

Fourth Quarter 2020 Earnings Call

February 25, 2021



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. 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.

Adjusted Financial Measures

To supplement Gibraltar’s consolidated financial statements presented on a GAAP basis, Gibraltar also presented certain adjusted financial data in this presentation. Adjusted financial data excluded special charges consisting of restructuring costs primarily associated with 80/20 simplification initiatives, senior leadership transition costs, acquisition-related costs, early debt repayment costs, restatement of previously reported adjusted financial measures to account for discontinued operations 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 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 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.

2020 Results* – Full Year Record Performance With Solid Q4 Results

Full Year Performance

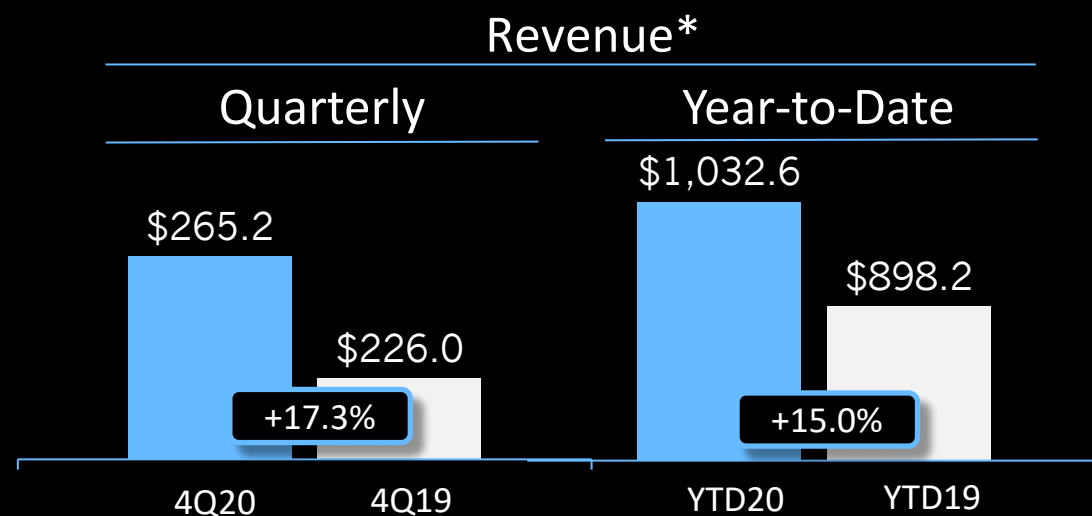
- Revenue up 15%: 5% organic growth, 10% from acquisitions
- GAAP EPS +38% to \$2.53; Adjusted EPS +18% to \$2.73
- GAAP Operating Margin +140 bps to 10.4%; Adjusted OM +40 bps to 11.3%
- ROIC improved 180 bps to 17.6%
- Acquired Thermo Energy Systems, Delta Separations, Architectural Mailboxes, TerraSmart, and Sunfig

4th Quarter Performance

- Revenue up 17.3%: 3.6% organic growth, 13.7% from acquisitions
- GAAP EPS +15.2% to \$0.53; Adjusted EPS +3.5% to \$0.59
- GAAP Operating Margin -40 bps to 8.6%; Adjusted -100 bps to 9.6%
- Backlog ~\$300M, up 50% over Q4 2019
- Invested \$232M in Solar Energy through TerraSmart, Sunfig, in December

Staying focused on the health and well-being of our people,
operations, customers, and communities

Consolidated Financial Performance

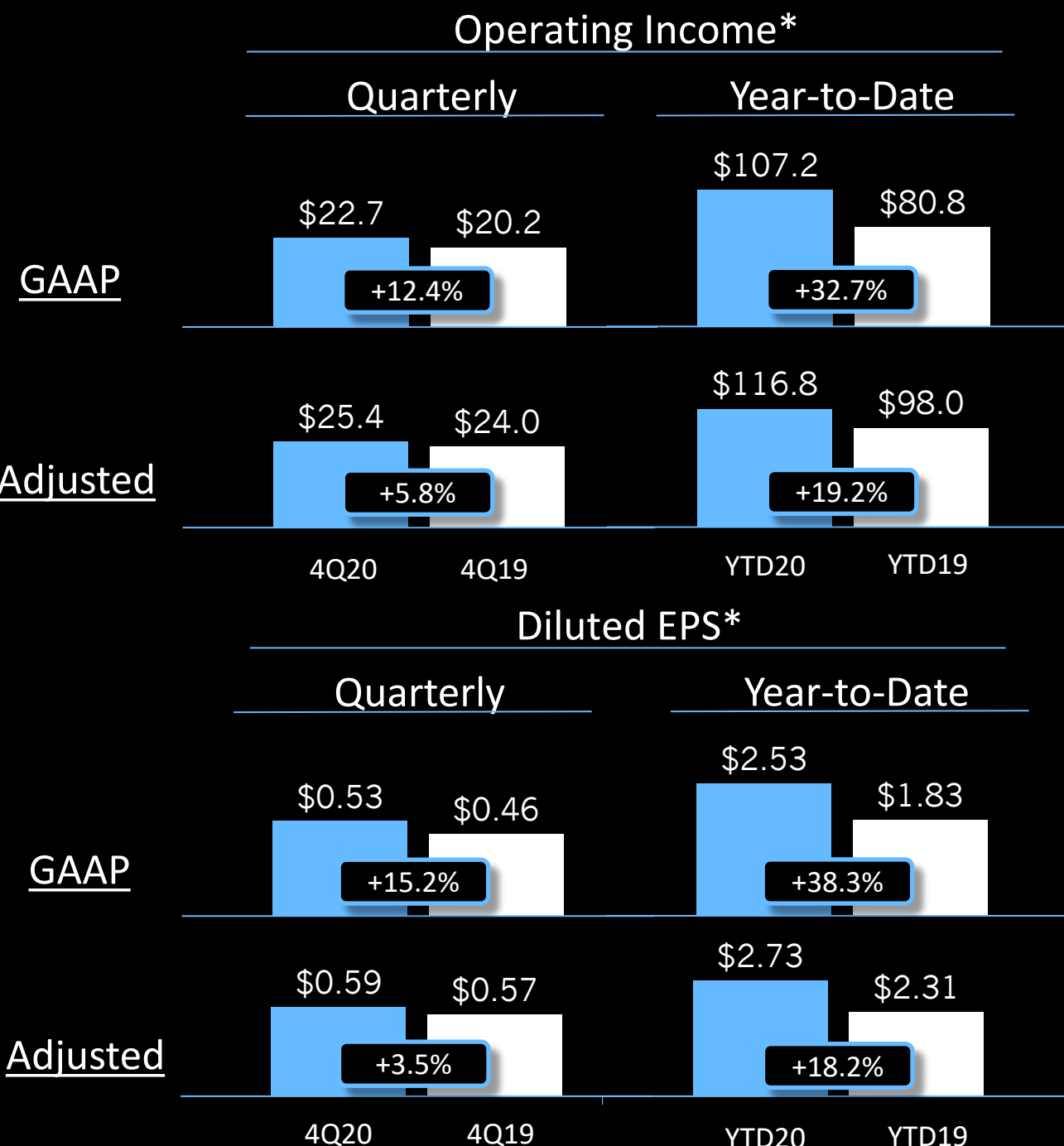


Revenue

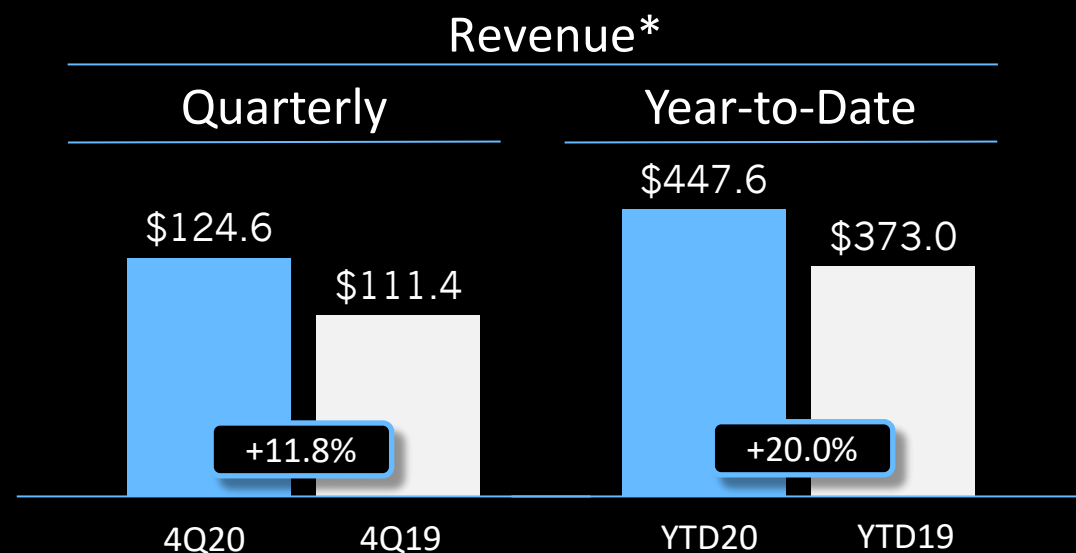
- Revenue up 17.3%: 3.6% organic growth, 13.7% from acquisitions
- Continued Momentum In Residential Businesses
- Offset by Solar Project Delays & Sales Supporting Cannabis/Hemp Markets
- Approximately \$300M Backlog, Up 50% Y-O-Y

Operating Income / EPS

- Organic Growth & Margin Expansion In Residential
- Product & Services Mix;
- Effective Price & Material Cost Management
- Ongoing Benefits From Operational Excellence Initiatives



Renewable Energy & Conservation Segment



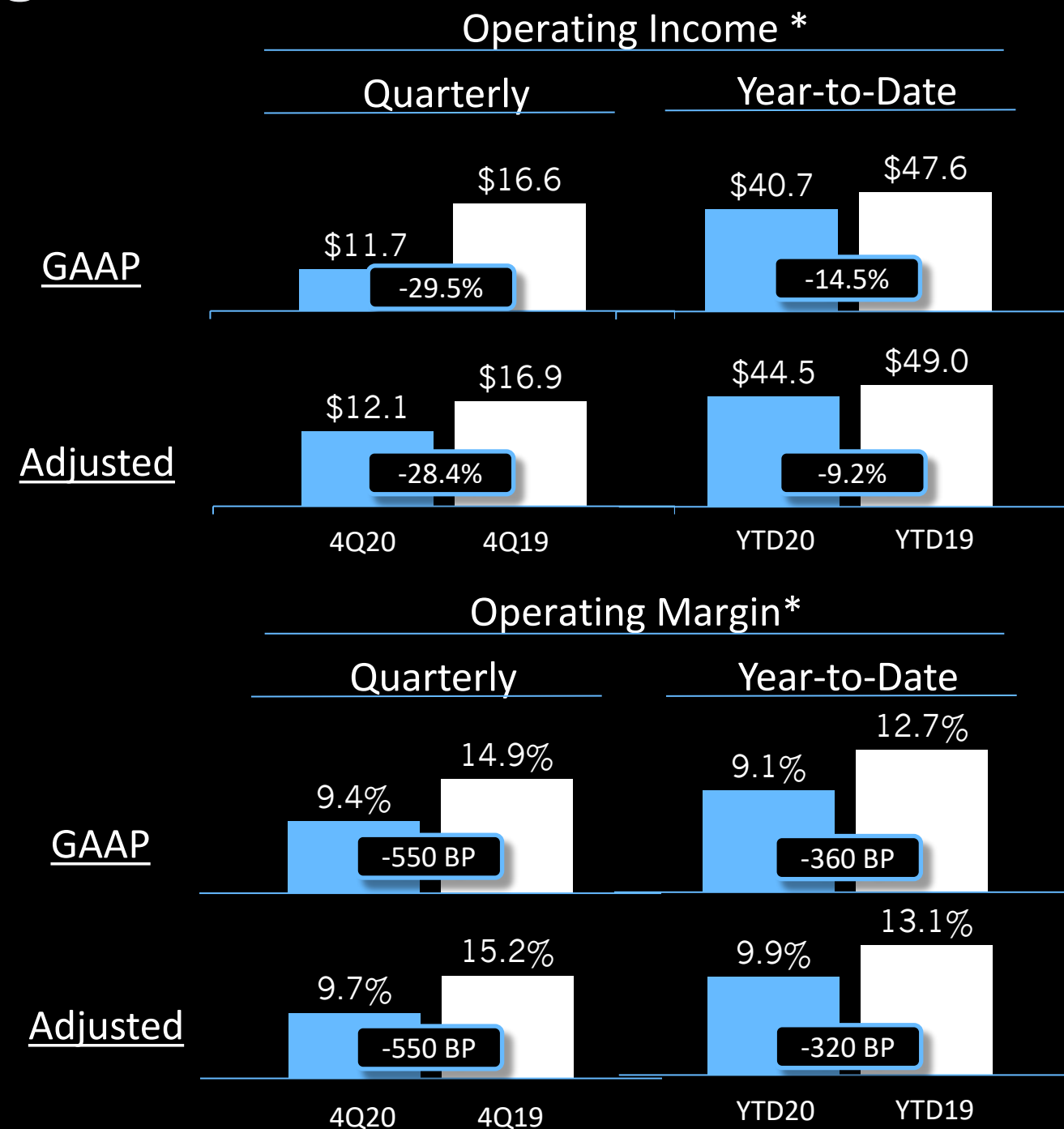
Revenue

- Up 11.8% driven by acquisitions in Growing & Processing
- Delays in solar projects due to panel supply & ITC benefit extension
- Slow demand for products supporting cannabis & hemp markets – but order activity & backlog at 9-month high
- Total segment backlog up 55% - both Renewables & Conservation

Operating income / margin

- Solar energy impacted by panel delays & projects moving to 2021
- Thermo Solutions integration delay due to pandemic travel restrictions
- Lower volume for cannabis & hemp products created margin drag

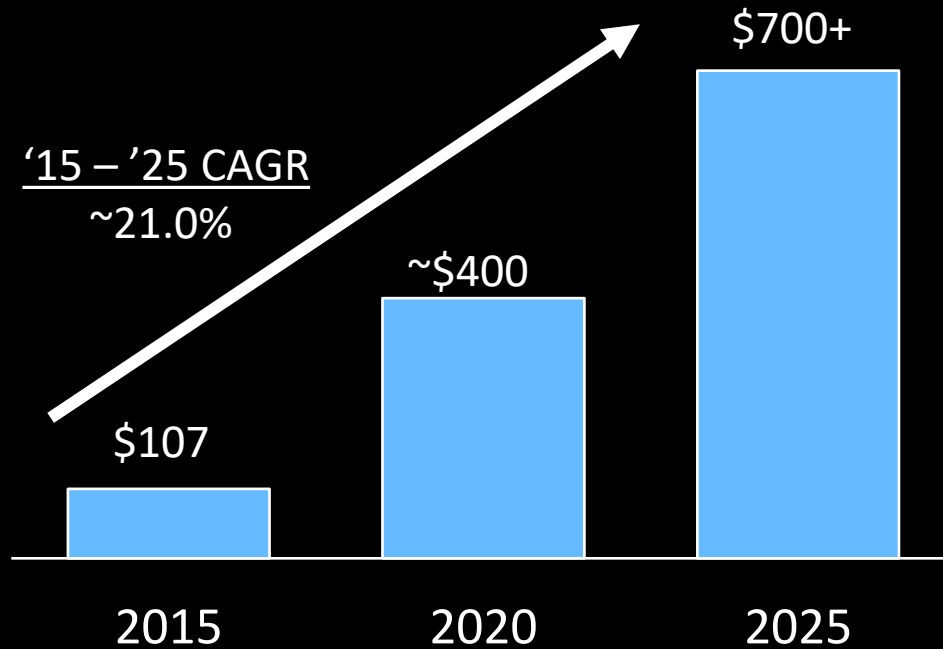
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*Amounts reflect continuing operations & other than EPS, are stated in \$M. Refer to appendix for adjusted measures reconciliations.

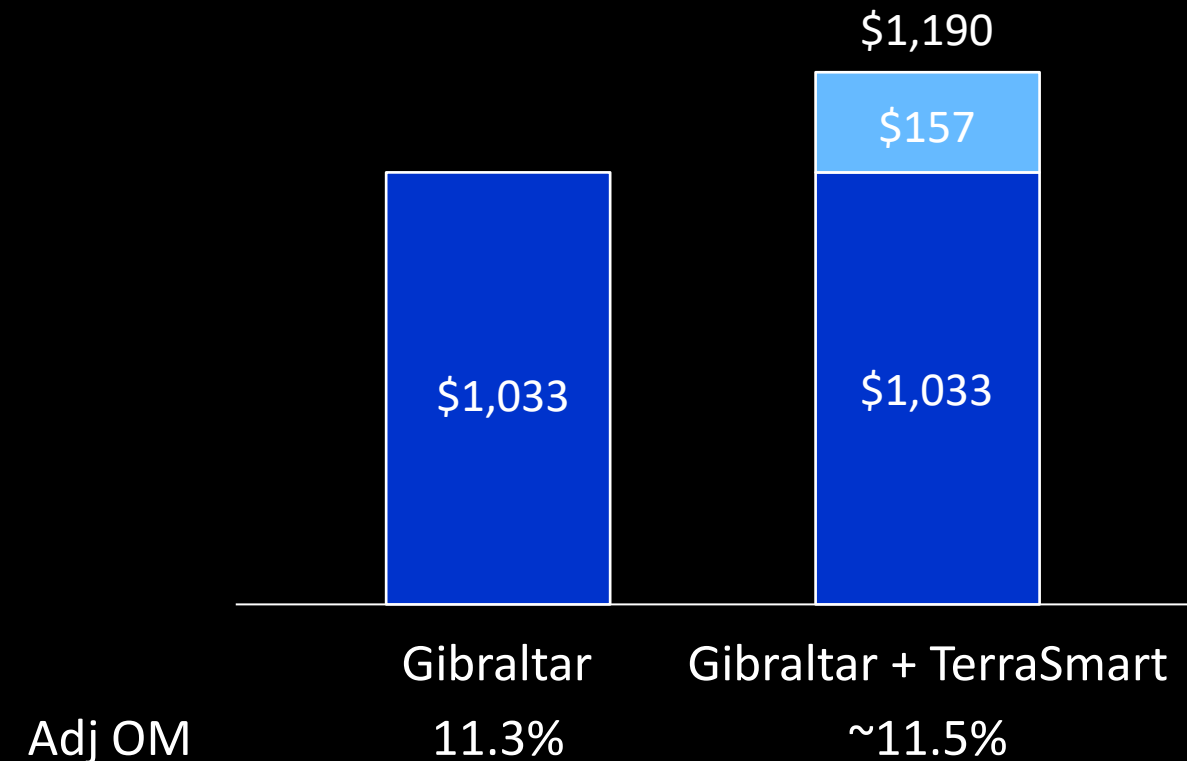
Gibraltar & TerraSmart Pro Forma Information

Solar Energy Business Profile (\$M)



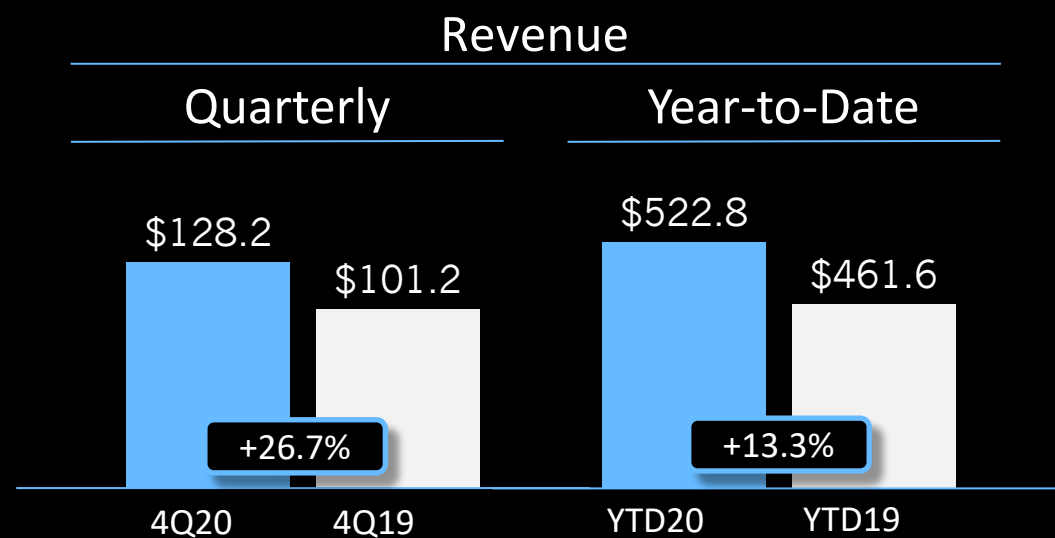
- Addressable market expected 10% - 15% CAGR
- Grow participation in community and utility solar with broadest industry offering
- Execute commercial and operational synergies

2020 Gibraltar with TerraSmart (\$M)



- TerraSmart drives positive margin impact for Gibraltar as solar business grows faster
- Renewables & Conservation expected to represent >50% of 2021 Gibraltar revenue

Residential Products Segment

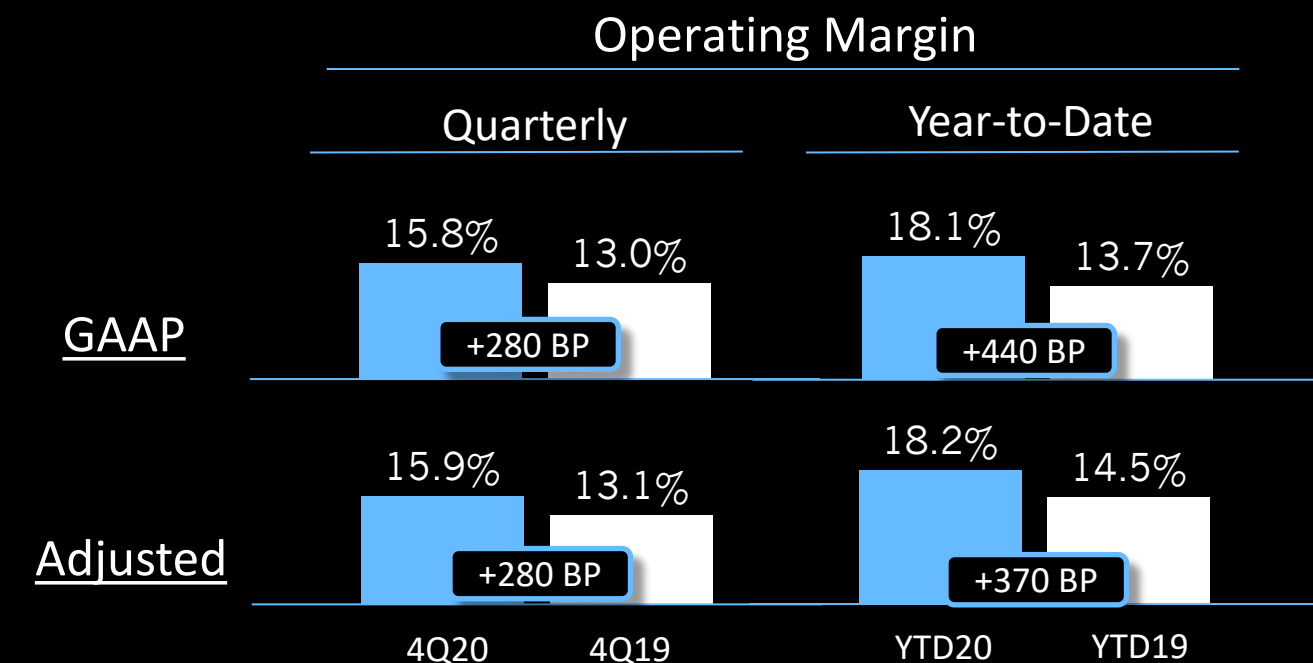
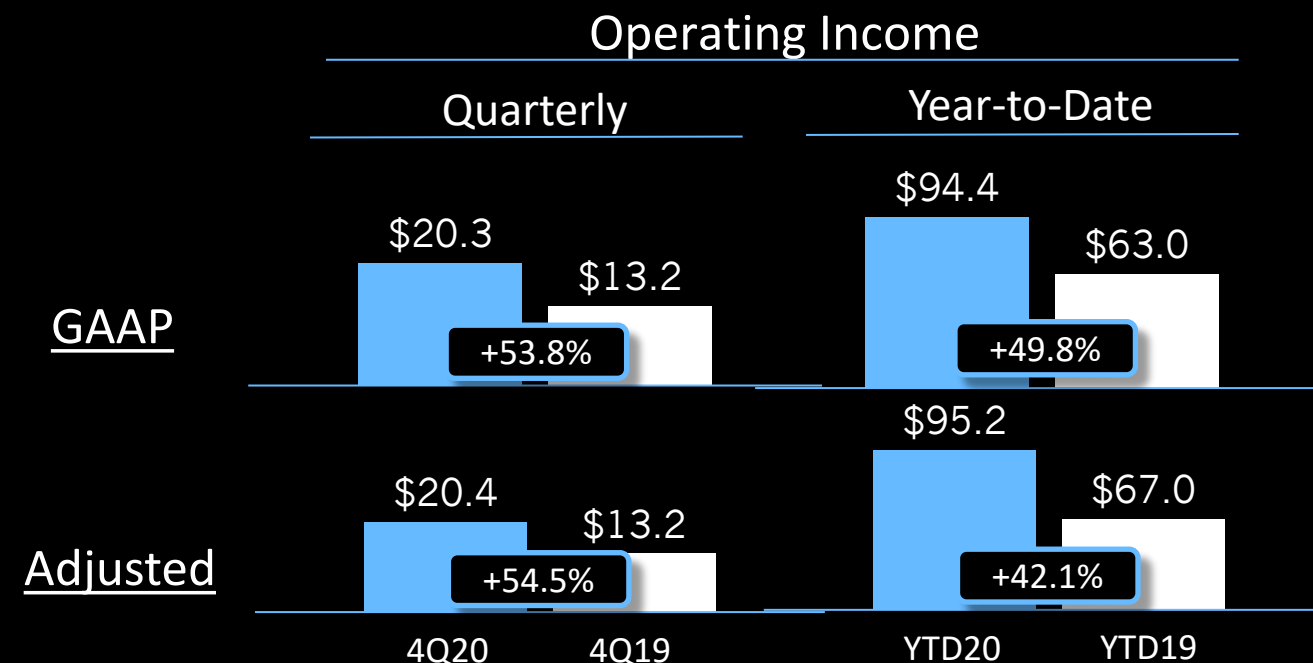


Revenue

- Market growth driven by ongoing housing fundamentals
- 21.4% organic growth driven by participation gains across channels and product lines
- Acquisition of Architectural Mailboxes contributed 5.3% of growth

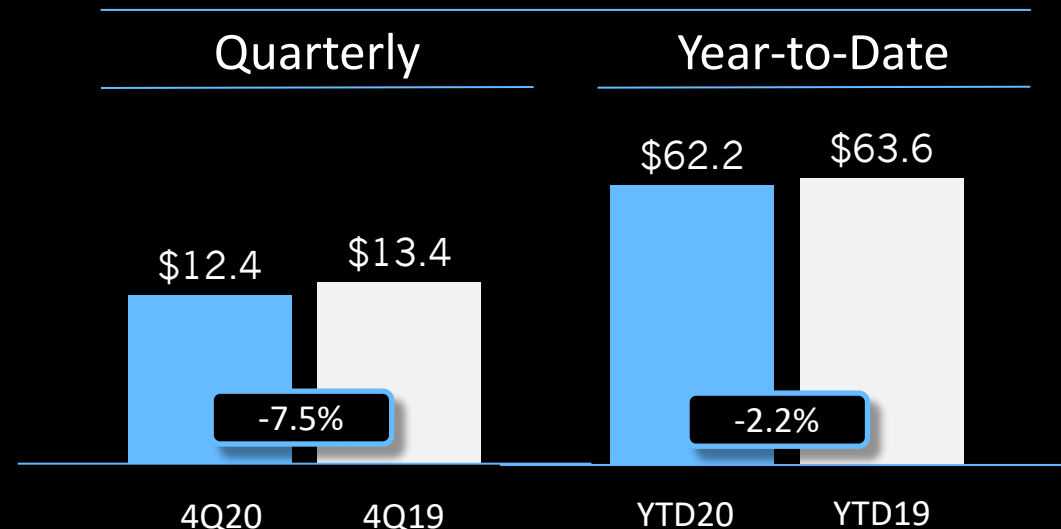
Operating income / margin

- Consistent execution & volume conversion, price/cost management
- Benefits from 80/20 operational excellence initiatives
- Business process optimization & organization development



Infrastructure Products Segment

Revenue*



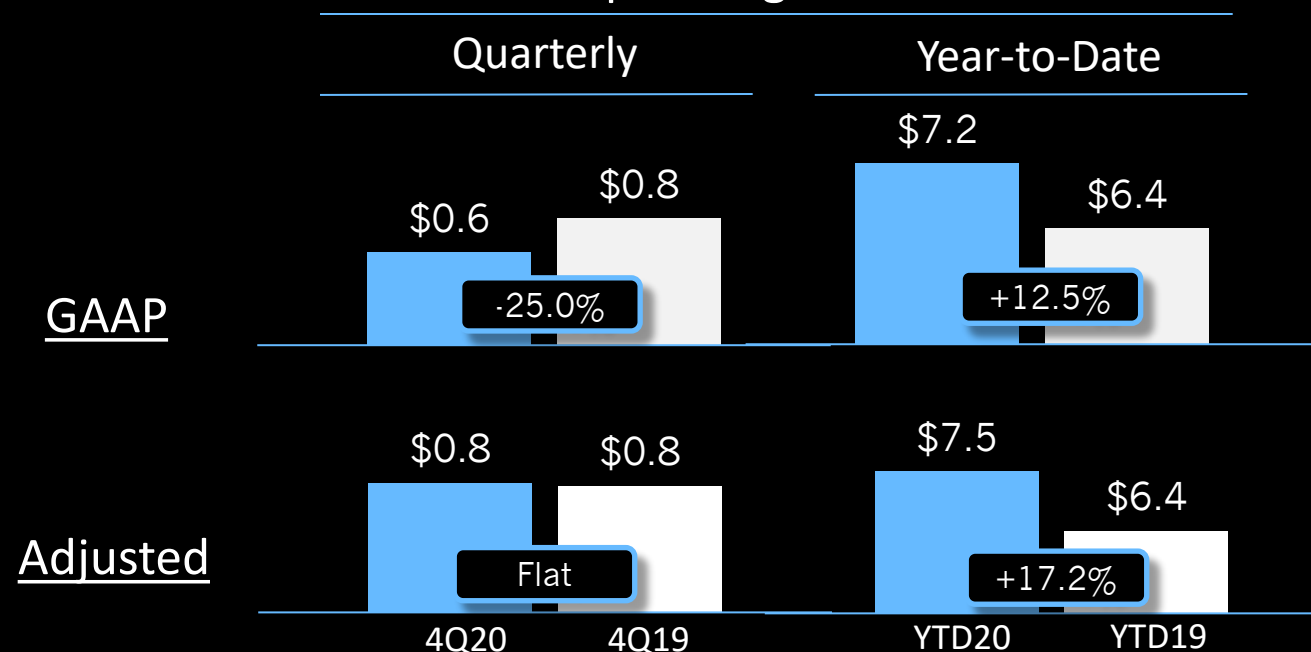
Revenue

- Pandemic impacted sealant business as airports delayed spending
- Modest growth in backlog with bidding activity approaching record levels as we move into 2021

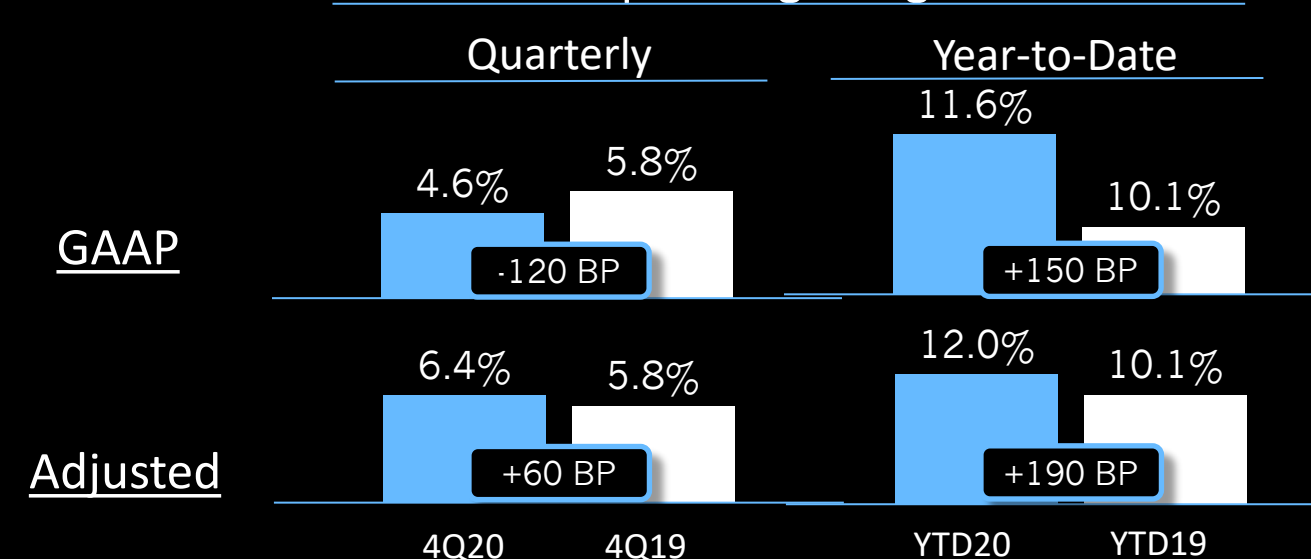
Operating Income / Margin

- Continued adjusted margin expansion through execution
- Focus on fabricated products to offset higher margin non-fabricated product declines

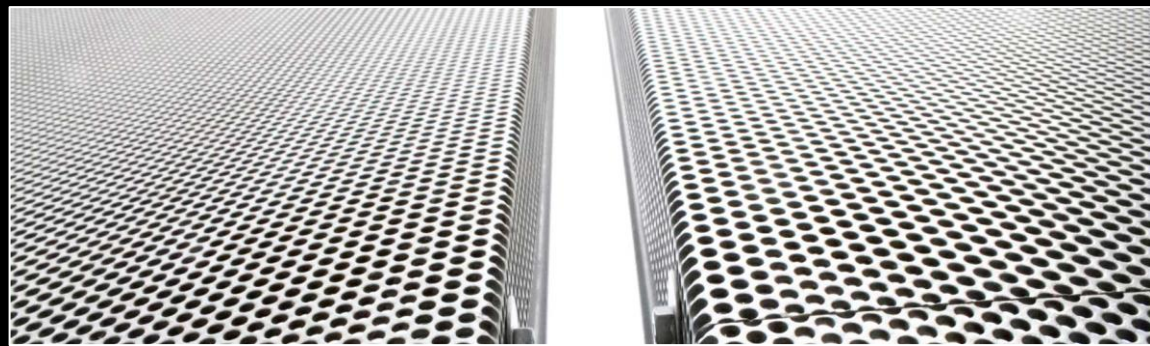
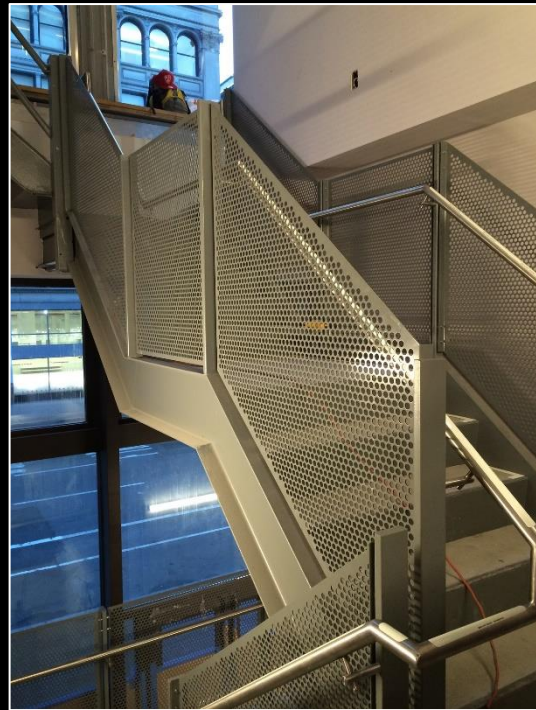
Operating Income*



Operating Margin*



Industrial Business Divestiture



Transaction Summary

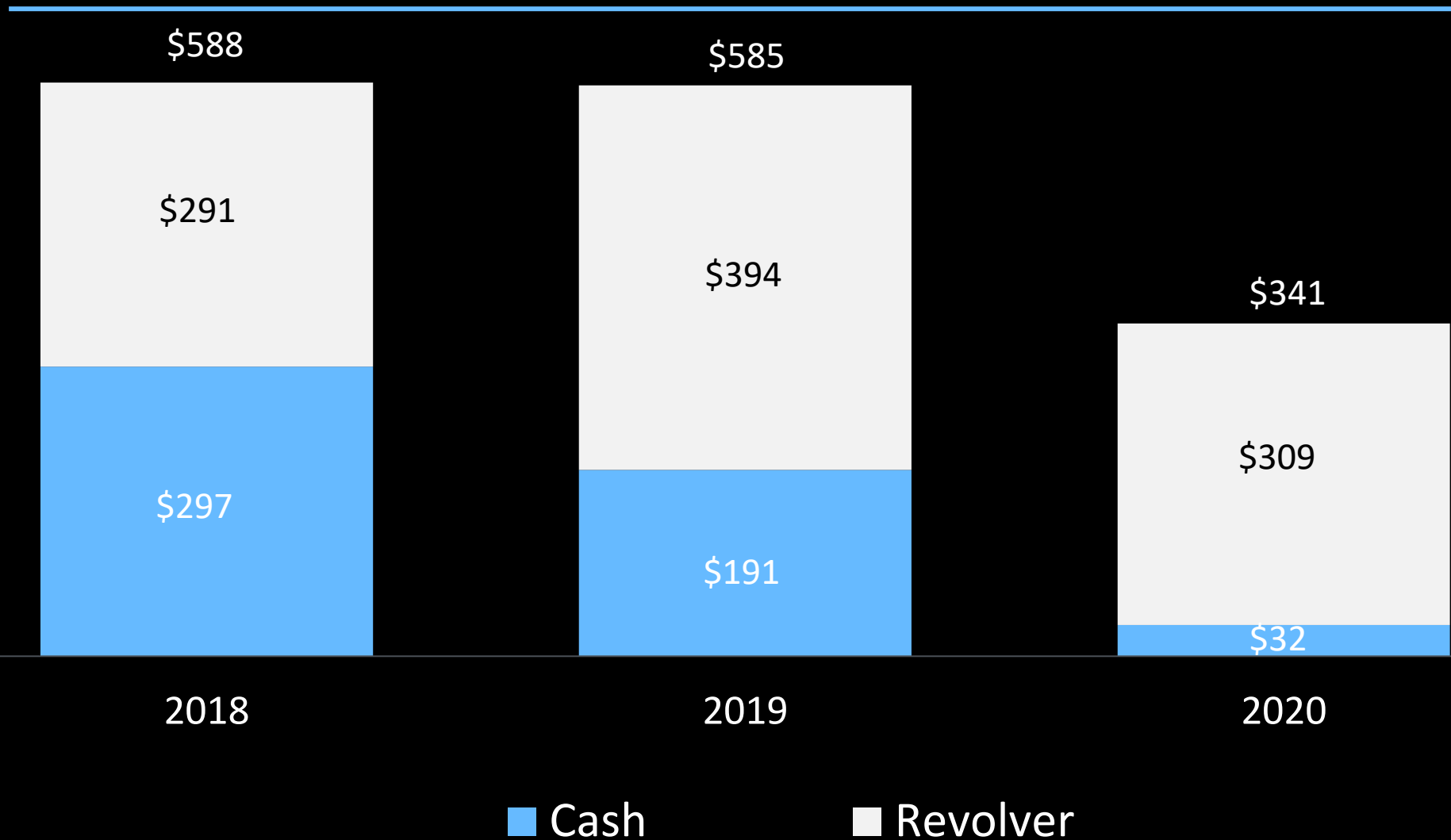
- Net proceeds of \$38 million
 - Net cash of \$25 million, subject to working capital adjustments
 - Note for \$13 million secured by real estate
- Non-cash loss of \$29.6 million booked to reduce carrying value of assets to estimated net realizable value

Operating Results

	<u>2020</u>	<u>4Q 2020</u>
Revenue	\$129.9	\$30.8
Adjusted Operating Profit	\$13.9	\$4.1

Balance Sheet Provides Resilience And Supports Growth

Liquidity (\$M)



Recent Actions

- October 15, 2020: paid \$27M in cash for Architectural Mailboxes
- December 11, 2020: paid \$3.75M in cash for Sunfig
- December 31, 2020: paid \$228.2M for TerraSmart
 - \$85.0M drawn on revolver
 - Assumed \$0.6M debt
 - Remainder via cash on hand
 - Post-transaction < 0.5x leverage ratio

0.52X Leverage & 0.28X Net Leverage - Repay Revolver During 2021 From Operating Cash Flow

Three Pillars Is The Foundation Driving Ongoing Transformation

Recent Actions

1

Business System

1. Execution every day – 80/20 excellence
2. Business models, digital systems for speed, agility, and responsiveness
3. New product development and innovation

- Continue using pandemic playbook
- Investing in digital/IT systems – SAP, CRM, remote management, cyber security
- Managing input cost and supply chain

2

Portfolio Management

1. Optimize the portfolio into faster growing and more profitable markets
2. Expand our leadership positions & shape our markets to deliver more value

- Completed acquisitions in Solar Energy, Growing & Processing and Residential
- Integration process in full swing
- Exited the Industrial business

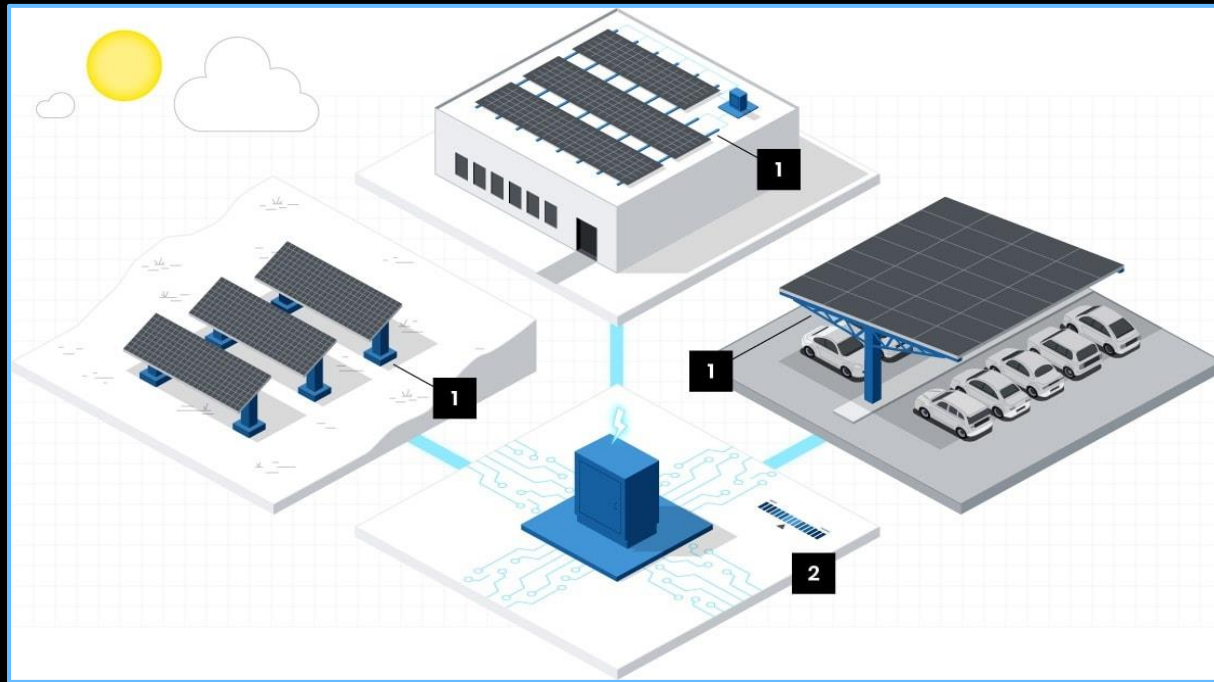
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Organization Development

1. Right design and structure for scalability
2. Develop talent across the organization
3. Create an environment for success – our “Best Place to Work” initiative

- Added talent in 2020 – 75+ additions
- Digital education initiative – ~20K hours in 2020 – targeting 25K hours in 2021
- Building diversity of thought and ESG momentum across Gibraltar

Renewable Energy and Conservation – Solar Energy



- Racking Systems – Fixed Tilt, Tracker, Canopy
- Screw & Pile Driven Foundation Technology
- Design Software & Asset Management
- Turnkey Field Services – Installation, Civil, O&M

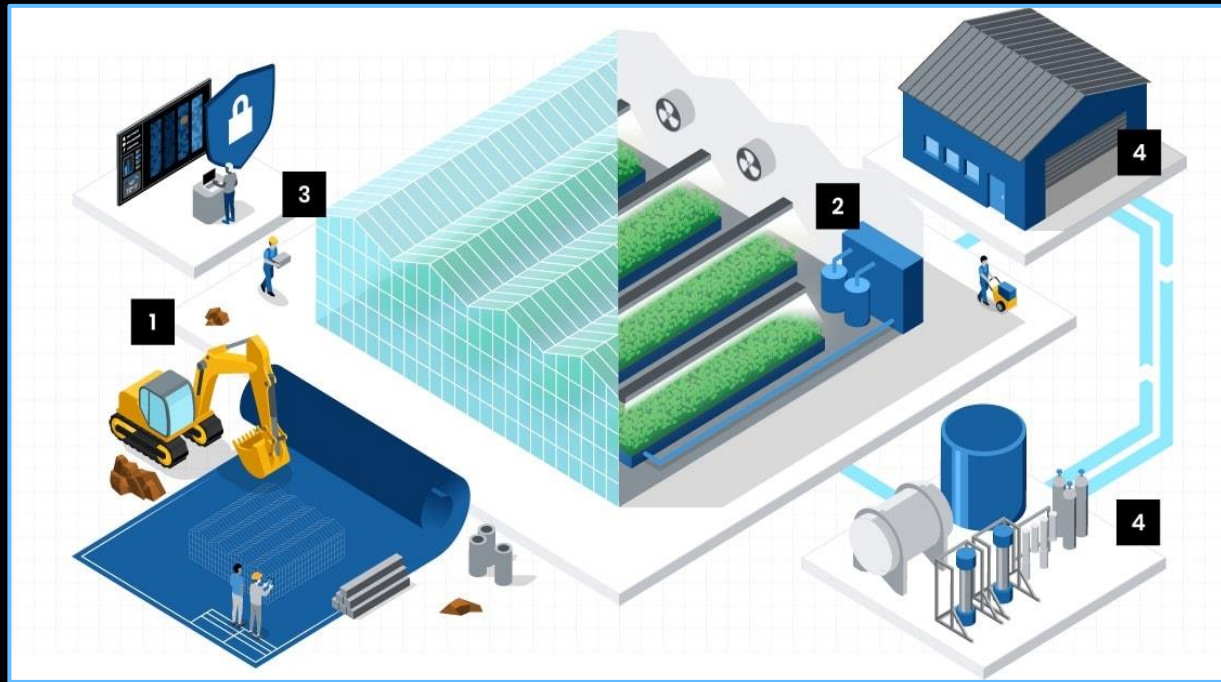
Market Drivers

- End market growth at 10% - 15% per year
- Financial returns are attractive and improving
- Government ITC benefits extended
- Reliable energy source – community / utility

Priorities

- Scale the business to support growing demand
- Integrate TerraSmart and Sunfig businesses
- Accelerate Tracker platform across all segments
- Strengthen portfolio with software and services

Renewable Energy and Conservation – Growing & Processing



Market Drivers

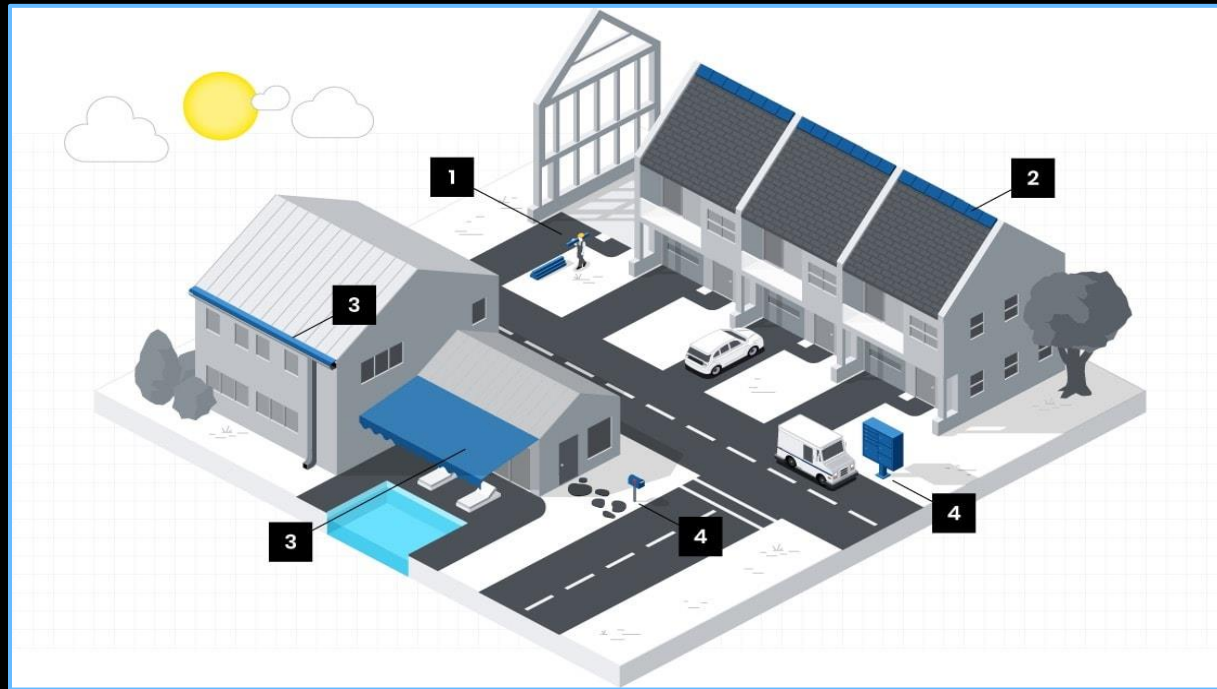
- Strong consumer demand – organics & cannabis-based products
- Growing expected to grow 6% - 7% per year driven by Produce and Cannabis markets
- Supply /demand imbalance in Processing extraction equipment market recovers in 2021

Priorities

- Scale the business to support growing demand – leadership, structure, systems / processes
- Integrate Thermo Solutions, and expand presence in U.S. market with leading growers
- Execute project field management to deliver the best customer experience in the industry

- Greenhouse Design and Manufacturing
- Environmental Systems selection and integration
- Operations & Maintenance Systems
- Extraction Processing Systems

Residential Products



Market Drivers

- Good residential housing demand for both new and R&R segments
- Supply /demand imbalance across most housing segments with price inflation continuing
- Favorable incentives / interest rates

1. Construction

- Metal roofing
- Rain ware systems
- Roofing Accessories

2. Home Protection

- Attic ventilation
- Roofing accessories

3. Home Comfort

- Awnings & Shading
- Gutter protection

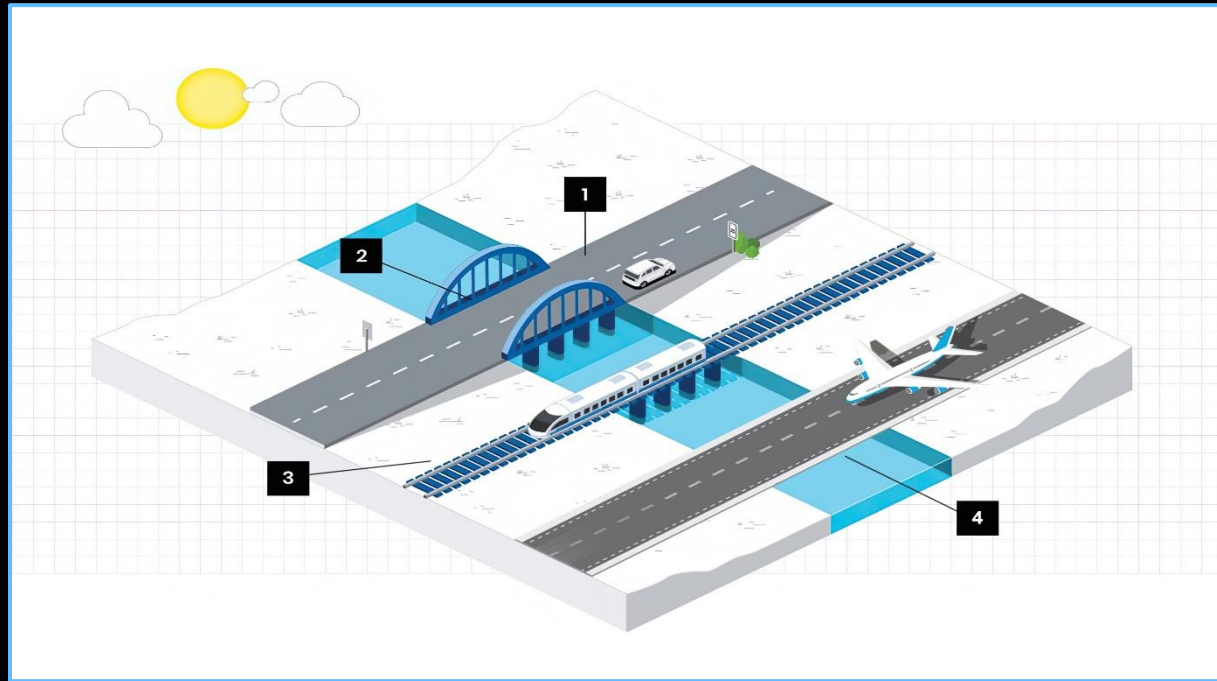
4. Postal & Parcel Storage

- Single-home mailbox
- Multi-family mailbox
- Intelligent Lockers

Priorities

- Geographic and channel participation gains
- Digital systems for customer experience & connectivity, and reducing channel costs
- Managing pricing and input cost inflation, and driving 80/20 productivity initiatives

Infrastructure



Market Drivers

- Infrastructure spending bill anticipated to support State DOT project funding
- Private / Public funding supporting investment
- Strong bidding activity, approaching record levels moving into 2021

1. Highways

- Joint seals
- Elastomeric concrete

2&3. Bridges / Railways

- Expansion joints
- Bearing assemblies
- Waterproofing
- Protection systems

4. Airports

- Joint Seals
- Elastomeric concrete

Priorities

- Support existing and new high-speed rail projects with new IP bearing technology
- Continue operations & supply chain improvement to drive growth and margin
- Expand high-margin sealant / coating business

2021 Key Priorities

1. Scale and improve the Renewables and Conservation business
 - Integrate acquisitions per plan to support growth, customers, and returns
 - Execute record customer / order backlog flawlessly
 - Continue to build organization capabilities, tools and processes, and systems
 - Strengthen portfolio with technology/IP, software, and services
2. Improve execution across Gibraltar – health & safety, 80/20, productivity, quality, NPD
3. Proactively manage and optimize our supply chain
 - Input cost inflation – steel, aluminum, and consistent supplier delivery
4. Continue to conduct business the right and responsible way
 - Drive Environmentally-Sound Solutions: Energy Production, Growing Food, Efficiency
 - Invest in the communities where our people live & work
 - Create the best environment for our people to have success

2021 Guidance - Improving Growth & Margin Profile

	<u>2020*</u>	<u>2021</u>
Revenue	\$1.033B	\$1.30–1.35B
Op. Income GAAP	\$ 107.2M	\$127–135M
Adjusted	\$116.8M	\$149–157M
Op. Margin GAAP	10.4%	~ 9.8–10.0%
Adjusted	11.3%	~11.5–11.7%
GAAP EPS	\$2.53	\$2.78–2.95
Adjusted EPS	\$2.73	\$3.30–3.47
Free Cash Flow / Sales	+7.4%	~ 10%

Appendix

ROIC Calculation Reconciliation

	<u>2019</u>	<u>2020</u>
Net Income - GAAP	\$ 65,091	\$ 93,470
Special Charges, Net of Tax	<u>\$ 19,220</u>	<u>\$ 7,177</u>
Adjusted Net Income	84,320	100,647
Tax Affected Interest Expense	<u>878</u>	<u>473</u>
Adjusted Net Income Before Interest	<u>\$ 85,198</u>	<u>\$101,120</u>
Average Adjusted Invested Capital	\$538,701	\$574,746
Return on Invested Capital	15.8%	17.6%

Operating During COVID-19 Pandemic – Launched Early March 2020

1 Team Support, Health & Safety

- Kept team together and invested in more people during 2020
- 160 hours COVID-19 pay for hourly employees – financial support
- Mandatory PPE and provided for employee families as well

2 Compliance

- Follow CDC and DHS recommendations, education, and awareness
- State & local mandate management and implementation
- Support travel restrictions and replace with digital connectivity

3 Operating Protocols

- Business continuity processes – digital, security – work remotely
- Social distancing in facilities and offices, zone management in factories
- Temperature checks, visitor restrictions, sanitization management

4 Communication

- Live Town Hall meetings with Q&A – weekly, monthly and quarterly
- Tracking Covid-19 cases by location and across Gibraltar daily / weekly
- Continuous communication with suppliers and customers

5 Community Support

- Food Bank donation – 3.3 million meals – distributed equally across our operations ~ 85,000 meals per location



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