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PRESENTATION

Operator

Greetings and welcome to the Gibraltar Industries fourth quarter 2024 financial results conference call. (Operator Instructions) As a reminder, this conference is being recorded.

At this time it is now my pleasure to introduce Carolyn Capaccio with Alliance Advisors IR. Thank you, Carolyn. You may now begin.

Carolyn Capaccio - *Alliance Advisors IR - Investor Relations*

Thanks Rob. Good morning everyone and thank you for joining us today. With me on the call is Bill Bosway, Gibraltar Industries Chairman, President, Chief Executive Officer; and Joe Lovechio, Gibraltar's Chief Financial Officer. The earnings press release that was issued this morning, as well as the side 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. Please note -- further, please note that adjusted results exclude the net sales and operating results of the Japan renewables business that was sold on December 1, 2023.

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 - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Good morning everyone, and thank you for joining today's call. I'll start with our 2024 results and then we'll review our outlook and plan for 2025, and then we'll open the call up for questions. So let's turn to slide 3. We'll talk about our 2024 Year in review, and we'll start actually with our fourth quarter.

Our fourth quarter performance was closely lined with expectations in each segment, ending the year with EPS at the top end of the outlook range and net sales just under the range. During the quarter, net sales were down 7.9%, driven mainly by ongoing market issues facing the renewables business.

But despite down revenue, we improved operating income 11% or 210 basis points. We increased adjusted EPS 17.4%, and we improved adjusted EBITDA 220 basis points. As well, when you look at the collective performance of the rest of the portfolio, the residential, agtech, and infrastructure businesses, our results in the quarter showed additional performance improvement with net sales down 3.9% versus 7.9% for the total business and operating income improving 45%, and operating margin expanding 480 basis points, and EBITDA improving 32% and EBITDA margin improving 460 basis points. So solid performance in these three businesses, which helped to offset some of the market and business challenges our renewables team continued to work through.

Now let's talk about the full year. Consolidated net sales were down 3.9% to $1.31 billion as both our residential and renewables businesses navigated less than favorable end market dynamics. That being said, on an adjusted basis, operating margin, EBITDA margin, and EPS all expanded with margin improvement in three of our four segments. We also generated $174 million in operating cash flow and $154 million in free cash flow, or 12% of net sales.

The collective performance of the residential, agtech, and infrastructure businesses was also positive for the full year. Net sales are down slightly, 1.9% versus 3.9% for the total business, and operating income improved 12% with operating margin up 180 basis points and EBITDA improved 10% with EBITDA margin also up 180 basis points. So again, solid performance in these three businesses as we work through market execution improvements in the renewables business. Backlog at year end was down 24% as new bookings, driven mainly by the timing of new orders for both renewables and AgTech moved from the fourth quarter into the first quarter of 2025.

Since the start of the year, order activity has increased for both businesses and to date, versus prior year, renewables bookings are up 33% and AgTech bookings are up over 300%, and both businesses maintain an active pipeline of additional opportunities as well.

Our infrastructure business is also seeing solid demand with its backlog of 10% coming into 2025. And residential demand has also improved as participation gains awarded in 2024 are now beginning to materialize in the first quarter.

Relative to portfolio management, just last week we expanded our AgTech structures business with the acquisition of Lane Supply, An industry leader in the design, manufacture, and installation of canopies serving convenience stores, quick serve restaurants, travel centers, food retailers, and EV charging stations. We're very excited to have Lane join Gibraltar and we'll talk more about them later in the presentation.

Now we're going to jump into each of the business segments and Joe will get us started.

Joseph Lovechio - *Gibraltar Industries Inc - Chief Financial Officer*

Thanks Bill, and good morning everyone. Let's start with residential on slide 4. Net sales for our residential segment decreased by $8.6 million or 4.8%, driven in part by point of sale softness in some regional residential markets, 80/20 product line simplification initiatives for safety harnesses and drywall metals, and by the delayed transition of new business awarded in 2024.

Order activity in our building products business has accelerated since January, and we're now benefiting from participation gains earned last year. New products that we launched in the second half of 2024 are gaining momentum, and we expect them to contribute in 2025.

Now turning to margins, our adjusted operating and EBITDA margins decreased slightly and were flat respectively, primarily related to volume and product mix. Our execution, price/cost management, and 80/20 initiatives delivered solid results in the quarter and largely offset this volume and mix pressure.

During 2024, we successfully rolled out our ERP system to additional locations and expect to have all locations completed by the beginning of 2026. Also during the quarter we divested our electronic blocker business. We recorded a $25 million gain on net sale. Bill?

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

So, let's move to slide 5 for an update on the residential market and our participation expansion initiatives. For most of the year, really starting in the second quarter, the market has been relatively sluggish with ongoing softness in new and existing home sales. The degree or magnitude of market strength or weakness really has varied by region, state, and in many cases at the local MSA market level. In general, point of sale comps reflect a down market of 3% to 4%, but again, it's important to understand the data at the store and local market level to get a more accurate depiction of the market. When you review the ARMA data, which really reflectsshingle shipments or receipts around the country. For 2024, and you look at it from the state level, you'll see a wide variety of results. For example, Texas, which is the number one state, or which was the number one state for shingle ship receipts in 2024, was up 10% for the year but has been growing at a declining rate over the last few quarters. You break that down by an individual MSA within the state, you'll see different trends as well. Florida, which was the number two state for shingle receipts in 2024 was down 18% for the year, but showed positive growth in the fourth quarter, and we expect that the Florida market to normalize more in 2025 now that the impact of Hurricane Ian is no longer a factor. So ultimately the market and our ability to grow is dependent on unique circumstances impacting specific MSAs. Really interest rate levels and general affordability. And how well we are positioned in the most attractive MSAs, which we continue to work on.

Also, as Joe mentioned, our revenue in the quarter was impacted by 80/20 product line simplification issues, exiting both our safety harness and drywall metal accessories product lines, both of which were not providing the revenue growth and margin profile we need to support overall plan.

In addition, as I mentioned in our last quarter call, the timing of orders for new business awards in '24 did not come in 2024 as originally expected, but we have started to see orders materialize since the beginning of the year.

So we are looking forward to 2025 with our top priority being the expansion of our presence in the local markets we've identified that are the most attractive for us. We recently opened a new location in Boise, Idaho, and we will expand and optimize our presence in the West -- the Pacific Northwest, and three additional locations and two other regions. We'll execute this plan for both organic and inorganic initiatives, and I would say we are actively involved in both at this time. As well, our new products, both our rolled vents and our pipe boot ventilation, are gain traction and will contribute to growth in 2025.

We will also continue to invest in our omnichannel customer market initiatives, both technology and competencies, to best support and optimize local market channel requirements. And finally, we've been developing plans since January in each of our businesses to deal with the potential impact of recently announced tariffs on aluminum and steel.

Each of our businesses will approach this in a timely manner with solutions tailored for their businesses, the market, and customer situation, and our businesses will be proactive. And flexible as it is likely, the tariff landscape will continue to be dynamic, but change is driven by a number of reasons. Overall, we expect to generate growth and margin expansion in our residential business in 2025.

Joseph Lovechio - *Gibraltar Industries Inc - Chief Financial Officer*

So let's move on to renewables. So turning to slide 6, renewables adjusted net sales decreased $16.3 million or 18.8%, and backlog decreased 32% during the quarter. As we discussed in our third quarter call, sales and bookings were suppressed in the second half of the year as customers focused on completing panel installations and administrative documentation ahead of the December 3, 2024, deadline related to the June 2024 expiration of the Presidential Proclamation. Since the start of 2025, new bookings have accelerated and we're up 33% versus prior year.

Adjusted operating EBITDA margins decreased 630 and 550 basis points respectively. Impacted by the ramp up in product mix shift, for our recently launched 1P tracker product, along with lower volumes that resulted from the abovementioned deadline. Adjusted margins expanded sequentially by 70 basis points as a result of improving tracker operating efficiency. And on a GAAP basis we incurred a $5.3 million non-cash charge for the discontinuation of our legacy RBI trade names in this section.

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

So let's move to slide 7 and I'll give you an update on overall renewables demand and 1P tracker launch. If you recall, as we discussed in our last earnings call, we said we would expect new orders to start improving once we finished helping customers meet the December 3, deadline that Joe just referenced. Since the start of 2025, new bookings have accelerated and are up 33% versus prior year as Joe mentioned, and all of our technologies, whether it's tracker, fixed tilt, canopy, and EBOS, are contributing accordingly.

The pipeline of new opportunities is also positive as customers continue to invest in solar and build their project portfolios. On the next slide, I'll share more thoughts on the latest industry dynamics and how customers seem to be approaching the current environment.

The right side of this slide provides an update on our TerraTrak 1P technology which continues to see positive customer support, and we see that through ongoing growth in new bookings. Since our launch in November '23, we've booked over 400 megawatts of projects across 77 projects with 22 different customers. We started at seven additional projects in Q4 with another 18 scheduled for the first half of 2025.

As well, we're actively pursuing and engaging customers that are looking to build up to 1.9 gigawatts in the US distributed generation market, so the market remains relatively robust. On the operations front, our team worked diligently throughout 2024 to keep pace with the speed and magnitude of demand we experienced shortly after our 1P pilot launch.

Frankly, we did not anticipate the customer uptake, nor were we or our key suppliers ready to support the demand in the time frame it happened. We were also challenged with quickly scaling the process as required to coordinate and ship a tracker project in an effective way, and we did not have our internal distribution center operating to support our growing list of projects.

Throughout the year we improved our supply chain and really on three fronts. First, we now have most of our suppliers permanently tooled versus temporary tooling and now that we started this with. And we're close to being caught up with our demand. Secondly, we have onshored and insourced some of our most critical components, thus reducing some of the logistics complexity as well as working capital and cost. And third, we have a single site for suppliers to ship to, which is our internal distribution center, and our first shipments from our distribution center to the field are happening as we speak.

So we know we have more work to do. But I'd say our ability to execute 1P projects today and in the future has improved substantially versus where we started over a year ago. And I believe this will drive improved performance as we move through 2025.

Let's turn to the next slide 8, and I'll give you a quick update on the market. I believe everyone is somewhat familiar with the various regulatory and trade issues the industry has or continues to manage. Today I highlight the second AD/CVD complaint which was filed last April. This complaint alleged illegal trade practices by Cambodia, Malaysia, Thailand, and Vietnam, and asked the Department of Commerce, as well as the US International Trade Commission, to apply new tariffs for both anti-dumping and countervailing duties Related to imported solar cells and modules from these countries.

Effectively, as you can see in the table in the bottom right hand corner of the slide, issuance of final orders for both anti-dumping and countervailing duties should be complete by April 3, 2025. At that point, there should be more clarity for our customers as to the cost associated with panels imported from these countries. Now let's switch gears and talk about the current environment which, like the rest of the industry, we are also monitoring daily.

In general, there is the potential for a number of scenarios to evolve, but our view today for 2025 is that there may be some, but not drastic change in the various tax benefits currently available to the industry. Currently tax credits do not seem to be in focus for the administration, but there is a view the administration may take some changes or modifications like lowering the ITC benefit or phasing it down faster and potentially assigning a domestic content requirement on developers to earn it.

If a domestic content requirement happens, domestic sourcing will become more critical. So the fact that we started our US supply chain onshoring effort in 2024 should put us in a solid position to support this new requirement. Regardless, we and our customers will need to be prepared for change and be flexible accordingly.

For 2025 again as I mentioned last quarter, our revenue plan is built on a slower first half and a stronger second half. The rationale is relatively straightforward. Down bookings in the second half of 2024 drive lower sales in the first half of 2025, and positive bookings early in 2025, which are up 33% to today, support higher sales in the second half of 2025.

Also, without better clarity on what changes the administration might take in 2025, if any, we are taking a conservative view on industry demand for now. As a result, we built our full year renewables plan based on flat to down revenue and delivering stronger margin performance through better execution versus prior year.

Finally, I believe the second half run rate for this business in 2025 should be very reflective of the operating cadence we expect going forward and into 2026.

So with that, let's move on to agtech.

Joseph Lovechio - *Gibraltar Industries Inc - Chief Financial Officer*

So moving to slide 9, AgTech net sales increased about 1% as project start dates moved from the fourth quarter into the first half of 2025. The timing of new project signings caused Q4 backlog to decrease 23%, which has already reversed in the first quarter. Since fourth quarter end, we have signed over $45 million of new bookings, and demand remains strong with a solid pipeline of opportunities in process. For the year, AgTech net sales grew over 8%.

Segment adjusted operating EBITDA margins, each expanded over 2,200 basis points driven by strong execution and business mix as well as a benefit from a customer payment received this quarter that had been written off in the prior year's quarter. Excluding this payment, operating margins expanded 1,000 basis points to approximately 15%.

Our GAAP results also include a $6 million non-cash charge for the discontinuation of our legacy RBI trade names in this segment.

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Alright, let's move to slide 10. I want to talk a little bit more about our revenue momentum in this business, as well as the work being done to broaden our customer base. We do continue to broaden our customer base across North America and win opportunities to support customers as they expand bringing capacity through not just the construction of new facilities, but also opportunities to retrofit, expand and service existing facilities. In the last six weeks, as Joe just mentioned, we've signed $45 million of new contracts, which represents an increase of over 300% versus last year, and I expect positive booking momentum to continue -- positive booking momentum to continue in 2025.

We are fortunate to have great customers that are continuously pushing us to help them innovate, solve problems, and create opportunities, and today I want to highlight two customers, Sensei Group, which is founded by Larry Ellison and Dr. David Agus, and Tommy's Car Wash, a large family owned car wash business operating across North America.

The Sensei Group has a vision to improve human nutrition while preserving the world's natural resources using controlled environment agriculture facilities to supply fresh produce. For locally -- for local communities. Fundamentally, the group understands there are more people than there is food. And this imbalance is something they would like to focus on and fix.

Sensei they now has growing capacity of 15 million pounds per year of fresh lettuce, melons, and tomatoes. This picture shows one of the Sensei facilities we have worked together to redesign and retrofit. To increase capacity as well as flexibility to traditional types of produce.

Our respective design / engineering / project teams meet every week and are fully engaged on what's next. On the structure side of the business, we are partnering with Tommy's Car Wash for turnkey solutions including design, manufacturing, and installation.

This is an example of applying our many years of structural engineering and structured competency to a car wash application where performance, aesthetics, and structural integrity contribute significantly to our customer strategy.

For this business in 2025 organically, we expect the AgTech business to deliver solid growth and operating margin improvement versus 2024. Based on the current timing of project schedules, the business should accelerate in Q2 with a good cadence and pace throughout 2025. We also expect to book additional projects and further build a backlog for 2025 and 2026.

Now let's move to slide 11 and I'll talk a little bit about the acquisition of Lane Supply. So on February 11, just last week, we acquired Lane Supply. It is a market leader in the design, manufacturing, and installation of canopies applied in a variety of in use applications as I mentioned earlier. The US canopy market is approximately $1.8 billion growing at mid single digits, and Lane has established itself as one of the industry leaders.

Lane was founded in 1950 and it's headquartered in Arlington, Texas. And its core competencies match really well with Gibraltar and include structural engineering, construction management, water moisture management, electrical design optimization, and applying customer branding badging solutions to its structures.

We paid $120 million in cash and in 2024 Lane recorded net sales of $112 million and adjusted EBITDA margin of 14.8%. We expect this transition to be accretive in 2025, and Lane currently has over $150 million backlog heading into this year. And we really look forward to partnering on customer and operating synergy opportunities.

Now let's move on. We'll talk about the infrastructure business.

Joseph Lovechio - *Gibraltar Industries Inc - Chief Financial Officer*

Let's move to slide 12. Our infrastructure net sales decreased $1.3 million, impacted by the timing of a large project in the prior year. Backlog at quarter end increased 10%, driven by new projects and strong conversion of bid volume. Demand and quoting remained robust, supported by ongoing investment at the federal and state levels. Segments suggested operating in EBITDA margins improved 180 and 170 basis points respectively. Driven by a favorable mix shift and continued strong operating execution. And we expect continued strength in sales and margin expansion in 2025.

Let's now move to slide 13 to discuss our balance sheet and cash flow. At December 31, we had cash on hand of $270 million and $395 million available on our revolver. During the quarter, we generated $19.9 million in cash from operations from net income, which funded a working capital investment of $23.3 million. For the year we generated $174 million in cash from operations, including cash generated from working capital of approximately $7 million. Our free cash flow generation for the year is 11.8% of sales, above our outlook of approximately 10% of sales for the year.

During the year we used $10 million to repurchase approximately 155,000 shares of common stock. At year end over the life of our current share repurchase program, we have repurchased approximately 2.7 million shares of common stock at an average price of $45.14. And we had approximately $79 million, or roughly 40%, remaining under this $200 million stock purchase authorization.

Our revolving credit facility remains untapped, and we remain debt free. As mentioned, we acquired Lane Supply on February 11, for $120 million in cash, subject to customary working capital and other adjustments. We expect to continue to generate strong cash flow in 2025, and our capital allocation priorities for 2025 are to continue to invest in our organic growth and operating systems for scale with capital expenditures approximately 3% of sales.

As Bill indicated, we're exploring inorganic growth opportunities and have an active pipeline of high quality M&A. Our strong balance sheet provides optionality and flexibility, and we're focused in the near term on our residential and AgTech segments.

Last, we plan to continue to opportunistically return value to shareholders through the remaining authorization under our share repurchase program. Funded by cash generated from operations and the use of our revolver, depending on the timing of any M&A or repurchases.

Now I'll turn the call back to Bill.

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Alright, so let's turn to slide 14. And let's talk about our 2025 guidance. Let me first clear, the chart. The first column represents our 2024 results as reported. The second column represents our 2024 results, excluding our electronic locker business, which was divested in late 2024.

For 2025, here's our guidance. We expect net sales will range between $1.4 billion and $1.45 billion, growing between 8% and 12%, driven by organic growth in residential, agtech, and infrastructure, flat the down sales in renewables, and the inclusion of Lane Supply results from operations.

Adjusted operating margin will range between 13.9% and 14.2%, expanding 110 to 140 basis points. Adjusted EBITDA margin will range between 16.7% and 17% expanding 100 to 130 basis points. GAAP EPS will be in the range of $4.25 to $4.50 approximately flat to 2024. Adjusted EPS will be in the range of $4.80 to $5.05 representing growth of 13% to 19%, and free cash flow as a percent of net sales will reach 10% or greater.

Our 2025 plan is balanced and is built with consideration for the current macro environment, as well as specific end market dynamics our businesses have planned for and or continue to work through. Overall, we expect to grow, expand margins, and generate strong cash flow. We will drive growth through participation gains in our existing businesses in the addition of Lane Supply, and we improve margins in each business through core 80/20, productivity, price/cost management, and better execution and renewables. Overall margin expansion, stronger working capital will drive our cash performance as well.

I do want to thank our entire team for delivering a solid year and closing out 2024 with good momentum. We are prepared and ready for 2025 and looking forward to delivering our commitment. So with that, let's open the call up and we'll take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Daniel Moore, CJS Securities.

Daniel Moore - *CJS Securities, Inc. - Analyst*

Thank you. Good morning, Bill. Good morning, Joe. Thanks for taking questions. Let me start with residential. Revenue obviously last year held up really well in a tough demand environment through the first half, started to feel the effects of kind of a slower Resi and R&R market by H2. Do you see perhaps '25 being kind of a mirror of '24 and what kind of organic, revenue growth range should we think about for H1 versus H2 on a year-over-year basis?

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah, Dan. I don't know if it's going to be a mirror per se. We went into this year's plan with a very -- with a -- obviously a view of the market continue to be where it has been. We went into last year with something similar, and we had participation gains that were driving the top line which we talked about kind of got delayed and now those are starting to kick in. So, we don't have a -- I wouldn't say we have a ton of growth built into the plan, but I think it's reasonable based on our market assumptions and the participation gains that are starting to kick in January and, so I'd say, low mid single digits in that, range for the residential top line.

Daniel Moore - *CJS Securities, Inc. - Analyst*

Got it. That's helpful. And then the, I appreciate the recast. I was going to ask the revenue contribution from some of the divested businesses, but it looks like. If I build in about $100 million for Lane supply, organic growth kind of 0% to 4%, is that how you're thinking about 2025 top line?

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah, I think that's fair. I'd say more closer towards 4% than 0%, but, and listen, I'll also tell you that with the macro environment, the way it's been, there's still a lot of questions out there. I mean, we're fairly confident, as I mentioned, the way we built the plan was taking a lot of that into consideration, but I would also say we're probably leaning a little bit more on the conservative side than we would otherwise just because, but yeah, we feel good about. The organic plan in that range and obviously Lane's going to contribute a nice chunk this year as well. And hopefully we'll see how things evolve, throughout the year, but, we feel good about the way the topline plan is built between organic and inorganic at this stage.

Daniel Moore - *CJS Securities, Inc. - Analyst*

Okay, and then maybe one more and I'll jump back, but the shifting to renewables, new bookings a accelerated up 33% in January. Obviously good initial sign. You just put that in perspective, is that mainly catch up from Q4 bookings or are we seeing more sustained turn and then similar question, H1 revenue versus H2, how do we think about the cadence of revenue built out over the year. Thanks again.

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah, so if you guys, if everyone remembers a little bit, we talked about this a bit. Our bookings were down in the second half of last year, which we knew that was going to be the case because we had a lot of our customers laser focused on getting through this December 3, deadline and it was quite consuming. And if you recall in the last call, I said that will start to turn beginning of the year as we get these everyone gets the stuff behind them. The second thing I'd mentioned was, the AD/CVD, the DOC investigation number two. That should be close to getting behind us and initially it was supposed to be done in February, now it's April, but ultimately at the end of the day that was kind of the last big I'd say market item prior to the new administration coming on that people were thinking through. So we were suppressed, I would say on bookings. We knew that would turn and the team's done a nice job of making that happen so.

Because your bookings, from the time we sign a contract and get a deposit until we start generating revenue, we can do that in the same year, but it's about a six to nine month time frame. So if your bookings were down in the second half of last year, your first half of revenue this year is going to be suppressed. As a result of that.

The bookings that have been coming in the beginning of this year will actually contribute to revenue starting the second half of 2025. So our second half's going to be stronger. It normally is anyway because of seasonality, but because of the bookings phenomenon I just described, it's going to be stronger than the first half, so.

We've said that we would start out slow and we would start to build momentum in Q3, Q4. We need the bookings to start happening the way they have for that to be the case. And so we built our plan, as I mentioned, to be, down to a little bit, but it's assuming first half light, second half more indicative of where we think the business will be running from both the cadence and pace perspective. So that's what I'd look for both top and bottom line first half versus second half.

Daniel Moore - *CJS Securities, Inc. - Analyst*

Okay, I'll jump back and follow ups. Thanks.

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah.

Operator

Julio Romero, Sidoti & Company.

Justin Mechetti - *Sidoti & Company, LLC - Analyst*

Good morning. This is Justin Mechetti on for Julio. Thank you for taking questions.

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Hey Justin.

Justin Mechetti - *Sidoti & Company, LLC - Analyst*

So on M&A, could you tell us more about your decision to acquire Lane Supply? Maybe how you filtered down to that business and how you're thinking about its immediately accretive nature.

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah, so, number one, we've been in the structures business for quite a long time, Justin, really going back about 80 years, and it started in our basic greenhouse business, but we do have a lot of different types of structures that we, design and create and manufacturing and installed today whether it's botanical gardens or retail centers, car washes as I showed in the slide today. We've been at that for quite a long time.

And so the types of things that Lane does are very much similar to what we've grown up with and they've grown up with. And so we think it's a good fit on a number of fronts. Our synergies around what we do really do overlap. And we found, an end market that we've been looking at for some time that. One is quite sizable and secondly is experiencing some pretty solid growth rate, mid single digits both historically and projected. So yeah, we're excited about them coming into the fold. It's a nice compliment to what we've been doing for quite a long time.

There's a nice opportunity to leverage not only just on the customer side but also on the supply side as well as field installation and construction. So that's how we got to that point. Lane is -- it's a good operating company and I feel like there's a lot of runway and yeah, we believe you if you just took the last year's results, they would be accretive to us and so we expect that to happen again in 2025. And looking forward to that being the case, so that's the story around Lane.

Justin Mechetti - *Sidoti & Company, LLC - Analyst*

Great. Thanks for the color there. And then on guidance, looking out on the year beyond the first half and second half cadence, can you talk about what would bring you to the upper and lower ends of guidance in terms of revenue and EPS?

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Well, there's a story for each business that kind of is built up to get to that total as you see, but the way that we thought about this year's plan. What's going to happen in this renewables end market? What's the administration going to do with energy policy and so forth. So, I would say there's a bit of that built into the downside piece of this. And if things don't get thrown a wrench, if you will in that particular marketplace around the IRA or the ITC benefits, then, that's one scenario.

If -- and we don't -- and we kind of think that's probably the case in renewables this year, but again, there's still a lot of pause going on in portions of the market as to what is going to happen and so we'll play that by year end as we see things evolve this year it'll be quarter to quarter from an end market perspective that'll give us a better feel.

But we took a conservative approach coming in. Just because there's still a lot of things in flight, I think on the -- you think about residential. We're not expecting that market to be super robust. Interest rates aren't going to move dramatically different. All those base assumptions are probably consistent with last year, and it really comes down to the timing our participation gains.

So if some of those happen a little bit sooner, if we open up additional locations a little bit quicker, then you know there may be more upside in that business than what we're showing. Vice versa, they don't all happen at the time that's built in the plan, maybe there's a little downside.

So, but that's not going to swing one way or the other dramatically in the residential business and AgTech is going to be a big contributor this year. So is there more upside opportunity there with the way borders are flowing in the other there could be. But again, these are large projects and you've got a timing element there sometimes they can play into that. But then you have something like Lane that's being added to the business that should bring more of a cadence in the AgTech business because the way their projects roll out are really weakly.

In other words, if you think about where they support and the types of customers they support, they get a view, upwards of, 10 to up to 50 weeks' worth of a schedule around installing canopies, designing installing canopies around these applications. So, hopefully that'll give us a little more cadence and understanding and, foundation on the core business, and we'll see how that evolves. It's a new business for us, but we think that there's some, it's a solid business, but we've kind of got that built in with a little bit of growth over last year, so.

Yeah, as I said right up front. You could get it for a little bit of being conservative this year going into this plan, but I feel it's really balanced based on the things that are going on in the market. I think our businesses are in a good position. We're not requiring renewables to have a blowout year to deliver this plan. I think that's prudent way to think about that, given everything we talked about. So, I think we're balanced and I think we're -- we have a solid plan, but that's -- it's probably more than you're looking for, but that's the way we were thinking about it.

Justin Mechetti - *Sidoti & Company, LLC - Analyst*

Thanks very much. That's all for me. I'll turn it back.

Operator

(Operator Instructions)

Walt Liptak, Seaport Research.

Walt Liptak - *Seaport Research Partners - Analyst*

Hey guys, good morning. Thanks for the good quarter. I want to ask first about the resi delays as sort of a follow on. So it's been a couple of earnings releases so far with these delays, and I wonder if you could help us understand a little bit more maybe about the size of these gains and how much is kind of layering in now and how much more is there to go get.

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah, so what you remember, I think I said in Q3, it impacts around $4 million. I would say, just on seasonality, it's probably a little less than Q4, but that was probably the, for 2024. I'd say that, $5 million to $6 million range was the impact.

That has started, as I mentioned, started -- we started to see those orders. So, our views will pick that up this year and hopefully get a full year effect of that. So we'll see how that evolves, but that's at a minimum, the starting point to be incremental growth versus the previous year, right? If you just do the simple math. So, that's one thing that I think. We're excited about the fact that we started to see, I think our new products, particularly the pipe boot that I've shown pictures of here in the last couple of quarters, those orders are starting to materialize.

The opening of our Boise, Idaho facility, which we didn't have last year, is going to be impactful in 2025, and that was through really an asset acquisition, so it enabled us to get up quicker going there. So we've got a variety of these things sprinkled around the country and certain markets and whether it's geographic play or we've won, more branches at a wholesaler or we've been awarded more business with a retailer, we've got a number of those things happening.

But I look for our participation gains to be pretty impactful in the year. I don't think we're going to have, right now in the docket we don't really have anything planned from a PLS perspective where we'd impact sales negatively, meaning, getting out of something like we did with our safety harness and metal some of our metal business our drywall metal business, which was also impactful during 2024, and it was probably $5 million to $7 million on the top line.

So, I think we put in the decks on that. And so our focus is really about those participation gains and taking advantage of the ones that we won last year and the ones that we're working on this year at the same time. So that's how the plan has been built.

Walt Liptak - *Seaport Research Partners - Analyst*

Okay, great, yeah, thanks. And thanks for going into the product line simplification program that you did, we generally think of those as being pretty healthy and like a good thing, even though the revenue goes away. And I wonder, are you doing regular reviews of product lines, as part of your 80/20 program? I mean how robust is the 80/20 program at this point?

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah, I wouldn't say we've let our foot off the gas, which is why you saw some of those PLS activities in our building accessories business last year. But yeah, our pipeline of different types of 80/20 initiatives is as big as it's ever been. It's kind of core of what we do, so. But there are other things that, obviously each business is working on that will make a big difference, but it's a big contributor towards our margin improvement opportunities and frankly in a lot of cases are top line growth opportunities as well.

Walt Liptak - *Seaport Research Partners - Analyst*

Okay, great. Just a couple more kind of follow-ons. On the tariff issue, I understand that it's a dynamic situation. And so I was wondering about the issue of -- at some point, do prices -- if prices go up, is there a chance for like alternatives in the regions that you operate? Or is there no -- is it cost prohibitive, I guess, to switch to?

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

No, it's a good question, and I would say. We get our leadership team together twice a year for a couple of days it's the business unit leaders and the corporate team, it's 12 of us, if you will. But in early January we went ahead and said, look, let's assume that we're going to get tariffs. There was a lot of room around it, but let's start factoring that in.

And so each business has a different starting point with what that might mean from either a competitive customer or internal perspective, right? So if you're in the construction businesses, if you recall when we all went through this in a much more extraordinarily challenging way three years ago.

People got caught and so we want to make sure number one we're proactive in front of it. So whether you're in project-based businesses, you have contracts, you want to make sure you have your clauses right, you want to have your supply chain aligned appropriately with you, and so on and so forth. If you're in the building and ship kind of business like residential.

You want to go through the same type of assessment except for residential if you recall we have indexes already built into our contracts that support movement on things like our cost. And so whether it's driven by tariffs or general inflation or otherwise, that process is in place. So I would tell everybody this, that -- get in a position where you're ready to roll. Be prepared to make adjustments as needed, but we've been through hell and back with inflation three years ago that was much more challenging in a lot of ways than whatever this tariff situation is going to lend itself to be.

I'm not saying it's a non-issue. I'm just saying we know how to deal with this kind of situation. If you recall, we had steel, going up $50 a week for 50 straight weeks, right? That's not what this is. And so getting our plans in place, having initial conversations with customers the last four weeks, planting seeds about what's coming, everyone knows this is going to happen or some element of it will happen.

So just getting each business ready to go, whether it's whatever those actions are looking at and understanding your inventory, looking at and understanding where you're getting all your key components and trying to understand how far the tariffs go down. Is it just the raw material? Is it value added products and putting a plan in place for each of those.

So the work's been ongoing now for the last five, six weeks we have plans, I think, in place in most of our businesses to execute when the time is right and when things come into play, but I suspect some things will change between now and then and that's okay we'll be ready to go.

So it's a non-issue from a standpoint of we've been there, done that, we know how to deal with it. We have processes in place. We've got a playbook. It's still an issue ultimately at the end of day if it impacts. Other things, macro wise, so you know we'll take it as it comes and I think we're well prepared to deal with it accordingly. So that's where we are today across...

Walt Liptak - *Seaport Research Partners - Analyst*

Okay, thank you for that. And in your review, are there anywhere if the price goes up, there might be a switch to an alternative, especially in residential?

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

No, I don't think so. Here's the reason why. I mean, first and foremost, in residential, remember, it's a very conservative, marketplace, so contractors in general don't like to change quickly. Now, if you back them up into a corner to where they don't have a choice, that might be the case. But when this happened, remember we have an experience that's only 24 months old, 30 months old, where that was the case and what options did they have, and oftentimes I think what happens.

I don't want to change because I'm not familiar with that product and if I'm a contractor, I'm very concerned because I can't afford to not do it right the first time and it's time value money out on the roof and I got to get on and off and move on, right? So anything that disrupts that model, they're going to think hard about that.

Secondly, if there is a substitution effect option, I suspect that people will take advantage and raise that price as well. That's what we saw a couple of years ago, so. I'm not as concerned about that, but some of our new products, by the way, are putting us in a better position than we would have been two years ago as well. They're either patented and or cost reduced such that we have some flexibility in how we could support the environment differently would have otherwise. So lot of different levers there will play, but I'm not. Overly concerned about a substitution issue at this stage.

Walt Liptak - *Seaport Research Partners - Analyst*

Okay, and then maybe one last one for me, it's good to see also the divestiture too, and I think the why around the divestiture was low revenue, lower margins, and I just wondered with the portfolio, do you go through regular annual reviews of the different businesses and segments and, do they fit, is that part of the annual process?

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

It is and we just had our board together for two days in January on that very topic. Well, as one of many topics is that as we go through our next strategy plan for the continuation of our strategic plan. So yes, and if you recall, we do have a committee in place and we discussed that every quarter. So if there is something with the with the portfolio that we say we're going to go do, that's you annually at a minimum and you know those can be big or small. But whatever it is we decide to do every quarter, we track that progress with the committee to see how we're doing and how that's coming along. So yes, it's front and center from the Board. Throughout our leadership team on a regular basis.

Walt Liptak - *Seaport Research Partners - Analyst*

Okay, great, appreciate it. Thank you. Good luck this year.

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Thank you.

Operator

Thank you. At this time there are no further questions, and I'll turn the floor back to Mr. Bosway for closing remarks.

William Bosway - *Gibraltar Industries Inc - Chairman of the Board, President, Chief Executive Officer*

Yeah, listen, I just want to thank everyone again for joining us today. Coming up, we do plan for [2%] at the Cabela Pump and Water Symposium, the Sidoti Small Cap Conference, and the 37th annual Roth conference. Again, I want to thank everyone for your support, for Gibraltar, and we look forward to speaking again after our first quarter report. Thank you.

Operator

Thank you. This will conclude today's conference. Let me disconnect your lines at this time. We thank you for your participation. Have a wonderful day.
