

# THIRD QUARTER 2022 EARNINGS CALL

November 3, 2022

GIBRALTAR

# 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. Factors that could cause actual results to differ materially from current expectations include, among other things, the availability and pricing of our principal raw materials and component parts, supply chain challenges causing project delays and field operations inefficiencies and disruptions, availability of labor at our manufacturing and distribution facilities or on our project sites, the impacts of COVID-19 on our customers, suppliers, employees, operations, business, liquidity and cash flows, the loss of any key customers, adverse effects of inflation, other general economic conditions and conditions in the particular markets in which we operate, changes in customer demand and capital spending, competitive factors and pricing pressures, our ability to develop and launch new products in a cost-effective manner, our ability to realize synergies from newly acquired businesses, disruptions to our IT systems, the impact of regulation (including the Department of Commerce’s solar panel anti-circumvention investigation and the Uyghur Forced Labor Prevention Act (UFLPA)), rebates, credits and incentives and variations in government spending and our ability to derive expected benefits from restructuring, productivity initiatives, liquidity enhancing actions, and other cost reduction actions. 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 and Quarterly Report on Form 10-Q 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 measures in this presentation, including adjusted revenues, adjusted operating income and margin, adjusted net income, adjusted earnings per share (EPS), and adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA). Adjusted revenue reflects the removal of revenue associated with our Processing business, which has been classified as held-for-sale. Adjusted net income, operating income and margin excludes special charges consisting of restructuring costs primarily associated with 80/20 simplification or lean initiatives, senior leadership transition costs, acquisition-related costs and the operating losses generated by our Processing business that has been classified as held-for-sale. The aforementioned exclusions along with other adjustments to other income below operating profit are excluded from adjusted EPS. Adjusted EBITDA further excludes depreciation, amortization and stock compensation. In evaluating its business, the Company considers and uses these non-GAAP financial measures as supplemental measures of its operating performance. The Company believes that the presentation of results excluding special charges provides meaningful supplemental data to investors 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. Adjusted EBITDA is also a useful measure of the Company’s ability to service debt and is one of the measures used for determining the Company’s debt covenant compliance. Special charges are excluded since they may not be considered directly related to the Company’s ongoing business operations. Adjustments to the most directly comparable financial measures presented on a GAAP basis are quantified in the reconciliation of adjusted financial measures excluding special charges provided in the supplemental financial schedules that accompany the earnings news release. 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 and our presentation of non-GAAP financial measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Reconciliations of non-GAAP measures related to full-year 2022 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations due to the high variability, complexity and uncertainty with respect to forecasting and quantifying certain amounts that are necessary for such reconciliations.

# THIRD QUARTER 2022 RESULTS

**ADJUSTED  
REVENUE**

**\$389M**

**+6%**

**ADJUSTED  
OPERATING  
INCOME**

**\$49M**

**+16%**

**ADJUSTED  
EBITDA**

**\$57M**

**+14%**

**ADJUSTED  
EPS**

**\$1.12**

**+19%**

**ORDER  
BACKLOG**

**\$356M**

**-7%**

## GROWTH

- Price management, participation gains, QAP acquisition in Residential; project timing in Infrastructure
- Supply chain challenges, project delays in Renewables and Agtech

## INCOME

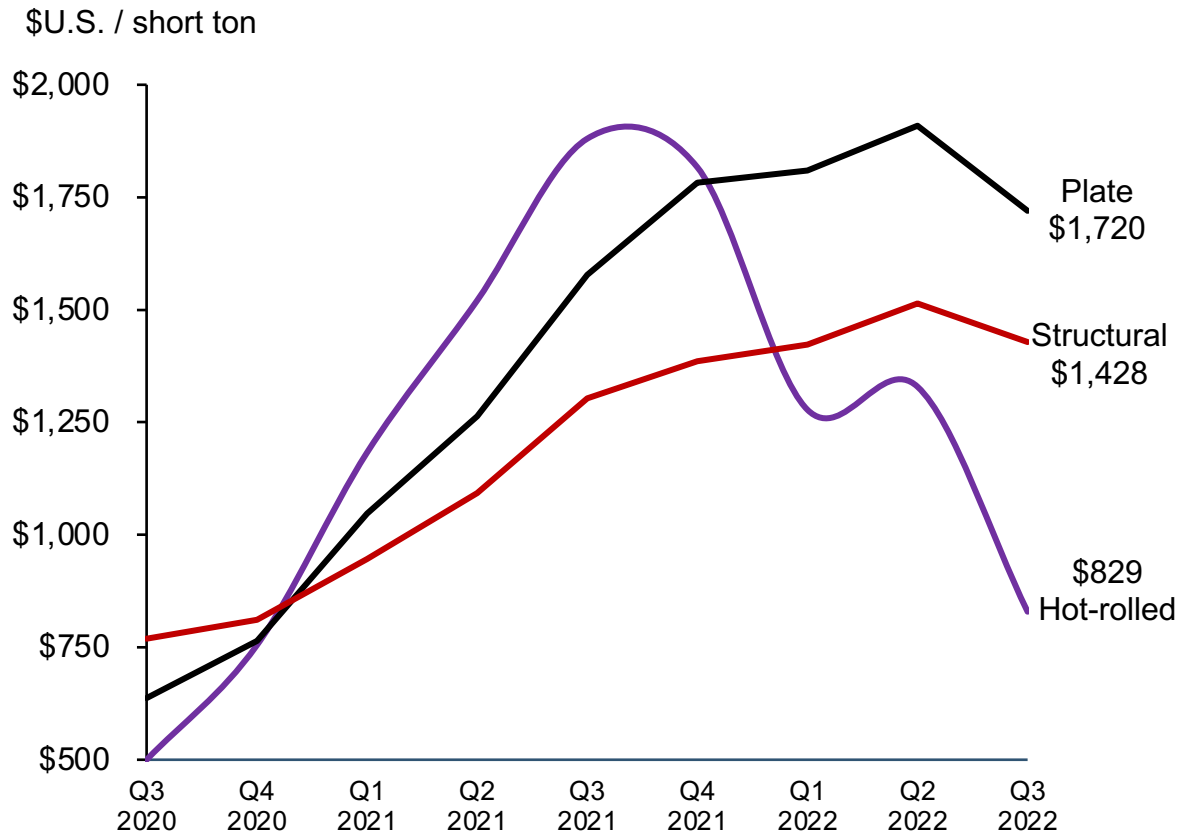
- Renewables and Agtech improved sequentially to double-digit margins; Residential and Infrastructure delivered solid margins
- Continued focus on trade issues, inflation, labor, supply chain, price/cost management

## FOCUS

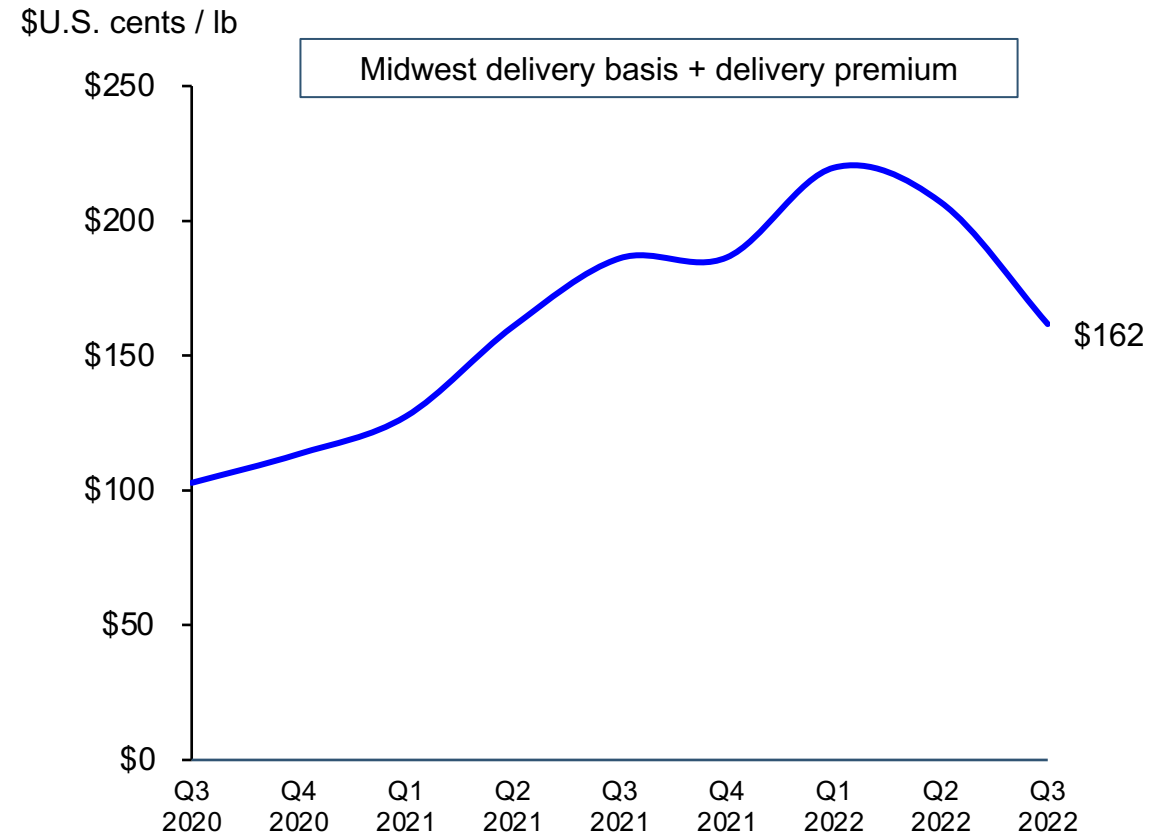
1. Execute 80 / 20 – expand margin, drive service levels, win participation
2. Supply chain management – support service levels, minimize disruption, optimization cost position, reduce inventory
3. Accelerate digitization roadmap
4. Organization health, agility and flexibility operating in dynamic economy / markets
5. Conduct business the right and responsible way every day

# COMMODITY PRICES REMAIN DYNAMIC BUT SUPPLY MORE CONSISTENT

**AVERAGE STEEL PRICE / QUARTER (SPOT)\***



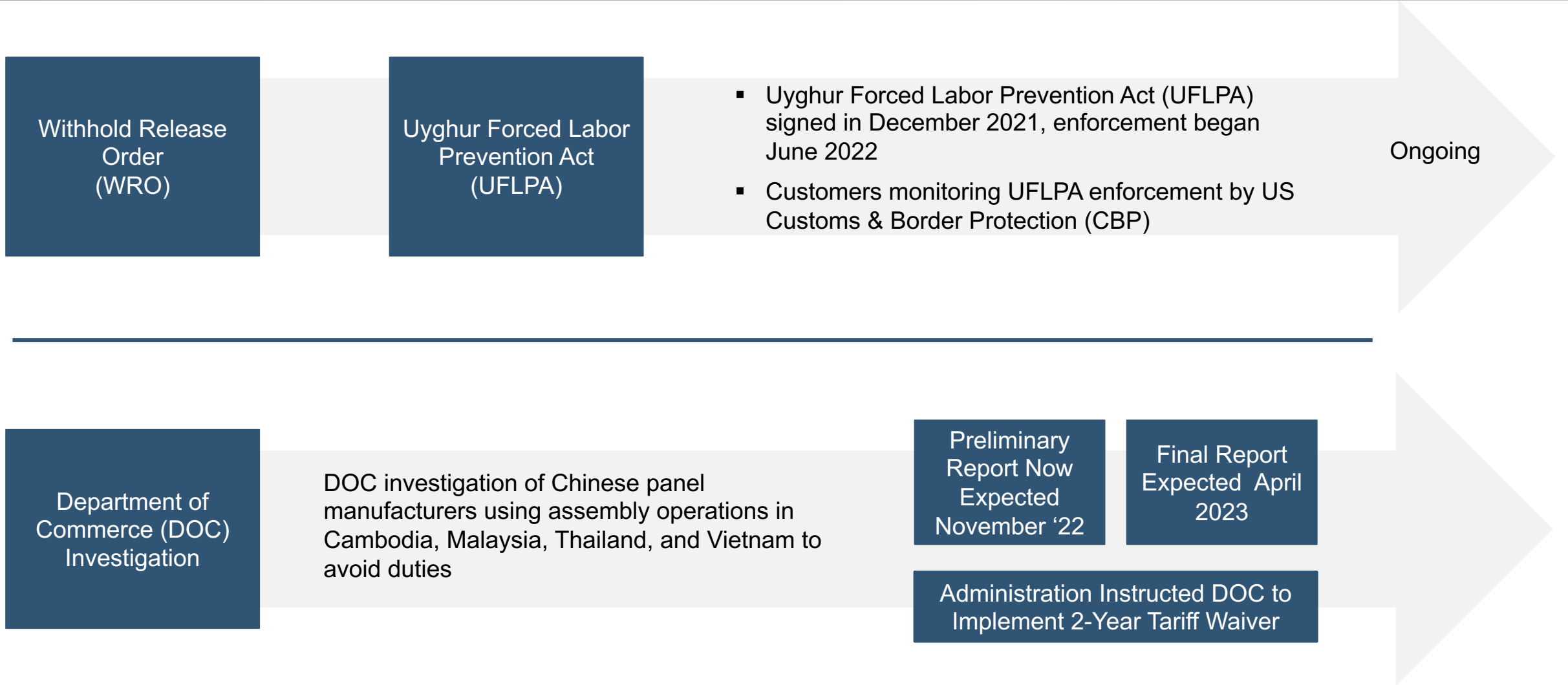
**AVERAGE ALUMINUM PRICE / QUARTER\***



Commodities forecasted to decline slightly in 2023, yet remain above pre-pandemic levels

\* IHS MARKIT Report – September 2022

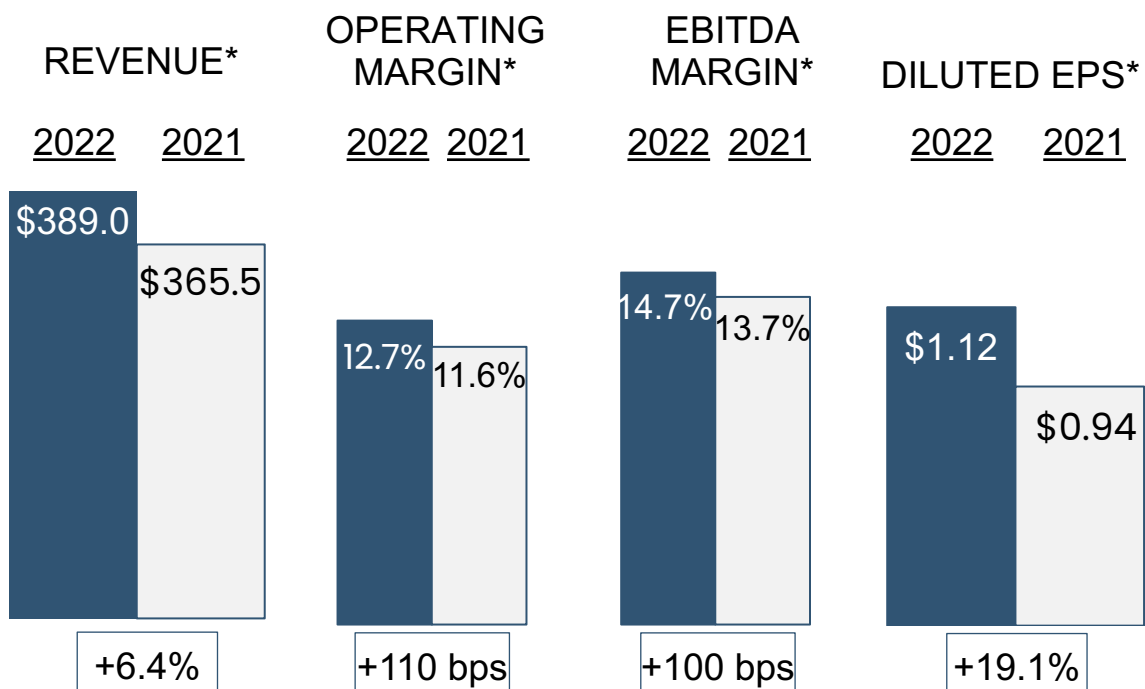
# SOLAR INDUSTRY PANEL SUPPLY – Q3 2022 UPDATE



# CONSOLIDATED FINANCIAL PERFORMANCE

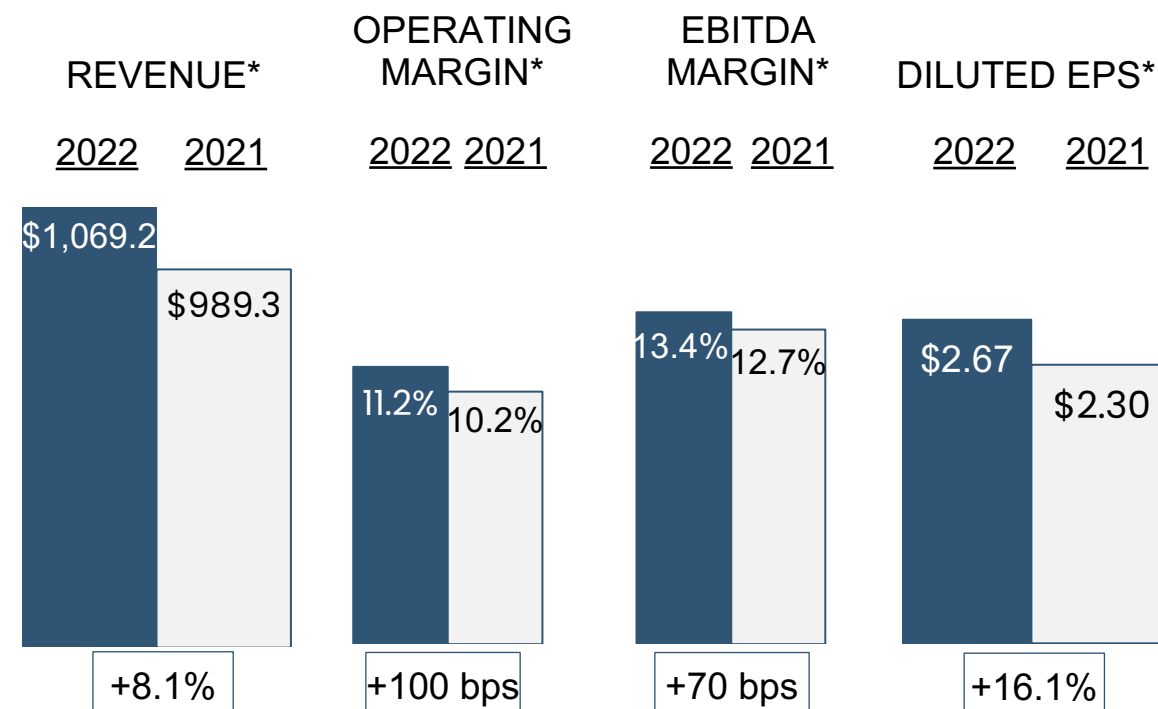
## 3<sup>RD</sup> QUARTER RESULTS

### ADJUSTED PROFIT MEASURES\*



## NINE MONTHS RESULTS

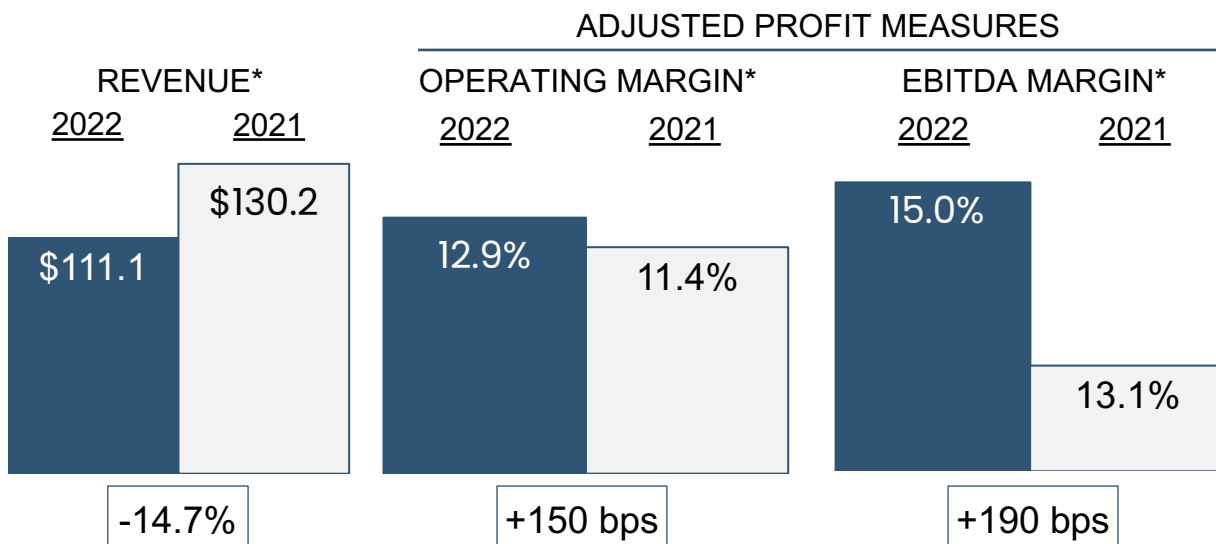
### ADJUSTED PROFIT MEASURES\*



\*Amounts are stated in \$Millions. Processing business was reclassified as held-for-sale with first quarter 2022 results. Refer to appendix in the earnings news release for adjusted measures reconciliations.



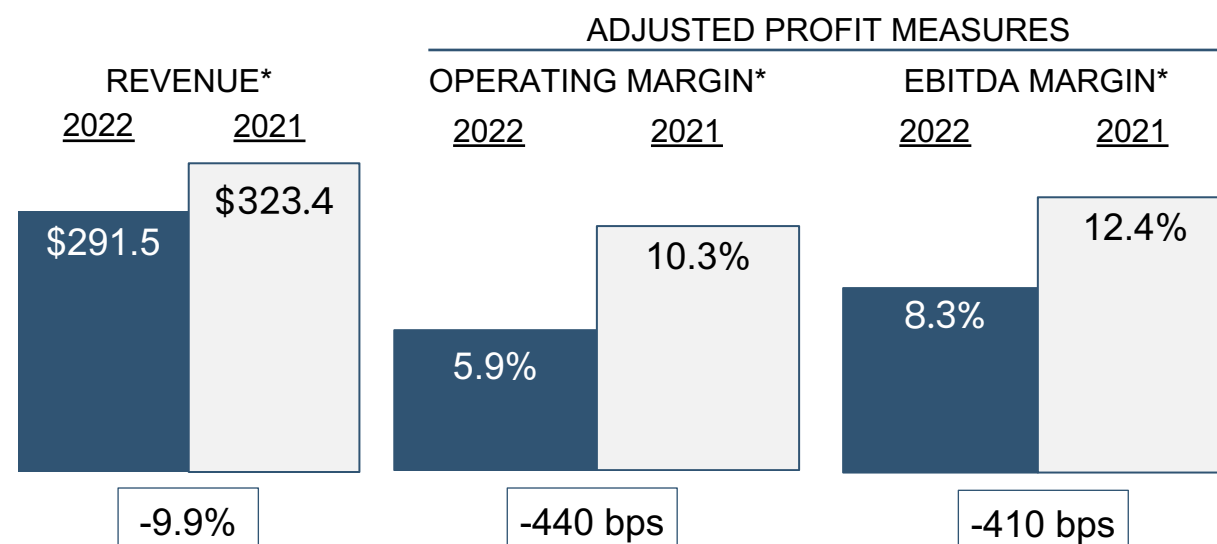
## 3<sup>RD</sup> QUARTER RESULTS



### REVENUE

- Down 14.7%
  - Near-term demand impacted by the Uyghur Forced Labor Prevention Act (UFLPA) and 3-month delay in DOC decision on anticircumvention investigation
- Backlog down 9%
  - Customers in holding pattern until visibility improves
  - Remaining selective in contract signing
  - Activity levels remain robust

## NINE MONTHS RESULTS



### ADJUSTED OPERATING & EBITDA MARGIN

- Improved 150 bps YoY and 590 sequentially to double-digit range as anticipated through improved project management, price / cost alignment, and field operations efficiencies
- Expect improved execution to continue to drive margins
- Common ERP allowing better visibility and accelerate best practice in supply chain; Insourcing initiatives underway, provide better flexibility to meet customer demand

\*Amounts are stated in \$Millions. Refer to appendix in the earnings news release for adjusted measures reconciliations.



## 3<sup>RD</sup> QUARTER RESULTS

## NINE MONTHS RESULTS

### ADJUSTED PROFIT MEASURES

### ADJUSTED PROFIT MEASURES

#### REVENUE\*

#### OPERATING MARGIN\*

#### EBITDA MARGIN\*

#### REVENUE\*

#### OPERATING MARGIN\*

#### EBITDA MARGIN\*

2022      2021

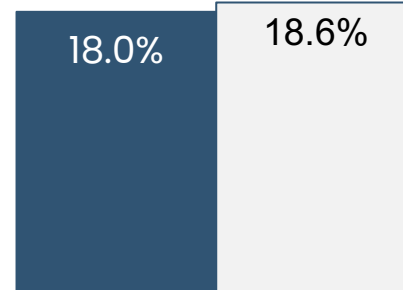
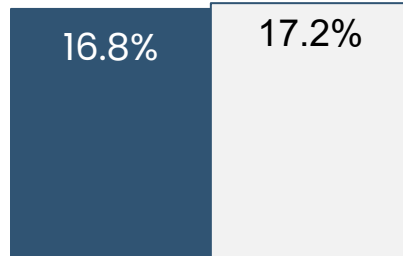
2022      2021

2022      2021

2022      2021

2022      2021

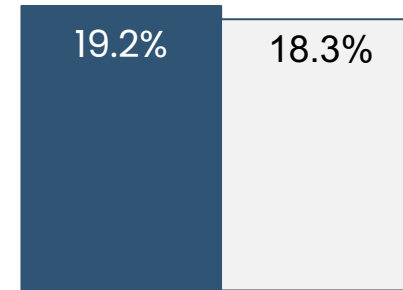
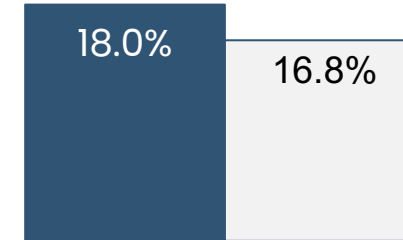
2022      2021



+25.7%

-40 bps

-60 bps



+25.1%

+120 bps

+90 bps

### REVENUE

- Up 25.7%; 19.0% organic growth, ~1 month of QAP added 6.7%
  - 9<sup>th</sup> consecutive quarter of double-digit growth
  - Driven by pricing, participation gains and market demand
  - QAP performed as expected
- Expecting normal seasonal demand
- Initial repair demand from Hurricane Ian

### ADJUSTED OPERATING & EBITDA MARGIN

- Operating income up 22.6%, margin down 40 bps
  - Organic margin was flat
  - QAP drove the 40 bp decrease
  - Expect QAP margins to improve with 80/20

\*Amounts are stated in \$Millions. Includes results of Quality Aluminum Products acquired in August 2022. Refer to appendix in the earnings news release for adjusted measures reconciliations.



### 3<sup>RD</sup> QUARTER RESULTS

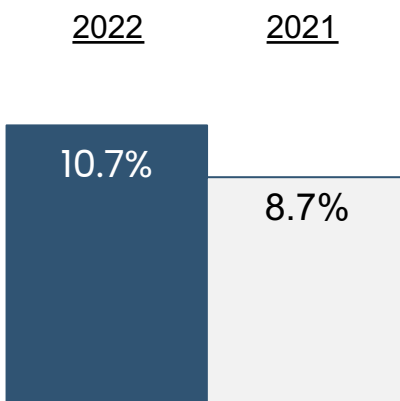
#### ADJUSTED PROFIT MEASURES

##### REVENUE\*



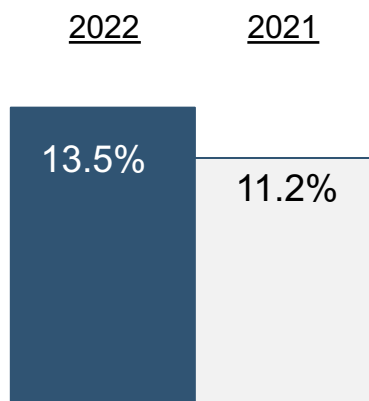
-7.3%

##### OPERATING MARGIN\*



+200 bps

##### EBITDA MARGIN\*



+230 bps

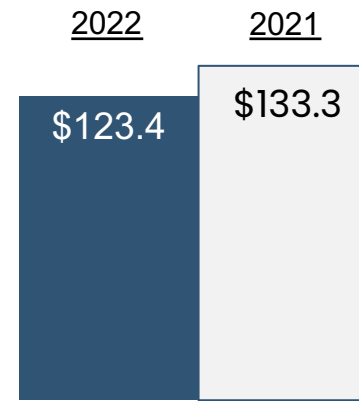
### REVENUE

- Down 7.3%
  - Produce projects continuing to shift schedules
  - Commercial business remains strong
- Backlog down 7%
  - Strong YOY comp
  - Quote activity remain robust

### NINE MONTHS RESULTS

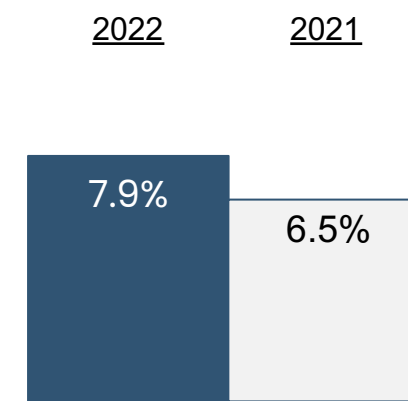
#### ADJUSTED PROFIT MEASURES

##### REVENUE\*



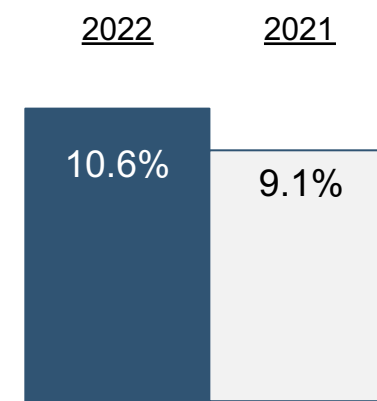
-7.4%

##### OPERATING MARGIN\*



+140 bps

##### EBITDA MARGIN\*



+150 bps

### ADJUSTED OPERATING & EBITDA MARGIN

- Operating margin improved 200 bps to double-digit range, as expected
  - Business mix benefits as higher-margin backlog converts
  - Improving price / cost management
  - Supply chain improvement
  - 80/20 and lean initiatives

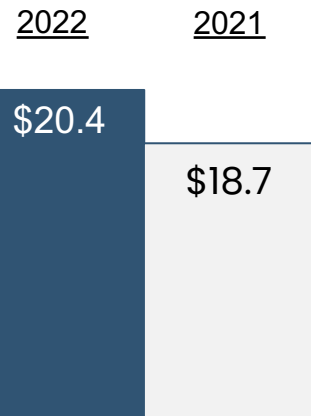
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## 3<sup>RD</sup> QUARTER RESULTS

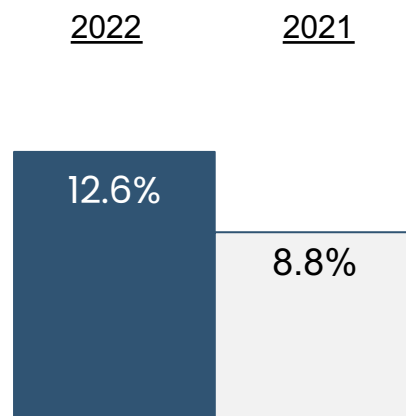
### ADJUSTED PROFIT MEASURES

#### REVENUE\*



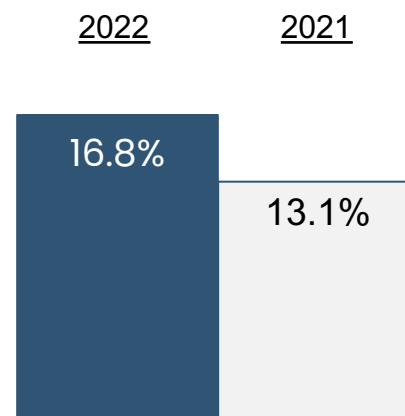
+9.1%

#### OPERATING MARGIN\*



+380 bps

#### EBITDA MARGIN\*



+370 bps

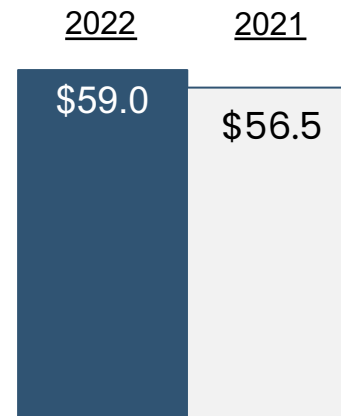
### REVENUE

- Up 9.1%
  - Improved mix
  - Timing of projects
- Backlog up 11%
  - State DOTs have better visibility on federal funding

## NINE MONTHS RESULTS

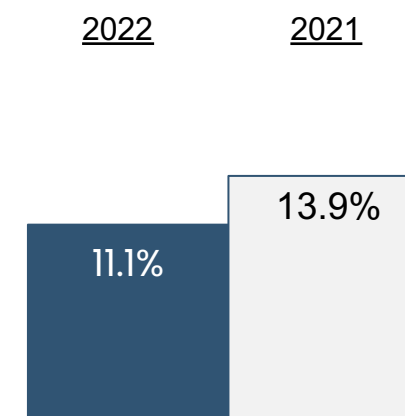
### ADJUSTED PROFIT MEASURES

#### REVENUE\*



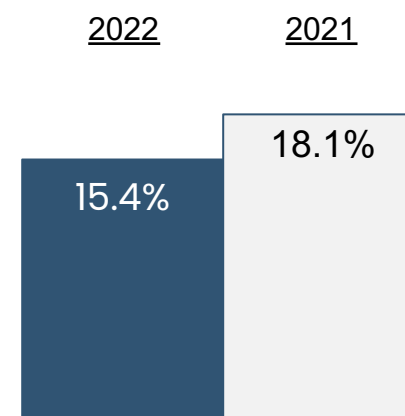
+4.4%

#### OPERATING MARGIN\*



-280 bps

#### EBITDA MARGIN\*



-270 bps

### ADJUSTED OPERATING & EBITDA MARGIN

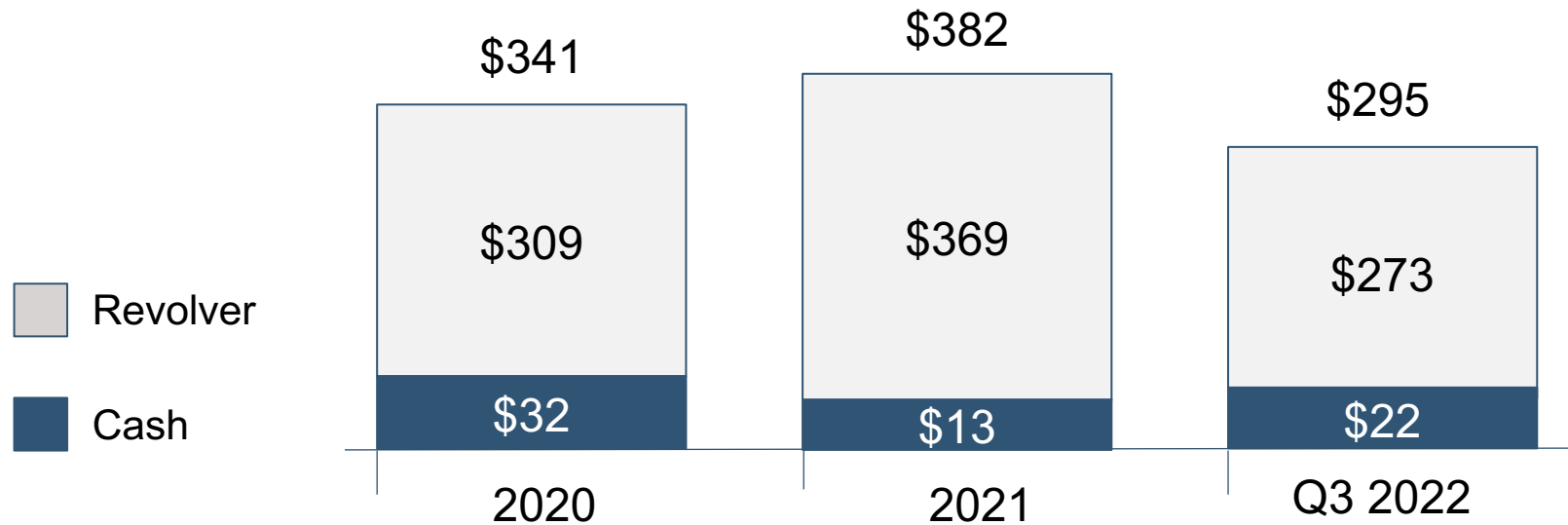
- Margin up 380 bps
  - Better structural steel price / cost alignment
  - Volume leverage
  - Positive mix
  - Improved operating execution

\*Amounts are stated in \$Millions. Refer to appendix in the earnings news release for adjusted measures reconciliations.

# BALANCE SHEET SOLID – EXTENDED SUPPLY CHAIN CHALLENGES LIMITED

## INVENTORY REDUCTION

### LIQUIDITY (\$M)



0.67X Leverage & 0.57X Net Leverage

### WORKING CAPITAL

Q3 Benefit in

- AR \$15M
- Inventory \$14M

Q3 Offset by

- AP \$14M
- Other Liabilities \$22M
  - Progress billings converting to revenue

### M&A

Acquired QAP for \$54 million

**Expect 2022 FCF ~ 6% Revenue**

Moderating outlook from 10% as inventory reduction delayed by continued supply chain disruption

# SHARE REPURCHASE PROGRAM

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## Q3 2022 UPDATE

- Repurchased 138,500 shares
  - Market value \$5.54 million
  - Average price - \$40
  - Through Q3 end, have repurchased ~4% of total shares outstanding
- 

## PROGRAM - \$200 million, 3 years ending May 2, 2025

### ▪ Rationale

- 2022 - 2025 operating plan expects to generate significant cash for deployment and collectively drive incremental returns including
  1. Supporting ongoing capital requirements for growth of existing business
  2. Funding key M&A opportunities to strengthen our portfolio
  3. Opportunistic repurchases of stock

### ▪ Funding Source

- Cash from operations supplemented by borrowing under the existing credit facility

### ▪ Criteria

- Amount and timing of repurchases to depend on market conditions

# SIMPLIFY AND FOCUS – EXECUTION IN A DYNAMIC ENVIRONMENT

## STRATEGIC PILLARS

BUSINESS SYSTEM

PORTFOLIO  
MANAGEMENT

ORGANIZATION  
DEVELOPMENT

## 2022 KEY PRIORITIES

1. Execute 80 / 20 – expand margin, drive service levels, win participation
2. Supply chain management - support service levels, minimize disruption, optimization cost position, reduce inventory
3. Accelerate digitization roadmap
4. Organization health, agility and flexibility operating in dynamic economy / markets
5. Conduct business the right and responsible way every day



## RAISING LOWER END AND NARROWING 2022 GUIDANCE

	<u>2021*</u>	<u>2022 Prior</u>	<u>2022 Updated</u>
Revenue	\$1.32B	\$1.38 – \$1.43B	\$1.38 – \$1.43B
Operating Income			
GAAP	\$97.0M	\$130 – \$139M	\$134 – \$139M
Adjusted	\$127.9M	\$146 – \$155M	\$150 – \$155M
Adjusted EBITDA	\$159.7M	\$180 – \$189M	\$184 – \$189M
Operating Margin			
GAAP	7.2%	~ 9.4 – 9.7%	~ 9.5 – 9.7%
Adjusted	9.7%	~ 10.6 – 10.9%	~ 10.7 – 10.9%
Adjusted EBITDA %	12.1%	~13.0 – 13.3%	~13.1 – 13.3%
GAAP EPS	\$2.25	\$2.80 – \$3.00	\$2.90 – \$3.00
Adjusted EPS	\$2.86	\$3.20 – \$3.40	\$3.30 – \$3.40
Free Cash Flow / Sales	0.4%	~ 10%	~ 6%

\*2021 revenue and adjusted measures have been recast to removed results of processing equipment business which was reclassified as held-for-sale effective March 31, 2022. Refer to appendix in the earnings news release for adjusted measures reconciliations.

# GIBRALTAR

November 3, 2022



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