

# Third Quarter 2020 Earnings Call

October 29, 2020





## 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.

### 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, 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.

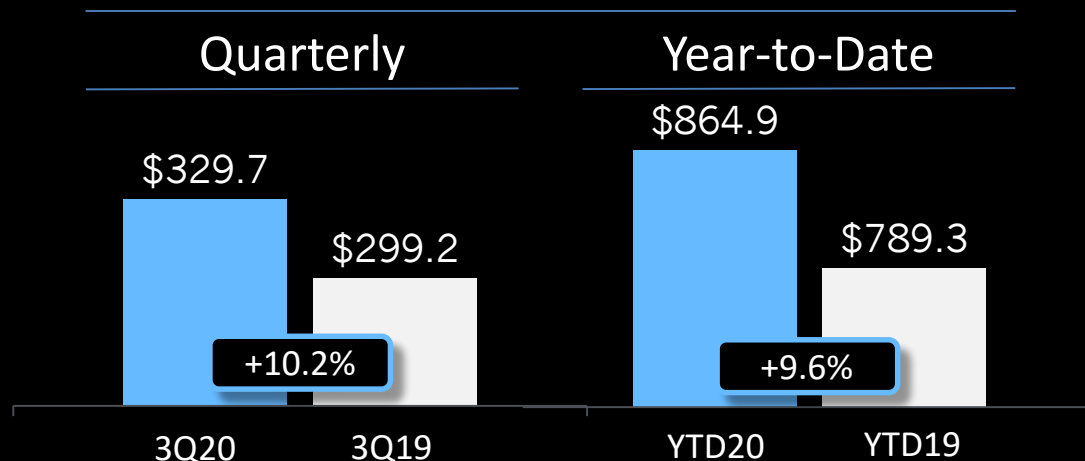
## Q3 Performance Reflects Solid Execution and Momentum

- Revenue up 10.2%: 2.1% organic growth, 8.1% from acquisitions
- GAAP EPS +36.0% to \$1.02; Adjusted EPS +11.6% to \$1.06
- GAAP Operating Margin +280 bps to 13.3%; Adjusted +40 bps to 13.7%
- Backlog at \$304M, up 26% over Q3 2019
- Acquired Architectural Mailboxes in Residential Product Segment for \$27M

Remain focused on executing our operating playbook, maintaining a safe working environment for our team, and supporting our customers

# Consolidated Financial Performance

## Revenue



## 2020 Third Quarter Highlights

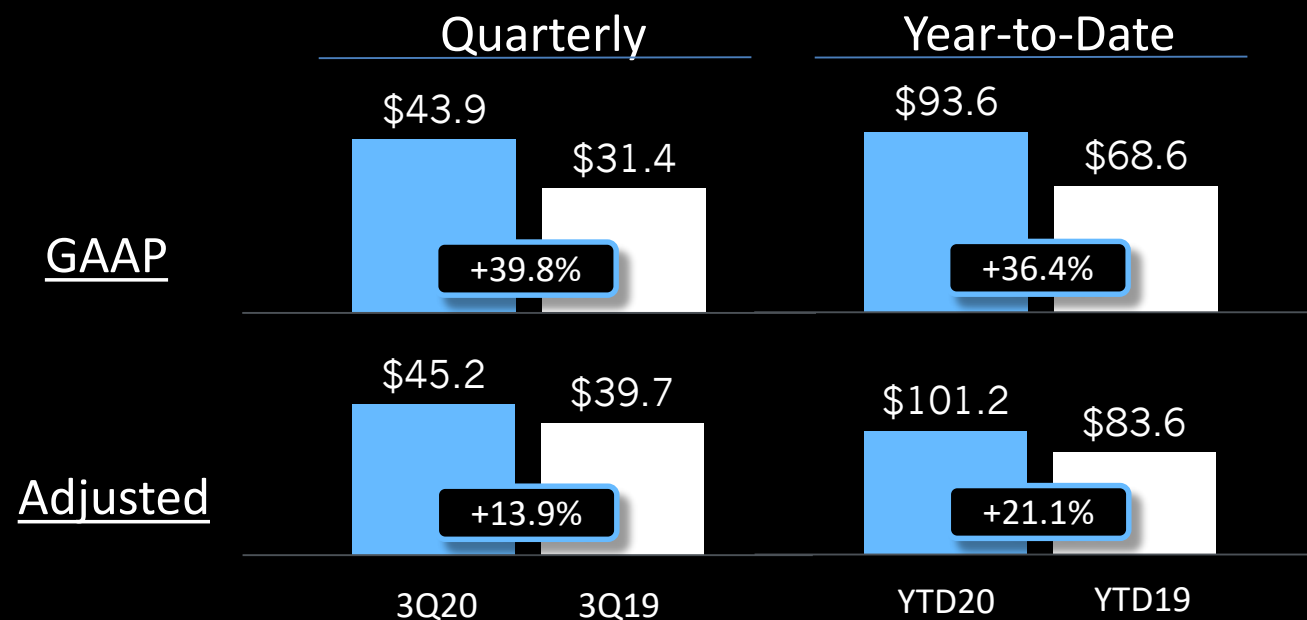
### Revenue

- Solid Growth In Residential And Renewable Energy
- Organic Growth 2.1%, Acquisitions Drive 8.1% Growth
- Continued Execution Across Core Businesses
- \$304M Backlog, Up 26% Y-O-Y

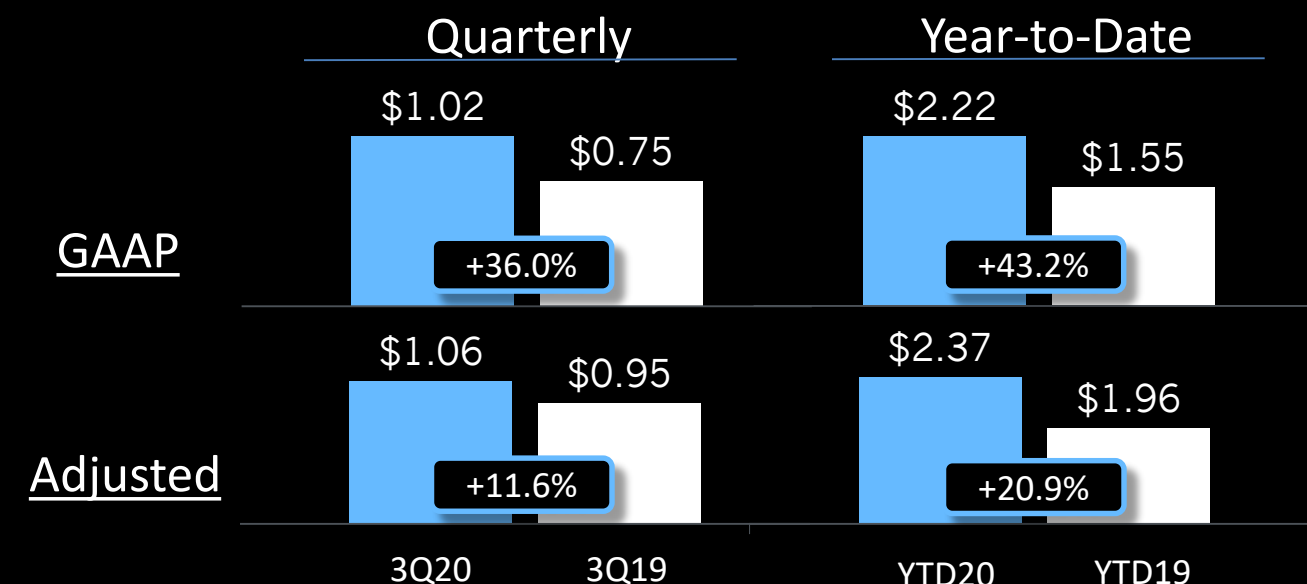
### Operating Income / EPS

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

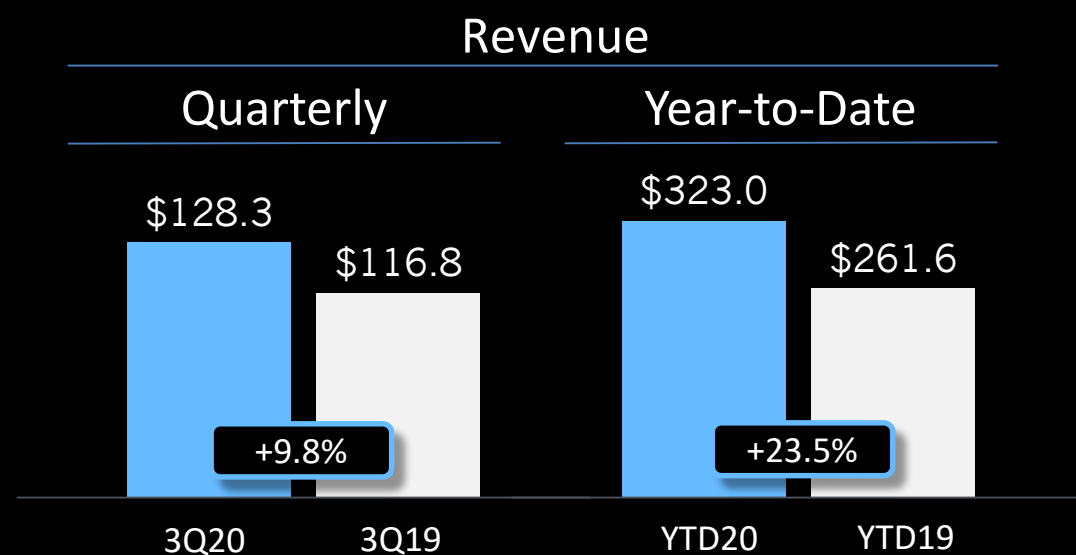
## Operating Income\*



## Diluted EPS\*



# Renewable Energy & Conservation Segment



## 2020 Third Quarter Highlights

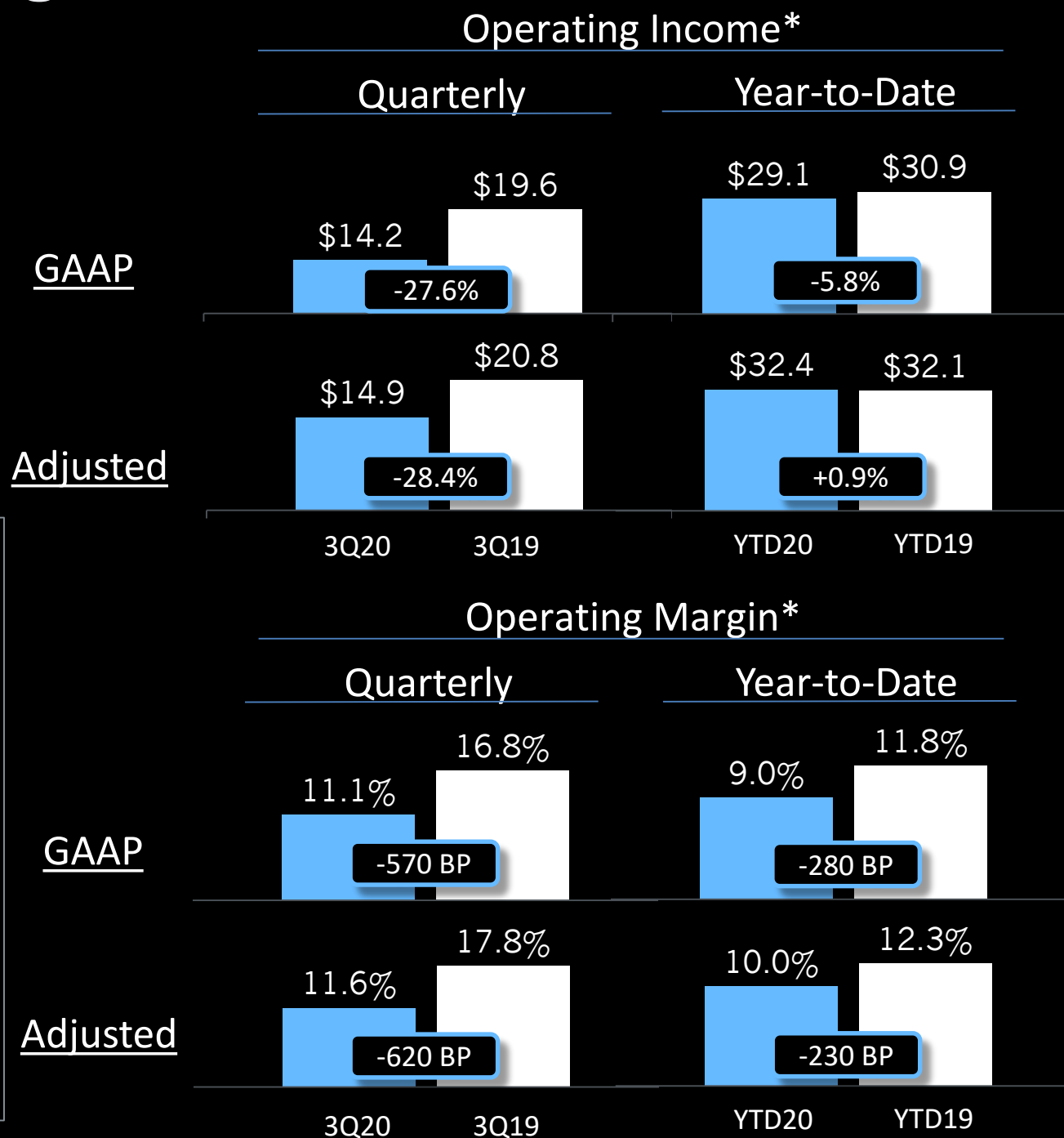
### Revenue

- Renewable Energy Continued Growth
- Conservation Acquisitions Drive 20.6% Growth
- Core Conservation Business Down Due To Cannabis & Hemp Markets
- Backlog Up 28%: Renewables and Conservation Contributing Equally

### Operating Income / Margin

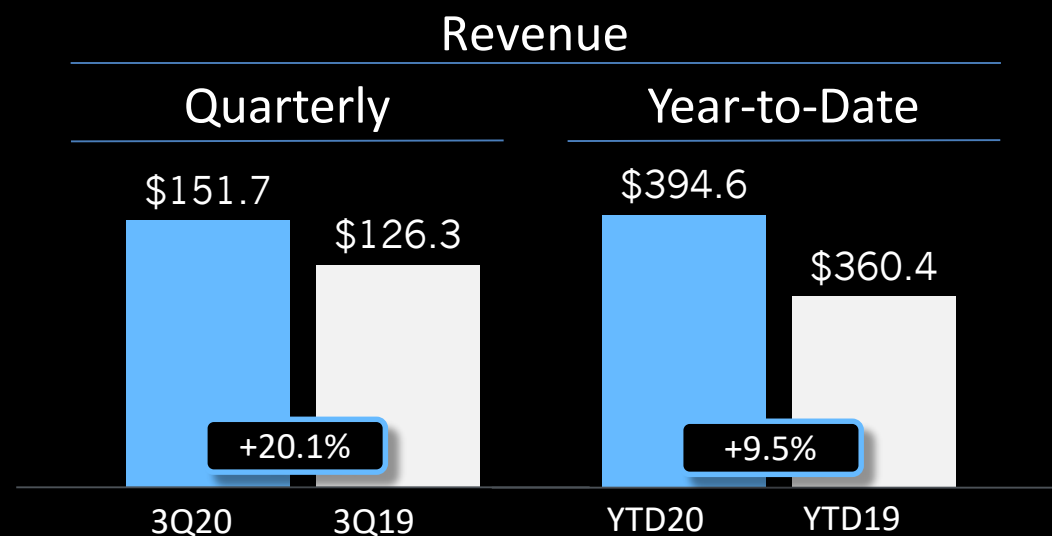
- Renewable Energy Margin Solid Driven By Strong Execution, Participation Gains, Product & Services Mix
- Conservation Market Slowdown In Cannabis & Hemp
- Acquisition Margins Consistent With Expectations & Future Improvement

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\* Amounts in \$M. Refer to appendix for adjusted measures reconciliations.

# Residential Products Segment



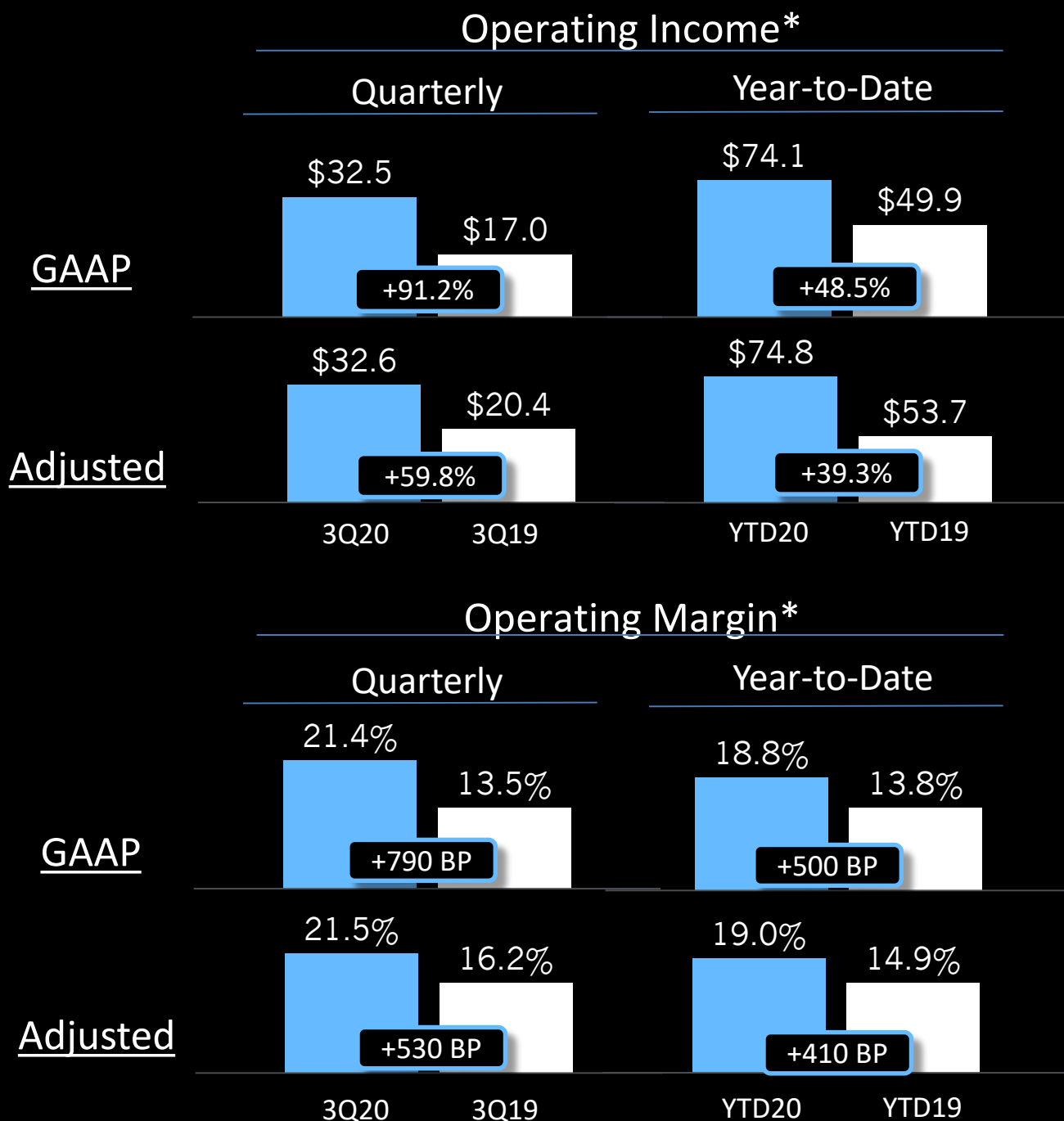
## 2020 Third Quarter Highlights

### Revenue

- Solid Market Activity – Repair & Remodel, New Construction
- Participation Gains Across Various Distribution Channels
- Investments In Sales & Marketing Initiatives Paying Off

### Operating Income / Margin

- Consistent Execution & Volume Leverage
- 80/20, Productivity, And Supply Chain Optimization
- Business Process Optimization & Organization Competency
- Price / Material Cost Management





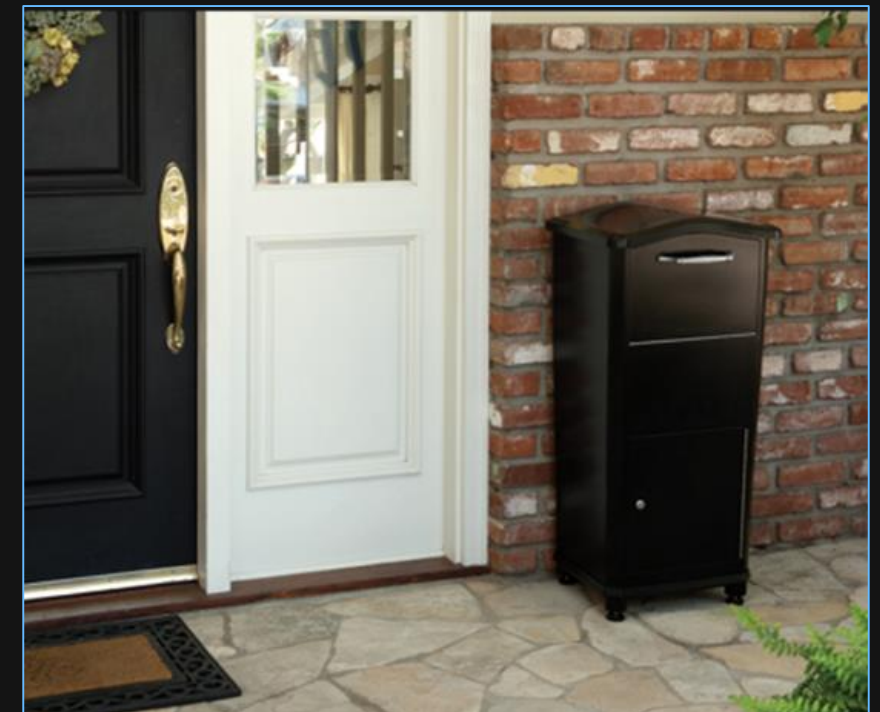
# Architectural Mailboxes Acquisition – Expanding Leadership Position in Single Family Mail & Package Market



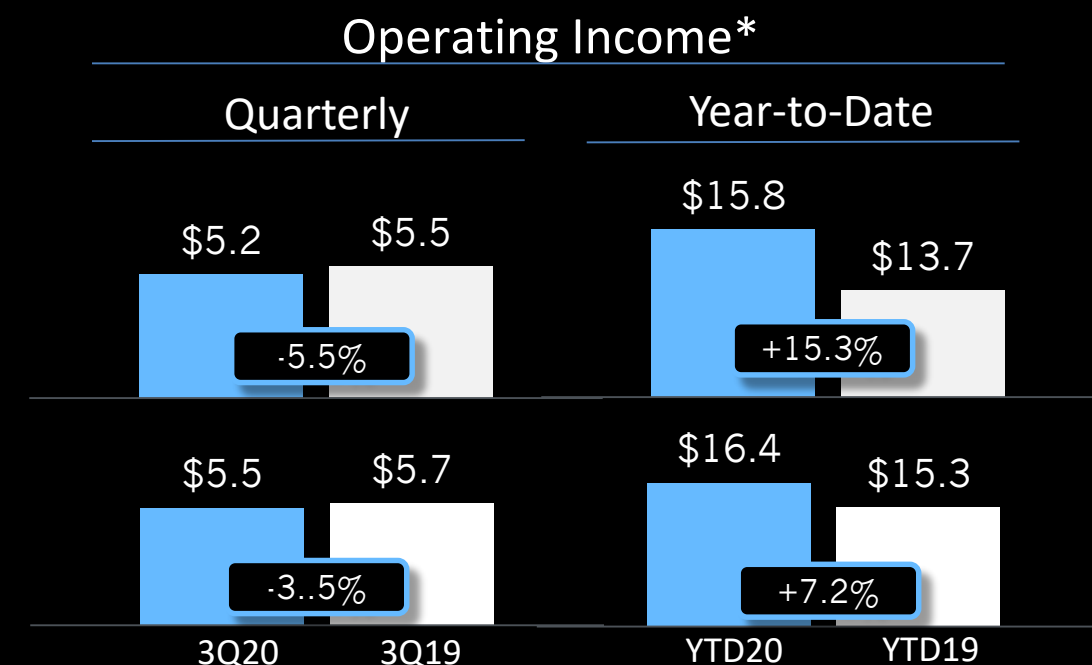
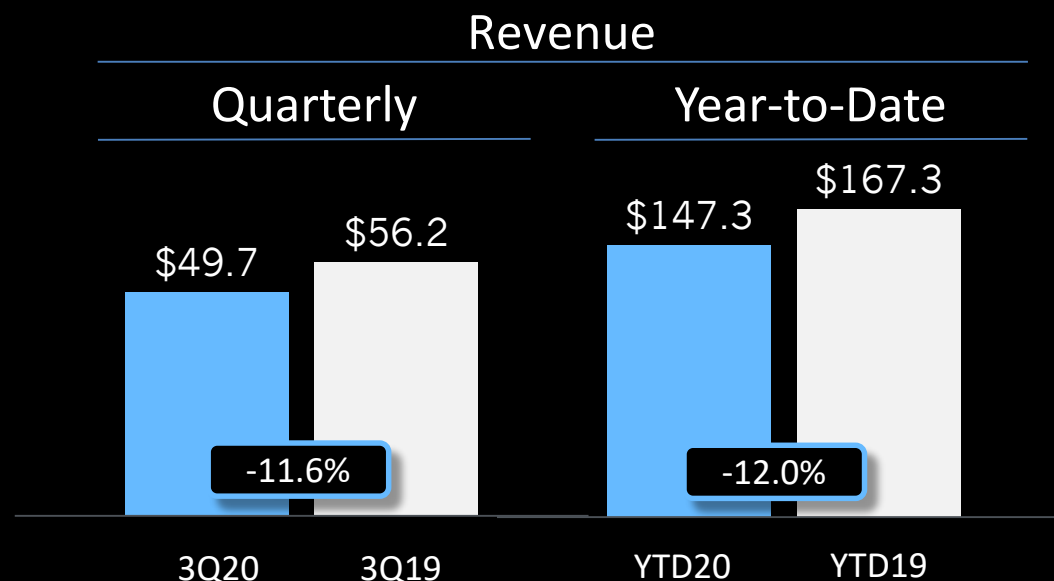
## Business Rationale

- Enhanced architectural design
- Improves digital marketing expertise
- Superior outsourcing expertise
- Favorable relationship with USPS

## Key Product Offering



# Industrial & Infrastructure Products Segment



GAAP

Adjusted

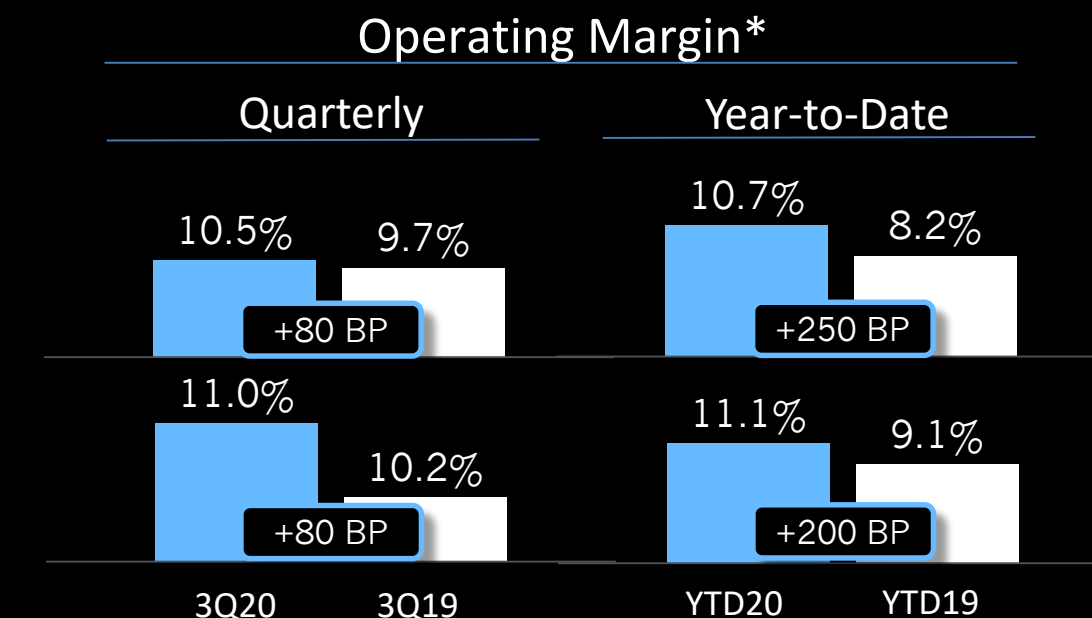
## 2020 Third Quarter Highlights

### Revenue

- Industrial Volumes Down In Core Products
- Infrastructure Down Slightly, Pandemic Affected Certain End Markets
- Modest Growth In Infrastructure Backlog

### Operating Income / Margin

- Continued Strong Industrial Margin Expansion Through Execution
- Price / Material Cost Management

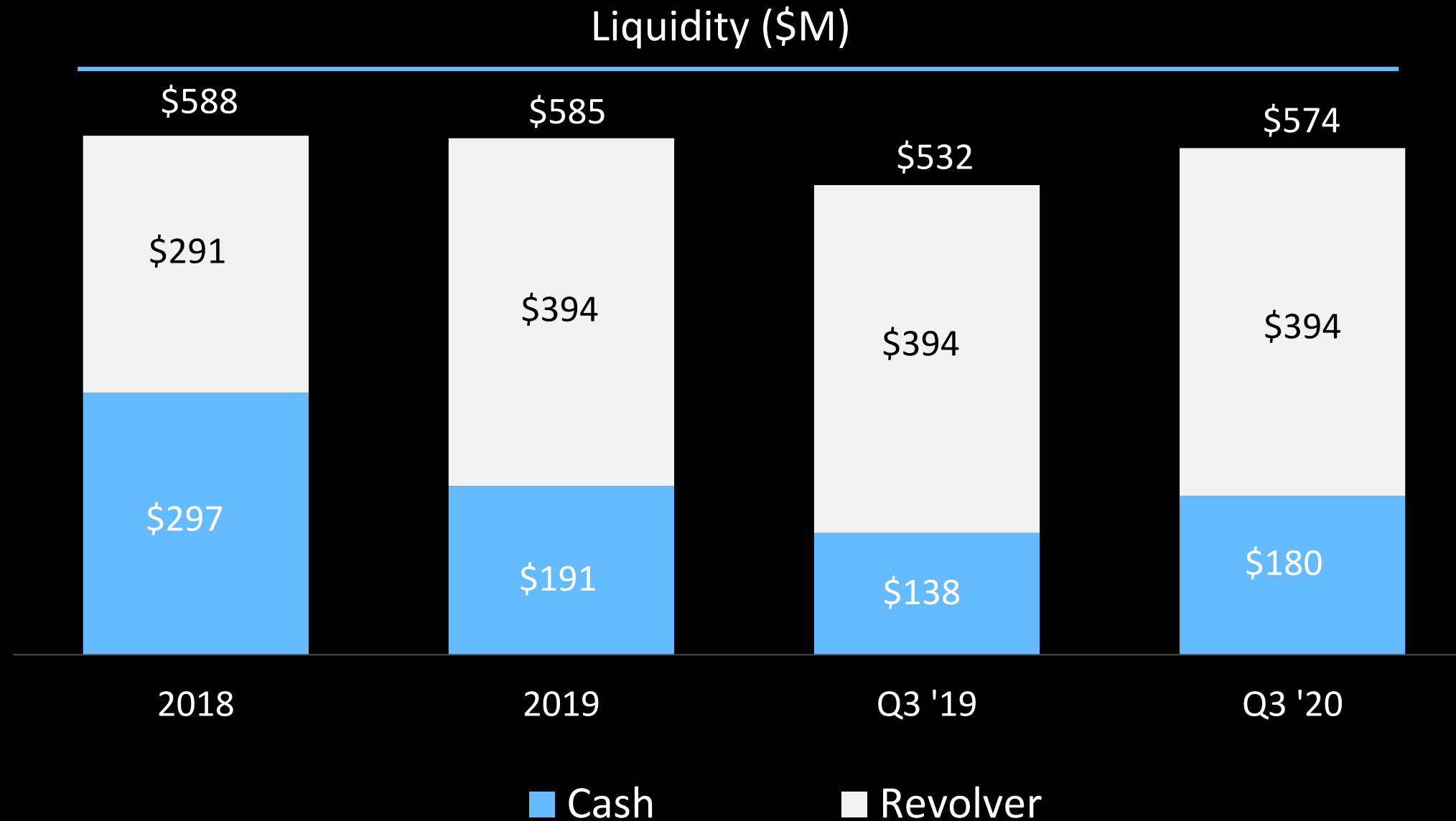


GAAP

Adjusted



# Balance Sheet Provides Resilience, Supports Growth



1.7x Leverage & 0.0x Net Leverage in 2018, No Outstanding Borrowings since Q1 19

# Three Core Pillars – Build & Accelerate Through Pandemic

## Business Pillar

## Core Tenets

## Recent Actions

1

Business System

- 80/20 operational excellence
- Innovation & new products
- Business models, digital systems

- Operating playbook evolving
- Working on the business
- Digital investment progressing
- Customer & supply integrity

2

Portfolio Management

- Optimize existing portfolio
- Acquisitions to expand position & shape our markets

- M&A pipeline is robust with active discussions
- Architectural Mailboxes deal complete for \$27M

3

Organization Development

- Right structure and design
- Talent development
- “Best Place to Work”
- Ongoing Education

- Adding talent in 2020
- Upgrading and filling gaps
- Digital Education Initiative -10 hrs/year for all employees

# Outlook: Expect Q4 2020 To Exceed Q4 2019 Performance

Business Segment	% of Revenue	Key Near-Term Drivers
Renewables & Conservation	37%	<ul style="list-style-type: none"> <li>Renewable energy – strong demand drives growth and expanding backlog</li> <li>Produce market strengthening, Cannabis market seeing more activity, backlog growing</li> <li>Processing – customer access to capital continues to improve but remains a challenge</li> </ul>
Residential Building Products	46%	<ul style="list-style-type: none"> <li>Good “Point of Sale” results continue as market outlook remains solid</li> <li>Core execution, speed &amp; agility, and key investments driving participation gains</li> <li>Direct-to-homeowner business remains strong with demand at a solid pace</li> </ul>
Industrial & Infrastructure	17%	<ul style="list-style-type: none"> <li>Infrastructure – backlog remains solid</li> <li>Industrial – continue focus on execution and higher value-add product families to offset core product / market weakness</li> </ul>





# Appendix

# Continue to Execute Pandemic Playbook

## Business Situation

### All Businesses Are Operating

- Accelerating demand in certain markets offsetting weakness in others
- Working closely with customers and supply chain partners
- Employee attendance remains solid

### Decision To Keep Team Intact Paying Off

- Segment demand better than expected
- Quickly pivoted back to pre-Covid-19 production
- Resulted in volume growth and participation gains

### Covid-19 Related Community Support

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

### Organization

- Safety of employees remains a priority
- Overall disruption management going well
- Proactively managing anxiety impact – health, financial, other
- Maintaining monthly management & execution processes

## Operating Protocols

### Compliance Remains In Place

- CDC and DHS recommendations, education, and awareness
- State mandate management and implementation
- Travel restrictions

### Workplace Management

- Business continuity processes
- Social distancing requirements
- Work from Home – process and technology
- Shift management and zoning in facilities
- Additional sanitization requirements
- Temperature checks (expanding with thermometer supply)
- Infected facility / work-station protocol
- Communication protocols – cadence, content
- Visitor protocols
- PPE for all employees (and family members)

### Compensation Support

- 160 hours COVID-19 pay for hourly employees
- Salary continuation for salary employees



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