



## Second Quarter 2019 Earnings Call

July 26, 2019

This presentation should be  
viewed in conjunction with  
Gibraltar's July 26, 2019  
earnings press release.

# Safe Harbor Statements

## **Forward Looking Statements**

*Certain information set forth in this presentation, other than historical statements, contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that are based, in whole or in part, on current expectations, estimates, forecasts, and projections about the Company’s business, and management’s beliefs about future operations, results, and financial position. These statements are not guarantees of future performance and are subject to a number of risk factors, uncertainties, and assumptions. Actual events, performance, or results could differ materially from the anticipated events, performance, or results expressed or implied by such forward-looking statements. Before making any investment decisions regarding our company, we strongly advise you to read the section entitled “Risk Factors” in our most recent annual report on Form 10-K which can be accessed under the “SEC Filings” link of the “Investor Info” page of our website at [www.Gibraltar1.com](http://www.Gibraltar1.com). We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law or regulation.*

## **Adjusted Financial Measures**

*To supplement Gibraltar’s consolidated financial statements presented on a GAAP basis, Gibraltar also presented certain adjusted financial data in this presentation. Adjusted financial data excluded special charges consisting of restructuring costs primarily associated with the 80/20 simplification initiative, senior leadership transition costs, debt repayment costs, and other reclassifications. These adjustments are shown in the reconciliation of adjusted financial measures excluding special charges provided in the supplemental financial schedules that accompany the earnings news release. The Company believes that the presentation of results excluding special charges provides meaningful supplemental data to investors, as well as management, that are indicative of the Company’s core operating results and facilitates comparison of operating results across reporting periods as well as comparison with other companies. Special charges are excluded since they may not be considered directly related to the Company’s ongoing business operations. These adjusted measures should not be viewed as a substitute for the Company’s GAAP results, and may be different than adjusted measures used by other companies.*

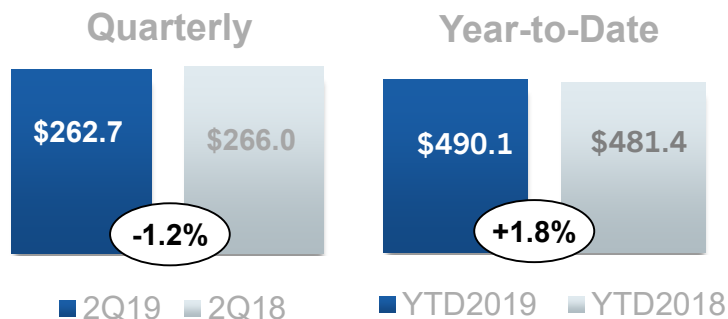
# EPS In Line With Guidance

- Revenues of \$262.7 million essentially flat to prior year
- Increased activity in Renewable Energy & Conservation and Infrastructure
- Built record backlog levels of \$242 million across the business
- GAAP EPS of \$0.61 vs prior year \$0.70, in line with guidance
- Adjusted EPS of \$0.73 up 2.8% vs prior year \$0.71, in line with guidance



# Solid Consolidated Results

## Revenues



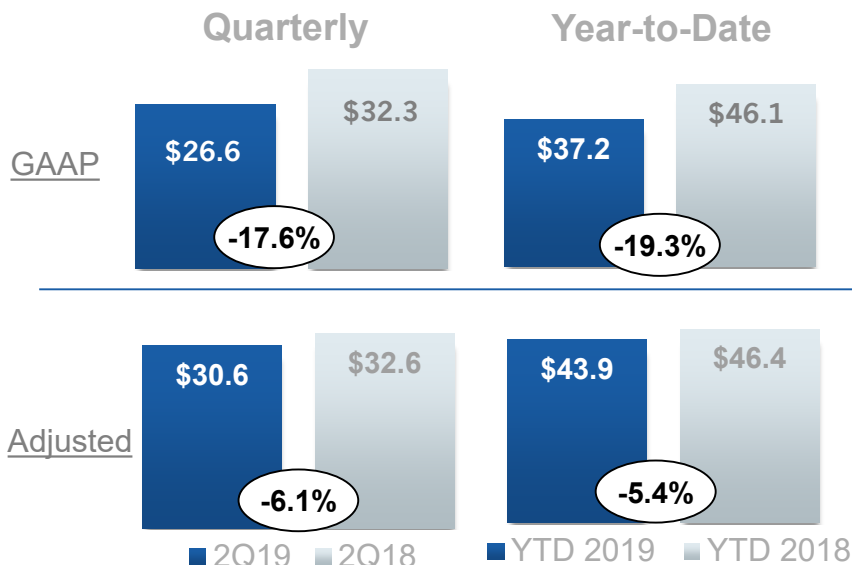
## 2Q19 Revenue Highlights

- Increased activity in Renewable Energy and Infrastructure
- More than offset by lower Industrial demand
- Record backlog \$242M, up 30% YOY

## 2Q19 Operating Income / EPS Highlights

- Interest savings & 80/20 benefits
- Lower performance based compensation
- Costs to ensure tracker performance \$2.3M or \$0.05/share
- Volume leverage

## Operating Income\*



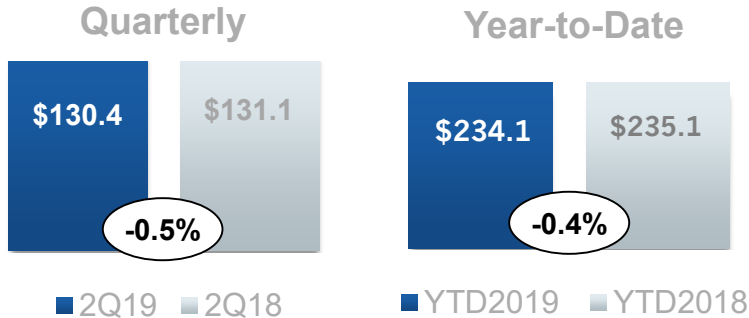
## Diluted EPS\*



\*All adjusted amounts reported represent continuing operations before special charges. See adjusted measures reconciliations in earnings press release.

# Residential Products Segment

## Revenues



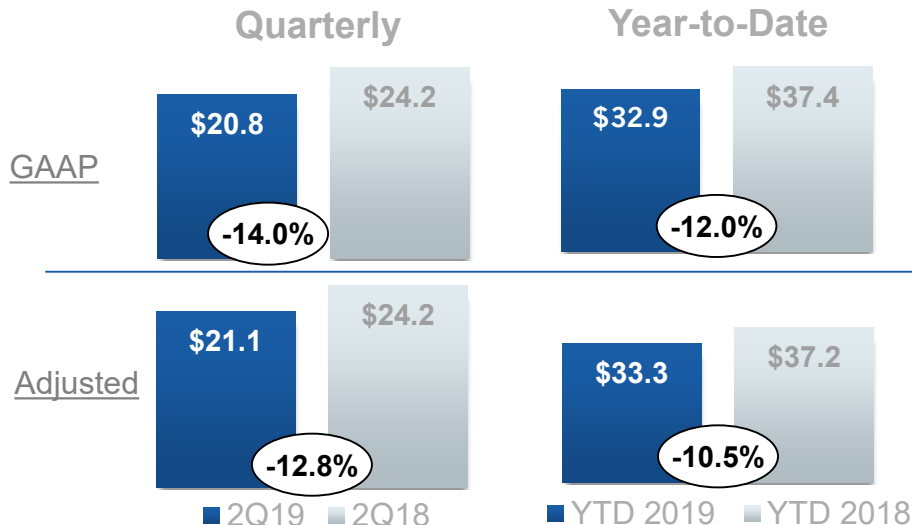
## 2Q19 Revenues

- Difficult weather conditions & labor shortages for building products
- Nearly offset by higher selling prices

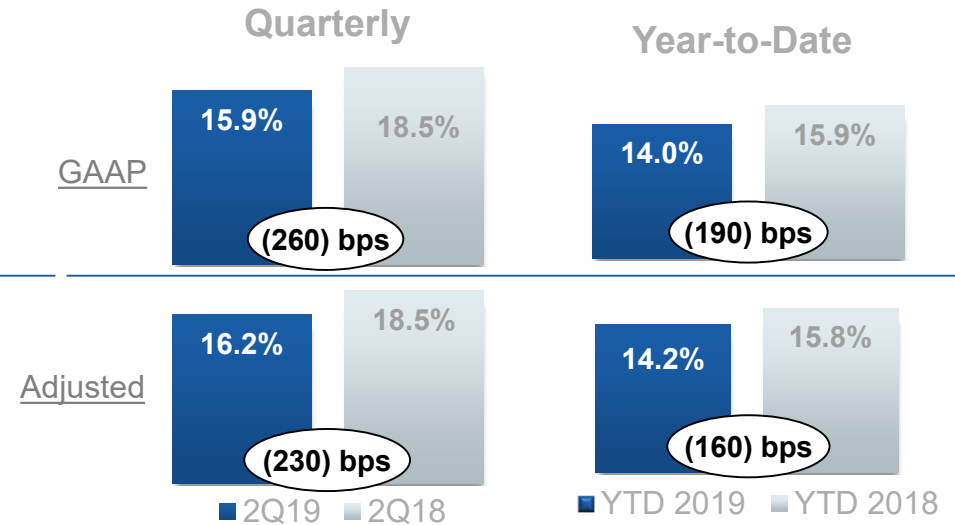
## 2Q19 Operating Income / Margin

- Unfavorable product mix & volume leverage
- Material cost alignment
- Partially offset by 80/20 benefits

## Operating Income\*



## Operating Margin\*



\*All adjusted amounts reported represent continuing operations before special charges. See adjusted measures reconciliations in earnings press release.

# Industrial & Infrastructure Products Segment

## Revenues



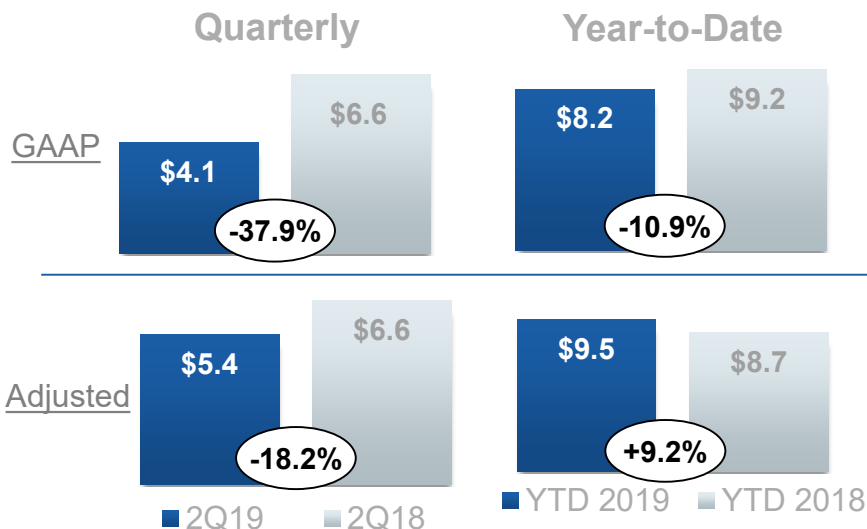
## 2Q19 Revenues

- Declining steel prices led to lower demand for core expanded metal products
- Partially offset by increased Infrastructure activity
- Solid growth in infrastructure & security backlogs

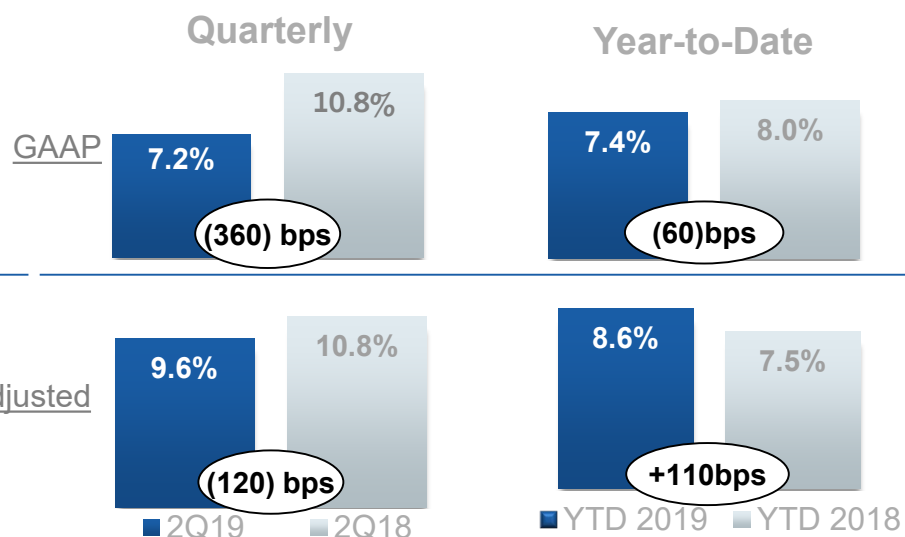
## 2Q19 Operating Income / Margin

- Unfavorable product mix & volume leverage
- Alignment of material costs to pricing
- Partially offset by 80/20 benefits

## Operating Income\*



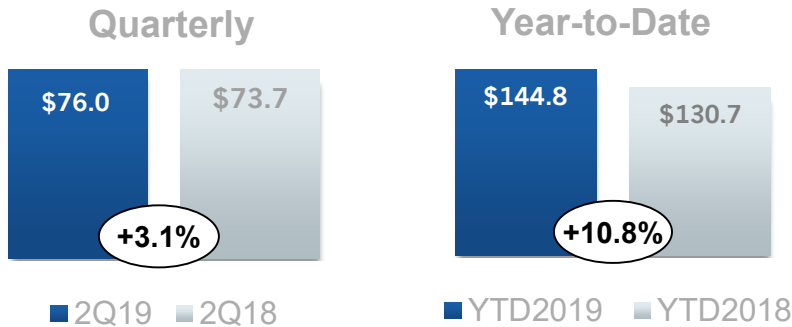
## Operating Margin\*



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# Renewable Energy & Conservation Segment

## Revenues



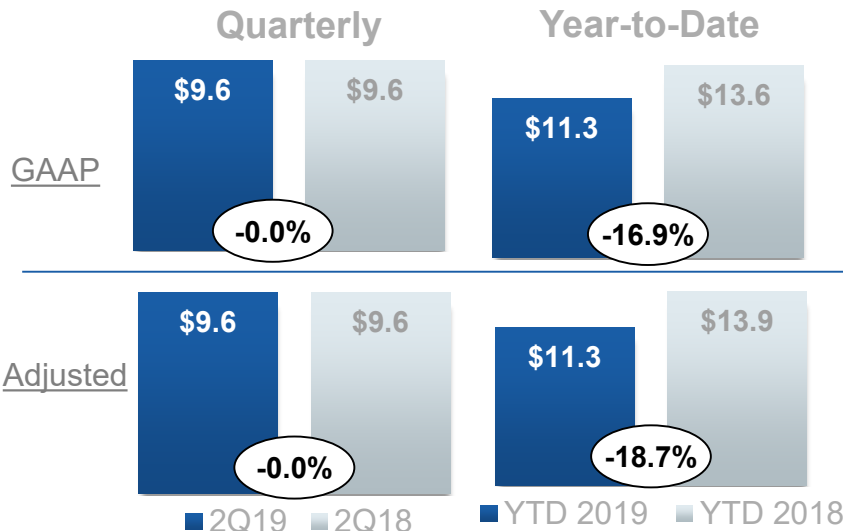
## 2Q19 Revenues

- Strong demand for greenhouse solutions
- Contribution of PY acquisition of SolarBos
- Planned pause in new solar tracker solutions
- Record backlog: Greenhouse – nearly double; Solar - up 20%

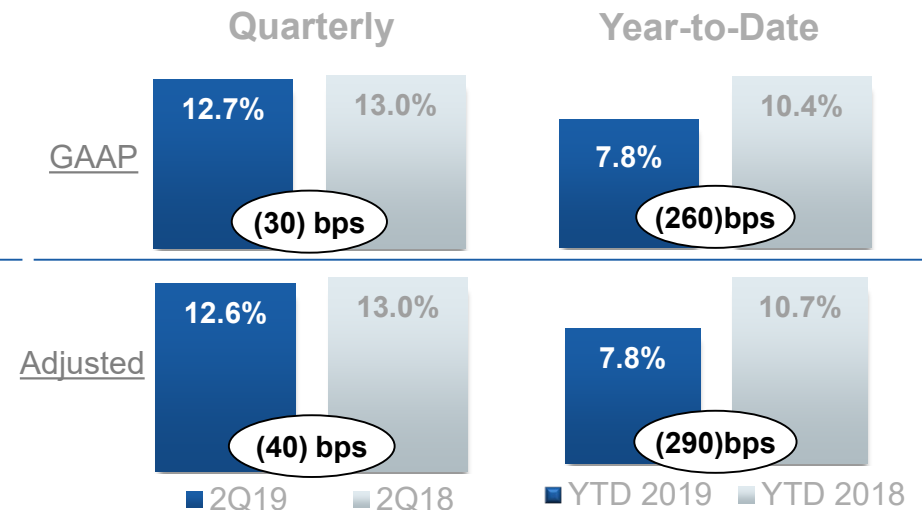
## 2Q19 Operating Income / Margin

- Costs to ensure tracker performance \$2.3M
- Benefit of material cost to pricing alignment & mix

## Operating Income\*



## Operating Margin\*

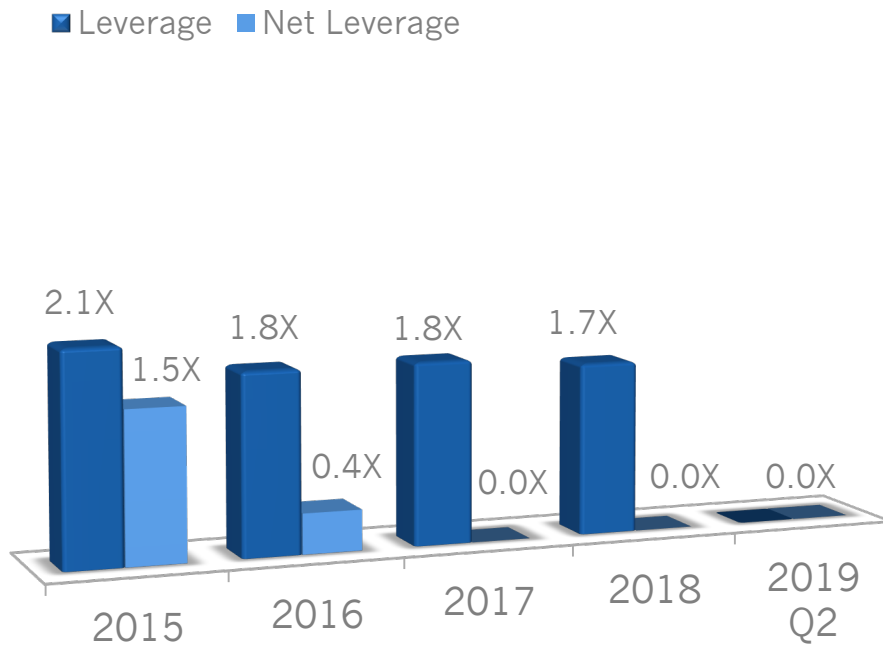


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# Capturing the Opportunity

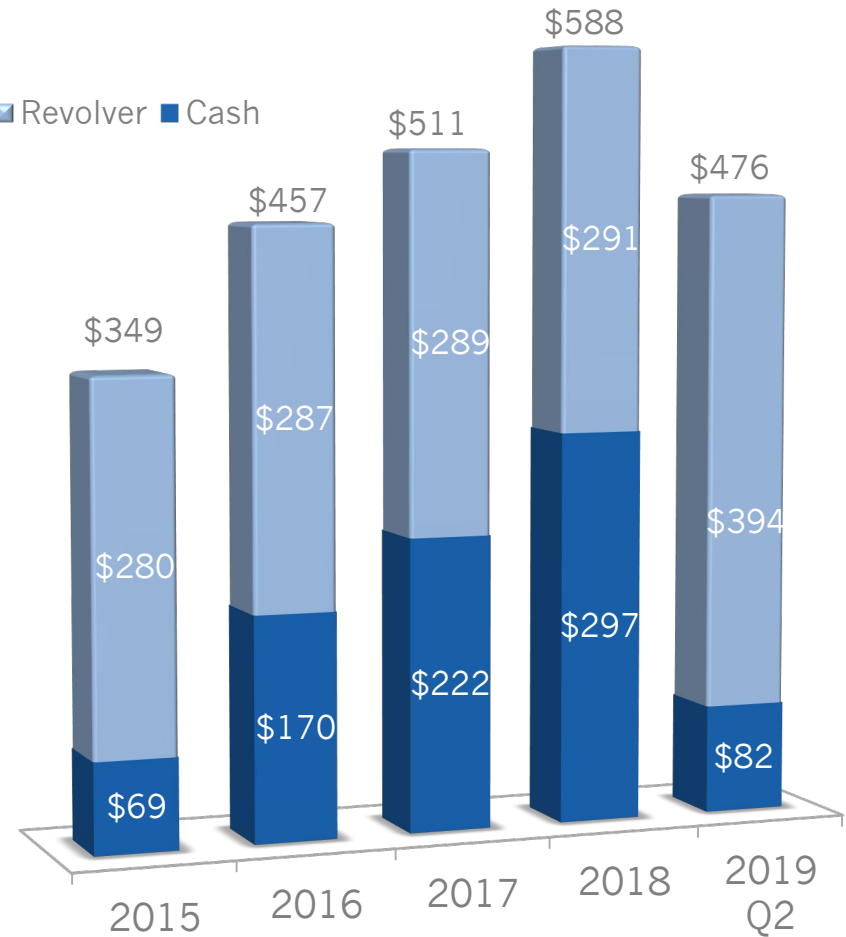
## Acquisitions as Strategic Accelerator

### Leverage



### Liquidity (\$M)

■ Revolver ■ Cash





# 5 Key Initiatives

## *Continued Evolution of our 4 Pillar Strategy*

### 1. Operational Excellence

- 80/20 simplification, in-lining, and key supply chain initiatives

### 2. Direct Connection with End Customers

- 41% of revenues going direct to end customers in 2Q 19 up from 39% in Q2 18

### 3. New Products and Innovation

- Ensure genuine demand through trade focus initiatives
- 13% of sales from patented products in 2019 up from 9% in 2018;

### 4. Portfolio Optimization

- Strategic rubric
- Organizational flattening
- Allocation of Time, Talent, Energy

### 5. Acquisitions as a Strategic Accelerator

- Seeking opportunities that: Strengthen our platforms, enhance our growth & margin profile, and expand our presence in the end markets
- Primary focus for capital allocation



# 2019 Guidance

|                          | 2018     | 2019                           | 2019 Assumptions  |
|--------------------------|----------|--------------------------------|---|
| Revenues                 | \$1,002M | \$1,030M - \$1,050M<br>3% - 5% | <p><b>Residential:</b> Markets consistent with 2018</p> <p><b>Industrial &amp; Infrastructure:</b> Continued growth driven by demand for innovative products</p> <p><b>Renewable Energy &amp; Conservation:</b> Continued domestic market expansion; continued demand for innovative products</p> |
| Op. Income*              |          |                                |   |
| GAAP                     | \$ 94.0M | \$93M to \$100M                | Continued operational improvements, innovative product mix, continued material cost volatility, corporate costs down with CEO transition  |
| Adjusted                 | \$101.4M | \$110M to \$117M               |   |
| Op. Margin               |          |                                |   |
| GAAP                     | 9.4%     | ~ 9.0 – 9.5%                   |   |
| Adjusted                 | 10.1%    | ~10.6 – 11.1%                  |   |
| GAAP EPS                 | \$1.96   | \$1.95 to \$2.10               |   |
| Adjusted EPS             | \$2.14   | \$2.40 to \$2.55               |   |
| Free Cash Flow/<br>Sales | +8.5%    | ~ 6-7%                         | Forecasting \$19.5M of CAPEX in 2019  |



Q&A