Previously MAS Installation and Other Services Segment

May 6, 2015



TopBuild[SM]

NYSE:BLD







Safe Harbor

Statements contained in this presentation and during question and answer panels that reflect our views about our future performance constitute “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “believe,” “anticipate,” “appear,” “may,” “might,” “will,” “should,” “intend,” “plan,” “estimate,” “expect,” “assume,” “seek,” “forecast,” “anticipates,” “appears,” “believes,” “estimates,” “predicts,” “potential” or “continue,” 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. We caution you against relying on any of these forward-looking statements. Our future performance may be affected by 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, and our ability to realize the expected benefits of the Separation. We discuss many of the risks we face under the caption entitled “Risk Factors” in our Form 10 filed with the SEC. Our forward-looking statements in this Information Statement speak only as of the date of this Information Statement. 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.

Today's Presenters



Jerry Volas
Chief Executive Officer



Robert Buck
President, Chief Operating Officer



John Peterson
Chief Financial Officer

Agenda

The Business Today

Key Strengths We Are Leveraging

Financial Position

Growth Drivers







Building on Two Strong Platforms

TopBuild

TopBuild

TruTeam
Local Relationships. National Resources.



- Leading provider of installation of residential insulation & select building products
- >190 branches in 43 states
- National scale with recognized local brands and presence
- Well-earned reputation for quality employees, products and services

SERVICE partners



- Leading distributor of residential insulation & select building products
- >70 distribution centers in 35 states
- National scale with recognized local brands and presence
- Well earned reputation for “one stop shop”, delivery and service

TopBuild Home Services

Attractive Product and Line of Business Mix

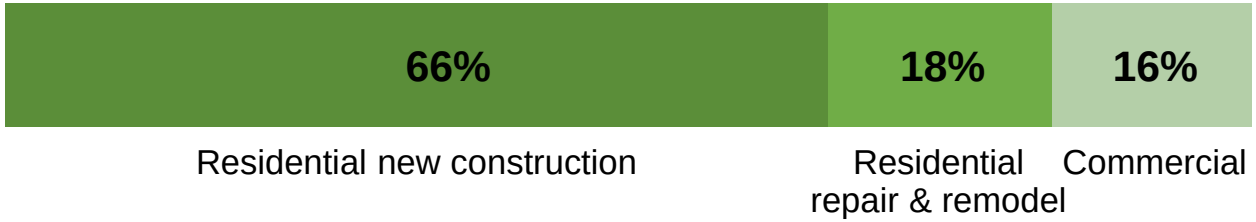
Segment Mix



Product



Line of Business Mix



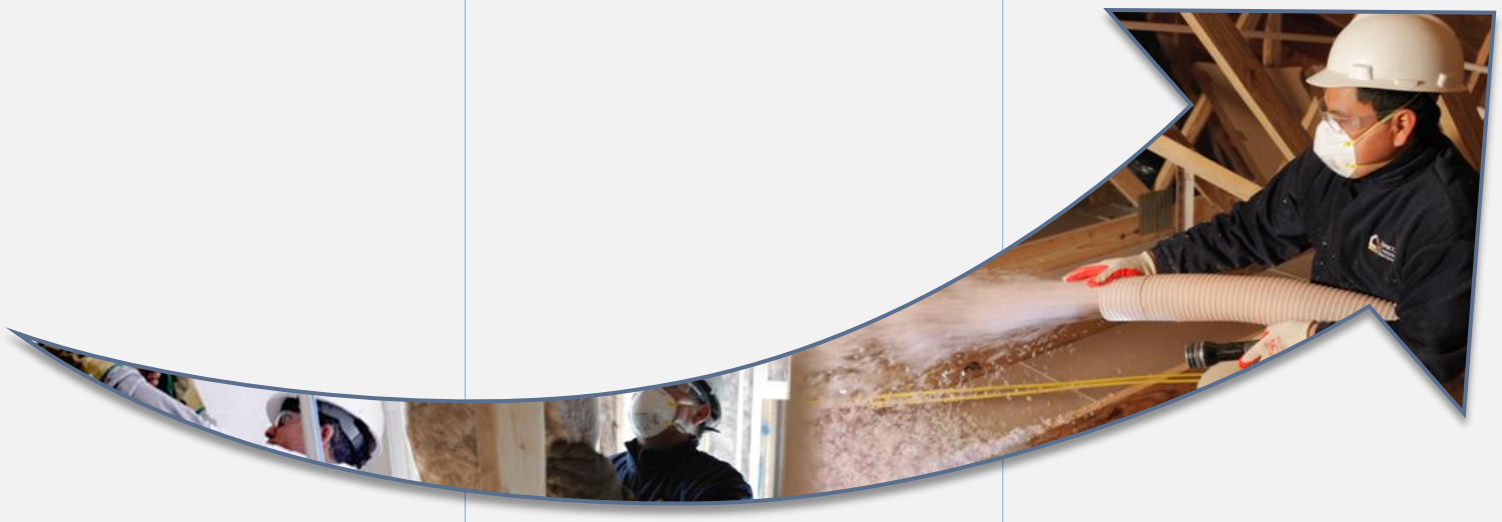






Positioned to Capitalize on Established Strong Foundation

Prior to 2005	2006 - 2010	2011 - 2014
Expansion	Rationalization	Positioning for growth



Key Accomplishments Drive Momentum for Future Growth

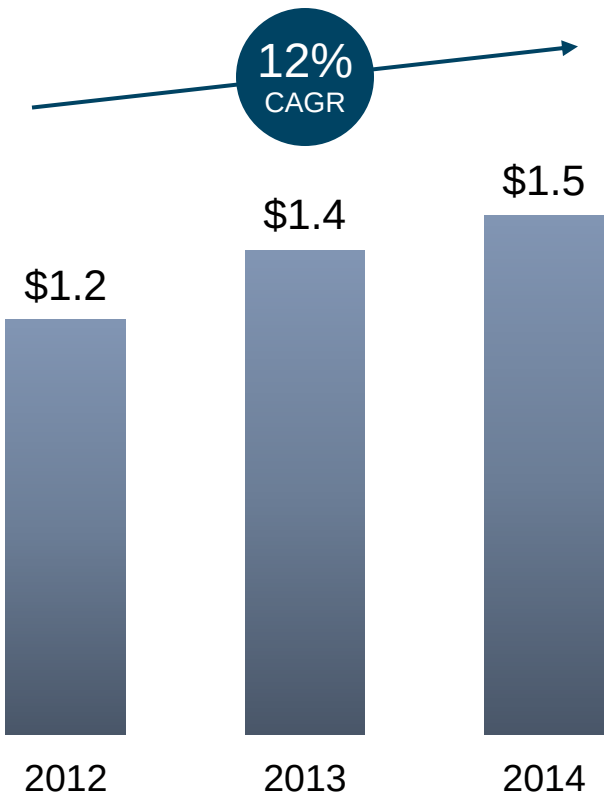
- ☑ Optimized national footprint
- ☑ Lowered breakeven point from 1.3M housing starts to 750k
- ☑ Completed ERP system, scalable and driving efficiencies
- ☑ Established operating model driving agility
- ☑ Diversified business mix



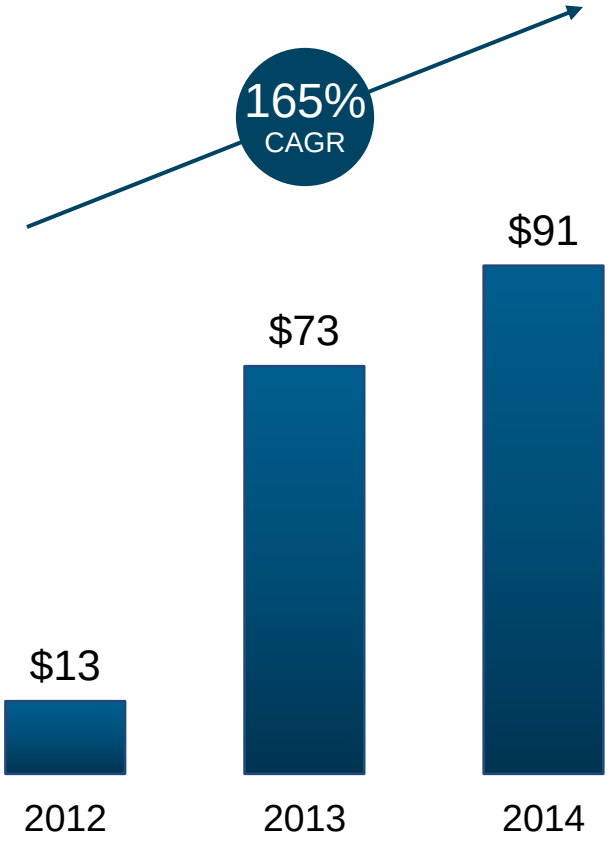


Successful Results from Repositioning

Revenue ($B)



Adjusted EBITDA ($M)



Agenda

The Business Today

Key Strengths We Are Leveraging

Financial Position

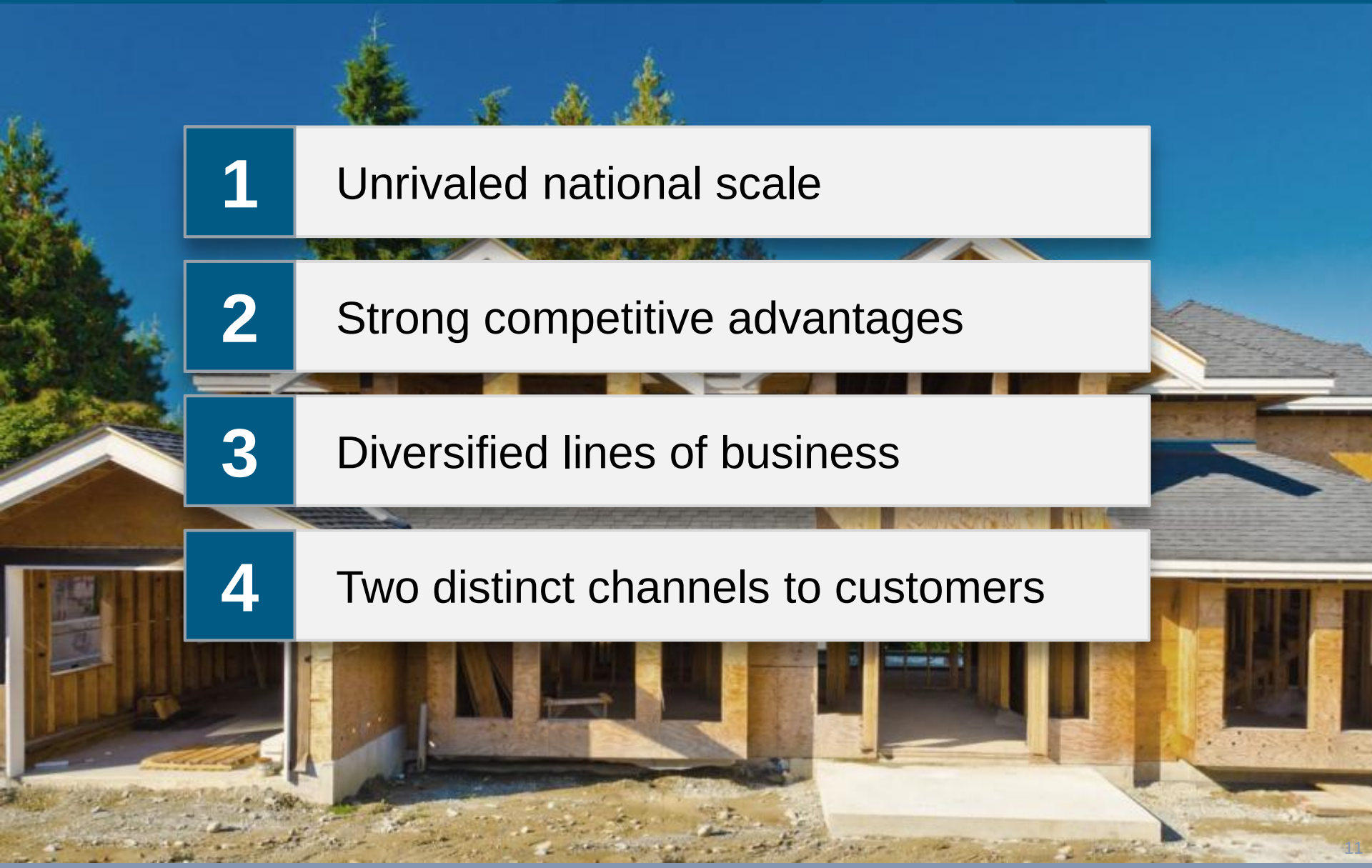
Growth Drivers





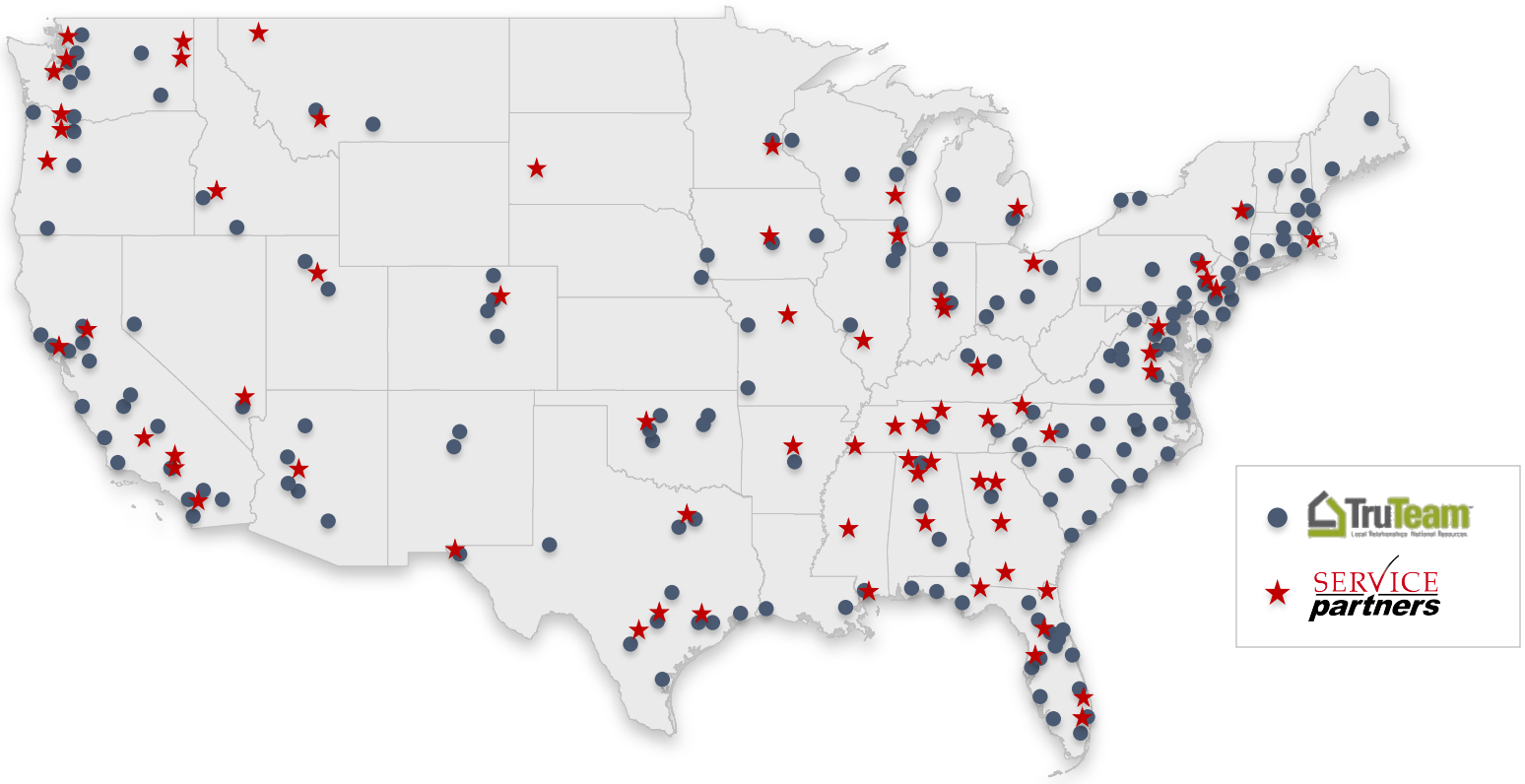


Key Strengths We are Leveraging



1. Unrivaled national scale
2. Strong competitive advantages
3. Diversified lines of business
4. Two distinct channels to customers

1. Unrivaled National Scale – Over 260 Locations



- Largest network in U.S.
- Serves 95% of all housing starts and 99 of Top 100 MSAs

1. National Scale with Local Relationships → Unrivaled Platform

National Reach and Scale

- Offers superior supply chain efficiencies to suppliers in exchange for volume discounts
- Ability to service national builders across geographies
- Representation in all major MSA's



+

Local Presence

- Localized knowledge, service capability and customer relationships
- Local brands and presence enhances customer acquisition and loyalty
- Access to fragmented customer base



=

Unrivaled Platform

- Diversified earnings base by geography and segment
- Service full spectrum of customers
- Provider of supply chain efficiencies to manufacturers of insulation and other products
- Established IT systems and processes

2. Strong Competitive Advantages Differentiate TopBuild

TopBuild

TruTeam
Local Relationships. National Resources.

- ☑ Broad geographic reach enables servicing highly fragmented home building industry
- ☑ Relationships with key customers and suppliers
- ☑ Reliability and consistent service
- ☑ Building science expertise
- ☑ Employer of choice for labor
- ☑ Institutional focus on safety

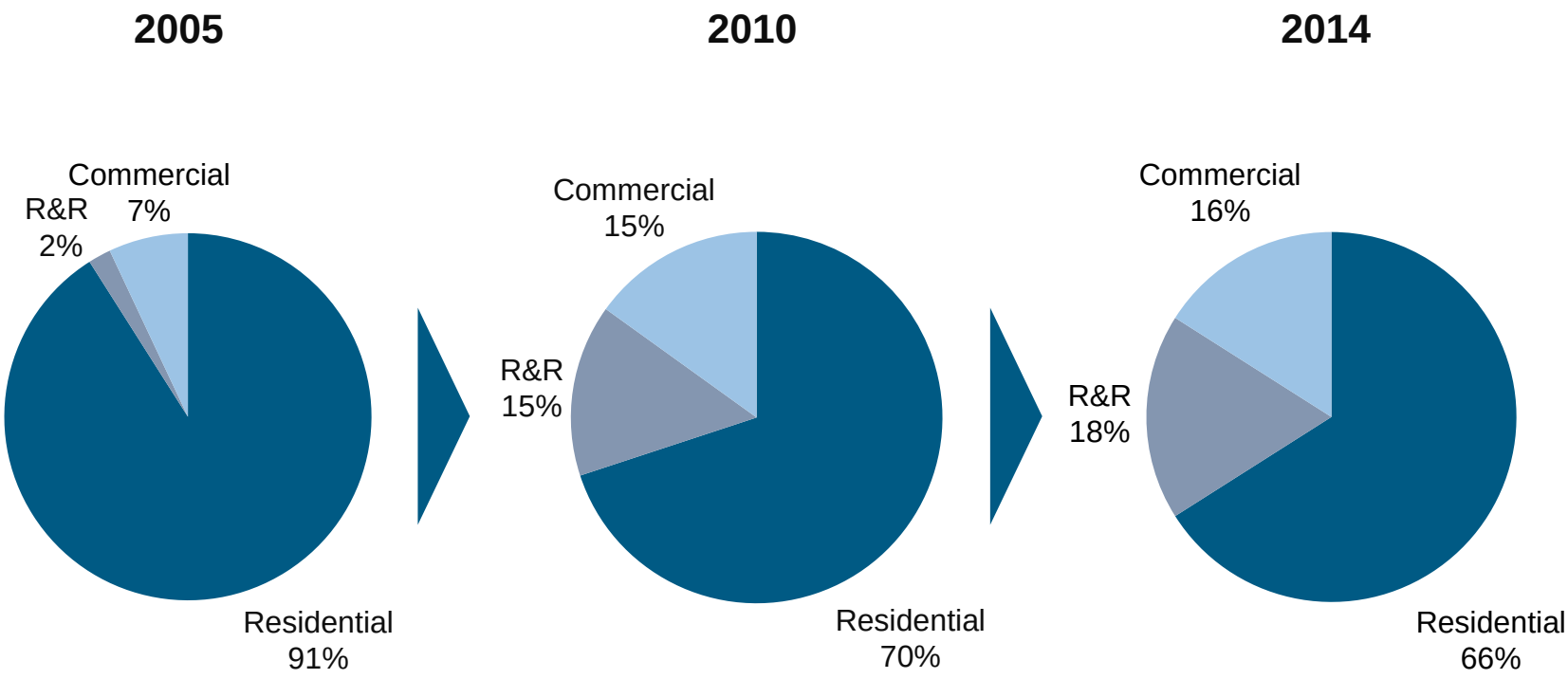
SERVICE partners

- ☑ Inventory management
- ☑ Comprehensive product selection
- ☑ Flexible delivery (less than full truck load) and next day delivery
- ☑ Credit availability
- ☑ Local brands cultivate loyalty and enhance services
- ☑ Building science expertise and knowledge of local contractors

TopBuild Home Services

- ☑ Plan review & consulting with builders
- ☑ Utility rebate processing
- ☑ Training for builders' subcontractors on proper installation techniques
- ☑ Energy Star® and code compliance checklists
- ☑ Home Energy Rating Scores (HERS)
- ☑ Testing home performance

3. Continuing to Diversify Lines of Business and Optimize Mix





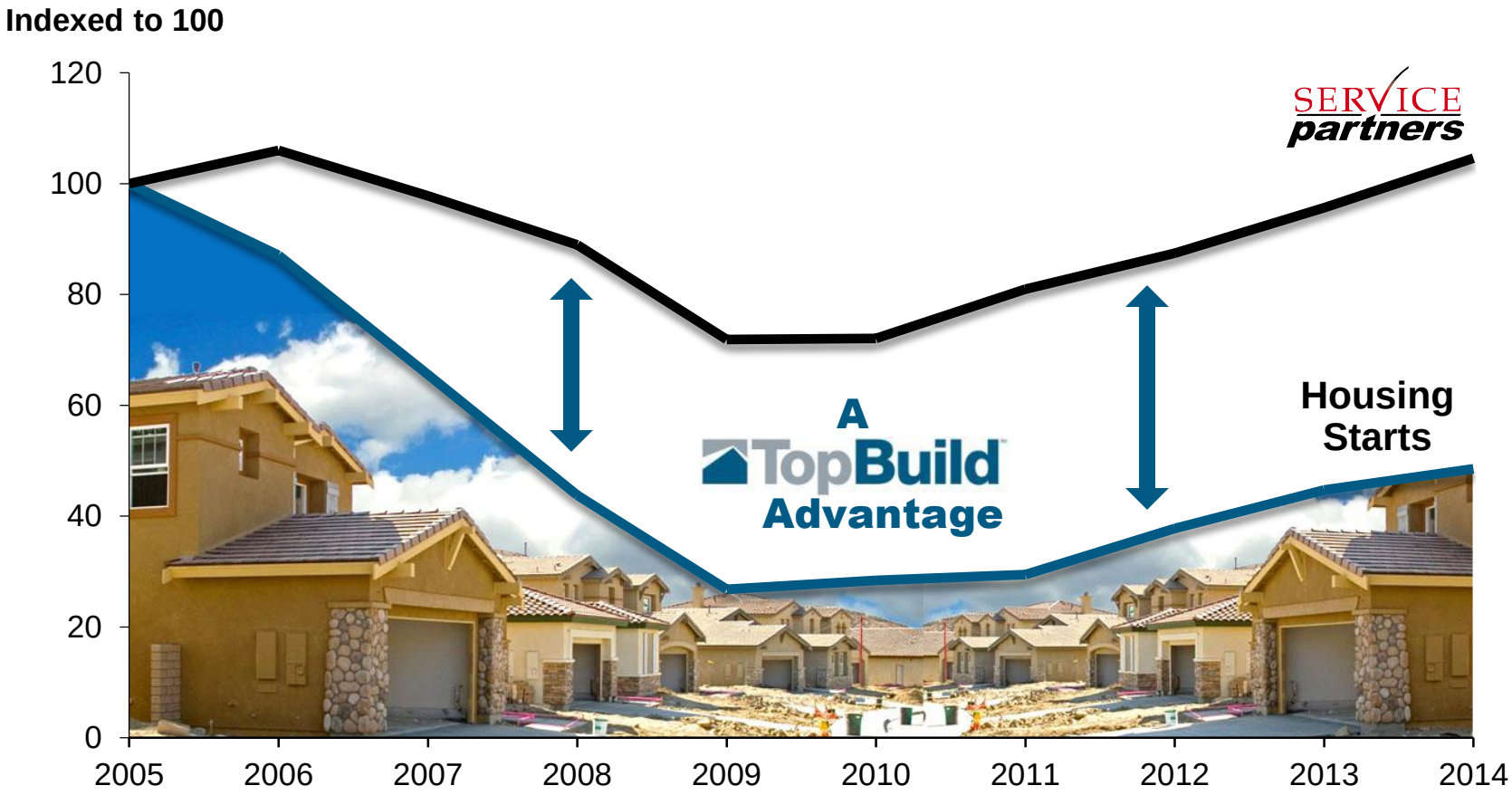




Source: Management estimates

3. Service Partners Provides Diversity – Less Cyclical and Key Defense Against Housing Start Volatility

Service Partners Sales vs. Housing Starts



4. Two Distinct Channels to Reach Broader Customer Base

TopBuild

TruTeam
Local Relationships. National Resources.

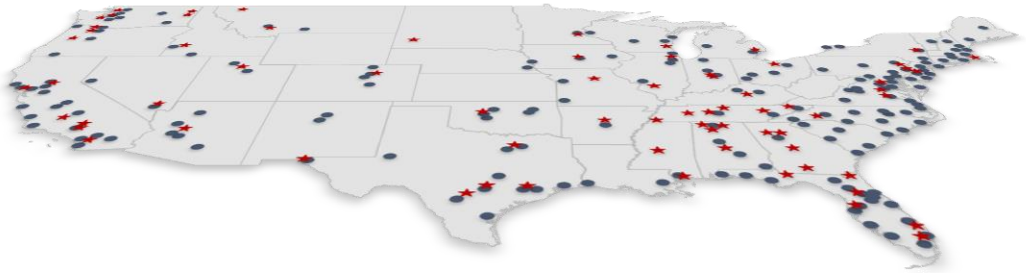
- National footprint with local brands and presence appeals to customers of all sizes
- Consistency across a broad geography-highly valued by large customers

+

SERVICE partners

- Strong relationships with local contractors
- Highly valued by local custom builders
- Diverse customer base

Reach customers regardless of size or geographic location and leverage housing growth wherever it occurs



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The Business Today

Key Strengths We Are Leveraging

Financial Position

Growth Drivers

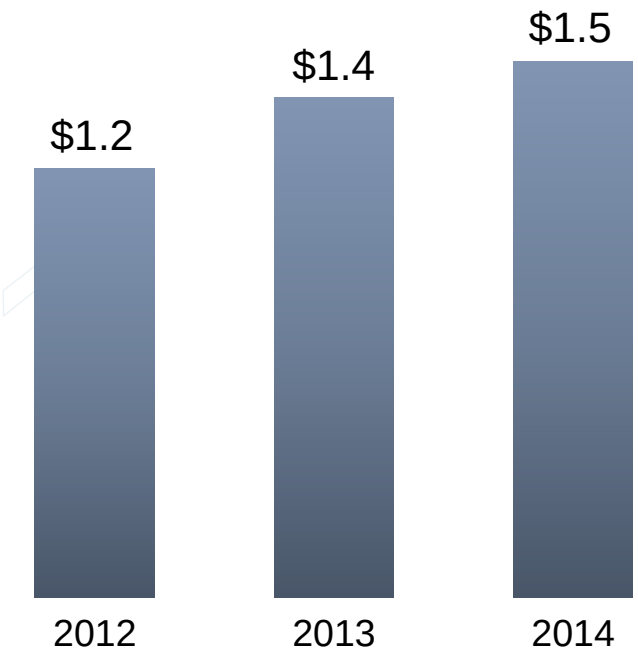




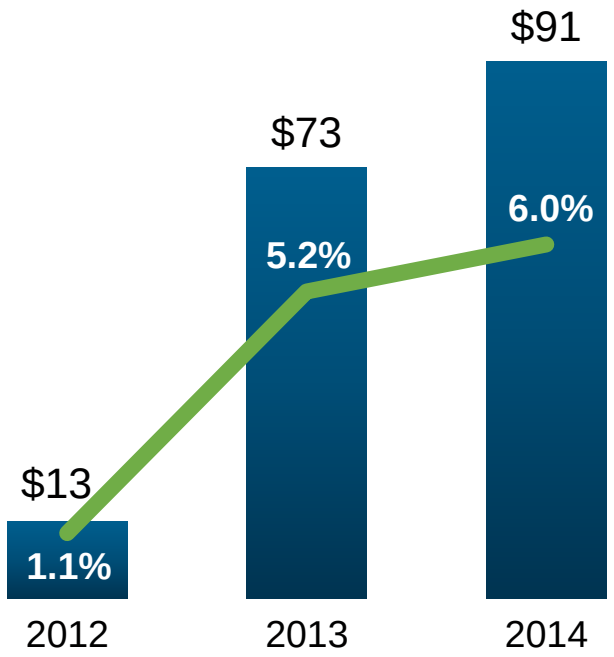


Revenue Growing, Margin Expanding

Revenue ($B)



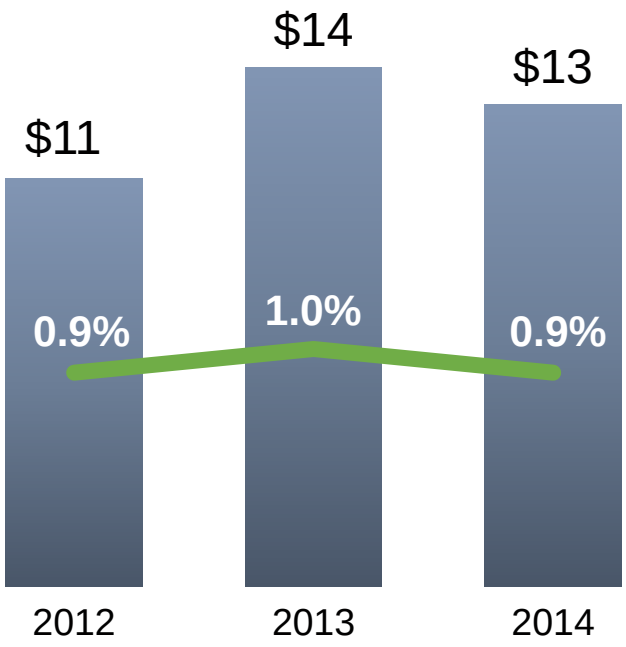
Adjusted EBITDA ($M) and EBITDA Margin



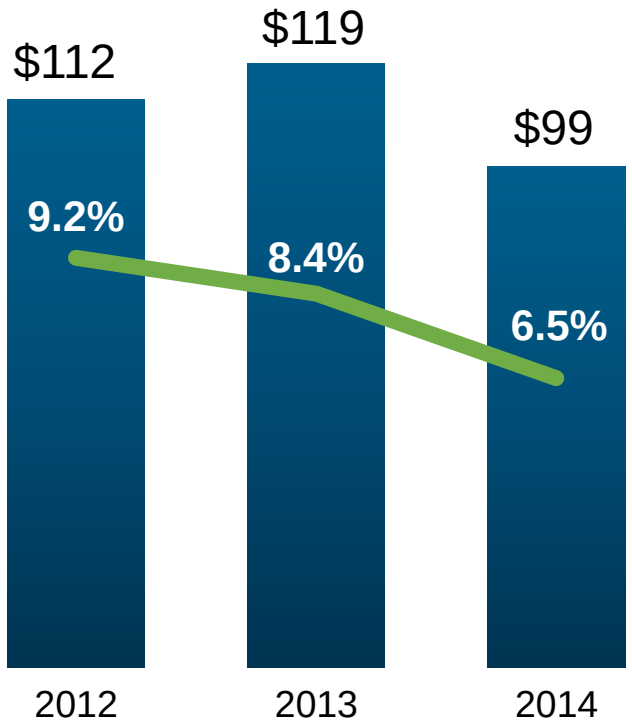
Incremental margins ~20% on revenue growth

Positioned to Self Fund Organic Growth

Capital Expenditures ($M) and % of Revenue



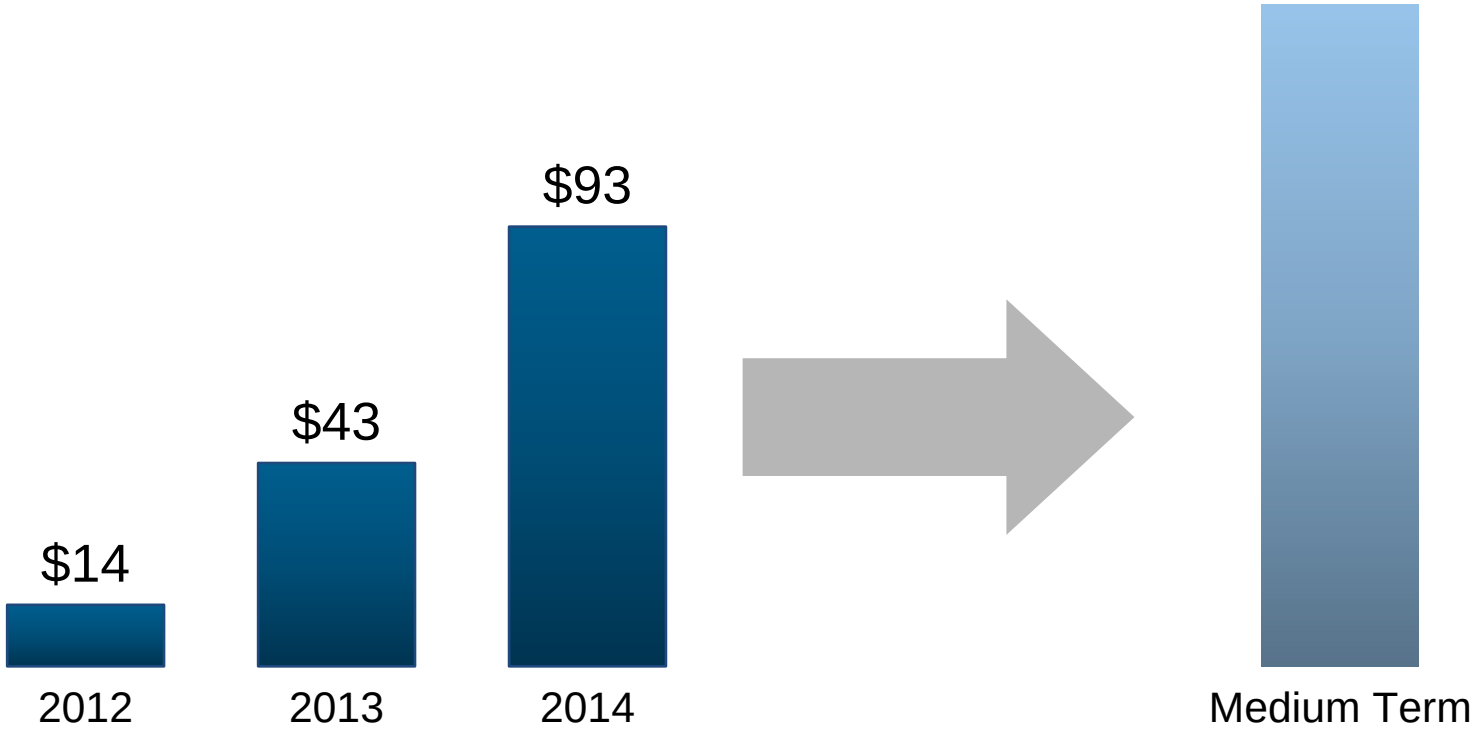
Net Working Capital* ($M) and % of Revenue



* Defined as accounts receivable plus inventory minus accounts payable

Growing Free Cash Flow Generation

$M



Free cash flow is defined as adjusted EBITDA less capex and changes in working capital per cash flow statement





Pro Forma Capitalization – Strong Balance Sheet

Conservative Net Leverage	
Long-term debt	$200
Less: Cash[1]	(20)
Total net debt	**$180**
12/31/14 EBITDA	$91

[1]TopBuild is targeting a closing cash balance of $20M

Total Debt to Adj. EBITDA

2.20X

Reflects EBITDA at 12/31/2014



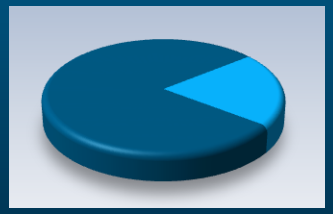




Attractive Financial Profile Provides Flexibility

Attractive Cash Flow and Balance Sheet

Optimize balance sheet



Fund organic growth



Potential acquisitions



Return of capital



Expect Smooth Transition to Public Company

- Clear path to separation from Masco
  - Already independent business with limited integration with Masco
  - Separate IT systems
  - No shared locations
- Strong governance foundation
  - Public company infrastructure in place
  - Public company governance policies and procedures established
  - Establishing independent Board of Directors
- Incremental public company costs expected to be offset by discontinued Masco corporate expense allocation and cost model improvements







Agenda

The Business Today

Key Strengths We Are Leveraging

Financial Position

Growth Drivers







Growth Drivers Going Forward

1. Benefit from macroeconomic trends driving recovery in lines of business
2. Capitalize on demand for greater energy efficiency
3. Gain share in residential market
4. Expand position in commercial market



1. Macro Economic Trends Supporting Growth

1. General economy



2. Population growth



3. Household formations



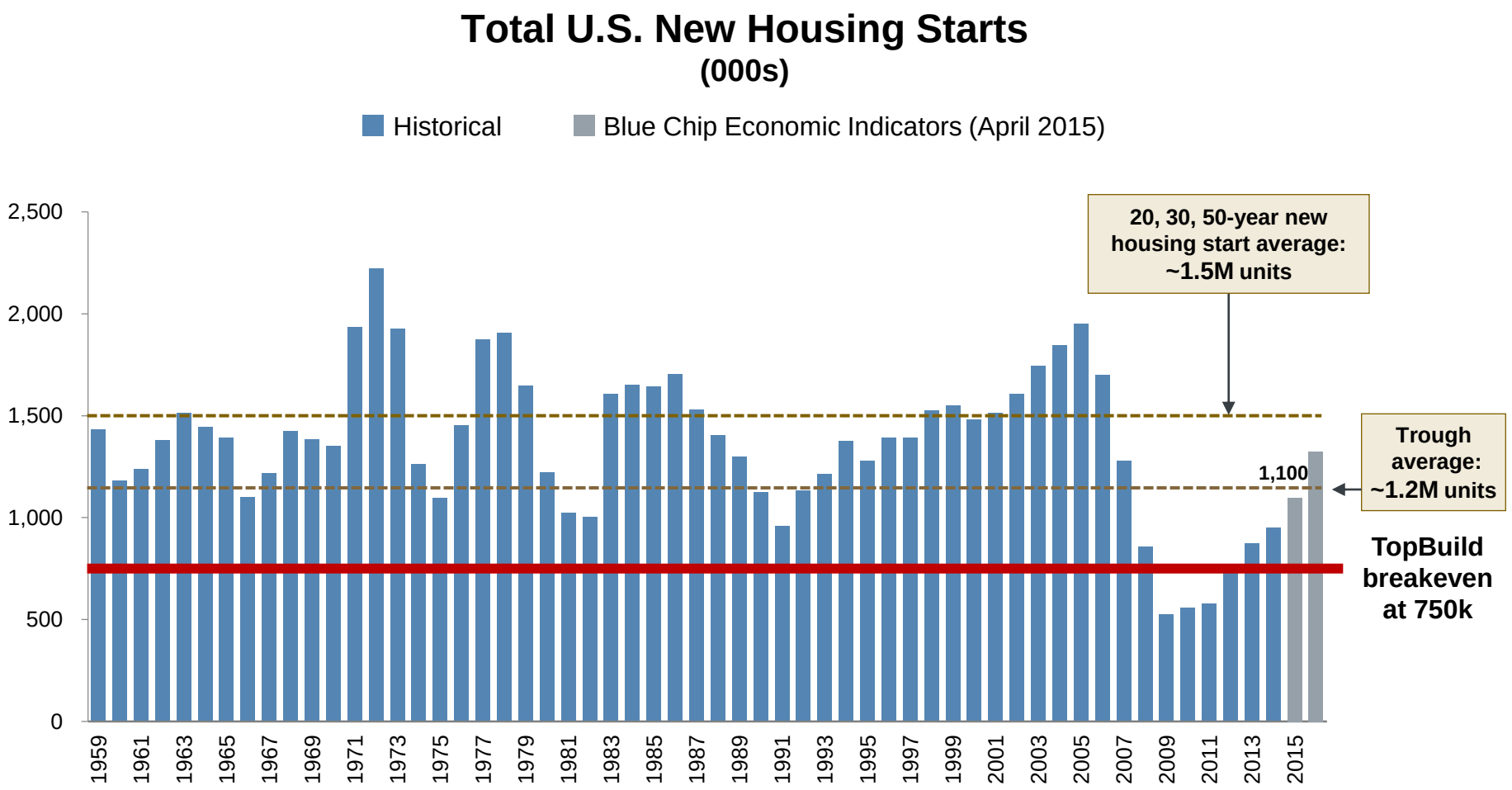
4. Age of housing stock



5. New home construction



1. Recovery in Housing Starts – Reverting Toward the Norm



Source: U.S. Census Bureau. Company estimates for 2015 housing starts forecast

2. Capitalize on Drive for Greater Energy Efficiency

Key Drivers

Regulatory

- New energy codes demand a minimum HERS[1] rating
- States increasingly adopting more stringent IECC[2] codes

Economic

- A real value proposition for consumers
  - More efficient
  - Lower operating costs
  - More comfortable



Play to Our Strengths

- Consulting with builders
- Testing home performance
- Training sales and production crews
- Creates good, better, best options

[1]Home Energy Rating System
[2]International Energy Conservation Code

3. Gain Share in Residential New Construction and Repair and Remodel Lines of Business

Key Initiatives

- Leverage strong value proposition with Top 20 Big Builders to gain share
- Continue to drive increased penetration of Regional Builders and Small Custom Builders
- Continue to grow Multi-Family business
- Drive great execution at branch level



- **$45M in TopBuild Revenue for every 50k increase in NHC starts**
- **R&R estimated to increase at GDP + 1-2%**

4. Expand Position in Commercial Business

Key Initiatives

- Leverage key capabilities and national footprint
- Build on light commercial momentum to capture additional share
- Increase focus on growing heavy commercial over the long term



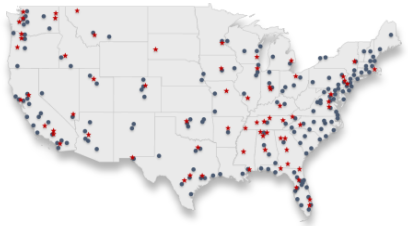
~$75-$100M incremental TopBuild opportunity by 2017

IN SUMMARY

TopBuild: Repositioned for Profitable Growth

1 Successfully repositioned business
- expansion and rationalization complete

2 Leveraging unrivaled strength
- national network, competitive advantages, diversified revenues, growing free cash flow



3 Multiple growth drivers
- market recovery, gaining share in all lines of business



Appendix



TopBuild℠







Management has repositioned the business for profitable growth

	Prior to 2005	2006–2010	2011–2014
	Expansion	**Rationalization**	**Positioning for growth**
Network & systems	■ Highly acquisitive; assembled critical mass ■ No centralized systems and processes	■ Significant investment in ERP ■ Optimized branch network	■ Leverage largest national footprint to win share in existing geographies ■ Systems and processes provide significant operating leverage
Products	■ 40+ product categories creates complex and inefficient business model	■ Focused on select, core product categories ■ Drives cost efficiency and profitability	■ Focus on driving share in core product categories ■ Disciplined approach to evaluating new product adjacencies
End market exposure	■ Capitalized on peak levels of residential new construction	■ Diversified end-market exposure ■ Leverage capabilities in commercial and repair and remodel	■ Capitalize on residential upturn and grow share ■ Grow share in commercial and repair & remodel lines of business
Cost model	■ Large but overlapping labor force ■ Administrative functions performed at branch level ■ Large fixed cost base	■ Streamlined labor force ■ Optimized systems and processes to improve profitability	■ Leverage highly productive and mobile labor across growing markets ■ Improved utilization of administrative functions and processes ■ Removed over $200mm of annual run-rate fixed costs since 2006 ■ Lean/continuous improvement culture

Overview and demand drivers of insulation industry

Snapshot of insulation industry

Cycle element

- **Residential:** Early in cycle upturn
- **Commercial:** Strong growth over medium term
- **R&R:** Stable and predictable growth

Growth drivers

Energy efficiency

- Regulatory – increasingly stringent building codes
- Economic – quantifiable cost savings
- Social – sustainability

Industry overview

Primary manufacturers of fiberglass insulation

CertainTeed · Johns Manville · KNAUF · Owens Corning

TopBuild

Residential new construction is highly fragmented

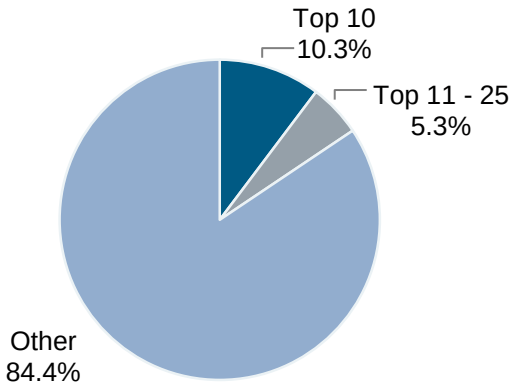
- Over 50,000 home builders in the US
- 50% of housing starts are covered by large national and regional builders:
  - Top 20 national builders represent ~16% of housing starts
  - 200 regional builders represent ~34% of starts

TopBuild possesses a diverse customer base with low levels of customer concentration

TopBuild Group

- Diverse customer base including
  - 20 largest national home builders
  - Custom builders
  - Single-family and multi-family contractors
  - Commercial general contractors

Customer fragmentation



TruTeam

- No customer greater than 4% of total sales revenue
- Top 5 customers comprise <8% of total sales revenue
- Top 25 customers comprise <15% of total sales revenue

Service Partners

- No customer greater than 2% of total sales revenue
- Top 5 customers comprise <3% of total sales revenue
- Top 25 customers comprise <6% of total sales revenue

TopBuild is an employer of choice and dependable partner for its customers

1 Employer of choice

- ✓ Industry leading safety and training programs
- ✓ High screening standards
- ✓ Strong safety culture
- ✓ Continuous improvement
- ✓ Broad recruiting reach

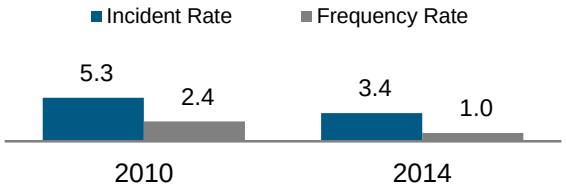
2 National sales force with local presence

- ✓ Over 600 sales force personnel –largest in residential insulation industry
- ✓ National reach with recognized brands and local presence
- ✓ Leverage leading tools and processes to go to market

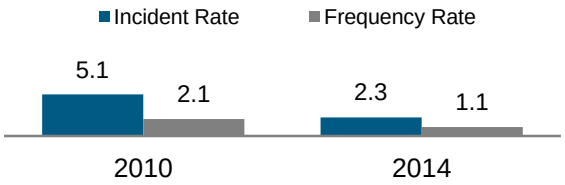
3 Productive and mobile labor force

- ✓ Large workforce with national reach
- ✓ Best-in-class IT systems and processes
- ✓ Improved utilization of administrative functions and processes
- ✓ Mobile across geographies

TruTeam safety metrics



Service Partners safety metrics



Sales and labor force drive client retention

Large sales force with local presence and knowledge of local building codes

+

Large, dependable, highly trained and productive labor force

=

A real relationship advantage with our customers

Strong experienced and stable management team

- Experienced executive team with average tenure in excess of 20 years in building products
- Highly trained and experienced managers encourages entrepreneurship and facilitates strong local relationships
- Executive team and national/regional managers oversee branches and drive strategic agenda



Jerry Volas
CEO
32 years in the Building Products Industry



Robert Buck
President, COO
23 years in the Building Products Industry



John Peterson
CFO
10 years in the Building Products Industry

TruTeam
Local Relationships. National Resources.

SERVICE partners

TruTeam		Service Partners	
Regional Leadership		Regional Leadership	
~500 Sales personnel	~4,000 Installation contractors	~140 Sales personnel	~600 Distribution personnel[1]

[1] Distribution personnel classified as drivers

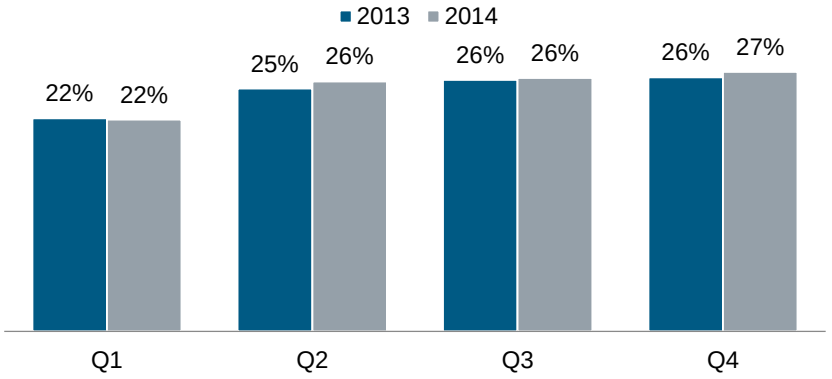
Seasonality and timing of revenue and earnings

Commentary

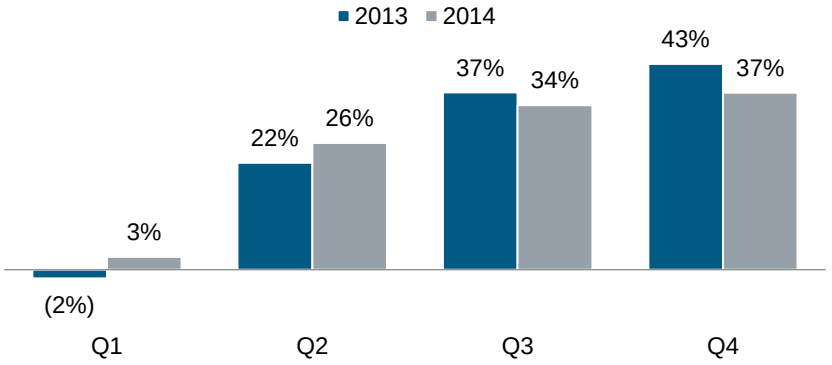
- Strongest sales typically during the third and fourth calendar quarters
  - Corresponds with peak season for residential new construction and residential repair/remodel activity
- Insulation demand typically lags construction starts
  - Single family: 45-90 days
  - Multifamily/commercial: 150-240 days

*Before general corporate expense and intercompany eliminations and other adjustments

Revenue



EBIT (segment operating profit)*



TopBuild Adjusted EBITDA Reconciliation

TopBuild Adjusted EBITDA
($ in Millions)

	2012	2013	2014
Operating profit, as reported	($116)	$24	$41
Depreciation & Amortization	30	28	26
EBITDA	-$86	$52	$67
Adjustments:			
Non-recurring litigation and rationalization expenses (1)	$77	$2	$2
Stock-based compensation	4	4	4
Total allocated corporate expenses (2)	42	38	40
Expected standalone corporate expenses (3)	-22	-22	-22
Total adjustments	$101	$22	$24
Adjusted EBITDA	$14	$73	$91

(1) Includes non-recurring litigation settlement charges of $76 million, principally related to Columbus Drywall litigation, in which Masco denied wrongdoing and settled to eliminate the expense and uncertainty of litigation

(2) Represents total allocated expenses including a portion of previously unallocated expenses per accounting rule for carve out statements

(3) Represents management expectations of stand-alone corporate expenses

Top Build Free Cash Flow Reconciliation

TopBuild Free Cash Flow

($ in millions)

	2012	2013	2014
Adjusted EBITDA	$14	$73	$91
Less capex per cash flow statement	-11	-14	-13
Adjusted for changes in working capital per cash flow statement			
Receivables	-20	-22	-16
Inventory	-9	-13	-9
Accounts payable and accrued liabilities	40	19	40
Free Cash Flow	$14	$43	$93