



Installed Building Products Reports Record Second Quarter 2023 Results; Declares Regular Quarterly Cash Dividend

August 2, 2023

COLUMBUS, Ohio--(BUSINESS WIRE)--Aug. 2, 2023-- Installed Building Products, Inc. (the "Company" or "IBP") (NYSE: IBP), an industry-leading installer of insulation and complementary building products, today announced results for the second quarter ended June 30, 2023.

Second Quarter 2023 Highlights (Comparisons are to Prior Year Period)

- Net revenue increased 2.3% to a second quarter record of \$692.1 million
 - Installation revenue increased 2.2% to \$651.9 million, driven by IBP's multi-family and commercial new construction end markets and acquisitions
 - Other revenue, which includes IBP's manufacturing and distribution operations, increased from \$38.8 million to \$40.2 million, driven entirely by same branch sales growth
- Net income increased 2.8% to a second quarter record of \$61.6 million
- Adjusted EBITDA* increased to a record \$122.2 million
- Net income per diluted share increased 5.3% to a second quarter record of \$2.18
- Adjusted net income per diluted share* increased 5.6% to a record of \$2.62
- At June 30, 2023, IBP had \$255.2 million in cash and cash equivalents
- Declared second quarter dividend of \$0.33 per share which was paid to shareholders on June 30, 2023
- Marchelle E. Moore elected as an independent director to the Company's Board of Directors

Recent Developments

- IBP's Board of Directors declared the third quarter regular cash dividend of \$0.33 per share

"During the second quarter we remained focused on prioritizing profitability over volume while maintaining a high level of installation service for our customers across the country. Despite softer volume trends in our single-family end market, the effort of our employees in the field across end markets translated into record second-quarter revenue, net income, and earnings per share. In addition, we generated \$64.3 million in operating cash flow during the second quarter, which given our asset-light business model, further contributed to our financial flexibility," stated Jeff Edwards, Chairman and Chief Executive Officer.

Mr. Edwards continued, "The ongoing strength in our multifamily business, which increased 38.3% on a same branch basis during the second quarter helped offset softer single-family sales. In addition, we continued to experience both sequential and year-over-year improvements in our commercial sales. Our diverse end market mix has been supportive of our sales during the second quarter as fewer installation jobs in our single-family end market than the prior year period were partially offset by commercial and multi-family sales growth. While we expect cyclical to continue in the housing industry, we believe the long-term opportunities in our residential and commercial end markets are favorable."

"Overall, residential housing construction activity remains resilient as stable employment and relatively low existing home inventory levels continue to support demand for residential new construction activity," concluded Mr. Edwards.

Acquisition Update

IBP continues to prioritize profitable growth through its proven strategy of acquiring well-run installers of insulation and complementary building products. To date in 2023, IBP has acquired approximately \$48 million of annual revenue and expects to acquire at least \$100 million of revenue for the full year.

During the 2023 second quarter, IBP completed the following acquisitions:

- In April 2023, IBP acquired Insulco Insulation, LLC., a Florida-based installer of fiberglass and spray foam insulation serving residential and commercial customers with annual revenue of approximately \$3 million.
- In June 2023, IBP acquired AGT&L, Inc., (doing business as Absolute Insulation) a Texas-based installer of fiberglass, spray foam, and cellulose insulation serving residential and commercial customers with annual revenue of approximately \$3 million.

2023 Third Quarter Cash Dividend and Potential Repricing for Term Loan B Facility

IBP's Board of Directors has approved the Company's quarterly cash dividend of \$0.33 per share, payable on September 30, 2023, to stockholders of record on September 15, 2023. The third quarter regular cash dividend represents a 5% increase from last year's third quarter cash dividend payment.

IBP is seeking to reprice its existing approximately \$500 million Term Loan B facility. This proposed refinancing is subject to market and other conditions, and there can be no assurance that it will be completed.

Second Quarter 2023 Results Overview

For the second quarter of 2023, net revenue was \$692.1 million, an increase of 2.3% from \$676.7 million for the second quarter of 2022. On a

consolidated same branch basis, net revenue declined 1.5% from the prior year quarter, which was primarily attributable to a 10% decline in our reported job volume partially offset by a 7% increase in price/mix. Residential sales growth within our Installation segment was down 5.4% on a same branch basis in the quarter, with 38.3% same branch sales growth in our multifamily end market partially offsetting a 13.3% decline in our single-family same branch sales. Commercial same branch sales growth continued to improve, increasing 16.1% from the prior year quarter.

Gross profit improved 7.3% to \$232.5 million from \$216.7 million in the prior year quarter. Gross profit and adjusted gross profit* as a percent of total revenue was 33.6% up from 32.0% for both metrics the same period last year. Adjusted gross profit primarily adjusts for the Company's share-based compensation expense.

Selling and administrative expense, as a percent of net revenue, was 18.6% compared to 16.8% in the prior year quarter. Adjusted selling and administrative expense*, as a percent of net revenue, was 17.9% compared to 16.1% in the prior year quarter.

Net income was \$61.6 million, or \$2.18 per diluted share, compared to \$59.9 million, or \$2.07 per diluted share in the prior year quarter. Adjusted net income* was \$74.0 million, or \$2.62 per diluted share, compared to \$71.7 million, or \$2.48 per diluted share in the prior year quarter. Adjusted net income accounts for the impact of non-core items in both periods, including an addback for non-cash amortization expense related to acquisitions.

EBITDA* was \$116.7 million a 1.6% increase from \$114.8 million in the prior year quarter as relatively stable year-over-year margins combined with incremental sales growth driven by acquisitions. Adjusted EBITDA* was \$122.2 million, a 2.3% increase from \$119.5 million in the prior year quarter and a quarterly record.

Conference Call and Webcast

The Company will host a conference call and webcast on August 2, 2023 at 10:00 a.m. Eastern Time to discuss these results. To participate in the call, please dial 877-407-0792 (domestic) or 201-689-8263 (international). The live webcast will be available at www.installdbuidingproducts.com in the investor relations section. A replay of the conference call will be available through September 2, 2023, by dialing 844-512-2921 (domestic) or 412-317-6671 (international) and entering the passcode 13738795.

About Installed Building Products

Installed Building Products, Inc. is one of the nation's largest new residential insulation installers and is a diversified installer of complementary building products, including waterproofing, fire-stopping, fireproofing, garage doors, rain gutters, window blinds, shower doors, closet shelving and mirrors and other products for residential and commercial builders located in the continental United States. The Company manages all aspects of the installation process for its customers, from direct purchase and receipt of materials from national manufacturers to its timely supply of materials to job sites and quality installation. The Company offers its portfolio of services for new and existing single-family and multi-family residential and commercial building projects in all 48 continental states and the District of Columbia from its national network of over 240 branch locations.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws, including with respect to the housing market and the commercial market, our operations, industry and economic conditions, our financial and business model, payment of dividends, the demand for our services and product offerings, expansion of our national footprint and end markets, diversification of our products, our ability to grow and strengthen our market position, our ability to pursue and integrate value-enhancing acquisitions and the expected amount of acquired revenue, our ability to improve sales and profitability, and expectations for demand for our services and our earnings. Forward-looking statements may generally be identified by the use of words such as "anticipate," "believe," "expect," "intends," "plan," and "will" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Any forward-looking statements that we make herein and in any future reports and statements are not guarantees of future performance, and actual results may differ materially from those expressed in or suggested by such forward-looking statements as a result of various factors, including, without limitation, the adverse impact of the ongoing COVID-19 pandemic; general economic and industry conditions; rising home prices; inflation and interest rates; the material price and supply environment; the timing of increases in our selling prices; the risk that the Company may reduce, suspend or eliminate dividend payments in the future; and the factors discussed in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2022, as the same may be updated from time to time in our subsequent filings with the Securities and Exchange Commission. In addition, any future declaration of dividends will be subject to the final determination of our Board of Directors. Any forward-looking statement made by the Company in this press release speaks only as of the date hereof. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or how they may affect it. The Company has no obligation, and does not intend, to update any forward-looking statements after the date hereof, except as required by federal securities laws.

*Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release contains the non-GAAP financial measures of EBITDA, Adjusted EBITDA, Adjusted EBITDA margin (i.e., Adjusted EBITDA divided by net revenue), Adjusted Net Income, Adjusted Net Income per diluted share, Adjusted Gross Profit and Adjusted Selling and Administrative expense. The reasons for the use of these measures, reconciliations of EBITDA, Adjusted EBITDA, Adjusted Net Income, Adjusted Net Income per diluted share, Adjusted Gross Profit, and Adjusted Selling and Administrative expense to the most directly comparable GAAP measures and other information relating to these measures are included below following the unaudited condensed consolidated financial statements. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for IBP's financial results prepared in accordance with GAAP.

INSTALLED BUILDING PRODUCTS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(unaudited, in thousands, except share and per share amounts)

| Three months ended June 30, | | Six months ended June 30, | |
|--------------------------------|------|---------------------------|------|
| 2023 | 2022 | 2023 | 2022 |

| | | | | |
|--|------------------|------------------|-------------------|------------------|
| Net revenue | \$ 692,100 | \$ 676,749 | \$ 1,351,409 | \$ 1,264,241 |
| Cost of sales | <u>459,625</u> | <u>460,040</u> | <u>908,512</u> | <u>875,129</u> |
| Gross profit | 232,475 | 216,709 | 442,897 | 389,112 |
| Operating expenses | | | | |
| Selling | 32,902 | 29,371 | 65,509 | 54,563 |
| Administrative | 95,984 | 84,030 | 185,488 | 163,174 |
| Amortization | <u>11,256</u> | <u>11,261</u> | <u>22,691</u> | <u>22,358</u> |
| Operating income | 92,333 | 92,047 | 169,209 | 149,017 |
| Other expense, net | | | | |
| Interest expense, net | 9,828 | 10,401 | 19,498 | 21,001 |
| Other (income) expense | <u>(186)</u> | <u>368</u> | <u>(339)</u> | <u>513</u> |
| Income before income taxes | 82,691 | 81,278 | 150,050 | 127,503 |
| Income tax provision | <u>21,094</u> | <u>21,374</u> | <u>39,179</u> | <u>33,777</u> |
| Net income | <u>\$ 61,597</u> | <u>\$ 59,904</u> | <u>\$ 110,871</u> | <u>\$ 93,726</u> |
| Other comprehensive (loss) income, net of tax: | | | | |
| Net change on cash flow hedges, net of tax benefit (provision) of \$(1,928) and \$(3,603) for the three months ended June 30, 2023 and 2021, respectively. | <u>5,402</u> | <u>10,150</u> | <u>(907)</u> | <u>28,261</u> |
| Comprehensive income | \$ 66,999 | \$ 70,054 | \$ 109,964 | \$ 121,987 |
| Earnings Per Share: | | | | |
| Basic | \$ 2.19 | \$ 2.08 | \$ 3.94 | \$ 3.23 |
| Diluted | \$ 2.18 | \$ 2.07 | \$ 3.92 | \$ 3.21 |
| Weighted average shares outstanding: | | | | |
| Basic | 28,174,279 | 28,781,866 | 28,125,251 | 29,040,693 |
| Diluted | 28,273,334 | 28,894,140 | 28,276,049 | 29,235,997 |
| Cash dividends declared per share | \$ 0.33 | \$ 0.32 | \$ 1.56 | \$ 1.53 |

INSTALLED BUILDING PRODUCTS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except share and per share amounts)

| | <u>June 30,</u> <u>2023</u> | <u>December 31,</u> <u>2022</u> |
|---|--------------------------------|------------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 255,226 | \$ 229,627 |
| Accounts receivable (less allowance for credit losses of \$10,634 and \$9,549 at June 30, 2023 and December 31, 2022, respectively) | 416,601 | 397,222 |
| Inventories | 163,378 | 176,629 |
| Prepaid expenses and other current assets | <u>82,897</u> | <u>80,933</u> |
| Total current assets | 918,102 | 884,411 |
| Property and equipment, net | 130,979 | 118,774 |
| Operating lease right-of-use assets | 76,582 | 76,174 |
| Goodwill | 393,493 | 373,555 |
| Customer relationships, net | 187,507 | 192,328 |
| Other intangibles, net | 91,919 | 91,145 |
| Other non-current assets | <u>37,358</u> | <u>42,545</u> |
| Total assets | <u>\$ 1,835,940</u> | <u>\$ 1,778,932</u> |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | |
| Current liabilities | | |
| Current maturities of long-term debt | \$ 31,661 | \$ 30,983 |
| Current maturities of operating lease obligations | 26,389 | 26,145 |
| Current maturities of finance lease obligations | 2,702 | 2,508 |
| Accounts payable | 138,029 | 149,186 |
| Accrued compensation | 51,932 | 51,608 |
| Other current liabilities | <u>63,821</u> | <u>67,631</u> |
| Total current liabilities | 314,534 | 328,061 |
| Long-term debt | 831,282 | 830,171 |
| Operating lease obligations | 49,975 | 49,789 |
| Finance lease obligations | 6,996 | 6,397 |
| Deferred income taxes | 27,906 | 28,458 |

| | | |
|--|---------------------------|---------------------|
| Other long-term liabilities | 44,575 | 42,557 |
| Total liabilities | 1,275,268 | 1,285,433 |
| Commitments and contingencies (Note 16) | | |
| Stockholders' equity | | |
| Preferred Stock; \$0.01 par value: 5,000,000 authorized and 0 shares issued and outstanding at June 30, 2023 and December 31, 2022, respectively | — | — |
| Common stock; \$0.01 par value: 100,000,000 authorized, 33,582,403 and 33,429,557 issued and 28,410,568 and 28,306,482 shares outstanding at June 30, 2023 and December 31, 2022, respectively | 336 | 334 |
| Additional paid in capital | 236,123 | 228,827 |
| Retained earnings | 579,691 | 513,095 |
| Treasury stock; at cost: 5,171,835 and 5,123,075 shares at June 30, 2023 and December 31, 2022, respectively | (295,131) | (289,317) |
| Accumulated other comprehensive income | 39,653 | 40,560 |
| Total stockholders' equity | 560,672 | 493,499 |
| Total liabilities and stockholders' equity | <u>\$ 1,835,940</u> | <u>\$ 1,778,932</u> |
| | Six months ended June 30, | |
| | 2023 | 2022 |
| Cash flows from operating activities | | |
| Net income | \$ 110,871 | \$ 93,726 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization of property and equipment | 25,416 | 23,162 |
| Amortization of operating lease right-of-use assets | 14,446 | 13,224 |
| Amortization of intangibles | 22,691 | 22,358 |
| Amortization of deferred financing costs and debt discount | 951 | 961 |
| Provision for credit losses | 3,196 | 1,887 |
| Gain on sale of property and equipment | (1,203) | (511) |
| Noncash stock compensation | 7,121 | 7,078 |
| Other, net | (5,543) | 1,668 |
| Changes in assets and liabilities, excluding effects of acquisitions | | |
| Accounts receivable | (17,492) | (66,719) |
| Inventories | 14,724 | (33,481) |
| Other assets | 4,933 | (1,474) |
| Accounts payable | (16,300) | 19,259 |
| Income taxes receivable/payable | (4,841) | 11,466 |
| Other liabilities | (20,877) | 6,855 |
| Net cash provided by operating activities | <u>138,093</u> | <u>99,459</u> |
| Cash flows from investing activities | | |
| Purchases of investments | — | (124,713) |
| Maturities of short term investments | — | 30,000 |
| Purchases of property and equipment | (28,330) | (24,512) |
| Acquisitions of businesses, net of cash acquired of \$10 and \$337 in 2022 and 2021, respectively | (40,182) | (72,463) |
| Proceeds from sale of property and equipment | 1,457 | 830 |
| Settlements with interest rate swap counterparties | 7,760 | — |
| Other | (225) | (7,047) |
| Net cash used in investing activities | <u>\$ (59,520)</u> | <u>\$ (197,905)</u> |
| | Six months ended June 30, | |
| | 2023 | 2022 |
| Cash flows from financing activities | | |
| Payments on Term Loan | \$ (2,500) | \$ (2,500) |
| Proceeds from vehicle and equipment notes payable | 18,299 | 13,325 |
| Debt issuance costs | — | (657) |
| Principal payments on long-term debt | (14,793) | (16,158) |
| Principal payments on finance lease obligations | (1,449) | (1,085) |
| Dividends paid | (44,471) | (44,877) |
| Acquisition-related obligations | (2,246) | (9,024) |
| Repurchase of common stock | — | (99,665) |
| Surrender of common stock awards by employees | (5,814) | (4,459) |
| Net cash used in financing activities | <u>(52,974)</u> | <u>(165,100)</u> |
| Net change in cash and cash equivalents | 25,599 | (263,545) |
| Cash and cash equivalents at beginning of period | 229,627 | 333,485 |
| Cash and cash equivalents at end of period | <u>\$ 255,226</u> | <u>\$ 69,940</u> |

Supplemental disclosures of cash flow information

Net cash paid during the period for:

| | | | | |
|------------------------------|----|--------|----|--------|
| Interest | \$ | 20,807 | \$ | 22,586 |
| Income taxes, net of refunds | | 44,096 | | 22,311 |

Supplemental disclosure of noncash activities

| | | | | |
|---|----|--------|----|--------|
| Right-of-use assets obtained in exchange for operating lease obligations | \$ | 14,713 | \$ | 16,561 |
| Release of indemnification of acquisition-related debt | | — | | 980 |
| Property and equipment obtained in exchange for finance lease obligations | | 2,232 | | 2,600 |
| Seller obligations in connection with acquisition of businesses | | 7,714 | | 25,278 |
| Unpaid purchases of property and equipment included in accounts payable | | 4,860 | | 1,058 |

INSTALLED BUILDING PRODUCTS, INC.
SEGMENT INFORMATION
(unaudited, in thousands)

Information on Segments

Our Company has three operating segments consisting of Installation, Distribution and Manufacturing. The Other category reported below reflects the operations of our Distribution and Manufacturing operating segments.

| | Three months ended June 30, 2023 | | | | Six months ended June 30, 2023 | | | |
|---------------------------------|----------------------------------|-----------|--------------|--------------|--------------------------------|-----------|--------------|--------------|
| | Installation | Other | Eliminations | Consolidated | Installation | Other | Eliminations | Consolidated |
| Revenue | \$ 651,866 | \$ 42,283 | \$ (2,049) | \$ 692,100 | \$ 1,274,608 | \$ 81,005 | \$ (4,204) | \$ 1,351,409 |
| Cost of sales ⁽¹⁾ | 418,661 | 30,371 | (1,583) | 447,449 | 829,046 | 58,829 | (3,349) | 884,526 |
| Segment gross profit | \$ 233,205 | \$ 11,912 | \$ (466) | \$ 244,651 | \$ 445,562 | \$ 22,176 | \$ (855) | \$ 466,883 |
| Segment gross profit percentage | 35.8% | 28.2% | 22.7% | 35.3% | 35.0% | 27.4% | 20.3% | 34.5% |

| | Three months ended June 30, 2022 | | | | Six months ended June 30, 2022 | | | |
|---------------------------------|----------------------------------|-----------|--------------|--------------|--------------------------------|-----------|--------------|--------------|
| | Installation | Other | Eliminations | Consolidated | Installation | Other | Eliminations | Consolidated |
| Revenue | \$ 637,998 | \$ 40,291 | \$ (1,540) | \$ 676,749 | \$ 1,199,629 | \$ 66,941 | \$ (2,329) | \$ 1,264,241 |
| Cost of sales ⁽¹⁾ | 419,812 | 30,392 | (1,290) | \$ 448,914 | 805,504 | 49,765 | (1,899) | 853,370 |
| Segment gross profit | \$ 218,186 | \$ 9,899 | \$ (250) | \$ 227,835 | \$ 394,125 | \$ 17,176 | \$ (430) | \$ 410,871 |
| Segment gross profit percentage | 34.2% | 24.6% | 16.2% | 33.7% | 32.9% | 25.7% | 18.5% | 32.5% |

(1) Cost of sales included in segment gross profit is exclusive of depreciation and amortization for the three and six months ended June 30, 2023 and 2022.

The reconciliation between consolidated segment gross profit for each period as shown in the tables above to consolidated income before income taxes as follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|------------|---------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Segment gross profit - consolidated | \$ 244,651 | \$ 227,835 | 466,883 | 410,871 |
| Depreciation and amortization ⁽¹⁾ | 12,176 | 11,126 | 23,986 | 21,759 |
| Gross profit, as reported | 232,475 | 216,709 | 442,897 | 389,112 |
| Operating expenses | 140,142 | 124,662 | 273,688 | 240,095 |
| Operating income | 92,333 | 92,047 | 169,209 | 149,017 |
| Other expense, net | 9,642 | 10,769 | 19,159 | 21,514 |
| Income before income taxes | \$ 82,691 | \$ 81,278 | 150,050 | 127,503 |

(1) Depreciation and amortization is excluded from segment gross profit for the three and six months ended June 30, 2023 and 2022.

INSTALLED BUILDING PRODUCTS, INC.
REVENUE BY END MARKET
(unaudited, in thousands)

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|------------------------------|-----------------------------|-----|------------|-----|---------------------------|-----|------------|-----|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| Installation: | | | | | | | | |
| Residential new construction | \$ 495,699 | 71% | \$ 505,513 | 75% | \$ 970,795 | 72% | \$ 947,916 | 75% |
| Repair and remodel | 38,939 | 6% | 37,965 | 5% | 76,613 | 5% | 70,606 | 6% |
| Commercial | 117,227 | 17% | 94,520 | 14% | 227,200 | 17% | 181,107 | 14% |
| Net revenue, Installation | 651,865 | 94% | 637,998 | 94% | 1,274,608 | 94% | 1,199,629 | 95% |

| | | | | | | | | |
|--------------------------|-------------------|------|-------------------|------|--------------------|------|--------------------|------|
| Other | 40,235 | 6% | 38,751 | 6% | 76,801 | 6% | 64,612 | 5% |
| Net revenue, as reported | <u>\$ 692,100</u> | 100% | <u>\$ 676,749</u> | 100% | <u>\$1,351,409</u> | 100% | <u>\$1,264,241</u> | 100% |

Reconciliation of Non-GAAP Financial Measures

EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, Adjusted Gross Profit and Adjusted Selling and Administrative Expense measure performance by adjusting GAAP net income, EBITDA, gross profit and selling and administrative expense, respectively, for certain income or expense items that are not considered part of our core operations. We believe that the presentation of these measures provides useful information to investors regarding our results of operations because it assists both investors and us in analyzing and benchmarking the performance and value of our business.

We believe the Adjusted EBITDA measure is useful to investors and us as a measure of comparative operating performance from period to period as it measures our changes in pricing decisions, cost controls and other factors that impact operating performance, and removes the effect of our capital structure (primarily interest expense), asset base (primarily depreciation and amortization), items outside our control (primarily income taxes) and the volatility related to the timing and extent of other activities such as asset impairments and non-core income and expenses. Accordingly, we believe that this measure is useful for comparing general operating performance from period to period. In addition, we use various EBITDA-based measures in determining the achievement of awards under certain of our incentive compensation programs. Other companies may define Adjusted EBITDA differently and, as a result, our measure may not be directly comparable to measures of other companies. In addition, Adjusted EBITDA may be defined differently for purposes of covenants contained in our revolving credit facility or any future facility.

Although we use the Adjusted EBITDA measure to assess the performance of our business, the use of the measure is limited because it does not include certain material expenses, such as interest and taxes, necessary to operate our business. Adjusted EBITDA should be considered in addition to, and not as a substitute for, GAAP net income as a measure of performance. Our presentation of this measure should not be construed as an indication that our future results will be unaffected by unusual or non-recurring items. This measure has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Because of these limitations, this measure is not intended as an alternative to net income as an indicator of our operating performance, as an alternative to any other measure of performance in conformity with GAAP or as an alternative to cash flow provided by operating activities as a measure of liquidity. You should therefore not place undue reliance on this measure or ratios calculated using this measure.

We also believe the Adjusted Net Income measure is useful to investors and us as a measure of comparative operating performance from period to period as it measures our changes in pricing decisions, cost controls and other factors that impact operating performance, and removes the effect of certain non-core items such as discontinued operations, acquisition related expenses, amortization expense, the tax impact of these certain non-core items, and the volatility related to the timing and extent of other activities such as asset impairments and non-core income and expenses. To make the financial presentation more consistent with other public building products companies, beginning in the fourth quarter 2016 we included an addback for non-cash amortization expense related to acquisitions. Accordingly, we believe that this measure is useful for comparing general operating performance from period to period. Other companies may define Adjusted Net Income differently and, as a result, our measure may not be directly comparable to measures of other companies. In addition, Adjusted Net Income may be defined differently for purposes of covenants contained in our revolving credit facility or any future facility.

INSTALLED BUILDING PRODUCTS, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURES
ADJUSTED NET INCOME CALCULATIONS
(unaudited, in thousands, except share and per share amounts)

The table below reconciles Adjusted Net Income to the most directly comparable GAAP financial measure, net income, for the periods presented therein.

Per share figures may reflect rounding adjustments and consequently totals may not appear to sum.

| | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|------------------|---------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net income, as reported | \$ 61,597 | \$ 59,904 | \$ 110,871 | \$ 93,726 |
| Adjustments for adjusted net income | | | | |
| Share based compensation expense | 3,685 | 3,660 | 7,121 | 7,078 |
| Acquisition related expenses | 534 | 737 | 1,103 | 1,401 |
| COVID-19 expenses ⁽¹⁾ | — | — | 1 | 301 |
| Amortization expense ⁽²⁾ | 11,256 | 11,261 | 22,691 | 22,358 |
| Legal Reserve | 1,283 | 280 | 1,283 | 845 |
| Tax impact of adjusted items at a normalized tax rate ⁽³⁾ | (4,357) | (4,144) | (8,372) | (8,316) |
| Adjusted net income | <u>\$ 73,998</u> | <u>\$ 71,698</u> | <u>\$ 134,698</u> | <u>\$ 117,393</u> |
| Weighted average shares outstanding (diluted) | 28,273,334 | 28,894,140 | 28,276,049 | 29,235,997 |
| Diluted net income per share, as reported | \$ 2.18 | \$ 2.07 | \$ 3.92 | \$ 3.21 |
| Adjustments for adjusted net income, net of tax impact, per diluted share ⁽⁴⁾ | 0.44 | 0.41 | 0.84 | 0.81 |
| Diluted adjusted net income per share | <u>\$ 2.62</u> | <u>\$ 2.48</u> | <u>\$ 4.76</u> | <u>\$ 4.02</u> |

(1) Addback of employee pay, employee medical expenses, and legal fees directly attributable to COVID-19.

(2) Addback of all non-cash amortization resulting from business combinations.

(3) Normalized effective tax rate of 26.0% applied to periods presented.

(4) Includes adjustments related to the items noted above, net of tax.

INSTALLED BUILDING PRODUCTS, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURES
ADJUSTED GROSS PROFIT CALCULATIONS
(unaudited, in thousands)

The table below reconciles Adjusted Gross Profit to the most directly comparable GAAP financial measure, gross profit, for the periods presented therein.

| | Three months ended June 30, | | Six months ended June 30, | |
|----------------------------------|-----------------------------|-------------------|---------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Gross profit, as reported | \$ 232,475 | \$ 216,709 | \$ 442,897 | \$ 389,112 |
| Share based compensation expense | 240 | 171 | 405 | 320 |
| COVID-19 expense ⁽¹⁾ | — | — | 1 | 2 |
| Adjusted gross profit | <u>\$ 232,715</u> | <u>\$ 216,880</u> | <u>\$ 443,303</u> | <u>\$ 389,434</u> |
| Gross profit margin | 33.6% | 32.0% | 32.8% | 30.8% |
| Adjusted gross profit margin | 33.6% | 32.0% | 32.8% | 30.8% |

(1) Addback of employee pay and employee medical expenses directly attributable to COVID-19.

The table below reconciles Adjusted Selling and Administrative to the most directly comparable GAAP financial measure, selling and administrative, for the periods presented therein.

INSTALLED BUILDING PRODUCTS, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURES
ADJUSTED SELLING AND ADMINISTRATIVE EXPENSE CALCULATIONS
(unaudited, in thousands)

| | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------------------------|-------------------|---------------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Selling expense | \$ 32,902 | \$ 29,371 | \$ 65,509 | \$ 54,563 |
| Administrative expense | 95,984 | 84,030 | 185,488 | 163,174 |
| Selling and administrative, as reported | <u>128,886</u> | <u>113,401</u> | <u>250,997</u> | <u>217,737</u> |
| Share based compensation expense | 3,445 | 3,489 | 6,716 | 6,758 |
| Acquisition related expense | 534 | 737 | 1,103 | 1,401 |
| COVID-19 expenses ⁽¹⁾ | — | — | 1 | 299 |
| Legal reserve | 1,283 | 280 | 1,283 | 845 |
| Adjusted selling and administrative | <u>\$ 123,624</u> | <u>\$ 108,895</u> | <u>\$ 241,894</u> | <u>\$ 208,434</u> |
| Selling and administrative - % Net revenue | 18.6% | 16.8% | 18.6% | 17.2% |
| Adjusted selling and administrative - % Net revenue | 17.9% | 16.1% | 17.9% | 16.5% |

(1) Addback of employee pay and employee medical expenses directly attributable to COVID-19.

INSTALLED BUILDING PRODUCTS, INC.
RECONCILIATION OF GAAP TO NON-GAAP MEASURES
EBITDA AND ADJUSTED EBITDA CALCULATIONS
(unaudited, in thousands)

The table below reconciles EBITDA and Adjusted EBITDA to the most directly comparable GAAP financial measure, net income, for the periods presented therein.

| | Three months ended June 30, | | Six months ended June 30, | |
|--------------------------|-----------------------------|-----------|---------------------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Net income, as reported | \$ 61,597 | \$ 59,904 | \$ 110,871 | \$ 93,726 |
| Interest expense | 9,828 | 10,401 | 19,498 | 21,001 |
| Provision for income tax | 21,094 | 21,374 | 39,179 | 33,777 |

| | | | | |
|----------------------------------|------------|------------|------------|------------|
| Depreciation and amortization | 24,147 | 23,095 | 48,107 | 45,520 |
| EBITDA | 116,666 | 114,774 | 217,655 | 194,024 |
| Acquisition related expenses | 534 | 737 | 1,103 | 1,401 |
| Share based compensation expense | 3,685 | 3,660 | 7,121 | 7,078 |
| COVID-19 expenses ⁽¹⁾ | — | — | 1 | 301 |
| Legal reserve | 1,283 | 280 | 1,283 | 845 |
| Adjusted EBITDA | \$ 122,168 | \$ 119,451 | \$ 227,163 | \$ 203,649 |
| Net profit margin | 8.9% | 8.9% | 8.2% | 7.4% |
| EBITDA margin | 16.9% | 17.0% | 16.1% | 15.3% |
| Adjusted EBITDA margin | 17.7% | 17.7% | 16.8% | 16.1% |

(1) Addback of employee pay and employee medical expenses, and legal fees directly attributable to COVID-19.

INSTALLED BUILDING PRODUCTS, INC.
SUPPLEMENTARY TABLE
(unaudited)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|-----------------------------|--------|---------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Period-over-period Growth | | | | |
| Consolidated Sales Growth | 2.3% | 38.7% | 6.9% | 36.7% |
| Consolidated Same Branch Sales Growth | (1.5)% | 27.3% | 2.5% | 25.0% |
| Installation | | | | |
| Sales Growth | 2.2% | 32.1% | 6.3% | 31.1% |
| Same Branch Sales Growth | (1.9)% | 27.4% | 2.2% | 24.9% |
| Single-Family Sales Growth | (9.7)% | 37.8% | (4.4)% | 37.6% |
| Single-Family Same Branch Sales Growth | (13.3)% | 33.1% | (8.3)% | 31.4% |
| Multi-Family Sales Growth | 40.7% | 30.3% | 39.5% | 27.6% |
| Multi-Family Same Branch Sales Growth | 38.3% | 30.3% | 38.1% | 26.8% |
| Residential Sales Growth | (1.9)% | 36.6% | 2.4% | 35.9% |
| Residential Same Branch Sales Growth | (5.4)% | 32.7% | (1.1)% | 30.6% |
| Commercial Sales Growth ⁽¹⁾ | 24.0% | 13.9% | 25.5% | 13.5% |
| Commercial Same Branch Sales Growth | 16.1% | 4.7% | 19.1% | 5.3% |
| Other ⁽²⁾ | | | | |
| Sales Growth | 4.9% | 616.5% | 21.0% | 515.4% |
| Same Branch Sales Growth | 4.9% | 36.8% | 8.1% | 43.5% |
| Same Branch Sales Growth - Installation | | | | |
| Volume Growth ⁽³⁾ | (10.1)% | 7.0% | (9.8)% | 8.2% |
| Price/Mix Growth ⁽³⁾ | 7.2% | 24.9% | 11.5% | 19.8% |
| U.S. Housing Market⁽⁴⁾ | | | | |
| Total Completions Growth | 4.6% | 3.1% | 7.8% | 0.0% |
| Single-Family Completions Growth | (3.5)% | 6.5% | (1.2)% | 4.1% |
| Multi-Family Completions Growth | 25.9% | (6.6)% | 35.6% | (11.9)% |

(1) Our commercial end market consists of heavy and light commercial projects.

(2) Other business segment category includes our manufacturing and distribution businesses operating segments. As of 1Q22, Installation segment end market growth metrics exclude the manufacturing and distribution businesses. Our distribution businesses were acquired in December, 2021 and April, 2022.

(3) The heavy commercial end market is excluded from these metrics given its much larger per-job revenue compared to our average job.

(4) U.S. Census Bureau data, as revised.

INSTALLED BUILDING PRODUCTS, INC.
INCREMENTAL REVENUE AND ADJUSTED EBITDA MARGINS

(unaudited, in thousands)

Revenue Increase

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|-------------|-----------------------------|---------|------------|---------|---------------------------|---------|------------|---------|
| | 2023 | % Total | 2022 | % Total | 2023 | % Total | 2022 | % Total |
| Same Branch | \$ (10,455) | (68.1)% | \$ 133,141 | 70.6% | \$ 30,975 | 35.5% | \$ 231,408 | 68.2% |
| Acquired | 25,806 | 168.1% | 55,509 | 29.4% | 56,193 | 64.5% | 107,668 | 31.8% |
| Total | \$ 15,351 | 100.0% | \$ 188,650 | 100.0% | \$ 87,168 | 100.0% | \$ 339,076 | 100.0% |

Adjusted EBITDA Margin Contributions

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|--------------------------|-----------------------------|----------|-----------|----------|---------------------------|----------|-----------|----------|
| | 2023 | % Margin | 2022 | % Margin | 2023 | % Margin | 2022 | % Margin |
| Same Branch ¹ | \$ (2,700) | 25.8% | \$ 34,406 | 25.8% | \$ 13,632 | 44.0% | \$ 56,935 | 24.6% |
| Acquired | 5,417 | 21.0% | 7,027 | 12.7% | 9,882 | 17.6% | 14,213 | 13.2% |
| Total | \$ 2,717 | 17.7% | \$ 41,433 | 22.0% | \$ 23,514 | 27.0% | \$ 71,148 | 21.0% |

(1) Same branch adjusted EBITDA margin contribution percentage is a percentage of same branch revenue increase/(decrease). For the three months ended June 30, 2023, the margin reflects a decremental margin.

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