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PRESENTATION
Operator

Good day, ladies and gentlemen and welcome to the Gibraltar Industries second-quarter 2015 earnings conference call. Today's call is being recorded and webcasted. My name is Donna and I will be your conference coordinator today. (Operator Instructions). I will now turn the call over to your host for today, Mr. David Reichman from the investor relations firm Sharon Merrill. Please proceed, sir.

David Reichman  - Sharon Merrill - IR

Good morning, everyone and thank you for joining us. If you have not received a copy of the earnings press release that was issued this morning, you can find it in the investor info section of the Gibraltar website, Gibraltar1.com.

During the prepared remarks today, management will be referring to presentation slides that summarize the Company’s second-quarter performance. These slides also are posted to the Company’s website. Please turn to slide 2 in the presentation.

The Company's earnings release and slide presentation contain forward-looking statements about future financial results. 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.

Additionally, Gibraltar's earnings release and remarks this morning contain non-GAAP financial measures. Reconciliations of GAAP to adjusted measures have been appended to the earnings release.

On our call this morning are Gibraltar’s Chief Executive Officer, Frank Heard and Chief Financial Officer, Ken Smith. At this point, please turn to slide 3 in the presentation and I’ll turn the call over to Frank.

Frank Heard  - Gibraltar Industries, Inc. - President & CEO

Thanks, David. Good morning, everyone and thank you for joining us on our call today. We made good progress again this quarter executing on the strategy that we discussed at our investor day conference in late March. The strategy we detailed during our investor day was aimed at growing our top and bottom lines without any benefit of tailwind from improved market activity. And that’s exactly how this quarter unfolded.

Consolidated revenues were up 8% largely on the RBI addition as base businesses were flat. Yet our base businesses improved their earnings adding 11% to adjusted earnings per share. An additional 21% increase to adjusted EPS came from RBI and these add up to an aggregate rise in adjusted EPS this quarter of 32% over the $0.19 we reported in Q2 2014.
The four pillars of our strategy include rightsizing and simplifying the business and improving our margin leverage with our price management and 80/20 initiatives. The plants we've consolidated are performing better than they did in 2014 and additionally, we continue to make good progress on product innovation. And we are implementing our plan to use acquisitions as a strategic accelerator.

Our goal for these initiatives is to achieve best-in-class sustainable value creation for our shareholders over the long term. After Ken reviews our financial results, I'll discuss the progress we made during the second quarter towards achieving this goal, as well as our outlook for the rest of the year. So with that, I'll turn the call over to Ken.

Ken Smith - Gibraltar Industries, Inc. - SVP & CFO

Thank you, Frank and good morning. I'll start by talking about slide 4 entitled consolidated results and the increases on both the top line and bottom line. In dissecting the 8% revenue increase, our base businesses had equivalent revenues compared to last year's 2Q net of double-digit growth in residential products offset by a 14% decline in revenues from products sold to industrial and infrastructure markets.

With our base businesses having net equivalent year-over-year revenues, as Frank mentioned, the 8% consolidated gross margin was the addition of RBI, the fast-growing business we just acquired in June 2015. On the bottom line, our base businesses improved their earnings without the benefit of more revenues and again, 11 percentage points of adjusted EPS growth this quarter came from our base businesses and the additional 21 percentage point improvement came from RBI, adding up to the nearly one-third improvement over last year's second quarter.

The 11 percentage point earnings improvement from our base businesses came from progress on a number of operational fronts — first, margin improvement actions taken during 2014, including a facility closure and sales channel adjustments; second, further cost actions in 2015, including staffing and real estate adjustments; and third, improved price cost management actions across all business units. RBI's adjusted earnings excluded the amortization of short-lived intangibles such as backlog; yet its adjusted operating earnings of nearly $2 million reflected a particularly strong June for key solar projects.

My summary punchline for this slide, we had excellent improvement in adjusted earnings this quarter compared to last year on nearly equivalent revenues in our base businesses, driven by controllable internal operational initiatives and complemented by the accretive adjusted operating earnings from the acquisition of RBI.

Next, I'll talk about each of our two reporting segments. But before I describe each segment, I want to be clear that the RBI acquisition has not been reported in either of our two existing reporting segments. Rather in the earnings press release and these slides today, we're reporting RBI's results separately and reporting both segments unchanged by any business reclassifications.

That said, we have begun to reassess our operating segments and reporting segments in light of the RBI acquisition and before year-end, we expect to conclude this reassessment. If there is a change in reporting segments, we do plan to provide our results consistent with that reassessment and issue restated historical quarterly results for such.

Now resuming with slide 5, the residential products highlights. We had a very strong quarter for revenues led by continuing secular growth and demand for postal and parcel storage products, which again were up substantially following two successive years of greater than 20% organic growth. The primary driver continues to be postal authority initiatives to have more mail delivered to centralized mail receptacles rather than door to door.

Also contributing to this segment's revenue growth was higher sales of roofing-related ventilation and accessory products, which in part benefited from efficiencies achieved in the distribution of these products, plus new sales programs that were introduced during 2014.

Turning to slide 6, the residential product segment's P&L. This quarter's strong increase in revenues resulted from unit volume growth; thus, the adjusted operating income increased nicely with margin expansion of 200 basis points, led by operating leverage on the higher volume. This significant growth in earnings also included operational improvement and manufacturing efficiencies and tighter management of pricing and raw material costs. This is the same segment where margin improvement actions in 2014 took longer and as a consequence more expense in 2014.
Now Q2 2015 is benefiting from those 2014 actions such as last year’s facility closure and subsequent cost savings. While our previous earnings guidance excluded any 2015 benefits from 80/20 simplification, we have begun Gibraltar’s first significant 80/20 simplification project in this residential segment. While not completed, this segment has started simplifying its sales and fulfillment processes for selected products and over the one-year period ending March 2016, this residential segment will have invested cash of $4 million and in return increased annual pretax profit by $8 million as it shrinks SKUs, exits from four leased sites with an aggregate square footage of 170,000, as well as reduce other fixed costs. This project was initiated in 2Q and it’s in its early stages; yet we do expect to begin realizing a portion of the annualized benefit during the second half of 2015.

Now turning to slide 7, our industrial infrastructure products. As expected, second-quarter revenues decreased affected by significant headwinds, lower unit volume resulted from the effects of low oil prices, which lessened spending in the production of oil. Rig counts have been substantially reduced. Oil service companies have slashed spending, which has affected our order rates. And this segment historically has derived 15% to 20% of its revenues from North American oil and gas markets.

Additionally, a weaker foreign currency in Canada and Europe where the segment has operations has translated into fewer US dollars of revenues. These factors have primarily contributed to the segment’s 14% decline in revenues compared to 2Q last year. Considering this segment’s revenue exposure to the US transportation market, current US federal funding where transportation is again being extended for another 90 days, as a consequence, new orders continue to be smaller in dollar size. And our 2Q revenues from infrastructure market were nearly equivalent to last year.

Turning to slide 8, the industrial infrastructure product segment’s specific P&L performance. I’d like to think the numbers on this slide speak for themselves with one notable exception. This segment’s management team continues to do a fine job limiting the margin compression to less than 1 percentage point when revenue dropped 14 percentage points. The mitigating actions taken by the team were improved manufacturing efficiencies, management of pricing and raw material costs to a finer and more market-improving degree, plus cost reduction actions initiated this year. Now back to Frank to provide an update on the Company’s strategies.

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Frank Heard - Gibraltar Industries, Inc. - President & CEO

Thank you, Ken. Now for an update on the business and our updated guidance. Turning to slide 9 entitled excellent progress in transition year. Again, as background, we are executing on a four-pillar strategy to drive transformational change in our portfolio and in our financial results. Operational improvement is pillar number one and since the fourth quarter of 2014, we’ve been working to align our cost structure to market demand, consolidate facilities, better manage our pricing relative to costs, reduce overhead and increase efficiency throughout the business.

80/20 simplification is the core to this part of the strategy based on the proven theory that 25% of the customers typically generate 89% of the revenue in a business and 150% of the profitability. We’re refocusing on a relatively small set of customers who bring in the vast majority of our revenue and profits while working to raise other customers’ sales and margin profiles in a fair and responsible manner.

Along these same lines, 25% of the Company’s products are typically responsible for 89% of the revenue. So at the same time, we are focusing our resources on high-volume products that provide us with the greatest return. We realized measurable benefits from these initiatives in the second quarter with the residential segment being the first prime example.

We’re continuing to improve our underlying operations in postal products as we ramp up production of our newest line of solutions in that business and its production efficiency exited the second quarter operating at an approved level compared to the preceding quarter and to last year. At the same time, the residential segment group-related facilities that we consolidated during the past four quarters have dramatically improved utilization and efficiency compared to where they were a year ago.

Likewise, we’re moving forward on our pricing initiatives and continue to realize opportunities for reducing overhead. We continue to believe that during the first three years, we’ll drive 200 to 300 basis points of operating margin improvement from the 80/20 process. Over five years, we expect to achieve an incremental benefit of $25 million in pretax income, or $0.50 a share. We also anticipate seeing corresponding benefits to the balance sheet as operational assets are reduced relating to inventory and property, plant and equipment. In year one, we expect to reduce our SKUs by more than 3000 items in inventory by $12 million with the financial benefit beginning to occur in the back end of 2015.
The second pillar in our strategy, portfolio management. The work we’re doing in 80/20 is enabling us to evaluate our portfolio in terms of best use of our financial and human capital in achieving greater shareholder returns. We’re on track towards validating our initial thinking on our portfolio and developing an action plan by the end of 2015 with an eye towards implementation in 2016 and beyond.

We also made progress this quarter on the third pillar of our strategy, product innovation. We’ve identified three key areas of opportunity -- centralized mail and parcel delivery, residential air management and transportation infrastructure and have begun allocating new and existing development resources to the first two. The ExpressLocker system we demonstrated during our investor day is clearly the right product at the right time and our penetration of this exciting and rapidly changing market is increasing.

In residential air management, we continue to make progress in developing new whole house ventilation product platform. This is a long leadtime project with the potential to dramatically expand our addressable ventilation market from the roof where we've been traditionally focused to the entire building envelope.

The fourth pillar of our strategy is acquisitions. We’re focused on making strategic acquisitions in five key markets, three of which are served by existing platforms within the Company and two are new. The existing platforms include the same areas where we’re targeting development of innovative products -- postal and parcel solutions, infrastructure and air management.

The two new platforms are water management and renewable energy. What these growth platforms all have in common, existing and new, is that they’re all large, high-growth markets that are technology-rich and offer higher returns on investment than what we’ve experienced in the past. The acquisition of RBI in June 2015 was the direct result of this fourth initiative and we continue to search for opportunities in these strategically vetted markets and the quality of our pipeline is improving.

Turning to slide 10, acquired RBI, within the renewable energy sector, PV solar racking is still a very fragmented market with about 90 racking companies in the US alone. The global market for PV solar racking is estimated at $9.3 billion annually and is forecasted to grow at 14% CAGR for the next four years. North America alone is estimated to be a $1.2 billion market forecasted to grow at nearly 10% over the same four years.

RBI is the leading provider of solar racking solutions for ground mount systems. It’s also begun to penetrate the residential rooftop market leveraging its German-based Renusol brands. RBI has also been successful entering the large and fast-growing Japanese market and is planning to expand in South America and the Middle East serviced by existing RBI operations in Germany, China, Japan and the United States. RBI has an approximate 14% share of the US solar racking market up from essentially zero five years ago.

Turning to slide 11, RBI accretive and growing, adding RBI not only accelerates our entry into the attractive and fast-growing solar racking space, this also creates the potential for synergies in product innovation, operational improvements and portfolio management -- the other three parts of our strategy. RBI provides us with a new array of component products adjacent to our core business while also enabling us to leverage our global sourcing network and experience in manufacturing and taking them to market.

In summary, our transformational strategy is the framework for every decision we make at Gibraltar as we work to deliver best-in-class shareholder returns over the long term.

Looking specifically at 2015, our updated guidance is summarized on slide 12. In 2015 compared to 2014, we expect higher residential products revenues will be offset by lower industrial and infrastructure segment revenues with the net effect of 2015 consolidated revenues from our base businesses being unfavorable to 2014 by approximately 2%.

In addition to our base businesses, the June 19, 2015 acquisition of RBI is expected to add incremental revenues of $130 million to $140 million through December 31, 2015, including $17 million of revenue in June 2015. The combined revenues of our base businesses plus RBI are expected to result in 2015 consolidated revenues being $980 million to $990 million, an increase of approximately 14% compared to revenues of $862 million for 2014.
Specific to our segments, our industrial infrastructure product segment expects 2015 revenues to be unfavorable to 2014 by nearly 10% on continuing lower demand from energy-related industrial markets affected by the low price of oil and negatively affected by the stronger US dollar.

Regarding residential product segment revenue, growth in 2015 will again be led by higher volume for postal products following two successive years of plus 20% organic growth. 2015 sales growth for postal products is expected to approximate 10% to 14% compared to 2014 with the highest favorable comparisons to prior-year periods being for the three and six months ended June 30, 2015.

Apart from our revenue expectations, we have internal controllable initiatives targeted to improve earnings this year. These include continued focus on managing prices and material margin, additional consolidation and results from initial projects under the simplification 80/20 program. We continue to expect profitability in 2015 to increase compared to last year even though revenues from the Company’s base businesses overall will be slightly lower compared to last year.

We will have the incremental benefit of cost reduction actions we completed last year in overhead staffing, sales channel adjustments and two facility closures. We also should benefit from 2015 productivity initiatives such as improving efficiencies in our postal production and improving results from price and margin management.

The operational initiatives that we described are clearly improving the margin leverage in our business. From our base businesses, we are continuing to anticipate adjusted earnings per diluted share for 2015 near the top end of our previous guidance, which was $0.55 to $0.65, plus the incremental accretive adjusted earnings from RBI. This higher EPS guidance includes about $0.10 per share of negative impact related to higher performance-based compensation in the second half of 2015. Including accretion from RBI, our efforts are expected to lead to adjusted earnings per diluted share for 2015 in the range of $0.78 to $0.88, which compares favorably to $0.47 for 2014. Additionally, capital expenditures in 2015 are likely to approximate $15 million, including RBI.

Before I wrap up, I’d like to welcome two new members of our Board of Directors. As we announced this morning, Sharon Brady and Jim Nish have joined the Board as independent directors in anticipation of the retirement of long-term directors, Bill Colombo and Robert Sadler, during the next nine months. These transitions complete our succession plans. Sharon provides deep experience in global talent development and Jim offers significant financial experience and M&A experience in capital markets. I look forward to working with both individuals as we execute on our transformation strategy.

It’s still early days, but our strategy is clearly working. We’re fully committed to achieving our long-term value creation goals. Those goals are to double our revenue, quadruple our earnings, grow our market capitalization to $1 billion and achieve best-in-class shareholder returns. At this point, we’ll open the call for any questions you may have.

**Questions and Answers**

**Operator**


**Ken Zener - KeyBanc Capital Markets - Analyst**

Good morning, gentlemen. Lots of things going on in the quarter. Let’s start first with the industrial, which obviously faced a lot of top-line compression and was noted. You guys kept the margins pretty stable. So could you just give us, Frank, a little perspective on how you guys were able to offset perhaps lower spot market pricing? What’s different in terms of how the business unit handled its actions now versus what might have happened a year ago? Because I was expecting a little more margin compression there and it’s obviously good that you guys kind of came through flat. So what happened in terms of the pricing, the inventory and/or 80/20? It sounded like it was more in residential. That’s my first question.
Frank Heard - Gibraltar Industries, Inc. - President & CEO

Maybe I'll just give some overarching comments and then Ken jump in as well. We did make some significant changes from a leadership perspective in that business group and it is not to suggest that that was the only key driver because they were already doing a pretty good job on the back end of that business.

I think more importantly though the team that we put in place there -- the senior executive leadership and then made some shifts in the core business unit, the US business, both in the GM role and the sales management role -- really allowed us to make a lot of progress in terms of focus around key customers and key products and started to simplify product lines as it related to those key products and started to focus some of our resources and our price management around the areas that we have the greatest amount of impact in the shortest period of time.

So I think that was the fundamental shift and I think your observation is right. If you were looking at the business last year, probably would’ve been a little surprising to see the guys maintain the margins that they did this year. But to me that was the primary driver and then the related projects that came out of it, a lot more focused and a lot more disciplined and allowed to move a little bit quicker. Ken, I don't know if you want to add anything to that?

Ken Smith - Gibraltar Industries, Inc. - SVP & CFO

No, I think that's a good capstone as to what drove the good performance based on the headwinds that they did have on the revenue line.

Frank Heard - Gibraltar Industries, Inc. - President & CEO

Ken, just to follow-up on that, I spent some time with that executive leadership team down there. I think they had the top 40 people at their leadership meeting about three weeks ago. And what I said to them, we've made a lot of progress throughout the portfolio of businesses and I really emphasized the contribution they made because, to your point, if you look at the year-over-year drop in revenue, if that just flowed through from a decremental perspective, that could have been a material impact on our ability to move forward in our base businesses within that $0.55 to $0.65. So they did a real nice job and continue to do a nice job. So we are really pleased with their progress.

Ken Zener - KeyBanc Capital Markets - Analyst

And then my next question, postal versus the residential roofing. Obviously, given the sales guidance, and we knew this was going to be happening, the big load in with postal led to very strong growth rates in the first half. So with roofing kind of flat, the postal seems to be slowing from what was very strong double-digit growth towards the high single digits. If you think out, is there kind of a run rate that you would expect? You've obviously given us guidance in 2015, but if we think about run rate postal, is that something that's going to be normalizing into that mid to high single digit range conceptually as we think about 2016, or how would you think about that ramp or your backlog I guess from your customers?

Ken Smith - Gibraltar Industries, Inc. - SVP & CFO

We think consistently what you just cited, Ken, with a strong mid to high single digit growth rates in the follow-on year and hopefully further as these centralized deliveries continue to be converted.

Ken Zener - KeyBanc Capital Markets - Analyst

Okay. And then the last question, RBI -- have a better feeling for that business in terms of you've given us more detail here. I know I've become a little more familiar with what solar racking is. And that was obviously contributing to nice EPS guidance this year. But this is kind of a broader question, Frank. But you laid out at your analyst day $0.50 accretion from 80/20 and upwards of $1.00 potential through 2016 through acquisitions.
So if we think about RBI as a template for -- I'm going to use this as a template for asking you about your thoughts and risk profile, so RBI very good growth. You're talking about potential international expansion, but in the core US market, obviously there's going to be -- there's forecasted to be a lot of growth in 2015 and in 2016 with some slowdown potentially forecasted in installations tied to the federal incentives slowing down.

So how do you balance what is a very, very accretive near-term acquisition with those long-term -- the risk profile, if you will, that potential risk in the federal government relative to growth outside the core business today? Very good acquisition, just trying to understand how you think about that in year two or three. Thank you.

Frank Heard - Gibraltar Industries, Inc. - President & CEO

Yes, very good question and certainly, as part of our original due diligence in the market and then ultimately with RBI as an acquisition target, we did a lot of work in this area and what we realized was, regardless of whether or not the government support programs come to an end or they create some sort of soft landing over that end of 2016 into 2017, a big part of where RBI participates is not necessarily affected by the ITC. We participate primarily in the ground mount systems and a large proportion of those monies flow into the utility-based tracking systems, which we do not participate to any great extent.

So from a risk profile perspective, we have minimal risk attached to that and we certainly discounted anything that does affect us. We've tried to be conservative in that regard in terms of future years in our valuation models. And a big part of our growth is centered around growing, continuing to grow our share in ground mount systems and accelerating our penetration into residential rooftop systems, which is a fast-growing segment and a large segment as well where we have existing partnerships with the two largest players.

So I think from that perspective the risk side is less concerning to us. I think it's really us focusing on trying to accelerate our strategies within ground mount and residential rooftop mount. So we bought into this space because we think it has tremendous short-term benefits and it's sustainable over the long term. So if we can expand our position, we will.

Ken Zener - KeyBanc Capital Markets - Analyst

Thank you very much.

Ken Smith - Gibraltar Industries, Inc. - SVP & CFO

I'll only add one supplement. The international growth, independent of the US investment tax credit stepdown to 10% after 2016, RBI has been very effective meaningfully this year and in future years given their global partners that they work with. But international growth is going to pick up and continue to be probably an outsized growth rate compared to the US, looking past 2016.

Ken Zener - KeyBanc Capital Markets - Analyst

Thank you.

Operator

Al Kaschalk - Wedbush Securities - Analyst

Good morning, guys. I have a question, a follow-up on the comments that you made about pricing and material improving margins, in particular as you look across the platforms. Can you help us appreciate the leverage you’re getting on managing the material costs, raw material costs and what’s in store going forward?

Ken Smith - Gibraltar Industries, Inc. - SVP & CFO

Certainly, we’ve had lower cost of goods sold as certain commodities like steel come down. Fortunately, we’ve been able to hold onto some of that benefit through sharper and more varied procurement programs in concert with how we are pricing our products to our customers. And I think at least for the back half of 2015, the management of those two programs and in concert to help the margin is going to continue. What would commodities do in 2016 is -- quite frankly we haven’t put a lot of study and flex into it as to our financial model. But at least for the back end of 2015, I think we’ll continue to be successful in the pricing and being as best we can be in the procurement to get our raw material costs down.

Frank Heard - Gibraltar Industries, Inc. - President & CEO

Yes. Al, maybe I can just add some additional context. Our decline in EPS from 2013 to 2014, $0.22 of that was attached to our slower ramp up in the postal products area. The next largest shortfall came from our inability to manage price relative to our cost inputs. That was about $0.16. So going into 2015, it was clear that we needed to approach this a little differently.

So to Ken’s point, from a systems perspective and management perspective, we reconcile today monthly the 80 customers and the 80 products in each operating business unit with the intent of ensuring that we translate that into the unit volume by month to ensure that we are not only protecting the margin, but we’re actually recovering price and ultimately at some point recovering margin.

So I think year-to-date we’ve now had I think all of the fourth quarter 2014 and all of the first two quarters in 2015 where we are on the positive side of that ledger for 80 customers and our 80 products, which is I think translating into an additional $0.07 or $0.08 a share EPS. So I think that’s one element. I think we’re doing a better job just focusing people on the importance of managing this and I don’t think we necessarily did a good job in that in the past.

I think the second thing we’re doing is the 80/20 process is allowing, and most of our teams have worked their way through all the data processes with various work streams. What’s coming out of that is a reclassification of different types of our businesses as it relates to product segments, market segments, customer segments and ensuring that our pricing strategies are tied very specifically to the type of value proposition we’re presenting to those different classifications and markets and customers and products.

So that’s translating into changes of valuations in some of those approaches in pricing. So I think all those contribute to our year-over-year progress in that area and to be quite honest, I think it’s going to continue to improve.

Al Kaschalk - Wedbush Securities - Analyst

Is there some tailwinds from the lower commodity costs that you’re benefiting and to what extent do you benefit -- what’s the, I guess, sales cycle there or procurement cycle that could help you short term before you have to start passing on or customers see that maybe there are some lower input costs [at year-end] and therefore you share that to some extent, or is that not really the process here?

Frank Heard - Gibraltar Industries, Inc. - President & CEO

Well, I think certainly in the industrial side, those things go hand-in-hand with some of my earlier comments because, as the deal drops from the high $600s into the mid-$400s and settles somewhere under $500, how we manage that drop and how we manage it relative to dropping, having
that translate into dropping prices I think is one of the finer things our guys get challenged to do on a day-to-day basis as they make sales calls and
the management team kind of looks at that.

And I think what's been helpful this time is using the 80/20 process, they've been able to look at where are their key customer segments, where
are their target markets and as opposed to doing it to all people equally, they've been able to segment some of their thinking and have that translate
into sort of the business they want to grow and protect in certain types of markets and the ones that at the end of the day they need to get paid
for if they're going to continue to support smaller customer segments and less attractive market segments with products that they do today.

So I think there's a different approach to how they are managing the market. The cost input is going down versus what they did in the past. So a
bit more sophisticated and I think that's creating some benefit. Now the flip side of that is how you manage that also affects the top-line revenue.
If we matched that curve going down to everybody, then we probably wouldn't be down top-line revenues as much as we are. We'd be generating
a lot more unit volume, but, to be quite honest, I think we'd be making a lot less money. So there's a fine balance to how they're managing this,
but I think they're doing it in a much more sophisticated manner today.

Al Kaschalk - Wedbush Securities - Analyst

Great. And my follow-up question, just a question on the acquisitions and you've been very clear about the goal there from a strategy standpoint
to accelerate earnings. As you look at opportunities, to what extent is leverage on existing operations or manufacturing footprint a consideration?
Or is it more of you want somewhat arguably standalone business units that are in the opportunities to have better growth profiles than say the
legacy portfolio?

Frank Heard - Gibraltar Industries, Inc. - President & CEO

Wow, that's a loaded question. So let me try to put some context to it. Certainly, I think if you go back to our investor conference and look at the
type of long-term financial goals we have as it relates to our shareholders, we really wouldn't have -- we can't get there without transforming the
portfolio going forward and we are in the process of doing that. RBI is a key step to that. So that's one context. So we can't do it just by building
off of the existing end markets we serve today. We're too heavily weighted in end markets that maybe are more legacy-based and there isn't a lot
of areas to innovate any longer. That doesn't mean that we don't have a focus because I'll speak to that.

So our first objective was probably to buy into a new and higher growth market that we see for the next 10 or 15 years and we think we've found
that market. We also think water management is one as well. So now that we're here, it would be certainly important, if we are going to buy into
that market and start to participate with RBI, we're going to support RBI and their leadership team to try to accelerate that growth either organically
or through additional acquisitions because I think that will just accelerate our transformation.

That being said, we have some pretty interesting base business in verticals. The parcel delivery space in our postal group is one that we continue
to do a lot of research in. Despite the downturn in infrastructure from an end-market perspective, we always reference the US market in terms of
the funding issue, but on a global basis, infrastructure, seismic, various testing types of product lines associated with that and then products is an
exciting space for us. So we do a lot of research in that space as well and I think in both those, we would get tremendous leverage by making
acquisitions in those two verticals as well.

So that's the lens we look through and then, obviously, we can't -- we've got a very nice pipeline developing in all three of those segments and we
are working our way to try to accelerate some opportunities in the back half of 2015 because we think that would be a nice timing. We've got the
capacity to be able to do that and any one of those three areas may present themselves as a front runner. You get these opportunities and you
don't get to pick and choose the basket in what order, so we've got certainly a strategic focus in those three areas.

Al Kaschalk - Wedbush Securities - Analyst

Thank you very much.
At this time, we have reached the end of the question-and-answer session. I will now turn the conference over to Mr. Heard for any closing or additional remarks.

Frank Heard - Gibraltar Industries, Inc. - President & CEO

Thanks, operator and thanks, everyone, for joining us today. We look forward to talking with you again next quarter and thank you. This concludes our call today.

Ladies and gentlemen, thank you for your participation. This concludes today's teleconference. You may disconnect your lines at this time and have a wonderful day.

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