



## Third-Quarter 2017 Earnings Call

November 3, 2017

This presentation should be  
viewed in conjunction with  
Gibraltar's November 3, 2017  
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.*

## **Non-GAAP Financial Data**

*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 gains/losses on sales of assets, restructuring primarily associated with the 80/20 simplification initiative, acquisition-related items, and other reclassifications. These adjustments are shown in the non-GAAP 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 Guidance Beat in 3Q

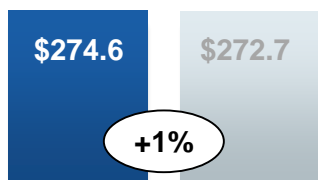
- GAAP EPS \$0.64 vs prior year \$0.43
- Adjusted EPS \$0.67 vs prior year \$0.55
- Strong Residential Products and Improving Renewable Energy & Conservation segments drive solid results
- Four pillar strategy and 80/20 continues to gain momentum
- Raw material costs and I & I market conditions continue to pressure top and bottom lines



# Solid Consolidated Results

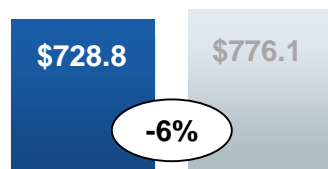
## Revenues

### Quarterly



■ 3Q17 ■ 3Q16

### Year-to-Date



■ YTD2017 ■ YTD2016

## 3Q17 Revenue Highlights

- Residential and Renewable Energy segments offset lower activity in I&I
- Recent acquisitions contribute \$8M in revenue
- \$(17)M of non-recurring revenues

## 3Q17 Operating Income / EPS Highlights

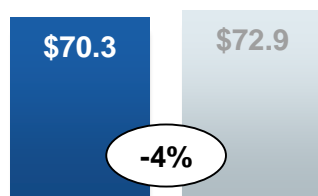
- 80/20 initiatives contribute +190 bps
- Reduction in performance based comp
- Alignment of material costs to pricing continues

## Operating Income\*

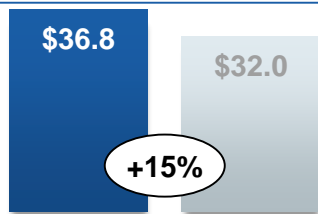
### Quarterly



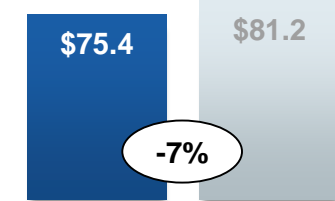
### Year-to-Date



Adjusted



■ 3Q17 ■ 3Q16



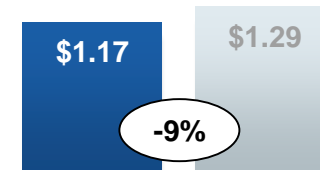
■ YTD 2017 ■ YTD 2016

## Diluted EPS\*

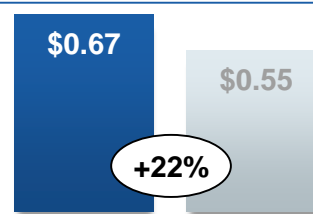
### Quarterly



### Year-to-Date



Adjusted



■ 3Q17 ■ 3Q16

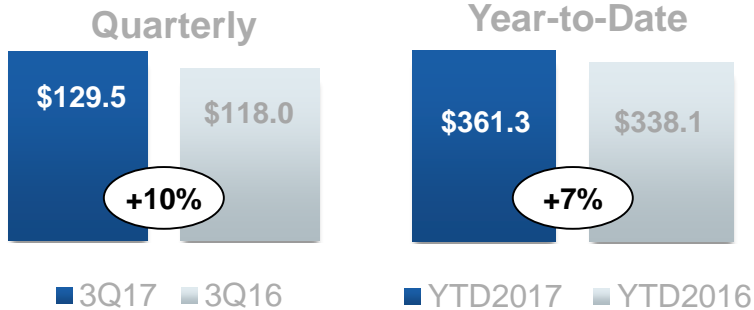


■ YTD 2017 ■ YTD 2016

\*All amounts reported represent continuing operations before special charges. See non-GAAP reconciliations in earnings press release.

# Residential Products Segment

## Revenues



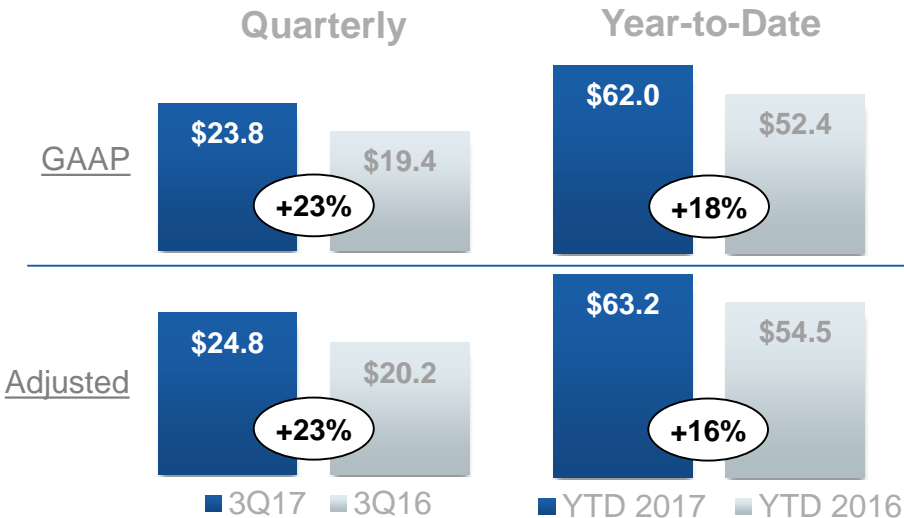
## 3Q17 Revenues

- Continuing improvement in repair & remodel and new housing markets
- Demand for centralized mailboxes & commercial package solutions

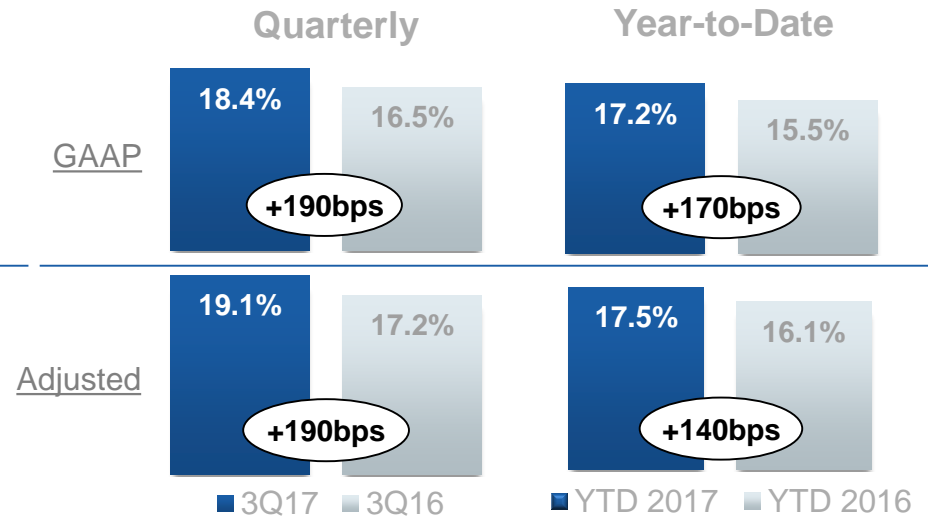
## 3Q17 Operating Income / Margin

- Operational efficiencies from 80/20 initiatives

## Operating Income\*



## Operating Margin\*

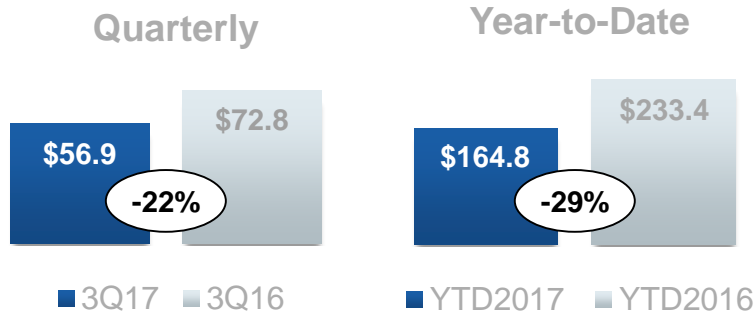


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# Industrial & Infrastructure Products Segment

## Revenues



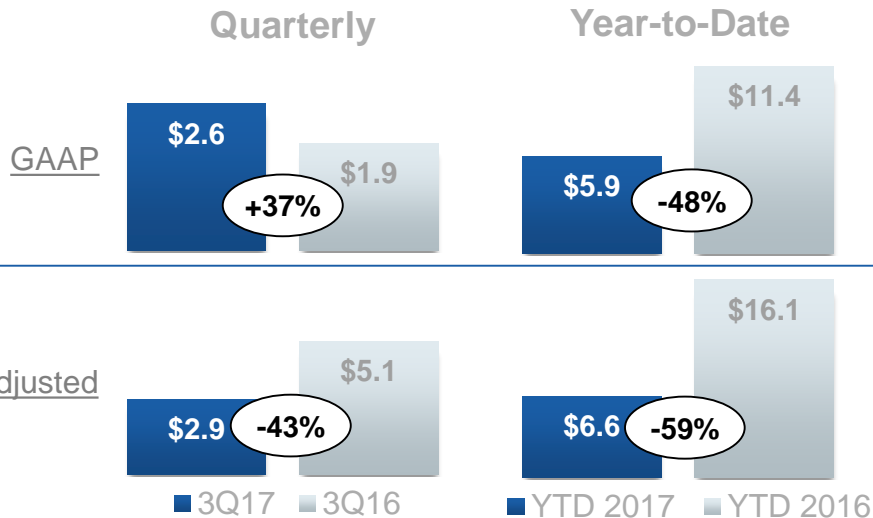
## 3Q Revenues

- Divested US bar grating line; 94% of decline
- Lower activity in Infrastructure marketplace
- Improving Infrastructure backlogs and bookings

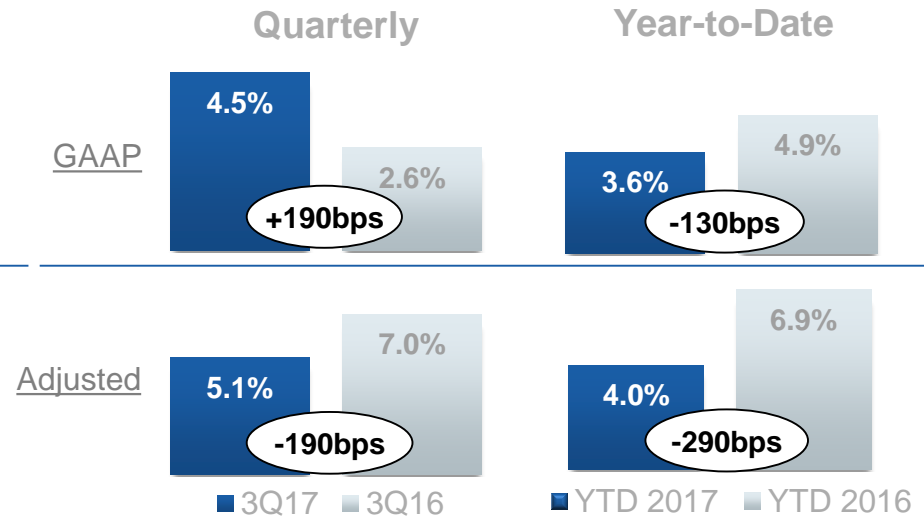
## 3Q Operating Income / Margin

- Continuing 80/20 simplification contributions
- Alignment of material costs to pricing continues

## Operating Income\*



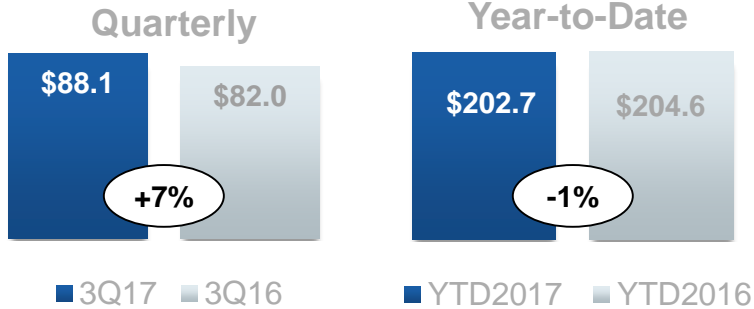
## Operating Margin\*



\*All amounts reported represent continuing operations before special charges. See non-GAAP reconciliations in earnings press release.

# Renewable Energy & Conservation Segment

## Revenues



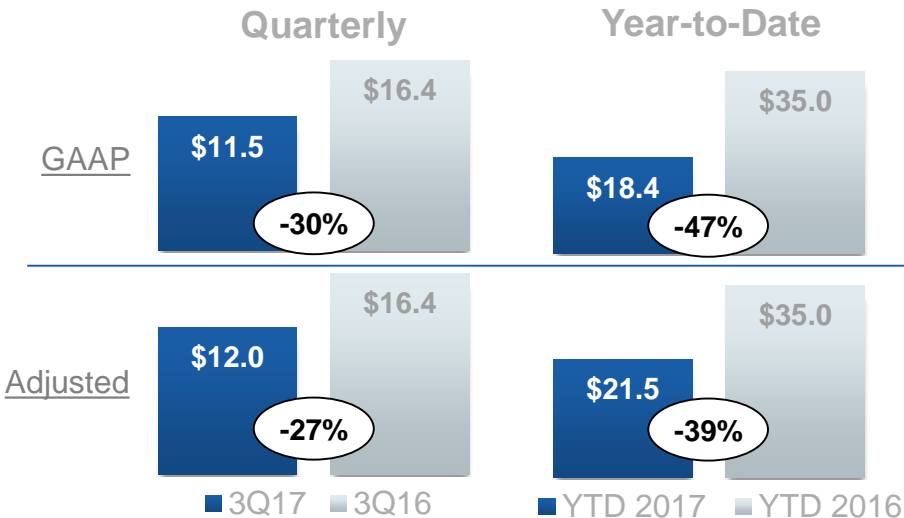
## 3Q Revenues

- Domestic growth offsets international softness
- Nexus acquisition
- European Solar divestiture \$(2)M
- New tracker solution gaining traction

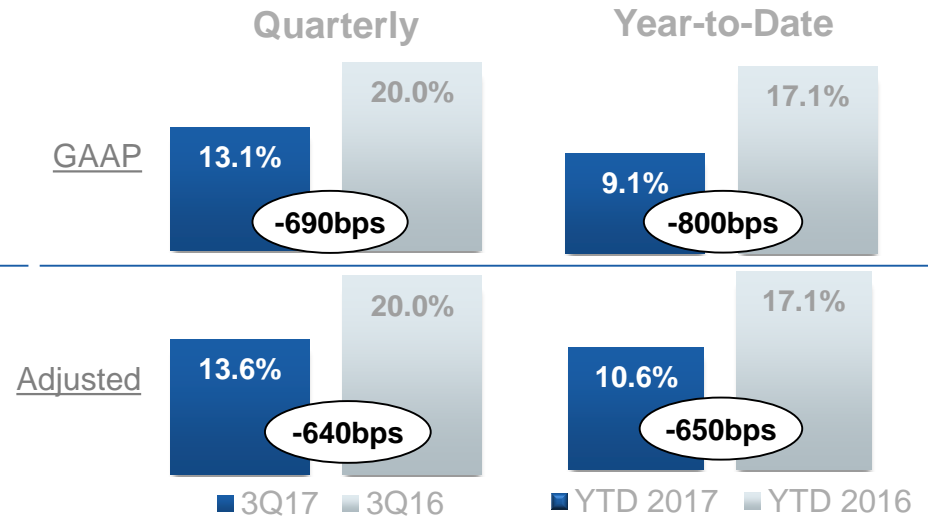
## 3Q Operating Income / Margin

- Alignment of material costs to pricing continues

## Operating Income\*



## Operating Margin\*

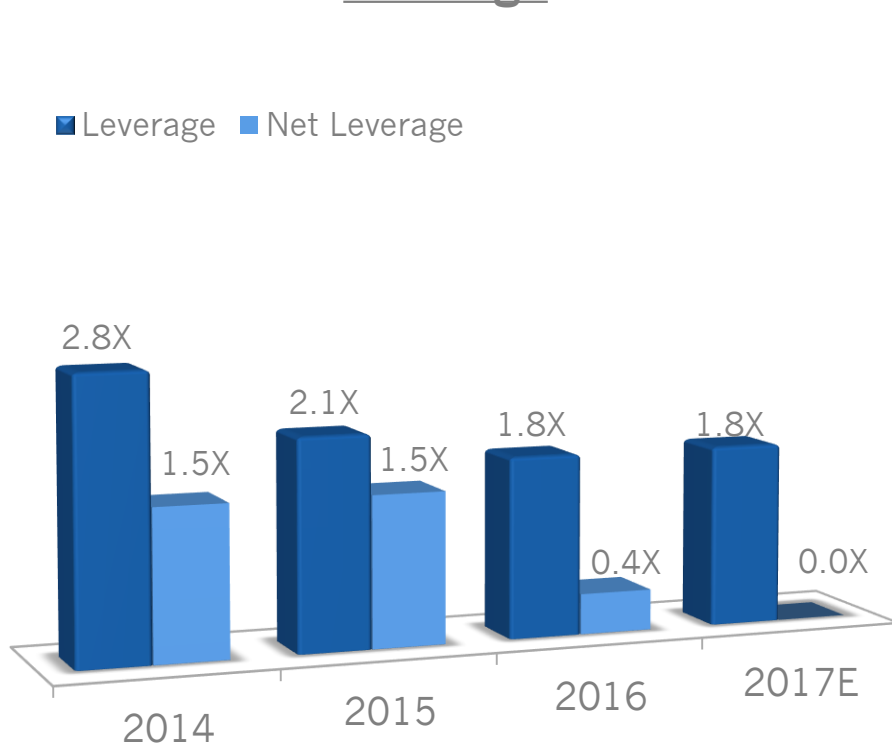


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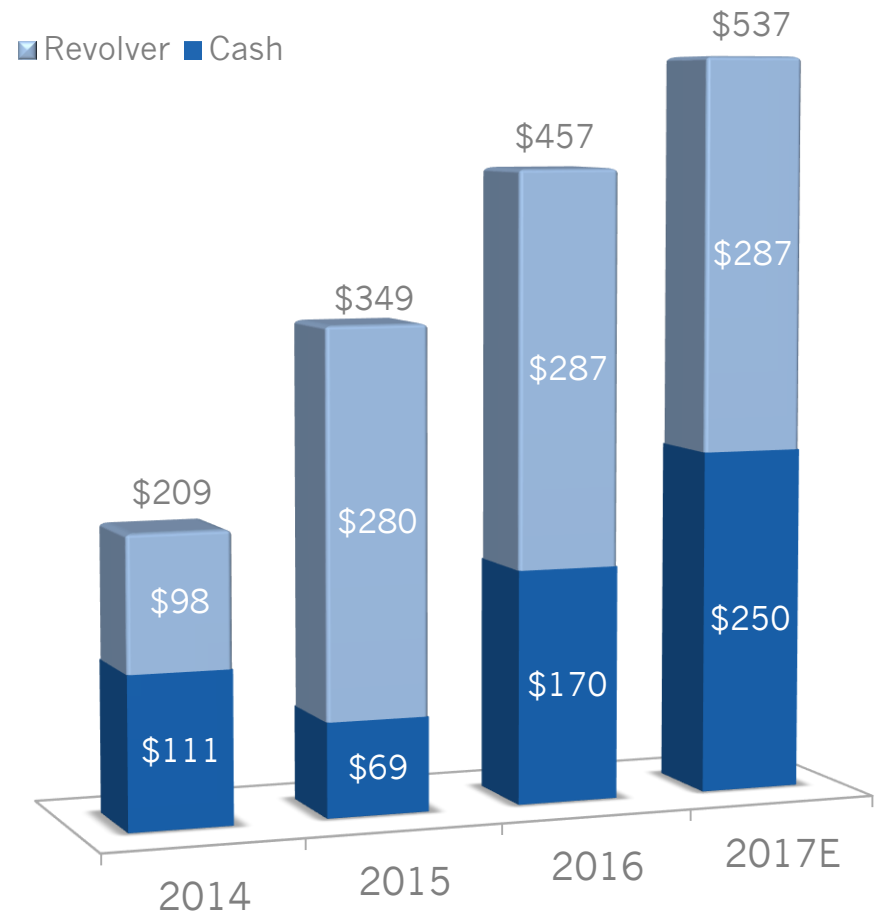
# Capturing the Opportunity

## Acquisitions as Strategic Accelerator

### Leverage



### Liquidity (\$M)





# 4 Pillars Driving Value Creation

## *Driving Transformational Change in Portfolio and Financial Results*

### 1. Operational Excellence

- +190 bps margin improvement in 3Q
- In-lining, MRD, outsourcing projects across segments; 80/20 projects starting in recently acquired businesses

### 2. Portfolio Management

- 2017 Planned actions completed
- Continuous process; remains important part of strategy

### 3. Product Innovation

- Engineered solutions: 2017E revenues include \$18M from new products; 7% from patented products (5% in 2016)
- New products gaining traction

### 4. Acquisitions as a Strategic Accelerator

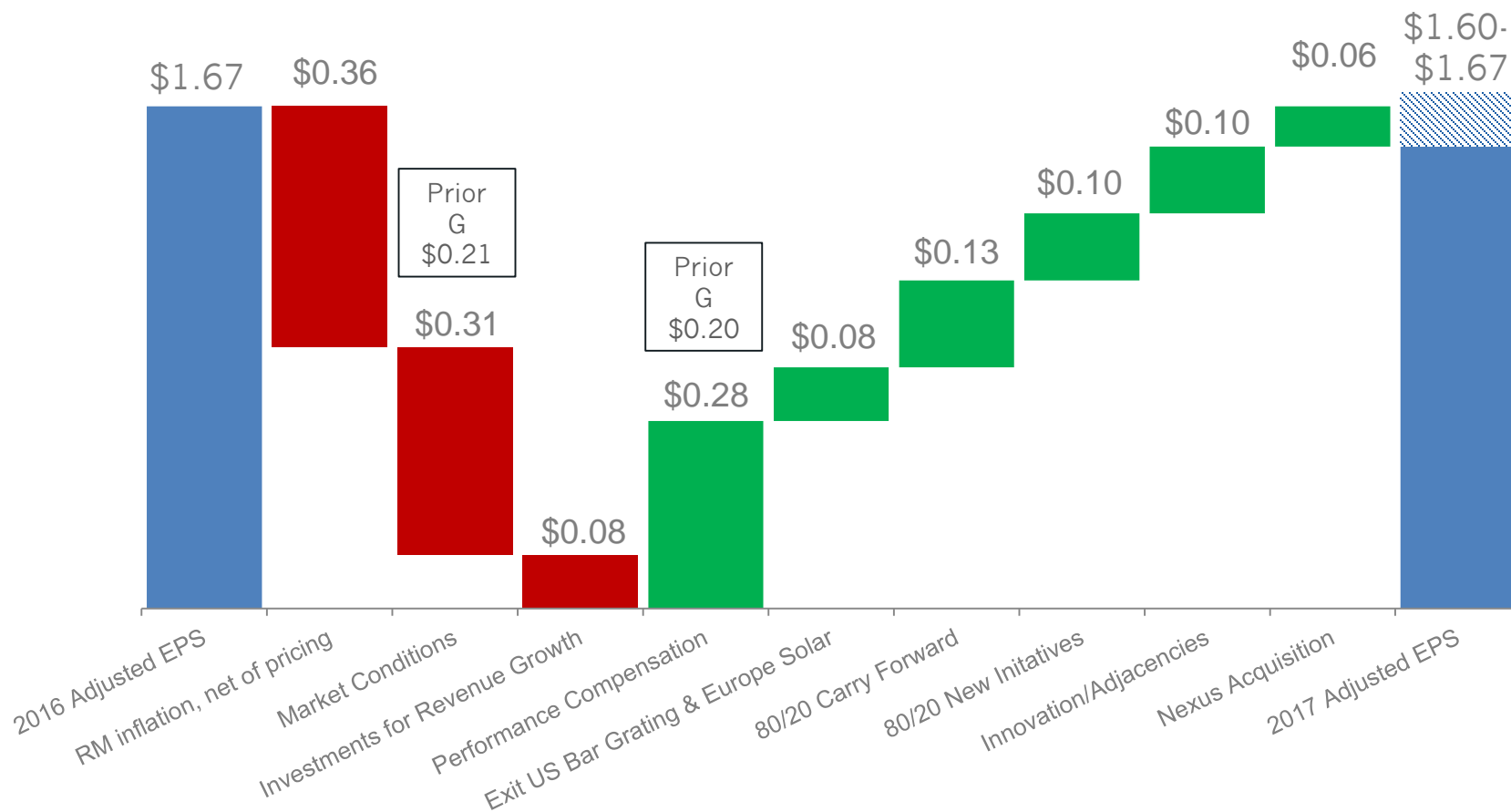
- Nexus & PC integrations underway, contributing as planned
- Continue to seek meaningful acquisitions



# 2017 Guidance

	2016	2017	2017 Assumptions
Revenues	\$1.01B	\$960M – \$965M  Residential: +6%  Industrial & Infrastructure: (27%) (24%) exits, (3)% base  Renew. Energy: +4% (1%) base, (3%) exit, 8% Nexus	<b>Residential:</b> 6% on centralized mail and electronic parcel growth  <b>Industrial &amp; Infrastructure:</b> Divestiture - \$(74)M; exposure to weak oil & gas markets; Lower pricing due to steel market, competitive pressure, continued weak infrastructure end market demand  <b>Renewable Energy &amp; Conservation:</b> Domestic REC growth nearly offsets international weakness
Op. Income* GAAP Adjusted	\$73.5M* \$101.3M*	\$84M to \$88M \$94M to \$98M	Improvement from operational efficiencies and consolidation initiatives
Op. Margin GAAP Adjusted	7.3%* 10.1%*	~8.8 – 9.1% ~9.8 - 10.1%	
GAAP EPS Adjusted EPS	\$1.05 \$1.67	\$1.40 to \$1.47 \$1.60 to \$1.67	
Free Cash Flow/ Sales	+11.1%	~8.0 – 9.0%	Forecasting \$12M of CAPEX in 2017

# 2017 Adjusted Earnings Bridge





Q&A

# Appendix - Ongoing Base Revenues

	<u>Residential</u>	<u>Industrial &amp; Infrastruct.</u>	<u>Renewable Energy</u>	<u>Consolid.</u>	
<b>Q3 2016</b>					
<b>Revenue as reported</b>	\$ 118	\$ 73	\$ 82	\$ 273	
<i>Acquisitions</i>					
Acquisition	\$ -	\$ -	\$ 9	\$ 9	
<b>Proforma</b>	<b>\$ 118</b>	<b>\$ 73</b>	<b>\$ 91</b>	<b>\$ 282</b>	
<i>Business Changes</i>					
EXIT bar grating in U.S.	-	(15)	-	(15)	
EXIT Renusol-GERMANY	-	-	(2)	(2)	
<b>Ongoing Base revenues</b>	<b>118</b>	<b>58</b>	<b>89</b>	<b>265</b>	
<b>Q3 2017</b>					
<b>Revenue as reported</b>	\$ 130	\$ 57	\$ 88	\$ 275	
<i>Acquisitions</i>					
Acquisition	\$ -	\$ -	\$ -	\$ -	
<b>Proforma</b>	<b>\$ 130</b>	<b>\$ 57</b>	<b>\$ 88</b>	<b>\$ 275</b>	
<i>Business Changes</i>					
None	\$ -	\$ -	\$ -	\$ -	
<b>Ongoing Base revenues</b>	<b>130</b> <span style="color: green;">▲</span> 10%	<b>57</b> <span style="color: green;">▲</span> (2%)	<b>88</b> <span style="color: green;">▲</span> (1%)	<b>275</b> <span style="color: green;">▲</span> 4%	

# Appendix – FY Ongoing Base Revenues

	<u>Residential</u>	<u>Industrial &amp; Infrastruct.</u>	<u>Renewable Energy</u>	<u>Consolid.</u>
<b>2016</b>				
<b>Revenue as reported</b>	\$ 431	\$ 295	\$ 282	\$ 1,008
<i>Acquisitions</i>				
Acquisition	\$ 1	\$ -	\$ 22	\$ 23
<b>Proforma</b>	\$ 432	\$ 295	\$ 304	\$ 1,031
<i>Business Changes</i>				
EXIT EMC (Industrial in Europe)	-	(11)	-	(11)
EXIT bar grating in U.S.	-	(63)	-	(63)
EXIT RenuSol-GERMANY	-	-	(9)	(9)
<b>Ongoing Base revenues</b>	<u>432</u>	<u>221</u>	<u>295</u>	<u>948</u>
<b>2017E</b>				
<b>Revenue Midpoint</b>	\$ 455	\$ 215	\$ 292	\$ 962
<i>Acquisitions</i>				
Acquisition	\$ 1	\$ -	\$ -	\$ 1
<b>Proforma</b>	\$ 456	\$ 215	\$ 292	\$ 963
<i>Business Changes</i>				
EXIT RenuSol-GERMANY	-	-	(1)	(1)
<b>Ongoing Base revenues</b>	<u>456</u> <span style="color: green;">▲</span> 6%	<u>215</u> <span style="color: green;">▲</span> -3%	<u>291</u> <span style="color: green;">▲</span> -1%	<u>962</u> 1%