



Gibraltar Announces Second-Quarter 2019 Financial Results

July 26, 2019

Reports Revenues of \$262.7 Million, GAAP EPS of \$0.61 and Adjusted EPS of \$0.73

Gibraltar Reaffirms Guidance for 2019 Based on Record Backlog

BUFFALO, N.Y.--(BUSINESS WIRE)--Jul. 26, 2019-- Gibraltar Industries, Inc. (Nasdaq: ROCK), a leading manufacturer and distributor of building products for the residential, industrial, infrastructure, and renewable energy and conservation markets, today reported its financial results for the three-month and six-month periods ended June 30, 2019.

Second-quarter Consolidated Results

Gibraltar reported the following consolidated results:

Three Months Ended June 30,

| | Dollars in millions, except EPS GAAP | | | Adjusted | | |
|-------------|--------------------------------------|----------|----------|----------|----------|----------|
| | 2019 | 2018 | % Change | 2019 | 2018 | % Change |
| Net Sales | \$ 262.7 | \$ 266.0 | (1.2)% | \$ 262.7 | \$ 266.0 | (1.2)% |
| Net Income | \$ 19.9 | \$ 22.8 | (12.7)% | \$ 23.7 | \$ 23.1 | 2.6 % |
| Diluted EPS | \$ 0.61 | \$ 0.70 | (12.9)% | \$ 0.73 | \$ 0.71 | 2.8 % |

The Company reported second-quarter 2019 net sales of \$262.7 million, slightly below its guidance as provided in its first-quarter 2019 earnings release. The Company delivered solid growth in its Renewables, Conservation, and Infrastructure businesses, and continued to see its backlog across the business build to a record level of \$242 million, up 30% versus last year. The Residential Products Segment delivered flat revenue year-over-year in a slower-than-expected market that was impacted by weather and labor shortages. The Industrial & Infrastructure Segment delivered lower revenue in the quarter as declining steel prices resulted in Industrial customers delaying new orders while they manage existing inventory levels. The Infrastructure business delivered another quarter of positive growth as end-market activity continued to strengthen and new business bid activity increased.

GAAP and adjusted earnings were in line with guidance provided in the Company's first-quarter 2019 earnings release. Earnings in the quarter were impacted by volume and incremental expense of \$2.3 million, or \$0.05 per share, related to substantially completing the field ramp-up of the Company's new solar tracking solution, partially offset by interest savings from the repayment of the Company's outstanding debt earlier in the year, lower performance-based compensation and the acceleration of 80/20 initiatives. Without the expense related to our solar tracking solution, GAAP and adjusted earnings would have exceeded the top end of the Company's guidance for the quarter. The adjusted amounts for the second quarter of 2019 and 2018 remove special items, such as restructuring costs and senior leadership transition costs from both periods, as further described in the appended reconciliation of adjusted financial measures.

Management Comments

"Despite challenging market dynamics in our Residential and Industrial businesses in the quarter, we have solid momentum going into the second half of the year," said President and Chief Executive Officer William Bosway. "Our backlog is currently at a record level, up 30% from a year ago due to strength in our solar, greenhouse, perimeter security and infrastructure businesses. We plan to continue to drive growth through our participation in attractive end markets, market share gains, and the ramp-up of new, innovative products and services.

"We would have exceeded the high end of our quarterly earnings guidance had it not been for an incremental \$2.3 million we invested to substantially

complete the field ramp-up of our new solar tracking solution. Our acceleration of 80/20 simplification, in-lining, and key supply chain initiatives remain foundational to delivering on our plan to drive earnings growth and we continue to benefit from the interest savings from the repayment of our notes.”

Second-quarter Segment Results

Residential Products

For the second quarter, the Residential Products segment reported:

Three Months Ended June 30,

| | Dollars in millions GAAP | | | Adjusted | | |
|------------------|--------------------------|----------|-----------|----------|----------|-----------|
| | 2019 | 2018 | % Change | 2019 | 2018 | % Change |
| Net Sales | \$ 130.4 | \$ 131.1 | (0.5)% | \$ 130.4 | \$ 131.1 | (0.5)% |
| Operating Margin | 15.9 % | 18.5 % | (260) bps | 16.2 % | 18.5 % | (230) bps |

Second-quarter 2019 revenues in Gibraltar’s Residential Products segment were essentially flat versus the prior year, as lower demand due to difficult weather conditions and labor shortages was largely offset by carryover selling price increases implemented during the second half of 2018.

The second-quarter operating margin decline resulted from reduced leverage on lower volumes, material cost alignment on a year-over-year basis, and unfavorable product mix. This was partially offset by the benefit from restructuring and 80/20 simplification initiatives. The adjusted operating margin for the second quarter of 2019 and 2018 removes the special charges for restructuring initiatives under the 80/20 program from both periods.

Industrial & Infrastructure Products

For the second quarter, the Industrial & Infrastructure Products segment reported:

Three Months Ended June 30,

| | Dollars in millions GAAP | | | Adjusted | | |
|------------------|--------------------------|---------|-----------|----------|---------|-----------|
| | 2019 | 2018 | % Change | 2019 | 2018 | % Change |
| Net Sales | \$ 56.2 | \$ 61.2 | (8.2)% | \$ 56.2 | \$ 61.2 | (8.2)% |
| Operating Margin | 7.2 % | 10.8 % | (360) bps | 9.6 % | 10.8 % | (120) bps |

Second-quarter 2019 revenues for the segment were down 8.2 percent year over year, driven by lower demand in the Company’s Industrial business for its core expanded metal products. As steel prices declined during the quarter, customers of the Industrial business focused on the optimization of existing inventory versus making new purchases. Gibraltar did see positive order activity inside the Industrial business for its perimeter security solution, which resulted in record backlog for this business. The Infrastructure business continues to experience increased activity and growing backlog as the end markets remain positive and the amount of project bid activity continues to grow.

The year-over-year decline in GAAP and adjusted operating margin was driven by lower volume in the Industrial business, product mix and the alignment of material costs to pricing, partially offset by the benefit from 80/20 simplification initiatives. This segment’s adjusted operating margin for the second quarter of 2019 and 2018 removes the special charges for restructuring initiatives under the 80/20 program.

Renewable Energy & Conservation

For the second quarter, the Renewable Energy & Conservation segment reported:

Three Months Ended June 30,

| | Dollars in millions GAAP | | | Adjusted | | |
|-----------|--------------------------|---------|----------|----------|---------|----------|
| | 2019 | 2018 | % Change | 2019 | 2018 | % Change |
| Net Sales | \$ 76.0 | \$ 73.7 | 3.1 % | \$ 76.0 | \$ 73.7 | 3.1 % |

Operating Margin 12.7% 13.0% (30) bps 12.6% 13.0% (40) bps

The Renewable Energy & Conservation segment continued to build momentum in both the Solar and Greenhouse businesses. Revenue during the quarter was up 3.1 percent, driven by strong demand for greenhouse solutions and contribution from the prior-year acquisition of SolarBos. Revenue for Gibraltar's solar tracker solution in the quarter was muted as the Company paused accepting new orders while implementing field modifications for customers.

The backlog for this segment is at record levels, with greenhouse solutions up nearly double versus last year, driven by strong demand in all greenhouse vertical markets – retail, institutional, fruits & vegetables, and cannabis. For solar solutions, backlog is up approximately 20% versus last year, driven by strong demand in fixed tilt. Strong end markets and share gains are driving backlog growth.

GAAP and adjusted operating margins decreased as Gibraltar incurred an incremental \$2.3 million expense implementing field improvements for its tracker solution. Without these costs, operating margins would have improved over last year. The Company benefitted from improved price to material cost alignment and mix. This segment's adjusted operating margin for the second quarter of 2019 and 2018 removes the special charges for restructuring initiatives.

Business Outlook

"With our backlog at record levels, we expect positive end-market activity across our portfolio during the second half of the year," said Bosway. "Our backlog demonstrates our ability to drive sustainable growth."

"We continue to accelerate our 80/20 operating cadence, invest in new product development, and continue to get closer to our customers. We are actively assessing acquisitions that will strengthen our platforms, enhance our growth and margin profile, and expand our presence in the end markets that we serve," concluded Bosway.

Gibraltar is reiterating its guidance for revenues and earnings for the full year 2019. Gibraltar expects 2019 consolidated revenues to be in excess of \$1 billion. GAAP EPS for full year 2019 are expected to be between \$1.95 and \$2.10, or \$2.40 to \$2.55 on an adjusted basis, compared with \$1.96 and \$2.14, respectively, in 2018.

For the third quarter of 2019, the Company expects revenue in the range of \$288 million to \$298 million. GAAP EPS for the third quarter 2019 is expected to be between \$0.71 and \$0.78, or \$0.84 to \$0.91 on an adjusted basis.

FY 2019 Guidance

Gibraltar Industries

| <i>Dollars in millions, except EPS</i> Operating | | | Income | Net | Diluted |
|--|------------|------------|----------|----------|--------------------|
| | Income | Margin | Taxes | Income | Earnings Per Share |
| GAAP Measures | \$ 93-100 | 9.0-9.5% | \$ 26-28 | \$ 64-69 | \$ 1.95-2.10 |
| Restructuring Costs | 17 | 1.6% | 3 | 15 | \$ 0.45 |
| Adjusted Measures | \$ 110-117 | 10.6-11.1% | \$ 29-31 | \$ 79-84 | \$ 2.40-2.55 |

Second-quarter Conference Call Details

Gibraltar will host a conference call today starting at 9:00 a.m. ET to review its results for the second quarter of 2019. Interested parties may access the call by dialing (877) 407-5790 or (201) 689-8328. The presentation slides that will be referenced during the conference call are expected to be available this morning, prior to the start of the call. The slides may be downloaded from the Gibraltar website: www.gibraltar1.com. A webcast replay of the conference call and a copy of the transcript will be available on the website following the call.

About Gibraltar

Gibraltar Industries is a leading manufacturer and distributor of building products for the residential, industrial, infrastructure, and renewable energy and conservation markets. With a four-pillar strategy focused on operational improvement, product innovation, portfolio management and acquisitions, Gibraltar's mission is to drive best-in-class performance. Gibraltar serves customers primarily throughout North America and to a lesser extent Asia. Comprehensive information about Gibraltar can be found on its website at www.gibraltar1.com.

Safe Harbor Statement

Information contained in this news release, other than historical information, contains forward-looking statements and is subject to a number of risk factors, uncertainties, and assumptions. Risk factors that could affect these statements include, but are not limited to, the following: the availability of

raw materials and the effects of changing raw material prices on the Company's results of operations; energy prices and usage; changing demand for the Company's products and services; changes in the liquidity of the capital and credit markets; risks associated with the integration and performance of acquisitions; and changes in interest and tax rates. In addition, such forward-looking statements could also be affected by general industry and market conditions, as well as macroeconomic factors including government monetary and trade policies, such as tariffs and expiration of tax credits along with currency fluctuations and general political conditions. Other risks and uncertainties that arise from time to time are described in Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law or regulation.

Adjusted Financial Measures

To supplement Gibraltar's consolidated financial statements presented on a GAAP basis, Gibraltar also presented certain adjusted financial measures in this news release. Adjusted financial measures exclude special charges consisting of restructuring costs primarily associated with the 80/20 simplification initiative, senior leadership transition costs, debt repayment costs, and other reclassifications. These adjustments are shown in the reconciliation of adjusted financial measures excluding special charges provided in the supplemental financial schedules that accompany this news release. The Company believes that the presentation of results excluding special charges provides meaningful supplemental data to investors, as well as management, that are indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods as well as comparison with other companies. Special charges are excluded since they may not be considered directly related to the Company's ongoing business operations. These adjusted measures should not be viewed as a substitute for the Company's GAAP results, and may be different than adjusted measures used by other companies.

Next Earnings Announcement

Gibraltar expects to release its financial results for the three-month and nine-month periods ending September 30, 2019, on October 25, 2019, and hold its earnings conference call later that morning, starting at 9:00 a.m. ET.

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------|------------------------------|------------|
| | 2019 | 2018 | 2019 | 2018 |
| Net Sales | \$ 262,655 | \$ 266,036 | \$ 490,072 | \$ 481,373 |
| Cost of sales | 199,097 | 195,533 | 382,614 | 362,552 |
| Gross profit | 63,558 | 70,503 | 107,458 | 118,821 |
| Selling, general, and administrative expense | 36,952 | 38,229 | 70,286 | 72,704 |
| Income from operations | 26,606 | 32,274 | 37,172 | 46,117 |
| Interest expense | 219 | 3,130 | 2,280 | 6,399 |
| Other (income) expense | (13) | 13 | 576 | (572) |
| Income before taxes | 26,400 | 29,131 | 34,316 | 40,290 |
| Provision for income taxes | 6,487 | 6,294 | 8,058 | 9,101 |
| Net income | \$ 19,913 | \$ 22,837 | \$ 26,258 | \$ 31,189 |
| Net earnings per share: | | | | |
| Basic | \$ 0.62 | \$ 0.72 | \$ 0.81 | \$ 0.98 |

| | | | | |
|--------------------------------------|---------|---------|---------|---------|
| Diluted | \$ 0.61 | \$ 0.70 | \$ 0.80 | \$ 0.96 |
| Weighted average shares outstanding: | | | | |
| Basic | 32,321 | 31,862 | 32,300 | 31,824 |
| Diluted | 32,642 | 32,553 | 32,630 | 32,498 |

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

| | June 30, 2019 | December 31, 2018 |
|---|------------------|-------------------------|
| | (unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 81,882 | \$ 297,006 |
| Accounts receivable, net | 180,701 | 140,283 |
| Inventories | 85,398 | 98,913 |
| Other current assets | 13,264 | 8,351 |
| Total current assets | 361,245 | 544,553 |
| Property, plant, and equipment, net | 95,867 | 95,830 |
| Operating lease assets | 30,029 | — |
| Goodwill | 324,019 | 323,671 |
| Acquired intangibles | 92,930 | 96,375 |
| Other assets | 2,768 | 1,216 |
| | \$ 906,858 | \$ 1,061,645 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 83,140 | \$ 79,136 |
| Accrued expenses | 66,980 | 87,074 |
| Billings in excess of cost | 38,133 | 17,857 |

| | | |
|---|------------|--------------|
| Current maturities of long-term debt | — | 208,805 |
| Total current liabilities | 188,253 | 392,872 |
| Long-term debt | — | 1,600 |
| Deferred income taxes | 37,380 | 36,530 |
| Non-current operating lease liabilities | 21,375 | — |
| Other non-current liabilities | 30,303 | 33,950 |
| Shareholders' equity: | | |
| Preferred stock, \$0.01 par value; authorized 10,000 shares; none outstanding | — | — |
| Common stock, \$0.01 par value; authorized 50,000 shares; 33,101 shares and 32,887 shares issued and outstanding in 2019 and 2018 | 331 | 329 |
| Additional paid-in capital | 288,822 | 282,525 |
| Retained earnings | 366,835 | 338,995 |
| Accumulated other comprehensive loss | (5,370) | (7,234) |
| Cost of 880 and 796 common shares held in treasury in 2019 and 2018 | (21,071) | (17,922) |
| Total shareholders' equity | 629,547 | 596,693 |
| | \$ 906,858 | \$ 1,061,645 |

GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

| | Six Months Ended June 30, | |
|---|------------------------------|-----------|
| | 2019 | 2018 |
| Cash Flows from Operating Activities | | |
| Net income | \$ 26,258 | \$ 31,189 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 9,892 | 10,345 |
| Stock compensation expense | 6,091 | 4,828 |
| Exit activity recoveries, non-cash | — | (662) |

| | | |
|---|-----------|------------|
| Provision for deferred income taxes | 278 | — |
| Other, net | 2,437 | 657 |
| Changes in operating assets and liabilities, excluding the effects of acquisitions: | | |
| Accounts receivable | (41,156) | (22,048) |
| Inventories | 13,464 | (14,985) |
| Other current assets and other assets | (4,983) | (2,840) |
| Accounts payable | 4,012 | 6,064 |
| Accrued expenses and other non-current liabilities | (9,807) | (16,351) |
| Net cash provided by (used in) operating activities | 6,486 | (3,803) |
| Cash Flows from Investing Activities | | |
| Acquisitions, net of cash acquired | (264) | — |
| Net proceeds from sale of property and equipment | 60 | 2,929 |
| Purchases of property, plant, and equipment | (6,265) | (3,704) |
| Net cash used in investing activities | (6,469) | (775) |
| Cash Flows from Financing Activities | | |
| Long-term debt payments | (212,000) | (400) |
| Payment of debt issuance costs | (1,235) | — |
| Purchase of treasury stock at market prices | (3,149) | (6,016) |
| Net proceeds from issuance of common stock | 208 | 526 |
| Net cash used in financing activities | (216,176) | (5,890) |
| Effect of exchange rate changes on cash | 1,035 | (1,069) |
| Net decrease in cash and cash equivalents | (215,124) | (11,537) |
| Cash and cash equivalents at beginning of year | 297,006 | 222,280 |
| Cash and cash equivalents at end of period | \$ 81,882 | \$ 210,743 |

GIBRALTAR INDUSTRIES, INC.
Reconciliation of Adjusted Financial Measures
(in thousands, except per share data)
(unaudited)

Three Months Ended
June 30, 2019

| | As Reported In GAAP Statements | Restructuring and Acquisition Related Items | Senior Leadership Transition Costs | Debt Repayment | Adjusted Financial Measures |
|--------------------------------------|---|---|---|-------------------|-----------------------------------|
| Net Sales | | | | | |
| Residential Products | \$ 130,433 | \$ — | \$ — | \$ — | \$ 130,433 |
| Industrial & Infrastructure Products | 56,547 | — | — | — | 56,547 |
| Less Inter-Segment Sales | (329) | — | — | — | (329) |
| | 56,218 | — | — | — | 56,218 |
| Renewable Energy & Conservation | 76,004 | — | — | — | 76,004 |
| Consolidated sales | 262,655 | — | — | — | 262,655 |
| Income from operations | | | | | |
| Residential Products | 20,778 | 219 | 78 | — | 21,075 |
| Industrial & Infrastructure Products | 4,069 | 1,346 | — | — | 5,415 |
| Renewable Energy & Conservation | 9,649 | (95) | — | — | 9,554 |
| Segments Income | 34,496 | 1,470 | 78 | — | 36,044 |
| Unallocated corporate expense | (7,890) | 670 | 1,770 | — | (5,450) |
| Consolidated income from operations | 26,606 | 2,140 | 1,848 | — | 30,594 |
| Interest expense | 219 | — | — | (38) | 181 |
| Other income | (13) | — | — | — | (13) |
| Income before income taxes | 26,400 | 2,140 | 1,848 | 38 | 30,426 |
| Provision for income taxes | 6,487 | 533 | (301) | 9 | 6,728 |
| Net income | \$ 19,913 | \$ 1,607 | \$ 2,149 | \$ 29 | \$ 23,698 |
| Net earnings per share - diluted | \$ 0.61 | \$ 0.05 | \$ 0.07 | \$ — | \$ 0.73 |

Operating margin

| | | | | | | | | | | |
|--------------------------------------|------|---|-------|----|-----|---|---|---|------|---|
| Residential Products | 15.9 | % | 0.2 | % | 0.1 | % | — | % | 16.2 | % |
| Industrial & Infrastructure Products | 7.2 | % | 2.4 | % | — | % | — | % | 9.6 | % |
| Renewable Energy & Conservation | 12.7 | % | (0.1) |)% | — | % | — | % | 12.6 | % |
| Segments Margin | 13.1 | % | 0.6 | % | — | % | — | % | 13.7 | % |
| Consolidated | 10.1 | % | 0.8 | % | 0.7 | % | — | % | 11.6 | % |

GIBRALTAR INDUSTRIES, INC.

Reconciliation of Adjusted Financial Measures

(in thousands, except per share data)

(unaudited)

Three Months Ended
June 30, 2018

| | As Reported In GAAP Statements | Restructuring Charges | Senior Leadership Transition Costs | Adjusted Financial Measures |
|--------------------------------------|--------------------------------------|--------------------------|---|-----------------------------------|
| Net Sales | | | | |
| Residential Products | \$ 131,128 | \$ — | \$ — | \$ 131,128 |
| Industrial & Infrastructure Products | 61,561 | — | — | 61,561 |
| Less Inter-Segment Sales | (368) | — | — | (368) |
| | 61,193 | — | — | 61,193 |
| Renewable Energy & Conservation | 73,715 | — | — | 73,715 |
| Consolidated sales | 266,036 | — | — | 266,036 |
| Income from operations | | | | |
| Residential Products | 24,196 | (29) | — | 24,167 |
| Industrial & Infrastructure Products | 6,604 | (28) | — | 6,576 |
| Renewable Energy & Conservation | 9,556 | (3) | — | 9,553 |
| Segments income | 40,356 | (60) | — | 40,296 |
| Unallocated corporate expense | (8,082) | 223 | 153 | (7,706) |

| | | | | |
|-------------------------------------|-----------|---------|--------|-----------|
| Consolidated income from operations | 32,274 | 163 | 153 | 32,590 |
| Interest expense | 3,130 | — | — | 3,130 |
| Other expense | 13 | — | — | 13 |
| Income before income taxes | 29,131 | 163 | 153 | 29,447 |
| Provision for income taxes | 6,294 | 40 | 43 | 6,377 |
| Net income | \$ 22,837 | \$ 123 | \$ 110 | \$ 23,070 |
| Net earnings per share - diluted | \$ 0.70 | \$ 0.01 | \$ — | \$ 0.71 |

Operating margin

| | | | | | | | | |
|--------------------------------------|------|---|-----|---|-----|---|------|---|
| Residential Products | 18.5 | % | — | % | — | % | 18.5 | % |
| Industrial & Infrastructure Products | 10.8 | % | — | % | — | % | 10.8 | % |
| Renewable Energy & Conservation | 13.0 | % | — | % | — | % | 13.0 | % |
| Segments margin | 15.2 | % | — | % | — | % | 15.2 | % |
| Consolidated | 12.1 | % | 0.1 | % | 0.1 | % | 12.3 | % |

GIBRALTAR INDUSTRIES, INC.
Reconciliation of Adjusted Financial Measures
(in thousands, except per share data)
(unaudited)

Six Months Ended
June 30, 2019

| | As Reported In GAAP Statements | Restructuring and Acquisition Related Items | Senior Leadership Transition Costs | Debt Repayment | Adjusted Financial Measures |
|--------------------------------------|---|---|---|-------------------|-----------------------------------|
| Net Sales | | | | | |
| Residential Products | \$ 234,142 | \$ — | \$ — | \$ — | \$ 234,142 |
| Industrial & Infrastructure Products | 111,735 | — | — | — | 111,735 |
| Less Inter-Segment Sales | (646) | — | — | — | (646) |
| | 111,089 | — | — | — | 111,089 |

| | | | | | | |
|--------------------------------------|-----------|----------|----------|----------|-----------|---|
| Renewable Energy & Conservation | 144,841 | — | — | — | 144,841 | |
| Consolidated sales | 490,072 | — | — | — | 490,072 | |
| Income from operations | | | | | | |
| Residential Products | 32,868 | 370 | 78 | — | 33,316 | |
| Industrial & Infrastructure Products | 8,198 | 1,313 | — | — | 9,511 | |
| Renewable Energy & Conservation | 11,281 | (1) | — | — | 11,280 | |
| Segments Income | 52,347 | 1,682 | 78 | — | 54,107 | |
| Unallocated corporate expense | (15,175) | 677 | 4,265 | — | (10,233) | |
| Consolidated income from operations | 37,172 | 2,359 | 4,343 | — | 43,874 | |
| | | | | | | |
| Interest expense | 2,280 | — | — | (1,079) | 1,201 | |
| Other expense | 576 | — | — | — | 576 | |
| Income before income taxes | 34,316 | 2,359 | 4,343 | 1,079 | 42,097 | |
| Provision for income taxes | 8,058 | 587 | 320 | 269 | 9,234 | |
| Net income | \$ 26,258 | \$ 1,772 | \$ 4,023 | \$ 810 | \$ 32,863 | |
| Net earnings per share – diluted | \$ 0.80 | \$ 0.06 | \$ 0.12 | \$ 0.03 | \$ 1.01 | |
| | | | | | | |
| Operating margin | | | | | | |
| Residential Products | 14.0 | % 0.2 | % — | % — | % 14.2 | % |
| Industrial & Infrastructure Products | 7.4 | % 1.2 | % — | % — | % 8.6 | % |
| Renewable Energy & Conservation | 7.8 | % — | % — | % — | % 7.8 | % |
| Segments Margin | 10.7 | % 0.3 | % — | % — | % 11.0 | % |
| Consolidated | 7.6 | % 0.5 | % 0.9 | % — | % 9.0 | % |

GIBRALTAR INDUSTRIES, INC.
Reconciliation of Adjusted Financial Measures
(in thousands, except per share data)
(unaudited)

Six Months Ended
June 30, 2018

| | As Reported In GAAP Statements | Restructuring Charges | Senior Leadership Transition Costs | Tax Reform | Adjusted Financial Measures |
|--------------------------------------|--------------------------------------|--------------------------|---|---------------|-----------------------------------|
| Net Sales | | | | | |
| Residential Products | \$ 235,076 | \$ — | \$ — | \$ — | \$ 235,076 |
| Industrial & Infrastructure Products | 116,185 | — | — | — | 116,185 |
| Less Inter-Segment Sales | (589) | — | — | — | (589) |
| | 115,596 | — | — | — | 115,596 |
| Renewable Energy & Conservation | 130,701 | — | — | — | 130,701 |
| Consolidated sales | 481,373 | — | — | — | 481,373 |
| Income from operations | | | | | |
| Residential Products | 37,434 | (195) | — | — | 37,239 |
| Industrial & Infrastructure Products | 9,206 | (513) | — | — | 8,693 |
| Renewable Energy & Conservation | 13,618 | 133 | 178 | — | 13,929 |
| Segments income | 60,258 | (575) | 178 | — | 59,861 |
| Unallocated corporate expense | (14,141) | 267 | 458 | — | (13,416) |
| Consolidated income from operations | 46,117 | (308) | 636 | — | 46,445 |
| Interest expense | 6,399 | — | — | — | 6,399 |
| Other income | (572) | — | — | — | (572) |
| Income before income taxes | 40,290 | (308) | 636 | — | 40,618 |
| Provision for income taxes | 9,101 | (106) | 173 | 68 | 9,236 |
| Net income | \$ 31,189 | \$ (202) | \$ 463 | \$ (68) | \$ 31,382 |
| Net earnings per share - diluted | \$ 0.96 | \$ (0.01) | \$ 0.02 | \$ — | \$ 0.97 |

Operating margin

| | | | | | | | | | |
|--------------------------------------|------|---|---------|-------|---|---|---|------|---|
| Residential Products | 15.9 | % | (0.1)% | — | % | — | % | 15.8 | % |
| Industrial & Infrastructure Products | 8.0 | % | (0.4)% | — | % | — | % | 7.5 | % |
| Renewable Energy & Conservation | 10.4 | % | 0.1 % | 0.1 % | — | % | — | 10.7 | % |
| Segments margin | 12.5 | % | (0.1)% | — | % | — | % | 12.4 | % |
| Consolidated | 9.6 | % | (0.1)% | 0.1 % | — | % | — | 9.6 | % |

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