



2Q 2018 Presentation

August 7, 2018

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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” within the meaning of 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,” “projects,” “assumes,” “goal,” “targets,” “likely,” “should,” or “intend,” and other words and phrases of similar meanings, the negative of these terms, and similar references to anticipated or expected events, activities, trends, future periods or results. 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 or implied in our forward-looking statements. Forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including: 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; our ability to integrate acquisitions; changes in the costs of the products we install and/or distribute; increases in fuel costs; significant competition in our industry; seasonal effects on our business; and the other risks described 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 and other filings 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.

2Q 2018 FINANCIAL HIGHLIGHTS

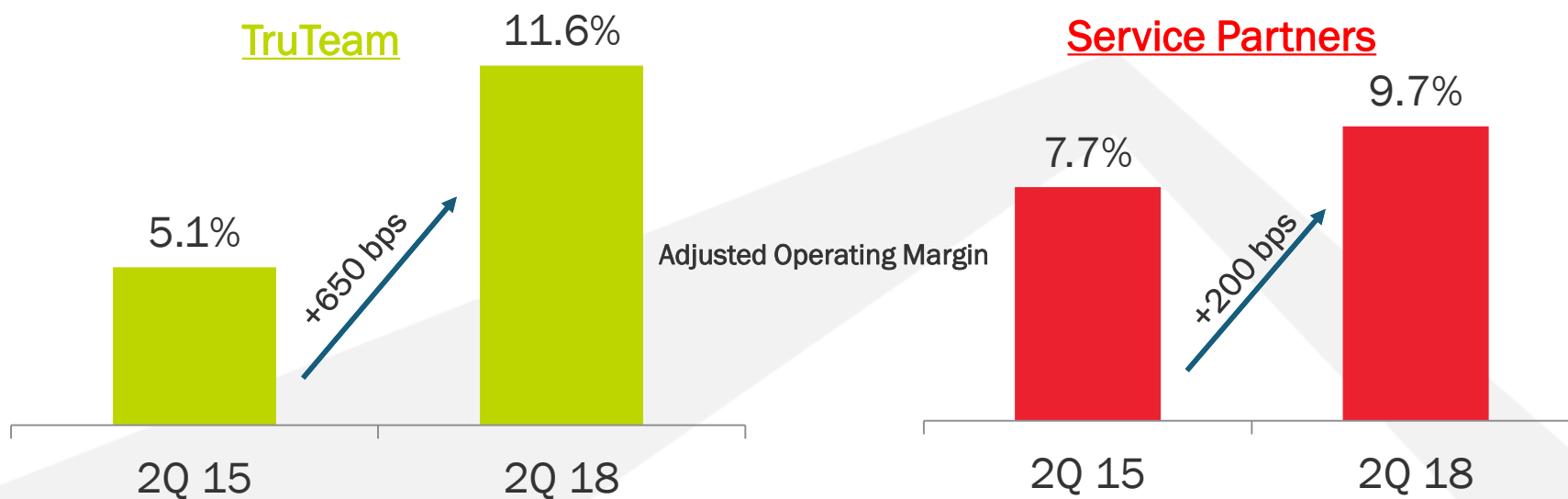


- 27.7% revenue growth, 10.5% organic
- 53.7% increase in adjusted EPS to \$1.03 per diluted share
- 11.6% adjusted EBITDA margin, up 140 bps
- 17.0% incremental EBITDA margin, 23.6% same branch
- Total liquidity of \$256.4 million

***“WE ARE DRIVING PROFITABLE GROWTH IN ALL
AREAS OF OUR COMPANY.”***

CELEBRATING 3 YEARS AS A PUBLIC COMPANY

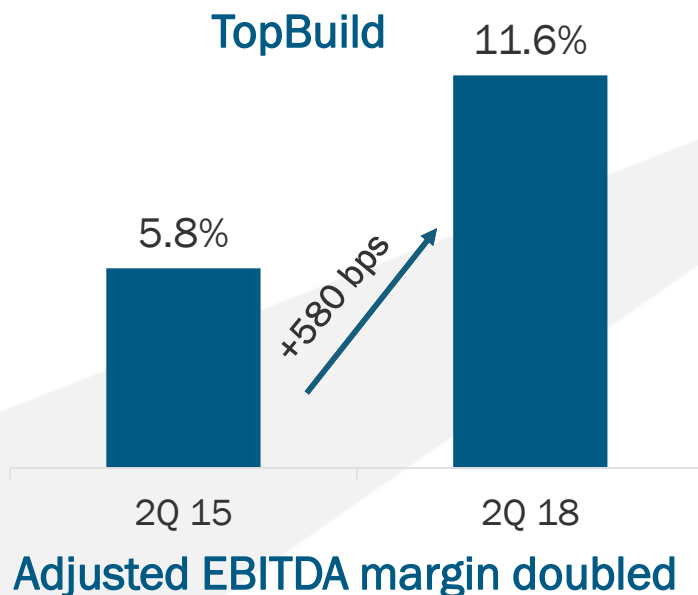
- Labor and sales force more productive
- Rationalized back office operations
- Closed unprofitable branches
- Streamlined processes and procedures
- Strengthened management team



“WE ARE A MUCH MORE EFFICIENT AND PROFITABLE COMPANY TODAY.”

CELEBRATING 3 YEARS AS A PUBLIC COMPANY

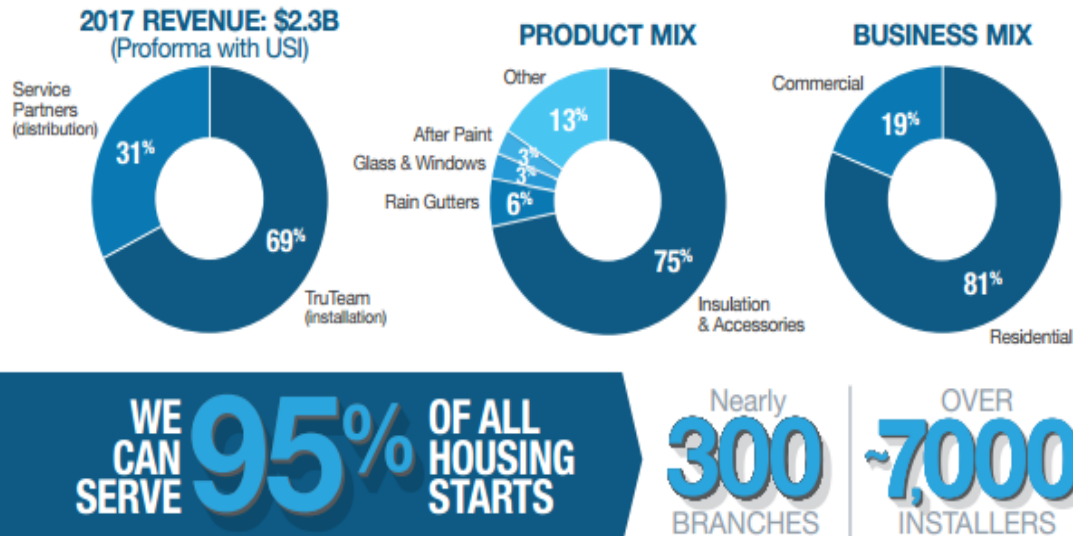
- Capital allocation program successfully implemented
 - Completed 10 acquisitions expected to contribute almost \$500 million of annual revenue
- Repurchased almost \$162 million of our common stock



“SIGNIFICANT ACCOMPLISHMENTS IN THREE YEARS AS A PUBLIC COMPANY.”

TOPBUILD AT A GLANCE

OVERVIEW (PROFORMA WITH USI)



COMPETITIVE ADVANTAGES

- >> **LARGEST NETWORK**
in the U.S.
- >> **NATIONAL SCALE**
and buying power
- >> **TENURED RELATIONSHIPS**
with customers and suppliers
- >> **STRONG LOCAL PRESENCE**
and reputation
- >> **DIVERSIFIED BUSINESS MODEL**
mitigates cyclicity

“TOPBUILD IS A BEST-IN-CLASS COMPANY WITH A STRONG PLATFORM FOR GROWTH.”

POSITIVE OUTLOOK

- Strong economy
- Solid job growth
- Household formations increasing
- Very tight housing inventory
- Interest rates still relatively low



***“THE EXTERNAL ENVIRONMENT IS A BI
FOR TOPBUILD.”***

TOPBUILD FINANCIAL OVERVIEW

(\$ in 000s)	Three Months ended June 30, 2018	Six Months ended June 30, 2018
Sales Y-O-Y Change	\$605,969 27.7%	\$1,097,412 19.8%
Adjusted Operating Profit * Y-O-Y Change	\$57,821 37.0%	\$95,992 35.6%
Adjusted Operating Margin * Y-O-Y Change	9.5% 60 bps	8.7% 100 bps
Adjusted EBITDA * Y-O-Y Change	\$70,559 46.4%	\$116,574 42.0%
Adjusted EBITDA Margin* Y-O-Y Change	11.6% 140 bps	10.6% 160 bps

* See Slides 20 & 21 for adjusted EBITDA reconciliation and GAAP to non-GAAP reconciliation

2Q Highlights

- \$81.9M of revenue from companies acquired since April 2017
- Selling prices increased 3.3% at TruTeam and 7.7% at Service Partners
- Same branch incremental EBITDA margin of 23.6%

ADJUSTED EPS

(\$ in 000s)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Income before income taxes, as reported	\$ 36,441	\$ 37,897	\$ 68,043	\$ 33,171
Significant legal settlement	—	—	—	30,000
Rationalization charges	4,341	1,258	5,138	2,995
Acquisition related costs	9,799	145	13,281	437
Loss on extinguishment of debt	—	1,086	—	1,086
Income before income taxes, as adjusted	50,581	40,386	86,462	67,689
Tax rate at 27% and 38% for 2018 and 2017, respectively	(13,657)	(15,347)	(23,345)	(25,722)
Income, as adjusted	\$ 36,924	\$ 25,039	\$ 63,117	\$ 41,967
Income per common share, as adjusted	\$ 1.03	\$ 0.67	\$ 1.76	\$ 1.12
Weighted average diluted common shares outstanding	35,837,102	37,191,299	35,828,290	37,404,193

2Q Highlight

- 53.7% increase in adjusted income per share

CASH FLOW/WORKING CAPITAL & CAPEX

(\$ in 000s)	Six Months ended June 30, 2018	Six Months ended June 30, 2017
CAPEX	\$27,521	\$8,571
Working Capital % to sales (using LTM sales)	11.1%	8.8%
Operating Cash Flow	\$41,393	\$25,671
Cash Balance	\$65,737	\$94,233

Highlights

- CAPEX @ 2.5% of sales first six months, within targeted range
- Working capital as a % of LTM sales increased vs. prior year
 - Less favorable payable terms for USI
 - Strategic buildup of inventory at Service Partners

USI TRANSACTION

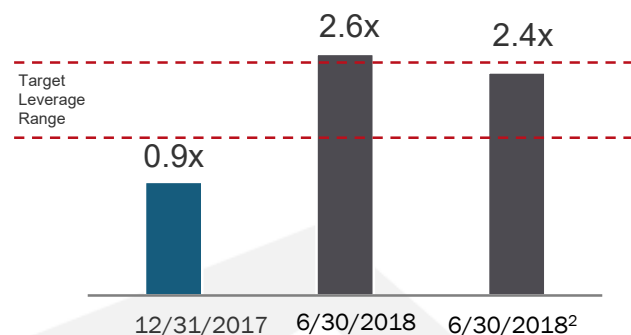
- Acquired for \$475 million
 - Closed May 1, 2018
- Contributed \$68.7M of revenue in May and June
- Anticipate at least \$15M of run-rate cost synergies by
- Funding
 - \$400 million Senior Notes
 - 5.625%
 - Matures 2026
 - \$100 million delayed-draw term loan



LEVERAGE

(at 6/30/18)

Long-term Debt	\$750.8
Less Cash	65.7
Net Debt	\$685.1
Adj. EBITDA ¹	\$268.5
Leverage	2.55x



1. Proforma LTM EBITDA
2. Includes \$15M in cost saving synergies

“WITH SYNERGIES LEVERAGE IS WITHIN OUR TARGETED RANGE.”

2018 OUTLOOK (\$M)

REVENUE

\$2,358 to \$2,398

ADJUSTED EBITDA*

\$269 to \$284

Assumptions:

- Housing starts between 1.260K and 1.280K
- Eight months of revenue from USI with \$2M-\$4M of cost savings synergies
- \$75 million of incremental revenue for every 50K increase in new housing starts

* See slide 22 for GAAP to non-GAAP reconciliation

(\$ in 000s)	Three Months ended June 30, 2018	Six Months ended June 30, 2018
Sales Y-O-Y Change	\$429,423 33.8%	\$758,817 24.0%
Adjusted Operating Profit * Y-O-Y Change	\$49,871 41.4%	\$79,418 40.1%
Adjusted Operating Margin * Y-O-Y Change	11.6% 60 bps	10.5% 120 bps

* See slide 21 for GAAP to non-GAAP reconciliation

2Q Highlights

- Same branch volume growth of 8.3%, outpacing lagged housing starts
- 3.3% increase in selling prices
- Continue to improve operational efficiency

(\$ in 000s)	Three Months ended June 30, 2018	Six Months ended June 30, 2018
Sales Y-O-Y Change	\$205,621 17.5%	\$393,387 13.9%
Adjusted Operating Profit * Y-O-Y Change	\$20,009 17.4%	\$37,937 16.6%
Adjusted Operating Margin * Y-O-Y Change	9.7% 0 bps	9.6% 20 bps

* See slide 21 for GAAP to non-GAAP reconciliation

2Q Highlights

- 7.7% increase in selling prices
- Strong focus on volume and price balance
- Two months of revenue from USI's distribution branches

MATERIAL

- Material costs increasing
 - Three fiberglass cost increases announced 2018 YTD
 - Function of tight supply and higher freight costs
- Spray foam and cellulose better alternatives in some cases
 - YTD spray foam sales have increased:
 - 34.0% at TruTeam
 - 29.7% at Service Partners
- Confident we can push material cost increases through selling price increases



“ACROSS THE COUNTRY OUR TEAMS HAVE DONE A NICE JOB RECOVERING MATERIAL COST INCREASES.”

LABOR

- Construction labor remains tight
- BLD employer of choice
 - Strong earnings potential
 - Full suite of benefits
 - Opportunities for career growth
- Some wage inflation in certain regions
- Remain focused on improving labor productivity
- Gained additional 1,200 installers through USI acquisition
- Share labor, trucks and inventory across branches



***“OUR ABILITY TO ATTRACT, RETAIN AND FLEX OUR
LABOR IS AN IMPORTANT COMPETITIVE
ADVANTAGE.”***

USI INTEGRATION

- Hitting milestones
- Similar corporate cultures
- Two waves of branch locations integrated onto Oracle
 - Subsequent waves every month through October
- Rapidly transferring responsibilities to Daytona Beach Branch Support Center
 - Finance, IT, HR and Supply Chain
- By year-end 2018:
 - ✓ All core branches moved onto our operating systems
 - ✓ St. Paul office closed and all corporate functions consolidated
 - ✓ Redundant corporate positions eliminated
 - ✓ Back office operations streamlined
 - ✓ Begin optimization of branch operations
 - ✓ Supply chain leverage improved



***“THE INTEGRATION PROCESS IS PROCEEDING
BETTER THAN EXPECTED.”***



APPENDIX

Adjusted EBITDA Reconciliation

(\$ in 000s)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income, as reported	\$ 27,153	\$ 23,460	\$ 53,540	\$ 21,749
Adjustments to arrive at EBITDA, as adjusted:				
Interest expense and other, net	7,240	1,813	9,530	3,076
Income tax expense	9,288	14,437	14,503	11,422
Depreciation and amortization	9,743	3,605	15,185	6,835
Share-based compensation †	2,995	2,403	5,397	4,487
Significant legal settlement	—	—	—	30,000
Rationalization charges	4,341	1,258	5,138	2,995
Loss on extinguishment of debt	—	1,086	—	1,086
Acquisition related costs	9,799	145	13,281	437
EBITDA, as adjusted	\$ 70,559	\$ 48,207	\$ 116,574	\$ 82,087

† Amounts for the three and six month periods ending June 30, 2017, exclude \$0.6 million of share-based compensation included in the line item, rationalization charges.

Segment GAAP to Non-GAAP Reconciliation

(\$ in 000s)

	Three Months Ended June 30,		Change	Six Months Ended June 30,		Change
	2018	2017		2018	2017	
Installation						
Sales	\$ 429,423	\$ 320,984	33.8 %	\$ 758,817	\$ 611,870	24.0 %
Operating profit, as reported	\$ 49,635	\$ 35,086		\$ 78,965	\$ 26,123	
Operating margin, as reported	11.6 %	10.9 %		10.4 %	4.3 %	
Significant legal settlement	—	—		—	30,000	
Rationalization charges	236	171		453	582	
Operating profit, as adjusted	\$ 49,871	\$ 35,257		\$ 79,418	\$ 56,705	
Operating margin, as adjusted	11.6 %	11.0 %		10.5 %	9.3 %	
Distribution						
Sales	\$ 205,621	\$ 175,062	17.5 %	\$ 393,387	\$ 345,306	13.9 %
Operating profit, as reported	\$ 20,009	\$ 17,022		\$ 37,912	\$ 32,506	
Operating margin, as reported	9.7 %	9.7 %		9.6 %	9.4 %	
Rationalization charges	—	17		25	17	
Operating profit, as adjusted	\$ 20,009	\$ 17,039		\$ 37,937	\$ 32,523	
Operating margin, as adjusted	9.7 %	9.7 %		9.6 %	9.4 %	

Reconciliation Table

(\$ in 000,000s)

	Twelve Months Ending December 31, 2018	
	Low	High
Estimated net income	\$ 117.7	\$ 134.7
Adjustments to arrive at estimated EBITDA, as adjusted:		
Interest expense and other, net	29.7	28.1
Income tax expense	43.5	49.9
Depreciation and amortization	39.5	36.3
Share-based compensation	12.8	11.7
Rationalization charges	11.5	9.5
Acquisition related costs	14.3	13.8
Estimated EBITDA, as adjusted	\$ 269.0	\$ 284.0