

# SECOND QUARTER 2024 EARNINGS CALL

July 31, 2024

GIBRALTAR

# SAFE HARBOR STATEMENTS

## Forward-Looking Statements

Certain information set forth in this presentation, other than historical statements, contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that are based, in whole or in part, on current expectations, estimates, forecasts, and projections about the Company’s business, and management’s beliefs about future operations, results, and financial position. These statements are not guarantees of future performance and are subject to a number of risk factors, uncertainties, and assumptions. Actual events, performance, or results could differ materially from the anticipated events, performance, or results expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from current expectations include, among other things, the availability and pricing of our principal raw materials and component parts, supply chain challenges causing project delays and field operations inefficiencies and disruptions, availability of labor at our manufacturing and distribution facilities or on our project sites, the loss of any key customers, adverse effects of inflation, our ability to continue to improve operating margins, our ability to generate order flow and sales and increase backlog, our ability to translate our backlog into net sales, other general economic conditions and conditions in the particular markets in which we operate, changes in spending due to law and government incentives, such as the Infrastructure Investment and Jobs Act, changes in customer demand and capital spending, competitive factors and pricing pressures, our ability to develop and launch new products in a cost-effective manner, our ability to realize synergies from newly acquired businesses, disruptions to IT systems, the impact of trade and regulation (including the latest Department of Commerce’s solar panel anti-circumvention investigation, the bifacial module exemption revocation, the Auxin Solar challenge to the Presidential waiver of tariffs, deadline to install certain modules under the waiver, and the Uyghur Forced Labor Prevention Act (UFLPA)), rebates, credits and incentives and variations in government spending and our ability to derive expected benefits from restructuring, productivity initiatives, liquidity enhancing actions, and other cost reduction actions. Before making any investment decisions regarding our company, we strongly advise you to read the section entitled “Risk Factors” in our most recent annual report on Form 10-K which can be accessed under the “SEC Filings” link of the “Investor Info” page of our website at [www.Gibraltar1.com](http://www.Gibraltar1.com). We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law or regulation.

## Adjusted Financial Measures

To supplement Gibraltar’s consolidated financial statements presented on a GAAP basis, Gibraltar also presented certain adjusted financial measures in this presentation, including adjusted net sales, adjusted operating income and margin, adjusted net income, adjusted earnings per share (EPS), free cash flow and adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA). Adjusted net sales reflects the removal of net sales associated with our Processing business, which has been liquidated and our Japan renewables business which was sold on December 1, 2023. Adjusted net income, operating income and margin exclude special charges consisting of restructuring costs (primarily comprised of exit activities costs and impairment of both tangible and intangible assets associated with 80/20 simplification, lean initiatives and / or discontinued products), senior leadership transition costs (associated with new and / or terminated senior executive roles), acquisition related costs (legal and consulting fees for recent business acquisitions), and portfolio management (which represents the operating results generated by our processing business which was liquidated in 2023 and our Japan renewables business which was sold in 2023). The aforementioned exclusions along with other adjustments to other income below operating profit are excluded from adjusted EPS. Adjusted EBITDA further excludes interest, taxes, depreciation, amortization and stock compensation expense. In evaluating its business, the Company considers and uses these non-GAAP financial measures as supplemental measures of its operating performance. The Company believes that the presentation of adjusted measures and free cash flows provides meaningful supplemental data to investors that are indicative of the Company’s core operating results and facilitates comparison of operating results across reporting periods as well as comparison with other companies. Adjusted EBITDA and free cash flow are also useful measures of the Company’s ability to service debt and Adjusted EBITDA is one of the measures used for determining the Company’s debt covenant compliance. Special charges are excluded since they may not be considered directly related to the Company’s ongoing business operations. Adjustments to the most directly comparable financial measures presented on a GAAP basis are quantified in the reconciliation of adjusted financial measures excluding special charges provided in the supplemental financial schedules that accompany the earnings news release. These adjusted measures should not be viewed as a substitute for the Company’s GAAP results and may be different than adjusted measures used by other companies and our presentation of non-GAAP financial measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Reconciliations of non-GAAP measures related to full-year 2024 guidance have not been provided due to the unreasonable efforts it would take to provide such reconciliations due to the high variability, complexity and uncertainty with respect to forecasting and quantifying certain amounts that are necessary for such reconciliations.

# SECOND QUARTER 2024 REVIEW

ADJUSTED  
NET SALES

\$353M

-2%

ADJUSTED  
OPERATING  
INCOME

\$47M

-4%

ADJUSTED  
EPS

\$1.18

+3%

ADJUSTED  
EBITDA

\$58M

-3%

FREE CASH  
FLOW

\$32M

9%

## NET SALES

- Residential experienced slower market, Renewables growth was less than plan, Agtech orders have accelerated, and Infrastructure demand as expected
- Expect growth in the 2<sup>nd</sup> half in each segment driven by participation gains

## INCOME & CASH

- Generated \$36 million operating cash flow
- Maintain a strong balance sheet

## PORTFOLIO MANAGEMENT

- Acquisitions performing as expected
- Active acquisition pipeline with discussions in process

## FOCUS

1. Growth, quality of earnings, strong cash performance
2. 80/20 acceleration
3. Digital / IT investment & execution
4. Organization development

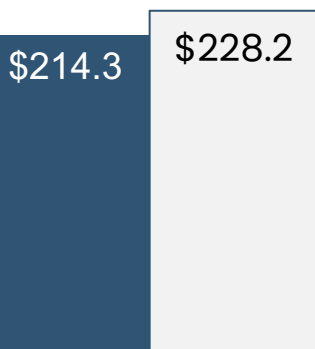


## 2<sup>ND</sup> QUARTER RESULTS

### ADJUSTED PROFIT MEASURES

#### NET SALES\*

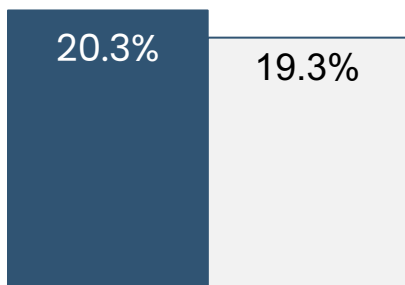
Q2 24      Q2 23



-6.1%

#### OPERATING MARGIN\*

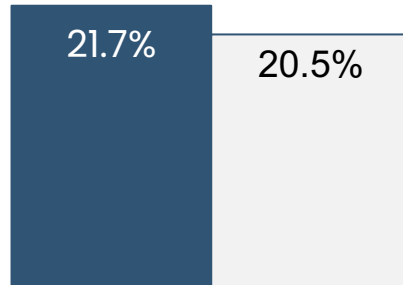
Q2 24      Q2 23



+100 bps

#### EBITDA MARGIN\*

Q2 24      Q2 23



+120 bps

### NET SALES

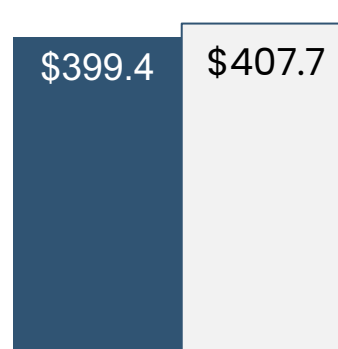
- Down 6.1% as market slowed and channel destocking started in late May / early June
- Participation gains partially offset the market in Q2 and are expected to positively impact the 2nd half as conversions ramp further

## 1<sup>ST</sup> HALF RESULTS

### ADJUSTED PROFIT MEASURES

#### NET SALES\*

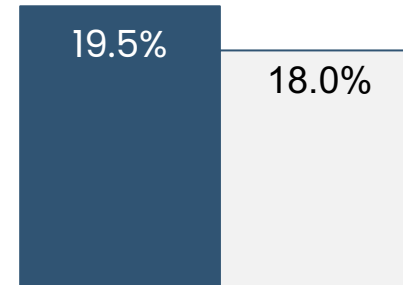
YTD 24      YTD 23



-2.0%

#### OPERATING MARGIN\*

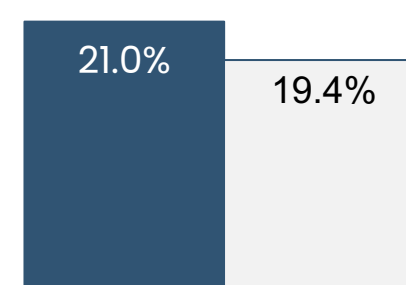
YTD 24      YTD 23



+150 bps

#### EBITDA MARGIN\*

YTD 24      YTD 23



+160 bps

### ADJUSTED OPERATING & EBITDA MARGIN

- Margins up 100 bps through execution, 80/20 and price/cost management
- Expect to deliver margin improvement in 2H

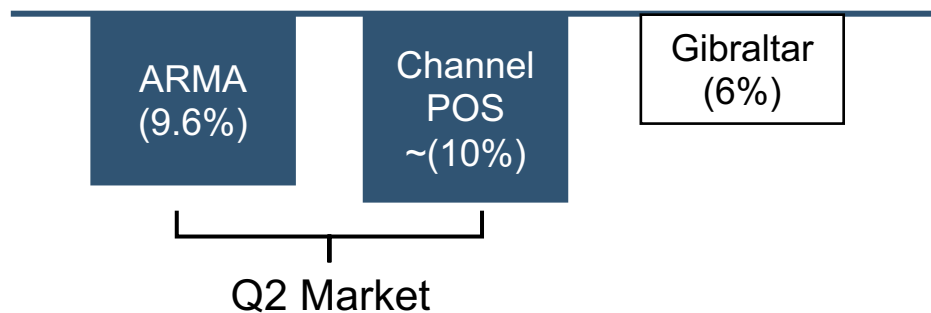
\*Amounts are stated in \$Millions. Refer to appendix in the earnings news release for adjusted measures reconciliations.



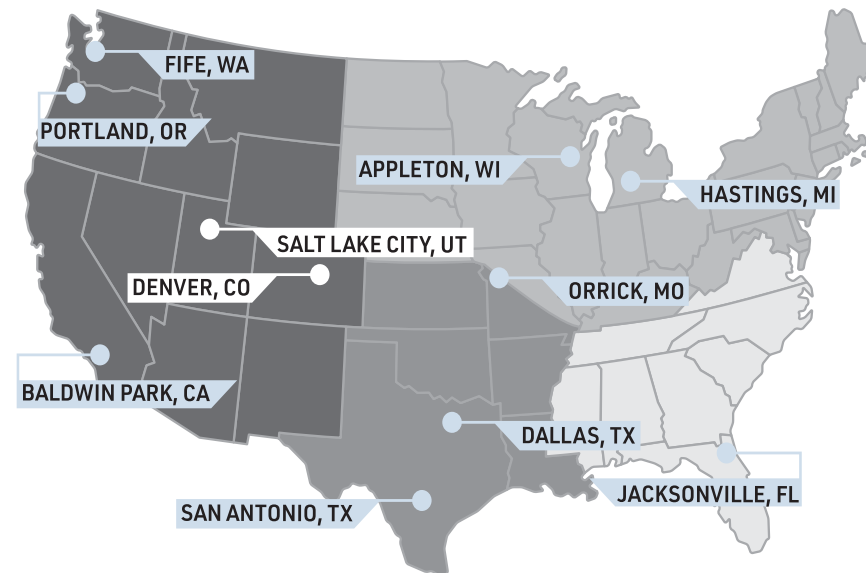
# RESIDENTIAL – MARKET OVERVIEW AND EXPANSION INITIATIVES

## RECENT MARKET DYNAMICS

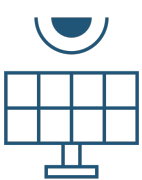
- Market slowed in Q2
  - Point-of-sale results down ~10%
  - ARMA industry shingle shipments down 9.6%
  - Channel destocking started in May – average reduction from ~12 to 9 weeks
- Participation gains partially offset market – and drive 2<sup>nd</sup> half growth in plan



## GEOGRAPHIC EXPANSION – SERVING ONLY 40% OF TOP 32 MARKETS



- Key initiative in driving participation gains
- Next 8 markets identified in key regions – adding 3 locations next 9 months
- Organic and inorganic investment



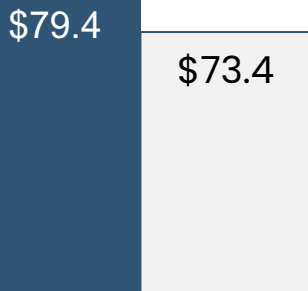
# RENEWABLES

## 2<sup>ND</sup> QUARTER RESULTS

### ADJUSTED PROFIT MEASURES

#### NET SALES\*

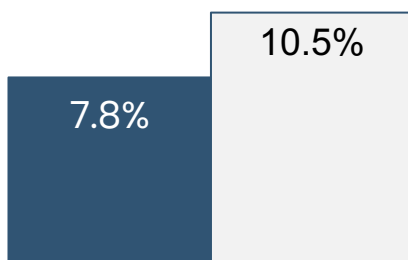
Q2 24      Q2 23



+8.2%

#### OPERATING MARGIN\*

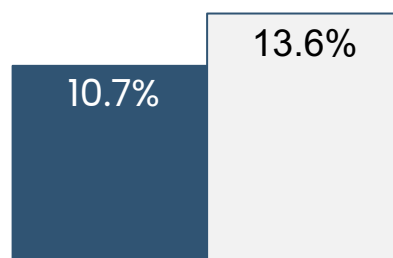
Q2 24      Q2 23



-270 bps

#### EBITDA MARGIN\*

Q2 24      Q2 23



-290 bps

### NET SALES

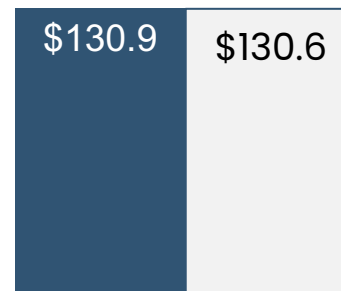
- Increased 8% over prior year and 54% sequentially on acceleration of new 1P tracker technology
- Backlog decreased 10% as some customers paused signing new contracts due to trade and regulatory items specific to their projects
- Working closely with customers as they make changes to project scope, requirements, and schedules due to regulatory environment
- Pipeline remains robust as we enter the 2<sup>nd</sup> half

## 1<sup>ST</sup> HALF RESULTS

### ADJUSTED PROFIT MEASURES

#### NET SALES\*

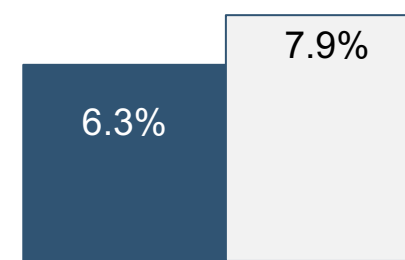
YTD 24      YTD 23



+0.2%

#### OPERATING MARGIN\*

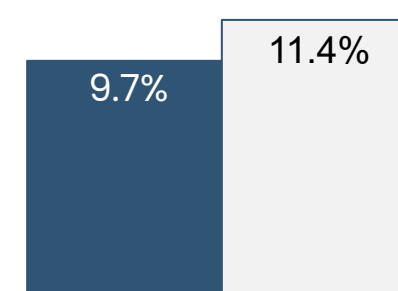
YTD 24      YTD 23



-160 bps

#### EBITDA MARGIN\*

YTD 24      YTD 23



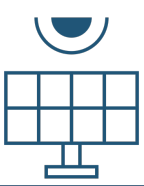
-170 bps

### ADJUSTED OPERATING & EBITDA MARGIN

- Margin down 270 bps related to ramp / learning curve and mix shift to 1P tracker technology
- 1P tracker supply chain and engineering making progress in supporting accelerating demand

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

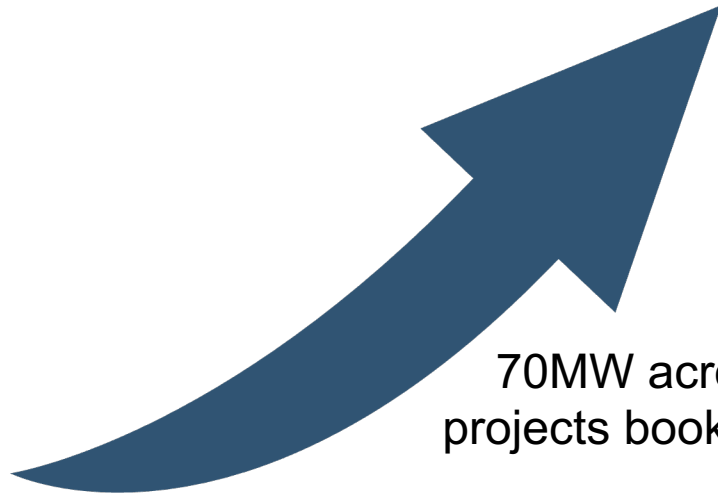




# RENEWABLES – 1P TRACKER CONTINUES TO ACCELERATE IN THE MARKET

## TERRASMART™ TerraTrak

- Booked 300+ MW across 58 projects with 15 different customers since launch
- Actively pursuing >1.2 GW pipeline in the U.S. DG solar market space
- Focused in Northeast and Midwest



70MW across 13 projects booked in Q2

Q4 2023  
Launch

Q2 2024



WEDGE FARM  
3.92MW



ALLIS HILL  
6.4MW

# SOLAR INDUSTRY – Q2 2024 UPDATE

## Module Supply

### Key Dates

### Current Situation / Status

1 UFLPA	Effective June 21, 2022	Ongoing - focus on tier 2 / 3 manufacturers
2 1 <sup>st</sup> AD/CVD investigation	Completed August 2023	Focus shifts to 2 <sup>nd</sup> AD/CVD complaint
3 Presidential Proclamation for AD/CVD	Expired June 2024	AD duty 240% & CVD duty 15% can be applied
4 2 <sup>nd</sup> AD/CVD complaint	Filed April 24, 2024	DOC to issue preliminary determinations 9/23/2024 and 11/20/2024, final 4/4/2025
5 Section 201 bifacial module exemption	Revoked June 26, 2024	90-day grace period – contract date verification required to keep exemption

## Inflation Reduction Act (IRA)

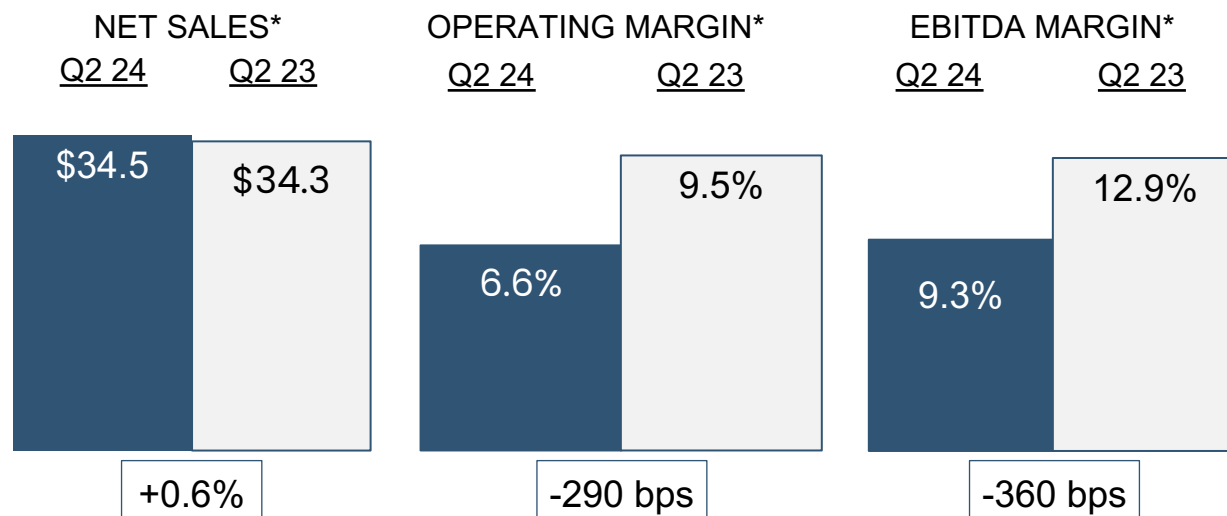
1 24% + 6% base ITC benefit	Effective January 1, 2023	Requires prevailing wage + apprenticeship program
2 45X MPTC	Effective January 1, 2023	Credit starts phasing out after December 31, 2029
3 10% domestic content bonus	Awaiting final guidelines	Treasury / IRS recently created a “New Elective Safe Harbor” to qualify for domestic content bonus

Transmission / Inter-connectivity Infrastructure And Local Permitting Continue To Impact Project Timing



## 2<sup>ND</sup> QUARTER RESULTS

### ADJUSTED PROFIT MEASURES

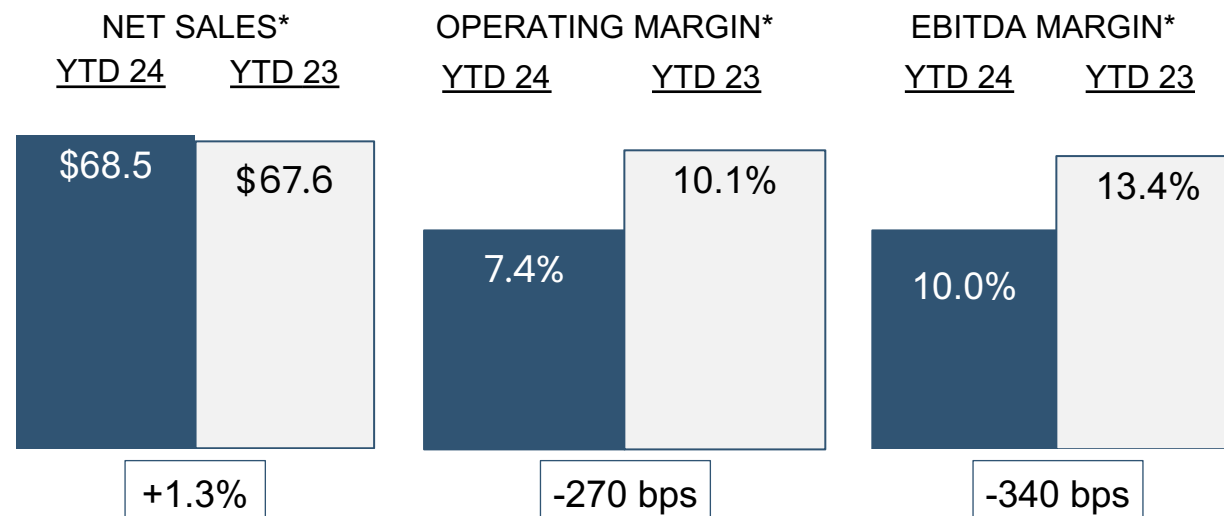


### NET SALES

- Net sales up slightly reflecting recent project starts, with sales accelerating significantly in June versus April and May
- New bookings up nearly 400% from Q1 - backlog increased 32% from prior year and 95% sequentially

## 1<sup>ST</sup> HALF RESULTS

### ADJUSTED PROFIT MEASURES



### ADJUSTED OPERATING & EBITDA MARGIN

- Margin down 290 bps driven primarily project timing and mix
- Produce performance started accelerating in June and is expected to deliver improved margin performance in the 2<sup>nd</sup> half

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



# AGTECH – EXPECT NEW BOOKINGS TO DRIVE STRONG 2<sup>ND</sup> HALF PERFORMANCE



**STRAWBERRIES**

**LETTUCE**



**TOMATOES**



- New projects in design phase support strong future bookings
- Capacity expansion for berries, lettuce, and vine crops driven by Retail and Food Service demand

- \$90M of new bookings secured in Q2 – record for the business
- Some projects started in June and will accelerate in the 2<sup>nd</sup> half



## 2<sup>ND</sup> QUARTER RESULTS

### ADJUSTED PROFIT MEASURES

#### NET SALES\*

#### OPERATING MARGIN\*

#### EBITDA MARGIN\*

Q2 24    Q2 23

Q2 24    Q2 23

Q2 24    Q2 23

\$24.8

\$24.2

25.1%

24.1%

28.3%

27.6%

+2.5%

+100 bps

+70 bps

### NET SALES

- Net sales up 2.5% related to timing of projects
- Backlog down 12% versus prior year – finished very large project early in the quarter - bookings were up 3% sequentially
- Design and quoting activity remain strong, expect bookings to strengthen

## 1<sup>ST</sup> HALF RESULTS

### ADJUSTED PROFIT MEASURES

#### NET SALES\*

#### OPERATING MARGIN\*

#### EBITDA MARGIN\*

YTD 24    YTD 23

YTD 24    YTD 23

YTD 24    YTD 23

\$46.7

\$42.9

23.8%

19.9%

27.3%

23.8%

+8.9%

+390 bps

+350 bps

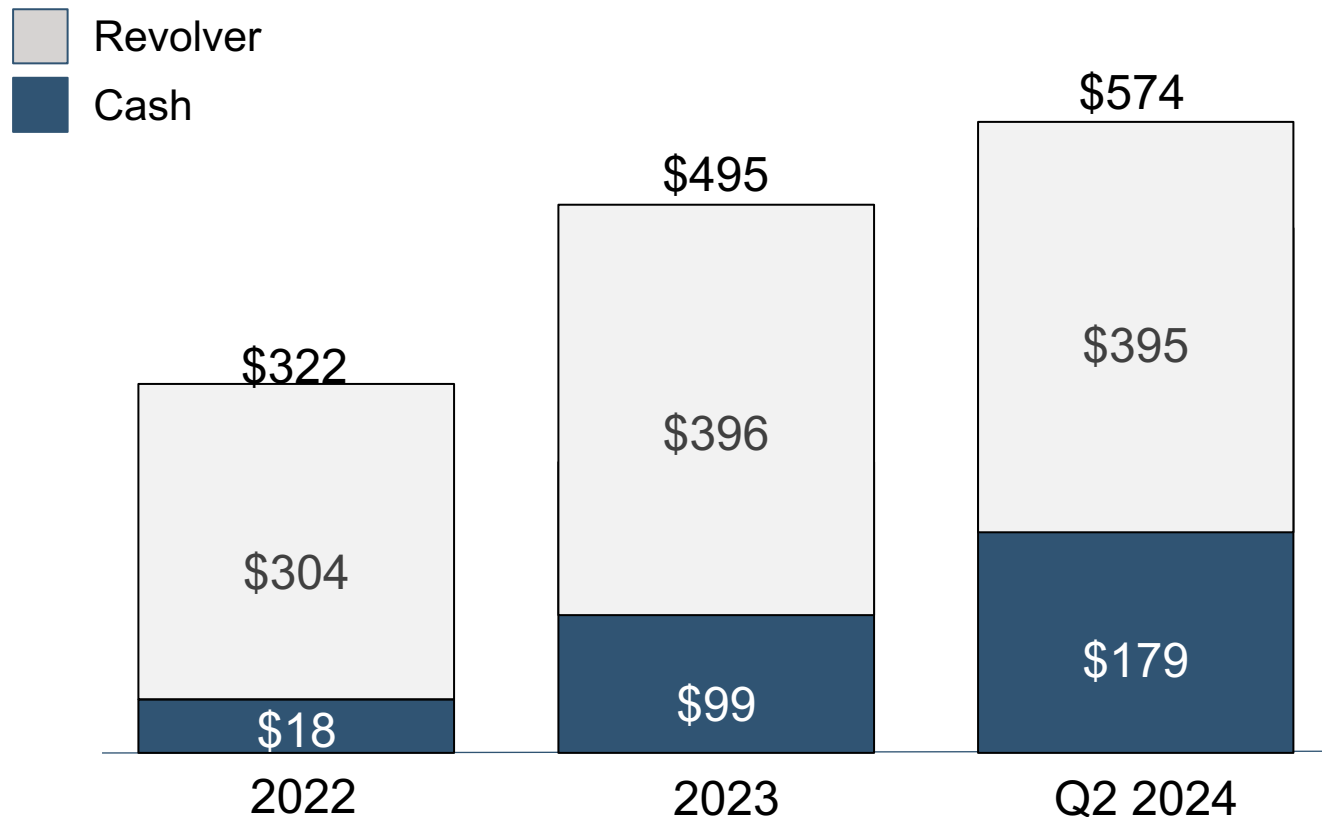
### ADJUSTED OPERATING & EBITDA MARGIN

- Operating margin up 100 bps and EBITDA margin up 70 bps
- Price/cost management, solid execution, 80/20 initiatives and product mix

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

# BALANCE SHEET – FREE CASH FLOW REMAINS STRONG, AMPLE LIQUIDITY

## LIQUIDITY (\$M)



Balance Sheet Remains Unleveraged

## WORKING CAPITAL

### INVESTED CASH OF \$7M

#### Q2 Investment

- AR \$ 27M
- Other Assets \$ 4M

#### Q2 Offset by

- AP \$ 13M
- Other Liabilities \$ 8M
- Inventory \$ 3M

### NO Q2 SHARE REPURCHASES

## FREE CASH FLOW

Q224 FCF\* = 9.1% Net Sales

Expect 2024 FCF ~10% Net Sales

\*FCF = Free Cash Flow. Refer to appendix in the earnings news release for adjusted measures reconciliations.

# 2024 PRIORITIES – REMAIN FOCUSED ON VALUE CREATION

## STRATEGIC PILLARS

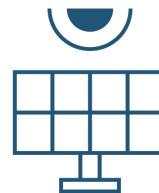
PORTFOLIO  
MANAGEMENT

BUSINESS SYSTEM

ORGANIZATION  
DEVELOPMENT

## GIBRALTAR PLAYBOOK

1. Drive growth, quality of earnings, cash performance, M&A
2. Execute 80 / 20 – win participation, expand margin
3. Digitally transform to scale and optimize operating systems
4. Strengthen the organization
5. Conduct business the right way, every day



## REVISED 2024 GUIDANCE

	<u>2023*</u>	<u>REVISED 2024 GUIDE</u>	<u>VS PRIOR GUIDE</u>	<u>VS PRIOR YEAR</u>
Adjusted Net Sales	\$1.36B	\$1.38– \$1.42B	~ (4%)	~ 3%
Operating Income				
GAAP	\$150.7M	\$161.1 – \$171.4M	~ (7%)	~ 10%
Adjusted	\$173.1M	\$182.8 – \$193.1M	~ (5%)	~ 9%
Adjusted EBITDA	\$209.3M	\$219.9 – \$230.2M	~ (4%)	~ 8%
Operating Margin				
GAAP	10.9%	~ 11.8% – 12.1%	~ (30) bps	~ 105 bps
Adjusted	12.7%	~ 13.3% – 13.6%	~ (15) bps	~ 75 bps
Adjusted EBITDA %	15.4%	~ 15.9% – 16.2%	~ (10) bps	~ 65 bps
GAAP EPS	\$3.59	\$4.04 – \$4.29	--	~ 16%
Adjusted EPS	\$4.09	\$4.57 – \$4.82	--	~ 15%
Free Cash Flow / Sales	15.0%	~ 10.0%	--	~ (500) bps

\*Refer to appendix in the earnings news release for adjusted measures reconciliations.



# GIBRALTAR

July 31, 2024

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