

**IBP**  
INSTALLED BUILDING PRODUCTS

## Lender Presentation

December 2019

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This presentation contains certain forward-looking statements including, without limitation, business strategy, potential growth opportunities and competitive position. 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. These estimates and other forward-looking statements are not facts, are based on assumptions of management of the Company and are subject to a number of significant risks, contingencies and uncertainties, many of which are beyond the Company’s control, and that could cause actual results, performance or achievements to differ significantly from the Company’s historical results or those contemplated by such estimates and other forward-looking statements. These risks include, without limitation, general economic and industry conditions, the material price environment, the timing of increases in our selling prices and the risks discussed in the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2018, as the same may be updated from time to time in our subsequent filings with the SEC.

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This presentation includes the non-GAAP financial measures of Adjusted Gross Profit, Adjusted EBITDA, Further Adjusted EBITDA, Adjusted EBITDA margin and Free Cash Flow. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for the Company’s financial results 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.

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## Presenter

## Title

**Michael Miller**

*Executive Vice President, CFO and Director*

**Jason Niswonger**

*Senior Vice President, Finance and Investor Relations*

1

Transaction Overview

2

Installed Building Products Company Overview

3

Credit Highlights

4

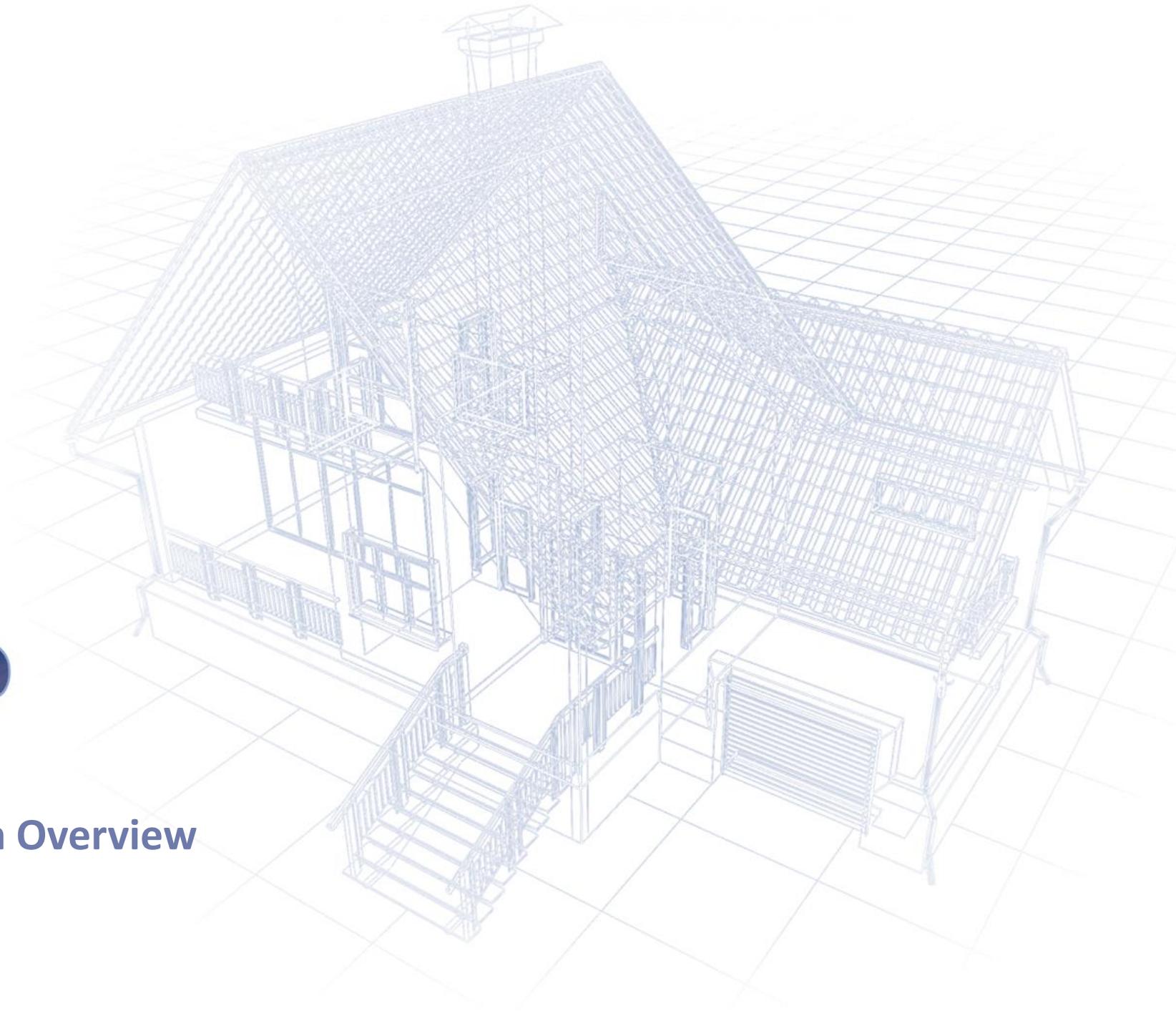
Historical Financial Performance

5

Appendix



## 1. Transaction Overview



## Introduction

- Installed Building Products, Inc. (“we,” “our,” “IBP” or the “Company”) is one of the largest new residential insulation installers in the United States, with a national platform consisting of over 175 locations serving customers in all 48 continental states and the District of Columbia
  - We believe we have the #1 or #2 market position for new single-family insulation installation in most of the markets in which we operate<sup>(1)</sup>
  - Consistently grown same branch sales<sup>(2)</sup>, which has averaged 15.3% annually since 2012
  - Manages all aspects of the installation process for its customers including direct purchase of material from the manufacturers, supply of material to jobsites to ensure quality service, and timely installation
  - Insulation is a critical component of construction processes; until it passes inspection, much interior work cannot begin
  - Leading installer of complementary building products to commercial and residential customers including waterproofing, fire-stopping, fireproofing, garage doors, rain gutters, window blinds, closet shelving, shower doors, mirrors and fireplaces
  - Publicly traded company (NYSE: IBP) with a \$2.1 billion market capitalization
- For the LTM period ended September 30, 2019 (“LTM Period”), IBP generated net revenue and Adjusted EBITDA<sup>(3)</sup> of \$1,464 million and \$185 million, respectively
  - We estimate that businesses acquired during the LTM Period would have generated approximately \$26 million of net revenue and approximately \$4 million of Adjusted EBITDA if we had owned them for the full LTM Period, for a total net revenue of \$1,490 million and a total Further Adjusted EBITDA of \$188 million

## Transaction Overview

- Given our recent strong performance, we are seeking to reprice our existing \$200 million Term Loan B
- In September 2019, IBP repaid \$200mm of existing Term Loan B at par from senior notes proceeds
- This transaction will continue to fortify our conservative capital structure, with net leverage of 1.8x
- The Company requests commitments from Lenders on Thursday, December 12<sup>th</sup> at 12:00 PM ET

1

(1) Based on number of building permits issued in these markets.

(2) Period over period sales growth for branch locations owned for greater than 12 months as of the financial statement date.

(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.

# Sources & Uses and Pro Forma Capitalization



(\$ in millions)	
Sources of Funds	Amount
Repriced Term Loan B	\$200

Uses of Funds	
Uses of Funds	Amount
Refinanced Existing Term Loan B	\$200

**Total Sources \$200**

**Total Uses <sup>(1)</sup> \$200**

Pro Forma Capitalization	Maturity	As of		Pro Forma 9/30/19
		9/30/19	Adj.	
Cash & Cash Equivalents <sup>(2)</sup>		\$240	--	\$240
ABL Revolving Credit Facility (\$200mm)	9/26/24	--	--	--
Existing Term Loan B	4/5/25	200	(200)	--
Repriced Term Loan B	4/5/25	--	200	200
Vehicle and Equipment Notes	Various	69	--	69
Notes Payable	Various	3	--	3
Capital Leases	--	7	--	7
<b>Total Secured Debt</b>		<b>\$279</b>		<b>\$279</b>
5.750% Senior Notes	2/1/28	<b>300</b>	--	<b>300</b>
<b>Total Debt</b>		<b>\$579</b>		<b>\$579</b>
Market Capitalization (12/4/19)		2,115	--	2,115
<b>Total Capitalization</b>		<b>\$2,694</b>		<b>\$2,694</b>
<b>LTM 9/30/19 Operating Statistics</b>				
Adjusted EBITDA <sup>(3)</sup>		\$185		\$185
Pre-Acquisition EBITDA <sup>(3)(4)</sup>		--	4	4
Further Adjusted EBITDA <sup>(3)(4)</sup>		\$185		\$188
<b>Credit Statistics</b>				
Secured Debt / Further Adjusted EBITDA		1.5x		1.5x
<b>Total Debt / Further Adjusted EBITDA</b>		<b>3.1x</b>		<b>3.1x</b>
Net Total Debt / Further Adjusted EBITDA		1.8x		1.8x
Weighted Average Cost of Debt		5.1%		5.0%
<b>Total Debt / Total Capitalization</b>		<b>21.5%</b>		<b>21.5%</b>

(1) Excludes estimated fees and expenses.

(2) Includes short-term investments.

(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.

(4) Includes estimated acquired company EBITDA prior to acquisitions.

# Summary of Terms & Conditions



<b>Borrower:</b>	Installed Building Products, Inc. (the “Borrower”)
<b>Guarantors:</b>	All current and future domestic material subsidiaries of the Borrower, subject to certain exceptions (Same as existing Term Loan Facility)
<b>Security:</b>	1 <sup>st</sup> lien on all assets, other than ABL priority collateral, including fixed assets and capital stock of subsidiaries (65% of first tier foreign subs). 2 <sup>nd</sup> lien on all ABL collateral (primarily A/R and Inventory). (Same as existing Term Loan Facility)
<b>Amount:</b>	\$200 million (Same as existing Term Loan Facility)
<b>Maturity:</b>	April 15 <sup>th</sup> , 2025 (Same as existing Term Loan Facility)
<b>Optional Prepayments:</b>	Reset 101% soft call for 6 months
<b>Financial Covenant:</b>	None (Same as existing Term Loan Facility)
<b>Mandatory Prepayments:</b>	Same as existing Term Loan Facility
<b>Other Covenants:</b>	Same as existing Term Loan Facility

December 2019						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

-  Key Syndication Event
-  Bank Holiday

Date	Key Syndication Event:
December 5th	<ul style="list-style-type: none"> <li>▪ Lender Call (2:00 PM EST)</li> </ul>
December 12th	<ul style="list-style-type: none"> <li>▪ Lender Commitments Due (12:00 PM EST)</li> </ul>
Week of December 16th	<ul style="list-style-type: none"> <li>▪ Close and Fund Term Loan Facility</li> </ul>



## 2. Installed Building Products Company Overview



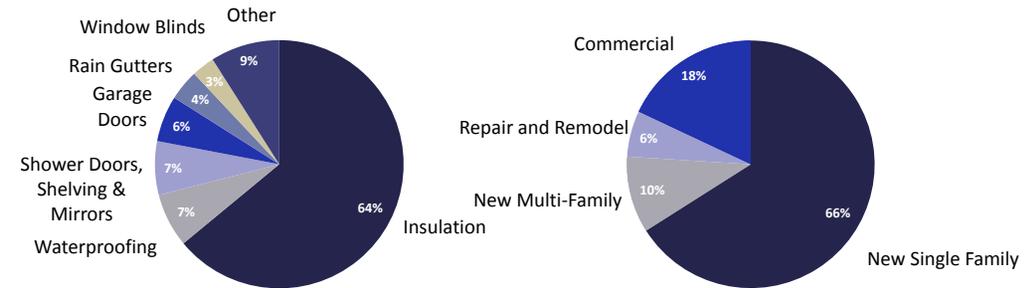
# Leading Platform with Proven Track Record of Growth



## Company Overview

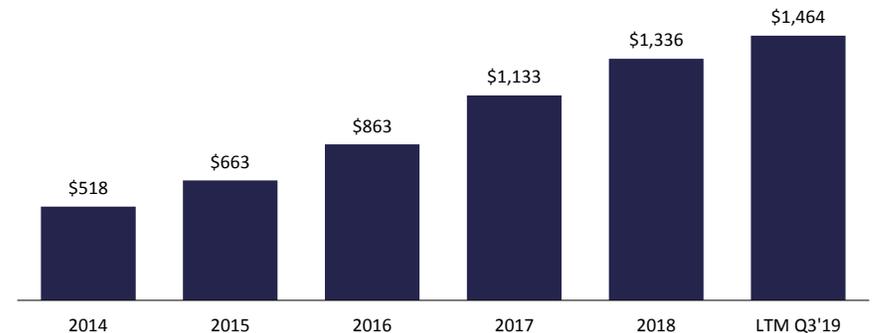
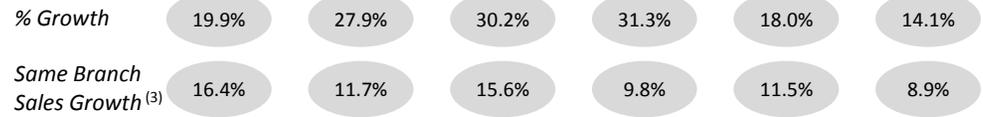
- IBP is **one of the largest new residential insulation installers** in the U.S., with a national platform consisting of over 175 locations serving customers in all 48 continental states and the District of Columbia
  - ◆ Specializes in installing **all types of insulation and air sealing** including fiberglass, spray foam and cellulose from industry leading manufacturers
  - ◆ Also installs **waterproofing, fire-stopping, fireproofing, garage doors, rain gutters, window blinds, closet shelving, shower doors, mirrors and fireplaces**
  - ◆ Manages **all aspects of the installation process** for customers including the direct purchase of material from manufacturers, supply of material to jobsites to ensure **quality of service and timely installation by our employees**
- Operates in **the fragmented insulation installation industry**
  - ◆ **28% market share** in insulation (up from 5% in 2005), based on total U.S. housing completions<sup>(1)</sup>
  - ◆ **We believe we have the #1 or #2 position for new single-family insulation installation in more than half of the markets** in which we operate, based on permits issued in our markets
  - ◆ Founded in 1977 with one location in Columbus, Ohio, we have grown to over 175 locations with **\$1.5 billion of net revenue and \$185mm of LTM September 30, 2019 Adjusted EBITDA**<sup>(2)</sup>

## LTM Sept-19 Net Revenue Breakdown



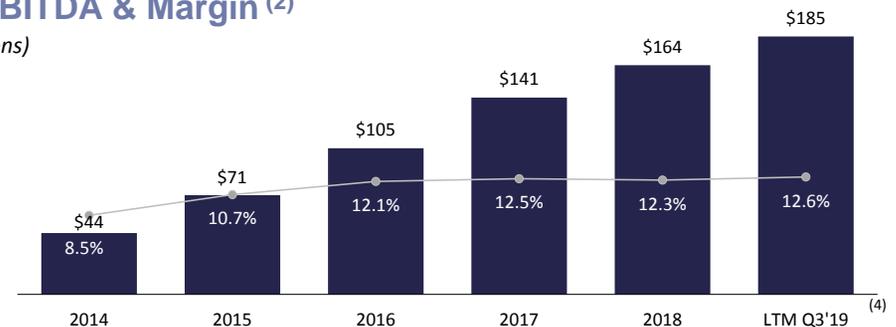
## Net Revenue

(\$ in millions)



## Adj. EBITDA & Margin<sup>(2)</sup>

(\$ in millions)



(1) Based on internal estimates.

(2) 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.

(3) Period over period sales growth for branch locations owned for greater than 12 months as of the financial statement date.

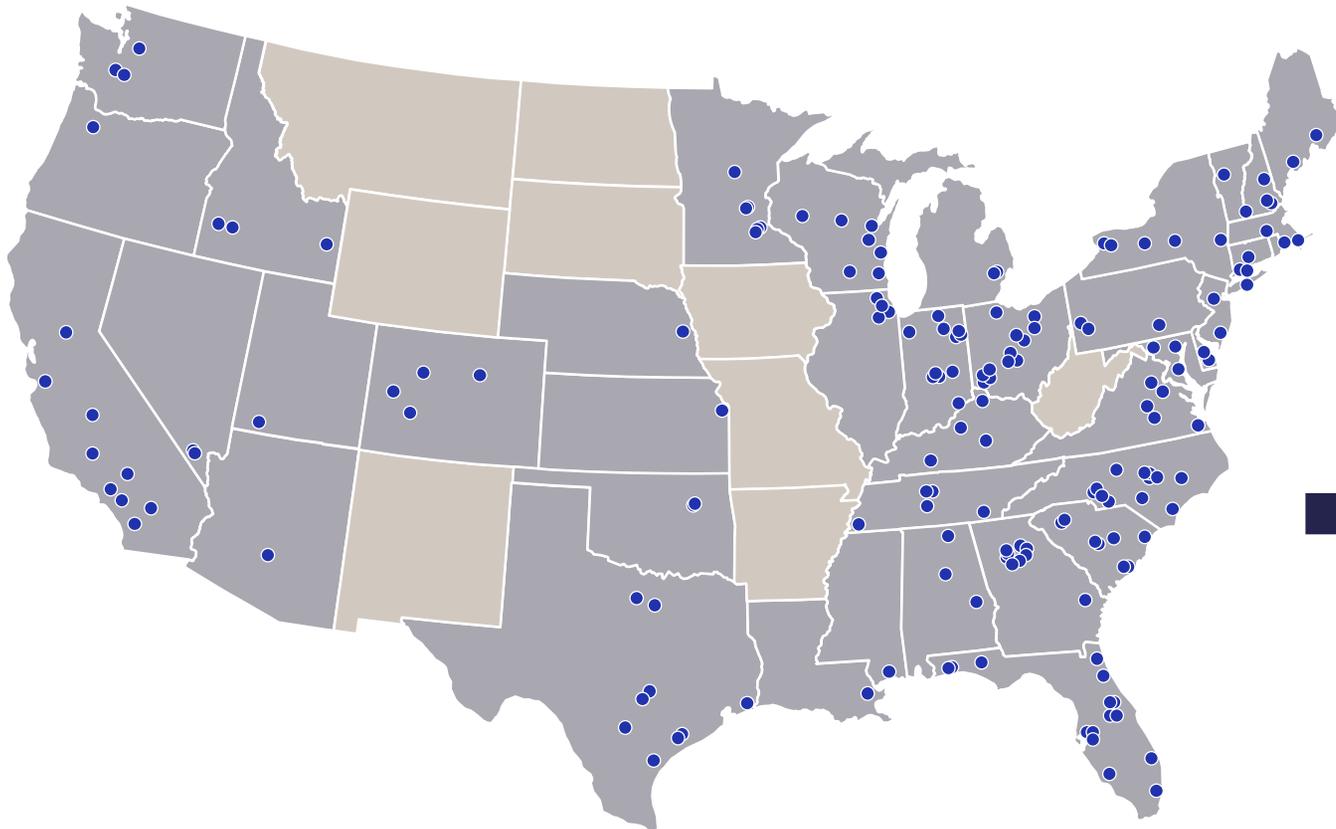
(4) Does not include \$4 million of acquired company EBITDA prior to acquisition.

# Local Presence on a National Scale



We are one of the largest new residential insulation installers in the United States with a national platform consisting of over 175 locations serving all 48 continental states and the District of Columbia

## National Scale



## Local Presence

Our largest customer is independently serviced by

**49**

different IBP branches nationwide



*Our platform consists of over 175 locations serving customers in all 48 continental states and the District of Columbia.*

*Shaded states are where we have a physical presence.*

*Some dots represent multiple locations.*

Product	Offering
 <p>Insulation</p>	<ul style="list-style-type: none"> <li>Installs a wide range of insulation and air sealing materials including fiberglass insulation, spray foam insulation and cellulose insulation</li> </ul>
 <p>Commercial Products</p>	<ul style="list-style-type: none"> <li>Installs waterproofing, insulation, fireproofing, and fire-stopping in large, long-lead time commercial projects including office buildings, airports, sports complexes, museums, hospitals, hotels, and educational facilities</li> </ul>
 <p>Closet Shelving</p>	<ul style="list-style-type: none"> <li>Designs and installs closet shelving systems utilizing some of the highest quality products available from national brands</li> </ul>
 <p>Shower Doors, Mirrors, and Bath Hardware</p>	<ul style="list-style-type: none"> <li>Installs a variety of shower enclosures, ranging from basic sliding doors to custom designs, as well as custom designed mirrors</li> </ul>
 <p>Garage Doors</p>	<ul style="list-style-type: none"> <li>Installs commercial and residential steel, aluminum, wood and vinyl garage doors as well as opener systems</li> </ul>
 <p>Rain Gutters</p>	<ul style="list-style-type: none"> <li>Installs a wide range of rain gutters, constructed from aluminum or copper and assembled on the job site using special equipment</li> </ul>
 <p>Window Blinds</p>	<ul style="list-style-type: none"> <li>Installs a variety of cordless window blinds, shades and shutters</li> </ul>

## Competitive Benefits of Diverse Service and Product Offering

- 

**Cross-selling opportunities**
- 

**Ability to leverage branch cost across multiple products**
- 

**Lessens exposure to a downturn in any particular product category**
- 

**Diversifies end-market exposure**
- 

**Diversifies customer base**
- 

**Opportunity to strengthen established local relationships**
- 

**Reduces cyclicity**

Our oldest and most established branches tend to exhibit the greatest diversity of service and product offerings. This diversity contributes to enhanced profitability including higher revenue per residential permit and higher EBITDA margins as compared to branches in our newer, less developed markets

Insulation represents a small portion (~2%) of total construction cost

## The Benefits of Insulation

- Heating and cooling account for **50 to 70% of the energy used** in the average American home; inadequate insulation and air leakage are leading causes of **energy waste**
- Insulation and air sealing allow residents to maintain a **desired temperature in their home all year round** while also preventing problems with **moisture, noise, dust and insects**

## The Benefits of Experienced Installation

- The installation of insulation and the identification and sealing of air leaks must be performed by **experienced professionals**
- In new construction, insulation and air sealing work requires **passing inspection**, and in many cases passing air leakage tests, before builders are permitted to begin certain subsequent interior work
- A high-quality, energy-efficient installation requires that insulation not be compressed, not have gaps, and not hold moisture as these conditions can **reduce thermal effectiveness**

## Trends in Environmental Standards and Energy Codes

- The amount of insulation and acceptable level of air infiltration in a new home are regulated by **various building and energy codes**
- As a result of code improvements, a home built to the 2018 code is estimated to use **less than half of the energy** as a standard home constructed in 1975
  - As of December 2018, **26 states** had adopted the 2012 IECC (International Energy Conservation Code) or more recent codes
  - We believe as a result of increased adoption of the 2012, 2015 and 2018 IECC by states and municipalities, that **demand for our insulation and air sealing services will increase**

## We Offer a Wide Range of Insulation Materials



Fiberglass Insulation

- Made of fibrous glass held together by a thermoset resin
  - Contains average of 50% recycled content
  - Available as batts or loosefill
- Most widely used residential insulation material



Spray Foam Insulation

- Foam applied at a job site by mixing two chemical components together in specialized application equipment
- Most expensive offering but provides high insulating value and air sealant



Cellulose Insulation

- Made of recycled paper and cardboard, has a very high recycled content
- Only available in loosefill form and is blown into the structure with specialized equipment

Scale Provides Direct Link Between Manufacturers and Builders



- Since 2017, IBP has added to its full suite of employee benefits by investing in employee-centric programs
- In a contractor industry with a tight labor market, this investment is critical and provides various long-term benefits to the business which set IBP apart from its competitors

## Existing Employee Benefits

- Medical insurance
- 401k
- Paid time-off benefits
- Full training for their role in the business

## Investments Since 2017

- Longevity stock awards
- Financial wellness training
- Savings matching
- Installed Building Products Foundation

## Promote

- Opportunities for professional growth, training and advancement are encouraged
- A safe work environment



- ✓ Reduces employee turnover
- ✓ Reduces recurring training investment
- ✓ Reduces labor search and recruitment costs
- ✓ Increases workforce productivity
- ✓ Enhances employee engagement
- ✓ Encourages repeat business and customer loyalty

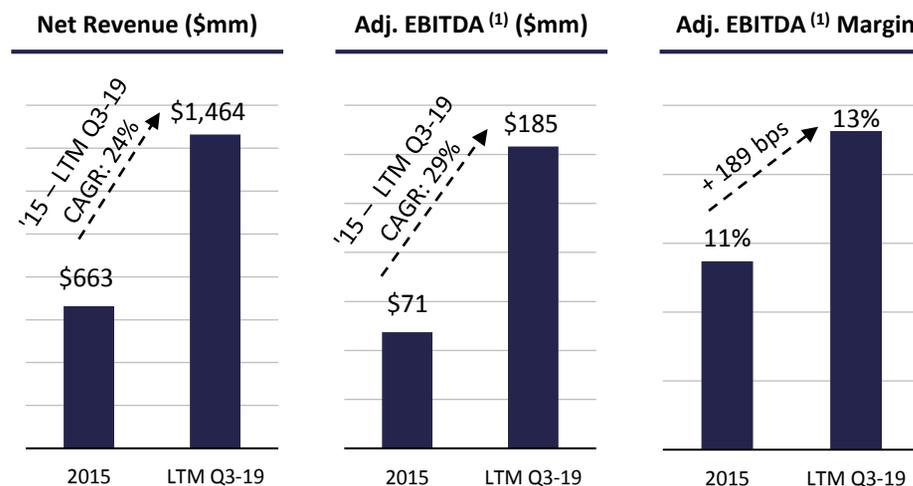
Our actions reduced our employee turnover by approximately 40% to a level significantly below industry averages since the beginning of 2017

# Experienced, Execution Oriented Management Team with Successful Track Record



Name/Position	Years w/IBP	Prior Experience
<b>Jeffrey Edwards</b> <i>President, Chief Executive Officer, &amp; Chairman</i>	24	Over 25 years of experience in the building supply and homebuilding Industry
<b>Michael Miller</b> <i>Executive VP &amp; Chief Financial Officer</i>	19	Huntington Capital CIBC Deutsche Bank First Union
<b>Jay Elliott</b> <i>Chief Operating Officer</i>	17	Ernst & Young Owens Corning IBM Westinghouse Electric
<b>Jeff Hire</b> <i>President of External Affairs</i>	11	Owens Corning Over 40 years of insulation industry experience
<b>Jason Niswonger</b> <i>Senior VP, Finance &amp; Investor Relations</i>	7	Edwards Industries Commercial Vehicle Group Sterling Commerce

## Significant Performance Enhancements

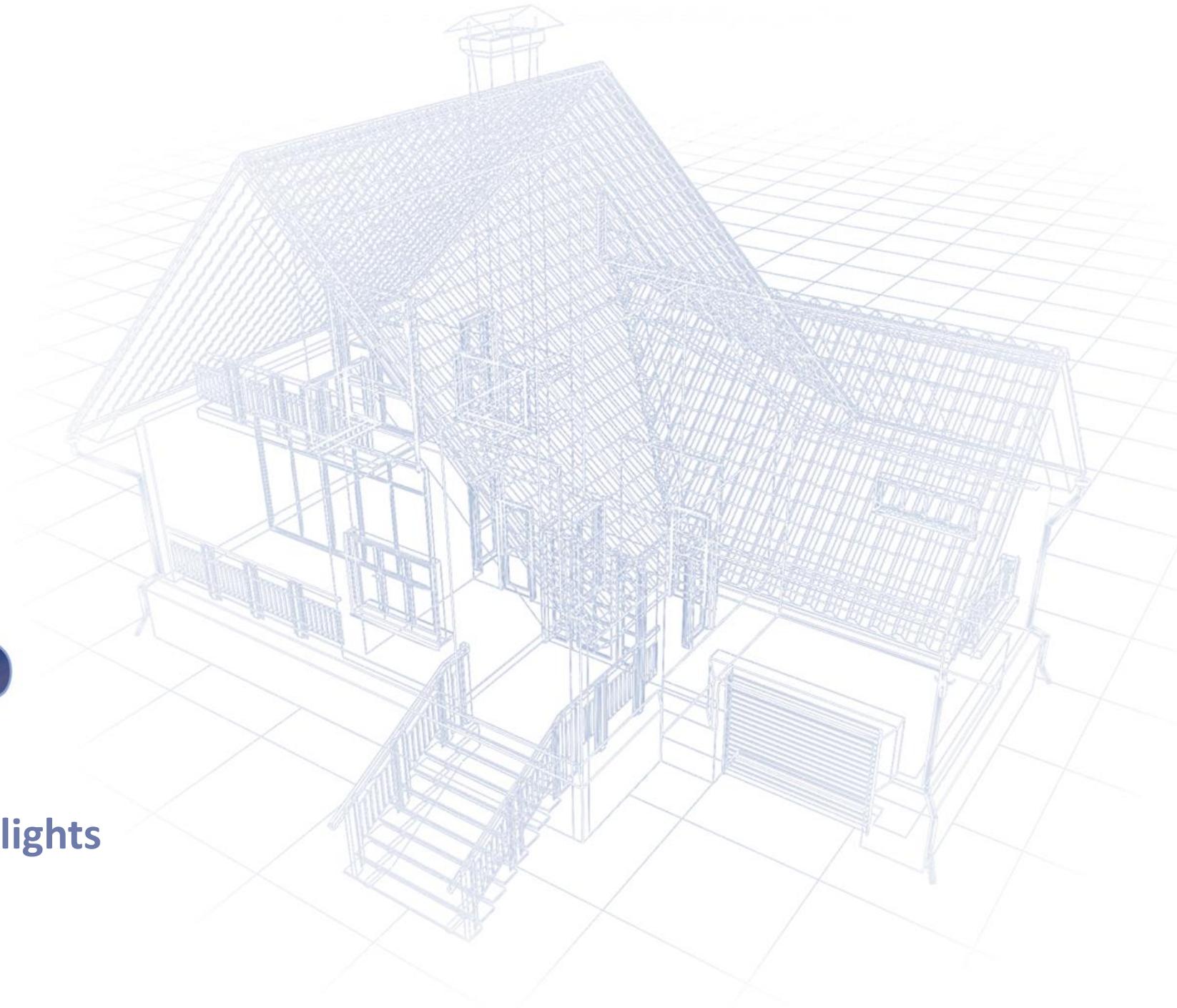


## Positioned the Business for Future Success

- ✓ Best-in-class growth and margin profile
- ✓ Disciplined and targeted acquisitions combined with consistent and proven acquisition integration has allowed IBP to become the acquirer of choice
- ✓ Adjacent products provide growth opportunities outside of the core insulation business
- ✓ Conservative capital structure



### 3. Credit Highlights





- 1 **Market Leader in an Attractive Industry**
- 2 **Critical Link between Suppliers and Customers**
- 3 **Strong Supplier and Customer Relationships**
- 4 **Proven Ability to Grow Same Branch Sales and Market Share**
- 5 **Track Record of Successful Acquisitions and Proven Integration**
- 6 **Highly Variable Cost Structure Business Model with Strong Free Cash Flow**
- 7 **Strong Balance Sheet with Conservative Capital Structure**
- 8 **Recovering Residential New Construction Market**
- 9 **Track Record of Market Outperformance**

# 1 Market Leader in an Attractive Industry

Installed Building Products is one of two national players in an attractive industry with strong barriers to entry

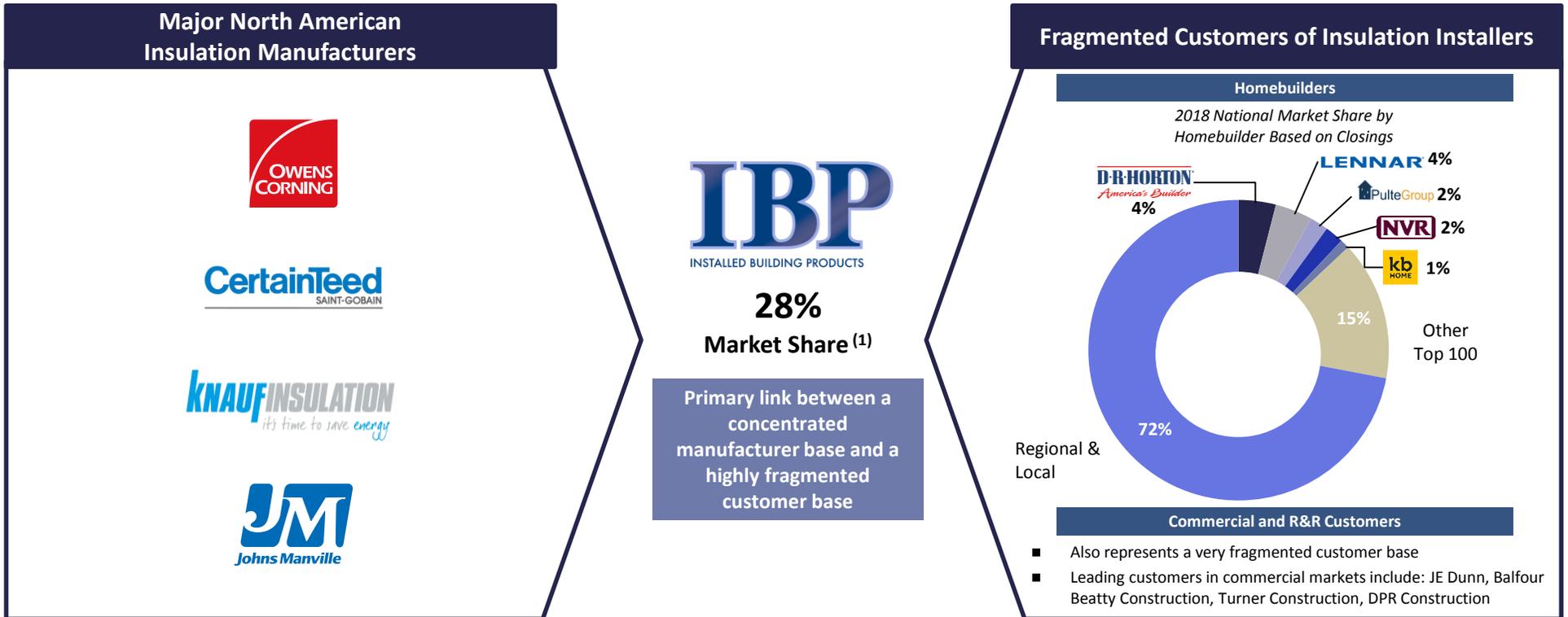
## Leadership...

- One of the largest new residential insulation installers in the U.S.
- #1 or 2 in most markets with a national market share of 28%<sup>(1)</sup>
- Track record of increasing net revenues per U.S. housing completions since 2005
- We estimate that the markets which we serve cover approximately 70% of permits issued, up from 24% in 2005
- Market share gains driven by:
  - Quality customer service
  - Cross-selling complementary installation services
  - Successful acquisition and integration of local installation operations

## ...In an Attractive Industry

- ✓ **Outside of IBP and its only national competitor, a fragmented competitive landscape**
- ✓ **A diversified customer base, with no customer representing more than 4.5% of our total revenue for the LTM Period**
- ✓ **Opportunity for service differentiation with premium service levels rewarded with premium pricing**
- ✓ **Customer business won and lost locally and not nationally, which reduces risk of substantial revenue or customer loss**
- ✓ **Insulation represents a growing product category due to the energy benefits it provides**
- ✓ **Most installer employees paid based on productivity or piece rate, resulting in high productivity and a variable cost structure**
- ✓ **High inventory turns; low product obsolescence risk**
- ✓ **Insulation is domestically manufactured resulting in no tariff exposure**
- ✓ **Extensive technical and market knowledge required to start-up and operate installation business**

IBP serves an irreplaceable role in the supply chain



### 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 handles the installation of “nuisance” products for customers
- Timely delivery and quality installation of products ensures projects remain on schedule
- Institutional knowledge of local building codes and standards

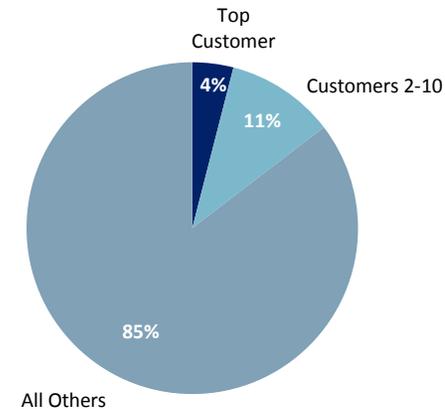
## 3 Strong Supplier and Customer Relationships

Key strategic relationships with manufacturers and an attractive, diversified customer base

### Suppliers Overview

- We have long-term relationships with our suppliers
  - No significant disruption to supply of any primary materials we purchase and install
- We are one of the largest purchasers of insulation in the U.S.
  - Our three largest suppliers in the aggregate accounted for approximately 39% of all material purchases in 2018
  - Our national purchasing volumes provide leverage with suppliers as we pursue additional purchasing synergies
- The proximity of certain of our branch locations to insulation manufacturers' facilities provides additional mutual benefit
  - Opportunities for cost savings
  - Joint planning regarding future production
- We believe we maintain good relationships with our suppliers of both insulation and non-insulation products
- Using multiple suppliers ensures a stable source of materials and favorable purchasing terms

### LTM Sept-19 Customers Overview



- We serve a broad group of national, regional and local homebuilders, multi-family and commercial construction firms, individual homeowners and repair and remodelling contractors
- Our top ten customers accounted for approximately 15% of net revenue during LTM September 30, 2019; no single customer accounted for more than 4.0%
- Our customer base is diverse with 15 of our top 20 customers representing homebuilders and the remaining 5 representing commercial customers
- We install multiple products in multiple markets for our largest customers, further diversifying our relationship with them
- Our relationship length is longer than ten years in the case of all of our top ten customers

# 4 Proven Ability to Grow Same Branch Sales and Market Share



Long track record of outpacing the market and gaining market share

## Organic Growth

Same Branch Sales have increased an average of 15.3% annually since 2012 <sup>(1)</sup>

## Building Energy Codes

Recent adoption of new building codes requiring increased energy efficiency and greater insulation per home

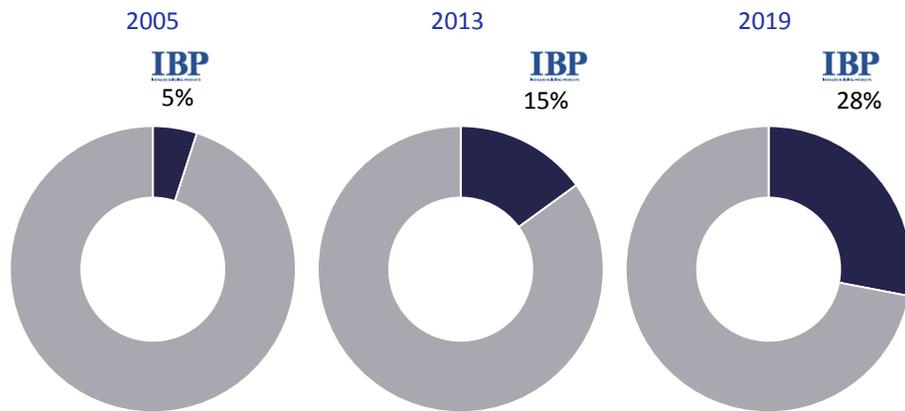
## Commercial Installation

Market potential is sizeable and the largest player today has just a single digit percent market share

## Improved Operating Leverage

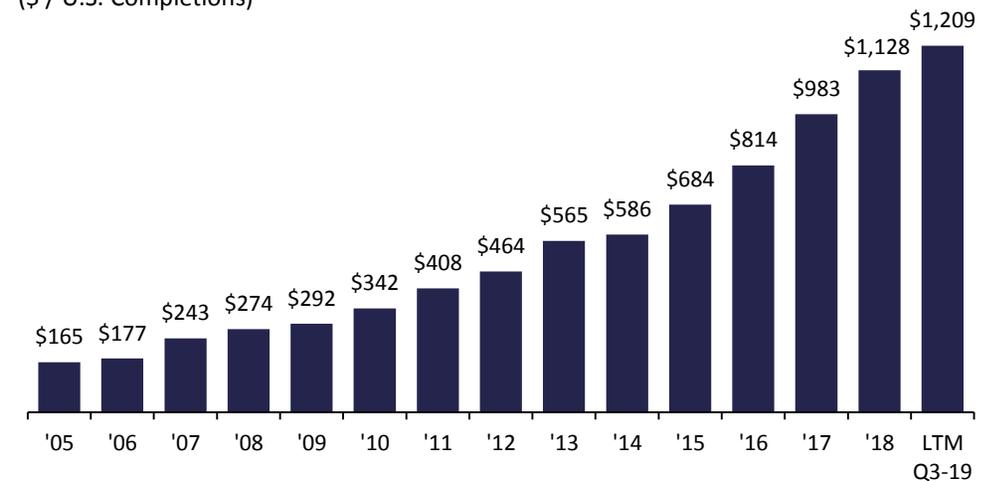
Extract additional value from operating leverage and national scale

## Market Share Expansion



## IBP Net Total Revenue / U.S. Housing Completions <sup>(2)</sup>

(\$ / U.S. Completions)



	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	LTM Q3-19
Revenue Growth	13.7%	9.9%	4.2%	(16.0%)	(24.4%)	(3.9%)	7.0%	26.3%	43.4%	19.9%	27.9%	30.2%	31.3%	18.0%	14.1%
% U.S. Housing Completions Growth	4.9%	2.5%	(24.1%)	(25.5%)	(29.1%)	(18.0%)	(10.3%)	11.0%	17.7%	15.6%	9.5%	9.5%	8.8%	2.8%	0.1%

Source: Management estimates, U.S. Census.

(1) Period over period sales growth for branch locations owned for greater than 12 months as of the financial statement date.

(2) Based on as reported total net revenue.

An acquirer of choice with over 145 successfully integrated acquisitions

## Proven M&A Playbook

- 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
- Very disciplined acquiror primarily paying low multiples for small transactions

## Integration Strategy

- IBP utilizes JobCORE, its internal software technology, to integrate acquired operations and provide in-depth branch-level operational and financial performance data
- Significant corporate resources to oversee integration
- Apply national buying power
- Leverage national relationships with large homebuilders

## Low Risk M&A Strategy

Average purchase price: \$5m

Very attractive multiples

Majority of deals privately negotiated

Management teams maintained

Local name retained

Established integration strategy

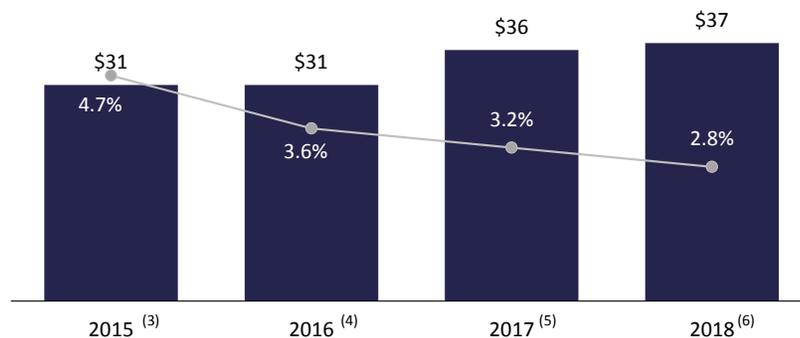
## 6 Highly Variable Cost Structure Business Model with Strong Free Cash Flow

Strong free cash flow provides the ability to quickly de-lever

- We maintain a highly variable cost structure with a large majority of operating expenses directly linked to volume
- Combination of Adjusted EBITDA growth and limited capital requirements have allowed us to complete over 145 acquisitions while maintaining an attractive leverage profile
- Except for one facility, we lease all of our locations, which provides flexibility in the event of a downturn
- Strong free cash flow due to high margin / low capex profile

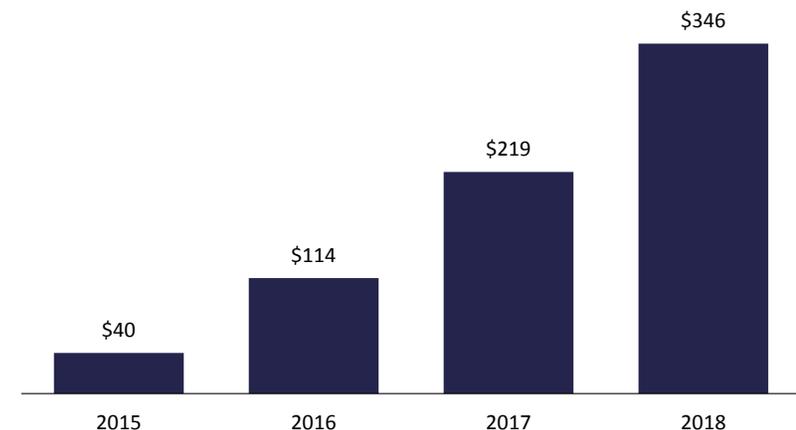
### Capex and Finance Leases and % of Net Revenue <sup>(2)</sup>

(\$ in millions)



### Cumulative Free Cash Flow Since 2015 <sup>(1) (2)</sup>

(\$ in millions)



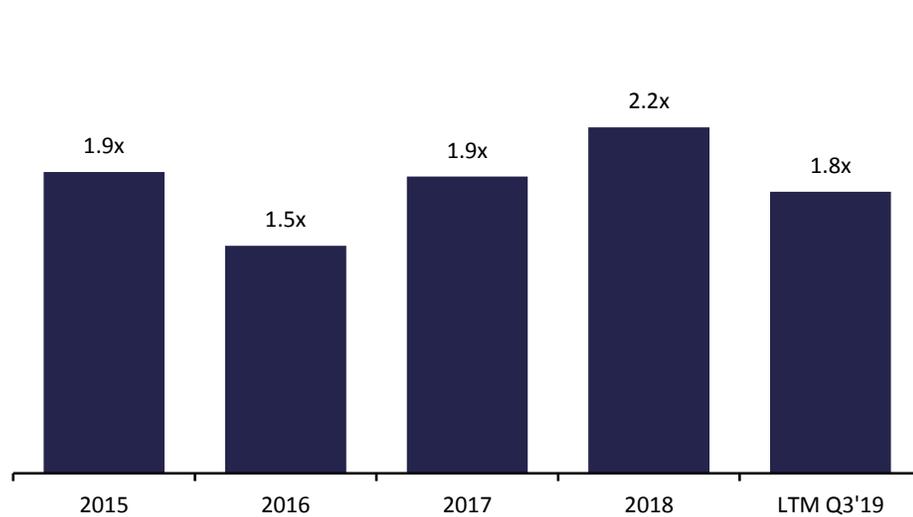
- (1) Free cash flow is defined as Adjusted EBITDA less capex and incurred finance leases. Adjusted EBITDA and Free Cash Flow are non-GAAP financial measures. A reconciliation to the most comparable measures prepared in accordance with GAAP is included in the Appendix.
- (2) Reflects as reported metrics; working capital excludes cash.
- (3) Includes \$27 million of capex and \$4 million of incurred finance leases.
- (4) Includes \$27 million of capex and \$4 million of incurred finance leases.
- (5) Includes \$32 million of capex and \$4 million of incurred finance leases.
- (6) Includes \$35 million of capex and \$2 million of incurred finance leases.
- (7) Increase in 2017 based on retainage from acquired commercial construction business, Alpha Insulation.

## 7 Strong Balance Sheet with Conservative Capital Structure

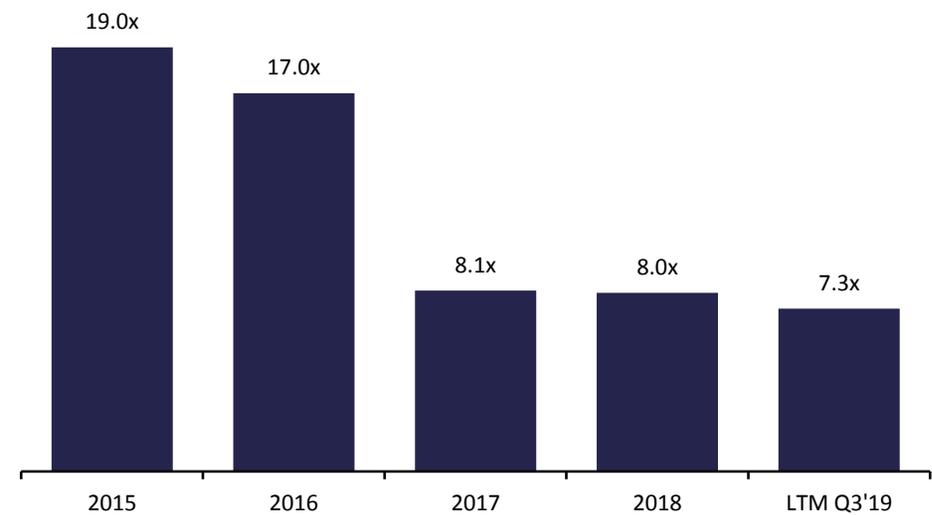
IBP is well-capitalized and positioned for continued growth

- Total leverage has trended down even as IBP has been active with strategic acquisition opportunities
- Adjusted EBITDA growth leads to strong coverage metrics
- Net leverage and interest coverage at close is 1.8x and 7.3x, respectively

Net Leverage Ratio <sup>(1)</sup>



Interest Coverage Ratio <sup>(1)</sup>

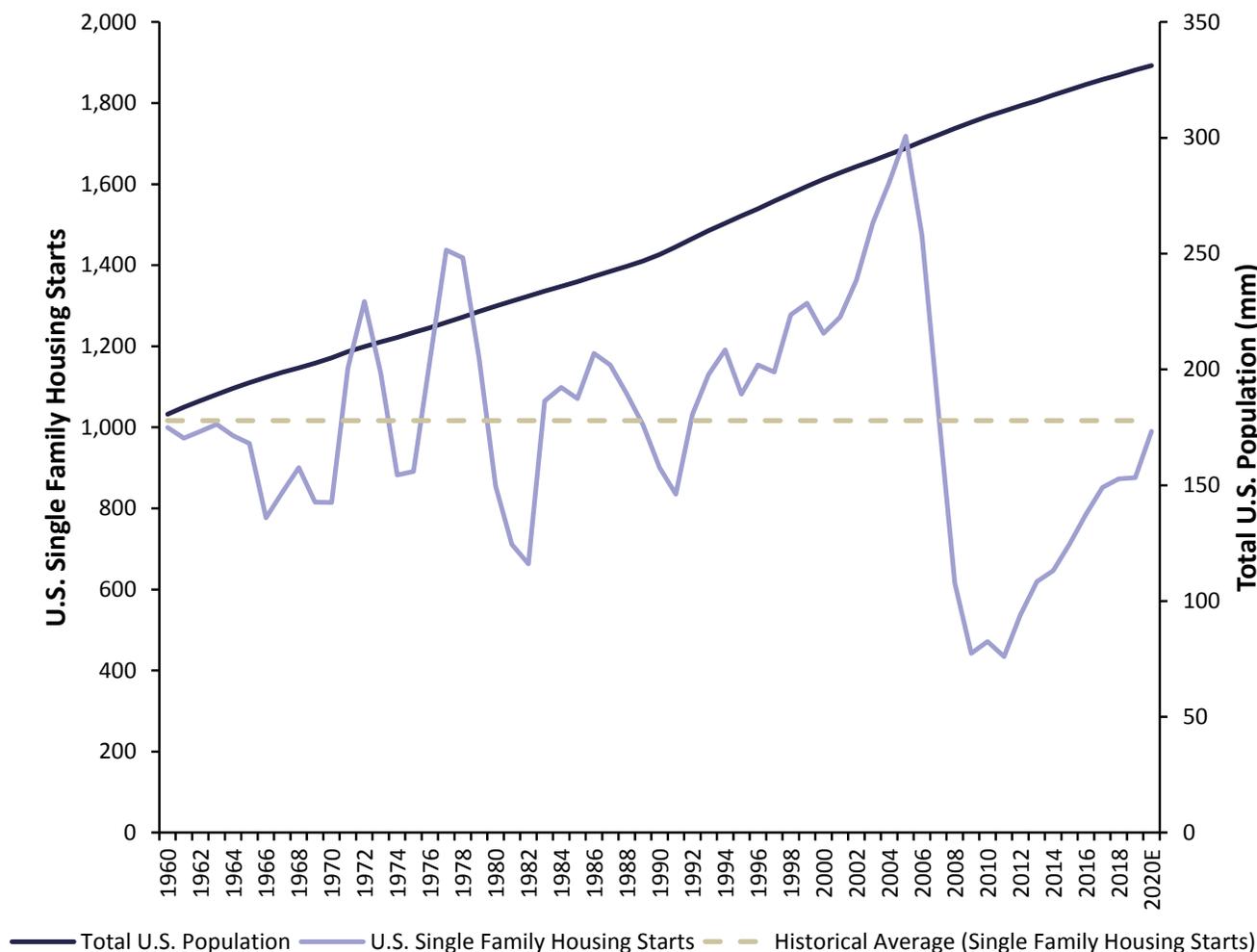


(1) Based on as reported metrics, unless noted.

The residential new construction market in the U.S. is a key driver of our products and services

- Since 2011, the recovery of residential new construction has translated into increased demand for building products
- We believe the housing recovery will continue and that the long-term economic outlook for residential new construction is favorable
  - This is supported by: increasing consumer confidence, continued job creation, rising levels of disposable income, and millennials increasingly entering the housing market
- Single-family housing starts in 2017 and 2018 stood at approximately 849,000 and 882,000, respectively – well below the 50-year average of over 1,000,000 single-family starts per year
- Furthermore, housing starts have cumulatively lagged household formations since 2010
  - We believe this indicates a significant under-supply in the market
  - In 2018 alone, the deficit of housing starts to household formations stood at 177,100 units
- Net new household formations between 2015 and 2025 are expected to be 13.6 million, averaging 1.4 million per year over this period, which should continue to support an increase in demand for new residential construction

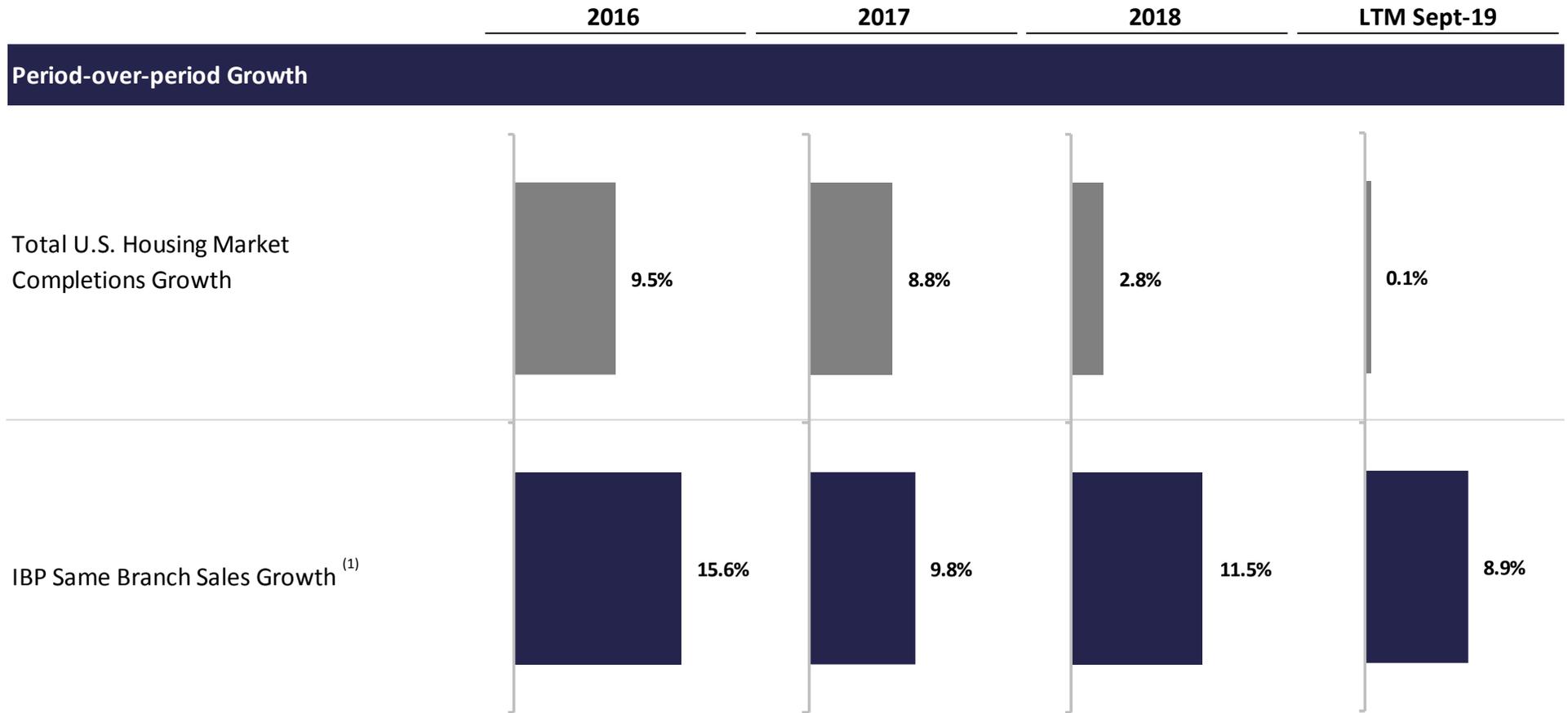
### U.S. Single-Family Housing Starts vs. Total U.S. Population



# 9 Track Record of Market Outperformance



Track record of consistently outperforming Housing Market Completions on a like-for-like growth basis

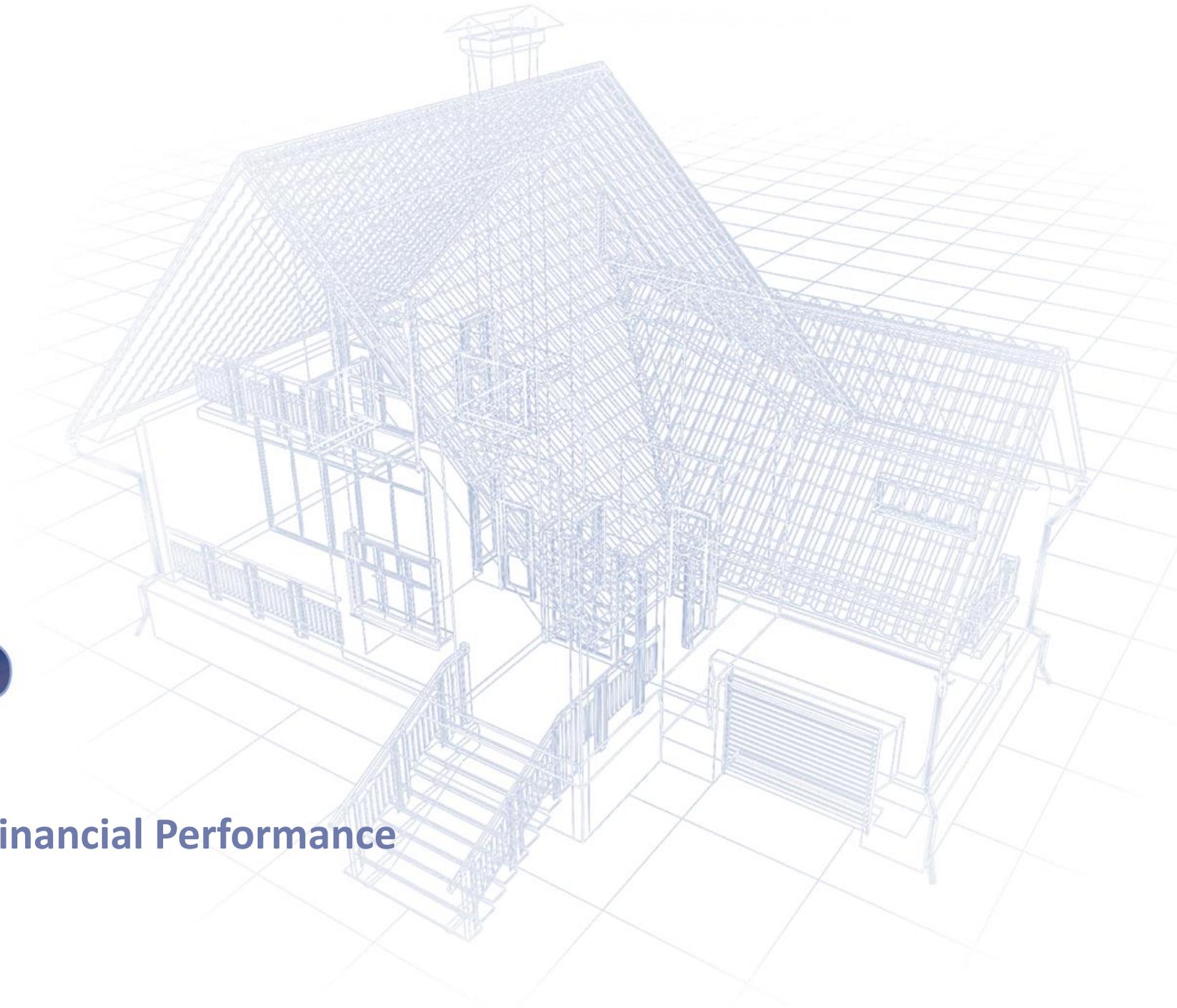


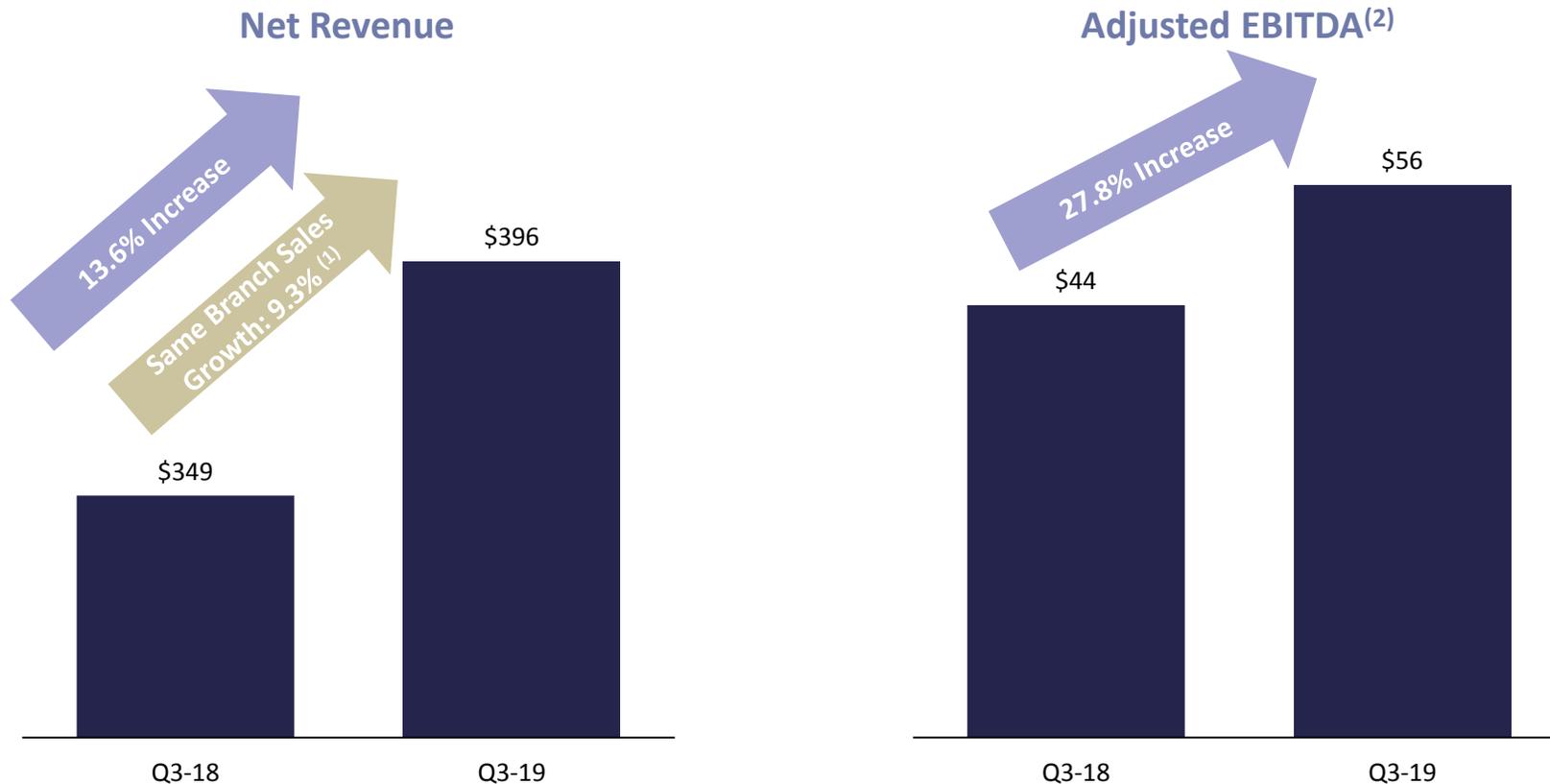
Source: U.S. Census Bureau, Company information.

(1) Period over period sales growth for branch locations owned for greater than 12 months as of the financial statement date.



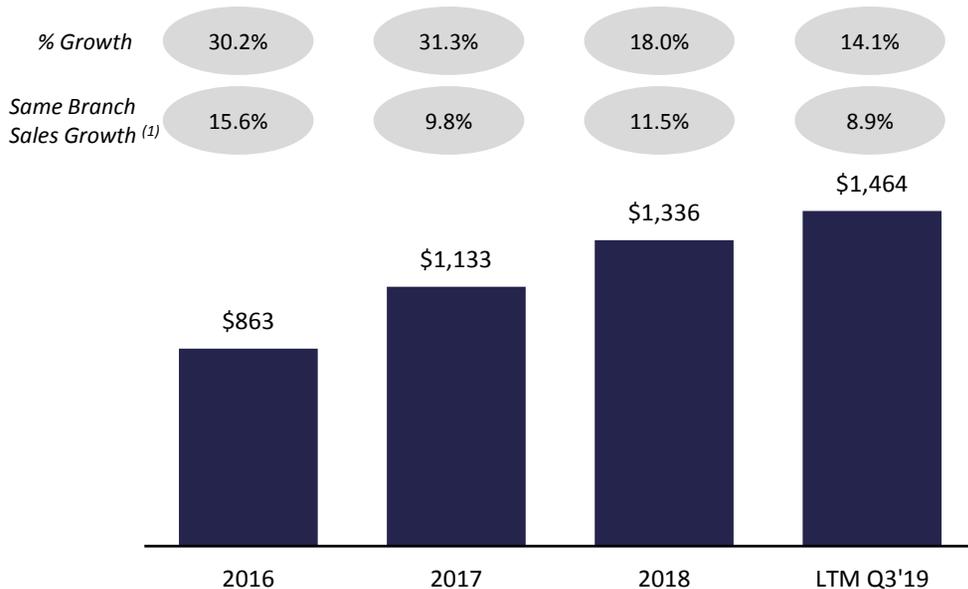
## 4. Historical Financial Performance



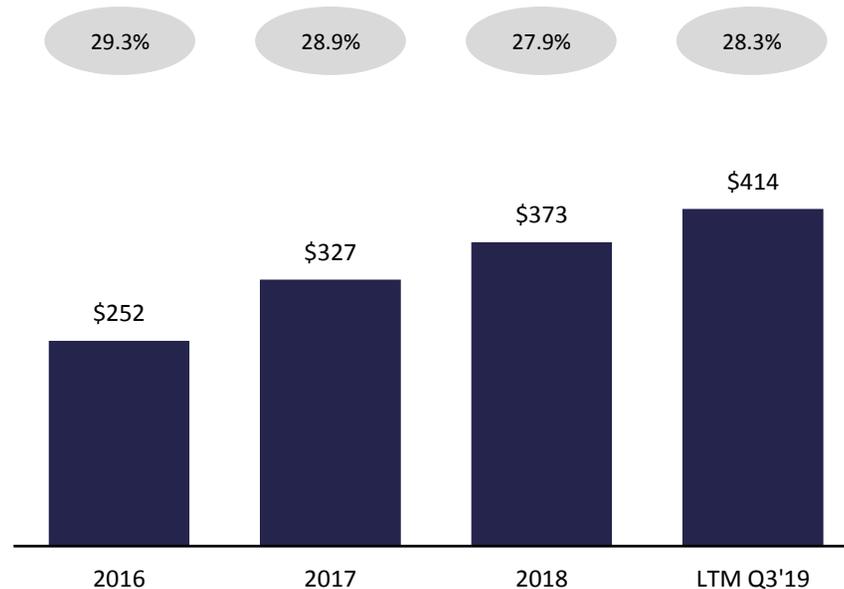


- Solid Q3 2019 performance with 19.4% organic growth in large commercial construction end market
- Revenue from residential non-insulation products increased 14.3%
- Net revenue growth was predominantly attributable to stable end-market demand in our single family market and double-digit growth in our multi-family and commercial end markets
- Growth in Adjusted EBITDA due to higher net revenue and improved gross profit

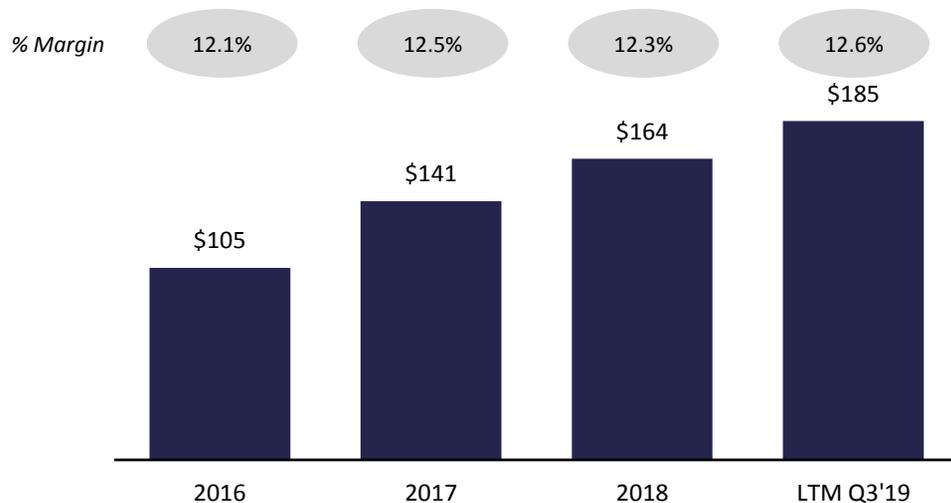
## Net Revenue



## Adjusted Gross Profit <sup>(2)</sup>



## Adjusted EBITDA <sup>(3)</sup>



## Free Cash Flow <sup>(4)</sup>



(1) Period over period sales growth for branch locations owned for greater than 12 months as of the financial statement date.  
 (2) 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.  
 (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.  
 (4) Free cash flow defined as Adjusted EBITDA less capex and incurred finance leases and is a non-GAAP financial measure. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix.

- We have taken various actions over the course of the last few years to enhance the business' resilience to an economic downturn
- The result of these actions is a business that, in spite of its intrinsic correlation with residential and macroeconomic cycles, is nimble and able to adapt operations in a challenging economic environment

1

**Expansion of commercial construction business presence which diversifies our end market and customer base**

2

**Significantly improved cost structure by enhancing variable component – large majority of operating expenses directly linked to volume**

3

**Clear cost-cutting strategy; material and install labor are directly variable**

4

**Diversified product exposure – reducing business dependence on insulation and more value for customers**

5

**Inventory turns quickly and reduces to generate cash flow in a downturn**

6

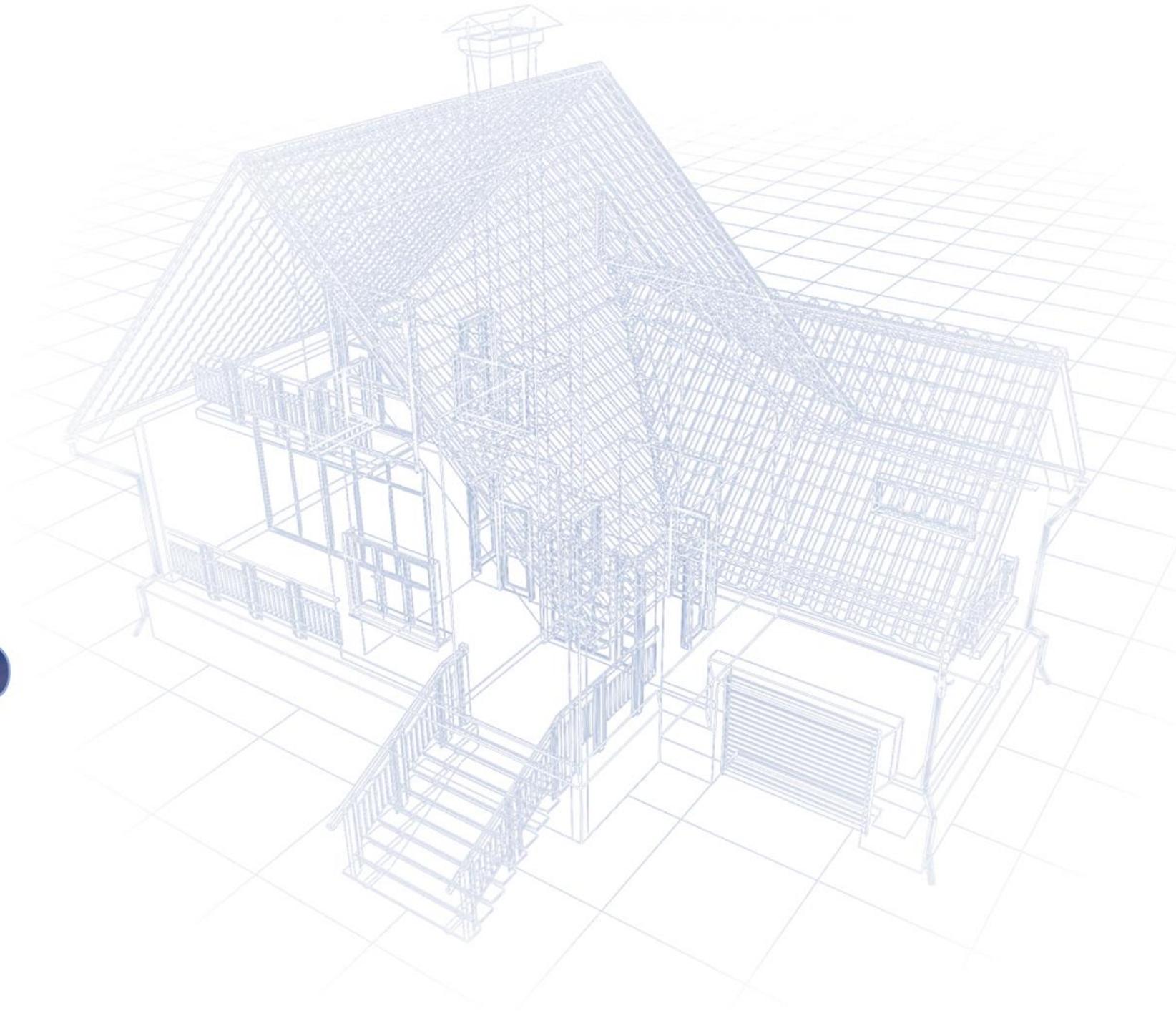
**Leased facilities provide flexibility to scale to market fluctuations as inventory and installer headcount changes**

7

**Opportunity to provide incentives to branches to push our other installed products that can shield recessionary trends**



## 5. Appendix



# Historical EBITDA Reconciliation



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.

(in millions)	Year ended December 31,					Three months ended		Nine months ended		LTM
	2014	2015	2016	2017	2018	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019	9/30/19
Net income	\$ 13.9	\$ 26.5	\$ 38.4	\$ 41.1	\$ 54.7	\$ 15.6	\$ 21.2	\$ 38.3	\$ 49.0	\$ 65.4
Interest expense	3.2	3.7	6.2	17.4	20.5	5.3	8.5	15.0	19.8	25.3
Provision for income taxes	8.6	15.4	21.2	14.7	17.4	5.4	7.6	12.8	17.1	21.8
Depreciation and amortization	15.0	23.2	34.8	55.1	58.7	13.6	16.117	44.2	46.6	61.1
<b>EBITDA</b>	<b>\$ 40.7</b>	<b>\$ 67.8</b>	<b>\$ 100.6</b>	<b>\$ 128.3</b>	<b>\$ 151.4</b>	<b>\$ 39.8</b>	<b>\$ 53.4</b>	<b>\$ 110.3</b>	<b>\$ 132.5</b>	<b>\$ 173.6</b>
Acquisition related expenses	0.1	1.1	2.3	3.2	2.7	0.7	0.3	1.9	1.5	2.3
Share based compensation expense	0.3	2.1	1.9	6.6	7.8	1.9	2.1	6.1	6.4	8.2
Other expenses <sup>(1)</sup>	2.9	0.1	-	2.9	2.4	1.4	0.1	2.4	0.7	0.7
<b>Adjusted EBITDA</b>	<b>\$ 44.0</b>	<b>\$ 71.2</b>	<b>\$ 104.8</b>	<b>\$ 141.1</b>	<b>\$ 164.4</b>	<b>\$ 43.8</b>	<b>\$ 55.9</b>	<b>\$ 120.7</b>	<b>\$ 141.2</b>	<b>\$ 184.8</b>
Capital Expenditures	6.2	27.3	27.0	31.7	35.2	8.6	19.5	27.1	37.3	45.4
Incurred Finance Leases	14.6	3.4	3.7	4.4	2.2	0.2	0.3	1.0	2.2	3.3
<b>Free Cash Flow</b>	<b>\$ 23.2</b>	<b>\$ 40.5</b>	<b>\$ 74.1</b>	<b>\$ 104.9</b>	<b>\$ 126.9</b>	<b>\$ 35.0</b>	<b>\$ 36.1</b>	<b>\$ 92.6</b>	<b>\$ 101.8</b>	<b>\$ 136.0</b>
Pre-acquisition EBITDA adjustments										\$ 3.7
<b>Further Adjusted EBITDA<sup>(2)</sup></b>										<b>\$ 188.5</b>

(1) Other expenses include (i) expenses related to employer match costs related to our financial wellness program of \$0.6 million in the nine months ended September 30, 2018 and \$0.6 million and \$2.2 million in the years ended December 31, 2018 and 2017, (ii) tax impacts on deferred tax and tax positions recorded as a result of the enactment of the Tax Cuts and Jobs Act (the "Tax Act") of \$0.7 million in the year ended December 31, 2017, (iii) branch start-up costs related to new Alpha locations of \$0.1 million, \$0.2 million, \$0.7 million, \$0.6 million and \$0.8 million in the three months ended September 30, 2019 and 2018, nine months ended September 30, 2019 and 2018 and the year ended December 31, 2018, (iv) retirement expenses of \$0.8 million in each of the three and nine months ended September 30, 2018 as well as the year ended December 31, 2018, (v) legal settlement expenses of \$0.8 million in each of the three and nine months ended September 30, 2018 and \$1.0 million, \$0.1 million and \$1.8 million in the years ended December 31, 2018, 2015 and 2014, (vi) gain on sale of assets of \$0.4 million in each of the three and nine months ended September 30, 2018 and \$0.8 million in the year ended December 31, 2018, (vii) gain from put option Redeemable Preferred Stock of \$0.5 million in the year ended December 31, 2014 and (viii) IPO and follow-on costs of \$1.3 million in the year ended December 31, 2014.

(2) Includes estimated acquired company EBITDA prior to acquisition.

# Historical Gross Profit Reconciliation



<i>(in millions)</i>	2016	2017	2018	LTM 9/19
<b>Gross Profit</b>	\$ 252.4	\$ 324.0	\$ 371.6	\$ 413.4
Reserve for workers' compensation	-	-	-	-
Share-based compensation expense	-	1.0	0.8	0.4
Financial Wellness Program	-	2.4	0.7	-
Branch start-up costs	-	-	0.8	1.0
Gain on sale of assets	-	-	(0.8)	(0.5)
<b>Adjusted Gross Profit</b>	\$ 252.4	\$ 327.4	\$ 373.2	\$ 414.3