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Operator^ Greetings, and welcome to the Gibraltar Industries's fourth-quarter 2025 financial results conference call. (Operator Instructions) As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Carolyn Capaccio of Alliance Advisors IR. Thank you. You may begin.

Carolyn Capaccio^ Thanks, Christine. Good morning, everyone; and thank you for joining us today. With me on the call is Bill Bosway, Gibraltar Industries' Chairman, President, and Chief Executive Officer; and Joe Lovechio, Gibraltar's Chief Financial Officer.

The earnings press release that was issued this morning as well as the slide presentation that management will use during the call are both available in the investors section of the company's website, gibraltar1.com.

Gibraltar's earnings press release and remarks contain non-GAAP financial measures. Tables of reconciliation of GAAP to adjusted financial measures can be found in the earnings press release that was issued today.

Further, please note that continuing operations exclude net sales and operating results of the renewables business, which was classified as held for sale and as a discontinued operation with the second quarter 2025 results. The EBOS portion of which was

subsequently sold on February 20, 2026.

Adjusted results also exclude the net sales and operating results of the residential electronic -- sorry, electronic locker business, which was sold on December 17, 2024. The acquisition of OmniMax International closed subsequent to quarter end on February 2, 2026.

Also, as noted on slide 2 of the presentation, the earnings press release and slide presentation contain forward-looking statements with respect to future financial results. These statements are not guarantees of future performance; and the company's actual results may differ materially from the anticipated events, performance, or results expressed or implied by these forward-looking statements. Gibraltar advises you to read the risk factors detailed in its SEC filings, which can also be accessed through the company's website.

Now I'll turn the call over to Bill Bosway. Bill?

William Bosway^ Thanks, Carolyn; and good morning, everyone. Thank you for joining us today. We have a lot to discuss today.

First, we're going to take you through our fourth-quarter results which are in line with our previously announced range. And then we're going to spend quite a bit of time on the OmniMax acquisition which closed on February 2, how we're actually executing our integration plan, our core assumptions that we have built into our 2026 plan, and then we'll take you through our 2026 guidance.

I think you'll hear me say this more than once today, how excited we are about the acquisition, as it really does accelerate our strategy to be a strong leader serving the building products market. In fact, with OmniMax, our residential segment will represent over 80% of Gibraltar's total business in 2026.

So the segment, and hence, the acquisition, played an important role in our 2026 guidance. So we'll get through that, and then we'll open up the call for questions and discussion. So let's get started with slide 3, and we'll talk a little bit about 2025.

Fourth-quarter results were in line with our previously announced top and bottom line ranges. We delivered 17% adjusted net sales growth driven by our metal roofing and structures acquisitions, offset by a softer residential end market, significant channel

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inventory rightsizing, and timing of price/cost alignment actions in the building accessories business. Lower new construction starts impacted the mail and package business, and we had AgTech project volume shift into 2026.

Consolidated bookings continue to be strong in the quarter with backlog up over 102% over prior year. We delivered operating -- I'm sorry, we delivered adjusted operating margin of 10.8% and EBITDA margin of 13.6%, resulting in adjusted EPS of $0.76. We generated $32 million in operating cash flow and free cash flow as a rate to sales of 9%.

For the year, we delivered 12% adjusted growth to $1.14 billion. Dollars operating and EBITDA margins of 13.3% and 16.3%, respectively, resulting in adjusted EPS of $3.92. We generated $137 million of operating cash flow, ending with $116 million in cash for the full year and free cash flow of 8%.

As I mentioned, we closed on the OmniMax International acquisition. And just last week, we completed the sale of Terrasmart's eBOS business for $70 million. The sale process of our renewables racking and foundations business is ongoing, and we anticipate completing the process in early Q2. Proceeds from both transactions will be applied to debt reduction.

So for 2025, to summarize, it was a year of solid growth despite some persistent in-market challenges, particularly in our residential market. We remain focused on evolving our portfolio with investments in metal roofing and building accessories, as well as the recent divesture of our renewables eBOS business.

Now, we'll go into each of the business segments, and Joe's going to start with residential.

Joe Lovechio^ Thanks, Bill; and good morning, everyone. Let's start with residential on slide 4. Our adjusted net sales for our residential segment increased by $15 million or 8.9%, driven by our metal roofing businesses which were acquired last year and continue to perform well, driving overall segment growth.

Total segment organic growth decreased 4%. Our buildings accessories business was down 2.7% in a soft market coupled with channel inventory right sizing. And the mail and package business was down, driven by ongoing slowness in single and multi-family new construction starts.

Turning to operating margins, adjusted operating and EBITDA margins decreased 320 and

280 basis points, respectively, as we experienced costly leveraging on lower volumes in building accessories and mail and package, as well as business and product mix, timing of price/cost alignment actions, as well as integration investments across the metal roofing businesses.

William Bosway^ So if you will, I just want to get a quick update on the US roofing market on slide 5. So if we can turn there, the residential market, including the roofing market, was softer than expected for the entire second half of 2025. And we experienced a further downshift during the fourth quarter.

General affordability, interest rate levels, and I'd say the limited number of weather events relative to 2024 were the main headwinds during the year. As a result, we saw a significant effort across our channels to further reduce inventory in the fourth quarter.

To put things in perspective, our building accessories business posted 2.5% growth in the first three quarters of the year but experienced down revenue of 2.7% in the fourth quarter. And although we're disappointed with our revenue in Q4, I believe we outperformed the market whether measured against ARMA shingle shipment data or retailer POS results.

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As we move into 2026, I think affordability interest rate headwinds remain. And although channel inventory seems to be better aligned with end demand, we expect customers to continue closely managing inventory and restock less than normal in the first quarter.

As well, the snowstorm that hit in late January, early February that blanketed a very large portion of the US has contributed to an inconsistent demand pattern so far in the first quarter. And we'll talk more about this when we discuss our 2026 guidance.

One other point, just a brief comment on the recent IEEPA tariff ruling. We do not expect any incremental impact with the ruling of steel and aluminum. Our core commodities are governed by Section 232 and 301 tariffs which remain in place as is, but we'll continue to monitor the situation and respond to any changes going forward accordingly. Let's move on to AgTech.

Joe Lovechio^ So turning to slide 6, AgTech net sales grew approximately $20 million or 46.6% driven by the lane supply acquisition which is performing as expected with solid demand. This continued strength offset an ongoing funding delay of a large produce project in the US as we have previously discussed.

Organic volume decreased, while total backlog at quarter end increased 239% with organic backlog growing 187%. Adjusted operating margin decreased 12 percentage points due to lower volume in the quarter in the organic business and a prior year benefit of a past due customer payment of approximately $2 million.

Adjusted EBITDA margin decreased 11 percentage points as it excludes the impact of higher amortization resulting from the acquisition of Lane and its related intangible assets. Now let's cover infrastructure on slide 7.

Infrastructure net sales grew $4.4 million or 24.3%. Backlog decreased 4%, driven by the timing of project awards; while quoting and bid activity remained strong. Expansion in both segment adjusted operating and EBITDA margin was driven by 80/20 initiatives, volume, mix, and the accelerating ramp up of the new steel shaped supplier.

Now let's move to slide 8 to touch on our balance sheet and cash flow at year end and wrap up fourth-quarter reporting. At December 31, we had cash on hand of approximately $116 million and $394 million available on our revolver.

During the year, we generated $137 million in cash from operations and $91 million of free cash flow, or approximately 8% of sales. We did not repurchase shares in the fourth quarter. Our debt-free balance sheet and undrawn revolver at the end of the year put us in a strong position to finance and close the acquisition of OmniMax on February 2 of this year.

So now, I'll turn the call back to Bill.

William Bosway^ So now we're going to turn our attention and talk about the integration of OmniMax and how it feeds into our 2026 guidance. So if we can go to slide 10, I just want to have a quick recap of the rationale for the acquisition of OmniMax.

Now I said earlier, we're excited to have OmniMax join us. If you think about it, it really helps further strengthen our leadership position in the building products market. And both us and OmniMax have really transformed our residential businesses over the last five years; and our brands and our product lines and our footprints are very complimentary.

And I think in being able to join forces today accelerates our building product strategy by at least two years. Fundamentally, as the leader in our market, I think we're in a much better position today to help shape the future of the industry rather than have someone else shape it for us.

And there really were four key tenets around supporting the acquisition. Number one, OmniMax is a leading manufacturer of roofing accessories and rainware management products. And they have great contractor-recognized brands and a very strong reputation for service and quality.

OmniMax is strategically in line with our core competencies and offer significant value creation with our residential business. We'll talk about that a little bit later. It significantly enhances our scale in the residential segment and helps us collectively deepen our presence with customers and channels as well as across a number of geographies.

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OmniMax also brings a complimentary footprint and product offering, which I'll share in just a bit, that puts us in a great position to serve more MSAs and also serve unique local, regional, national requirements. And finally, the combination creates an attractive financial profile with a lot of synergy opportunity, both at the commercial and cost level, which we will also go into here shortly.

So let's move to slide 11. And I just want to show our combined presence. In the US, we have between 80 million and 85 million single-family homes, and we have another 40 million of multi-family residential units. And each one of these structures obviously has a roof. And we make the products which are integral to the roof where -- and they're designed with intent of making sure your roof doesn't leak and also make sure you have the correct air flow in your attic.

Collectively, now that we're together, we now serve over 70% of the top 80 MSAs in the US and had a huge -- have a unique footprint with capability to support local customer product and service requirements. Our collective footprints fill in geographic gaps for each other. And together with our complimentary product lines, we really believe we're going to unlock new opportunities in existing channels at the local, regional, national level; and we're already starting to see that just 2.5, 3 weeks in.

Now I want to dig into our approach and how we're integrating the business and how we're going to create value with the combined business. So let's turn to slide 12.

And I'd say since February 2, which isn't that long ago, our leadership team has been really busy implementing foundational building blocks and finalizing the roadmap for 2026. As you know, with any integration, the first step is to make sure the organization is stabilized because it's a lot to take in for everybody in the business.

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The stabilization ultimately, at the end of the day, is effectively building common culture for the new organization. And to do this, I think it's important to know the starting point for the entire team. And so the leadership team, in just our second week together, asked the combined organization to participate in a survey focused on understanding the different ways that we work.

It's interesting, the data. The results revealed more similarities across the team than not, particularly around strong customer orientation, collaboration, and a one-team mindset as well as empowerment. I think a lot of this may have to do with the fact that we're in the same swim lanes, that we're in the same industry and we have a lot of good experience.

Secondly, it's been important for the team to establish integration governance, which we have done through the existing OmniMax integration management office.

And third, once you start this journey, you have to have discipline execution on a daily basis to get some wins and to build some momentum. As an example of a small, but I think a really important win in the last three weeks is we can now see daily order entry and shipments and delivery performance for each of our 39 locations across the combined company.

It's a great first step in being able to track, measure, and address opportunities across the entire network. So now over the next 100 days, we are focused on a few things. Number one, organization transition, getting the structure right, and building an ownership mindset across the team.

We are also building integration discipline as we execute synergy capture and frame additional synergy opportunities. With that, we expect performance lift in our service reliability, our commercial excellence upgrades, and participation gains and margin expansion. And later in the year, you'll -- we will turn our attention to optimizing our product portfolio using our 80/20 toolbox.

Now to dig into a little bit more detail of the first 100 days, let's move to slide 13. Prior to the close, we actually had about four weeks to prepare for the day one launch while simultaneously putting some of our foundational building blocks I just mentioned in place.

Fundamentally, we had to establish the leadership team and name our business leader which we'll review here in the next slide. We had to prepare an integration office and

integration governance to support the IMO and workstream teams for this effort. We also finalized our 20 workstreams and identified the team leads and sponsors for each.

We developed a financial baseline and synergy targets for the organization. And obviously, we had to create and execute our day one plan, which effectively, went very well. We had internal communication plans launched simultaneously across 39 locations where we had representatives from both Gibraltar and OmniMax present for two days to answer questions and support the local team.

We also launched external communications with suppliers and customers, all of which went well. We are now just a few weeks into our 100-day plan, and we are very active. We have established a leadership team, as I mentioned, and we will soon be finalizing and implementing the structure and roles for Level 2 and Level 3 managers in the organization.

We have also established 2026 performance targets, finalized the highest priority synergy initiatives, and aligned goals and incentives for the team. Our functional teams are also very focused on the highest priority initiatives within their functions and across other functions as well.

After a successful first 100 days, we'll start to transition from an integration focus to more of a transformation focus as we move from integrating the two businesses to further transforming the way the combined business will operate going forward.

Let's move to slide 14. And I want to share with you the building products structure in the team. You know, this is an excellent leadership team. It's led by John Krause, who's the CEO of Gibraltar's Building Products business.

John's team is built with strong leaders from both companies, and we are very fortunate to have great and experienced leaders overseeing each function of the business. The team has broad experience in building products that understand the market, customer, and competitive landscape.

The integration and transformation office you see has been a critical part of OmniMax's operating structure and culture for the last three years, and it will continue. We have supplemented the IMO with an experienced third-party advisory team that has also worked with OmniMax over the last three years and has familiarity with the team and the business.

And finally, we are investing in product innovation by adding a leadership position which we

will hire from outside the organization. New product development, optimizing our product portfolio, and driving 80/20 initiatives are important for our business, and this new position is going to help drive much of that.

Now I want to switch gears and turn to slide 15 and drill into a little bit more detail how we're actually integrating the companies. And I think this is important for everyone to understand.

First thing I want to say though is I do want to recognize our IMO and our integration planning teams as well as the leaders and sponsors that are driving them. And I know many of them are listening to the call, so I do want to say thank you to everyone for your leadership and tenacity in this process. I know it's hard work, takes a lot of time; and I appreciate this group of leaders being the hub of the integration wheel, and I know all our teams do as well.

But I want to start first with why centralized IMO is so important to integration success. Because every organization faces some set of challenges with integration. Typically, it's things like enabling teams to own plans and execute beginning day one. It's doing it all in a way that preserves the best of both companies businesses as well as the teams and cultures and then working with enough speed and practicality to achieve necessary targets and making sure that we're following through and not letting things fall through the cracks and making sure that we track implementation of everything we're doing day in day out.

It's important an IMO creates clear guidelines and has authority to keep the organization aligned with the strategy to set the company up for success, but also to manage change management and communication plans that keep everyone informed about how things are progressing each and every day.

So OmniMax created an IMO three years ago. And we're going to continue to leverage its success and build on it as well. This team is made up of five full-time resources, frankly, all very talented and high potential individuals, really excited with the group, just tremendous.

And two of which have recently joined the group from the Gibraltar Building Accessories leadership team. And both of these folks have good backgrounds in operations, sales, product management integration. It's a very strong team.

Our IMO oversees and works with 15 functional integration planning teams we call IPTs. These teams have sponsors and leaders which are responsible for developing work plans

around the top integration priorities for their respective functions. The functional IPTs also have support from the third-party advisory team which often helps with things like integration processes, scheduling, resource management, and oftentimes, data analytics.

The IMO and IPTs meet daily and weekly to review progress and make sure we stay on track. And the IMO is also responsible for managing four subteams focused on communications, culture, organization, talent, and then synergies.

As well, the IMO is governed by the steering committee which is comprised of my corporate team, my leadership team, John Krause and his leadership team, the IMO itself, and the third-party advisory team. Our committee work meets weekly and/or biweekly; we review progress; and we really try to address as many existing or potential hurdles or roadblocks for the teams.

I'd say overall, the IMO is working very well in bringing the necessary rigor and process and governance and operating discipline required to make this integration successful. So with that, now let's turn to slide 16. I want to talk about our 2026 synergies.

Again, as a reminder, being at this now for 2.5 weeks, 3 weeks, we came into '26 with an original plan for synergies of $20 million which really focused on cost synergies alone generated through 80/20 initiatives, SG&A initiatives, logistics initiatives, and supply chain initiatives.

Our current plan is actually improved. And we expect to execute $24 million which will include both cost and commercial synergies. And our commercial synergies mainly involve executing cross selling which is happening a little -- which will happen a little bit sooner than we originally anticipated. So that's really good news.

Also, we have moved our logistics initiatives to start '27 versus '26. Given the work needed to be completed prior to starting execution, effectively this effort is tied to our 80/20 product and SKU harmonization initiative which will make it easier to optimize logistics and shipping from each facility in the future.

Now of the $24 million implemented in '26, we'll realize just over $15 million of that in our full-year EBITDA results, and that is in our guide. And we'll carry over the remaining $9 million into 2027.

Now the difference in the run rate implementation of $24 million in the realized synergies of

$15 million is just simply implementation timing.

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So I'll give you an example. With our supply chain initiatives, negotiated savings we have will be realized when existing supplier contracts are up for renewal. And many of those happen to turn over later in the year. So there's been a lot of great work over the last three weeks on our synergies. And frankly, it's exciting to see we're finding more opportunities. And I suspect and expect our teams will find even more over the next 100 days.

Now with that, I'm going to turn it back over to Joe and take you through the the financing of the transaction.

Joe Lovechio^ So let's move to slide 17 to review financing for the OmniMax transaction. We entered into two new equal sized senior secured term loan facilities in an aggregate principal amount of $1.3 billion and a new upsized $500 million revolving credit facility, and used the proceeds from the financing together with cash on hand to fund the acquisition and pay-related transaction fees and expenses.

We received ratings from the agencies of BA3 and BB-minus; and our key covenants include a total net leverage ratio of 5.25 which steps down to 4.25% over time and a minimum interest coverage ratio of 3:1, both of which we feel very comfortable with. This flexible debt structure also facilitates an efficient debt paydown.

So then moving to slide 18, I kind of want to go through our deleveraging road map here. So our priority and focus is to deleverage as quickly as possible. The drivers of our plan are shown on the left side of this slide.

In year one, we expect strong EBITDA margin percent and synergy realization. We're beginning to execute our working capital optimization opportunities and expect to start utilizing our cash tax benefits. We planned capital expenditures of 2% to 3% of sales, interest payments on our debt, and special charges related to acquisition, transaction, integration, and restructuring related costs, with all of these assumptions driving our free cash flow guidance of approximately 8% of sales this year.

Following the recent sale last week of our renewables eBOS business for $70 million, we used those proceeds to pay down debt. And we expect to be below $1.1 billion of net debt at the end of the year.

In year two, we expect similar drivers, including the realization of additional synergies as

well as interest payments at a lower amount as our debt level is reduced. In addition, we do not expect the same level of special charges, all of which we would expect to drive free cash flow of approximately 10% of sales and our net debt to below $900 million. We also have possible liquidity from additional non-core asset divestitures.

In terms of the timing of deleveraging, the graph on the right shows our planned path; and we're targeting a leverage ratio of approximately 2.5 times adjusted EBITDA in 24 months to close our first quarter of 2028. During this period, our capital allocations will be focused on funding the growth of our business through capital expenditures and on debt reduction.

So now let's move to slide 19 to talk about 2026. Given all the moving parts with the acquisition of OmniMax, we thought it was important to provide some 2026 key assumptions upfront and provide the right context as well as highlight some important considerations.

So first, OmniMax delivered good full-year 2025 results in both revenue and adjusted EBITDA. As a reminder, OmniMax made two acquisitions last year, one early in the year and one later in the year. So their reported revenue for 2025 was approximately $518 million.

But adjusting to include the full-year benefit of those acquisitions in 2025 and to exclude special charges related to acquisition transaction, integration restructuring, and other related costs. OmniMax's 2025 revenue was approximately $566 million. And adjusted EBITDA was approximately $109 million.

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More broadly within residential, we see a continued soft market in the first half, improving in the second half. In AgTech we have removed the Arizona project from our plan, and we'll continue to monitor the funding status accordingly. And within infrastructure, engineering backlog and coding activity remains strong.

So as we think about Q1 earnings, there are a few things to keep in mind. Given the continued soft market plus only realizing two months of OmniMax results based on the closing date, the ramp up of synergies later in the year, and the impact of interest expense of the initial elevated debt balance, we would expect less than 20% of our adjusted EPS in Q1. From a GAAP EPS perspective, we would expect approximately two-thirds of the special charges to occur in Q1 as most relate to the closing of the transaction.

Now in regards to free cash flow, given the lower Q1 earnings profile, the initial cash outlays for expenses related to the closing of the acquisition in February, and the fact that the

synergies and working capital optimization benefits are expected to ramp throughout the year, we would expect limited free cash flow generation in Q1 with a ramp up throughout the rest of the year. Overall, we feel really good about our plan to deliver double-digit operating cash flow as a percentage of sales and free cash flow of 8% of sales for the year.

Lastly, some additional assumptions to highlight. With the combined company, we expect depreciation, amortization, and stock comp expense to be approximately $90 million for the year, which currently includes an approximately $40 million annual estimate for non-cash amortization related to intangibles due to the OmniMax acquisition.

We anticipate approximately $50 million in special charges related to acquisition, transaction, integration, and restructuring costs. And we expect greater than $70 million in interest expense, financing, and commitment fees which will be dependent on the timing of our debt repayments and interest rates. And lastly we are assuming a 26% tax rate.

So having covered some of the key assumptions and considerations, let's move to our 2026 guidance on slide 20. For continuing operations, we expect consolidated net sales between $1.76 billion and $1.83 billion compared to $1.14 billion in 2025.

We estimate the benefit of OmniMax in 2026 of approximately $570 million of revenue for the year, which would help drive approximately 57% growth at the midpoint and approximately 5% organic growth.

Adjusted operating margin between 12.6% and 13% compared to 13.3%. Adjusted EBITDA margin between 17.6% and 17.8% compared to 16.3% for 2025 for 140 basis points expansion.

The expected contribution from OmniMax plus synergy realization, which will occur both within the legacy OmniMax and the legacy Gibraltar businesses, is approximately $ 70 million for adjusted operating income, which includes the estimated non-cash impact of the intangibles amortization that I previously mentioned, and $120 million for adjusted EBITDA.

GAAP EPS between $2.40 and $2.80 compared to $3.25 in 2025 including the expected impact of special charges related to the acquisition, transaction integration, and restructuring related costs.

OmniMax remains on track to be accretive to adjusted EPS in 2027, the first full fiscal full

year post close. Given the contributions of OmniMax and synergies and the expected interest expense and finance fees, OmniMax is slightly diluted in 2026 of about $0.09 per share. So our adjusted full-year EPS guidance is between $3.65 and $4.05 compared to $3.92 in 2025 and our free cash flow guidance is approximately 8% of sales.

So now let me turn it back over to Bill.

William Bosway^ So wrapping things up, just want to reiterate a few key takeaways from our discussion.

Number one, first, we are conservative in our plan, given the residential will represent 80% of Gibraltar in 2026 and our assumption that the residential market will remain soft, particularly in the first quarter, maybe the first half.

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Q1 will be our lowest earnings quarter given our highest debt balance immediately post close and acquisition charges absorbed in the quarter.

Q1 free cash flow will be limited, but given a lower earnings profile, our transaction closing expenses, and the timing working capital benefits. We do expect double-digit operating cash flow for the year as a percent of sales.

I think fourth, integration is very organized and active with much accomplished in our 1st 24 days. The Leadership team is in place. The IMO is up and running. And the 20 IPTs are in full swing with leaders and sponsors.

Five, we're ahead on synergies -- $24 million of run rate synergies. Four more than the original plan will be implemented with $15 million flowing through to EBITDA starting in Q2 and accelerating sequentially through Q4. And finally, we maintain a clear path to 2.5 times, 2.5 times, leverage, by the end of 2027.

So a lot to take in there with the change in the business and the acquisition of OmniMax. But with that, let's open up the call for questions and discussion.

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Operator^ Daniel Moore, CJS Securities.

Daniel Moore^ So just to elaborate on the residential outlook, softer in H1, some recovery

in H2. Overall, you're expecting the market to be roughly flat, up a little. Just any details there. And how should we think about your ability to increase participation, year one, as you put these two businesses together?

William Bosway^ Yeah. So yeah, I'd say we came in, we built the plan around a marketplace that is described as you said. I think volumes are going to be down a little bit in Q1 and Q2. And then there are some green shoots that are happening out there. It's been a little bit challenging in the first quarter. I referenced this. We don't like to talk about weather as an excuse, so I'm not suggesting that.

We saw order patterns in the 1st 60 days swing wildly because of that snowstorm that blanketed such a large portion of the US. I think NOAA had said at one point that 25% or close between 25% and 30% of the rooftops in the US were covered with snow. The point there isn't that we couldn't get people to work. The point there is the contractors couldn't get on the roof, so we saw big swings with order entry in a two or three-week period.

So it's been a little bit challenging to try to get a consistent demand cadence. But I would suggest that, coming out of Q4, which is pretty big of a down shift, we think Q1's also going to be a little bit soft not because there's more inventory coming out. There's probably just less restocking going into the channel as we get closer to the start of the season, which, as really starts in earnest in March.

I think we'll get a better idea of how things evolve in the next few weeks. So we've been conservative with our assumption of how that volume is going to pick up as we get out of as we go through Q1 and into Q2.

From a participation gains perspective, I mentioned earlier that some of our commercial synergies that are coming earlier than we thought, part of that is associated with what you just suggested. And so yes, cross selling as a synergy is great, but it often means in this case it's participation gain.

So we'll start to see that flow into the year as well. And I used some examples earlier prior to this call where you know we have product lines, from both businesses that now are accessible for different parts of the country that weren't before.

So you'll see some of that start to kick in a little bit sooner than we originally anticipated, which is good news, And we have a number of initiatives to drive that this year, and that's where the participation games will come. So that's how we're setting up.

And the last thing I'd say -- sorry for the long answer. But with a soft market, I'm probably even more grateful now that you have the two leaders coming together. To be able to do some things that you may not be able to do on your own and being in the soft market that gives us even a better shot to drive more participation as we go through the year. So that's how we see things, evolving from an in-market perspective.

Daniel Moore^ Joe, as it relates to the cadence, really appreciate the color. Just to the earnings less than 20% in Q1. How are you thinking about kind of H1 versus H2 on that same metric this year relative to what would be a more normal or balanced year?

Joe Lovechio^ Yeah, so you wouldn't see -- we wouldn't expect to see as much of that difference from Q1. We wouldn't expect to see as much of that difference in Q2, but some difference. This is probably the way I would characterize it again as we talked about kind of that softer market in each one. And so then you'll have, basically, the balance of that; more in the second half; probably ramping up through Q3 and Q4 is probably the way to think about that.

Daniel Moore^ Okay. And one more, I'll jump back into. But the decision to split the sale of renewables, just how did you think about fair value for the eBOS business? And perhaps more importantly, the remaining racking business -- just by magnitude, obviously a lot bigger, but lower margin -- how should we think about what fair value could look like for that piece?

William Bosway^ Let me start with people were asking us why we didn't close when we thought we originally closed. And part of the answer to that, which we at the time, really couldn't talk much about openly, is you have two different companies that are buying these pieces for different reasons.

The strategic fits for them are different. And so that's item number one. That's what delayed us getting this done for an eBOS business where it is.

But I'd also say that eBOS is more oriented towards the utility space than our racking and foundation business, which is more DG space. And so margin profile of the eBOS is pretty strong. And to your point, the racking business, lower than that.

And so as you think about as we've gone into disk ops -- and you can see over time as we've tracked and take it right down to the core. And you'll get an idea of what the overall

evaluation of the two is. And as we get closer to closing the deal, we'll have a better feel for we're going to land. But that's how I would think about this going forward.

Daniel Moore^ Got it. And then just lastly, Joe. The free cash flow, 8% of sales, is that inclusive of the $50 million integration expense and any other non-recurring charges this year?

Joe Lovechio^ Yes.

Operator^ Walt Liptak, Seaport Global.

Walt Liptak^ Hey. I want -- congratulations on the finding of -- or the extra synergies, the $24 million that's positive. I wonder if you could talk about that a little bit.

Secondly, more holistically, I think part of the confidence that a lot of investors have in the integration of these two businesses is the 80/20 process. So it was good that that was front and center. And I'm wondering why -- or if or why you wouldn't bring that forward a little bit more.

Because you had a comment in there that you're waiting until the fourth quarter to do the data analysis, but it sounds like you're doing some 80/20 now. Wouldn't 80/20, starting as you want to proceed, make the integration less risky and maybe, frankly, a little bit more fun because of the simplicity and the disciplines around the 80/20 process?

William Bosway^ Yeah, good point, Walt. So we do have 80/20 synergies in the plan and probably a little more than originally thought.

My comment about the logistics, the specific logistics work that we're embarking on, it is going to be more 80/20 based. But it's going to take some time because what you have effectively is you need to -- we need to go through what we're learning now that we're -- the team, the workstream is working on this.

First step is we need to harmonize around product and SKUs which are being produced across 39 different locations. So getting that data, first and foremost, is the first step. But the harmonization of that's just not simply harmonizing the data. It's actually making some engineering changes.

It's getting specs more commonized and a host of other things. That's the heavy lifting. It's

going to take a little more time, and we're doing a plan for the logistic savings. So I think now, we're just getting a better feel for what it may -- what it means to get that done.

It doesn't mean that the work's not in the flight. It just means the timing of the savings is coming later because the magnitude of what we're realizing we need to be done. So it is fundamentally around the 80/20 backbone of how you get started, right?

It's -- first and foremost, you got to gather the data. We're doing it across a much larger footprint with a lot of STUs that we now then need to do some harmonization, get them on the same system. And once you do the harmonization, a lot of that engineering work that has to be done, that makes it much easier for us to then think about how to optimize shipping of each of these remaining STUs -- you're talking about a lot of them -- from 39 different locations across the country to all our customers.

So I don't want to give the impression that we're not willing to pull it forward. Just, it's a bigger squeeze to get the juice relative to the work that has to be done.

Secondly, we found some other things, whether it be 80/20, SGA, supply chain, et cetera, that we pulled forward because we can get those done quicker as well. So there's only so much that capacity we have. We're trying to get as much as we can as quick as we can, but the foundational things are in play.

And those are the types of things that we're working to get specifically to the logistics synergy that we're pushing into 2027. So it's not an issue of wanting to do it earlier, but the timing of that is more related to as I described.

Walt Liptak^ Okay, makes sense. And just switching gears to that market outlook question that was asked just now. Because the different -- there are differences between OmniMax and the Gibraltar residential businesses, are the sales growth rates similar between the two businesses? Or like, are you expecting the same growth?

Or is one expected to grow faster than the other, realizing that probably, after this year or at some point this year, you're going to have a combined entity all on the same systems and all the same organization? But is there a difference either regionally or product or something that changes the sales growth trajectory for the business?

William Bosway^ Well, I think in total, the way that we look at it -- I mentioned earlier in the call that we now have the ability to see what's happening with order entry shipments and

actual service delivery for every location now.

And so that's a good first step. And my point there is we'll get a better idea of how the regional markets are evolving during the course here. But I wouldn't characterize a plan where one is growing faster than another. We don't think of it that way now.

I mean, we're quickly moving to -- we have 39 locations blanketing the US market and all these different MSAs. And so it comes down to every one of those regions, markets, and MSAs and how we're doing in that. But it's not a Gibraltar versus OmniMax thing, if that makes any sense.

We have so many complimentary product lines, and we -- same with our footprint and so forth, that we're moving away from that thought process now. We'll be able to say at the end of the year, this is what we did organically both businesses. Sure, we can go back and do the math.

But our combined teams don't think that way or not thinking that way going forward. It's about customers in any channel across any part of the US and how we're driving our business with them and how do we utilize all our things at our disposal to make that happen. And we don't really care if it's, quote, a Gibraltar or OmniMax product or facility or otherwise that's serving that customer.

What you're going to see more of is costumers being served from both, and it's going to get a little bit blurry over time. And that's what you want to have happen as you get into the next year in particular in terms of how we serve customers and grow the business.

So I don't think the businesses are going to grow at a different rate. I think it's more of a market question and how well we're positioned in each region where we're operating.

Walt Liptak^ Okay, great. And then the last one for me for Joe. I might have missed it, but did you have a debt ratio for what the first quarter, I guess, LTM debt ratio will be?

Joe Lovechio^ No, I didn't have that in there. But I mean, basically, as we closed on the eBOS sale, we used those proceeds to pay down the debt. So at that point in time, we were probably sitting in -- if you take a TPM, reported, we were probably sitting around 4.1.

Operator^ (Operator instructions) Julio Romero, Sidoti.

Unidentified Participant^ This is Justin on for Julio. So maybe starting on OmniMax. With the geographic overlap in the Pacific Northwest between legacy Gibraltar and OmniMax, is this a key area where you see commercial synergy opportunities?

William Bosway^ Well, actually, Justin, we see it in a number of areas. But yeah, that's one area. We also see it in the Northeast, and we see it in parts of Texas.

And so Kurt Simpson, who runs the overall commercial group, is -- and his team, which is frankly awesome. -- is going through that now. So what we thought going into -- prior to close is what could be the commercial synergies we didn't talk a lot about them. Because it's one of those things that once you get in it, we couldn't talk pre close about customers. We couldn't talk about what we're doing specifically with any customers, et cetera.

And now that we're opening that up and have an opportunity to do that, we're finding I'd say a number of product lines and geographies where we're going to be driving some of the cross selling and commercial synergies. Frankly, I'm pretty excited to see what the team's come up with the last three or four weeks, and what they're already working on.

But it's not in one location, I would say. I think it's more broad spread than that. I would tell you a little bit more detail about it, but I don't want to give our competition any insight as to what we may or may not be doing here in the relatively near term. But I think of it much broader than a particular region.

Unidentified Participant^ Great, thanks. And I appreciate all the color on the OmniMax integration. But maybe talking about that a little further, can you talk about the investments you've made on digitization and how they can help with accelerating the integration?

William Bosway^ Yeah. So again, another work stream that is in flight. So there's a couple elements of this. One, if you recall, from the Gibraltar side, we were working; we've been finishing up our SAP implementations. At the same time, as OmniMax has brought folks on, they've been doing Oracle implementation. So think of that in a broad ERP perspective.

But being able to quickly stitch together data from both of these systems feeding in is where there's been some effort. That was a reference I gave you earlier about. It's refreshing to see. After just two weeks, 2.5 weeks in, we can see our order intake. We can see our sales. And we can see our plant performance, delivery performance for each of the 39 locations.

So where the team has listed a priority of where they'd like to stitch together things first so we can actually run the business that much better. John and his team, have a very laser focus on where we want to elevate our performance.

When you go into these things, first and foremost, you assume everybody is operating perfectly. And that's just not the case. We both have opportunities to get better as individual businesses and collectively now. Getting that performance lift that I've referenced earlier is a lot of what John and team are focused on now.

Part of that is just getting some of that common data stitched together now so we can start having those discussions about how we. Improve service delivery, how our sales are flowing in, where per team are focusing on, the next commercial opportunity, and so on and so forth.

So we'll -- our immediate focus is there. And then as we move into the year, you'll see broader effort on what's next. But that's what I would say is the media folks for the combined IT organization.

On top of that, I'd say one other thing. We want to make sure that in the process of doing this, you don't have any disruption, right? So no cyber events. You want to make sure your systems are reliable and up and running.

So there's a -- if you look at these different workstreams, it's what do you stitch together now so we can improve operating performance and have visibility across the entire network sooner than later. And then what are the core foundational things you want to make sure stay intact, and how do we make sure that we have all those supporting processes working well? Little things I don't bore you with, but I'll just give you some examples.

Getting everybody on Teams so we can effectively have Teams meetings across two organizations versus one is a good example. Getting everyone on a common email system. So a lot of, I'll call, day to day tactical stuff really important to stitching the organization together as well as pulling some data together soon in -- in a short time period so we can actually see the business and run the business. And that's what John and team have really been spending a lot of time on as well.

So again, each one of these 20 work streams have a very focused plan that they have put together that they've submitted, that they're tracking day in day out. IT is no different, but there's a lot of opportunity there. And I do think over time, as we get our feet on the ground,

we will accelerate even more there.

So there's a nice road map on the IT side. But I'd say what we're doing now is a little stitching and making sure that the foundation stays strong and we don't have any disruptions to the business, serving customers or otherwise.

Operator^ Daniel Moore, CJS.

Daniel Moore^ Yes, just touching base on AgTech, I guess any color on the Arizona project. Obviously, you took that out of backlog number 1, number 2. What's the range of growth and margin profile embedded in your guide? And when would you expect to get back toward a more longer-term mid-teens margin goals in that business?

William Bosway^ Yeah. So first thing on the Arizona project, I think we've all been frustrated with the timing of the financing and USDA loan guarantee for it and so forth. And so we just made a -- let's pull that out. Let's go replace it. Joe had mentioned if you took out that other backlog, the backlog was still up 43%.

We didn't actually get the Arizona project until March. We -- if you do the math, you'll see the backlog grew quite nicely without it. So effectively, we're replacing that with other things in the year.

We'll be double-digit margin this year. We feel good about that. That's how we built the plan based on, the projects we have. In our CNA -- CEA business, to put things in perspective, every project we have right now is -- that's booked is in flight. And so, it's taking some of that variability out of the out of the plan if you will.

And then on the traditional commercial side of business, there's a tremendous amount of activity and projects coming through. So we expect a good year out of -- from the group. We said it would make sense to pull out Arizona or replace that with other things.

We've done a pretty good job of doing that as we've built the plan for this year. And I think the margin profile will improve this year, and that's what -- that's how we've got built the plan as well. And we'll be double-digit margin in that business.

Operator^ We have no further questions at this time, Mr. Bosway. I'd like to turn the floor back over to you for closing comments.

William Bosway^ Yeah, thank you. Just to reiterate, this is a time where -- I know it's tough to understand the business because of the acquisition, the major transformation, and trying to compare that to history and so forth. But hopefully, people appreciate the transparency, understanding more of the assumptions, how the plan's built; and that helps you with modeling and having a better idea of where we're going.

Super excited about the start, the last 2.5 weeks. Really excited about the team that's in place, our leadership, and so looking forward to that.

We are -- in March, we're going to be at the ROTH 38th Annual Conference, and we're also going to be participating in the Sidoti Small Cap Conference, so pretty active in March. And we're really looking forward to updating you again at the end of the first quarter.

So thanks again for joining us and -- as well as your support, and have a good rest of the week.

Operator^ Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time. Thank you for your participation and have a wonderful day.