**Management's Prepared Remarks**
**Second Quarter 2022 Conference Call**
**August 2, 2022**

**Tabitha Zane**
**Vice President, Investor Relations**
On the call today are Robert Buck, President and Chief Executive Officer and Rob Kuhns, Chief Financial Officer.

We have posted senior management's formal remarks and a PowerPoint presentation that summarizes our comments on our website at topbuild.com. Many of our remarks will include forward-looking statements which are subject to known and unknown risks and uncertainties, including those set forth in this morning's press release as well as in the Company's filings with the SEC. The Company assumes no obligation to update or supplement forward looking statements that become untrue because of subsequent events.

Please note that, some of the financial measures to be discussed on this call will be on a non-GAAP basis. The non-GAAP measures are not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. We have provided a reconciliation of these financial measures to the most comparable GAAP measures in a table included in today's press release and in our second quarter presentation which can also be found on our website.

**Robert Buck**
**President and Chief Executive Officer**
First, I want to thank our entire TopBuild team for their hard work and dedication, producing another great quarter for our Company and shareholders. Our financial performance continues to prove the strength of our operating model and the ability of our team to successfully navigate market opportunities and challenges.

In the second quarter, revenue increased 52.7%, 20.7% on a same branch basis, and adjusted EBITDA margins at both business segments expanded.

Our installation business grew 21.6% on a same branch basis, with volume handily outpacing completions.

Specialty Distribution, on a same branch basis, grew just over 20%, driven by strong execution and price realization in this prolonged supply constrained environment.

We are particularly pleased with DI's performance, bolstered by the continued improvement of the commercial and industrial mechanical insulation end-markets. Revenue is growing ahead of plan, due to strong project performance, and the steps we're taking internally to enhance operational efficiency and execution are driving strong margin expansion.

As these strong results demonstrate, the DI integration is proceeding very well, and we could not be more pleased with the great effort coming from the functional teams managing this process. We are ahead of schedule from the standpoint of projected cost synergies as well as the blending of the outstanding DI operations team into the TopBuild organization. The benefits of this strategic acquisition focused on our core business of insulation are exceeding our expectations. No other installer or distributor comes close to matching our size, scale, and service capabilities which, driven by our talented team, gives us a significant competitive advantage.

In addition, the timing of the DI acquisition could not have been better. Although the long-term fundamentals of the housing industry are solid, we are well aware of the shifting economic environment and growing consensus that the U.S. economy is heading towards a recession. DI has increased our penetration into the commercial and industrial end-markets which, on a pro forma basis, now account for over 36% of our annual revenue. These two end-markets operate on a different cycle than residential housing, providing a buffer against a housing market slowdown. With this diversified mix of business, TopBuild should be able to outperform in any environment.

Another buffer is the large backlog of homes under construction that still need to be completed. The starts data published on July 19, reports that homes under construction totaled almost 1.7 million. Assuming about half of these units have already been insulated, that still leaves nearly 850,000 homes that need our installation or distribution services. Plus, as mentioned, we are seeing growing strength in the commercial and industrial mechanical insulation end-markets, hence our optimism for the second half of this year.

In the event of a slowdown, our cycle tested team across the country will respond quickly, using branch operations data mined from our integrated ERP system. Our playbook, honed over the years, has multiple levers we can pull to take costs out of the business. Our decade-long focus on operational efficiency, sales and labor productivity and strong balance sheet management will continue to serve us well and enable us to best serve our customers.

In a shifting economic environment, we continue to believe acquisitions are the best use of our capital and we have a robust pipeline and exciting prospects across all three end-markets we serve: residential, commercial and industrial.

Acquisitions serve as important additions to the overall momentum of our business and, given our industry leading scale and focus on operational excellence, the synergies we achieve are significant. Furthermore, our success in integrating acquisitions onto our systems and supply chain is a core competency and unmatched in our industry.

As a reminder, since June of last year we have acquired 11 companies, including five year-to-date. In total, these 11 acquisitions are expected to contribute over $800 million in annual revenue.

While our number one capital allocation priority remains acquisitions, share repurchases are also an attractive option. In addition to the recently completed $100 million ASR, our Board has approved a new $200 million share repurchase program. Our positive free cash flow puts us in a great position to return value to our shareholders by repurchasing shares.

Turning to ESG, we published our fourth annual Sustainability Report in May. We are now disclosing our Scope One emissions, more detailed workforce demographic data, and enhanced safety performance information. We are extremely proud that since 2017, we have shown five consecutive years of improvements in total recordable and lost time case rates, demonstrating the priority we put on the safety lifestyle of our over 13,000 employees.

On the environmental front, I want to again emphasize that the products we install and distribute drive thermal efficiency, lower energy usage and reduce carbon emissions for heating and cooling. The benefits we deliver to our customers in energy efficiency are recurring and far outweigh the impact of our operations. What is clearly inherent in our business is that we bring energy efficiency to life every day at the over 16,000 job sites where we install and deliver our products.

Finally, before turning the call over to Rob, I want to thank those of you who joined us for our Investor Day in late May, either in-person or via the webcast. We were thrilled to highlight the strength and depth of our team and give you a better understanding of why we are so excited about TopBuild's future and why we are confident we should outperform the market in any environment.

**Rob Kuhns**
**Chief Financial Officer**
Our strong second quarter results are evidence of the strength of our business model and a testament to the hard work of our teams across the U.S. and Canada. Both business segments performed well. As Robert mentioned, we could not be more pleased with the financial results, integration progress, and synergy realization at DI.

As we move into the second half of the year, our Installation and Specialty Distribution businesses remain busy and the long-term fundamentals of our markets remain strong. However, we are cognizant of the changing economic environment, and we will be proactive in the event of a slowdown. With our diversified end-market revenue streams and our flexible cost structure, we are confident we will continue to outperform in any environment.

Moving to the financials, I will start with an overview of our second quarter results, update you on our balance sheet, and provide the latest on our full year guidance.

Second quarter net sales increased 52.7% to $1.3 billion, with acquisitions and same branch sales contributing 32.0% and 20.7%, respectively.

Our Installation Segment's second quarter net sales were $749.0 million, an increase of 23.7%. Specialty Distribution's net sales were $587.8 million, an increase of 115.0%. On a same branch basis both segments grew over 20%. We had a strong quarter for project deliveries at DI, which is reflected in their solid performance. As a reminder, because a significant portion of DI's sales are project driven, their revenue can be a little lumpier due to the timing of deliveries.

Second quarter adjusted gross margin expanded 90 basis points to 30.1%. On a same branch basis, gross margin expanded 200 basis points to 31.2% driven by higher sales volume, operational efficiencies, fixed cost controls, and higher selling prices.

Second quarter adjusted EBITDA increased 61.7% to $242.3 million and our adjusted EBITDA margin was 19.0%, a 100-basis point improvement compared to last year. On a same branch basis, our adjusted EBITDA margin was 19.9%, an improvement of 190 basis points from last year. Our second quarter same branch incremental EBITDA margin was 29.4% and our acquisition EBITDA margin came in at 15.6%.

Second quarter adjusted EBITDA margin for our Installation segment was 20.8% and 17.2% for our Specialty Distribution segment, an improvement of 170-basis points and 70-basis points, respectively.

Second quarter interest expense increased from $6.1 million to $13.4 million, primarily as a result of the additional borrowings on our term loan and our $500 million senior notes offering last October, both of which were used to fund the acquisition of DI.

Second quarter adjustments to Net Income were $1.6 million and primarily related to acquisition integration costs. Second quarter adjusted earnings per diluted share were $4.43, a 60.5% increase from prior year.

Moving to our balance sheet and cash flows, our June 30th year-to-date operating cash flow was $217.7 million, compared to $202.2 million last year. This was driven by our 72% increase in Net Income, which was partially offset by growth in working capital. Working capital as a percent of trailing twelve-month sales was 15.0%, 510 basis points higher than a year ago. This increase was driven by the higher working capital requirements of DI, continued price inflation, and certain strategic inventory buys. Over the long term, our working capital target remains 11% to 13% but in the near term, while we continue to experience supply chain constraints, we expect working capital to remain at elevated levels.

On the capital allocation front June year-to-date CAPEX was $36.0 million, approximately 1.5% of revenue, and consistent with our long-term guidance. In addition, year-to-date we have allocated $18.7 million to acquisitions, and $150 million to share repurchases. There were no significant changes to our debt structure as our outstanding short-term and long-term debt balances remained at $1.5 billion. Our debt structure remains roughly 60% fixed and 40% variable with our current average cost of debt at 3.18%. We ended the second quarter with net leverage of 1.68 times trailing 12 months adjusted EBITDA. This is down from 1.84 times at the end of the first quarter as we continue to delever post the DI acquisition.

Total liquidity at June 30, 2022 was $554.0 million, including cash of $123.9 million and accessible revolver of $430.1 million.

Moving to our annual guidance; based on our first half performance and our outlook for the remainder of the year, we expect 2022 to be a solid year for TopBuild.

We are now projecting total sales to be between $4.8 billion and $4.9 billion, a $150 million increase on the low-end of the range and a $100 million increase on the high end. Given our backlog and continued industry constraints, we expect sales volume in the second half of the year be in the low to middle single digit range, similar to the first half, and for material inflation to begin to moderate. We have also raised our guidance for adjusted EBITDA to be between $860 million and $900 million, a $50 million increase on the low-end of the range and a $40 million increase on the high end. Our long-range modeling targets are unchanged from those we published on February 22nd.

**Robert Buck**
**President and Chief Executive Officer**

In closing, the long-term fundamentals of our industry are strong. We recognize in the short term there are many macroeconomic factors beyond our control influencing the environment in which we operate.

What we can control is how we manage our business. TopBuild has a unique operating model that differentiates us from our peers. Our size and scale are key advantages, as is having all of our branches roll up to a common ERP system. This allows us to track daily activity in every branch, enabling us to proactively address business changes in real time. Plus, the three end-markets we serve, residential, commercial, and industrial, represent a $16 billion total addressable market opportunity and, accordingly, we see a long runway of growth for our Company.

With an engaged and energized team, a culture founded on entrepreneurship and local empowerment, and a focus on continuous improvement and operational excellence, we are confident we will perform well in any environment.