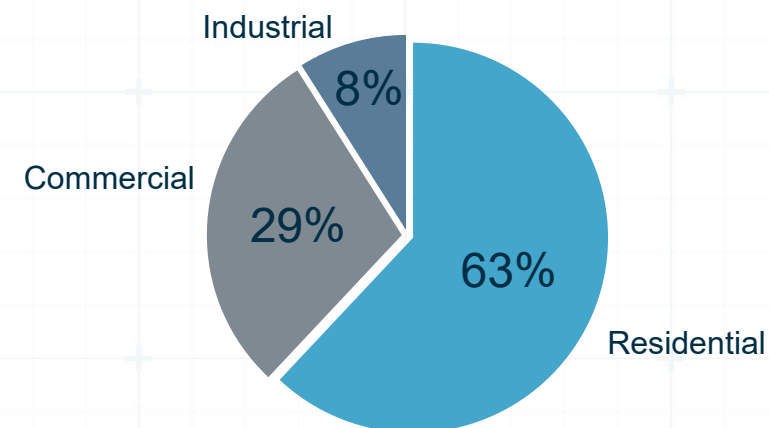
Revenue by Segment



Revenue by Product Mix



Revenue by Business Mix



LEADING INSTALLER AND SPECIALTY DISTRIBUTOR OF INSULATION AND BUILDING MATERIAL PRODUCTS IN THE UNITED STATES AND CANADA

OUR BUSINESS MODEL

Core Strengths

Focus on Safety and Employee Well-Being

Flexible Business Model, enabling us to quickly adapt to changing market conditions

Unrivaled National Scale and Footprint, creating a strong supply chain ensuring we can meet customer demand

Operational Excellence Focused on Continuous Improvement, supporting quick adaptation to market changes

Talented, Experienced, Cycle Tested Team, deep bench

Integrated Systems, giving us the ability to flex resources across footprint

Tenured Relationships with Customers and Suppliers

Exceptional Service and Reliability

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.

GROWING PROFITABLY AND MAKING A DIFFERENCE

4Q 2021 FINANCIAL HIGHLIGHTS*

- 47.4% sales increase, 12.5% on a same branch basis
- 28.1% adjusted gross margin, up 60 bps
 - 29.4% on a same branch basis, up 190 bps
- 14.2% adjusted operating margin, down 20 bps
 - 16.7% on a same branch basis, up 230 bps
- 17.1% adjusted EBITDA margin, up 30 bps
 - 19.0% on a same branch basis, up 220 bps
- 45.1% increase in adjusted EPS to \$3.12 per diluted share

ANOTHER SOLID PERFORMANCE

2021 FINANCIAL HIGHLIGHTS*

- 28.3% sales increase, 12.7% on a same branch basis
- 28.4% adjusted gross margin, up 90 bps
 - 29.0% on a same branch basis, up 150 bps
- 14.8% adjusted operating margin, up 160 bps
 - 15.8% on a same branch basis, up 260 bps
- 17.4% adjusted EBITDA margin, up 130 bps
 - 18.1% on a same branch basis, up 200 bps
- 49.0% increase in adjusted EPS to \$10.85 per diluted share

BENEFITTING FROM OUR DIVERSIFIED BUSINESS MODEL

BUSINESS UPDATE

- Supply chain disruptions and labor shortages continue to impact entire construction industry
- Building cycle elongated for residential and commercial projects
 - Gap continues to widen between housing starts and completions
 - Omicron surge added to project delays
- Demand for residential housing remains strong
- Installation backlog continues to grow
- Growing demand for mechanical insulation...new projects and MRO work
- Teams effectively managing input costs and selling prices



SUCCESSFULLY NAVIGATING CURRENT ENVIRONMENT

INDUSTRY TRENDS EXTENDING BUILD CYCLE

MATERIAL CONSTRAINED

- All trades experiencing constrained capacity and rising prices
- Spray foam facing continued challenges
- Four fiberglass cost increases in 2021, expect additional cost increases in 2022
- Little additional fiberglass capacity coming online until late 2023

LABOR CONSTRAINED

- Labor shortages across construction industry
- “Friends and Family” referral program successful
- Improving installer productivity with new technology tools and productivity initiatives
- Integrated systems gives us unique capability to share labor, equipment and material

SUPPLY CHAIN SHORTAGES AND LABOR CONSTRAINTS TEMPERING INDUSTRY GROWTH

2021 CAPITAL ALLOCATION

- Eleven acquisitions completed

	TTM Revenue at	Month	
Company Acquired	Acquisition (\$ millions)	Acquired	Business Focus
LCR Contractors (I)	\$58.0	January	Heavy Commercial/Fireproofing
Ozark Foam (I)	\$7.7	March	Residential, primarily spray foam
American Building Systems (I&D)	\$144.0	April	Residential (94%) & Distribution (6%)
Creative Conservation (I)	\$7.4	April	Residential insulation
RJ Insulation (I)	\$4.0	June	Residential, shower doors/mirrors
Valley Gutter Supply (D)	\$10.0	August	Specialty distributor and fabricator
California Building Products (I)	\$18.0	October	Residential and light commercial
Distribution International (D)	\$747.0	October	Specialty distributor and fabricator
Tonks Insulation (I)	\$4.8	November	Residential insulation
Shepherds Insulation (I)	\$1.9	November	Residential insulation
Insulating Products (D)	\$11.0	December	Residential distributor
Total	\$1,013.8		

I = Installation

D = Distribution

- Repurchased 183,136 shares at average price of \$194.15 per share

2021 ACQUISITIONS EXPECTED TO GENERATE ~\$1B ANNUAL REVENUE*

ESG UPDATE



- Our business is inherently ESG friendly
 - Insulation products we install and distribute significantly enhance energy efficiency
 - Provide building science solutions through TopBuild Home Services Group
- Formal ESG sustainability program in place
- Expanding disclosures over next two years
- Plan to publish 4th annual Sustainability Report in 2Q 2022

STRONG COMMITMENT BY BOARD AND MANAGEMENT

TOPBUILD HOME SERVICES GROUP

- Expertise focused on advancing environmentally conscious construction
- Environments For Living® program helps builders construct high-performance houses that save energy and reduce greenhouse gas emissions
- Extensively trained Home Energy Raters provide the evaluation, testing and independent verification required to be considered an ENERGY STAR compliant home
- Upon state adoption of a new energy code, the Home Services Group conducts code compliance training internally and with builders to ensure they are meeting the new energy code regulations



Pre-Construction
Plan Reviews



Inspection
Services



Diagnostic
Testing



Training and
Support



Software
Management Solution

AT THE FOREFRONT OF BUILDING SCIENCE

FINANCIAL OVERVIEW

Fourth Quarter and Year-End 2021

(\$ in 000s except per share amounts)	Three Months Ended December 31, 2021	Twelve Months Ended December 31, 2021
Sales	\$1,063,398	\$3,486,207
Y-O-Y Change	47.4%	28.3%
Adjusted Operating Profit*	\$150,746	\$515,242
Y-O-Y Change	45.0%	43.4%
Adjusted Operating Margin*	14.2%	14.8%
Y-O-Y Change	(20) bps	160 bps
Adjusted EBITDA*	\$182,072	\$605,948
Y-O-Y Change	49.9%	38.7%
Adjusted EBITDA Margin*	17.1%	17.4%
Y-O-Y Change	30 bps	130 bps
Adjusted EBITDA Margin*, Same Branch	19.0%	18.1%
Y-O-Y Change	220 bps	200 bps
Adjusted Income per Diluted Share	\$3.12	\$10.85
Y-O-Y Change	45.1%	49.0%

PROFITABLE GROWTH

CapEx, Working Capital & Cash Flow

\$ in 000s

	Twelve Months Ended December 30, 2021	Twelve Months Ended December 30, 2020
Operating Cash Flow	\$403,025	\$357,884
CAPEX	\$55,546	\$40,938
FREE CASH FLOW	\$347,479	\$316,946
	December 31, 2021	December 31, 2020
Cash Balance	\$139,779	\$330,007
	December 31, 2021	December 31, 2020
Working Capital % to TTM Sales*	13.3%	9.3%

GENERATING STRONG FREE CASH FLOW

LEVERAGE

\$ in millions

Total Debt

\$1,513.3

Less Cash

139.8

Net Debt

\$1,373.5

TTM Adj. EBITDA**

\$679.8

Leverage**

2.02x

- \$430.1M available on \$500M Revolver
- Significant room under debt covenants



**Using pro forma TTM adjusted EBITDA for acquisitions completed in 2021

QUICKLY DELEVERING FROM DI TRANSACTION

Installation



(\$ in 000s)

**Three Months
Ended
December 31, 2021**

**Twelve Months
Ended
December 31, 2021**

**Sales
Y-O-Y Change**

\$627,123
23.3%

\$2,378,401
22.4%

**Adjusted Operating Profit*
Y-O-Y Change**

\$106,337
29.6%

\$385,969
30.0%

**Adjusted Operating Margin*
Y-O-Y Change**

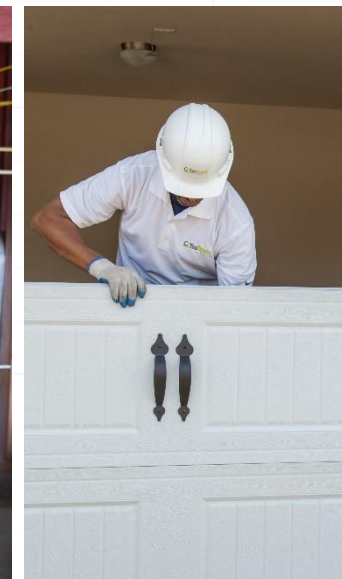
17.0%
90 bps

16.2%
90 bps

**Adjusted EBITDA Margin*
Y-O-Y Change**

19.4%
80 bps

18.7%
80 bps



SUCCESSFULLY MANAGING INFLATIONARY ENVIRONMENT

SPECIALTY DISTRIBUTION

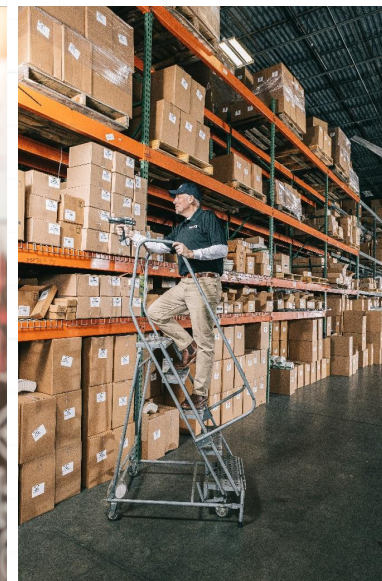


(\$ in 000s)

Three Months
Ended
December 31, 2021

Twelve Months
Ended
December 31, 2021

Sales	\$485,813	\$1,287,176
Y-O-Y Change	93.1%	39.0%
Adjusted Operating Profit*	\$60,347	\$185,805
Y-O-Y Change	78.8%	59.9%
Adjusted Operating Margin*	12.4%	14.4%
Y-O-Y Change	(100) bps	190 bps
Adjusted EBITDA Margin*	15.0%	16.0%
Y-O-Y Change	70 bps	230 bps



STRONG PERFORMANCE, DI INTEGRATION ON TRACK

2022 TEAM GOALS

- Striving for ZERO safety incidents
- Successfully integrating Distribution International
- Acquiring insulation focused installation and specialty distribution companies which serve one or more of our three end-markets
- Expanding our efforts to think differently in order to:
 - Simplify processes
 - Leverage fixed overhead
 - Improve productivity
- Developing and building the talent and diversity of our team
- Operating with the highest integrity

FOCUSED ON DELIVERING RESULTS

2022 OUTLOOK

(as of February 22, 2022)

SALES

\$4,500M to \$4,650M

ADJUSTED EBITDA*

\$770M to \$820M

ASSUMPTIONS (in millions)

End-Markets

Low to Mid Single Digit
Volume Growth

Depreciation & Amortization

\$121.3 to \$126.4

Share Based Compensation

\$11.2 to \$13.7

Interest Expense & other, net

\$46.2 to \$50.3

Income Tax Expense

\$148.6 to \$165.2

Acquisition Related Expenses

\$6.0 to \$8.0



BULLISH ON THE THREE END-MARKETS WE SERVE

LONG TERM ASSUMPTIONS

5.0% to 7.5%

Non-residential revenue growth
(Organic)

22.0% to 27.0%

Incremental adj. EBITDA %
(Organic)

11.0% to 13.0%

Working Capital (% of Sales)

11.0% to 16.0%

Incremental adj. EBITDA % (M&A)

1.5% to 2.0%

Capex (% of Sales)

25.0% to 27.0%

Normalized Tax Rate

\$107M

of Residential Revenue for Every 50K Houses Insulated

DIVERSIFIED MODEL EXPECTED TO PERFORM WELL

**HARD WORK,
DEDICATION
& TEAMWORK**

THANK YOU TOPBUILD TEAM

TruTeam, Service Partners, DI, Branch Support and Field
Support Center Teams.

You helped deliver a successful 2021 for all our stakeholders!





APPENDIX

ADJUSTED EBITDA RECONCILIATION (unaudited)

(\$ in 000s)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net income, as reported	\$ 78,360	\$ 70,757	\$ 324,016	\$ 247,023
Adjustments to arrive at EBITDA, as adjusted:				
Interest expense and other, net	11,140	7,660	29,139	31,723
Income tax expense	28,968	24,660	109,427	76,067
Depreciation and amortization	28,385	14,883	79,390	62,410
Share-based compensation	2,941	2,593	11,316	14,910
Rationalization charges	—	(4)	16	2,097
Acquisition related costs	16,262	518	22,107	855
Acquisition purchase accounting (inventory step-up)	15,853	—	15,853	—
Refinancing costs and loss on extinguishment of debt	163	—	14,025	290
COVID-19 pay	—	384	659	1,368
EBITDA, as adjusted	\$ 182,072	\$ 121,451	\$ 605,948	\$ 436,743
Proforma acquisition EBITDA ^(a)			73,898	
Proforma TTM EBITDA, as adjusted			\$ 679,846	

(a) Represents the trailing twelve months proforma impact of acquisitions completed in 2021.

SEGMENT DATA (unaudited)

(\$ in 000s)

	Three Months Ended December 31,			Change	Year Ended December 31,			Change
	2021	2020			2021	2020		
Installation								
Sales	\$ 627,123	\$ 508,812		23.3 %	\$ 2,378,401	\$ 1,943,461		22.4 %
Operating profit, as reported	\$ 105,975	\$ 81,657			\$ 383,722	\$ 294,793		
Operating margin, as reported	16.9 %	16.0 %			16.1 %	15.2 %		
Rationalization charges	—	—			—	866		
Acquisition related costs	362	—			1,642	4		
COVID-19 pay	—	363			605	1,278		
Operating profit, as adjusted	\$ 106,337	\$ 82,020			\$ 385,969	\$ 296,941		
Operating margin, as adjusted	17.0 %	16.1 %			16.2 %	15.3 %		
Share-based compensation	270	298			1,157	1,555		
Depreciation and amortization	15,227	12,146			57,815	50,265		
EBITDA, as adjusted	\$ 121,834	\$ 94,464		29.0 %	\$ 444,941	\$ 348,761		27.6 %
EBITDA margin, as adjusted	19.4 %	18.6 %			18.7 %	17.9 %		
Specialty Distribution								
Sales	\$ 485,813	\$ 251,535		93.1 %	\$ 1,287,176	\$ 926,207		39.0 %
Operating profit, as reported	\$ 43,964	\$ 33,731			\$ 169,368	\$ 115,343		
Operating margin, as reported	9.0 %	13.4 %			13.2 %	12.5 %		
Rationalization charges	—	—			—	783		
Acquisition related costs	530	—			530	—		
Acquisition purchase accounting (inventory step-up)	15,853	—			15,853	—		
COVID-19 pay	—	21			54	90		
Operating profit, as adjusted	\$ 60,347	\$ 33,752			\$ 185,805	\$ 116,216		
Operating margin, as adjusted	12.4 %	13.4 %			14.4 %	12.5 %		
Share-based compensation	304	199			1,032	742		
Depreciation and amortization	12,405	2,133			18,743	9,912		
EBITDA, as adjusted	\$ 73,056	\$ 36,084		102.5 %	\$ 205,580	\$ 126,870		62.0 %
EBITDA margin, as adjusted	15.0 %	14.3 %			16.0 %	13.7 %		
Total								
Sales before eliminations	\$ 1,112,936	\$ 760,347			\$ 3,665,577	\$ 2,869,668		
Intercompany eliminations	(49,538)	(38,860)			(179,370)	(151,630)		
Net sales after eliminations	\$ 1,063,398	\$ 721,487		47.4 %	\$ 3,486,207	\$ 2,718,038		28.3 %

MARGIN RECONCILIATION (unaudited)

(\$ in 000s)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Gross profit, as reported	\$ 283,161	\$ 198,020	\$ 974,389	\$ 746,361
<i>Gross margin, as reported</i>	26.6 %	27.4 %	27.9 %	27.5 %
Acquisition purchase accounting (inventory step-up)	15,853	—	15,853	—
Rationalization charges	—	—	—	1,016
COVID-19 pay	—	380	592	1,135
<i>Gross profit, as adjusted</i>	\$ 299,014	\$ 198,400	\$ 990,834	\$ 748,512
<i>Gross margin, as adjusted</i>	28.1 %	27.4 %	28.4 %	27.5 %
Operating profit, as reported - segments	\$ 149,939	\$ 115,388	\$ 553,090	\$ 410,136
General corporate expense, net	(22,893)	(6,174)	(47,018)	(30,785)
Intercompany eliminations	(8,603)	(6,137)	(29,653)	(24,305)
<i>Operating profit, as reported</i>	\$ 118,443	\$ 103,077	\$ 476,419	\$ 355,046
<i>Operating margin, as reported</i>	11.1 %	14.3 %	13.7 %	13.1 %
Rationalization charges	—	(4)	16	2,097
Acquisition related costs ¹	16,262	518	22,107	855
Acquisition purchase accounting (inventory step-up)	15,853	—	15,853	—
Refinancing costs	188	—	188	57
COVID-19 pay	—	384	659	1,368
<i>Operating profit, as adjusted</i>	\$ 150,746	\$ 103,975	\$ 515,242	\$ 359,423
<i>Operating margin, as adjusted</i>	14.2 %	14.4 %	14.8 %	13.2 %
Share-based compensation	2,941	2,593	11,316	14,910
Depreciation and amortization	28,385	14,883	79,390	62,410
<i>EBITDA, as adjusted</i>	\$ 182,072	\$ 121,451	\$ 605,948	\$ 436,743
<i>EBITDA margin, as adjusted</i>	17.1 %	16.8 %	17.4 %	16.1 %

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,	
	2021	2020	2021	2020
Gross profit, as adjusted				
Same branch	\$ 238,840	\$ 198,400	\$ 889,252	\$ 748,512
Acquisitions (a)	60,174	—	101,582	—
Total	\$ 299,014	\$ 198,400	\$ 990,834	\$ 748,512
Gross margin, as adjusted				
Same branch (b)	29.4 %	27.5 %	29.0 %	27.5 %
Acquisitions (c)	23.9 %	— %	24.0 %	— %
Operating profit, as adjusted				
Same branch	\$ 135,595	\$ 103,975	\$ 484,085	\$ 359,423
Acquisitions (a)	15,151	—	31,157	—
Total	\$ 150,746	\$ 103,975	\$ 515,242	\$ 359,423
Operating margin, as adjusted				
Same branch (b)	16.7 %	14.4 %	15.8 %	13.2 %
Acquisitions (c)	6.0 %	— %	7.4 %	— %
EBITDA, as adjusted				
Same branch	\$ 154,051	\$ 121,451	\$ 554,379	\$ 436,743
Acquisitions (a)	28,021	—	51,569	—
Total	\$ 182,072	\$ 121,451	\$ 605,948	\$ 436,743
EBITDA, as adjusted, as a percentage of sales				
Same branch (b)				
Acquisitions (c)				
Total (d)				

(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

INCOME PER COMMON SHARE RECONCILIATION (unaudited)

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

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Income before income taxes, as reported	\$ 107,328	\$ 95,417	\$ 433,443	\$ 323,090
Rationalization charges	—	(4)	16	2,097
Acquisition related costs	16,262	518	22,107	855
Acquisition purchase accounting (inventory step-up)	15,853	—	15,853	—
Refinancing costs and loss on extinguishment of debt	163	—	14,025	290
COVID-19 pay	—	384	659	1,368
Income before income taxes, as adjusted	139,606	96,315	486,103	327,700
Tax rate at 26.0%	(36,298)	(25,042)	(126,387)	(85,202)
Income, as adjusted	\$ 103,308	\$ 71,273	\$ 359,716	\$ 242,498
Income per common share, as adjusted	\$ 3.12	\$ 2.15	\$ 10.85	\$ 7.28
Weighted average diluted common shares outstanding	33,117,227	33,189,104	33,146,171	33,299,986

ACQUISITION ADJUSTED NET SALES (unaudited)

(\$ in 000s)

	2021				Year Ended
	Q1	Q2	Q3	Q4	December 31, 2021
Net Sales	\$ 742,798	834,255	845,757	1,063,398	\$ 3,486,207
Acquisitions proforma adjustment [†]	230,581	218,855	227,621	45,291	722,348
Net sales, acquisition adjusted	<u>\$ 973,379</u>	<u>\$ 1,053,110</u>	<u>\$ 1,073,378</u>	<u>\$ 1,108,688</u>	<u>\$ 4,208,555</u>
Receivables, net plus inventories, net less accounts payable					<u>\$ 559,303</u>
<i>Receivables, net plus inventories, net less accounts payable as a percent of sales (TTM) [†]</i>					<i>13.3 %</i>

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

RECONCILIATION GUIDANCE TABLE (unaudited)

(\$ in 000,000)

	Twelve Months Ending December 31, 2022	
	Low	High
Estimated net income	\$ 423.0	\$ 470.1
Adjustments to arrive at estimated EBITDA, as adjusted:		
Interest expense and other, net	50.3	46.2
Income tax expense	148.6	165.2
Depreciation and amortization	126.4	121.3
Share-based compensation	13.7	11.2
Acquisition related costs	8.0	6.0
Estimated EBITDA, as adjusted	\$ 770.0	\$ 820.0

