



Fourth Quarter 2019

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Safe Harbor

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U.S. Housing Overview

- Residential housing showed increasing strength as 2019 progressed
- Consumer affordability improving
 - Mortgage rates remain low
 - Wage growth offsetting home price appreciation
 - Builders supplying significantly more entry level homes
- Household formations strong, pent-up demand growing
- Inventory tight and dwindling

Excellent Operating Environment for TopBuild

2019 Financial Highlights*

- 4.6% same branch sales growth, exceeding lagged starts
- 180 bps gross margin expansion
- 13.7% adjusted EBITDA margin, up 180 bps
- 31.6% incremental EBITDA margin
 - 46.1% same branch
 - 19.2% acquisitions
- 31.0% increase in adjusted EPS to \$5.49 per diluted share

**Leveraging Our Unique Diversified Business Model
to Produce Outstanding Results**

* See slide 17 for adjusted EBITDA reconciliation

Capital Allocation

- Acquisitions number one priority
 - Acquired 13 companies since 2016
 - Two acquired thus far in 2020
 - Generating over \$530M of annual revenue
- Robust pipeline of acquisition targets
 - Core insulation primary focus
 - Glass business ancillary product focus
- Core competency identifying and integrating accretive acquisitions
- Share repurchases number two priority
 - \$111M repurchased in 2019

Acquisitions our #1 Priority

Financial Overview

(\$ in 000s)	Three Months Ended December 31, 2019	Twelve Months Ended December 31, 2019
Sales	\$662,349	\$2,624,121
Y-O-Y Change	3.6%	10.1%
Adjusted Operating Profit*	\$76,602	\$292,715
Y-O-Y Change	14.1%	25.8%
Adjusted Operating Margin*	11.6%	11.2%
Y-O-Y Change	110 bps	140 bps
Adjusted EBITDA*	\$92,544	\$359,073
Y-O-Y Change	12.2%	26.7%
Adjusted EBITDA Margin*	14.0%	13.7%
Y-O-Y Change	110 bps	180 bps
Adjusted Net Income*	\$50,042	\$188,873
Y-O-Y Change	18.7%	26.5%
Adjusted Net Income Per Diluted Share	\$1.48	\$5.49
Y-O-Y Change	23.3%	31.0%

Continuing to Drive Strong Top and Bottom Line Results

* See slides 17, 18 & 19 for adjusted EBITDA reconciliation, GAAP to non-GAAP reconciliation and Income per Common Share reconciliation

CapEx, Working Capital & Cash Flow

(\$ in 000s)	Twelve Months Ended December 31, 2019
CAPEX	\$45,536
Working Capital % to Sales	10.3%
Operating Cash Flow	\$271,777
Cash Balance	\$184,807
Net Leverage	1.54X

Strong Cash Flow Generation

2020 Guidance

2020 SALES

\$2,765M to \$2,835M

2020 ADJUSTED EBITDA*

\$387M to \$412M

Assumes Housing Starts Between 1.30M and 1.34M

* See slide 20 for Reconciliation Guidance

Long-Term Targets

METRIC	3-Year Targets
Working Capital (% of LTM Sales)	10% to 11%
CapEx (% of Sales)	2.0%
Commercial Annual Sales Growth	10.0%
Normalized Tax Rate	26%
Incremental Adjusted EBITDA (Organic)	22% to 27%
Incremental Adjusted EBITDA (Acquisitions Year One)	11% to 16%
Residential sales for every 50K increase in housing starts	\$80 million

Strong Growth Potential

(\$ in 000s)	Three Months Ended December 31, 2019	Twelve Months Ended December 31, 2019
Sales	\$475,929	\$1,906,730
Y-O-Y Change	4.0%	13.4%
Adjusted Operating Profit*	\$63,814	\$254,025
Y-O-Y Change	11.5%	28.4%
Adjusted Operating Margin*	13.4%	13.3%
Y-O-Y Change	90 bps	150 bps

Full-Year Adj. Operating Margin has Expanded 820 bps Since 2015

* See slide 18 for GAAP to non-GAAP reconciliation

(\$ in 000s)	Three Months Ended December 31, 2019	Twelve Months Ended December 31, 2019
Sales	\$223,244	\$862,143
Y-O-Y Change	4.3%	5.1%
Adjusted Operating Profit*	\$25,234	\$90,497
Y-O-Y Change	16.8%	14.7%
Adjusted Operating Margin*	11.3%	10.5%
Y-O-Y Change	120 bps	90 bps

Driving Top and Bottom Line Growth

- January cost increase has had some traction
- Could see second cost increase depending on starts growth
- More supply available vs. a year ago
- Additional supply expected to come on line late this year and early 2021

High Confidence in Strength and Stability of Our Supply Chain

Strong Commercial Growth

- 24.0% sales growth in 2019
 - 18.6% on a same branch basis
- Now accounts for ~23% of total TopBuild revenue
- Two greenfield locations established last year
 - GCs bringing us to new markets
 - Now have 22 heavy commercial branches
- Robust pipeline of potential activity
 - Bidding jobs into 2022
- High profile projects recently awarded
 - 2 Penn Plaza in NYC
 - George Lucas Museum in LA

Robust Backlog – Long Runway for Growth

2020 Acquisitions

Hunter Insulation

- Headquartered in Long Island, NY
- Founded in late 1930's
- Fiberglass and spray foam insulation installation for residential and light commercial projects
- \$10 million annual revenue

Cooper Glass Company

- Headquartered in Marion, AK
- Services the Memphis market
- Founded in 1992
- Commercial storefront glass
- \$9 million annual revenue

Robust Pipeline of Prospects

- We put the safety of our people first
- It is a lifestyle, NOT just a program or initiative
- Zero-Accident safety culture
- Employee Safety Pledge
- Monthly safety training meetings conducted at every branch

Safety...a TopBuild Core Value

Appendix



Adjusted EBITDA Reconciliation

(\$ in 000s)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Net income, as reported	\$ 45,985	\$ 38,553	\$ 190,995	\$ 134,752
Adjustments to arrive at EBITDA, as adjusted:				
Interest expense and other, net	8,517	9,395	35,745	28,129
Income tax expense	21,919	17,213	62,783	46,072
Depreciation and amortization	13,696	12,286	52,700	39,419
Share-based compensation	2,246	3,072	13,658	11,317
Rationalization charges	15	929	1,992	7,736
Acquisition related costs	166	1,066	1,200	15,925
EBITDA, as adjusted	\$ 92,544	\$ 82,514	\$ 359,073	\$ 283,350

Segment GAAP to Non-GAAP Reconciliation

(\$ in 000s)

	Three Months Ended December 31,			Year Ended December 31,		
	2019	2018	Change	2019	2018	Change
TruTeam						
Sales	\$ 475,929	\$ 457,610	4.0	\$ 1,906,730	\$ 1,680,967	13.4 %
Operating profit, as reported	\$ 63,661	\$ 57,016		\$ 253,230	\$ 196,986	
<i>Operating margin, as reported</i>	13.4 %	12.5 %		13.3 %	11.7 %	
Rationalization charges	(24)	216		159	845	
Acquisition related costs	177	—		636	—	
Operating profit, as adjusted	\$ 63,814	\$ 57,232		\$ 254,025	\$ 197,831	
<i>Operating margin, as adjusted</i>	13.4 %	12.5 %		13.3 %	11.8 %	
Service Partners						
Sales	\$ 223,244	\$ 213,974	4.3	\$ 862,143	\$ 820,309	5.1 %
Operating profit, as reported	\$ 25,234	\$ 21,598		\$ 90,388	\$ 78,739	
<i>Operating margin, as reported</i>	11.3 %	10.1 %		10.5 %	9.6 %	
Rationalization charges	—	—		109	159	
Operating profit, as adjusted	\$ 25,234	\$ 21,598		\$ 90,497	\$ 78,898	
<i>Operating margin, as adjusted</i>	11.3 %	10.1 %		10.5 %	9.6 %	

Income Per Common Share Reconciliation

(\$ in 000s)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Income Per Common Share Reconciliation				
Income before income taxes, as reported	\$ 67,904	\$ 55,766	\$ 253,778	\$ 180,824
Rationalization charges	15	929	1,992	7,736
Acquisition related costs	166	1,066	1,200	15,925
Income before income taxes, as adjusted	68,085	57,761	256,970	204,485
Tax rate at 26.5% and 27.0% for 2019 and 2018, respectively	(18,043)	(15,595)	(68,097)	(55,211)
Income, as adjusted	\$ 50,042	\$ 42,166	\$ 188,873	\$ 149,274
Income per common share, as adjusted	\$ 1.48	\$ 1.20	\$ 5.49	\$ 4.19
Weighted average diluted common shares outstanding	33,886,904	35,012,535	34,376,555	35,613,319

Reconciliation Guidance Table

(\$ in 000,000s)

TopBuild Corp.
2020 Estimated Adjusted EBITDA Range (Unaudited)
 (dollars in millions)

	Twelve Months Ending December 31, 2020	
	Low	High
Estimated net income	\$ 206.5	\$ 232.0
Adjustments to arrive at estimated EBITDA, as adjusted:		
Interest expense and other, net	34.0	31.0
Income tax expense	72.5	81.5
Depreciation and amortization	60.0	56.0
Share-based compensation	14.0	11.5
Estimated EBITDA, as adjusted	\$ 387.0	\$ 412.0