Q2 2025 Earnings Call ***(Corrected version)***

Event Details

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Company: Gibraltar Industries, Inc.
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Company Participants

Carolyn Capaccio - Alliance Advisors, Senior Vice President
William T. Bosway - Gibraltar Industries, Inc., Chairman, President & Chief Executive Officer
Joseph Allen Lovechio - Gibraltar Industries, Inc., Chief Financial Officer

Other Participants

Daniel Moore - Analyst
Walter Liptak - Analyst
Julio Romero - Analyst

MANAGEMENT DISCUSSION SECTION

Operator

Good morning, ladies and gentlemen, and welcome to the Gibraltar Industries Second Quarter 2025 Financial Results Conference Call. At this time, all lines are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. This call is being recorded on Wednesday, August 6, 2025.

I would now like to turn the conference over to Carolyn Capaccio of Alliance Advisors IR. Please go ahead.

Carolyn Capaccio

Thank you, Joanna. Good morning, everyone, and thank you for joining us today. With me on the call is Bill Bosway, Gibraltar Industries' Chairman, President and Chief Executive Officer; and Joe Lovechio, Gibraltar's Chief Financial Officer. The earnings press release was issued this morning as well as the slide 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. Further, please note that continuing operations exclude net sales and operating results of the Renewables business, which has been classified as held-for-sale and as a discontinued operation, and that adjusted results exclude the net sales and operating results of the residential electronic locker business, which was sold on December 17, 2024.

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 T. Bosway

Thanks, Carolyn. Good morning, everyone, and thank you for joining today's call. We're going to take you through our second quarter results. Then we're going to review our guidance for continuing operations, which we are establishing today, and then we'll open the call for questions.

Before we review second quarter results, I would like to discuss our recent announcement to strategically shift more focus to our building products and structures businesses. So let's turn to Slide 3. As part of our ongoing strategic assessment and portfolio evaluation process, we continuously assess the overall attractiveness and key drivers of the end markets we're participating in as well as our ability to extract value and generate returns in each of these end markets.

As in previous years, our business units kicked off their annual market assessments and, in parallel, we asked two separate advisory firms to also conduct assessments of each of our end markets and our respective businesses. We reviewed our findings and recommendations with the board in early 2025 and received approval to move forward with our – with executing overall plan. So on June 30, we announced our plan to simplify the portfolio and focus on building products, which really covers our Residential business, and focus on structures markets, which really covers our both Agtech and Infrastructure businesses.

And as part of the overall plan, the Renewables segment has been classified as discontinued operations and held-for-sale. We do anticipate a simpler portfolio with the right resources and capital focused on these markets will yield stronger growth, margin expansion and cash flow performance, which will drive higher returns for our shareholders. For example, since 2023, when excluding Renewables, our continuing operations have delivered solid and steady adjusted operating and EBITDA margin improvement despite a slower residential building products end market, which now represents just over 70% of Gibraltar's total revenue.

That being said, we are very excited to focus more on the building products and structures end markets, markets we find attractive where we can build a leading position and participate across the broader value chain, markets which also have attractive revenue and profit pools with multiple avenues for growth, and markets driven by core fundamental demand drivers with opportunity to satisfy basic needs and solve big problems. And finally, markets that have long runways for value creation.

We are making this transition and we are currently outpacing our end markets via participation gains through localized expansion initiatives and new products serving both existing and new customers. To date, in 2025, we have invested $208 million in selective M&A to build presence and scale our core competencies in these end markets with more to come.

Now let's turn to Slide 4 and we'll talk about our second quarter results. We executed well in the second quarter and delivered 14% adjusted sales growth, which reflects strong contributions from our acquired metal roofing and structures businesses, additional participation gains in building accessories and growth in infrastructure. These gains collectively offset project start delays in Agtech and ongoing market softness impacting our residential mail and package business.

Overall, end market trends and demand remain consistent in Residential and we continue to gain participation in both retail and wholesaler channels. As well, in our project-based businesses, Agtech and Infrastructure backlog increased 43% to $278 million. Adjusted operating income and EBITDA margin were 14.5% and 17.8%, respectively, and adjusted EPS increased 11% over last year. We generated $44 million in operating cash flow and $25 million in free cash flow as we funded key capital initiatives in each of our businesses.

With respect to portfolio management, we announced in June that our Board of Directors approved our plan to sell the Renewables business. The sale process is active and discussions are ongoing with various potential buyers and we are targeting to complete the sale by year-end. As previously mentioned, we invested $208 million in selective M&A since January and our pipeline of additional M&A opportunities is very active, particularly in the Building Products segment.

Now let's review the business segments and Joe will start with Residential.

Joseph Allen Lovechio

Thanks, Bill, and good morning, everyone. Let's start with Residential on Slide 5. Adjusted net sales for our Residential segment increased by $18.8 million, or 8.9%, driven by our metal roofing business, which was acquired at the very end of Q1. Organic revenue was down less than 1%, driven by participation gains in building accessories as we continue to expand into more local markets and benefit from new products launched last year. Strength in building accessories was offset by slowness in the mail and package end market, which is driven mainly by lower new construction starts in 2024.

Now turning to margins. Adjusted operating and EBITDA margins decreased 90 basis points and 60 basis points, respectively, remaining at strong levels with improvement in contribution from building accessories and metal roofing, which offset the impact from lower volume in mail and package. We continue to execute well and drive profitability benefits from 80/20 initiatives and we remain on track to complete all business system conversions in 2026.

William T. Bosway

So, guys, let's move to Slide 6 and I'll give you an update on the residential market and some new activity in our expansion initiatives. So the residential market continues to be down versus 2024, both in the quarter and on a year-to-date basis. I think, as everyone knows, housing affordability and interest rate levels continue to weigh on new and existing home sales in multiple regions. That being said, we are seeing home prices come down and inventory of homes increase in certain regions as well.

From a channel perspective, retailer point-of-sale results in the quarter reflect roofing accessories were down between 5% and 6% with some states and regions down more than others. As well, ARMA reported shingle shipments to distribution for the quarter were down 4.3% and the Independent Distributor Alliance Corporation, the IDAC, survey reflected sales from distribution to contractors down a similar amount. But for us, overall, building accessories, which correlates closely with the roofing accessories market, was actually up 2.3% during the quarter, driven by participation gains and the impact of new products.

As we experienced in the first quarter, we believe we outpaced end market demand and we will remain focused on driving more participation in the second half of the year. And when the end market returns to growth, we will be in an even better position to accelerate our business. Our mail and package product sales specifically for – our centralized mail solutions were down just over 7% in the quarter. Historically, given a centralized mail system is one of the last things installed in multi-family property, we tend to see revenue about one year after a new build has been started.

To put this in perspective, in 2024, starts for multifamily new construction reported down over 35%, which has resulted in less demand and revenue for us in 2025. Given our sales were down 7% in a market down over 35% demonstrates our team's ability to drive significant participation gains in challenging market conditions.

We also remain active in our local market expansion initiative and recently added another location in Oklahoma City through the acquisition of Gideon Steel Panel supply. Gideon's last 12 months of revenue were approximately $10 million with EBITDA margins of 20%. Gideon is a leading provider of metal roofing systems and roofing accessories in the OKC market, and we are excited to have the leadership team stay on board and drive future growth and profitability.

To date, in 2025, we have entered nine new locations through either organic or M&A investment and we expect to expand our location efforts with three to four additional operations before year end to better support customers and also increase our participation.

Now let's move on to Agtech.

Joseph Allen Lovechio

So turning to Slide 7, Agtech net sales growth benefited from the acquisition of Lane Supply, which helped offset the effect of delays in start dates on three larger controlled environment agriculture projects. Despite these project delays, demand continued to accelerate with backlog increasing 71%. On an organic basis, excluding Lane Supply, backlog increased 33%, and we believe that backlog is the clearest indication of our future revenue trends.

Segment adjusted operating margin decreased 100 basis points, driven by the impact of the delayed controlled environment agriculture projects and resulting lower volume partially offset by project mix and Lane Supply's contribution. Adjusted EBITDA margin increased 20 basis points as it excludes the impact of higher amortization resulting from the acquisition of Lane and its related intangible assets.

William T. Bosway

Okay. Let's turn to Slide 8. I'll give you a little more color on these CEA initiatives. So during the quarter, I'd mentioned we had three larger CEA projects moved from the first half to the second half of the year. I'm going to discuss two of those three CEA projects on this slide. So on the left, the Houwelings retrofit project is a $90 million project funded by both the owners and through a USDA loan, which is relatively typical.

We started Phase 1 of the project in Q2 with design and engineering services and maintenance services. Phase 2, which starts the major retrofit and construction of the project, was originally scheduled to start in Q2 and is now scheduled to begin on September 1 when funds from the USDA loan are now expected to be released. This project will have some benefit in Q3 and then accelerate in Q4 and also be impactful for most of 2026 as well.

Shortly after quarter end, we were also awarded two new projects by Pomas Farms totaling $13.6 million in contract value. These two projects were originally scheduled to be signed in Q2, but each was delayed due to a water rights issue, which has since been resolved. The first project is what we refer to as a Greenhouse Lift project, where we are in this case raising the height of an existing 4.9 acre growing facility by over six feet.

The second project is an expansion of the existing Pomas bell pepper growing facility by 18 acres, which is shown as Phase 2 in the first picture on the right hand side of the slide. These Pomas projects are not yet included in our backlog data shared earlier, given the projects were signed after quarter end. The project is funded. We're finalizing designs and the project is planned to start in October.

On Slide 9, I'd also like to highlight two other projects currently in process. The $4.8 million expansion of the Lewis-Ginter Botanical Conservatory in Richmond, Virginia, a partner of ours for many years from the inception of the conservatory through all the additions and expansions completed over the years. In this expansion, we're adding a 3,500 square-foot tropical greenhouse and a 3,500 square-foot butterfly greenhouse.

The Tap Ins project on the right side of the slide represents a new innovative design created with our customer to utilize our greenhouse growing structures and systems knowledge to develop and build a $2.4 million, 3.5 acre , 30,000 square-foot indoor, temperature-controlled miniature cutting course, bar and restaurant, which is located in Overland Park, Kansas. I have to say it's pretty exciting to see yet another creative and in use application for our structures.

Given the new CEA starts planned for the second half, the performance of Lane Supply and its current backlog and our pipeline of new opportunities, we expect the Agtech business to deliver growth and solid operating margins in 2025. We also expect to continue to book additional projects in 2025 as demonstrated by the Pomas projects and further build our backlog for 2026.

Now let's move on. We'll discuss the Infrastructure business.

Joseph Allen Lovechio

So turning to Slide 10, our Infrastructure net sales increased $0.4 million, or 1.6%, driven by continued strong execution. Demand remains solid with backlog increasing 3% and quoting activity remains robust, supported by ongoing investment in funding at both the federal and the state levels. Segment-adjusted operating and EBITDA margins improved 300 basis points and 290 basis points respectively, driven by strong execution, effective supply chain management and product line mix. We continue to expect sales growth and margin expansion in this business in 2025.

So, now, let's move to Slide 11 to discuss our balance sheet and cash flow. At June 30, we had cash on hand of $43 million and $395 million available on our revolver. During the quarter, we generated approximately $44 million in cash from operations from net income and management of working capital. During the quarter, we used $18.2 million or about 5.9% of sales for capital expenditures, including investments in our residential expansion initiatives and in our Agtech facility move. We expect CapEx for the year to be approximately 3% to 4% of sales.

Free cash flow generation expanded on a sequential basis to 8% of sales as expected, and we are on track to hit our 2025 target of 10% of sales. Our revolving credit facility remains untapped and we remain debt free. We expect to continue to generate strong cash flow in 2025 and in the coming years. Our capital allocation priorities for 2025 are to continue to invest in our organic growth and operating systems for scale with capital expenditures of approximately 3% to 4% of sales for the year.

We continue to explore inorganic growth opportunities with a focus on our leadership positions in our current Residential and Agtech end markets, and have an active pipeline of high-quality M&A. Our strong balance sheet supports this effort and provides optionality and flexibility. Lastly, we plan to continue to deploy capital for value creation through opportunistic share repurchases and have $200 million remaining under our current stock repurchase authorization.

Now, I'll turn the call back to Bill.

William T. Bosway

Let's move to Slide 12 and let's talk about the drivers that support our plan for 2025 guidance for continuing operations. First, we anticipate overall demand to remain consistent with market conditions as well as with our internal expectations. In the residential market, we expect current conditions to persist and, as a result, we remain focused on driving participation gains, local market expansions and ramping and integrating our recent metal roofing acquisitions.

Our metal roofing acquisitions are performing as anticipated, integration activities are in process and we are excited to welcome Gideon to the team as well. In Agtech and Infrastructure, we have solid order backlog and expect additional bookings in the second half as well. Although we had some CEA project starts move out in the first half, these projects will be impactful in the second half of the year. Also, we expect demand in our Lane Supply business to continue at its existing pace as it supports new store and retrofit initiatives across its core customer base.

And lastly, with respect to tariffs, we continue to manage the dynamic tariff environment through similar initiatives we deployed during the incredibly high inflationary period we experienced in 2021 and 2022. To date, we have been able to minimize the impact of tariffs, and we expect to manage accordingly throughout the remainder of the year.

Now let's turn to Slide 13 and we'll review our 2025 guidance from continuing operations. We expect net sales to range between $1.15 billion to $1.2 billion, up approximately 16%; adjusted operating margin to range between 14.6% and 14.9%; adjusted EBITDA margin to range between 17.5% and 17.7%; GAAP EPS to be in the range of $3.67 and $3.91, that's down from last year, primarily due to the gain on sale from the company's electronic locker business at the end of 2024; adjusted EPS to be in the range of $4.20 and $4.45, up approximate 13%; and free cash flow as a percent of sales – percent of – to net sales of 10%.

To finish, we will continue to monitor the macro environment. We will make adjustments as necessary. Our team is prepared and will execute accordingly. At the same time, we are very excited to simplify our portfolio and be able to apply more focus and resources on our continuing operations. Obviously, I'm grateful to our teams across Gibraltar for their dedication, flexibility as we evolve our portfolio, execute our key initiatives, and obviously deliver on our plans.

Now let's open the call up and we'll take your questions.

QUESTION AND ANSWER SECTION

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question comes from Daniel Moore at CJS Securities. Please go ahead.

Analyst: Daniel Moore

Question – Daniel Moore: Thank you. Good morning, Bill. Good morning, Joe. Thanks for taking the questions.

Answer – William T. Bosway: Hey, Dan.

Question – Daniel Moore: Maybe just start with a little housekeeping, just the revenue contribution in Q2 from metal roofing acquisitions. If I missed that, I apologize. Just trying to get a sense for what the true organic growth look like?

Answer – William T. Bosway: Yeah. Residential is down just – it was essentially flat, down less than 1% organically.

Question – Daniel Moore: Got it. That's helpful.

Answer – William T. Bosway: And the fixed growth driven by metal roofing.

Question – Daniel Moore: Perfect. Portfolio optimization...

Answer – William T. Bosway: So, again, sorry.

Question – Daniel Moore: Yeah. Go ahead. I apologize.

Answer – William T. Bosway: I didn't – yeah. No, no, my bad. So the key pieces of that are the roofing accessories, our biggest piece of Residential was actually up 2.3%. Metal roofing was up. And then that offset mail and package, which was down 7% that I mentioned. That's – those are the kind of key components when you think about residential overall.

Question – Daniel Moore: That's really helpful. And obviously, the big news, the decision to divest the Renewables piece. I guess, number one, probably not a lot, but anything you can say as it relates to the process there or expectations around timing, et cetera? And two, as we think about expansion from here, what are some examples of structures, businesses outside of the current Agtech canopies, et cetera that might be interesting adjacencies for you?

Answer – William T. Bosway: Yeah, on the first question, yeah, process is very active right now. We're in discussions with potential buyers and our hope is that – our plan is to try to close something – close the sale by – before the end of year. So teams are going full steam ahead on that front, which is good. We've got a lot of interest in and that's where the process is as we know today.

As it relates to additional structures opportunity, I think of it a little bit differently. We have it – think about the last three years, we've added CEA as a segment, which is becoming bigger and I think you're quite familiar with that. That's fruits and vegetables. We just added canopies and we have our core commercial business and I showed you a couple of examples of that today. I think there is plenty of runway inside the segments we have versus adding more legs to that structural stool based on that end market sizes.

And if you recall, maybe in our last call, someone had asked, the size of the canopy structures market is close to $2 billion. So there is a lot of runway there, we think there is a lot of runway in CEA, and we also think there is plenty of opportunity to grow inside our core commercial business as well, commercial and institutional. So we're going to stay focused on the ones that we have down versus try to add more. We're just going to build out a bigger presence in the existing spaces we're in.

Question – Daniel Moore: Perfect. And then lastly, just confidence around the timing, I think you mentioned September 1st for Phase 2. The USDA funding in hand or expected to be? Just confidence around that timing of that project.

Answer – William T. Bosway: Yeah.

Question – Daniel Moore: Thanks again.

Answer – William T. Bosway: I think the confidence is pretty high. And we meet weekly with the owners. And so we're doing activity with them today and have been since the beginning of Q1, but it's been mainly around doing the day-to-day maintenance. We're maintaining the operations for them. And we've been doing design engineering stuff for them as they're going through this retrofit initiative.

So I think the USDA loan, which has been submitted and all the supporting documentation has been in for some time and people generally feel good about September having those funds released. And we've got our supply chain ready to roll, and I think that's where we're going to land. Whether it's September 1 or September 10, I can't give you confidence level on that. But we feel pretty good about September being the time where we're going to kick things into gear with that project.

Question – Daniel Moore: Got it. Thanks. I'll circle back with my follow ups. Appreciate it.

Answer – William T. Bosway: Yeah.

Operator

Thank you. The next question comes from Walt Liptak at Seaport Research. Please go ahead.

Analyst: Walter Liptak

Question – Walter Liptak: Hi. Thanks. Good morning, guys.

Answer – William T. Bosway: Hey, Walt.

Question – Walter Liptak: Hey. I wanted to ask a couple of them on the Renewables business as the discontinued op and I wondered about any tax implications of the eventual sale.

Answer – Joseph Allen Lovechio: Yeah. So, Walt, yeah, we would expect that that would be a pretty efficient tax from a tax perspective of that transaction, and that's kind of how we kind of think about that just based on what we have that on for the book, but also the fact that we have some carry forwards as well. So we feel pretty good from a tax perspective that'll be pretty efficient.

Question – Walter Liptak: Okay, great. And then as you do the divestiture, are there any efficiencies that you can gain from the divestiture? Any corporate expenses or things that might enhance the profits from the divestiture?

Answer – William T. Bosway: Nothing of great magnitude. We're – the way we're structured today, we're a very small corporate group to start with and so the businesses are pretty much standalone. So I think when you separate out, there is very little stranded cost. There are some – and we'll manage some of that through transition services agreements. So we'll be efficient on that front and then we'll redeploy, particularly as we think about some of the M&A activity we have in front of us. So I think we're going to be – it all move towards enhancing our profitability and productivity as we go through this reorganizing of the portfolio. But we're not expecting – we do not anticipate much stranded cost at all in this process.

Question – Walter Liptak: Okay. All right. Great. And just going back to the conversation about Residential, you talked about the operating margin declined a little bit on volume and the mix with mail and packaging. You didn't mention anything about tariffs or inflationary metals, anything like that. I wonder if you could talk a little bit about just the price cost and how you're feeling about the positioning of inventory for the back half of the year.

Answer – William T. Bosway: Yeah. Yes. So I mentioned it really hasn't been an impact for us this year, and we had the businesses together a week and a half ago. We have a pretty robust model that tracks tariffs by HTS code by any type of component or raw material coming from every country that we import from. So as tariffs change, which they seem to do that a little bit here and there, we get a real week-to-week idea of what, if any, impact it will have for our business, and therefore that triggers what we need to do accordingly.

And that's been pretty effective for us through the first seven months, if you will. And we don't anticipate, based on what we know today, that changing the rest of the year. So, as you know, when you manage through these things, there is a confluence of variables that you're trying to pull and optimize. So whether it's existing inventory or price cost management and, as you know, in our Residential business, which is now 70% of what we do in many of our contracts we have clauses in place with commodity indexes that automatically drive recovery on something that flows through.

So we've got some built in things, I think, that'll help us navigate through it. And as I've said before as well, look, there is nothing today that's anywhere near the challenge that we saw in 2021 and 2022 trying to manage inflation, price cost, supply chain availability, et cetera, et cetera. This is nothing like that. So I feel pretty confident in our approach and our discipline. It is a week-to-week thing as we learn around tariffs and how they might evolve. But so far we've been able to minimize it pretty well.

Question – Walter Liptak: Okay, great. Okay. Thank you.

Operator

Thank you. Next question comes from Julio Romero at Sidoti & Company. Please go ahead.

Analyst: Julio Romero

Question – Julio Romero: Thanks. Hey, good morning, Bill and Joe.

Answer – William T. Bosway: Hey. Good morning, Julio.

Question – Julio Romero: I had a – hey, good morning. I had a high-level question about your strategy going forward with regards to the direct-to-contractor model and how you gained wallet share with the contractors. And just thinking about, if the strategy is predicated on brand loyalty with regards to the contractors favoring your product when they buy from the distributor, or would the strategy be more predicated on better serving the distributors and gaining loyalty from the distributors more so than the contractors, if you could speak to that?

Answer – William T. Bosway: Yeah. So, Julio, when you think about wholesale and contractor, there is two distinct ways business are being done. There is the traditional building accessories work that we do, which is all the roofing accessories, trims, flashings, ventilation, and that has historically gone through wholesalers big box, right? And 80% of contractors buy – our contractors buy about 80% of their needs through wholesale, 20% through big box, which is why I think you saw folks like Home Depot buy SRS.

That being said, yeah, there are certain products around that have brands that contractors like and they stay with. Air Vent for us as a good example is probably the leading ventilation product in the industry. But that's in our core business. Now when you talk about metal roofing, it's a different – there is two types of metal roofing business models, if you will. One, if you're just talking about panels that would go out on, say, a barn or some ag-type application. Those panels have traditionally been sold through wholesale and big box guys.

There's very limited variety of what's available. So they're an inventory product, if you will. They're common size, common colors and there are very few colors that are offered. In fact, usually it's a non-painted thing. And so when people talk about metal roofing through that channel, that's what they're really talking about. When you think about metal roofing and the companies that we have acquired in the metal roofing initiative that we're going into, this is a direct sale to a contractor, but it centers around a custom solution set for a home or light commercial facility or light commercial building.

And that's not inventory product. That's a product that is made either on-site, which we can do or it's made in our shop, but it really stems from a set of architectural drawings that then a contractor brings to us that we make for that specific home or that specific building. And obviously, as you might expect, wholesalers and big box retailers, they don't necessarily create demand. They actually serve demand, right? They support demand, but they're not out proactively creating demand whereas the contractor in this case is. So this is a manufactured solution that a wholesaler, a big box retailer would not want to inventory because everything is unique to the individual site. And, therefore, that's a direct to contractor engagement for us, which opens up a different profit and revenue opportunity being direct.

So as you think about our broader strategy, we have transitioned from being heavily oriented towards wholesalers seven years ago – sorry, towards big box retail. We've rebalanced that to have a bigger portion of our sales going through wholesale versus retail aligned with the way the contractors has historically bought our core product lines. And then we've added a new channel through metal roofing direct for specific homes and light commercial buildings. Those are the companies we bought. So now we've added a third channel. And my point is that gives us access to multiple channels, multiple aspects of revenue and profit pools that exist in each of those respective channels.

As it relates to why would a contractor come back to us in a metal roofing kind of scenario? As I described, it's all about service. It's all about making sure that that contractor gets what they need. It's done right, it's done well and they make their money. They get up, they get down, and there is no quality issues. So it's speed. It's service. And, of course, you have to make things well. And so you've got to have some competency around taking architectural drawings and fitting out an exact solution for a home or light commercial building.

So that's how those – sorry for the long answer, but that's how those three channels actually stack up for us, and our strategy is to be in all three for the reasons I said. And if you think about consolidation at the wholesale level with Home Depot buying what they've bought with SRS and QXO buying Beacon, I would argue that that channel has already been consolidated for years, but now you have two new owners.

We want to be in a third channel as well just so we have some sense of leverage of how do we serve this marketplace. It just so happens to be through metal roofing. But as you do more of that with a contractor direct, you become more – they become more aware of you when they're doing a shingle roof as much as they are doing a metal roof. So they'll come direct to us for metal roof. They'll go through a wholesaler for a shingle roof. We're still making the same accessories that go on that roof one way or the other.

The biggest difference at the end of the day is when that metal roof happens for us, our basket goes from $400, $500 for that roof to $40,000 for that roof. And that's my point earlier about getting access to bigger profit and revenue pool by getting into metal roofing going direct to a contractor. So we're not disrupting the wholesaler or the big box guy because they're not in that business today. We're actually going very local and that's how we're building out our metal roofing business. Hopefully that makes some sense.

Question – Julio Romero: It's a fascinating answer. Thanks so much for the color. A couple of follow ups there. What is the key brand you go to market with in metal roofing? Is it DOT Metals? Is it is it SEMCO?

Answer – William T. Bosway: It's all local. So this…

Question – Julio Romero: Got you.

Answer – William T. Bosway: Remember we've talked about this localization effort and the reason we're expanding into these MSAs is those contractors, those wholesalers know that local brand, they don't know Gibraltar. There's no value in trying to get people to think about Gibraltar. That contractor knows what he or she is most comfortable with, what works. And so we think our local brands actually make sense. What we try to do is the flywheel on the back end of that service speed, supply chain, et cetera is Gibraltarized, if you will.

But the front end is as local as it can be, and the secret is keeping it as local as you can while you leverage the back end.

Question – Julio Romero: Understood. And then what is the turnaround time for when you receive an architectural drawing from these contractors to when they can expect delivery? And is that better than competitors, or will they be better than the competitors as you kind of become more localized?

Answer – William T. Bosway: Yeah. You have to be able to perform in a one to three day period. It depends on the size of the home or the building, the iterations you might have on the drawings themselves with the architect. But effectively when the drawings are done, that will be entered into a system, automatically rips through into our machines and we start producing. And that happens very quickly.

Remember, I said there is two options here. Some contractors prefer we actually do it on-site, so we have portable roll formers. We'll take to the job site and we'll roll and make adjustments as we go based on the set of drawings they have. And some will want to have everything made in the shop. But it's either real time, meaning within hours, or it may be within a one to three day period. You've got to be able to do both or you're going to alienate yourself some – from some portion of the market.

Question – Julio Romero: Great. I have one more here for you. And it's about the structures business. Can you talk a bit about the fact that structures encompasses Agtech and Infrastructure. Have those two segments cross-sold in the past? And what potential synergies do you see between the two of them going forward?

Answer – William T. Bosway: Yeah. I would say, we've characterized infrastructure in the structures business simply because of the – it supports a bridge structure as opposed to there's some synergy that connects those guys in the back end because it really hasn't in the past. And I don't want to mislead people thinking that there is something there, but it's a project-based business. It's a structure that we have to engineer to. It's just has some similarities to the rest of our Agtech business or Agtech-type applications that I referenced in the slides. So that's the connection.

Question – Julio Romero: Got it. Thanks very much.

Answer – William T. Bosway: Yeah.

Operator

Thank you. The next question is a follow up from Daniel Moore at CJS Securities. Please go ahead.

Analyst: Daniel Moore

Question – Daniel Moore: Thank you again. Two quick follow ups, one following along Julio's last question. Infrastructure, obviously, you've done a tremendous job on the margin front with that business. Just thinking longer term from a portfolio optimization perspective, does it necessarily fit into those two buckets that we're thinking about? And might there be thoughts or opportunities to monetize that?

Answer – William T. Bosway: Yeah. And I think we've talked about this a little bit, Dan, and with others as well. Our strategy with Infrastructure as they continue to get it better and the team's done a great job getting us to where we are today. There is some new technology that has come out, but it really – that we've launched. But it really is a – it's a relatively niche business in the Infrastructure world. Infrastructure like building products is pretty fast when you think about the different categories.

So our strategy has not been to build out around what we do into a bigger platform. We're one of the leaders in this space today. So I wouldn't suggest that that's going to be our approach. I do think there's some, like I said, some new technology coming out that we think will be beneficial, doing a good job for Gibraltar right now. Is it something that could play a different role in the future? Yes, that's possible as well. But right now, we like what we're doing and we're going to continue to hopefully drive the business.

The second thing I would add, just as a general comment around Infrastructure and this I don't think has been talked a lot about openly yet, at least publicly, but there is a lot of effort going on right now in D.C. in a bipartisan way for the next phase of the Infrastructure Bill. And I think that would be great to see. And just from folks that we're connecting with, there is a lot of good activity there. And I think you're going to see additional funding going forward, which makes us happy to be in that space as well. So stay tuned on that as we all learn collectively what happens there.

Question – Daniel Moore: Very helpful. Last one is just a question on the sort of the cadence of growth or seasonality embedded in the revised guidance, obviously a lot of moving parts when you strip out Renewables. You gave pro forma financials earlier this morning. As we look to Q3 and Q4, Joe, is there anything you can guide us to in terms of year-over-year revenue or EPS growth, Q3 relative to Q4 off of those pro forma numbers, just trying to avoid a modeling headache within the confines of your revised guidance.

Answer – Joseph Allen Lovechio: Yeah. I mean, I would say, expect kind of the normal seasonality that we've seen in the past on kind of the residential side, particularly the building accessories. And then as we talked about, some of these project push outs on Agtech, you're going to see more of that in Q4 versus Q3.

Question – Daniel Moore: Okay. That's helpful. All right. Thanks again for the color.

Answer – William T. Bosway: And I think that – Dan, it's probably – I would say that – and then it's kind of unique to this year on the Agtech side.

Question – Daniel Moore: Right.

Answer – William T. Bosway: Obviously, we – you see build of that base and that cadence becomes a little bit more predictable. Just the size of the projects when they move it, it matters. But if we have more of them actually active, then there is less of that seasonality issue. But ultimately at the end of the day, if you fast forward and you're thinking about 2026, 2027 as building products becomes a bigger piece of who we are and we build the base on the Agtech side, I think the seasonality is going to be in general probably mainly reflective of the historical view you've seen in building products, which is slowest first quarter, you build in second and third. And Q4 is always depending on whether the third strongest quarter. So that's the way I think things will evolve over time as well.

Question – Daniel Moore: Okay. Thank you again.

Operator

Thank you. We have no further questions. I will turn the call back over to Mr. Bosway for closing comments.

Well, thank you, everyone, again for joining us today. Coming up, we do plan to present at the Seaport Summer Investor and Sidoti Small Cap Conferences as well as other events. Thank you again for your ongoing support of Gibraltar, and we look forward to speaking to you again after our third quarter report. Take care.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and we ask that you please disconnect your lines.