



## Second-Quarter 2017 Earnings Call

July 27, 2017

This presentation should be  
viewed in conjunction with  
Gibraltar's July 27, 2017  
earnings press release.

# Safe Harbor Statements

## **Forward Looking Statements**

*Certain information set forth in this presentation, other than historical statements, contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that are based, in whole or in part, on current expectations, estimates, forecasts, and projections about the Company’s business, and management’s beliefs about future operations, results, and financial position. These statements are not guarantees of future performance and are subject to a number of risk factors, uncertainties, and assumptions. Actual events, performance, or results could differ materially from the anticipated events, performance, or results expressed or implied by such forward-looking statements. Before making any investment decisions regarding our company, we strongly advise you to read the section entitled “Risk Factors” in our most recent annual report on Form 10-K which can be accessed under the “SEC Filings” link of the “Investor Info” page of our website at [www.Gibraltar1.com](http://www.Gibraltar1.com). We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law or regulation.*

## **Non-GAAP Financial Data**

*To supplement Gibraltar’s consolidated financial statements presented on a GAAP basis, Gibraltar also presents certain adjusted financial data in this presentation. Adjusted financial data excluded special charges consisting of gain on sale of assets, restructuring costs, acquisition-related costs and other reclassifications. These adjustments are shown in the Non-GAAP reconciliation of adjusted operating results excluding special charges provided in the financial statements that accompany the earnings 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. These adjusted measures should not be viewed as a substitute for our GAAP results.*

# EPS Guidance Beat in 2Q

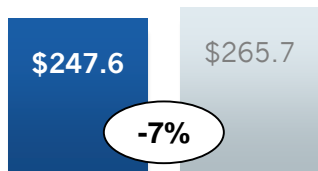
- GAAP EPS \$0.41 vs prior year \$0.58
- Adjusted EPS \$0.43 vs prior year \$0.51
- Raw material costs and lower activity in I&I markets pressure top and bottom lines
- Residential Products drives solid results
- Four pillar strategy and 80/20 continue to create value



# Solid Consolidated Results vs Headwinds

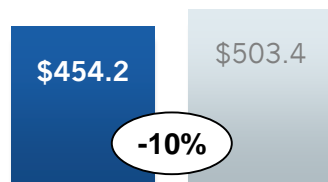
## Revenues

### Quarterly



■ 2Q17 ■ 2Q16

### Year-to-Date



■ YTD2017 ■ YTD2016

## 2Q17 Revenue Highlights

- Recent acquisitions contribute \$6M in revenue
- \$(18)M on non-recurring revenues (Industrial & European solar divestitures)
- I&I markets weak

## 2Q17 Operating Income / EPS Highlights

- 80/20 initiatives contribute +150 bps
- Uncertain steel market increases material costs

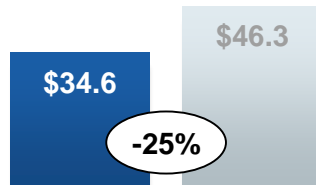
## Operating Income\*

### Quarterly



■ 2Q17 ■ 2Q16

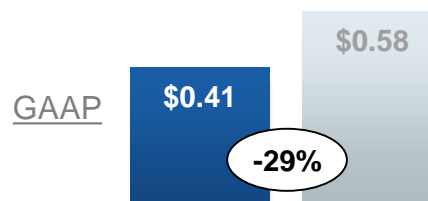
### Year-to-Date



■ YTD 2017 ■ YTD 2016

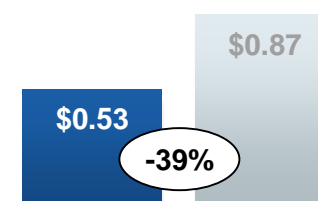
## Diluted EPS\*

### Quarterly



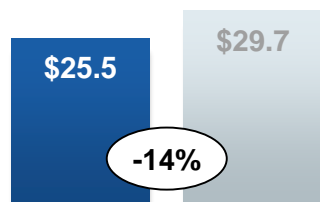
■ 2Q17 ■ 2Q16

### Year-to-Date

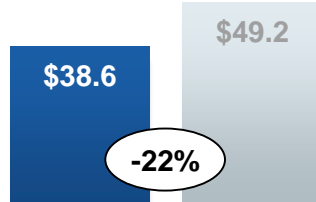


■ YTD 2017 ■ YTD 2016

Adjusted

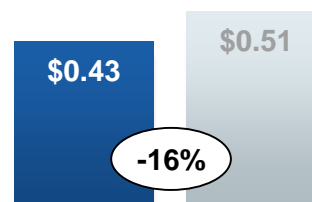


■ 2Q17 ■ 2Q16

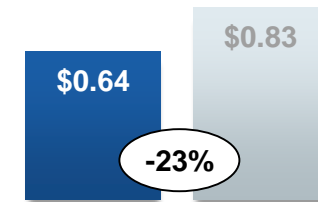


■ YTD 2017 ■ YTD 2016

Adjusted



■ 2Q17 ■ 2Q16



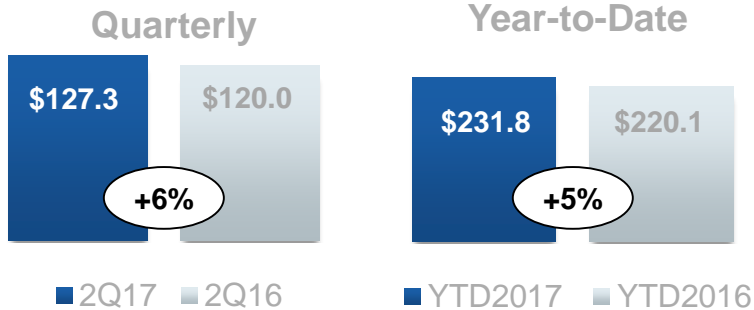
■ YTD 2017 ■ YTD 2016

\*All amounts reported represent continuing operations before special charges. See non-GAAP reconciliations in earnings press release.



# Residential Products Segment

## Revenues



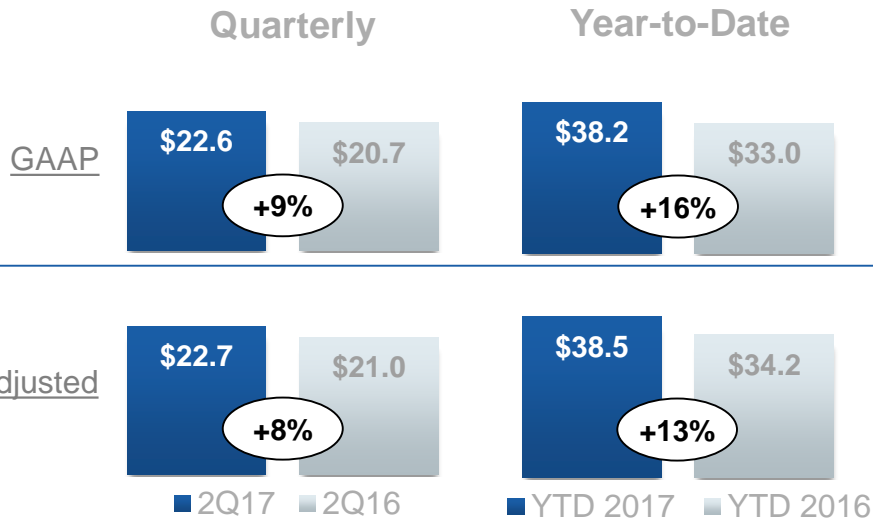
## 2Q17 Revenues

- Continuing improvement in repair & remodel and new housing markets
- Commercial package solutions, Package Concierge

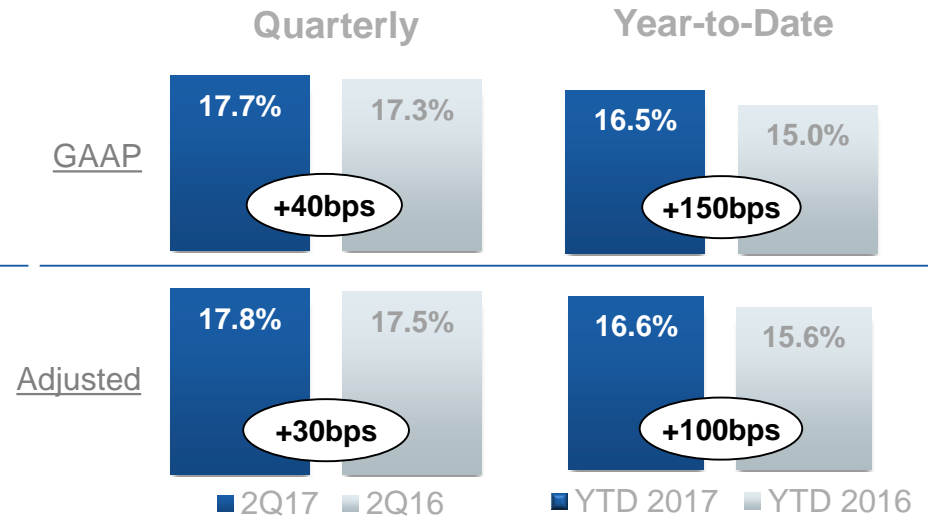
## 2Q17 Operating Income / Margin

- Operational efficiencies from 80/20 initiatives

## Operating Income\*



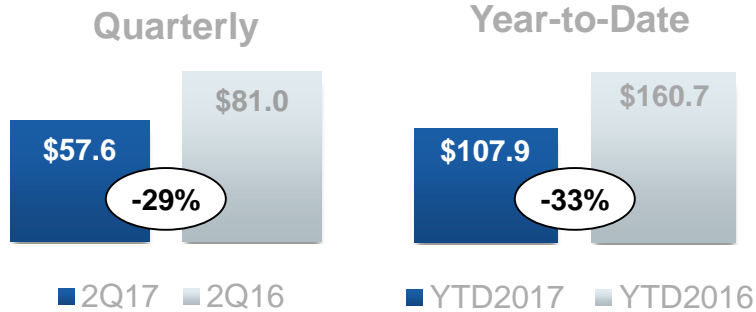
## Operating Margin\*



\*All amounts reported represent continuing operations before special charges. See non-GAAP reconciliations in earnings press release.

# Industrial & Infrastructure Products Segment

## Revenues



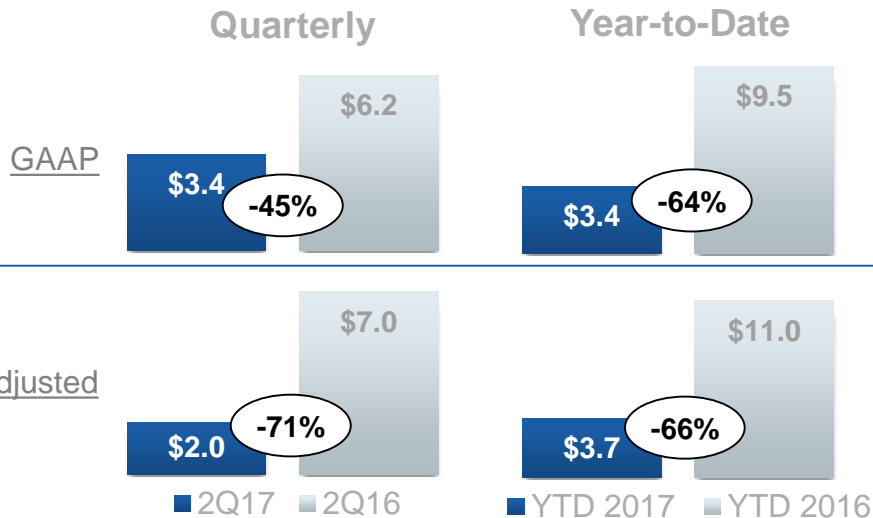
## 2Q Revenues

- Divested European business and US bar grating exit; 80% of decline
- Lower backlog and activity in Infrastructure marketplace

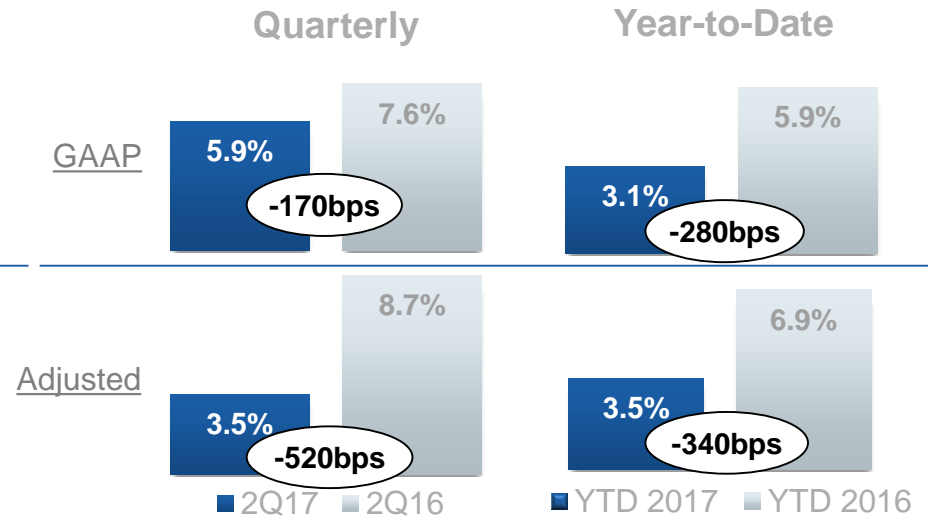
## 2Q Operating Income / Margin

- Higher raw material costs
- Continuing 80/20 simplification contributions

## Operating Income\*



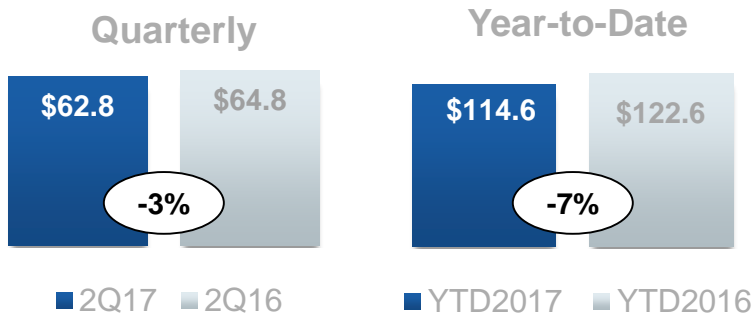
## Operating Margin\*



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# Renewable Energy & Conservation Segment

## Revenues



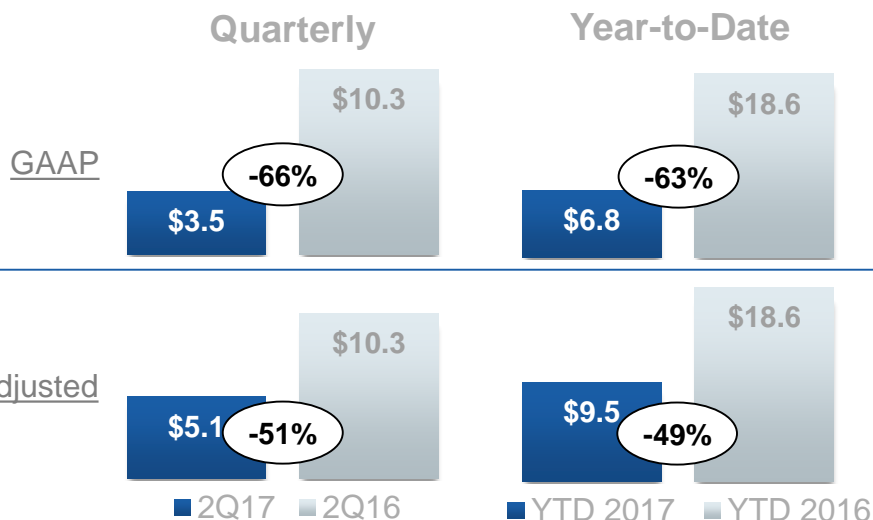
## 2Q Revenues

- Decline in International market
- European Solar divestiture \$(3)M
- Recently acquired Nexus

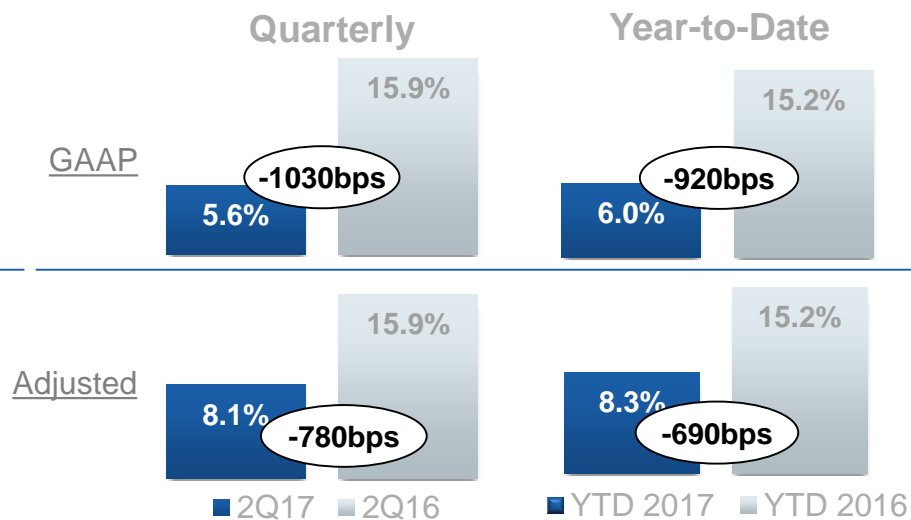
## 2Q Operating Income / Margin

- Anticipated higher raw material costs and pricing
- Field installation issues

## Operating Income\*



## Operating Margin\*



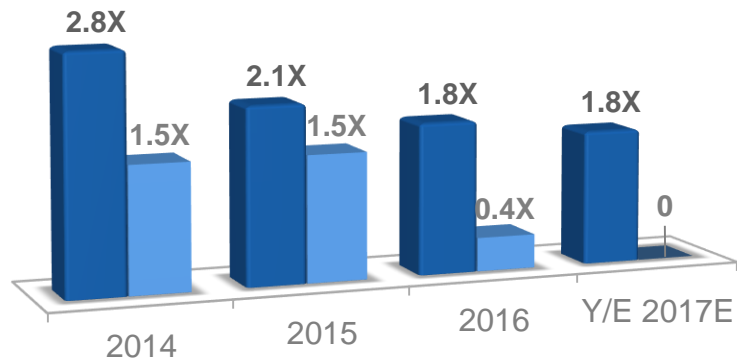
\*All amounts reported represent continuing operations before special charges. See non-GAAP reconciliations in earnings press release.

# Capturing the Opportunity

## Acquisitions as Strategic Accelerator

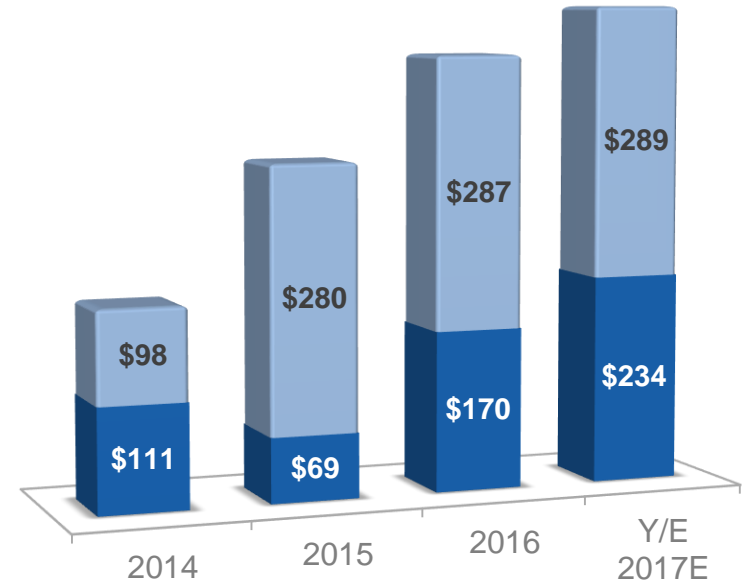
Leverage

- Leverage
- Net Leverage



Liquidity (\$M)

- Revolver
- Cash





# 4 Pillars Driving Value Creation

## *Driving Transformational Change in Portfolio and Financial Results*

### 1. Operational Excellence

- +150 bps margin improvement in 2Q
- In-lining, MRD, Trade Focus making progress; expect benefit in second half

### 2. Portfolio Management

- Planned actions materially completed

### 3. Product Innovation

- Engineered solutions: 2017E revenues include \$18M from new products; 6% from patented products (5% in 2016)

### 4. Acquisitions as a Strategic Accelerator

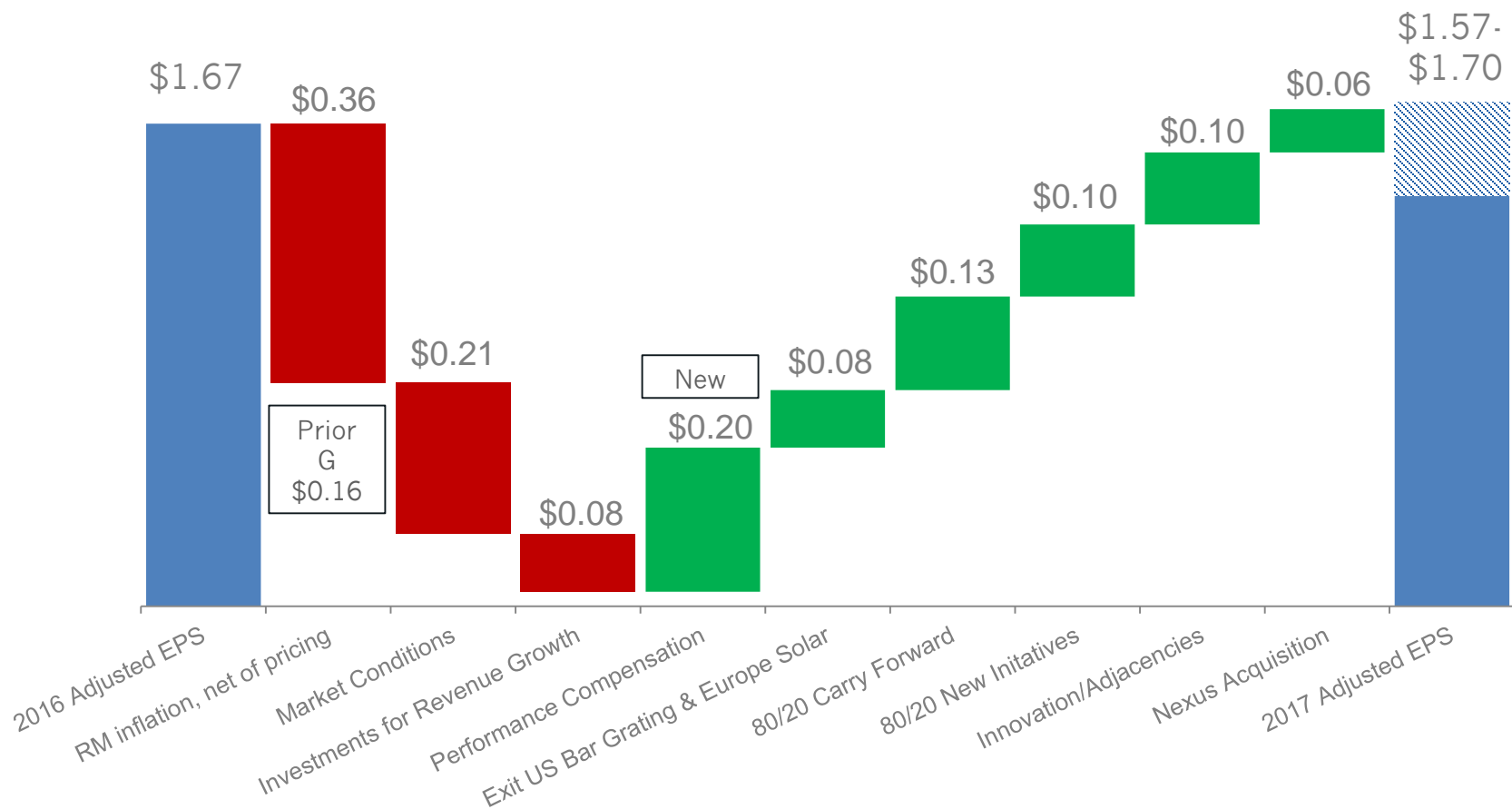
- Meaningful prospects for 2017



# 2017 Guidance

	2016	2017	2017 Assumptions
Revenues	\$1.01B	\$970M – \$980M  Residential: +5%  Industrial & Infrastructure: (23%) (25%) exits, 2% base  Renew. Energy: +5% 0% base, (4%) exit, 9% Nexus	<b>Residential:</b> 5% on centralized mail and electronic parcel growth  <b>Industrial &amp; Infrastructure:</b> Divestiture - \$(75)M; exposure to weak oil & gas markets; Lower pricing due to steel market, competitive pressure, continued weak infrastructure end market demand  <b>Renewable Energy &amp; Conservation:</b> Backlog recovered in 1Q, schedule shifted to later half of year; Domestic REC growth covers international weakness
Op. Income* GAAP Adjusted	\$73.5M* \$101.3M*	\$85M to \$91M \$95M to \$101M	Improvement from operational efficiencies and consolidation initiatives.
Op. Margin GAAP Adjusted	7.3%* 10.1%*	~8.8 – 9.3% ~9.8 - 10.3%	
GAAP EPS Adjusted EPS	\$1.05 \$1.67	\$1.37 to \$1.50 \$1.57 to \$1.70	
Free Cash Flow/ Sales	+11.1%	~6.0 – 7.0%	Forecasting \$17M of CAPEX in 2017.

# 2017 Adjusted Earnings Bridge





Q&A

# Appendix - Ongoing Base Revenues

	<u>Residential</u>	<u>Industrial &amp; Infrastruct.</u>	<u>Renewable Energy</u>	<u>Consolid.</u>		
<b>Q2 2016</b>						
<b>Revenue as reported</b>	\$ 120	\$ 81	\$ 65	\$ 266		
<i>Acquisitions</i>						
Acquisition	\$ 2	\$ -	\$ 4	\$ 6		
<b>Proforma</b>	<b>\$ 122</b>	<b>\$ 81</b>	<b>\$ 69</b>	<b>\$ 272</b>		
<i>Business Changes</i>						
EXIT EMC (Industrial in Europe)	-	(2)	-	(2)		
EXIT bar grating in U.S.	-	(16)	-	(16)		
EXIT Renusol-GERMANY	-	-	(3)	(3)		
<b>Ongoing Base revenues</b>	<b>122</b>	<b>63</b>	<b>66</b>	<b>251</b>		
<b>Q2 2017</b>						
<b>Revenue as reported</b>	\$ 127	\$ 58	\$ 63	\$ 248		
<i>Acquisitions</i>						
Acquisition	\$ -	\$ -	\$ -	\$ -		
<b>Proforma</b>	<b>\$ 127</b>	<b>\$ 58</b>	<b>\$ 63</b>	<b>\$ 248</b>		
<i>Business Changes</i>						
None	\$ -	\$ -	\$ -	\$ -		
<b>Ongoing Base revenues</b>	<b>127</b> <span style="color: green;">▲</span> 4%	<b>58</b> <span style="color: green;">▲</span> (8%)	<b>63</b> <span style="color: green;">▲</span> (5%)	<b>248</b> <span style="color: green;">▲</span> (1%)		

# Appendix – FY Ongoing Base Revenues

	<u>Residential</u>	<u>Industrial &amp; Infrastruct.</u>	<u>Renewable Energy</u>	<u>Consolid.</u>
<b>2016</b>				
<b>Revenue as reported</b>	\$ 431	\$ 295	\$ 282	\$ 1,008
<i>Acquisitions</i>				
Acquisition	\$ 1	\$ -	\$ 22	\$ 23
<b>Proforma</b>	\$ 432	\$ 295	\$ 304	\$ 1,031
<i>Business Changes</i>				
EXIT EMC (Industrial in Europe)	-	(10)	-	(10)
EXIT bar grating in U.S.	-	(64)	-	(64)
EXIT RenuSol-GERMANY	-	-	(9)	(9)
<b>Ongoing Base revenues</b>	<u>432</u>	<u>221</u>	<u>295</u>	<u>948</u>
<hr/>				
<b>2017E</b>				
<b>Revenue Midpoint</b>	\$ 453	\$ 226	\$ 296	\$ 975
<i>Acquisitions</i>				
Acquisition	\$ 1	\$ -	\$ -	\$ 1
<b>Proforma</b>	\$ 454	\$ 226	\$ 296	\$ 976
<i>Business Changes</i>				
EXIT RenuSol-GERMANY	-	-	(1)	(1)
<b>Ongoing Base revenues</b>	<u>454</u> 5%	<u>226</u> 2%	<u>295</u> 0%	<u>975</u> 3%