

Installed Building Products

Q1 2019

Reported May 2, 2019



IBP

Disclaimer

Q1 2019 IR Presentation

This presentation contains “forward-looking statements” as defined under U.S. federal securities laws. Forward-looking statements are generally identified by the use of the words “will,” “may,” “believes,” “expects,” “forecasts,” “intends,” “anticipates,” “projects,” “plans” and “seeks,” and, in each case their negative, and other variations or comparable terminology.

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This presentation includes the following non-GAAP financial measures: (1) Adjusted EBITDA, (2) Adjusted Net Income, (3) Adjusted Net Income per diluted share, (3) Adjusted Selling and Administrative (S&A) and (4) Adjusted Gross Profit. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP.



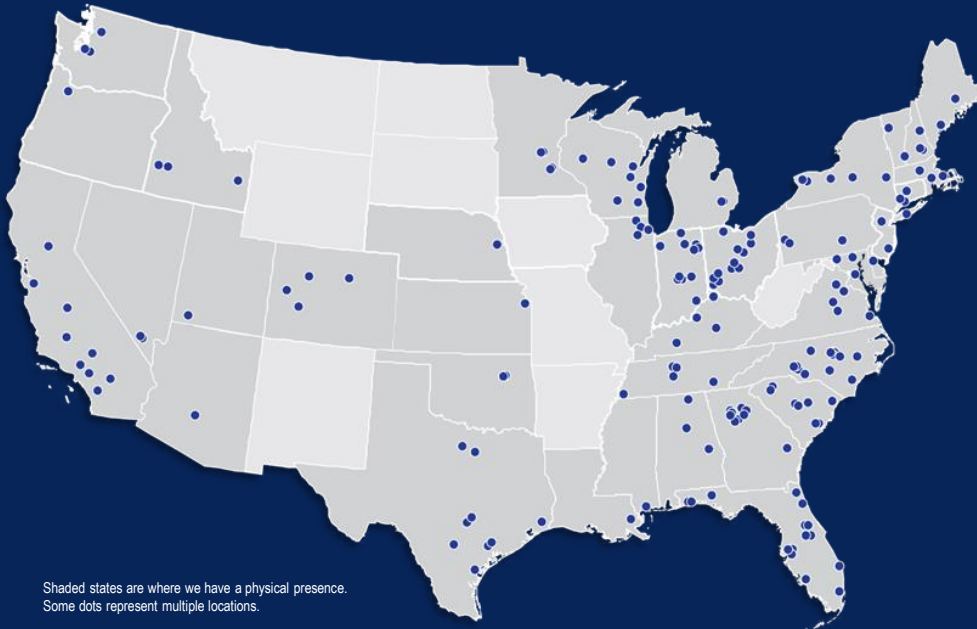
Business Overview

Installed Building Products

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National Scale

Local Presence



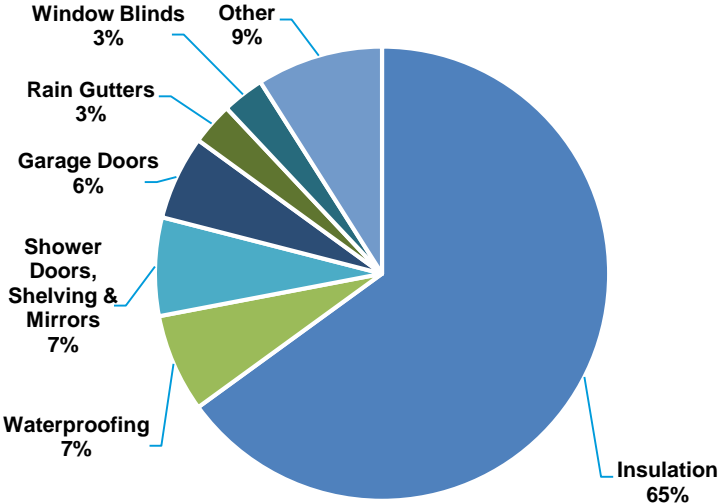
- One of the nation's largest¹ largest new residential insulation installers
- Diversified installer of complementary building products, including waterproofing, fire-stopping, fireproofing, garage doors, rain gutters, window blinds, shower doors, closet shelving and mirrors and other products for residential and commercial builders
- National platform of over 175 locations serving all 48 continental states and the District of Columbia

¹ Based on internal estimates

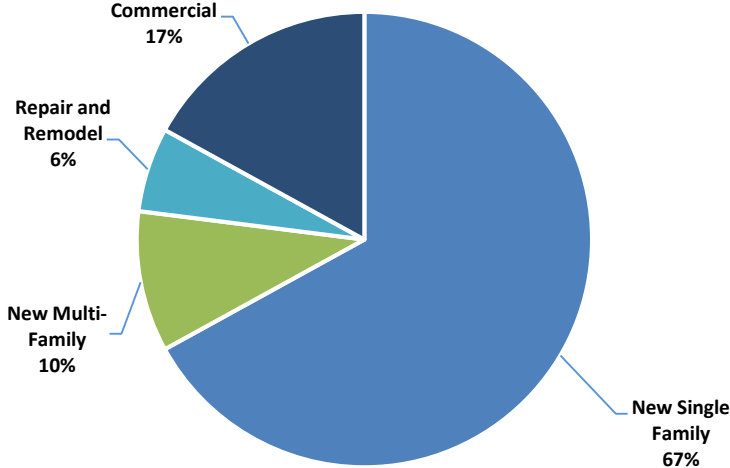
Products and End Markets

Q1 2019

Products

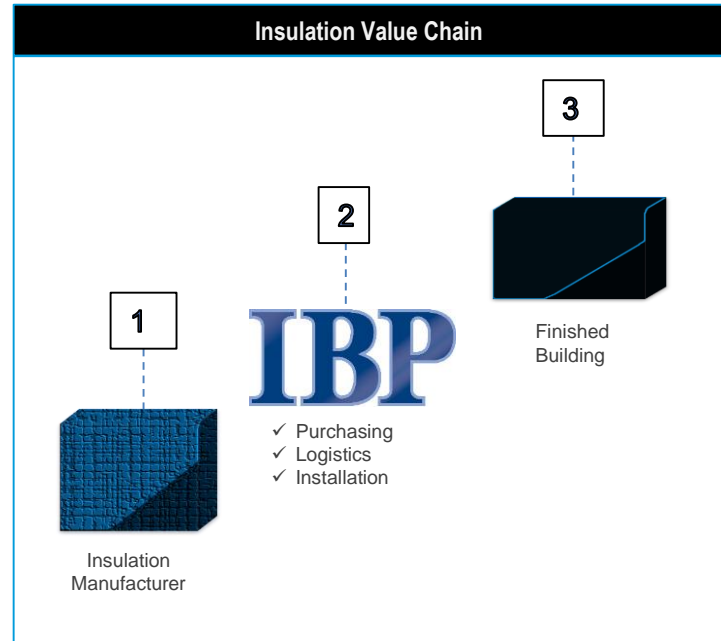
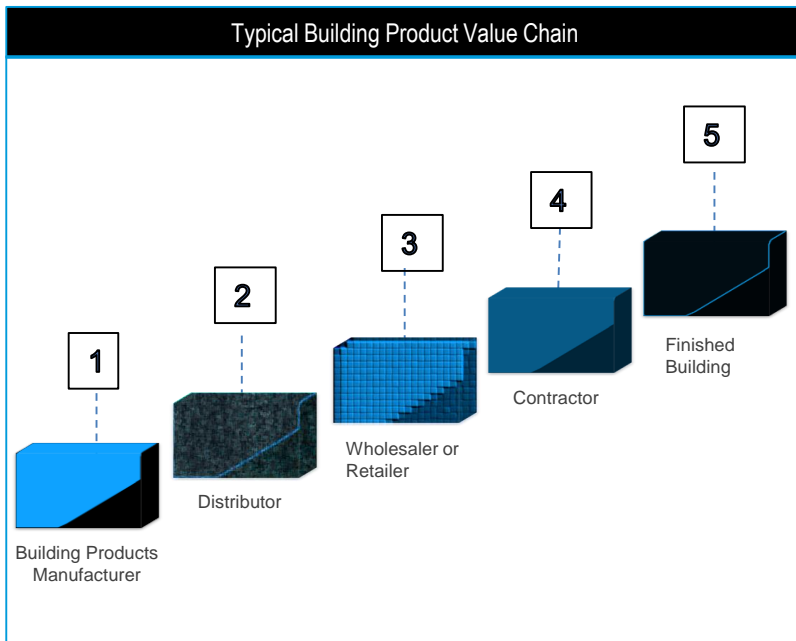


End Markets



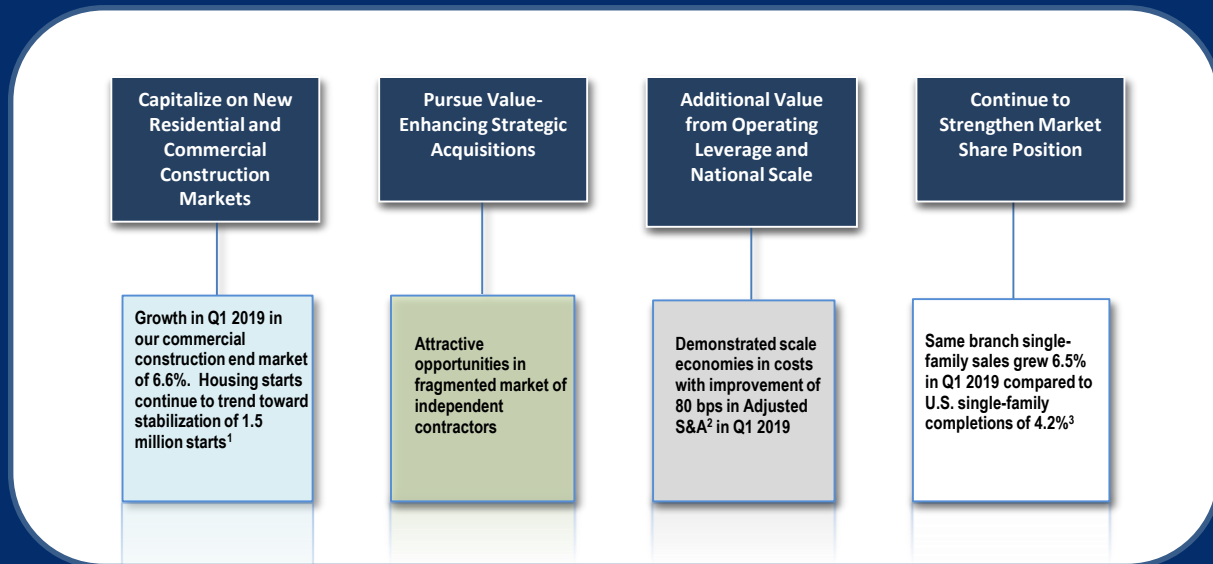
Streamlined Value Chain

Scale provides direct link between manufacturers and builders



Drive Growth & Profitability

Asset lite model accommodates growth without significant capital needs



¹ Per Blue Chip Economic Indicators (April 2019)

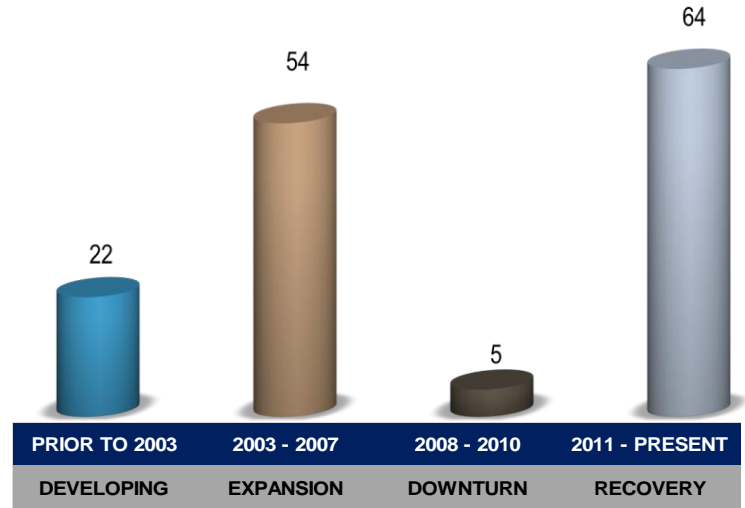
² Adjusted S&A is a non-GAAP financial measure. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix.

³ Per U.S. Census Bureau

Successful Track Record of Acquisitions

Acquirer of choice with over 140 successfully integrated acquisitions

- Key components include:
 - Ability to realize synergies within scalable infrastructure
 - Target profitable markets
 - Acquire operations with strong reputation and customer base
 - Maintain local trade name and existing management team
- Corporate support allows more focus on customer service
- Senior management team (CEO, CFO and COO) has been directing the Company's acquisition strategy for close to 20 years
- Apply national insulation buying power
- Leverage national relationships with large homebuilders





Industry Highlights

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Critical Position in Attractive Industry

Link between concentrated manufacturer base and a fragmented customer base

Value to Suppliers



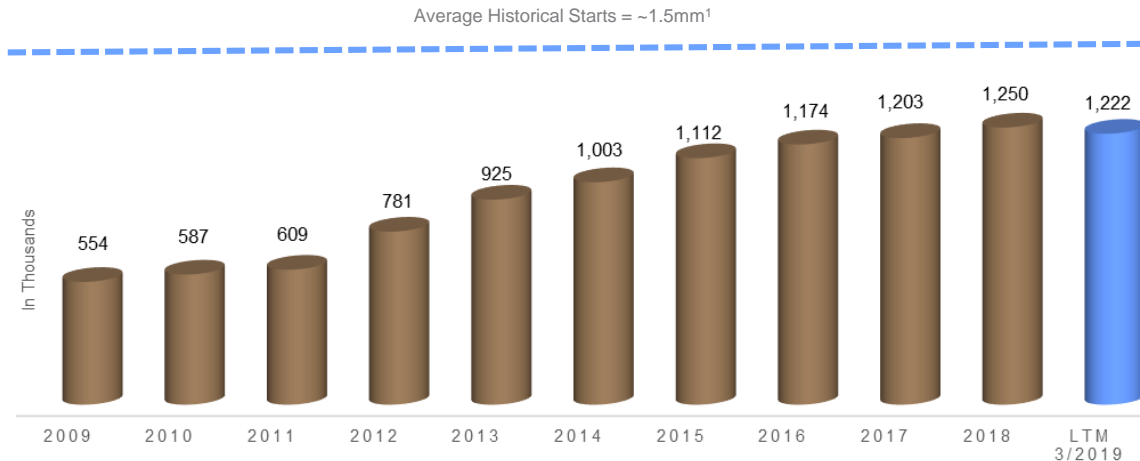
- Strong relationships with the largest manufacturers
- Accounts for a meaningful portion of supplier insulation volume
- National scale allows manufacturers to better plan production schedules

Value to Customers

- Full service capabilities eliminate “nuisance” work for customers
- Timely delivery and quality installation of products ensures projects remain on schedule
- Institutional knowledge of local building codes and standards

Housing Market History

U.S. Housing Starts Trend Toward Stabilization



¹ Total housing starts averaged since 1968

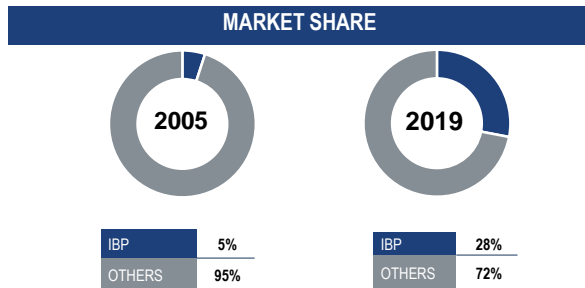
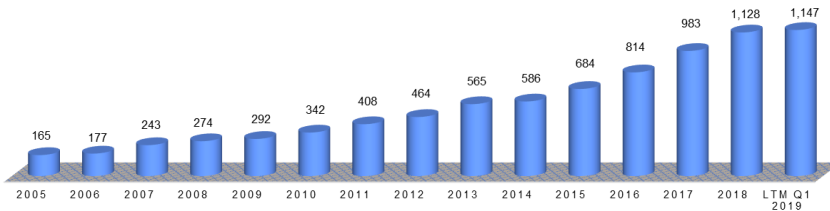
Source: U.S. Census Bureau

- Total U.S. housing starts forecasted by Blue Chip Economic Indicators (April 2019) to remain flat from 2018 to 2019E as housing starts trend toward stabilization of 1.5 million starts
- Lag time between U.S. housing starts and U.S. housing completions is greater when the rate of change in starts is higher

Proven Ability to Grow Market Share

Track Record of Increasing Net Revenue per U.S. Housing Completions Since 2005

IBP NET REVENUE / U.S. HOUSING COMPLETIONS
(\$ / U.S. Completions)



Note: Market share of new residential construction based on internal estimates
Source: Management, Completions from U.S. Census Bureau

- ❖ One of the nation's largest new residential insulation installers
- ❖ We estimate that the markets which we serve cover approximately 70% of permits issued up from 24% in 2005
- ❖ Market share gains driven by:
 - ✓ Successful acquisition and integration of local installation operations
 - ✓ Quality customer service
 - ✓ Cross-selling complementary installation services



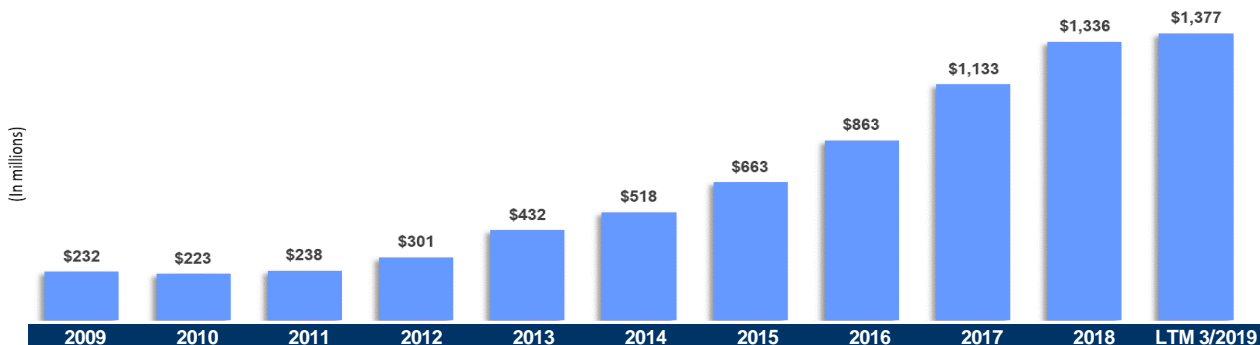
Financial Performance

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Strong Top-Line Momentum

21.6% CAGR from 2014 to LTM 3/2019



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	LTM 3/2019
Revenue Growth	-24.4%	-3.9%	7.0%	26.3%	43.4%	19.9%	27.9%	30.2%	31.3%	18.0%	16.8%
Total U.S. Completions (in thousands)	794	652	585	649	764	884	968	1,060	1,153	1,185	1,200
% U.S. Housing Completions Growth	-29.1%	-18.0%	-10.2%	11.0%	17.7%	15.6%	9.5%	9.5%	8.8%	2.8%	2.2%
IBP Net Rev/Completions	\$292	\$342	\$408	\$464	\$565	\$586	\$684	\$814	\$983	\$1,128	\$1,147

Source: U.S. Census Bureau, Company filings

Note: Historical revenue figures not pro forma for acquisitions

Sales Growth

Q1 2019 compared to Q1 2018

	Three months ended March 31,	
	2019	2018
Period-over-period Growth		
Sales Growth	13.4%	18.0%
Same Branch Sales Growth	7.4%	11.3%
Single-Family Sales Growth	14.4%	21.9%
Single-Family Same Branch Sales Growth	6.5%	12.6%
Residential Sales Growth	13.8%	19.3%
Residential Same Branch Sales Growth	7.0%	11.3%
U.S. Housing Market¹		
Total Completions Growth	5.7%	9.0%
Single-Family Completions Growth	4.2%	10.6%
Same Branch Sales Growth²		
Volume Growth	3.4%	7.3%
Price/Mix Growth	4.1%	3.6%
Alpha Sales Growth	6.6%	13.5%

¹ U.S. Census Bureau data, as revised

² Same branch volume and price/mix growth excludes Alpha sales growth

Summary Financial Results

<i>(in millions)</i>	2014	2015	2016	2017	2018	Q1 2018	Q1 2019	LTM 3/2019
Net Revenue	\$ 518	\$ 663	\$ 863	\$ 1,133	\$ 1,336	\$ 302	\$ 342	\$ 1,377
% Net Revenue Growth	19.9%	27.9%	30.1%	31.3%	18.0%	18.0%	13.2%	16.8%
Same Branch Sales Growth	16.4%	11.7%	15.6%	9.8%	11.5%	11.3%	7.4%	10.5%
COGS (Adjusted) ¹	\$ 376	\$ 475	\$ 611	\$ 806	\$ 963	\$ 221	\$ 255	\$ 998
Adjusted Gross Profit ¹	\$ 142	\$ 188	\$ 252	\$ 327	\$ 373	\$ 81	\$ 90	\$ 381
% Margin	27.4%	28.4%	29.2%	28.9%	27.9%	27.0%	26.2%	27.7%
Adjusted S&A ²	\$ 110	\$ 134	\$ 171	\$ 214	\$ 242	\$ 58	\$ 63	\$ 247
% of Net Revenue	21.3%	20.2%	19.8%	18.9%	18.1%	19.2%	18.4%	17.9%
Adjusted EBITDA ³	\$ 44	\$ 71	\$ 105	\$ 141	\$ 164	\$ 31	\$ 36	\$ 169
% of Net Revenue	8.5%	10.7%	12.1%	12.5%	12.3%	10.4%	10.4%	12.2%

¹ COGS adjusted in 2014 for \$1.8 million adverse development in workers' compensation. Adjustments in 2017, 2018 and 2019 relate to stock compensation expense, Financial Wellness Program and branch start-up costs. See the Gross Profit and Adjusted Gross Profit Reconciliation in the Appendix. Adjusted Gross Profit is a non-GAAP financial measure.

² Adjusted Gross Profit and Adjusted S&A are non-GAAP financial measures. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix.

³ Adjusted EBITDA is a non-GAAP financial measure. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix.

Strong Balance Sheet

(\$ in millions)	2014	2015	2016	2017	2018	Q1 2019
Cash	\$ 10.8	\$ 6.8	\$ 14.5	\$ 62.5	\$ 90.4	\$ 88.1
Short-Term Investments	-	-	-	30.1	10.1	10.0
Term Loan, net of unamortized discount ¹	24.7	47.9	95.8	293.3	390.9	390.1
Delayed Draw Term Loans, in effect, net ² of unamortized debt issuance costs	-	49.7	12.5	-	-	-
Vehicle and Equipment Notes Payable	1.3	21.1	38.2	50.4	60.4	60.8
Finance Lease Obligations	26.9	20.4	15.3	12.1	8.6	8.3
Various notes payable	0.8	4.5	5.0	3.9	3.5	3.5
Total Debt	\$ 53.7	\$ 143.6	\$ 166.8	\$ 359.7	\$ 463.4	\$ 462.7
Net Debt	\$ 42.9	\$ 136.8	\$ 152.3	\$ 267.1	\$ 362.9	\$ 364.6
Adjusted EBITDA³	\$ 44.0	\$ 71.2	\$ 104.8	\$ 141.1	\$ 164.4	\$ 168.5
Credit Statistics:						
Net Debt / Adjusted EBITDA ³	1.0x	1.9x	1.5x	1.9x	2.2x	2.2x
Working Capital (Excluding Cash and Short-Term Investments)	\$ 32.0	\$ 46.0	\$ 47.8	\$ 102.6	\$ 129.3	\$ 127.8

¹ Unamortized discount (in thousands): 2015 - \$249; 2016 - \$447; 2017 - \$5,146; 2018 - \$4,834 and Q1 2019 - \$4,642.

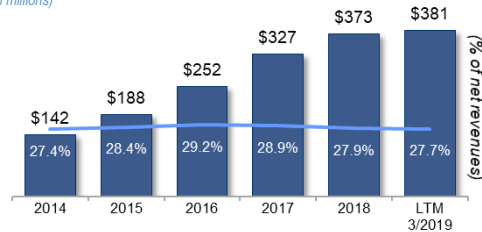
² Unamortized discount (in thousands): 2015 - \$261; 2016 - \$50.

³ Adjusted EBITDA is a non-GAAP financial measure. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix.

Improving Financial Performance

Adjusted Gross Profit¹

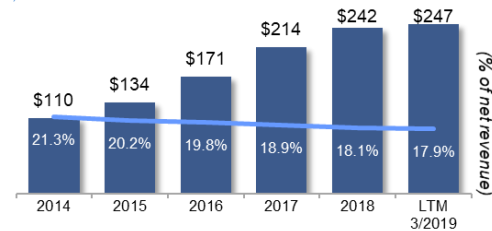
(\$ in millions)



¹ Adjusted Gross Profit is a non-GAAP financial measure. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix.

Adjusted Selling & Administrative²

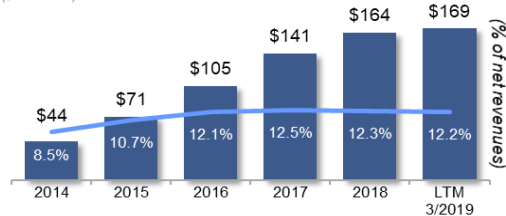
(\$ in millions)



² Adjusted S&A is a non-GAAP financial measure. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix.

Adjusted EBITDA³

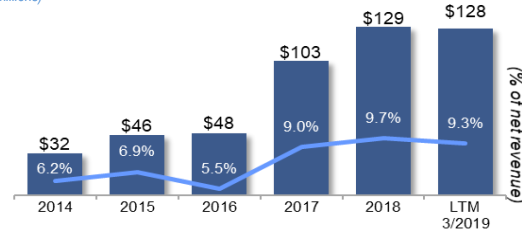
(\$ in millions)



³ Adjusted EBITDA is a non-GAAP financial measure. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix.

Working Capital⁴

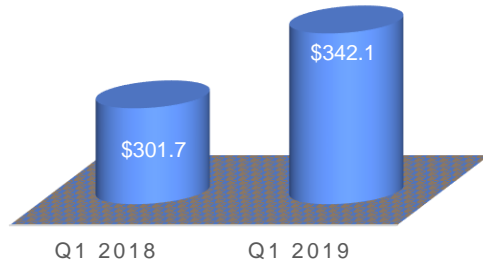
(\$ in millions)



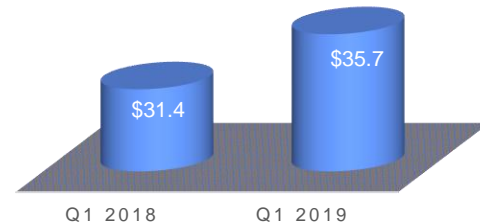
⁴ Working Capital excludes cash on hand (in thousands) of 2013 – \$4,065; 2014 – \$10,761; 2015 – \$6,818; 2016 – \$14,482; 2017 – \$62,510 and 2018 - \$90,442 and short-term investments of 2017- \$30,053; 2018 - \$10,060 and YTD 2019 - \$88,146.

Q1 2019 Performance

Net Revenue
13.4% Increase



Adjusted EBITDA¹
13.5% Increase



¹ Adjusted EBITDA is a non-GAAP financial measure. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix.

- ❖ Solid Q1 2019 performance attributable to growth of 6.5% in single-family same branch sales
- ❖ Net revenue growth was predominantly attributable to acquisitions, organic growth in the volume of completed jobs, an increase in price and mix and Alpha
- ❖ Growth in Adjusted EBITDA due to higher net revenue and leverage of selling and administrative expense



Appendix

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EBITDA & Adjusted EBITDA Reconciliation

<i>(in millions)</i>	2014	2015	2016	2017	2018	Q1 2018	Q1 2019	LTM 3/2019
Net income	\$ 13.9	\$ 26.5	\$ 38.4	\$ 41.1	\$ 54.7	\$ 6.4	\$ 8.8	\$ 57.2
Interest expense	3.2	3.7	6.2	17.4	20.5	4.0	5.7	22.1
Provision for income taxes ¹	8.6	15.4	21.2	14.7	17.4	2.2	3.4	18.5
Depreciation and amortization	15.0	23.2	34.8	55.1	58.7	15.1	15.0	58.6
Gain on bargain purchase	-	(1.1)	-	-	-	-	-	-
EBITDA	\$ 40.7	\$ 67.8	\$ 100.6	\$ 128.3	\$ 151.4	\$ 27.8	\$ 32.9	\$156.5
Legal settlement and reserves ²	1.8	0.1	-	-	1.0	-	-	1.0
Gain from put option Redeemable Preferred Stock ³	(0.5)	-	-	-	-	-	-	-
Acquisition related expenses	0.1	1.1	2.3	3.2	2.7	0.5	0.6	2.7
IPO and follow-on cost expensed	1.3	-	-	-	-	-	-	-
Share-based compensation expense	0.3	2.1	1.9	6.6	7.8	2.2	1.9	7.5
Financial Wellness Program ⁴	-	-	-	2.2	0.6	0.6	-	-
Write-off of uncertain tax position ⁵	-	-	-	0.7	-	-	-	-
Branch start-up costs ⁶	-	-	-	-	0.8	0.3	0.3	0.8
Retirement expense	-	-	-	-	0.8	-	-	0.8
Gain on sale of assets	-	-	-	-	(0.8)	-	-	(0.8)
Adjusted EBITDA	\$ 44.0	\$ 71.2	\$ 104.8	\$ 141.0	\$ 164.4	\$ 31.4	\$ 35.7	\$168.5

¹ Excludes income taxes related to discontinued operations.

² Impact of adverse change in workers' compensation experience included in other costs of sales in 4Q 2014.

³ Represents non-cash gain recorded to accelerate the maturity of the Redeemable Preferred Stock, redeemed in full with IPO proceeds in February 2014.

⁴ Represents employer match upon completion of program, net of waived executive bonuses.

⁵ Represents tax impacts on deferred tax and uncertain tax positions recorded as a result of the 2017 tax reform.

⁶ Addback of costs related to organic branch expansion for Alpha locations.

We believe Adjusted EBITDA 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.

Adjusted Net Income Reconciliation

<i>(in millions except for share and per share data)</i>	Three months ended March 31,	
	2019	2018
Net income, as reported	\$ 8.8	\$ 6.4
Adjustments for adjusted net income:		
Share based compensation expense	1.9	2.2
Acquisition related expenses	0.6	0.5
Financial Wellness Program ¹	-	0.6
Branch start-up costs ²	0.3	0.3
Amortization expense ³	5.9	7.1
Tax impact of adjusted items at normalized tax rate ⁴	(2.3)	(2.8)
Adjusted net income	\$ 15.3	\$ 14.4
Weighted average shares outstanding (diluted)	29,806,653	31,772,581
Diluted net income per share, as reported	\$ 0.30	\$ 0.20
Adjustments for adjusted net income, net of tax impact, per diluted share ⁵	0.21	0.25
Diluted adjusted net income per share	\$ 0.51	\$ 0.45

¹ Employer match upon completion of the program, net of waived bonuses

² Addback of costs related to organic branch expansion for Alpha locations

³ Addback of all non-cash amortization resulting from business combinations

⁴ Normalized effective tax rate of 26%

⁵ Tax impacts on deferred tax and uncertain tax positions recorded as a result of the 2017 Tax Cuts and Jobs Act

⁶ Includes adjustments related to the items noted above, net of tax

Adjusted S&A

<i>(in millions)</i>	2014	2015	2016	2017	2018	Q1 2018	Q1 2019	LTM 3/2019
S&A	\$ 111.6	\$ 137.1	\$ 175.1	\$ 222.9	\$ 253.0	\$ 60.0	\$ 65.6	\$ 258.5
Legal settlement and reserves	-	0.1	-	-	1.0	-	-	1.0
Acquisition related expenses	-	1.1	2.3	3.2	2.7	0.5	0.6	2.7
Share-based compensation expense	-	2.1	1.9	5.6	7.0	1.8	1.9	7.1
Financial Wellness Program ¹	-	-	-	(0.2)	(0.1)	(0.1)	-	-
Retirement expense	-	-	-	-	0.8	-	-	0.8
IPO Costs	1.3	-	-	-	-	-	-	-
SOX Implementation	0.3	-	-	-	-	-	-	-
Gain on Redeemable Preferred Stock	(0.5)	-	-	-	-	-	-	-
Adjusted S&A	\$ 110.5	\$ 133.8	\$ 170.9	\$ 214.3	\$ 241.6	\$ 57.9	\$ 63.1	\$ 246.9

¹ Employer match upon completion of the program, net of waived executive bonuses.

Gross Profit & Adjusted Gross Profit Reconciliation

<i>(in millions)</i>	2014	2015	2016	2017	2018	Q1 2018	Q1 2019	LTM 3/2019
Gross Profit	\$ 140.0	\$ 188.3	\$ 252.4	\$ 324.0	\$ 371.6	\$ 80.0	\$ 89.4	\$ 381.1
Reserve for workers' compensation ¹	1.8	-	-	-	-	-	-	-
Share-based compensation expense ²	-	-	-	1.0	0.8	0.5	0.1	0.4
Financial Wellness Program ³	-	-	-	2.4	0.7	0.7	-	-
Branch start-up costs	-	-	-	-	0.8	0.3	0.3	0.8
Gain on sale of assets	-	-	-	-	(0.8)	-	-	(0.8)
Adjusted Gross Profit	\$ 141.8	\$ 188.3	\$ 252.4	\$ 327.4	\$ 373.2	\$ 81.4	\$ 89.8	\$ 381.5

¹ Gross profit adjustment for adverse development in workers' compensation expense in 2014.

² Gross profit adjustment for stock compensation expense relating to issuance of restricted stock units.

³ Employer match upon completion of the program, partially offset by waived executive bonuses.



Q&A

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