# Gibraltar Announces Third-Quarter 2019 Financial Results

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*Revenues Grow 7%, GAAP and Adjusted EPS Grow 25% and 34%, Respectively*
*Strong Cash Flow from Operations of $66 Million*
*Acquires Apeks Supercritical, $CO_2$ Extraction Leader, Establishing Processing Presence*
*Narrowing 2019 Revenue and EPS Guidance to Upper End of Previous Range on Strong Backlog*

BUFFALO, N.Y.--(BUSINESS WIRE)--Oct. 25, 2019-- Gibraltar Industries, Inc. (Nasdaq:ROCK), a leading manufacturer and distributor of building products and services for the renewable energy, conservation, residential, industrial, and infrastructure markets, today reported its financial results for the three- and nine-month periods ended September 30, 2019.

“We delivered solid third quarter results as we continued our focus on top-line execution and operational excellence across our businesses,” stated President and Chief Executive Officer Bill Bosway. “Our Renewable Energy & Conservation segment led our overall top-line performance, largely driven by organic growth and share gains in both of our end markets. We also continued to invest in our Conservation business, which now includes both growing and processing solutions, with the acquisition of Apeks Supercritical, a North American leader in CO2 extraction.

“Additionally, both our Industrial & Infrastructure Products and Residential Products segments continue to benefit from ongoing simplification actions, with Industrial & Infrastructure products delivering stronger profitability this quarter compared to the prior year quarter. In all, we delivered solid adjusted EPS performance, generated $66 million in operating cash flow, up 57% over last year, and continued to generate growing backlog of $241 million heading into the fourth quarter, up 45% over last year, demonstrating the success of our drive to be more relevant to our customers.”

**Third Quarter 2019 Consolidated Results**

Gibraltar reported the following consolidated results:

| | **Three Months Ended September 30,** | | | | | |
|---|---|---|---|---|---|---|
| *Dollars in millions, except EPS* | **GAAP** | | | **Adjusted** | | |
| | **2019** | **2018** | **% Change** | **2019** | **2018** | **% Change** |
| Net Sales | $299.2 | $280.1 | 6.8% | $299.2 | $280.1 | 6.8% |
| Net Income | $24.5 | $19.5 | 25.6% | $31.2 | $23.2 | 34.5% |
| Diluted EPS | $0.75 | $0.60 | 25.0% | $0.95 | $0.71 | 33.8% |

Third quarter 2019 net sales increased 6.8% to $299.2 million from third quarter 2018 and were above the quarterly guidance range provided in Gibraltar’s second quarter 2019 earnings release. Of the 6.8% increase, 4.3% was driven through organic growth, primarily in the Renewables & Conservation business, and 2.5% resulted from the prior year acquisition of SolarBOS and the recent acquisition of Apeks Supercritical, which was completed during the third quarter of 2019. Residential Products and Industrial & Infrastructure Products revenues were essentially flat.

GAAP earnings increased 25.6% to $24.5 million, or $0.75 per share, at the midpoint of the Company’s quarterly guidance range, while adjusted earnings increased 34.5% to $31.2 million, or $0.95 per share, above the quarterly guidance range. The increases over prior year were the result of increased profitability in the Renewable Energy & Conservation and Industrial & Infrastructure Products segments along with reduced interest expense compared to prior year, partially offset by lower earnings in the Residential Products segment. The adjusted amounts for the third quarter of 2019 remove expenses of $6.7 million, or $0.20 per share, associated with restructuring, senior leadership transition, and acquisitions. Special items removed from both the third quarters of 2019 and 2018 amounts are further described in the appended reconciliation of adjusted financial measures.

**Third Quarter Segment Results**

***Renewable Energy & Conservation***

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

| | **Three Months Ended September 30,** | | | | | |
|---|---|---|---|---|---|---|
| *Dollars in millions* | **GAAP** | | | **Adjusted** | | |
| | **2019** | **2018** | **% Change** | **2019** | **2018** | **% Change** |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net Sales | $116.8 | $98.5 | 18.6% | $116.8 | $98.5 | 18.6% |
| Operating Margin | 16.8% | 15.3% | 150 bps | 17.8% | 15.1% | 270 bps |

Third quarter Renewable Energy & Conservation segment revenues increased 18.6% on strong demand. Of the increase, 11.3% was driven by organic growth resulting from our continued efforts to be more relevant to our customers, and 7.3% was driven by the third quarter 2018 acquisition of SolarBOS and the third quarter 2019 acquisition of Apeks Supercritical. Segment backlog is up 72% on a year over year basis, driven by continued strength in end markets as well as participation gains.

Operating margins expanded through better operating execution, volume leverage and favorable product and vertical market mix. This segment's adjusted operating margin for the third quarters of 2019 and 2018 removes the special charges for acquisition related items and restructuring initiatives, respectively.

*Apeks Supercritical Acquisition*

On August 30, 2019, Gibraltar acquired Apeks Supercritical, a U.S.-based designer and manufacturer of botanical oil extraction technologies utilizing subcritical and supercritical CO2. Apeks' trailing twelve-month revenues as of June 30, 2019 were $17.7 million. Apeks sells direct to customers primarily in the cannabis industry.

Mr. Bosway commented, "With Gibraltar's established portfolio of products and services focused on assisting our customers in designing, building and enhancing their cultivation operations, we recognized our next opportunity to support our customers with optimizing their processing operations. As a result, we have taken our first step forward with the acquisition of Apeks Supercritical, a company that holds a leading position in extraction processing with a strong leadership team, patented technology, and leading-edge clean extraction technology. We are excited about this market, and will continue to broaden our capabilities, and relevance with our customers."

***Residential Products***

For the third quarter, the Residential Products segment reported:

| | **Three Months Ended September 30,** | | | | | |
|---|---|---|---|---|---|---|
| *Dollars in millions* | **GAAP** | | | **Adjusted** | | |
| | **2019** | **2018** | **% Change** | **2019** | **2018** | **% Change** |
| Net Sales | $126.3 | $125.8 | nmf | $126.3 | $125.8 | nmf |
| Operating Margin | 13.5% | 16.0% | (250) bps | 16.2% | 17.5% | (130) bps |

Third quarter 2019 Residential Products segment revenues increased slightly year-over-year, as modestly increased volumes were partially offset by market pricing.

The third quarter operating margin decline resulted from 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. Adjusted operating margin for the third quarters of 2019 and 2018 removes the special charges for restructuring initiatives under the 80/20 program from both periods.

***Industrial & Infrastructure Products***

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

| | **Three Months Ended September 30,** | | | | | |
|---|---|---|---|---|---|---|
| *Dollars in millions* | **GAAP** | | | **Adjusted** | | |
| | **2019** | **2018** | **% Change** | **2019** | **2018** | **% Change** |
| Net Sales | $56.2 | $55.8 | 0. 7% | $56.2 | $55.8 | 0.7% |
| Operating Margin | 9.7% | 5.2% | 450 bps | 10.2% | 8.4% | 180 bps |

Third quarter 2019 Industrial & Infrastructure Products segment revenues increased nearly 1% year-over-year as continued strengthening of the Infrastructure business was partially offset by lower revenue in the Industrial business, driven by lower steel prices impacting its core industrial products.

The segment operating margin increase was driven by a more favorable mix of higher margin products, increased 80/20 focus on more profitable product lines and customers, and continuing efforts to reduce operating costs from the business. Adjusted operating margin for the third quarters of 2019 and 2018 removes the special charges for restructuring initiatives under the 80/20 program from both periods.

**Business Outlook**

Mr. Bosway concluded, “We expect continued profitable growth in the final quarter of the year based on the composition of projects in backlog and end market activity levels. Our focus remains achieving and expanding our leadership positions in attractive end markets through organic growth and acquisitions that strengthen our platforms, to increase our value to our customers through innovation and performance optimization, to expand our profitability through operational excellence and 80/20 acceleration, and to build a team and a culture that supports both growth and increasing returns to all our stakeholders.”

Gibraltar is narrowing its guidance for revenues and earnings for the full year 2019 to the upper end of the previously stated range. Gibraltar now expects 2019 consolidated revenues to be in the range of $1,040 million to $1,050 million. GAAP EPS for full year 2019 are now expected to be between $2.03 and $2.10, or $2.48 to $2.55 on an adjusted basis, compared with $1.96 and $2.14, respectively, in 2018.

For the fourth quarter of 2019, the Company expects revenue in the range of $251 million to $261 million, compared with $241 million in fourth quarter 2018. GAAP EPS for the fourth quarter 2019 is expected to be between $0.48 and $0.55, or $0.52 to $0.59 on an adjusted basis, compared with $0.40 and $0.47, respectively.

**FY 2019 Guidance Reconciliation**

| | **Gibraltar Industries** | | | | |
|---|---|---|---|---|---|
| *Dollars in millions, except EPS* | **Operating** | | | | **Diluted** |
| | **Income** | **Margin** | **Income Taxes** | **Net Income** | **Earnings Per Share** |
| GAAP Measures | $ 93 – 96 | 9.0 – 9.2% | $ 21-22 | $ 66-69 | $ 2.03-2.10 |
| Restructuring Costs | 17 | 1.6% | 3 | 15 | $0.45 |
| Adjusted Measures | $ 110 – 113 | 10.6-10.8% | $ 24-25 | $ 81-84 | $ 2.48-2.55 |

**Third Quarter Conference Call Details**

Gibraltar will host a conference call today starting at 9:00 a.m. ET to review its results for the third quarter of 2019. Interested parties may access the call by dialing (877) 407-3088 or (201) 389-0927 or by accessing the webcast at the Investor Info section of the Company’s website at www.gibraltar1.com. Presentation slides referenced during the conference call will be available for download on the website. 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 renewable energy, conservation, residential, industrial, and infrastructure, 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, acquisition related 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.

GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Net Sales | $ 299,236 | $ 280,086 | $ 789,308 | $ 761,459 |
| Cost of sales | 222,658 | 209,807 | 605,272 | 572,359 |
| Gross profit | 76,578 | 70,279 | 184,036 | 189,100 |
| Selling, general, and administrative expense | 45,158 | 40,875 | 115,444 | 113,579 |
| Income from operations | 31,420 | 29,404 | 68,592 | 75,521 |
| Interest expense | 17 | 2,906 | 2,297 | 9,305 |
| Other expense (income) | 84 | 522 | 660 | (50) |
| Income before taxes | 31,319 | 25,976 | 65,635 | 66,266 |
| Provision for income taxes | 6,843 | 6,473 | 14,901 | 15,574 |
| Net income | $ 24,476 | $ 19,503 | $ 50,734 | $ 50,692 |
| | | | | |
| Net earnings per share: | | | | |
| Basic | $ 0.75 | $ 0.61 | $ 1.57 | $ 1.59 |
| Diluted | $ 0.75 | $ 0.60 | $ 1.55 | $ 1.56 |
| Weighted average shares outstanding: | | | | |
| Basic | 32,470 | 32,115 | 32,357 | 31,922 |
| Diluted | 32,770 | 32,571 | 32,677 | 32,524 |

GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| | (unaudited) | |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 137,618 | $ 297,006 |
| Accounts receivable, net | 196,334 | 140,283 |
| Inventories | 83,048 | 98,913 |
| Other current assets | 17,527 | 8,351 |
| Total current assets | 434,527 | 544,553 |
| Property, plant, and equipment, net | 95,075 | 95,830 |
| Operating lease assets | 28,573 | — |
| Goodwill | 327,983 | 323,671 |
| Acquired intangibles | 96,185 | 96,375 |
| Other assets | 2,475 | 1,216 |
| | $ 984,818 | $ 1,061,645 |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable | $ 103,630 | $ 79,136 |
| Accrued expenses | 97,883 | 87,074 |
| Billings in excess of cost | 38,672 | 17,857 |
| Current maturities of long-term debt | — | 208,805 |
| Total current liabilities | 240,185 | 392,872 |
| Long-term debt | — | 1,600 |

| | | |
|---|---|---|
| Deferred income taxes | 36,672 | 36,530 |
| Non-current operating lease liabilities | 20,461 | — |
| Other non-current liabilities | 30,287 | 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; 33,145 shares and 32,887 shares issued and outstanding in 2019 and 2018 | 332 | 329 |
| Additional paid-in capital | 293,009 | 282,525 |
| Retained earnings | 391,311 | 338,995 |
| Accumulated other comprehensive loss | (6,022) | (7,234) |
| Cost of 888 and 796 common shares held in treasury in 2019 and 2018 | (21,417) | (17,922) |
| Total shareholders' equity | 657,213 | 596,693 |
| | $ 984,818 | $ 1,061,645 |

GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| **Cash Flows from Operating Activities** | | |
| Net income | $ 50,734 | $ 50,692 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 14,923 | 15,449 |
| Stock compensation expense | 10,087 | 6,854 |
| Exit activity costs, non-cash | 479 | 1,088 |
| Benefit of deferred income taxes | (429) | — |

| | | |
|---|---|---|
| Other, net | 3,267 | 1,114 |
| Changes in operating assets and liabilities, excluding the effects of acquisitions: | | |
| Accounts receivable | (56,645) | (30,534) |
| Inventories | 18,617 | (16,263) |
| Other current assets and other assets | (6,949) | 1,052 |
| Accounts payable | 22,770 | 9,237 |
| Accrued expenses and other non-current liabilities | 15,640 | (479) |
| Net cash provided by operating activities | 72,494 | 38,210 |
| **Cash Flows from Investing Activities** | | |
| Acquisitions, net of cash acquired | (8,665) | (5,241) |
| Net proceeds from sale of property and equipment | 87 | 3,147 |
| Purchases of property, plant, and equipment | (7,703) | (6,767) |
| Net cash used in investing activities | (16,281) | (8,861) |
| **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 | (3,495) | (6,549) |
| Net proceeds from issuance of common stock | 400 | 1,343 |
| Net cash used in financing activities | (216,330) | (5,606) |
| Effect of exchange rate changes on cash | 729 | (610) |
| Net (decrease) increase in cash and cash equivalents | (159,388) | 23,133 |
| Cash and cash equivalents at beginning of year | 297,006 | 222,280 |
| Cash and cash equivalents at end of period | $ 137,618 | $ 245,413 |

GIBRALTAR INDUSTRIES, INC.

Reconciliation of Adjusted Financial Measures

(in thousands, except per share data)

(unaudited)

| | Three Months Ended September 30, 2019 | | | | |
|---|---|---|---|---|---|
| | As Reported In GAAP Statements | Restructuring Charges | Senior Leadership Transition Costs | Acquisition Related Items | Adjusted Financial Measures |
| Net Sales | | | | | |
| Renewable Energy & Conservation | $ 116,771 | $ — | $ — | $ — | $ 116,771 |
| Residential Products | 126,275 | — | — | — | 126,275 |
| Industrial & Infrastructure Products | 56,361 | — | — | — | 56,361 |
| Less Inter-Segment Sales | (171) | — | — | — | (171) |
| | 56,190 | — | — | — | 56,190 |
| Consolidated sales | 299,236 | — | — | — | 299,236 |
| | | | | | |
| Income from operations | | | | | |
| Renewable Energy & Conservation | 19,633 | 37 | — | 1,166 | 20,836 |
| Residential Products | 17,012 | 3,415 | — | — | 20,427 |
| Industrial & Infrastructure Products | 5,462 | 285 | — | — | 5,747 |
| Segments Income | 42,107 | 3,737 | — | 1,166 | 47,010 |
| Unallocated corporate expense | (10,687) | 246 | 2,708 | 470 | (7,263) |
| Consolidated income from operations | 31,420 | 3,983 | 2,708 | 1,636 | 39,747 |
| | | | | | |
| Interest expense | 17 | — | — | — | 17 |
| Other expense | 84 | — | — | — | 84 |
| Income before income taxes | 31,319 | 3,983 | 2,708 | 1,636 | 39,646 |
| Provision for income taxes | 6,843 | 1,030 | 161 | 417 | 8,451 |
| Net income | $ 24,476 | $ 2,953 | $ 2,547 | $ 1,219 | $ 31,195 |
| Net earnings per share - diluted | $ 0.75 | $ 0.09 | $ 0.08 | $ 0.03 | $ 0.95 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Operating margin | | | | | | | | | |
| Renewable Energy & Conservation | 16.8 | % | — | % | — | % | 1.0 | % | 17.8 % |
| Residential Products | 13.5 | % | 2.7 | % | — | % | — | % | 16.2 % |
| Industrial & Infrastructure Products | 9.7 | % | 0.5 | % | — | % | — | % | 10.2 % |
| Segments Margin | 14.1 | % | 1.2 | % | — | % | 0.4 | % | 15.7 % |
| Consolidated | 10.5 | % | 1.3 | % | 0.9 | % | 0.5 | % | 13.3 % |

GIBRALTAR INDUSTRIES, INC.

Reconciliation of Adjusted Financial Measures

(in thousands, except per share data)

(unaudited)

| | Three Months Ended September 30, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | As Reported In GAAP Statements | Restructuring Charges | Senior Leadership Transition Costs | Acquisition Related Items | Tax Reform | Adjusted Financial Measures |
| Net Sales | | | | | | |
| Renewable Energy & Conservation | $ 98,486 | $ — | $ — | $ — | $ — | $ 98,486 |
| Residential Products | 125,839 | — | — | — | — | 125,839 |
| Industrial & Infrastructure Products | 56,033 | — | — | — | — | 56,033 |
| Less Inter-Segment Sales | (272) | — | — | — | — | (272) |
| | 55,761 | — | — | — | — | 55,761 |
| Consolidated sales | 280,086 | — | — | — | — | 280,086 |
| | | | | | | |
| Income from operations | | | | | | |
| Renewable Energy & Conservation | 15,072 | (156) | — | — | — | 14,916 |
| Residential Products | 20,138 | 1,877 | — | — | — | 22,015 |
| Industrial & Infrastructure Products | 2,892 | 1,775 | — | — | — | 4,667 |
| Segments income | 38,102 | 3,496 | — | — | — | 41,598 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Unallocated corporate expense | (8,698) | 164 | 386 | 471 | — | (7,677) |
| Consolidated income from operations | 29,404 | 3,660 | 386 | 471 | — | 33,921 |
| | | | | | | |
| Interest expense | 2,906 | — | — | — | — | 2,906 |
| Other expense | 522 | — | — | — | — | 522 |
| Income before income taxes | 25,976 | 3,660 | 386 | 471 | — | 30,493 |
| Provision for income taxes | 6,473 | 904 | 91 | 113 | (245) | 7,336 |
| Net income | $ 19,503 | $ 2,756 | $ 295 | $ 358 | $ 245 | $ 23,157 |
| Net earnings per share - diluted | $ 0.60 | $ 0.08 | $ 0.01 | $ 0.01 | $ 0.01 | $ 0.71 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Operating margin | | | | | | |
| Renewable Energy & Conservation | 15.3 % | (0.2)% | — % | — % | — % | 15.1 % |
| Residential Products | 16.0 % | 1.5 % | — % | — % | — % | 17.5 % |
| Industrial & Infrastructure Products | 5.2 % | 3.2 % | — % | — % | — % | 8.4 % |
| Segments margin | 13.6 % | 1.3 % | — % | — % | — % | 14.9 % |
| Consolidated | 10.5 % | 1.3 % | 0.1 % | 0.2 % | — % | 12.1 % |

GIBRALTAR INDUSTRIES, INC.

Reconciliation of Adjusted Financial Measures

(in thousands, except per share data)

(unaudited)

| | Nine Months Ended September 30, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | As Reported In GAAP Statements | Restructuring Charges | Senior Leadership Transition Costs | Acquisition Related Items | Debt Repayment | Adjusted Financial Measures |
| Net Sales | | | | | | |
| Renewable Energy & Conservation | $ 261,612 | $ — | $ — | $ — | $ — | $ 261,612 |
| Residential Products | 360,417 | — | — | — | — | 360,417 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Industrial & Infrastructure Products | 168,096 | — | — | — | — | 168,096 |
| Less Inter-Segment Sales | (817) | — | — | — | — | (817) |
| | 167,279 | — | — | — | — | 167,279 |
| Consolidated sales | 789,308 | — | — | — | — | 789,308 |
| | | | | | | |
| Income from operations | | | | | | |
| Renewable Energy & Conservation | 30,914 | 36 | — | 1,166 | — | 32,116 |
| Residential Products | 49,880 | 3,785 | 78 | — | — | 53,743 |
| Industrial & Infrastructure Products | 13,660 | 1,598 | — | — | — | 15,258 |
| Segments Income | 94,454 | 5,419 | 78 | 1,166 | — | 101,117 |
| Unallocated corporate expense | (25,862) | 919 | 6,973 | 474 | — | (17,496) |
| Consolidated income from operations | 68,592 | 6,338 | 7,051 | 1,640 | — | 83,621 |
| | | | | | | |
| Interest expense | 2,297 | — | — | — | (1,079) | 1,218 |
| Other expense | 660 | — | — | — | — | 660 |
| Income before income taxes | 65,635 | 6,338 | 7,051 | 1,640 | 1,079 | 81,743 |
| Provision for income taxes | 14,901 | 1,616 | 481 | 418 | 269 | 17,685 |
| Net income | $ 50,734 | $ 4,722 | $ 6,570 | $ 1,222 | $ 810 | $ 64,058 |
| Net earnings per share – diluted | $ 1.55 | $ 0.15 | $ 0.20 | $ 0.04 | $ 0.02 | $ 1.96 |
| | | | | | | |
| Operating margin | | | | | | |
| Renewable Energy & Conservation | 11.8 % | — % | — % | 0.4 % | — % | 12.3 % |
| Residential Products | 13.8 % | 1.1 % | — % | — % | — % | 14.9 % |
| Industrial & Infrastructure Products | 8.2 % | 1.0 % | — % | — % | — % | 9.1 % |
| Segments Margin | 12.0 % | 0.7 % | — % | 0.1 % | — % | 12.8 % |
| Consolidated | 8.7 % | 0.8 % | 0.9 % | 0.2 % | — % | 10.6 % |

Reconciliation of Adjusted Financial Measures

(in thousands, except per share data)

(unaudited)

| | Nine Months Ended September 30, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | As Reported In GAAP Statements | Restructuring Charges | Senior Leadership Transition Costs | Acquisition Related Items | Tax Reform | Adjusted Financial Measures |
| Net Sales | | | | | | |
| Renewable Energy & Conservation | $ 229,187 | $ — | $ — | $ — | $ — | $ 229,187 |
| Residential Products | 360,915 | — | — | — | — | 360,915 |
| Industrial & Infrastructure Products | 172,218 | — | — | — | — | 172,218 |
| Less Inter-Segment Sales | (861) | — | — | — | — | (861) |
| | 171,357 | — | — | — | — | 171,357 |
| Consolidated sales | 761,459 | — | — | — | — | 761,459 |
| | | | | | | |
| Income from operations | | | | | | |
| Renewable Energy & Conservation | 28,690 | (23) | 178 | — | — | 28,845 |
| Residential Products | 57,572 | 1,682 | — | — | — | 59,254 |
| Industrial & Infrastructure Products | 12,098 | 1,262 | — | — | — | 13,360 |
| Segments income | 98,360 | 2,921 | 178 | — | — | 101,459 |
| Unallocated corporate expense | (22,839) | 431 | 844 | 471 | — | (21,093) |
| Consolidated income from operations | 75,521 | 3,352 | 1,022 | 471 | — | 80,366 |
| | | | | | | |
| Interest expense | 9,305 | — | — | — | — | 9,305 |
| Other income | (50) | — | — | — | — | (50) |
| Income before income taxes | 66,266 | 3,352 | 1,022 | 471 | — | 71,111 |
| Provision for income taxes | 15,574 | 798 | 264 | 113 | (177) | 16,572 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net income | $ 50,692 | $ 2,554 | $ 758 | $ 358 | $ 177 | $ 54,539 |
| Net earnings per share - diluted | $ 1.56 | $ 0.08 | $ 0.02 | $ 0.01 | $ 0.01 | $ 1.68 |

Operating margin

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Renewable Energy & Conservation | 12.5 | % | — | % | 0.1 | % | — | % | — | % | 12.6 | % |
| Residential Products | 16.0 | % | 0.5 | % | — | % | — | % | — | % | 16.4 | % |
| Industrial & Infrastructure Products | 7.1 | % | 0.7 | % | — | % | — | % | — | % | 7.8 | % |
| Segments margin | 12.9 | % | 0.4 | % | — | % | — | % | — | % | 13.3 | % |
| Consolidated | 9.9 | % | 0.5 | % | 0.1 | % | 0.1 | % | — | % | 10.6 | % |

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LHA Investor Relations
Jody Burfening/Carolyn Capaccio
(212) 838-3777
rock@lhai.com