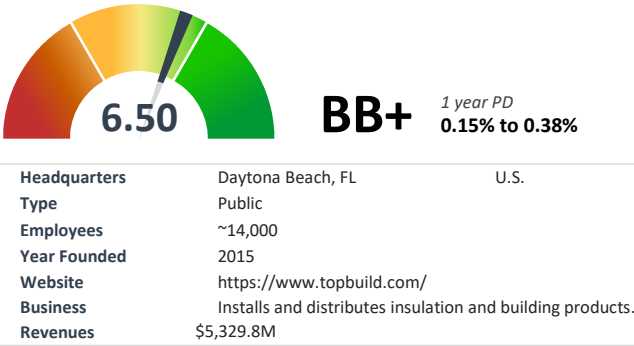


TopBuild Corp



Company Overview

- Company Overview:** TopBuild Corp., HQ'd in Daytona Beach, FL, is a leading installer and specialty distributor of insulation and building material products in the US and Canada.
- Product:** Through its TruTeam brand, they provide insulation installation services across approximately 235 branches nationwide. Operating under Service Partners and Distribution International, the company distributes insulation and related building products via a network of 175 branches.
- Customers:** TopBuild serves a diverse customer base, including residential, commercial, and industrial builders and contractors.
- Ownership:** Publicly traded on the NYSE under the ticker "BLD", with significant institutional ownership, including stakeholders like Capital Research Global Investors (11%), BlackRock (10.3%), and Vanguard (9.7%).
- Debt Structure & Ratings:** LT-debt is comprised of two senior notes, due '29/'32 and a term loan (due '26) - jointly \$1.38bn, no maturity wall. They also have a \$600mn R/C-line of which \$400mn are freely available - no due-date disclosed. S&P and Moodys rated them BB+ / Ba1 in Q1-25.
- Basis for Assessment:** SEC-filed FY-22, 23, and 24, supplemented by Q1-25 for trend analysis. FY-24 is the main basis for this assessment.
- Other (pros/cons):** Strong profitability, moderate leverage, and stable management support credit strength. Equity decline and slow growth despite numerous acquisitions raise longer-term concerns. Single Event Default risks include shocks to the demand in construction (e.g. inflation decreases disposable income, and drive up interest rates, slowing mortgage-lending/construction), a debt-funded M&A misstep (integration risk), or a Supply Chain Collapse of sorts.

Financial Snapshot

	Dec-22	Dec-23	Dec-24	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	5,008,744	5,194,694	5,329,803	2.6%
Gross Profit	1,486,719	1,603,820	1,624,918	1.3%
Adjusted EBITDA	920,499	1,011,703	1,026,834	1.5%
Gross Profit Margin	29.7%	30.9%	30.5%	-0.4 ppt
EBITDA Margin	18.4%	19.5%	19.3%	-0.2 ppt
Net Income	555,989	614,254	622,602	1.4%

		Weight	Rating Range		
		75%	5.5	to	6.5

# of Benchmarks:	33	Industry Median	Company Metric	Percentile Rank
Liquidity	Revenue			
	\$4,605M			
	\$5,330M			
Leverage	Current Ratio			
	1.95			
	2.08			
Profitability	Quick Ratio			
	0.97			
	1.55			
	Net Debt / EBITDA			
	2.19			
	1.44			
	Debt to Assets			
	37.2%			
	39.6%			
	EBITDA Margin			
	11.6%			
	19.3%			
	ROCE %			
	16.5%			
	22.3%			

of Industry Benchmarks 33
Company Financials Date Dec-24

Industry Benchmarks - Primary: Building Products | Secondary: Distributors

Business Risk

Industry Group Risk Profile	Building Materials	20%	4.0	to	5.5
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Industry Risk Assessment	KPI Rating	Contribution	Industry Group Description
Cyclicality	Moderately high risk	<div></div>	Revenues primarily from producing, distributing, and selling building materials and products. "Building materials" include cement, bricks, concrete, and aggregates like sand and gravel. "Building products" are items like glass, wallboard, roofing, plumbing, lighting, doors, windows, tools, hardware, HVAC equipment, and other goods for construction and building upkeep.
Competitive Risk	Intermediate risk	<div></div>	
Global Industry	Intermediate risk	<div></div>	
Market Segment Outlook	Stable	<div></div>	

Competitive Position Profile	Capital Goods	50%	5.0	to	6.5
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Competitive Position KPIs	KPI Rating	Contribution	Rating Guideline
Cycle-Tested	2009-2019	<div></div>	Pre-COVID.
Product & Market Diversity	Above Average	<div></div>	Good product breadth in diverse, mostly attractive markets.
Geographic Balance	Above Average	<div></div>	Significant geographic diversification but one or two dominant regions.
Customer & Supplier Concentration	Strong	<div></div>	No significant customer or supplier concentration risks.
Product and Service Differentiation	Satisfactory	<div></div>	Some differentiation but faces competition in branding and pricing.
Customer Leverage & Retention	Above Average	<div></div>	Good leverage with customers; evident long-term relationships and decent retention.
Supplier Leverage	Above Average	<div></div>	Some leverage with suppliers, mostly favorable terms.

Management, Governance, Sponsorship	30%	4.5	to	6.0
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Anchor Modifiers

Modifiers			
Revenue Segment	Normalization	<div></div>	\$1-10B
Financial Flexibility	Adjustment	<div></div>	Very High

Rating Range (Rounded)

6.0	to	7.0
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