



INSTALLED BUILDING PRODUCTS

1Q 2023

Reported May 4, 2023



Safe Harbor

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," "forecast," "intends," "anticipates," "projects," "outlook," "target," "plans" and "seeks," and, in each case their negative, and other variations or comparable terminology.

Forward-looking statements are based on management's current expectations and involve risks and uncertainties that could cause actual results, performance or achievements to differ significantly from IBP's historical results or those implied in such forward-looking statements, including, without limitation, general economic and industry conditions, rising home prices, inflation and interest rates; the potential impact of the ongoing COVID-19 pandemic; the supply chain and material constraints; the timing of increases in our selling prices; and the risk discussed in the "Risk Factors" section of our 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 filing with the SEC. You should not place undue reliance on forward-looking statement as a prediction of actual results. Any forward-looking statements in this presentation speak only as of the date hereof. IBP expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements to result any change in expectations or events, conditions or circumstances on which any such statements are based.

Non-GAAP Financial Measures

This presentation includes the following non-GAAP financial measures: (1) Adjusted EBITDA and Adjusted EBITDA Margin, (2) Adjusted Net Income, (3) Adjusted Net Income per diluted share, (4) Adjusted Selling Administrative (S&A), (5) Adjusted Cost of Sales, (6) Adjusted Gross Profit, and (7) Net Debt . 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 of a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP.

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income, Adjusted Gross Profit and Adjusted Selling and Administrative Expense measure performance by adjusting EBITDA, GAAP net income, 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.

Company Overview



IBP Growth Strategy

CAPITALIZE ON NEW RESIDENTIAL AND COMMERCIAL CONSTRUCTION MARKETS IN INSTALLATION SEGMENT

GEOGRAPHIC

- Accretive acquisitions in primary residential end market
- Lead market entrance with insulation installers
- Continue to leverage our multi-family sales growth in existing IBP branches

PRODUCT

- Pursue tuck-in acquisitions of complementary products in existing IBP markets
- Organically introduce our product offerings in existing markets
- Pursue new product categories in heavy commercial end market

	Three Months Ended March 31, 2023	
Residential new construction	\$ 475,095	72 %
Repair and remodel	37,675	6 %
Commercial	109,972	16 %
Net revenue, Installation	622,742	94 %
Other ⁽¹⁾	36,567	6 %
Net revenue, as reported	<u>\$ 659,309</u>	<u>100 %</u>

	Three Months Ended March 31, 2023	
Insulation	\$ 394,043	60 %
Shower doors, shelving and mirrors	45,513	4 %
Garage doors	43,312	7 %
Waterproofing	29,939	7 %
Rain gutters	27,800	4 %
Fireproofing/firestopping	15,175	2 %
Window blinds	15,881	2 %
Other building products	51,079	8 %
Net revenues, Installation	622,742	94 %
Other ⁽¹⁾	36,567	6 %
Net revenue, as reported	<u>\$ 659,309</u>	<u>100 %</u>

(1) Net revenue for manufacturing and distribution operations are included in the Other category for all periods presented to conform with our change in composition of operating segments.

Growth Focused Capital Allocation Strategy

CAPITAL AND CASH FLOW PRIORITIES

Acquisitions are Primary Use of Capital

- Acquisitions contribute to profitability in year one
- Disciplined approach generates compelling IRR
- Assists with revenue diversification

Recent Dividends Announced (5/4/2023)

- Quarterly dividend of \$0.33 per share

Opportunistic Share Repurchases

- \$200 million available for stock repurchases under the program as of 3/31/2023, expires 3/1/24

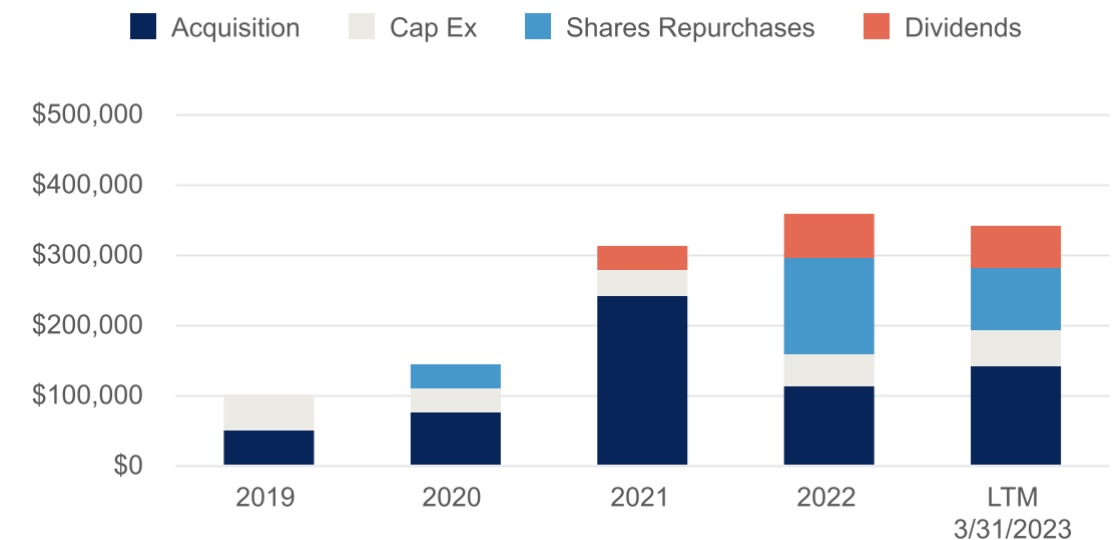
Asset-Light Model Generates Substantial Operating Cash Flow

- Working capital is largest use of operating cash
- Capital expenditures and finance capital lease expense averages ~2.0% of net revenue over the long term
- Building cash balances have supported acquisition growth

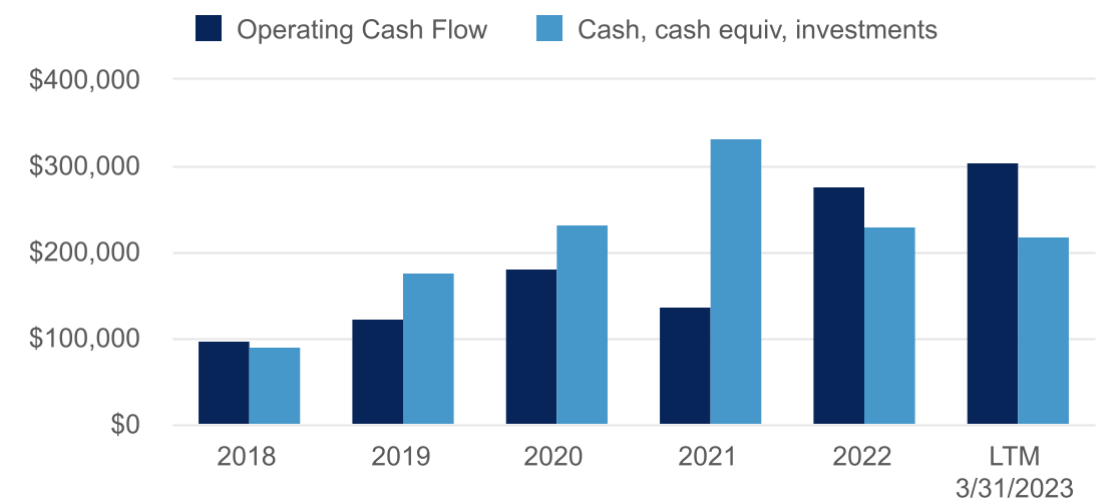
Robust Liquidity and Low Leverage Provide Flexibility Through Cycle

- Multiple funding sources and staggered maturities
- Target leverage ratio < 2.00x, 1.42x as of 3/31/2023

CAPITAL ALLOCATION (in thousands)



OPERATING CASH AND CASH BALANCE (in thousands)

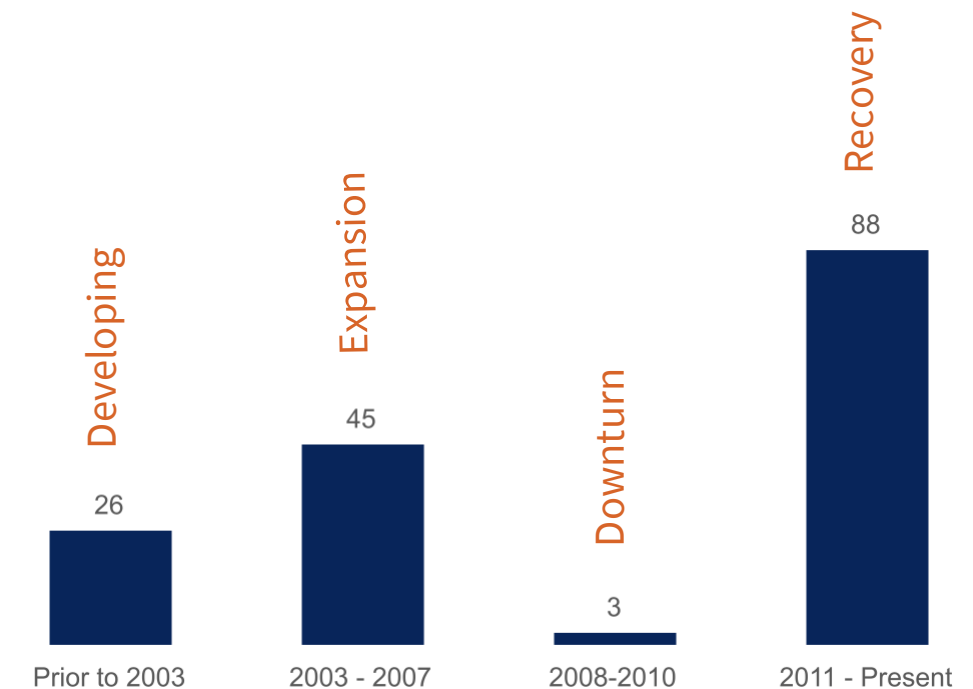


Successful Acquisition Strategy

LONG-TERM STRATEGY OF PURSUING VALUE-ENHANCING STRATEGIC ACQUISITIONS

- Acquisition rationale
 - Expand scale, product diversification, market presence
- Keys to our approach
 - Realize synergies within scalable infrastructure
 - Target profitable markets
 - Acquire operators with strong reputation and customer base
 - Maintain existing trade name and management team
- Corporate support allows more focus on customer service
- CEO, CFO and COO have been directing IBP's acquisition strategy for over 20 years
- Apply national buying power
- Leverage relationships with national homebuilders

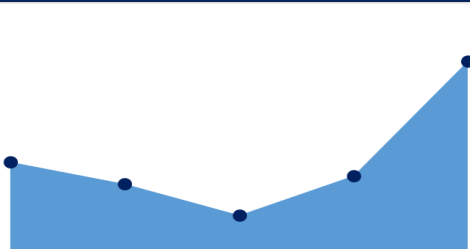
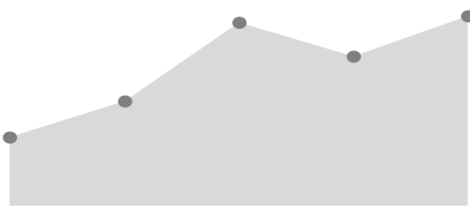
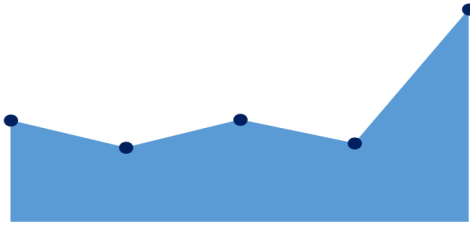
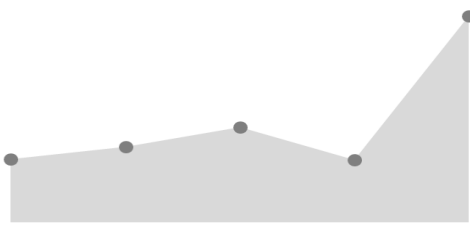
Acquirer of choice, over 160 integrated acquisitions



Note: In Q2 2022, we changed the criteria for how acquisitions are counted in the above chart. Generally, acquisitions presented meet the following criteria: (1) we pay for goodwill; (2) business has a standalone location; (3) business name is projected to remain over the long term; and (4) purchase price greater than \$0.5 million.

Annual Operating Framework








COMPELLING FINANCIAL MODEL CREATES LONG-TERM VALUE

	2018-2022		Long-Term Outlook	Acquisition Growth Assumptions
Organic Revenue Growth	 5-25%		Outperform U.S. Residential Completions Growth	Target >\$100M of acquired revenue annually
Gross Profit Margin	 28-31%		Stable within historical range	Material purchasing power + Product diversification = Margin benefit
Adjusted EPS Growth ¹	 23-66%		Mid-teens	Immediately accretive
Adjusted EBITDA Growth ¹	 16-54%		20-25% Organic Growth (Incremental)	>10% EBITDA Margin

¹ Adjusted Net Income per share, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix

Diverse Service and Product Offering

FRAGMENTED NON-INSULATION PRODUCT MARKET ALLOWS FOR REVENUE DIVERSIFICATION AND ACQUISITIONS

						
INSULATION	CLOSET SHELVING	SHOWER DOORS, MIRRORS, HARDWARE	GARAGE DOORS	RAIN GUTTERS	WINDOW BLINDS	COMMERCIAL PRODUCTS
~30% Share	NA	~7% Share	~2% Share	~6% Share	~5% Share	Single Digit % Share
Fiberglass, spray foam, and cellulose insulation	Install and design shelving systems using branded products	Basic sliding doors, custom designs, and custom mirrors	Steel, aluminum, wood, and vinyl doors and opener systems	Aluminum or copper, assembled on the job site	Cordless blinds, shades, and shutters	Waterproofing, fireproofing, firestopping

Note: All market share figures reflect IBP new residential construction market share and are based on internal estimates

ESG Highlights

[CLICK HERE TO VIEW ESG REPORT](#)



Environmental

OUR BUSINESS IS COMMITTED TO SUSTAINABILITY, INSULATION IS THE BEST WAY TO PREVENT ENERGY WASTE



Energy Efficiency

- Our customers are creating homes in the houses we build with them, and that includes keeping their families safe and warm while also saving energy



Responsible Materials

- The most common type of insulation we install – over 80% of our insulation sales – is fiberglass, which is comprised of an average of 50-80% recycled material. We also install cellulose insulation, which is comprised of at least 75% recycled waste paper



Reducing our Carbon Footprint

- Our insulation products directly reduce carbon emissions through energy efficiency. We are committed to the following environmental and sustainability initiatives:
 - Reduce by 50% our carbon producing electricity usage from 2020 baseline measured as KWH/average square foot, by 2030
 - Reduce by 50% the HFC blowing agent used from 2020 baseline, measured as CO2e, metric tones per \$1 million of revenue, as states adopt HBO alternative, by 2030
 - Reduce by 50% mobile combustion emissions from 2020 baseline, measured as CO2e metric ton emissions per average vehicle, by 2030
 - Measure and reduce the amount of landfill waste through increased recycling programs
 - Provide actionable insight into a company's energy usage and carbon emissions by investing in Energi.ai, which uses machine learning-. IBP has also become its first US-based customer

Social Governance and Responsibility

MAINTAINING TURNOVER SIGNIFICANTLY BELOW INDUSTRY AVERAGE SINCE EARLY 2017

Employee Benefits

- Medical insurance
- 401k
- Paid time-off benefits

Employee Programs

- Longevity-based stock awards
- Financial wellness program
- Installed Building Products Foundation

Opportunities

- Professional growth
- Career advancement

Safety Wanted 365

- Year-round education and training focused on creating a safer working environment

Community Engagement

- Encourage and offer opportunities for employees to volunteer and contribute to local organizations that serve our communities

Board Leadership

- 44% of our board of directors is diverse based on gender, racial, ethnic and orientation diversity



- Enhances employee engagement
- Builds family culture
- Promotes safer working environment
- Reduces recurring training investment
- Increases workforce productivity
- Encourages repeat business and customer and employee loyalty
- Promotes community and social engagement

Diversity, Equity, and Inclusion (DEI)

WE ARE COMMITTED TO MAINTAINING WORKPLACES FREE FROM DISCRIMINATION AND HARASSMENT

1

Management training programs intend to address minority representation in management and sales positions, as well as gender income equality

2

Assessment of vendors and suppliers to source products and services from minority and women owned business, where possible

3

Building a pipeline for diversity in applicant pools

4

Employee focus groups to understand diversity needs and perceptions throughout the organization

5

In conjunction with our Positive Production Program, videos will play daily on each branch television to provide education and encourage inclusion

6

Offer English as a Second Language and Spanish as a Second Language classes to remove communication hurdles

Community and Employee Engagement

COMMITMENT TO OUR EMPLOYEES AND COMMUNITIES WE SERVE



INSTALLED BUILDING PRODUCTS

Impact



\$2.4 million in scholarships have been committed to 230 employees and family members



Over \$280,000 in Employee Financial Assistance grants to help with financial hardship



Awarded \$5 million in grants to nonprofit organizations focused on housing, education and strengthening our communities

Finalized multi-year commitments to support the local and national organizations through nonprofit donations

Employees have volunteered thousands of hours to nonprofit organizations in their communities nationwide

The scholarship has allowed me to focus on my studies without having to be worried about my financial responsibilities at school. With this stress off my shoulders, I believe I was able to make the most out of my college experience by dedicating more time to what means most to me. I am happy to say that I graduated with the honors of magna cum laude. I could not have done this without the help of my family, as well as, the support from IBP, thank you!

-Bianca, IBP Foundation Scholarship Recipient

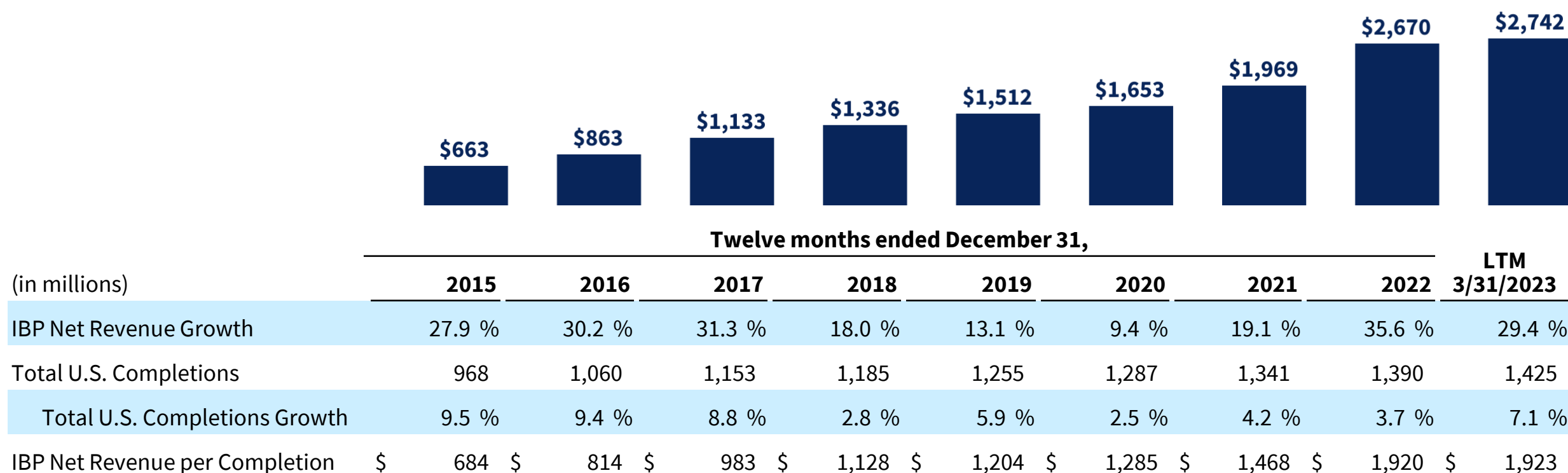
Note: All figures as of May 4, 2023

Financial Performance



Strong Top-Line Momentum

21.6% REVENUE CAGR FROM 2015 TO 2023



Source: U.S. Census Bureau, Company filings

Note: Historical revenue figures are not pro forma for acquisitions. IBP Net Revenue in millions. Total U.S. Completions in thousand units.

Summary Financial Results

(\$ in millions)	Twelve months ended December 31,				LTM
	2019	2020	2021	2022	3/31/2023
Net Revenue	\$ 1,512	\$ 1,653	\$ 1,969	\$ 2,670	\$ 2,742
<i>% Net Revenue Growth¹</i>	13.1%	9.4%	19.1%	35.6%	29.4%
Same Branch Consolidated Sales Growth	8.6%	4.5%	9.7%	24.6%	20.2%
COGS (Adjusted) ²	\$ 1,076	\$ 1,143	\$ 1,379	\$ 1,842	\$ 1,875
Adjusted Gross Profit ²	\$ 436	\$ 511	\$ 590	\$ 828	\$ 866
<i>% Margin</i>	28.8%	30.9%	30.0%	31.0%	31.6%
Adjusted S&A ³	\$ 278	\$ 306	\$ 348	\$ 436	\$ 455
<i>% of Net Revenue</i>	18.4%	18.5%	17.7%	16.3%	16.6%
Adjusted EBITDA ⁴	\$ 197	\$ 246	\$ 285	\$ 439	\$ 460
<i>% of Net Revenue</i>	13.0%	14.9%	14.5%	16.5%	16.8%

¹ % Net Revenue Growth over prior year period.

² COGS adjusted relate to stock compensation expense, Financial Wellness Program, branch start-up costs and employee pay and employee medical expenses directly attributable to COVID-19. See the and Adjusted Gross Profit Reconciliation included in the Appendix. Adjusted Gross Profit is a non-GAAP financial measure.

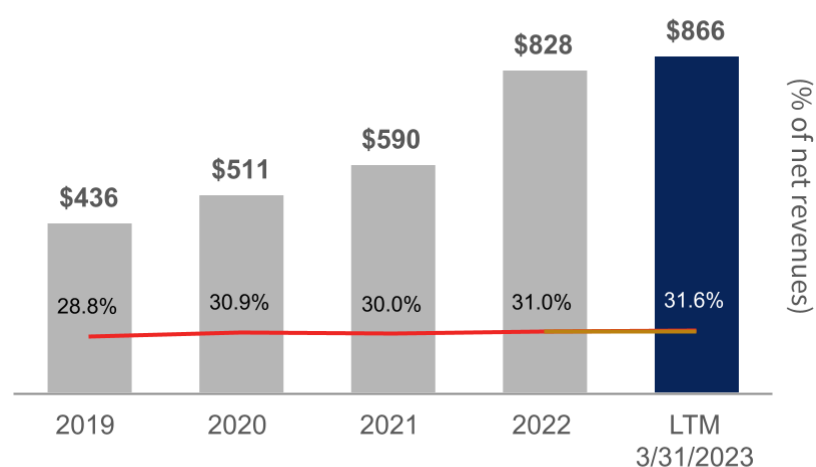
³ Adjusted S&A is a non-GAAP financial measures. A reconciliation to the most comparable measure prepared in accordance with GAAP is included in the Appendix.

⁴ 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.

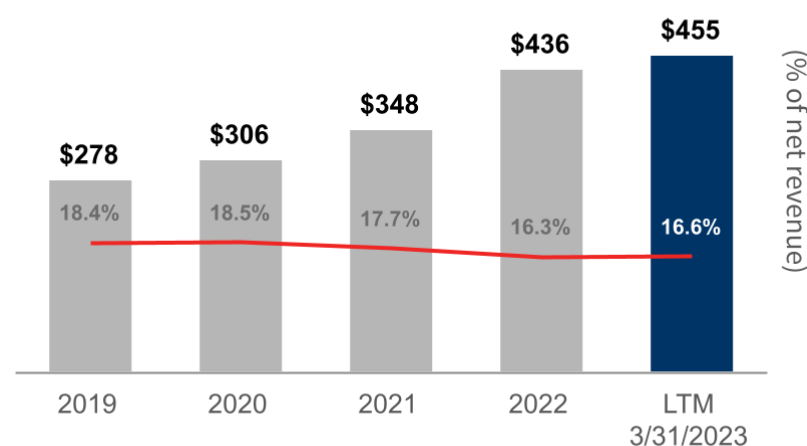
Multi-Year Financial Improvement

ADDITIONAL VALUE DRIVEN BY OPERATING LEVERAGE AND NATIONAL SCALE

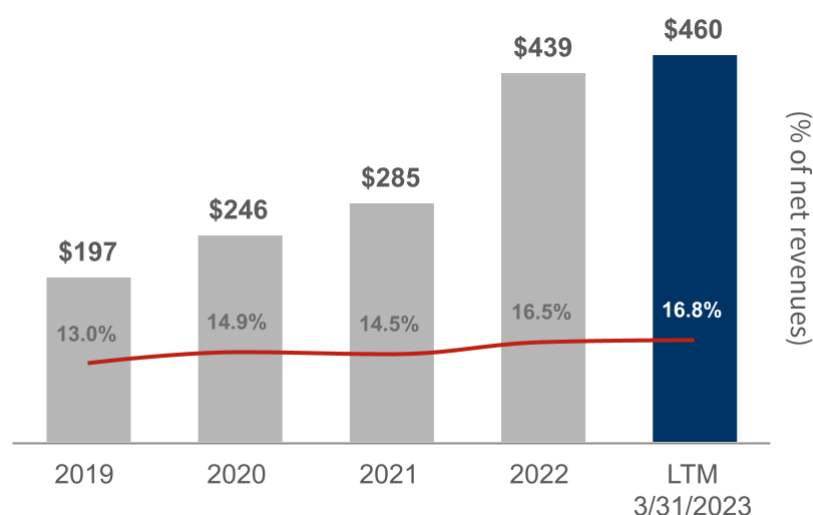
Adjusted Gross Profit¹



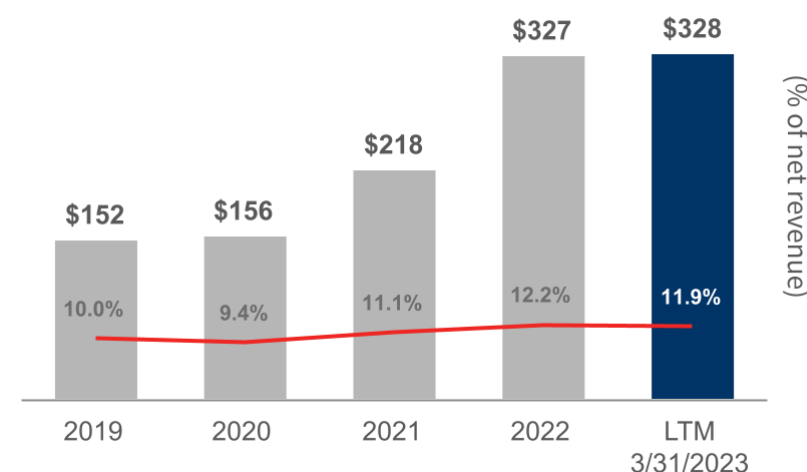
Adjusted Selling & Administrative²



Adjusted EBITDA³



Working Capital⁴



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.

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 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 Working Capital excludes cash on hand (in thousands) of 2019 - \$177,889; 2020 - \$231,520, 2021 - \$333,485, 2022 - \$229,627 and LTM 3/31/23 - \$218,690 and investments (in thousands) of 2019 - \$37,961; 2020 - \$0, 2021 - \$0; 2022 - \$0 and LTM 3/31/23 - \$0.

Strong Balance Sheet

(\$ in millions)	Twelve months ended December 31,				
	2019	2020	2021	2022	Q1 2023
Cash	\$ 178	\$ 232	\$ 334	\$ 230	\$ 219
Short-Term Investments	38	—	—	—	—
Senior Notes, net of unamortized debt issuance costs ¹	295	296	296	297	297
Term Loan, net of unamortized debt issuance costs ²	198	199	493	489	488
Vehicle and Equipment Notes Payable	73	68	69	73	74
Finance Lease Obligations	6	5	5	9	9
Variance note payable	3	3	4	2	2
Total Debt	\$ 576	\$ 570	\$ 868	\$ 870	\$ 870
Net Debt³	\$ 360	\$ 338	\$ 535	\$ 640	\$ 651
Adjusted EBITDA⁴	\$ 197	\$ 246	\$ 285	\$ 439	\$ 460
Credit Statistics:					
Net Debt/ Adjusted EBITDA	1.83x	1.38x	1.87x	1.46x	1.42x
Working Capital (Excluding Cash and short-Term Investments)	\$ 152	\$ 156	\$ 218	\$ 327	\$ 328

¹ Unamortized debt issuance costs (in thousands): 2019 - \$4,823; 2020 - \$4,230; 2021 - \$3,633; 2022 - \$3,036 and Q1 2023 - \$2,887

² Unamortized debt issuance costs (in thousands): 2019 - \$1,662; 2020 - \$1,343; 2021 - \$6,735; 2022 - \$5,767 and Q1 2023 - \$5,524

³ Net debt is a non-GAAP financial measure and is calculated by subtracting cash and short-term investments from total debt.

⁴ 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. The most recent quarter is a last twelve months figure.

Appendix



EBITDA and Adjusted EBITDA Reconciliation

(\$ in millions)	Twelve months ended December 31,				LTM
	2019	2020	2021	2022	3/31/2023
Net Income	\$ 68	\$ 97	\$ 119	\$ 223	\$ 239
Interest expense	28	30	33	42	41
Provision for income taxes	24	34	37	80	86
Depreciation and amortization	63	70	81	91	93
Miscellaneous	—	—	—	—	—
EBITDA	<u>\$ 184</u>	<u>\$ 231</u>	<u>\$ 269</u>	<u>\$ 436</u>	<u>\$ 458</u>
Legal reserves	1	—	(1)	2	2
Acquisition related expense	2	3	3	3	2
Gain on acquisition earnouts	—	—	—	(16)	—
Share-based compensation expense	9	11	14	14	14
COVID-19 expenses ¹	—	1	—	—	—
Branch start-up costs ²	1	—	—	—	—
Gain on sale of assets	—	—	(1)	—	—
Gains on acquisition earnouts	—	0	0	(15)	(15)
Adjusted EBITDA	<u>\$ 197</u>	<u>\$ 246</u>	<u>\$ 285</u>	<u>\$ 439</u>	<u>\$ 460</u>
<i>Net profit margin</i>	4.5%	5.9%	6.0%	8.4%	8.7%
<i>EBITDA margin</i>	12.2%	14.0%	13.7%	16.3%	16.7%
<i>Adjusted EBITDA margin</i>	13.0%	14.9%	14.5%	16.5%	16.8%

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

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

Adjusted Selling & Administrative Expense

(\$ in millions)	Twelve months ended December 31,				LTM
	2019	2020	2021	2022	3/31/2023
Selling & administrative	\$ 289	\$ 320	\$ 365	\$ 439	\$ 456
Acquisition related expenses	3	3	4	3	3
Gains on acquisition earnouts	—	—	(1)	(16)	(16)
Share-based compensation expense	8	11	13	13	13
COVID-19 ¹	—	—	—	—	—
Legal reserve	1	—	—	2	2
Adjusted selling & administrative	<u>\$ 278</u>	<u>\$ 306</u>	<u>\$ 349</u>	<u>\$ 436</u>	<u>\$ 455</u>
<i>Selling & administrative - % Total net revenue</i>	19.1 %	19.3 %	18.5 %	16.4 %	16.6 %
<i>Adjusted selling & administrative - % Total net revenue</i>	18.4 %	18.5 %	17.7 %	16.3 %	16.6%

¹ Addback of employee pay, employee-related expenses, and legal fees related to COVID-19.

Adjusted Net Income Reconciliation

(\$ in millions)	Three months ended March 31,	
	2023	2022
Net income, as reported	\$ 49,274	\$ 33,822
Adjustments for adjusted net income		
Share based compensation expense	3,436	3,418
Acquisition related expenses	569	664
COVID-19 expenses ¹	1	301
Amortization expense ²	11,435	11,097
Legal Reserve	—	565
Tax impact of adjusted items at a normalized tax rate ³	(4,015)	(4,172)
Adjusted net income	\$ 60,700	\$ 45,695
Weighted average shares outstanding (diluted)	28,278,220	29,580,731
Diluted net income per share, as reported	\$ 1.74	\$ 1.14
Adjustments for adjusted net income, net of tax impact, per diluted share ⁴	0.41	0.40
Diluted adjusted net income per share	\$ 2.15	\$ 1.54

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.

Adjusted Cost of Sales and Adjusted Gross Profit Reconciliation

(\$ in millions)	Twelve months ended December 31,				LTM
	2019	2020	2021	2022	3/31/2023
Net revenue	\$ 1,512	\$ 1,653	\$ 1,969	\$ 2,670	\$ 2,742
Cost of sales	1,077	1,143	1,379	1,842	1,876
Share-based compensation expense	—	—	—	1	1
COVID-19 expenses ¹	—	1	—	—	—
Branch start-up costs ²	1	—	—	—	—
Gain on sale of assets	—	—	(1)	—	—
Adjusted cost of sales	\$ 1,076	\$ 1,142	\$ 1,378	\$ 1,841	\$ 1,875
Gross Profit	\$ 435	\$ 510	\$ 590	\$ 828	\$ 866
Adjustments to cost of sales	1	1	1	1	1
Adjusted gross profit	\$ 436	\$ 511	\$ 590	\$ 828	\$ 866
<i>Gross Profit - % of Total Revenue</i>	28.8%	30.8%	29.9%	31.0 %	31.6 %
<i>Adjusted Gross Profit - % Total Revenue</i>	28.8%	30.9%	30.0%	31.0 %	31.6 %

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

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



INVESTOR RELATIONS

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