



Fourth-Quarter 2018 Earnings Call

February 21, 2019

This presentation should be viewed in conjunction with Gibraltar's February 21, 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. 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

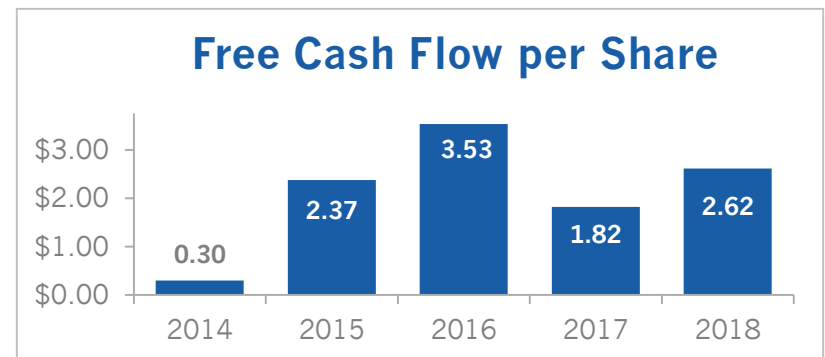
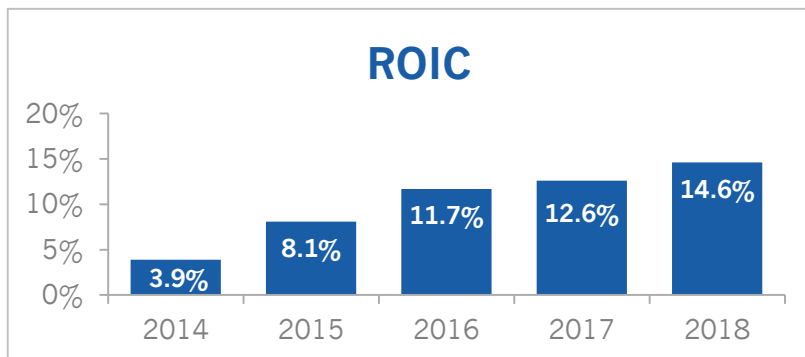
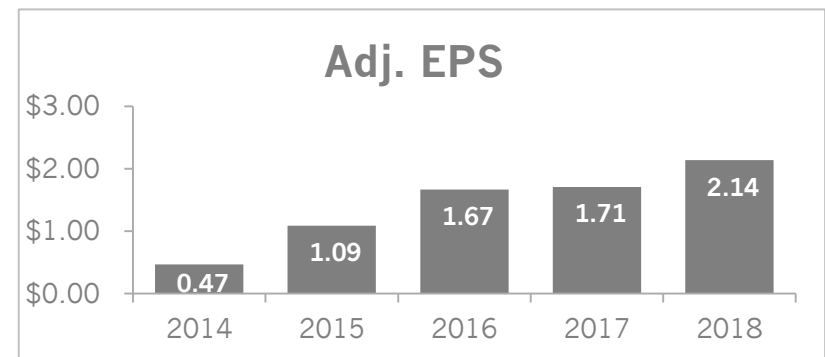
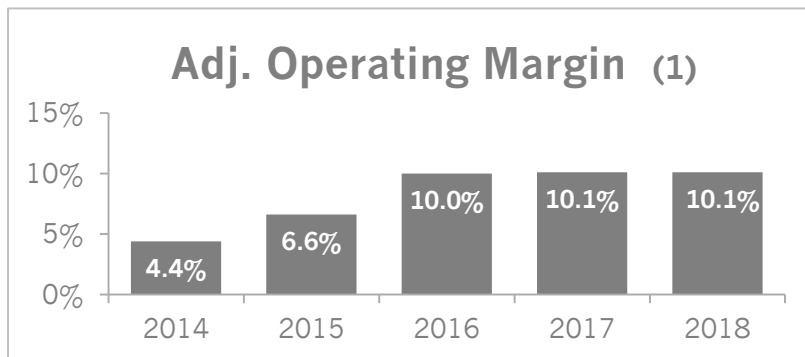
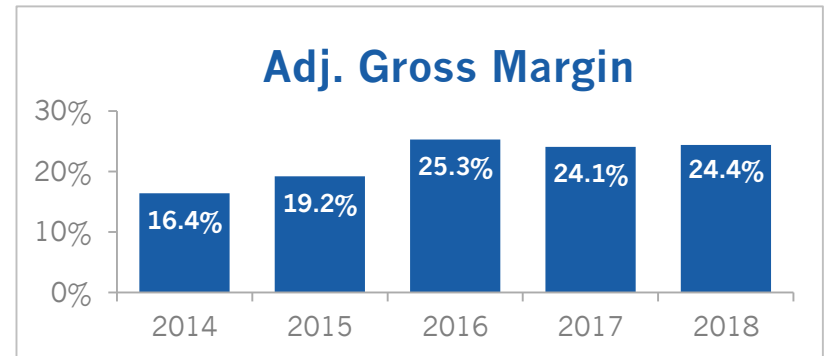
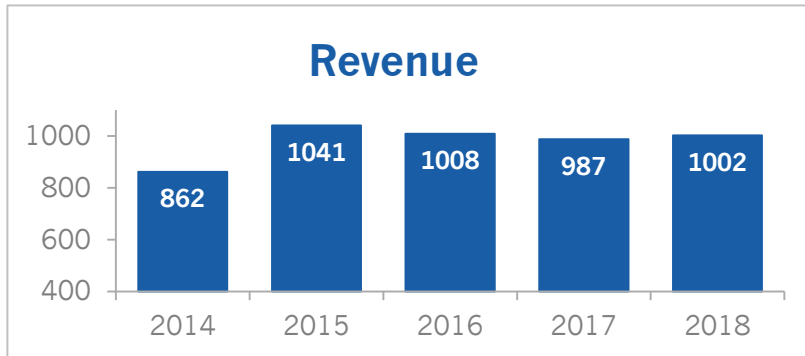
To supplement Gibraltar’s consolidated financial statements presented on a GAAP basis, Gibraltar also presented certain adjusted financial data in this presentation. Adjusted financial data excluded special charges consisting of restructuring costs primarily associated with the 80/20 simplification initiative, acquisition-related items, and other reclassifications including the impact of the recent tax reform. 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.

GAAP and Adjusted EPS exceeds Q4 Guidance

- Revenues \$240.9 vs prior year \$258.1 in line with guidance
- GAAP EPS \$0.40 vs prior year \$0.78, exceeding guidance range
- Adjusted EPS \$0.47 vs prior year \$0.41, exceeding guidance range
- Announced repayment of Senior Subordinated 6.25% Notes; anticipated annualized savings of \$13 million in interest payments
- Recovered continuing raw material cost volatility with price increases; benefitted from 80/20 operational excellence initiatives



YEAR 4: Continued Progress

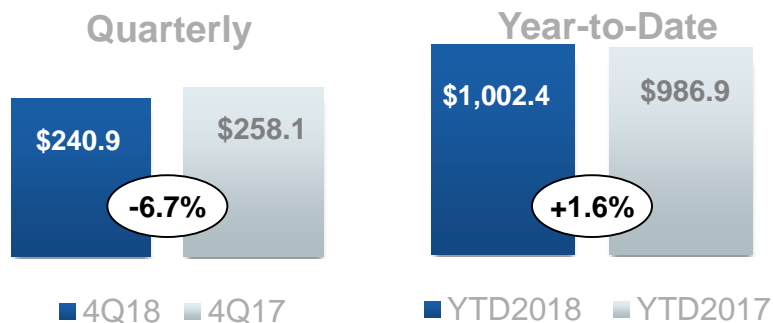


(1) 2015 includes non-operating gains from hedging programs.

All amounts reported represent continuing operations before special charges. See reconciliations of Adjusted Financial Measures in earnings press release.

Solid Consolidated Results

Revenues



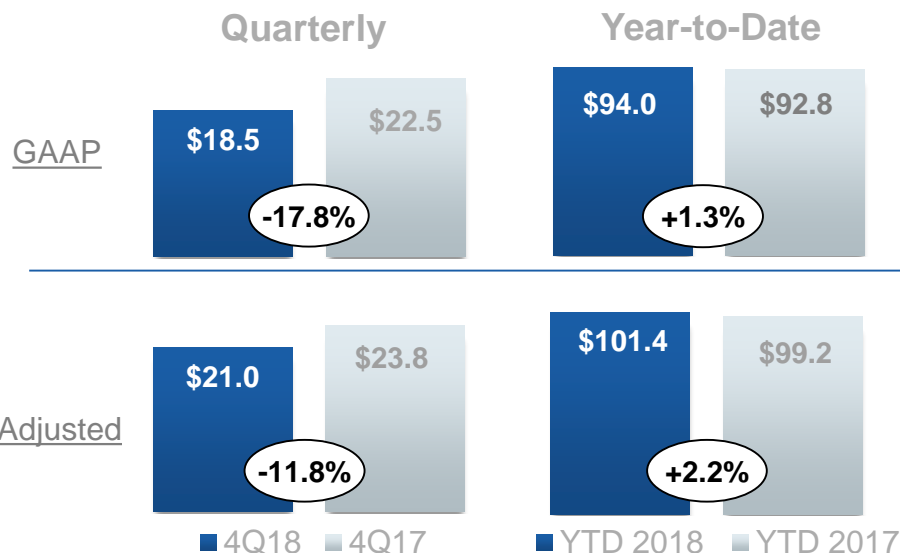
4Q18 Revenue Highlights

- Continued demand for innovative products
- Unfavorable comparisons in Residential and REC segments from extended 2017 construction seasons

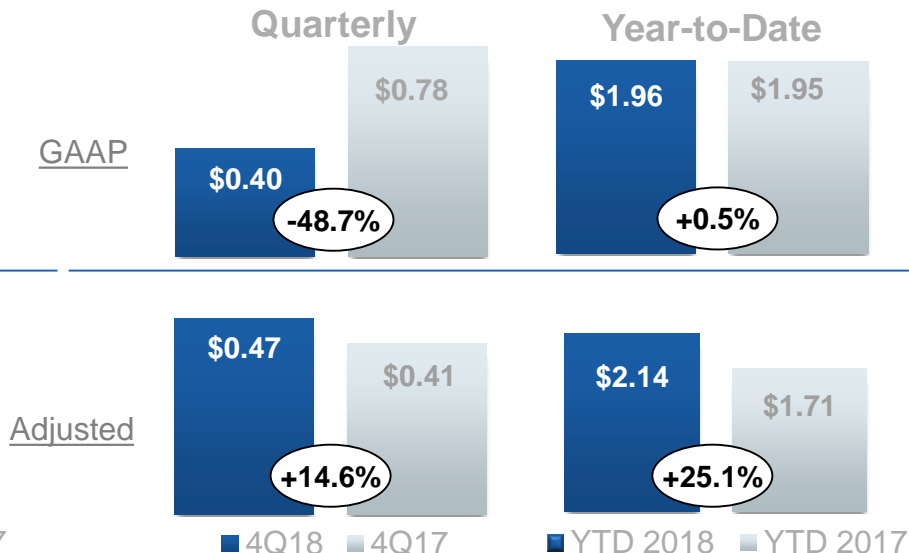
4Q18 Operating Income / EPS Highlights

- Growth in Industrial & Infrastructure segment
- Effective price / material cost management
- Contribution from 80/20 initiatives

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

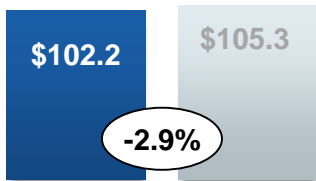
4Q18 Revenues

- Unfavorable comparison from extended roofing activity season and storm-related activity in 2017
- Softer multi-family market activity levels

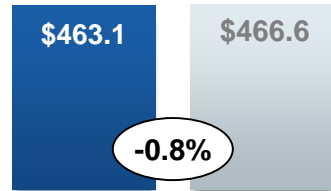
4Q18 Operating Income / Margin

- Unfavorable product mix & volume leverage
- Partially offset by benefits from 80/20 simplification initiatives

Quarterly



Year-to-Date



■ 4Q18 ■ 4Q17

■ YTD2018 ■ YTD2017

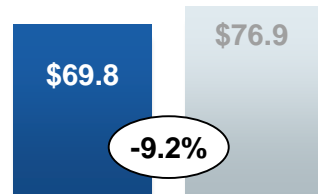
Operating Income*

Operating Margin*

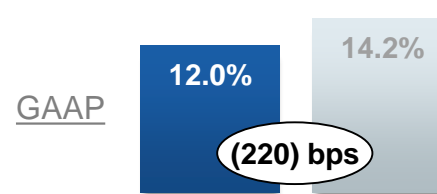
Quarterly



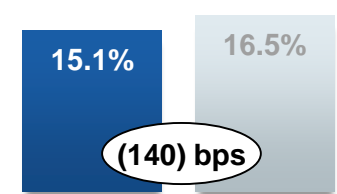
Year-to-Date



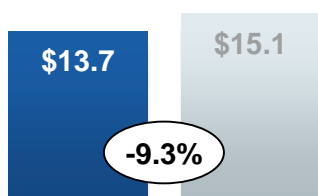
Quarterly



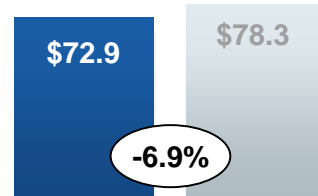
Year-to-Date



Adjusted

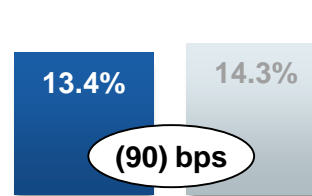


■ 4Q18 ■ 4Q17

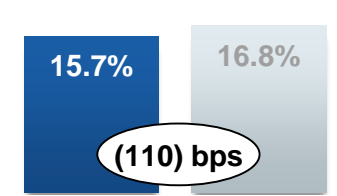


■ YTD 2018 ■ YTD 2017

Adjusted



■ 4Q18 ■ 4Q17

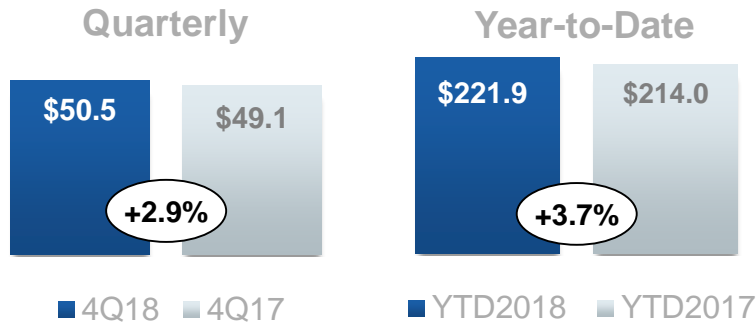


■ YTD 2018 ■ YTD 2017

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

Industrial & Infrastructure Products Segment

Revenues



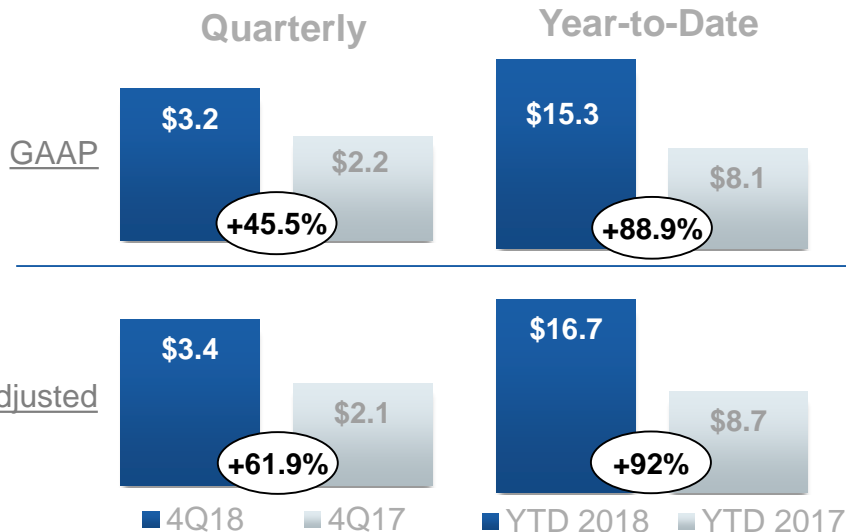
4Q18 Revenues

- Increased infrastructure project activity

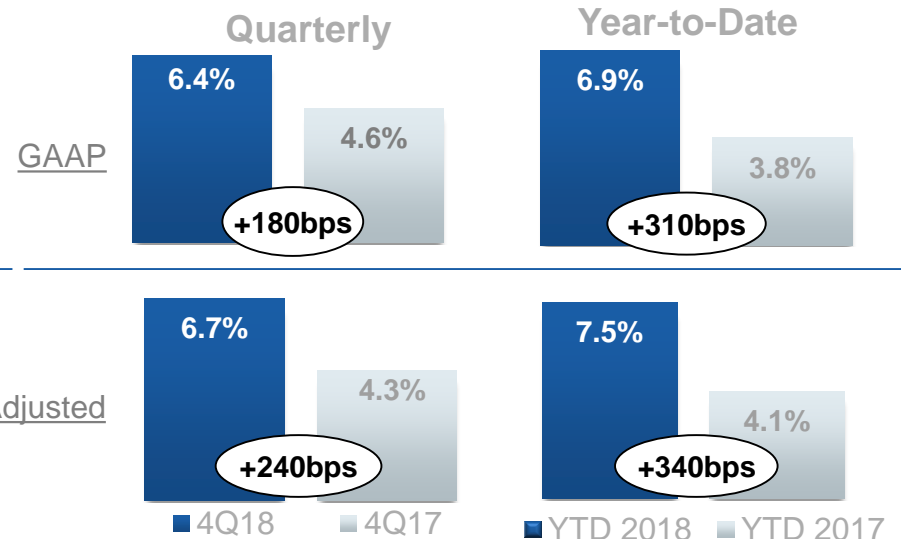
4Q18 Operating Income / Margin

- Improved product mix
- Effective price / material cost management
- Benefit from 80/20 simplification initiatives

Operating Income*



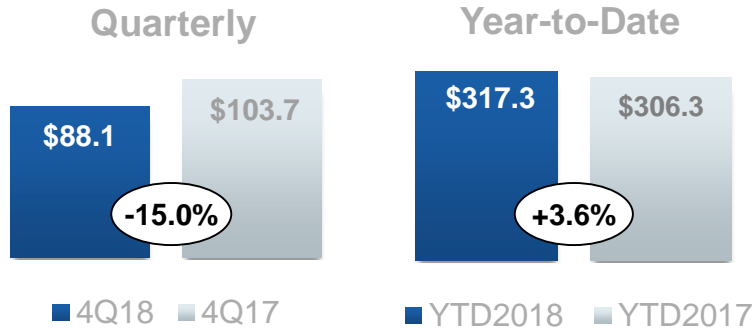
Operating Margin*



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

Renewable Energy & Conservation Segment

Revenues



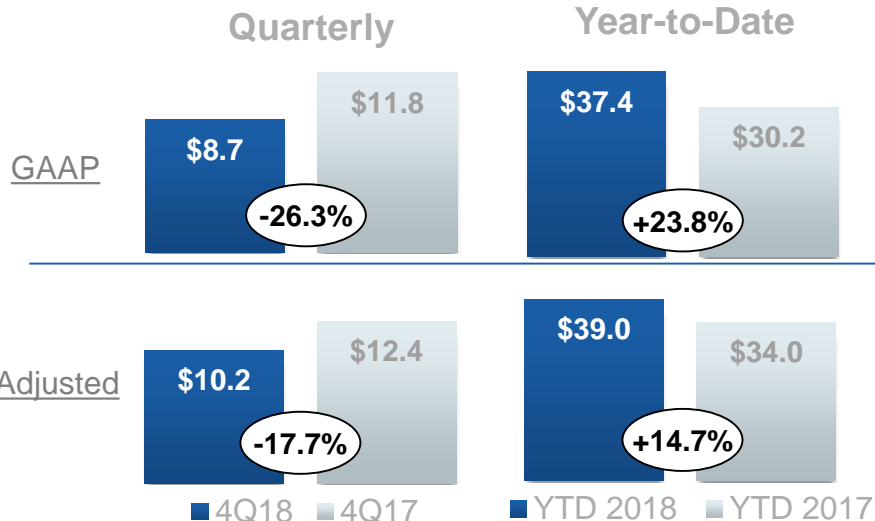
4Q18 Revenues

- Unfavorable comparison from extended construction season in 2017
- Continued demand for solar tracker solution

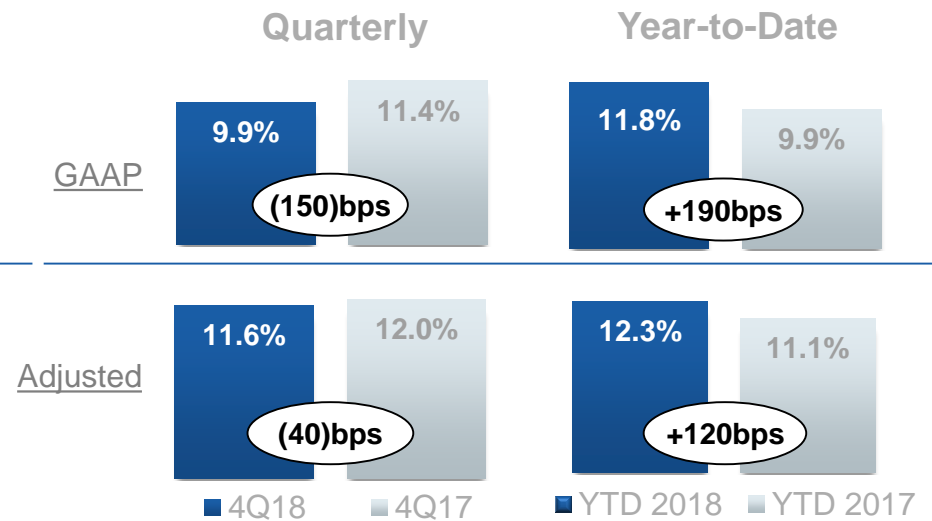
4Q18 Operating Income / Margin

- Unfavorable volume and product mix
- Benefit from 80/20 simplification initiatives
- Effective price / material cost management

Operating Income*



Operating Margin*



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

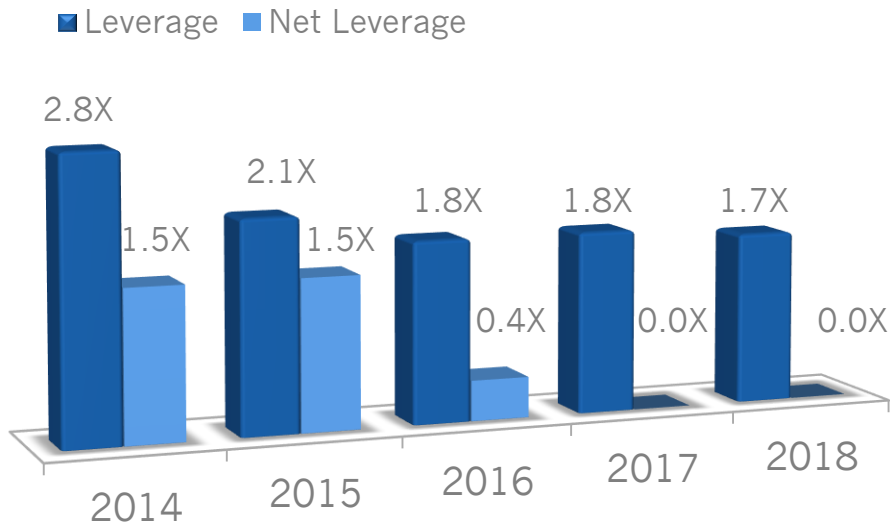
Capturing the Opportunity

Acquisitions as Strategic Accelerator

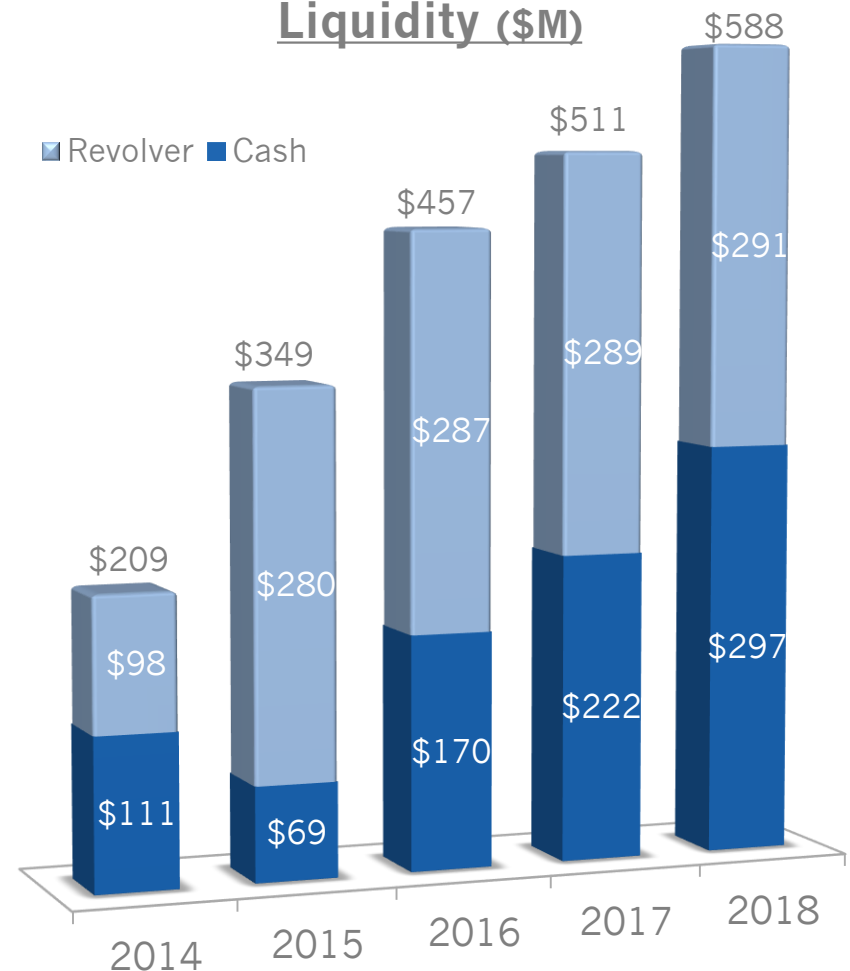
New Credit Facility announced in January

- \$400M, 5-year revolving credit facility, replaces \$300M credit agreement due December 2020
- Enhanced flexibility for capital allocation

Leverage



Liquidity (\$M)



4 Pillars Driving Value Creation

Driving Transformational Change in Portfolio and Financial Results

1. Operational Excellence

- Continued benefit in Q4
- Ongoing simplification across segments; key in-lining, MRD, outsourcing projects in progress
- Advancing trade focus selling and marketing initiatives
- Necessary foundation to foster innovation



2. Product Innovation

- Engineered solutions: 4Q revenues include \$30M from new products; 11% from patented products in 2018
- New products gaining traction and contributing to revenues across segments
- Aligning talent, resources, business models and sales channels

3. Portfolio Management

- Continuous process; remains important part of strategy

4. Acquisitions as a Strategic Accelerator

- Acquired SolarBos, expected to be accretive in 2019
- Continue to seek meaningful acquisitions
- Primary focus for capital allocation



2019 Guidance

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



Q&A

APPENDIX:

Free Cash Flow Reconciliation

(unaudited) / (in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net cash provided by operating activities	\$ 32,542	\$ 87,221	\$ 123,987	\$ 70,070	\$ 97,545
Capital expenditures	<u>(23,291)</u>	<u>(12,373)</u>	<u>(10,779)</u>	<u>(11,399)</u>	<u>(12,457)</u>
Free cash flow	\$ 9,251	\$ 74,848	\$ 113,208	\$ 58,671	\$ 85,088
Average diluted shares outstanding	<u>31,066</u>	<u>31,545</u>	<u>32,069</u>	<u>32,250</u>	<u>32,534</u>
Free cash flow per share	<u>\$ 0.30</u>	<u>\$ 2.37</u>	<u>\$ 3.53</u>	<u>\$ 1.82</u>	<u>\$ 2.62</u>

Adjusted Gross Margin Reconciliation

(unaudited) / (in thousands)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
GAAP gross profit	\$ 140,045	\$ 186,976	\$ 244,762	\$ 236,544	\$ 242,360
Restructuring, acquisition & other 1x charges	<u>1,049</u>	<u>12,867</u>	<u>10,003</u>	<u>911</u>	<u>1,906</u>
Adjusted gross profit	<u>\$ 141,094</u>	<u>\$ 199,843</u>	<u>\$ 254,765</u>	<u>\$ 237,455</u>	<u>\$ 244,266</u>
Net sales	<u>\$ 862,087</u>	<u>\$ 1,040,873</u>	<u>\$ 1,007,981</u>	<u>\$ 986,918</u>	<u>\$ 1,002,372</u>
Adjusted gross margin	<u>16.4%</u>	<u>19.2%</u>	<u>25.3%</u>	<u>24.1%</u>	<u>24.4%</u>

ROIC Calculation Reconciliation

(unaudited) / (in thousands)

	2014	2015	2016	2017	2018
Net(Loss) /Income - GAAP	\$ (81,792)	\$ 23,476	\$ 33,719	\$ 62,965	\$ 63,809
Adjustments for special charges, net of taxes	96,359	10,917	19,922	4,876	5,737
Tax reform transition adjustment	-	-	-	(12,535)	225
Adjusted Net Income	<u>\$ 14,567</u>	<u>\$ 34,393</u>	<u>\$ 53,641</u>	<u>\$ 55,306</u>	<u>\$ 69,771</u>
Tax effected interest expense	<u>8,938</u>	<u>9,493</u>	<u>9,032</u>	<u>9,205</u>	<u>9,260</u>
Adjusted net income before interest	<u>\$ 23,505</u>	<u>\$ 43,886</u>	<u>\$ 62,673</u>	<u>\$ 64,511</u>	<u>\$ 79,031</u>
Average adjusted invested capital (1)	<u>\$ 600,962</u>	<u>\$ 541,176</u>	<u>\$ 534,030</u>	<u>\$ 511,112</u>	<u>\$541,823</u>
Return on invested capital	3.9%	8.1%	11.7%	12.6%	14.6%

(1) Average adjusted invested capital was based on the 13-month average of total stockholders' equity adjusted for special charges plus net debt for the period ended December 31.