

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **February 23, 2021**

**TopBuild Corp.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other Jurisdiction of  
Incorporation)

**001-36870**  
(Commission  
File Number)

**47-3096382**  
(IRS Employer  
Identification No.)

**475 North Williamson Boulevard**  
**Daytona Beach, Florida**  
(Address of Principal Executive Offices)

**32114**  
(Zip Code)

Registrant's telephone number, including area code: (386) 304-2200

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                      | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common stock, par value \$0.01 per share | BLD               | New York Stock Exchange                   |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Condition.**

On February 23, 2021, TopBuild Corp., a Delaware corporation (the “Company”), issued a press release announcing its financial results for the quarter and year ended December 31, 2020 (the “Press Release”). The Press Release, which is furnished as Exhibit 99.1, and the information included in Item 7.01 of this Current Report on Form 8-K (this “Report”) are incorporated by reference in this Item 2.02.

The information in the Press Release and in this Item 2.02 is “furnished” and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference in another filing under the Exchange Act or the Securities Act of 1933, as amended (the “Securities Act”), except to the extent such other filing specifically incorporates such information by reference.

**Item 7.01. Regulation FD Disclosure.**

On February 23, 2021, the Company issued the Press Release. The Press Release, which is furnished as Exhibit 99.1, and the information included in Item 2.02 of this Report are incorporated by reference in this Item 7.01.

The information in the Press Release and in this Item 7.01 is “furnished” and not “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference in another filing under the Exchange Act or the Securities Act except to the extent such other filing specifically incorporates such information by reference.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

| <u>Exhibit Number</u> | <u>Description</u>   |
|-----------------------|--|
| 99.1                  | <a href="#"><u>Press release issued by TopBuild Corp., dated February 23, 2021, announcing its financial results for the quarter and year ended December 31, 2020.</u></a> |
| 104                   | Cover Page Interactive Data File (formatted as Inline XBRL)  |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TOPBUILD CORP.

By: /s/ John S. Peterson  
Name: John S. Peterson  
Title: Vice President and Chief Financial Officer

Dated: February 23, 2021



NYSE: BLD

A leading installer and distributor of insulation and building material products to the U.S. construction industry

## TopBuild Reports Fourth Quarter and Full Year 2020 Results

---

### 4Q Highlights

- Net sales increase 8.9%
  - Gross margin expands 150 basis points
  - 14.3% operating margin, 14.4% on an adjusted basis, up 280 basis points
  - Adjusted EBITDA margin expands 280 basis points to 16.8%
  - \$2.13 net income per diluted share, \$2.15 on an adjusted basis
- 

### Provides 2021 Sales and Adjusted EBITDA Guidance

---

### Fourth Quarter Financial Highlights

(unless otherwise indicated, comparisons are to the quarter ended December 31, 2019)

- ✓ Net sales increased 8.9% to \$721.5 million, driven by increased volume and sales from acquisitions.
- ✓ Gross margin expanded 150 basis points to 27.4%. On an adjusted basis, gross margin was 27.5%, a 160-basis point increase.
- ✓ Operating profit was \$103.1 million, compared to \$76.4 million. On an adjusted basis, operating profit was \$104.0 million, compared to \$76.6 million, a 35.7% improvement.
- ✓ Operating margin was 14.3%. Adjusted operating margin improved 280 basis points to 14.4%.
- ✓ Net income was \$70.8 million, or \$2.13 per diluted share, compared to \$46.0 million, or \$1.36 per diluted share.
- ✓ Adjusted net income was \$71.3 million, or \$2.15 per diluted share, compared to \$50.0 million, or \$1.48 per diluted share.

*“Our fourth quarter results were strong with operating margins expanding over 200 basis points at both TruTeam and Service Partners. Same branch residential and commercial revenue improved sequentially from the third quarter and continues to strengthen.*

*“Labor shortages and material constraints are extending the building cycle and the traditional lag time in our business. Our ability to share labor and material across our footprint gives us an advantage in serving our customers and helps us mitigate these challenges.”*

**ROBERT BUCK, PRESIDENT & CEO,  
TOPBUILD**

NYSE:BLD

February 23, 2021

topbuild.com

- ✓ Adjusted EBITDA was \$121.5 million, compared to \$92.5 million, a 31.2% increase and adjusted EBITDA margin improved 280 basis points to 16.8%. Incremental adjusted EBITDA margin was 48.9%.
- ✓ At December 31, 2020, the Company had cash and cash equivalents of \$330.0 million, availability under its revolving credit facility of \$389.6 million for total liquidity of \$719.6 million.

## Full Year 2020 Financial Highlights

(unless otherwise indicated, comparisons are to twelve months ended December 31, 2019)

- ✓ Net sales increased 3.6% to \$2,718.0 million.
- ✓ Gross margin expanded 150 basis points to 27.5%.
- ✓ Operating profit was \$355.0 million, compared to operating profit of \$289.5 million. On an adjusted basis, operating profit was \$359.4 million, compared to \$292.7 million, a 22.8% improvement.
- ✓ Operating margin was 13.1%, up 210 basis points. Adjusted operating margin improved 200 basis points to 13.2%.
- ✓ Net income was \$247.0 million, or \$7.42 per diluted share, compared to \$191.0 million, or \$5.56 per diluted share. Adjusted net income was \$242.5 million, or \$7.28 per diluted share, compared to \$188.9 million, or \$5.49 per diluted share.
- ✓ Adjusted EBITDA was \$436.7 million, compared to \$359.1 million, a 21.6% increase and adjusted EBITDA margin improved 240 basis points to 16.1%.

*“Our 2020 financial results demonstrate the strength of our operating model and the hard work and dedication of our entire TopBuild team. Despite the challenges resulting from the pandemic, both of our business segments reported revenue growth and solid margin expansion.*


*“In addition, during the year we completed three acquisitions, strengthening our footprint in the high growth markets of Texas, Colorado and Tennessee.*


*“Looking ahead, housing fundamentals remain robust and our Company should continue to benefit from strong demand for new housing construction. Our focus remains on driving top line growth and improving operational efficiencies throughout the Company.”*

**ROBERT BUCK, PRESIDENT & CEO,  
TOPBUILD**

## Operating Segment Highlights (\$ in 000s)

(comparisons are to the period ended December 31, 2019)

|  <b>TruTeam</b><br>Local Relationships. National Resources. | 3 Months<br>Ended<br>12/31/20 | 12 Months<br>Ended<br>12/31/20 |
|--|-------------------------------|--------------------------------|
| <b>Sales</b>   | \$508,812                     | \$1,943,461                    |
| <b>Change</b>  |                               |                                |
| Volume   | 2.8%                          | -1.0%                          |
| Price  | -0.3%                         | 0.9%                           |
| M&A  | 4.5%                          | 2.0%                           |
| <b>Total Change</b>  | 6.9%                          | 1.9%                           |
| <b>Operating Margin</b>  | 16.0%                         | 15.2%                          |
| <b>Change</b>  | 260 bps                       | 190 bps                        |
| <b>Adj. Operating Margin</b>   | 16.1%                         | 15.3%                          |
| <b>Change</b>  | 270 bps                       | 200 bps                        |

|  <b>SERVICE<br/>PARTNERS</b> | 3 Months<br>Ended<br>12/31/20 | 12 Months<br>Ended<br>12/31/20 |
|--|-------------------------------|--------------------------------|
| <b>Sales</b>   | \$251,535                     | \$926,207                      |
| <b>Change</b>  |                               |                                |
| Volume   | 13.3%                         | 7.9%                           |
| Price  | -0.6%                         | -0.5%                          |
| M&A  | 0.0%                          | 0.0%                           |
| <b>Total Change</b>  | 12.7%                         | 7.4%                           |
| <b>Operating Margin</b>  | 13.4%                         | 12.5%                          |
| <b>Change</b>  | 210 bps                       | 200 bps                        |
| <b>Adj. Operating Margin</b>   | 13.4%                         | 12.5%                          |
| <b>Change</b>  | 210 bps                       | 200 bps                        |

## Capital Allocation

### Acquisitions

In 2020, the Company completed three acquisitions, Hunter Insulation, an installation company based in Long Island, New York, Cooper Glass a commercial glass company serving the Memphis market, and Garland Insulating, a residential and light commercial installation company serving markets in Texas and Colorado.

In January 2021, the Company acquired LCR Contractors, a residential and heavy commercial insulation company serving markets in Texas and Tennessee. Combined, these four companies are expected to contribute approximately \$137 million of annual revenue.

*“Acquisitions remain our number one capital allocation priority. We have a robust pipeline of prospects with the majority concentrated in our core insulation business. These companies are located in attractive growth regions with strong management teams, solid customer bases and experienced installers.”*

**ROBERT BUCK, PRESIDENT & CEO,  
TOPBUILD**

### Share Repurchase Program

In 2020, the Company repurchased a total of 616,227 shares of its common stock for approximately \$49.2 million.

### Sales and Adjusted EBITDA Guidance (1)

(\$ in millions)

| 2021             | Low        | High       |
|------------------|------------|------------|
| Sales            | \$ 3,050.0 | \$ 3,150.0 |
| Adjusted EBITDA* | \$ 505.0   | \$ 535.0   |

\*See table for adjusted EBITDA reconciliation.

NYSE:BLD

February 23, 2021

topbuild.com

**Assumptions<sup>(1)</sup>**

(\$ in millions)

| 2021                            | Low      | High     |
|---------------------------------|----------|----------|
| Housing Starts                  | 1,425    | 1,475    |
| Estimated net income            | \$ 297.5 | \$ 326.7 |
| Interest Expense and other, net | \$ 24.2  | \$ 21.2  |
| Income tax expense              | \$ 104.5 | \$ 114.8 |
| Depreciation and Amortization   | \$ 67.0  | \$ 63.0  |
| Share based compensation        | \$ 11.8  | \$ 9.3   |

**Long-Term Targets (3-Years)<sup>(1)</sup>**

| Metric   |                |
|--|----------------|
| Working Capital (% of LTM Sales)                             | 9.5% to 10.5%  |
| CapEx (% of Sales)   | 2.0%           |
| Commercial Annual Revenue Growth                             | 7.5% to 10.0%  |
| Normalized Tax Rate  | 26.0%          |
| Incremental Adjusted EBITDA (Organic)                        | 22.0% to 27.0% |
| Incremental Adjusted EBITDA (Acquisitions Year One)          | 11.0% to 16.0% |
| Residential Revenue for Every 50K Increase in Housing Starts | \$90 million   |

<sup>(1)</sup> This guidance and long-term targets reflect management's current view of present and future market conditions and are based on assumptions such as housing starts, general and administrative expenses, weighted average diluted shares outstanding and interest rates. These targets do not include any effects related to potential acquisitions or divestitures that may occur after the date of this press release. A reconciliation of non-GAAP targets to corresponding GAAP measures is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of, the costs and expenses that may be incurred in the future and therefore, cannot be reasonably predicted. The effect of these excluded items may be significant. Factors that could cause actual long-term results to differ materially from TopBuild's current expectations are discussed below and are also detailed in the Company's 2020 Annual Report on Form 10-K and subsequent SEC reports.

**Additional Information**

Quarterly supplemental materials, including a presentation that will be referenced on today's conference call, are available on the Company's website at [www.topbuild.com](http://www.topbuild.com).

**Conference Call**

A conference call to discuss fourth quarter 2020 financial results is scheduled for today, Tuesday, February 23, at 9:00 a.m. Eastern Time. The call may be accessed by dialing (877) 407-9037. The conference call will be webcast simultaneously on the Company's website at [www.topbuild.com](http://www.topbuild.com).

NYSE:BLD

February 23, 2021

[topbuild.com](http://topbuild.com)

## About TopBuild

TopBuild Corp., a Fortune 1000 Company headquartered in Daytona Beach, Florida, is a leading installer and distributor of insulation and building material products to the U.S. construction industry. We provide insulation and building material services nationwide through TruTeam®, which has close to 200 branches, and through Service Partners® which distributes insulation and building material products from approximately 75 branches. We leverage our national footprint to gain economies of scale while capitalizing on our local market presence to forge strong relationships with our customers. To learn more about TopBuild please visit our website at [www.topbuild.com](http://www.topbuild.com)

## Use of Non-GAAP Financial Measures

Adjusted EBITDA, incremental EBITDA margin, adjusted EBITDA margin, the “adjusted” financial measures presented above, and figures presented on a “same branch basis” are not calculated in accordance with U.S. generally accepted accounting principles (“GAAP”). The Company believes that these non-GAAP financial measures, which are used in managing the business, may provide users of this financial information with additional meaningful comparisons between current results and results in prior periods. We define same branch sales as sales from branches in operation for at least 12 full calendar months. Such non-GAAP financial measures are reconciled to their closest GAAP financial measures in tables contained in this press release. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company’s reported results under GAAP. Additional information may be found in the Company’s filings with the Securities and Exchange Commission which are available on TopBuild’s website under “SEC Filings” at [www.topbuild.com](http://www.topbuild.com).

## Safe Harbor Statement

This press release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act. These forward-looking statements may address, among other things, our expected financial and operational results, the related assumptions underlying our expected results, and our plan to repurchase our common stock under a stock repurchase transaction. These forward-looking statements are distinguished by use of 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. Our forward-looking statements contained herein speak only as of the date of this press release. Factors or events that we cannot predict, including those described in the risk factors contained in our filings with the Securities and Exchange Commission, may cause our actual results to differ from those expressed in forward-looking statements. Although TopBuild believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be achieved and it undertakes no obligation to update any forward-looking statements as a result of new information, future events, or otherwise, except as required by applicable law.

## Investor Relations and Media Contact

Tabitha Zane  
[tabitha.zane@topbuild.com](mailto:tabitha.zane@topbuild.com)  
386-763-8801

(tables follow)

NYSE:BLD

February 23, 2021

[topbuild.com](http://topbuild.com)

---



**TopBuild Corp.**  
**Consolidated Statements of Operations**  
**(in thousands, except share and per common share amounts)**

|  | Three Months Ended December 31, |            | Year Ended December 31, |              |
|--|---------------------------------|------------|-------------------------|--------------|
|  | 2020                            | 2019       | 2020                    | 2019         |
| Net sales                                    | \$ 721,487                      | \$ 662,349 | \$ 2,718,038            | \$ 2,624,121 |
| Cost of sales                                | 523,467                         | 491,030    | 1,971,677               | 1,942,854    |
| Gross profit                                 | 198,020                         | 171,319    | 746,361                 | 681,267      |
| Selling, general, and administrative expense | 94,943                          | 94,898     | 391,315                 | 391,744      |
| Operating profit                             | 103,077                         | 76,421     | 355,046                 | 289,523      |
| Other income (expense), net:                 |                                 |            |                         |              |
| Interest expense                             | (7,745)                         | (9,083)    | (32,456)                | (37,823)     |
| Loss on extinguishment of debt               | —                               | —          | (233)                   | —            |
| Other, net                                   | 85                              | 566        | 733                     | 2,078        |
| Other expense, net                           | (7,660)                         | (8,517)    | (31,956)                | (35,745)     |
| Income before income taxes                   | 95,417                          | 67,904     | 323,090                 | 253,778      |
| Income tax expense                           | (24,660)                        | (21,919)   | (76,067)                | (62,783)     |
| Net income                                   | \$ 70,757                       | \$ 45,985  | \$ 247,023              | \$ 190,995   |
| <b>Net income per common share:</b>          |                                 |            |                         |              |
| Basic  | \$ 2.16                         | \$ 1.38    | \$ 7.50                 | \$ 5.65      |
| Diluted                                      | \$ 2.13                         | \$ 1.36    | \$ 7.42                 | \$ 5.56      |
| <b>Weighted average shares outstanding:</b>  |                                 |            |                         |              |
| Basic  | 32,789,911                      | 33,297,613 | 32,917,971              | 33,806,104   |
| Diluted                                      | 33,189,104                      | 33,886,904 | 33,299,986              | 34,376,555   |

NYSE:BLD

February 23, 2021

topbuild.com

**TopBuild Corp.**  
**Consolidated Balance Sheets and Other Financial Data**  
**(dollars in thousands)**

|   | <b>As of December 31,</b> |              |
|---|---------------------------|--------------|
|   | <b>2020</b>               | <b>2019</b>  |
| <b>ASSETS</b>   |                           |              |
| Current assets:   |                           |              |
| Cash and cash equivalents   | \$ 330,007                | \$ 184,807   |
| Receivables, net of an allowance for credit losses of \$6,926 at December 31, 2020, and allowance for doubtful accounts of \$4,854 at December 31, 2019 | 427,340                   | 428,844      |
| Inventories, net  | 161,369                   | 149,078      |
| Prepaid expenses and other current assets   | 17,689                    | 17,098       |
| Total current assets  | 936,405                   | 779,827      |
| Right of use assets   | 83,490                    | 87,134       |
| Property and equipment, net   | 180,053                   | 178,080      |
| Goodwill  | 1,410,685                 | 1,367,918    |
| Other intangible assets, net  | 190,605                   | 181,122      |
| Deferred tax assets, net  | 2,728                     | 4,259        |
| Other assets  | 11,317                    | 5,623        |
| Total assets  | \$ 2,815,283              | \$ 2,603,963 |
| <b>LIABILITIES</b>  |                           |              |
| Current liabilities:  |                           |              |
| Accounts payable  | \$ 331,710                | \$ 307,970   |
| Current portion of long-term debt   | 23,326                    | 34,272       |
| Accrued liabilities   | 107,949                   | 98,418       |
| Short-term lease liabilities  | 33,492                    | 36,094       |
| Total current liabilities   | 496,477                   | 476,754      |
| Long-term debt  | 683,396                   | 697,955      |
| Deferred tax liabilities, net   | 168,568                   | 175,263      |
| Long-term portion of insurance reserves   | 50,657                    | 45,605       |
| Long-term lease liabilities   | 53,749                    | 54,010       |
| Other liabilities   | 13,642                    | 1,487        |
| Total liabilities   | 1,466,489                 | 1,451,074    |
| <b>EQUITY</b>   | 1,348,794                 | 1,152,889    |
| Total liabilities and equity  | \$ 2,815,283              | \$ 2,603,963 |

|  | <b>As of December 31,</b> |             |
|--|---------------------------|-------------|
|  | <b>2020</b>               | <b>2019</b> |
| <b>Other Financial Data</b>  |                           |             |
| Receivable days  | 48                        | 53          |
| Inventory days   | 30                        | 28          |
| Accounts payable days  | 76                        | 80          |
| Receivables, net plus inventories, net less accounts payable                               | \$ 256,999                | \$ 269,952  |
| Receivables, net plus inventories, net less accounts payable as a percent of sales (TTM) † | 9.3 %                     | 10.3 %      |

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

NYSE:BLD

February 23, 2021

topbuild.com

**TopBuild Corp.**  
**Consolidated Statements of Cash Flows**  
**(in thousands)**

|   | <b>Year Ended December 31,</b> |                   |
|---|--------------------------------|-------------------|
|   | <b>2020</b>                    | <b>2019</b>       |
| <b>Cash Flows Provided by (Used in) Operating Activities:</b>                     |                                |                   |
| Net income  | \$ 247,023                     | \$ 190,995        |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                |                   |
| Depreciation and amortization   | 62,410                         | 52,700            |
| Share-based compensation  | 14,752                         | 13,658            |
| Loss on extinguishment of debt  | 233                            | —                 |
| (Gain) loss on sale or abandonment of property and equipment                      | (88)                           | 1,399             |
| Amortization of debt issuance costs   | 1,491                          | 1,558             |
| Provision for bad debt expense  | 6,270                          | 7,065             |
| Loss from inventory obsolescence  | 2,512                          | 2,622             |
| Deferred income taxes, net  | (4,070)                        | 8,888             |
| Change in certain assets and liabilities  |                                |                   |
| Receivables, net  | 2,612                          | (27,146)          |
| Inventories, net  | (11,843)                       | 17,433            |
| Prepaid expenses and other current assets   | (460)                          | 9,361             |
| Accounts payable  | 16,844                         | (5,124)           |
| Accrued liabilities   | 20,545                         | (2,690)           |
| Payment of contingent consideration   | (413)                          | —                 |
| Other, net  | 66                             | 1,058             |
| Net cash provided by operating activities   | <u>357,884</u>                 | <u>271,777</u>    |
| <b>Cash Flows Provided by (Used in) Investing Activities:</b>                     |                                |                   |
| Purchases of property and equipment   | (40,938)                       | (45,536)          |
| Acquisition of businesses   | (83,408)                       | (6,952)           |
| Proceeds from sale of property and equipment                                      | 2,463                          | 2,321             |
| Other, net  | —                              | 25                |
| Net cash used in investing activities   | <u>(121,883)</u>               | <u>(50,142)</u>   |
| <b>Cash Flows Provided by (Used in) Financing Activities:</b>                     |                                |                   |
| Proceeds from issuance of long-term debt  | 300,000                        | 14,989            |
| Repayment of long-term debt   | (324,948)                      | (27,793)          |
| Payment of debt issuance costs  | (2,280)                        | —                 |
| Taxes withheld and paid on employees' equity awards                               | (14,932)                       | (12,951)          |
| Exercise of stock options   | 1,438                          | —                 |
| Repurchase of shares of common stock  | (49,151)                       | (110,911)         |
| Payment of contingent consideration   | (928)                          | (1,091)           |
| Net cash (used in) provided by financing activities                               | <u>(90,801)</u>                | <u>(137,757)</u>  |
| <b>Cash and Cash Equivalents</b>  |                                |                   |
| Increase for the period   | 145,200                        | 83,878            |
| Beginning of period   | 184,807                        | 100,929           |
| End of period   | <u>\$ 330,007</u>              | <u>\$ 184,807</u> |
| <b>Supplemental disclosure of cash paid for:</b>                                  |                                |                   |
| Interest on long-term debt  | \$ 30,896                      | \$ 36,244         |
| Income taxes  | 77,689                         | 43,310            |
| <b>Supplemental disclosure of noncash activities:</b>                             |                                |                   |
| Leased assets obtained in exchange for new operating lease liabilities            | \$ 38,646                      | \$ 128,838        |
| Accruals for property and equipment   | 645                            | 542               |

**TopBuild Corp.**  
**Segment Data**  
(dollars in thousands)

|   | Three Months Ended December 31, |            | Change | Year Ended December 31, |              | Change |
|---|---------------------------------|------------|--------|-------------------------|--------------|--------|
|   | 2020                            | 2019       |        | 2020                    | 2019         |        |
| <b>TruTeam</b>  |                                 |            |        |                         |              |        |
| Sales   | \$ 508,812                      | \$ 475,929 | 6.9 %  | \$ 1,943,461            | \$ 1,906,730 | 1.9 %  |
| Operating profit, as reported                                       | \$ 81,657                       | \$ 63,661  |        | \$ 294,793              | \$ 253,230   |        |
| Operating margin, as reported                                       | 16.0 %                          | 13.4 %     |        | 15.2 %                  | 13.3 %       |        |
| Rationalization charges   | —                               | (24)       |        | 866                     | 159          |        |
| Acquisition related costs   | —                               | 177        |        | 4                       | 636          |        |
| COVID-19 pay  | 363                             | —          |        | 1,278                   | —            |        |
| Operating profit, as adjusted                                       | \$ 82,020                       | \$ 63,814  |        | \$ 296,941              | \$ 254,025   |        |
| Operating margin, as adjusted                                       | 16.1 %                          | 13.4 %     |        | 15.3 %                  | 13.3 %       |        |
| <b>Service Partners</b>   |                                 |            |        |                         |              |        |
| Sales   | \$ 251,535                      | \$ 223,244 | 12.7 % | \$ 926,207              | \$ 862,143   | 7.4 %  |
| Operating profit, as reported                                       | \$ 33,731                       | \$ 25,234  |        | \$ 115,343              | \$ 90,388    |        |
| Operating margin, as reported                                       | 13.4 %                          | 11.3 %     |        | 12.5 %                  | 10.5 %       |        |
| Rationalization charges   | —                               | —          |        | 783                     | 109          |        |
| COVID-19 pay  | 21                              | —          |        | 90                      | —            |        |
| Operating profit, as adjusted                                       | \$ 33,752                       | \$ 25,234  |        | \$ 116,216              | \$ 90,497    |        |
| Operating margin, as adjusted                                       | 13.4 %                          | 11.3 %     |        | 12.5 %                  | 10.5 %       |        |
| <b>Total</b>  |                                 |            |        |                         |              |        |
| Sales before eliminations   | \$ 760,347                      | \$ 699,173 |        | \$ 2,869,668            | \$ 2,768,873 |        |
| Intercompany eliminations   | (38,860)                        | (36,824)   |        | (151,630)               | (144,752)    |        |
| Net sales after eliminations  | \$ 721,487                      | \$ 662,349 | 8.9 %  | \$ 2,718,038            | \$ 2,624,121 | 3.6 %  |
| Operating profit, as reported - segments                            | \$ 115,388                      | \$ 88,895  |        | \$ 410,136              | \$ 343,618   |        |
| General corporate expense, net                                      | (6,174)                         | (6,568)    |        | (30,785)                | (30,174)     |        |
| Intercompany eliminations   | (6,137)                         | (5,906)    |        | (24,305)                | (23,921)     |        |
| Operating profit, as reported                                       | \$ 103,077                      | \$ 76,421  |        | \$ 355,046              | \$ 289,523   |        |
| Operating margin, as reported                                       | 14.3 %                          | 11.5 %     |        | 13.1 %                  | 11.0 %       |        |
| Rationalization charges †   | (4)                             | 15         |        | 2,097                   | 1,992        |        |
| Acquisition related costs †   | 518                             | 166        |        | 855                     | 1,200        |        |
| Refinancing costs   | —                               | —          |        | 57                      | —            |        |
| COVID-19 pay  | 384                             | —          |        | 1,368                   | —            |        |
| Operating profit, as adjusted                                       | \$ 103,975                      | \$ 76,602  |        | \$ 359,423              | \$ 292,715   |        |
| Operating margin, as adjusted                                       | 14.4 %                          | 11.6 %     |        | 13.2 %                  | 11.2 %       |        |
| Share-based compensation  | 2,593                           | 2,246      |        | 14,910                  | 13,658       |        |
| Depreciation and amortization                                       | 14,883                          | 13,696     |        | 62,410                  | 52,700       |        |
| EBITDA, as adjusted   | \$ 121,451                      | \$ 92,544  |        | \$ 436,743              | \$ 359,073   |        |
| EBITDA margin, as adjusted  | 16.8 %                          | 14.0 %     |        | 16.1 %                  | 13.7 %       |        |
| Sales change period over period                                     | 59,138                          |            |        | 93,917                  |              |        |
| EBITDA, as adjusted, change period over period                      | 28,907                          |            |        | 77,670                  |              |        |
| Incremental EBITDA, as adjusted, as a percentage of change in sales | 48.9 %                          |            |        | 82.7 %                  |              |        |

†Rationalization charges and acquisition related costs include corporate level adjustments as well as segment operating adjustments

NYSE:BLD

February 23, 2021

topbuild.com

**TopBuild Corp.**  
**Non-GAAP Reconciliations**  
(in thousands, except share and per common share amounts)

|   | Three Months Ended December 31, |            | Year Ended December 31, |              |
|---|---------------------------------|------------|-------------------------|--------------|
|   | 2020                            | 2019       | 2020                    | 2019         |
| <b>Gross Profit and Operating Profit Reconciliations</b>    |                                 |            |                         |              |
| Net sales   | \$ 721,487                      | \$ 662,349 | \$ 2,718,038            | \$ 2,624,121 |
| Gross profit, as reported                                   | \$ 198,020                      | \$ 171,319 | \$ 746,361              | \$ 681,267   |
| Rationalization charges                                     | —                               | —          | 1,016                   | —            |
| COVID-19 pay  | 380                             | —          | 1,135                   | —            |
| Gross profit, as adjusted                                   | \$ 198,400                      | \$ 171,319 | \$ 748,512              | \$ 681,267   |
| Gross margin, as reported                                   | 27.4 %                          | 25.9 %     | 27.5 %                  | 26.0 %       |
| Gross margin, as adjusted                                   | 27.5 %                          | 25.9 %     | 27.5 %                  | 26.0 %       |
| Operating profit, as reported                               | \$ 103,077                      | \$ 76,421  | \$ 355,046              | \$ 289,523   |
| Rationalization charges                                     | (4)                             | 15         | 2,097                   | 1,992        |
| Acquisition related costs                                   | 518                             | 166        | 855                     | 1,200        |
| Refinancing costs   | —                               | —          | 57                      | —            |
| COVID-19 pay  | 384                             | —          | 1,368                   | —            |
| Operating profit, as adjusted                               | \$ 103,975                      | \$ 76,602  | \$ 359,423              | \$ 292,715   |
| Operating margin, as reported                               | 14.3 %                          | 11.5 %     | 13.1 %                  | 11.0 %       |
| Operating margin, as adjusted                               | 14.4 %                          | 11.6 %     | 13.2 %                  | 11.2 %       |
| <b>Income Per Common Share Reconciliation</b>               |                                 |            |                         |              |
| Income before income taxes, as reported                     | \$ 95,417                       | \$ 67,904  | \$ 323,090              | \$ 253,778   |
| Rationalization charges                                     | (4)                             | 15         | 2,097                   | 1,992        |
| Acquisition related costs                                   | 518                             | 166        | 855                     | 1,200        |
| Refinancing costs and loss on extinguishment of debt        | —                               | —          | 290                     | —            |
| COVID-19 pay  | 384                             | —          | 1,368                   | —            |
| Income before income taxes, as adjusted                     | 96,315                          | 68,085     | 327,700                 | 256,970      |
| Tax rate at 26.0% and 26.5% for 2020 and 2019, respectively | (25,042)                        | (18,043)   | (85,202)                | (68,097)     |
| Income, as adjusted   | \$ 71,273                       | \$ 50,042  | \$ 242,498              | \$ 188,873   |
| Income per common share, as adjusted                        | \$ 2.15                         | \$ 1.48    | \$ 7.28                 | \$ 5.49      |
| Weighted average diluted common shares outstanding          | 33,189,104                      | 33,886,904 | 33,299,986              | 34,376,555   |

NYSE:BLD

February 23, 2021

topbuild.com

**TopBuild Corp.**  
**Same Branch and Acquisition Net Sales and Adjusted EBITDA**  
**(dollars in thousands)**

|   | Three Months Ended December 31, |            | Year Ended December 31, |              |
|---|---------------------------------|------------|-------------------------|--------------|
|   | 2020                            | 2019       | 2020                    | 2019         |
| <b>Net sales</b>  |                                 |            |                         |              |
| Same branch:  |                                 |            |                         |              |
| TruTeam   | \$ 487,593                      | \$ 475,929 | \$ 1,906,012            | \$ 1,906,730 |
| Service Partners  | 251,535                         | 223,244    | 926,207                 | 862,143      |
| Eliminations  | (38,860)                        | (36,824)   | (151,630)               | (144,752)    |
| Total same branch   | 700,268                         | 662,349    | 2,680,589               | 2,624,121    |
| Acquisitions (a):   |                                 |            |                         |              |
| TruTeam   | \$ 21,219                       | \$ —       | \$ 37,449               | \$ —         |
| Service Partners  | —                               | —          | —                       | —            |
| Eliminations  | —                               | —          | —                       | —            |
| Total acquisitions  | 21,219                          | —          | 37,449                  | —            |
| Total   | \$ 721,487                      | \$ 662,349 | \$ 2,718,038            | \$ 2,624,121 |
| Acquisitions proforma adjustment †  |                                 |            | \$ 48,469               |              |
| <b>TTM net sales, acquisition adjusted</b>                                |                                 |            | <b>\$ 2,766,507</b>     |              |
| <b>EBITDA, as adjusted</b>  |                                 |            |                         |              |
| Same branch   | \$ 118,413                      | \$ 92,544  | \$ 430,510              | \$ 359,073   |
| Acquisitions (a)  | 3,038                           | —          | 6,233                   | —            |
| Total   | \$ 121,451                      | \$ 92,544  | \$ 436,743              | \$ 359,073   |
| <b>EBITDA, as adjusted, as a percentage of sales</b>                      |                                 |            |                         |              |
| Same branch (b)   | 16.9 %                          |            | 16.1 %                  |              |
| Acquisitions (c)  | 14.3 %                          |            | 16.6 %                  |              |
| Total (d)   | 16.8 %                          | 14.0 %     | 16.1 %                  | 13.7 %       |
| <b>As Adjusted Incremental EBITDA, as a percentage of change in sales</b> |                                 |            |                         |              |
| Same branch (e)   | 68.2 %                          |            | 126.5 %                 |              |
| Acquisitions (c)  | 14.3 %                          |            | 16.6 %                  |              |
| Total (f)   | 48.9 %                          |            | 82.7 %                  |              |

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

(b) Same branch EBITDA, as adjusted, as a percentage of same branch sales

(c) Acquired EBITDA, as adjusted, as a percentage of acquired sales

(d) Total EBITDA, as adjusted, as a percentage of total sales

(e) Change in same branch EBITDA, as adjusted, as a percentage of change in same branch sales

(f) Change in total EBITDA, as adjusted, as a percentage of change in total sales

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

**TopBuild Corp.**  
**Same Branch and Acquisition Net Sales by Market**  
**(in thousands)**

|                          | Three Months Ended December 31, |                   | Year Ended December 31, |                     |
|--------------------------|---------------------------------|-------------------|-------------------------|---------------------|
|                          | 2020                            | 2019              | 2020                    | 2019                |
| <b>Same branch:</b>      |                                 |                   |                         |                     |
| Residential              | \$ 550,960                      | \$ 512,715        | \$ 2,104,233            | \$ 2,016,016        |
| Commercial               | 149,308                         | 149,634           | 576,356                 | 608,105             |
| Same branch net sales    | 700,268                         | 662,349           | 2,680,589               | 2,624,121           |
| <b>Acquisitions (a):</b> |                                 |                   |                         |                     |
| Residential              | \$ 18,969                       | \$ —              | \$ 23,650               | \$ —                |
| Commercial               | 2,250                           | —                 | 13,799                  | —                   |
| Acquisitions net sales   | 21,219                          | —                 | 37,449                  | —                   |
| <b>Total net sales</b>   | <b>\$ 721,487</b>               | <b>\$ 662,349</b> | <b>\$ 2,718,038</b>     | <b>\$ 2,624,121</b> |

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

NYSE:BLD

February 23, 2021

topbuild.com

**TopBuild Corp.**  
**Reconciliation of Adjusted EBITDA to Net Income**  
**(in thousands)**

|  | Three Months Ended December 31, |                  | Year Ended December 31, |                   |
|--|---------------------------------|------------------|-------------------------|-------------------|
|  | 2020                            | 2019             | 2020                    | 2019              |
| <b>Net income, as reported</b>                       | <b>\$ 70,757</b>                | <b>\$ 45,985</b> | <b>\$ 247,023</b>       | <b>\$ 190,995</b> |
| Adjustments to arrive at EBITDA, as adjusted:        |                                 |                  |                         |                   |
| Interest expense and other, net                      | 7,660                           | 8,517            | 31,723                  | 35,745            |
| Income tax expense                                   | 24,660                          | 21,919           | 76,067                  | 62,783            |
| Depreciation and amortization                        | 14,883                          | 13,696           | 62,410                  | 52,700            |
| Share-based compensation                             | 2,593                           | 2,246            | 14,910                  | 13,658            |
| Rationalization charges                              | (4)                             | 15               | 2,097                   | 1,992             |
| Acquisition related costs                            | 518                             | 166              | 855                     | 1,200             |
| Refinancing costs and loss on extinguishment of debt | —                               | —                | 290                     | —                 |
| COVID-19 pay   | 384                             | —                | 1,368                   | —                 |
| <b>EBITDA, as adjusted</b>                           | <b>\$ 121,451</b>               | <b>\$ 92,544</b> | <b>\$ 436,743</b>       | <b>\$ 359,073</b> |

NYSE:BLD

February 23, 2021

topbuild.com



**TopBuild Corp.**  
**2021 Estimated Adjusted EBITDA Range**  
**(in millions)**

|   | Twelve Months Ending December 31, 2021 |       |    |       |
|---|--|-------|----|-------|
|   |  | Low   |    | High  |
| <b>Estimated net income</b>                             | \$                                     | 297.5 | \$ | 326.7 |
| Adjustments to arrive at estimated EBITDA, as adjusted: |  |       |    |       |
| Interest expense and other, net                         |  | 24.2  |    | 21.2  |
| Income tax expense                                      |  | 104.5 |    | 114.8 |
| Depreciation and amortization                           |  | 67.0  |    | 63.0  |
| Share-based compensation                                |  | 11.8  |    | 9.3   |
| <b>Estimated EBITDA, as adjusted</b>                    | \$                                     | 505.0 | \$ | 535.0 |

NYSE:BLD

February 23, 2021

[topbuild.com](http://topbuild.com)