

**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): **July 26, 2023**

**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 1.01. Entry Into a Material Definitive Agreement.**

On July 26, 2023 (the “Amendment Effective Date”), TopBuild Corp., a Delaware corporation (the “Company”), together with certain of its subsidiaries, Bank of America, N.A., in its capacity of administrative agent for the lenders, and each of the lenders party thereto (the “Lenders”), entered into Amendment No. 4 (the “Amendment”) to the Company’s Amended and Restated Credit Agreement, dated March 20, 2020 (as amended, the “Credit Agreement”). The Amendment, among other things, (i) increases the Permitted Increase Amount (as defined in the Credit Agreement) from \$300.0 million to \$850.0 million and (ii) provides for a new \$550.0 million delayed draw term loan facility (the “Delayed Draw Term Loan”), the proceeds of which will be used, in part, to finance the Transaction (as defined below), including the payment of related fees and expenses.

The Delayed Draw Term Loan is available in a single drawing to occur no later than October 25, 2024. Once drawn, the Delayed Draw Term Loan will mature on October 7, 2026 and will be subject to the same scheduled amortization payments as the Company’s existing term loan facility under the Credit Agreement. Borrowings of the Delayed Draw Term Loan bear interest at Term SOFR or the Base Rate (each as defined in Credit Agreement) plus an applicable rate ranging from 1.50% to 3.00% for Term SOFR-based loans and from 0.50% to 2.00% for Base Rate-based loans, depending upon the Company’s consolidated secured leverage ratio. The Company is required to pay a ticking fee on the undrawn Delayed Draw Term Loan commitments at a per annum rate equal to: (i) 0.175% for the first six-month period after the Amendment Effective Date, (ii) 0.200% for the next successive six-month period, and (iii) 0.250% for next successive three-month period.

**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information described in Item 1.01 above relating to the Amendment is incorporated herein by reference into this Item 2.03.

**Item 8.01. Other Events.**

On July 26, 2023, the Company entered into a definitive agreement to acquire SPI LLC, doing business as Specialty Products & Insulation (the “Transaction”), and issued a press release announcing the agreement on July 27, 2023 (the “Press Release”). The Transaction is subject to customary closing conditions, including expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Press Release, which is attached as Exhibit 99.1 of this Current Report on Form 8-K, is incorporated by reference in this Item 8.01.

**Item 9.01. Financial Statements and Exhibits.****(d) Exhibits**

Exhibit Number	Description
99.1	<a href="#"><u>Press release issued by TopBuild Corp., dated July 27, 2023, announcing that it had entered into a definitive agreement to acquire Specialty Products &amp; Insulation.</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/ Robert Kuhns

Name: Robert Kuhns

Title: Vice President and Chief Financial Officer  
(Principal Financial Officer and Principal Accounting Officer)

Dated: July 28, 2023



**FOR IMMEDIATE RELEASE:**

## **TopBuild to Acquire Specialty Products & Insulation In All-Cash Transaction Valued at \$960 Million**

*Specialty Products & Insulation is a leading North American specialty distributor and custom fabricator of mechanical insulation and a specialty distributor of building insulation to the industrial, commercial, and residential end markets*

- ✓ Expands TopBuild's Specialty Distribution footprint and industry position
- ✓ Enhances fabrication capabilities and expands product distribution network
- ✓ Grows and strengthens Specialty Distribution's recurring revenue stream
- ✓ Further differentiates TopBuild's unique operating model – adding scale and capacity to better serve customers
- ✓ Anticipate \$35M to \$40M of run-rate cost synergies

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### **Webcast Scheduled for 4:30 p.m. ET Today**

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**DAYTONA BEACH, FL – July 27, 2023 — TopBuild Corp. (NYSE:BLD)**, a leading installer and specialty distributor of insulation and building material products to the construction industry in the United States and Canada, has entered into an agreement to acquire Specialty Products & Insulation ("SPI") in an all-cash transaction valued at \$960 million. SPI is a portfolio company of Incline Equity Partners.

For the trailing 12 months ended March 31, 2023, SPI generated pro forma revenue of approximately \$703 million and adjusted EBITDA of \$77 million. Approximately 50% of SPI's revenue is recurring and tied to maintenance and repair activity while the other half is related to new construction activity.

TopBuild plans to fund this \$960 million transaction with a new \$550 million Term Loan A and cash on hand. The Company's net debt to pro forma adjusted EBITDA is expected to be approximately 2.0 times, based on March 31, 2023, trailing twelve months pro forma results. As a result of the transaction, TopBuild will benefit from a \$90 million tax asset.

Robert Buck, President and Chief Executive Officer of TopBuild, stated, *"The acquisition of SPI is highly strategic for TopBuild, accelerating Specialty Distribution's growth and enhancing our leadership position in the very diverse and fragmented insulation industry. SPI has a broad customer base, an experienced and talented operating team, and a fabrication footprint complementary to our current mechanical insulation business. In addition, SPI generates significant recurring revenue from industrial maintenance and repair. When combined with our Specialty Distribution business today, we estimate recurring revenue will account for approximately one third of the segment's overall revenue stream."*

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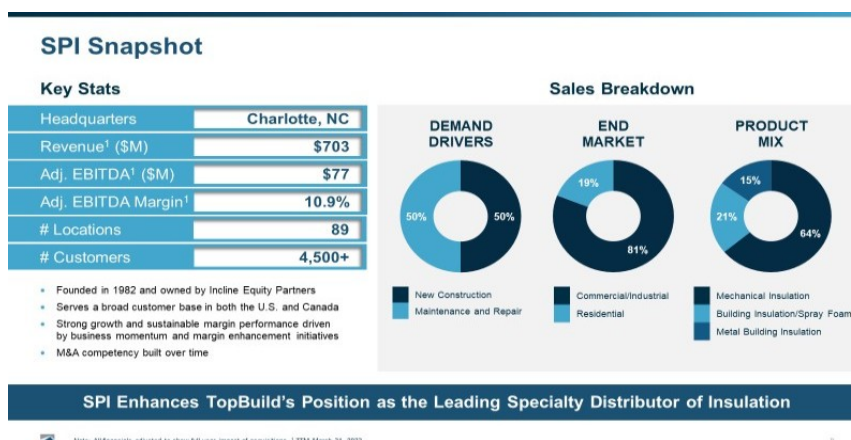
## Compelling Strategic Opportunity with a Clear Path to Financial Value Creation

- **Brings together two leading specialty distributors** to further promote innovation and deliver best-in-class customer experiences.
- **Reinforces position as a leading Specialty Distributor and enables multiple avenues for growth** across the three highly fragmented insulation end markets we serve: Residential, Commercial Building, and Commercial/Industrial Mechanical.
- **Further differentiates TopBuild's unique operating model and reduces cyclicity by increasing recurring revenue stream.**
- **Provides opportunities to drive operational efficiencies** throughout the Specialty Distribution segment.
- **Enhances financial profile through revenue growth and synergy realization**, with expected annual run rate cost synergies between \$35 and \$40 million within two years following the close of the transaction.

Ray Sears, President and Chief Executive Officer of SPI, stated, "We are very pleased to announce this transaction with TopBuild. This will be a tremendous benefit for our customers as the combined organization will be even better positioned to provide them with innovative and high-quality solutions. Both companies have similar corporate cultures with an emphasis on safety, respect, and a continued drive to improve."

In conclusion Buck noted, "The identification and integration of acquisitions is a TopBuild core competency, as evidenced by our successful M&A track record and the tremendous value we have created for our stakeholders. We are confident SPI will be another outstanding addition to our Company and we look forward to welcoming the SPI team to TopBuild."

The transaction, which has been approved by TopBuild's Board of Directors, is subject to customary closing conditions, including expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.



Founded in 1982 and headquartered in Charlotte, NC, SPI is a leading specialty distributor of mechanical insulation solutions for the industrial and commercial end-markets. SPI has 85 branches across the United States and 4 branches in Canada.

Guggenheim Securities, LLC and J.P. Morgan Securities LLC are serving as financial advisors to TopBuild, and Jones Day is acting as legal counsel. Piper Sandler is serving as financial advisor to SPI, and Kirkland and Ellis LLP is acting as legal counsel.

### **Webcast**

A webcast to discuss the SPI transaction is scheduled for today, July 27, at 4:30 p.m. Eastern Time. The webcast can be accessed on the Company's website at [www.topbuild.com](http://www.topbuild.com) or by using the link below.

Webcast | TopBuild Conference Call ([choruscall.com](http://choruscall.com))

A dial-in number for the webcast is also available: (877) 407-9037. A copy of the investor presentation will be available on the Company's website when the call commences.

### **About TopBuild**

TopBuild Corp., headquartered in Daytona Beach, Florida, is a leading installer and specialty distributor of insulation and related building material products to the construction industry in the United States and Canada. We provide insulation installation services nationwide through our Installation segment which has approximately 235 branches located across the United States. We distribute building and mechanical insulation, insulation accessories and other building product materials for the residential, commercial, and industrial end markets through our Specialty Distribution business. Our Specialty Distribution network encompasses approximately 170 branches. To learn more about TopBuild please visit our website 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 and the related assumptions underlying our expected results. 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. For us, particular uncertainties that could cause our actual results to be materially different from those expressed in our forward-looking statements include, without limitation, our ability to successfully complete the proposed acquisition of SPI, including satisfying closing conditions; any delay in closing the proposed acquisition of SPI; the occurrence of any event that could give rise to termination of the purchase agreement governing the acquisition of SPI; risks inherent in the achievement of cost synergies and the timing thereof; risks related to the disruption to us and SPI and their respective management as a result of the proposed acquisition; the effect of the announcement of the proposed acquisition on SPI's ability to retain and hire key personnel and maintain relationships with clients, suppliers and other third parties; our ability to successfully integrate SPI if the proposed acquisition is completed, including whether and to what extent the proposed acquisition will be accretive within the expected timeframe; and those described in the risk factors contained in our filings with the Securities and Exchange Commission. 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 publicly 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**

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386-763-8801

**TopBuild Corp.**
**Reconciliation of Pro Forma Non-GAAP Measures to GAAP Measures (Unaudited)**
**(dollars in thousands)**

	<b>Trailing Twelve Months Ended March 31, 2023</b>
<b>Net sales</b>	<b>\$ 5,105,064</b>
Pro forma acquisition sales (a)	861,090
<b>Pro forma sales</b>	<b>\$ 5,966,154</b>
<b>Net income, as reported</b>	<b>\$ 577,148</b>
Adjustments to arrive at EBITDA, as adjusted:	
Interest expense and other, net	59,862
Income tax expense	195,630
Depreciation and amortization	124,936
Share-based compensation	11,717
Rationalization charges	(645)
Acquisition related costs	8,558
<b>EBITDA, as adjusted</b>	<b>\$ 977,206</b>
Pro forma acquisition EBITDA (a)	96,515
<b>Pro forma EBITDA, as adjusted</b>	<b>\$ 1,073,721</b>
<b>Total debt</b>	<b>\$ 1,464,937</b>
Pro forma acquisition debt funding (b)	550,000
<b>Pro forma total debt</b>	<b>\$ 2,014,937</b>
<b>Cash and cash equivalents</b>	<b>\$ 333,778</b>
Pro forma acquisition cash funding (c)	(505,000)
<b>Pro forma cash and cash equivalents</b>	<b>\$ (171,222)</b>
<b>Pro forma net debt leverage ratio</b>	<b>2.0</b>

(a) Represents the trailing twelve months proforma impact of SRI and Best Insulation acquisitions as well as our definitive agreement to acquire SPI.

(b) Represents the trailing twelve months proforma impact from our definitive agreement to acquire SPI.

(c) Represents the trailing twelve months proforma impact of Best Insulation acquisition and our definitive agreement to acquire SPI.