Installed Building Products, Inc. (IBP)

Updated August 16th, 2025, by Ian Bezek

Key Metrics

Current Price:	$267	**5 Year CAGR Estimate:**	4.9%	**Market Cap:**	$7.3B
Fair Value Price:	$235	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	09/15/25
% Fair Value:	114%	**5 Year Valuation Multiple Estimate:**	-2.6%	**Dividend Payment Date:**	09/30/25
Dividend Yield:	0.6%	**5 Year Price Target**	$329	**Years Of Dividend Growth:**	5
Dividend Risk Score:	B	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Columbus, Ohio-based Installed Building Products was founded in 1977 as a company that distributes and installs homebuilding materials. Primary lines of business include installing goods such as insulation, waterproofing, fireproofing, garage doors and rain gutters in residential homes. Installed Building Products also sells into multi-family housing, commercial, and agricultural structures, along with providing services to repair and remodeling contractors.

Installed Building Products went public in 2014 and has been a sensational performer since then. Both earnings per share and the stock price have increased roughly tenfold since the IPO. The company's M&A strategy has been integral to this, with IBP spending at least $50 million on acquisitions in each of the past ten years. Given how fragmented the building materials installation space is, we see a long runway for future growth.

The company enjoyed tremendous conditions coming out of the pandemic as the U.S. homebuilding market boomed. With high interest rates and slipping transaction volumes, however, IBP's growth has slowed since 2022. The company's Q2 results, released August 7th, marked a bit of a trend change. Revenues grew 3.1% to $760 million. Adjusted EPS of $2.95 ticked up from the $2.84 in the same quarter of last year. While these results were not especially strong, they were an improvement from Q1 when the company reported a rare decline in both its top- and bottom-line results. Additionally, Q2 results came in well ahead of expectations, as analysts hadn't been expecting any meaningful amount of growth in Q2. The company has thus far not faced much margin pressure from tariffs, which has been a pleasant surprise. IBP remains active in acquisitions, most recently buying Pro Foamers, Inc. in May 2025, which will incrementally add to revenues and EPS going forward. We have raised our EPS target for the year considerably based on these results.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.85	$1.23	$1.30	$1.75	$2.28	$3.27	$4.01	$7.74	$8.61	$9.10	***$10.20***	***$14.31***
DPS	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$1.20	$1.26	$1.32	$1.40	***$1.48***	***$2.17***
Shares[1]	31	31	32	31	30	30	30	29	28	28	***28***	***27***

Installed Building Products has been an absolutely phenomenal earnings growth story, with its EPS skyrocketing from $0.85 in 2015 to $9.10 in 2024. That works out to a stunning 30% annualized EPS growth rate. More recently, IBP has managed a 24% annualized growth rate over the past five years. We believe it will be hard for IBP to maintain such a blistering growth rate as it is now a much larger business than it used to be. And we also expect the housing market to be less favorable over the next few years than it was between 2020 and 2024. We are modeling 7% EPS growth going forward, though there is certainly room for faster growth depending on how quickly IBP can find acquisition targets.

IBP did not pay a dividend until 2021, which isn't too surprising since it was using its capital to fund its rapid growth. As the company matures, however, there are now ample funds to return to shareholders. The company has started paying a significant regular quarterly dividend, with the most recent increase from 35 cents to 37 cents being announced in May 2025. In addition, IBP has paid special dividends each of the past four years which add to the total yield. We do not include the special dividends in the DPS calculation, but they have been a nice bonus for income investors.

[1] In millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	29.4	33.4	58.8	18.4	30.3	31.1	34.9	10.9	21.3	19.0	***26.2***	***23.0***
Avg. Yld.	-	-	-	-	-	-	1.0%	1.1%	1.0%	1.5%	***0.6%***	***0.7%***

Installed Building Products has averaged a 28.8x P/E ratio dating back to 2015. That valuation multiple makes sense considering the company's rapid growth over the past decade. The P/E has come down to 23.4x over the past five years. We expect the P/E multiple to settle around 23x over time. While the company is in a cyclical industry, its rapid growth and M&A platform should support a solid valuation floor. The firm has averaged around a 1% dividend yield based on the common dividend, but that gets closer to 2% when taking into account the special dividends in recent years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

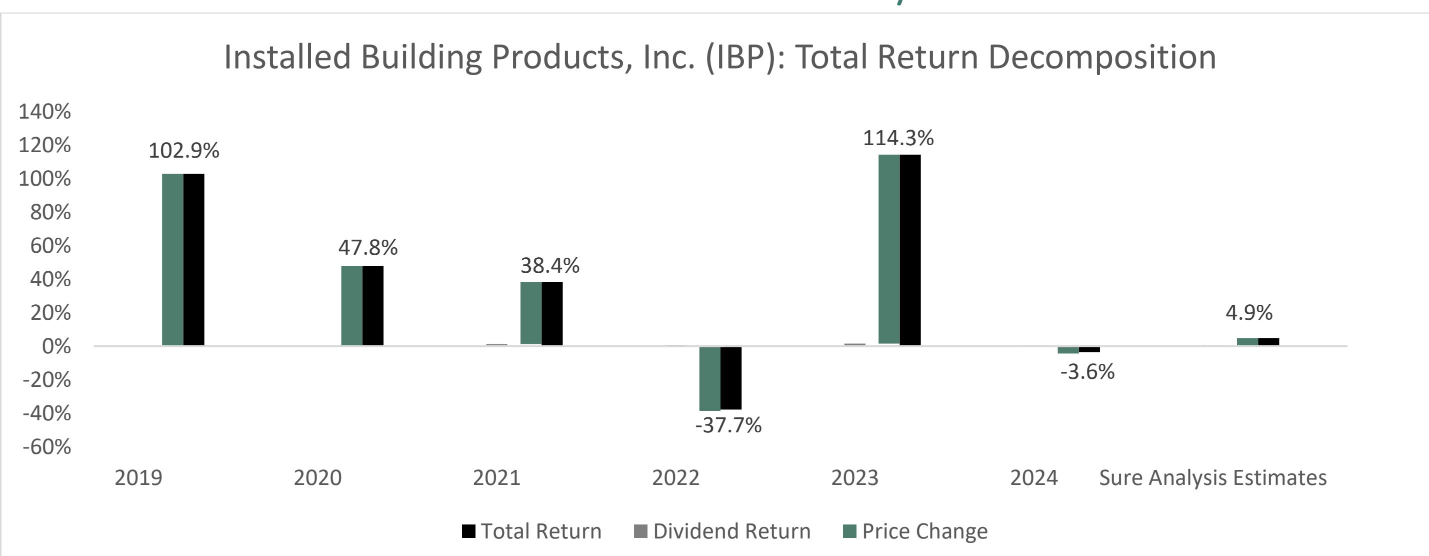
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	-	-	-	-	-	-	30%	16%	15%	15%	***15%***	***15%***

Installed Building Products has a strong balance sheet, with it carrying a modest $843 million of long-term debt as of June 30, 2025. Many such roll-up businesses use high amounts of debt to fund their acquisitions, whereas Installed Building Products has taken a more moderate approach. The firm's dividend payout ratio, calculated based on its quarterly dividend, has been under 20% in recent years making it quite safe even in a prolonged recession or housing industry downturn. Homebuilding is a cyclical industry, and we think IBP could see a meaningful drawdown in earnings during a larger housing bust. That said, the firm's strong balance sheet and diverse collection of different installation services and end markets makes it a bit more resilient than investors might first imagine.

Final Thoughts & Recommendation

Installed Building Products has been an absolute home run for long-term investors, with shares rising more than 800 percent over the past ten years. We had a buy rating on the stock in our last update. However, shares soared more than 50 percent over the past six months. This has pushed the stock from being undervalued to now selling over estimated fair value. With the company's earnings growth now being counteracted by likely multiple compression going forward, we now see a more modest 4.9% annualized total return outlook today. Shares now earn a hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	663	863	1,133	1,336	1,512	1,653	1,969	2,670	2,779	2,941
Gross Profit	188	252	324	372	435	510	590	828	931	995
Gross Margin	28.4%	29.3%	28.6%	27.8%	28.8%	30.8%	29.9%	31.0%	33.5%	33.8%
SG&A Exp.	137	175	223	253	289	320	366	455	517	565
D&A Exp.	23	35	55	59	79	88	103	118	126	135
Operating Profit	45	66	74	93	121	162	187	329	369	387
Op. Margin	6.8%	7.7%	6.6%	7.0%	8.0%	9.8%	9.5%	12.3%	13.3%	13.2%
Net Profit	27	38	41	55	68	97	119	223	244	257
Net Margin	4.0%	4.5%	3.6%	4.1%	4.5%	5.9%	6.0%	8.4%	8.8%	8.7%
Free Cash Flow	7	46	37	61	73	147	101	232	279	251
Income Tax	15	21	15	17	24	34	37	80	89	90

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	374	462	739	835	1,099	1,188	1,653	1,779	1,981	2,060
Cash & Equivalents	7	14	63	90	178	232	333	230	387	328
Acc. Receivable	103	128	181	214	245	267	313	397	423	434
Inventories	29	40	48	61	75	77	143	177	163	195
Goodwill & Int.	158	193	293	323	349	388	587	657	668	703
Total Liabilities	259	308	528	652	849	868	1,236	1,285	1,311	1,355
Accounts Payable	51	68	87	97	99	101	133	149	159	147
Long-Term Debt	123	151	348	455	569	565	863	861	867	875
Total Equity	114	154	211	182	250	319	417	494	670	705
LTD/E Ratio	1.08	0.98	1.65	2.49	2.28	1.77	2.07	1.75	1.29	1.24

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	8.7%	9.2%	6.9%	7.0%	7.0%	8.5%	8.4%	13.0%	13.0%	12.7%
Return on Equity	25.7%	28.6%	22.6%	27.9%	31.5%	34.2%	32.3%	49.1%	41.9%	37.3%
ROIC	14.9%	14.2%	9.5%	9.2%	9.4%	11.4%	11.0%	17.0%	16.9%	16.5%
Shares Out.	31	31	32	31	30	30	30	29	28	28
Revenue/Share	21.15	27.52	35.68	42.79	50.60	55.63	66.45	92.48	98.16	104.34
FCF/Share	0.23	1.47	1.17	1.97	2.44	4.95	3.42	8.05	9.84	8.92

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.