

GIBRALTAR INDUSTRIES, INC.

Form 10-Q

July 28, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 0-22462

GIBRALTAR INDUSTRIES, INC.
(Exact name of Registrant as specified in its charter)

Delaware 16-1445150
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

3556 Lake Shore Road, P.O. Box 2028 14219-0228
Buffalo, New York
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (716) 826-6500

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). Yes No

As of July 26, 2016, the number of common shares outstanding was: 31,453,862.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GIBALTAR INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|-----------|------------------|-----------|
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Net Sales | \$263,099 | \$253,171 | \$496,776 | \$453,786 |
| Cost of sales | 196,895 | 209,052 | 380,416 | 379,752 |
| Gross profit | 66,204 | 44,119 | 116,360 | 74,034 |
| Selling, general, and administrative expense | 40,427 | 32,918 | 76,976 | 53,863 |
| Income from operations | 25,777 | 11,201 | 39,384 | 20,171 |
| Interest expense | 3,666 | 3,811 | 7,357 | 7,511 |
| Other expense (income) | 8,035 | 1,101 | 7,840 | (2,458) |
| Income before taxes | 14,076 | 6,289 | 24,187 | 15,118 |
| (Benefit of) provision for income taxes | (2,913) | 2,202 | 705 | 5,494 |
| Income from continuing operations | 16,989 | 4,087 | 23,482 | 9,624 |
| Discontinued operations: | | | | |
| Loss before taxes | — | — | — | (44) |
| Benefit of income taxes | — | — | — | (16) |
| Loss from discontinued operations | — | — | — | (28) |
| Net income | \$16,989 | \$4,087 | \$23,482 | \$9,596 |
| Net earnings per share – Basic: | | | | |
| Income from continuing operations | \$0.54 | \$0.13 | \$0.75 | \$0.31 |
| Loss from discontinued operations | — | — | — | — |
| Net income | \$0.54 | \$0.13 | \$0.75 | \$0.31 |
| Weighted average shares outstanding – Basic | 31,475 | 31,210 | 31,447 | 31,200 |
| Net earnings per share – Diluted: | | | | |
| Income from continuing operations | \$0.53 | \$0.13 | \$0.74 | \$0.31 |
| Loss from discontinued operations | — | — | — | — |
| Net income | \$0.53 | \$0.13 | \$0.74 | \$0.31 |
| Weighted average shares outstanding – Diluted | 32,007 | 31,495 | 31,916 | 31,440 |

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

| | Three Months | | Six Months | |
|---|--------------|---------|------------|----------|
| | Ended | | Ended | |
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Net income | \$16,989 | \$4,087 | \$23,482 | \$9,596 |
| Other comprehensive income (loss): | | | | |
| Foreign currency translation adjustment | 7,753 | 2,138 | 10,831 | (1,662) |
| Reclassification of loss on cash flow hedges, net of tax | — | — | — | 143 |
| Adjustment to retirement benefit liability, net of tax | (1) | 2 | (2) | 4 |
| Adjustment to post-retirement health care liability, net of tax | 38 | 37 | 76 | 74 |
| Other comprehensive income (loss) | 7,790 | 2,177 | 10,905 | (1,441) |
| Total comprehensive income | \$24,779 | \$6,264 | \$34,387 | \$8,155 |
| See accompanying notes to consolidated financial statements. | | | | |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

| | June 30, 2016 | December 31, 2015 |
|--|------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 124,114 | \$ 68,858 |
| Accounts receivable, net | 150,170 | 164,969 |
| Inventories | 98,221 | 107,058 |
| Other current assets | 12,119 | 10,537 |
| Total current assets | 384,624 | 351,422 |
| Property, plant, and equipment, net | 108,808 | 118,932 |
| Goodwill | 294,797 | 292,390 |
| Acquired intangibles | 120,435 | 123,013 |
| Other assets | 4,336 | 4,015 |
| | \$ 913,000 | \$ 889,772 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 82,805 | \$ 89,204 |
| Accrued expenses | 49,331 | 67,605 |
| Billings in excess of cost | 30,358 | 28,186 |
| Current maturities of long-term debt | 400 | 400 |
| Total current liabilities | 162,894 | 185,395 |
| Long-term debt | 208,836 | 208,882 |
| Deferred income taxes | 43,149 | 42,654 |
| Other non-current liabilities | 48,542 | 42,755 |
| Shareholders' equity: | | |
| Preferred stock, \$0.01 par value; authorized 10,000 shares; none outstanding | — | — |
| Common stock, \$0.01 par value; authorized 50,000 shares; 31,930 and 31,779 shares issued in 2016 and 2015 | 319 | 317 |
| Additional paid-in capital | 259,024 | 253,458 |
| Retained earnings | 201,555 | 178,073 |
| Accumulated other comprehensive loss | (4,511) | (15,416) |
| Cost of 502 and 484 common shares held in treasury in 2016 and 2015 | (6,808) | (6,346) |
| Total shareholders' equity | 449,579 | 410,086 |
| | \$ 913,000 | \$ 889,772 |

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)(unaudited)

| | Six Months Ended | | |
|---|------------------|--|------------|
| | June 30, | | |
| | 2016 | | 2015 |
| Cash Flows from Operating Activities | | | |
| Net income | \$ 23,482 | | \$ 9,596 |
| Loss from discontinued operations | — | | (28) |
| Income from continuing operations | 23,482 | | 9,624 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 11,856 | | 13,239 |
| Stock compensation expense | 3,218 | | 1,406 |
| Net gain on sale of assets | (198) | | (8,375) |
| Loss on sale of business | 8,533 | | — |
| Restructuring charges, non-cash | 1,074 | | 2,745 |
| Provision for (benefit of) deferred income taxes | 196 | | (72) |
| Other, net | (741) | | (1,392) |
| Changes in operating assets and liabilities, excluding the effects of acquisitions: | | | |
| Accounts receivable | 9,145 | | (30,164) |
| Inventories | 4,988 | | 1,596 |
| Other current assets and other assets | (4,333) | | (1,415) |
| Accounts payable | (2,427) | | 20,254 |
| Accrued expenses and other non-current liabilities | (5,644) | | 4,312 |
| Net cash provided by operating activities | 49,149 | | 11,758 |
| Cash Flows from Investing Activities | | | |
| | (2,314) | | (134,318) |

| | | | |
|--|------------|---|-----------|
| Cash paid for acquisitions | | | |
| Net proceeds from sale of property and equipment | 162 | | 26,181 |
| Purchases of property, plant, and equipment | (4,035) |) | (4,624) |
| Net proceeds from sale of business | 8,479 | | — |
| Other, net | 1,118 | | 1,154 |
| Net cash provided by (used in) investing activities | 3,410 | | (111,607) |
| Cash Flows from Financing Activities | | | |
| Proceeds from long-term debt | — | | 41,392 |
| Long-term debt payments | (400) |) | (11,792) |
| Payment of debt issuance costs | (54) |) | — |
| Purchase of treasury stock at market prices | (462) |) | (387) |
| Net proceeds from issuance of common stock | 2,057 | | 180 |
| Excess tax benefit from stock compensation | 292 | | 37 |
| Net cash provided by financing activities | 1,433 | | 29,430 |
| Effect of exchange rate changes on cash | 1,264 | | (769) |
| Net increase (decrease) in cash and cash equivalents | 55,256 | | (71,188) |
| Cash and cash equivalents at beginning of year | 68,858 | | 110,610 |
| Cash and cash equivalents at end of period | \$ 124,114 | | \$ 39,422 |

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(in thousands)
(unaudited)

| | Common Stock Shares | Amount | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Treasury Stock Shares | Amount | Total Shareholders' Equity |
|---|---------------------------|--------|----------------------------------|----------------------|---|--------------------------|------------|----------------------------------|
| Balance at December 31, 2015 | 31,779 | \$ 317 | \$253,458 | \$178,073 | \$ (15,416) | 484 | \$(6,346) | \$ 410,086 |
| Net income | — | — | — | 23,482 | — | — | — | 23,482 |
| Foreign currency translation adjustment | — | — | — | — | 10,831 | — | — | 10,831 |
| Adjustment to retirement benefit liability, net of taxes of \$1 | — | — | — | — | (2) | — | — | (2) |
| Adjustment to post employment health care benefit liability, net of taxes of \$47 | — | — | — | — | 76 | — | — | 76 |
| Stock compensation expense | — | — | 3,218 | — | — | — | — | 3,218 |
| Excess tax benefit from stock compensation | — | — | 292 | — | — | — | — | 292 |
| Stock options exercised | 104 | 1 | 2,057 | — | — | — | — | 2,058 |
| Issuance of restricted stock | — | — | — | — | — | — | — | — |
| Net settlement of restricted stock units | 47 | 1 | (1) | — | — | 18 | (462) | (462) |
| Balance at June 30, 2016 | 31,930 | \$ 319 | \$259,024 | \$201,555 | \$ (4,511) | 502 | \$(6,808) | \$ 449,579 |

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared by management in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting of normal recurring adjustments considered necessary for the fair presentation of results for the interim period have been included. The results of operations for the three and six month periods ended June 30, 2016 are not necessarily indicative of the results expected for the full year. The Company is subject to reduced activity in the first and fourth quarters as colder, inclement weather reduces order rates from end markets it serves. The accompanying unaudited consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our annual Form 10-K for the year ended December 31, 2015.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers (Topic 606)." The update clarifies the principles for recognizing revenue and develops a common standard for U.S. Generally Accepted Accounting Principles and International Financial Reporting Standards. More specifically, the core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of Topic 606 to annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)." ASU 2016-08 clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing." ASU 2016-10 clarifies the implementation guidance on identifying performance obligations. In May 2016, the FASB issued ASU 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients." ASU 2016-12 reduces the potential for diversity among initial application, as well as, the cost and complexity of applying Topic 606 at transition and on an ongoing basis. These ASUs apply to all companies that enter into contracts with customers to transfer goods or services. These ASUs are effective for public entities for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted, but not before interim and annual reporting periods beginning after December 15, 2016. Entities have the choice to apply these ASUs either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying these standards at the date of initial application and not adjusting comparative information. We are currently evaluating the requirements of these standards and have not yet determined the impact on our consolidated financial statements.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330)." The amendments to this Update were issued to change the measurement of inventory to the lower of cost and net realizable value. The guidance, which is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years, may be applied prospectively and early adopted for the beginning of an interim or annual period. The Company is currently evaluating the impact of adopting the new standard which is not expected to have a material impact on our Balance Sheet or Statements of Operations.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 requires lessees to recognize a lease liability and a right-of-use asset on the balance sheet. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the requirements of ASU 2016-02 and have not yet determined its impact on our consolidated financial

statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." ASU 2016-09 simplifies the accounting for share-based payment award transactions including: income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. We are currently evaluating the requirements of ASU 2016-09 and have not yet determined its impact on our consolidated financial statements.

In May 2016, the FASB issued ASU 2016-11, "Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting." ASU 2016-11 rescinds certain SEC Staff Observer comments codified in Topic 605, Revenue Recognition, and Topic 932, Extractive Activities-Oil and Gas. ASU 2016-11 is effective upon adoption of Topic 606. We are currently evaluating the requirements of ASU 2016-11 and have not yet determined its impact on our consolidated financial statements.

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Accounts receivable consists of the following (in thousands):

| | June 30, 2016 | December 31, 2015 |
|--|------------------|----------------------|
| Trade accounts receivable | \$ 105,485 | \$ 102,277 |
| Contract receivables: | | |
| Amounts billed | 39,941 | 53,830 |
| Costs in excess of billings | 9,816 | 13,730 |
| Total contract receivables | 49,757 | 67,560 |
| Total accounts receivable | 155,242 | 169,837 |
| Less allowance for doubtful accounts (5,072) (4,868) | | |
| Accounts receivable | \$ 150,170 | \$ 164,969 |

Contract receivables are primarily associated with developers, contractors and customers in connection with the Renewable Energy and Conservation segment. Costs in excess of billings principally represent revenues recognized on contracts that were not billable as of the balance sheet date. These amounts will be billed in accordance with contract terms, generally as certain milestones are reached or upon shipment. All of the costs in excess of billings are expected to be collected within one year. In situations where billings exceed revenues recognized, the excess is included in billings in excess of cost in the Consolidated Balance Sheet.

4. INVENTORIES

Inventories consist of the following (in thousands):

| | June 30, 2016 | December 31, 2015 |
|-------------------|------------------|----------------------|
| Raw material | \$41,725 | \$47,117 |
| Work-in-process | 13,780 | 16,238 |
| Finished goods | 42,716 | 43,703 |
| Total inventories | \$98,221 | \$ 107,058 |

5. ACQUISITIONS

On June 9, 2015, the Company acquired all of the outstanding stock of Rough Brothers Manufacturing, Inc., RBI Solar, Inc., and affiliates, collectively known as "RBI". RBI has established itself during the past six years among North America's fastest-growing providers of racking and mounting systems for solar energy installations and is among the largest commercial greenhouse manufacturers in North America.

RBI is a full service provider that engineers, manufactures and installs racking systems for solar power developers, contractors and companies. In addition, RBI designs, manufactures and erects greenhouses for commercial, institutional and retail customers. The results of RBI have been included in the Company's consolidated financial results since the date of acquisition (within the Company's Renewable Energy and Conservation segment). The final aggregate purchase consideration for the acquisition of RBI was \$147,585,000, which includes payments for working capital and certain other adjustments provided for in the stock purchase agreement.

The purchase price for the acquisition was allocated to the assets acquired and liabilities assumed based upon their respective fair values. The excess consideration of \$57,180,000, was recorded as goodwill of which \$37,969,000 is deductible for tax purposes.

The allocation of the purchase consideration to the fair value of the assets acquired and liabilities assumed is as follows as of the date of the acquisition (in thousands):

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| | |
|--------------------------------------|-----------|
| Cash | \$4,651 |
| Working capital | 21,436 |
| Property, plant, and equipment | 12,797 |
| Acquired intangible assets | 56,392 |
| Other assets | 3,049 |
| Deferred income taxes | (4,892) |
| Other liabilities | (3,028) |
| Goodwill | 57,180 |
| Fair value of purchase consideration | \$147,585 |

The Company recorded an indemnification asset and liability of \$3.0 million on the opening balance sheet related to the seller's obligation to fully indemnify the Company for the outcome of potential contingent liabilities related to uncertainty of income tax positions in foreign jurisdictions. The liability and related indemnification asset may or may not be realized, and any unrealized liability is scheduled to expire in 2018.

The intangible assets acquired in this acquisition consisted of the following (in thousands):

| | Fair Value | Estimated Useful Life |
|------------------------|------------|-----------------------|
| Trademarks | \$ 13,550 | Indefinite |
| Technology | 3,550 | 7-15 years |
| Customer relationships | 32,892 | 11-17 years |
| Non-compete agreements | 1,300 | 5 years |
| Backlog | 5,100 | 0.5 years |
| Total | \$ 56,392 | |

The acquisition was financed through cash on hand and borrowings under the Company's revolving credit facility. The Company incurred \$1,795,000 of acquisition-related costs for both the three and six months ended June 30, 2015 composed of legal and consulting fees, and these costs were recognized as a component of selling, general and administrative expenses in the consolidated statement of operations. The Company also recognized \$58,000 of acquisition-related costs during the same time period for amortization relating to the step-up of inventory to fair value which was a portion of the purchase price allocation of this acquisition.

The following unaudited pro forma financial information presents the combined results of continuing operations as if the acquisition of RBI had occurred as of January 1, 2015. The pro forma information includes certain adjustments, including depreciation and amortization expense, interest expense and certain other adjustments, together with related income tax effects. The pro forma amounts may not be indicative of the results that actually would have been achieved had the acquisition occurred as of January 1, 2015 and are not necessarily indicative of future results of the combined companies (in thousands, except per share data):

| | Three Months Ended June 30, 2015 | Six Months Ended June 30, 2015 |
|--------------------------------|----------------------------------|--------------------------------|
| Net sales | \$300,005 | \$540,543 |
| Net income | \$10,028 | \$18,059 |
| Net income per share - Basic | \$0.32 | \$0.58 |
| Net income per share - Diluted | \$0.32 | \$0.57 |

6. GOODWILL AND RELATED INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill for the six months ended June 30, 2016 are as follows (in thousands):

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| | Residential Products | Industrial and Infrastructure Products | Renewable Energy & Conservation | Total |
|------------------------------|-------------------------|--|---------------------------------------|------------|
| Balance at December 31, 2015 | \$ 181,285 | \$ 53,704 | \$ 57,401 | \$ 292,390 |
| Foreign currency translation | — | 368 | 2,039 | 2,407 |
| Balance at June 30, 2016 | \$ 181,285 | \$ 54,072 | \$ 59,440 | \$ 294,797 |

The goodwill balances as of June 30, 2016 and December 31, 2015 are net of accumulated impairment losses of \$234,490,000.

Acquired Intangible Assets

Acquired intangible assets consist of the following (in thousands):

| | June 30, 2016 | | December 31, 2015 | | Estimated Life |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------|
| | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization | |
| Indefinite-lived intangible assets: | | | | | |
| Trademarks | \$ 50,805 | \$ — | \$ 50,538 | \$ — | Indefinite |
| Finite-lived intangible assets: | | | | | |
| Trademarks | 5,840 | 2,126 | 5,861 | 1,884 | 5 to 15 Years |
| Unpatented technology | 25,661 | 9,126 | 28,072 | 10,656 | 5 to 20 Years |
| Customer relationships | 79,074 | 30,874 | 85,419 | 35,673 | 5 to 17 Years |
| Non-compete agreements | 1,649 | 468 | 3,107 | 1,771 | 4 to 10 Years |
| Backlog | — | — | 6,480 | 6,480 | 0.5 to 2 Years |
| | 112,224 | 42,594 | 128,939 | 56,464 | |
| Total acquired intangible assets | \$ 163,029 | \$ 42,594 | \$ 179,477 | \$ 56,464 | |

The following table summarizes the acquired intangible asset amortization expense for the three and six months ended June 30 (in thousands):

| | Three Months Ended June 30, 2016 | | Six Months Ended June 30, 2015 | |
|----------------------|---|----------|---|----------|
| | 2016 | 2015 | 2016 | 2015 |
| Amortization expense | \$ 2,201 | \$ 2,585 | \$ 4,382 | \$ 4,011 |

Amortization expense related to acquired intangible assets for the remainder of fiscal 2016 and the next five years thereafter is estimated as follows (in thousands):

| | |
|------|----------|
| 2016 | \$ 4,303 |
| 2017 | \$ 8,347 |
| 2018 | \$ 7,791 |
| 2019 | \$ 7,107 |
| 2020 | \$ 6,594 |
| 2021 | \$ 5,992 |

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7. LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

| | June 30, 2016 | December 31, 2015 |
|--------------------------------------|------------------|----------------------|
| Senior Subordinated 6.25% Notes | \$210,000 | \$210,000 |
| Other debt | 2,800 | 3,200 |
| Less unamortized debt issuance costs | (3,564) | (3,918) |
| Total debt | 209,236 | 209,282 |
| Less current maturities | 400 | 400 |
| Total long-term debt | \$208,836 | \$208,882 |

The Company's Fifth Amended and Restated Credit Agreement dated December 9, 2015 (the Senior Credit Agreement) provides for a revolving credit facility. The Senior Credit Agreement was amended and restated to convert it into a secured cash flow revolver. The terms of the Senior Credit Agreement provide that the revolving credit facility will terminate on December 9, 2020.

The Senior Credit Agreement provides for a revolving credit facility and letters of credit in an aggregate amount of \$300 million and is secured by trade receivables, inventory, personal property, equipment, and certain real property of the Company's significant domestic subsidiaries.

Interest rates on the revolving credit facility are based on the LIBOR plus an applicable margin.

Standby letters of credit of \$19,764,000 have been issued under the Senior Credit Agreement on behalf of the Company as of June 30, 2016. These letters of credit reduce the amount otherwise available under the revolving credit facility. As of June 30, 2016, the Company had \$280,236,000 of availability under the revolving credit facility. No borrowings were outstanding under the revolving credit facility at June 30, 2016 and December 31, 2015.

On January 31, 2013, the Company issued \$210 million of 6.25% Senior Subordinated Notes (6.25% Notes) due February 1, 2021. The proceeds were used to purchase and discharge the Company's obligations under the then outstanding \$204 million of 8% Senior Subordinated Notes during the first quarter of 2013.

8. RELATED PARTY TRANSACTIONS

An officer of one of the Company's operating segments is the owner of certain real estate properties leased for manufacturing and distribution purposes by that operating segment. The leases are in effect until June 2018 and June 2020. For the three and six months ended June 30, 2016, the Company incurred \$235,000 and \$452,000, respectively, of lease expense for these properties. All amounts incurred during 2016 were expensed as a component of cost of sales.

9. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

The cumulative balance of each component of accumulated other comprehensive loss, net of tax, is as follows (in thousands):

| | Foreign Currency Translation Adjustment | Minimum Pension Liability Adjustment | Unamortized Post Retirement Health Care Costs | Post Total Pre-Tax Amount | Tax (Benefit) Expense | Accumulated Other Comprehensive (Loss) Income |
|--|--|--|--|------------------------------------|-----------------------------|---|
| Balance at December 31, 2015 | \$(12,793) | \$ 118 | \$ (4,251) | \$(16,926) | \$(1,510) | \$(15,416) |
| Minimum pension and post retirement health care plan adjustments | — | (3) | 123 | 120 | 46 | 74 |
| Foreign currency translation adjustment | 10,831 | — | — | 10,831 | — | 10,831 |
| Balance at June 30, 2016 | \$(1,962) | \$ 115 | \$ (4,128) | \$(5,975) | \$(1,464) | \$(4,511) |

The realized adjustments relating to the Company's minimum pension liability and post retirement health care costs were reclassified from Accumulated Other Comprehensive Loss and included in Selling, General and Administrative Expenses in the Consolidated Statement of Operations. The realized adjustments relating to the Company's foreign currency translation adjustment were reclassified from Accumulated Other Comprehensive Loss and included in Other Expense in the Consolidated Statement of Operations.

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10. EQUITY-BASED COMPENSATION

On May 6, 2016, the shareholders of the Company authorized the Gibraltar Industries, Inc. 2016 Stock Plan for Non-Employee Directors ("Non-Employee Directors Plan"). The Non-Employee Directors Plan is a compensation plan that allows the Company to grant awards of shares of the Company's common stock to non-employee Directors of the Company. In connection with the Non-Employee Directors Plan, the Company adopted a new stock deferral plan, Gibraltar Industries, Inc. Non-Employee Director Stock Deferral Plan ("Deferral Plan"). The Deferral Plan permits non-employee Directors of the Company to defer receipt of shares of common stock which the non-employee Director is entitled to receive pursuant to the terms of the Non-Employee Directors Plan.

On May 7, 2015, the shareholders of the Company authorized the Gibraltar Industries, Inc. 2015 Equity Incentive Plan (the "Plan") and simultaneously amended the 2005 Equity Incentive Plan (the "Prior Plan") to terminate issuance of further awards from the Prior Plan. The Plan is an incentive compensation plan that allows the Company to grant equity-based incentive compensation awards to eligible participants. Awards under the Plan may be in the form of options, restricted shares, restricted units, performance shares, performance stock units, and rights.

Equity Based Awards - Settled in Stock

The following table provides the number of stock unit awards granted which will convert to shares upon vesting as well as restricted shares issued during the six months ended June 30, along with the weighted average grant date fair value:

| Awards | 2016 | | 2015 | |
|-------------------------|------------------|--|------------------|--|
| | Number of Awards | Weighted Average Grant Date Fair Value | Number of Awards | Weighted Average Grant Date Fair Value |
| Deferred stock units | 11,945 | \$ 29.30 | — | \$ — |
| Restricted shares | 3,185 | \$ 29.30 | 17,616 | \$ 17.71 |
| Restricted stock units | 109,210 | \$ 21.44 | 101,788 | \$ 15.95 |
| Performance stock units | — | \$ — | 321,714 | \$ 18.46 |

Performance Stock Units - Settled in Cash

The Company has also awarded performance stock units ("PSUs") that will convert to cash after three years based upon the one year performance period. The cost of these awards is recognized over the requisite vesting period. The PSUs earned over the performance period are determined based on the Company's actual return on invested capital (ROIC) relative to the ROIC targeted for the performance period.

The following table provides the number of PSUs which will convert to cash:

| Awards | 2016 | | 2015 | |
|-------------------------|---------------------|------------------------------------|---------------------|------------------------------------|
| | Number of Units (1) | Grant Date Fair Value (in \$1000s) | Number of Units (2) | Grant Date Fair Value (in \$1000s) |
| Performance stock units | 128,000 | \$ 3,100 | 219,000 | \$ 4,039 |

(1) The final number of PSUs earned will be determined based upon actual performance at the end of 2016, with any amounts due to participants payable in January 2019.

(2) The participants earned 200% of target, aggregating 438,000 PSUs earned. This award will convert to cash and be payable in January 2018.

During the 2013 performance period, the participants earned an aggregate of 114,000 PSUs, representing 50% of the targeted award of 237,000 units. In January 2016, \$2,723,000 was paid to the participants for the 2013 PSUs based on the trailing 90-day closing price of the Company's common stock ended December 31, 2015.

No PSU awards were earned during the 2014 performance period.

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The following table summarizes the compensation expense recognized for the PSUs which will convert to cash for the three and six months ended June 30, (in thousands):

| | Three Months | | Six Months | |
|---|----------------|---------|----------------|---------|
| | Ended June 30, | | Ended June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Performance stock unit compensation expense | \$2,916 | \$1,532 | \$3,741 | \$2,113 |

Management Stock Purchase Plan

The Management Stock Purchase Plan ("MSPP") provides participants the ability to defer a portion of their compensation or Directors' fees, which deferral is converted to restricted stock units, and credited to an account. Under the MSPP, the Company provides a matching award in restricted stock units equal to a percentage of the employees' compensation or Directors' 2015 fee deferral amount. Beginning January 1, 2016, Directors do not receive any company-matching on deferred fees. The account represents a share-based liability converted to and settled in cash which is payable to participants upon retirement or a termination of their service to the Company.

The following table provides the number of restricted stock units credited to participant accounts and the payments made with respect to restricted stock units issued under the MSPP during the six months ended June 30,

| | 2016 | 2015 |
|---|----------|----------|
| Restricted stock units credited | 185,685 | 80,630 |
| Share-based liabilities paid (in \$1000s) | \$ 1,984 | \$ 1,475 |

11. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company is exposed to certain risks arising from both its business operations and economic conditions. The primary risks that the Company manages through its derivative instruments from time to time are foreign currency exchange rate risk and commodity pricing risk. As of June 30, 2016, we do not currently hold any derivatives instruments. All derivatives outstanding at December 31, 2015 were not designated as hedging instruments and matured during the six months ended June 30, 2016.

Derivatives not designated as hedging instruments

Commodity options, foreign exchange forwards and forward exchange options are recorded in the consolidated balance sheet at fair value and the resulting gains or losses are recorded to other income in the consolidated statement of operations. The (gains) losses recognized for the three and six months ended June 30, are as follows (in thousands):

| | Three Months | | Six Months | |
|---|--------------|---------|------------|-----------|
| | Ended | | Ended | |
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Derivatives not designated as hedging instruments | | | | |
| Commodity options | \$— | \$(74) | \$— | \$355 |
| Foreign exchange forwards | (85) | 94 | (14) | 94 |
| Foreign exchange options | — | 1,352 | — | (2,817) |
| Total non-designated derivative realized (gain) loss, net | \$(85) | \$1,372 | \$(14) | \$(2,368) |

Summary of Derivatives

Derivatives consist of the following (in thousands):

| | | June 30, December 31, | |
|---|----------------------|-----------------------|------------|
| | | 2016 | 2015 |
| | Classification | Fair Value | Fair Value |
| Derivatives not designated as hedging instruments | | | |
| Foreign exchange options | Other current assets | \$ | —\$ 1,792 |
| Foreign exchange forwards | Accrued expenses | \$ | —\$ 14 |

Table of Contents**12. FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, various techniques and assumptions can be used to estimate fair value. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for similar assets and liabilities.

Level 3 - Inputs that are unobservable inputs for the asset or liability.

The Company's derivatives are valued using various pricing models or discounted cash flow analyses that incorporate observable market data, such as interest rate yield curves, currency rates and implied volatility. In addition, the Company received fair value estimates from contract counterparties to verify the reasonableness of the Company's estimates. These derivatives are classified as Level 2 within the valuation hierarchy.

The following table presents the fair values and classification of our financial assets (liabilities) measured on a recurring basis, all of which are classified as Level 2 (in thousands):

| | Classification | June 30, December | |
|------------------------------------|---------------------------|-------------------|-----------|
| | | 2016 | 31, 2015 |
| Foreign currency exchange options | Other current assets | \$ | —\$ 1,792 |
| Foreign currency exchange forwards | Other current liabilities | \$ | —\$ 14 |

The Company's only other financial instrument for which the carrying value differs from its fair value is long-term debt. At June 30, 2016 and December 31, 2015, the fair value of outstanding debt net of unamortized debt issuance costs was \$211,336,000 and \$214,007,000, respectively, compared to its carrying value of \$209,236,000 and \$209,282,000, respectively. The fair value of the Company's Senior Subordinated 6.25% Notes is classified as Level 2 within the fair value hierarchy and was estimated based on quoted market prices adjusted for unamortized debt issuance costs.

13. DIVESTITURE

In connection with the Company's strategy to drive transformational change in its portfolio and financial results, management continually evaluates all aspects of our current portfolio for future profitable growth and greater shareholder returns. As a result of this strategy, the Company sold its European industrial manufacturing business to a third party for cash of \$9.3 million (\$8.5 million proceeds, net of transaction costs of \$0.8 million) on April 15, 2016. The sale of this business resulted in a loss before taxes of \$8.5 million which is presented within other expense (income) in the consolidated Statement of Operations. As noted in the Income Taxes footnote, the Company recorded a discrete tax benefit of \$11.4 million related to the sale, resulting in an after tax gain on sale of \$2.9 million. This divestiture does not meet the criteria to be reported as a discontinued operation as it does not represent a strategic shift that has or will have a major effect on the Company's operations. Therefore, prior period results of continuing operations have not been restated to exclude the impact of the divested business's financial results. This business, which supplied expanded metal product for filtration, security perimeters and other applications, contributed \$36 million in revenue to the Company's Industrial & Infrastructure Products segment for full year 2015 and had nearly break-even operating results.

14. EXIT ACTIVITY COSTS AND ASSET IMPAIRMENTS

The Company's business strategy has been formulated to effect a transformation of its operations and improve financial results over a five year period. In 2015, the first year of this planned transformation, an 80/20 simplification initiative commenced across many of our business units. This on-going initiative, in part, focuses the Company's internal resources on further increasing the value provided to our customers.

A result of this initiative was the identification of low-volume, internally-produced products which have been or will be outsourced or discontinued. During the six months ended June 30, 2016, charges resulted from this identification which relate to the write-down of inventory and impairment of machinery and equipment associated with either discontinued product lines or the reduction of manufactured goods offered within a product line. These assets were written down to their sale or scrap value, and were subsequently sold or disposed of. Exit activity costs were also incurred during the six months ended June 30, 2016 which relate to contract termination costs, severance costs, and other moving and closing costs. These costs were the result of the closing and consolidation of facilities, relocation of inventory and equipment at those facilities and the reduction of workforce associated with the discontinued products and closed facilities.

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During the six months ended June 30, 2015, the Company closed two facilities and eliminated three product lines which resulted in asset impairment charges. In addition, the Company sold and leased back a facility, which resulted in a gain.

The following tables set forth the asset impairment charges, exit activity costs and gain on facilities sold in conjunction with these efforts, incurred by segment during the three and six months ended June 30, related to the restructuring activities described above (in thousands):

| | Three Months Ended | | | 2015 | | |
|---|---|---------------------|---------|---|---------------------|---------|
| | June 30, 2016 | | | Inventory write-downs &/or asset impairment charges | | |
| | write-downs &/or asset impairment charges | Exit activity costs | Total | write-downs &/or asset impairment charges | Exit activity costs | Total |
| Residential Products | \$118 | \$ 140 | \$ 258 | \$2,637 | \$ 614 | \$3,251 |
| Industrial & Infrastructure Products | 46 | 805 | 851 | — | 41 | 41 |
| Total exit activity costs & asset impairments | \$164 | \$ 945 | \$1,109 | \$2,637 | \$ 655 | \$3,292 |

| | Six Months Ended | | | 2015 | | | Gain on sale leaseback | Total |
|---|---|---------------------|---------|---|---------------------|-----------|------------------------|-------|
| | June 30, 2016 | | | Inventory write-downs &/or asset impairment charges | | | | |
| | write-downs &/or asset impairment charges | Exit activity costs | Total | write-downs &/or asset impairment charges | Exit activity costs | Total | | |
| Residential Products | \$806 | \$ 470 | \$1,276 | \$2,745 | \$ 725 | \$(6,799) | \$(3,329) | |
| Industrial & Infrastructure Products | 268 | 1,263 | 1,531 | — | 41 | — | 41 | |
| Total exit activity costs & asset impairments | \$1,074 | \$1,733 | \$2,807 | \$2,745 | \$ 766 | \$(6,799) | \$(3,288) | |

The following table provides a summary of where the asset impairments and exit activity costs (gains) were recorded in the statement of operations for the three and six months ended June 30, (in thousands):

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|---------|------------------|-----------|
| | June 30, 2016 | 2015 | June 30, 2016 | 2015 |
| Cost of sales | \$560 | \$3,173 | \$1,678 | \$3,361 |
| Selling, general, and administrative expense | 549 | 119 | 1,129 | (6,649) |
| Net asset impairment and exit activity charges (gains) | \$1,109 | \$3,292 | \$2,807 | \$(3,288) |

The following table reconciles the beginning and ending liability for exit activity costs relating to the Company's facility consolidation efforts (in thousands):

| | 2016 | 2015 |
|--------------------------------|---------|-------|
| Balance at January 1 | \$603 | \$575 |
| Exit activity costs recognized | 1,733 | 766 |
| Cash payments | (1,527) | (641) |

Balance at June 30 \$809 \$700

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15. INCOME TAXES

The following table summarizes the provision for income taxes for continuing operations for the three and six months ended June 30, and the applicable effective tax rates (in thousands):

| | Three Months Ended | | Six Months | |
|----------------------------|--------------------|---------|------------|---------|
| | June 30, | | Ended | |
| | 2016 | 2015 | 2016 | 2015 |
| Provision for income taxes | \$(2,913) | \$2,202 | \$705 | \$5,494 |
| Effective tax rate | (20.7)% | 35.0 % | 2.9 % | 36.3 % |

The effective tax rate for the three and six months ended June 30, 2016 was less than the U.S. federal statutory rate of 35% due to deductible permanent differences and favorable discrete items partially offset by state taxes. The effective tax rate for the three and six months ended June 30, 2015 equaled or exceeded the U.S. federal statutory rate of 35% due to state taxes partially offset by deductible permanent differences and favorable discrete items.

The Company recorded a discrete tax benefit of \$11.4 million during the three months ended June 30, 2016 due to the effect of a worthless stock deduction and an associated bad debt deduction of inter-company debt resulting from the sale of its European industrial manufacturing business to a third party.

16. EARNINGS PER SHARE

Basic earnings and diluted weighted-average shares outstanding are as follows for the three and six months ended June 30, (in thousands):

| | Three Months | | Six Months | |
|---|--------------|----------|------------|----------|
| | Ended | | Ended | |
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Numerator: | | | | |
| Income from continuing operations | \$16,989 | \$4,087 | \$23,482 | \$9,624 |
| Loss from discontinued operations | — | — | — | (28) |
| Net income available to common shareholders | \$16,989 | \$4,087 | \$23,482 | \$9,596 |
| Denominator for basic earnings per share: | | | | |
| Weighted average shares outstanding | 31,475 | 31,210 | 31,447 | 31,200 |
| Denominator for diluted earnings per share: | | | | |
| Weighted average shares outstanding | 31,475 | 31,210 | 31,447 | 31,200 |
| Common stock options and restricted stock | 532 | 285 | 469 | 240 |
| Weighted average shares and conversions | \$32,007 | \$31,495 | \$31,916 | \$31,440 |

The weighted average number of diluted shares does not include potential anti-dilutive common shares aggregating 764,000 and 489,000 for the three months ended June 30, 2016 and 2015, respectively, and 724,000 and 471,000 for the six months ended June 30, 2016 and 2015, respectively.

17. SEGMENT INFORMATION

The Company is organized into three reportable segments on the basis of the production process and products and services provided by each segment, identified as follows:

- (i) Residential Products, which primarily includes roof and foundation ventilation products, mail and package storage products, rain dispersion products and roofing accessories;
- (ii) Industrial and Infrastructure Products, which primarily includes fabricated bar grating, expanded and perforated metal, plus bridge-related expansion joints and structural bearings; and
- (iii) Renewable Energy and Conservation, which primarily includes designing, engineering, manufacturing and installation of solar racking systems and commercial-scale greenhouse structures.

When determining the reportable segments, the Company aggregated operating segments based on their similar economic and operating characteristics.

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The following table sets forth the reconciliation of sales to earnings before income taxes by segment for the three and six months ended June 30, (in thousands):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|------------|------------------------------|------------|
| | 2016 | 2015 | 2016 | 2015 |
| Net sales: | | | | |
| Residential Products | \$ 119,965 | \$ 134,669 | \$ 220,112 | \$ 241,464 |
| Industrial and Infrastructure Products | 81,380 | 101,900 | 161,397 | 196,185 |
| Less: Intersegment sales | (373) | (482) | (740) | (947) |
| | 81,007 | 101,418 | 160,657 | 195,238 |
| Renewable Energy and Conservation | 62,127 | 17,084 | 116,007 | 17,084 |
| Total consolidated net sales | \$ 263,099 | \$ 253,171 | \$ 496,776 | \$ 453,786 |
| Income (loss) from operations: | | | | |
| Residential Products | \$ 20,725 | \$ 11,910 | \$ 32,956 | \$ 24,043 |
| Industrial and Infrastructure Products | 6,190 | 5,356 | 9,516 | 7,362 |
| Renewable Energy and Conservation | 7,657 | 999 | 11,970 | 999 |
| Unallocated Corporate Expenses | (8,795) | (7,064) | (15,058) | (12,233) |
| Total income from operations | \$ 25,777 | \$ 11,201 | \$ 39,384 | \$ 20,171 |

18. SUPPLEMENTAL FINANCIAL INFORMATION

The following information sets forth the consolidating summary financial statements of the issuer (Gibraltar Industries, Inc.) and guarantors, which guarantee the Senior Subordinated 6.25% Notes due February 1, 2021, and the non-guarantors. The guarantors are significant domestic 100% owned subsidiaries of the issuer and the guarantees are full, unconditional, joint and several.

Investments in subsidiaries are accounted for by the parent using the equity method of accounting. The guarantor subsidiaries and non-guarantor subsidiaries are presented on a combined basis. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
THREE MONTHS ENDED JUNE 30, 2016
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--|-------------------------------|---------------------------|-------------------------------|--------------|-----------|
| Net sales | \$ — | \$ 245,273 | \$ 19,922 | \$ (2,096) | \$263,099 |
| Cost of sales | — | 183,557 | 15,075 | (1,737) | 196,895 |
| Gross profit | — | 61,716 | 4,847 | (359) | 66,204 |
| Selling, general, and administrative expense | 14,134 | 29,367 | (3,074) | — | 40,427 |
| (Loss) income from operations | (14,134) | 32,349 | 7,921 | (359) | 25,777 |
| Interest expense (income) | 3,401 | 285 | (20) | — | 3,666 |
| Other expense (income) | 8,533 | 65 | (563) | — | 8,035 |
| (Loss) income before taxes | (26,068) | 31,999 | 8,504 | (359) | 14,076 |
| (Benefit of) provision for income taxes | (8,275) | 4,277 | 1,085 | — | (2,913) |
| (Loss) income from continuing operations | (17,793) | 27,722 | 7,419 | (359) | 16,989 |
| Equity in earnings from subsidiaries | 35,141 | 7,419 | — | (42,560) | — |
| Net income | \$ 17,348 | \$ 35,141 | \$ 7,419 | \$ (42,919) | \$16,989 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
THREE MONTHS ENDED JUNE 30, 2015
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--|-------------------------------|---------------------------|-------------------------------|--------------|------------|
| Net sales | \$ — | \$ 235,468 | \$ 22,419 | \$ (4,716) | \$ 253,171 |
| Cost of sales | — | 193,554 | 19,863 | (4,365) | 209,052 |
| Gross profit | — | 41,914 | 2,556 | (351) | 44,119 |
| Selling, general, and administrative expense | 31 | 30,322 | 2,565 | — | 32,918 |
| (Loss) income from operations | (31) | 11,592 | (9) | (351) | 11,201 |
| Interest expense (income) | 3,402 | 433 | (24) | — | 3,811 |
| Other (income) expense | (19) | 1,058 | 62 | — | 1,101 |
| (Loss) income before taxes | (3,414) | 10,101 | (47) | (351) | 6,289 |
| (Benefit of) provision for income taxes | (1,197) | 3,174 | 225 | — | 2,202 |
| (Loss) income from continuing operations | (2,217) | 6,927 | (272) | (351) | 4,087 |
| Equity in earnings from subsidiaries | 6,655 | (272) | — | (6,383) | — |
| Net income (loss) | \$ 4,438 | \$ 6,655 | \$ (272) | \$ (6,734) | \$ 4,087 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2016
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--|-------------------------------|---------------------------|-------------------------------|--------------|------------|
| Net sales | \$ — | \$ 456,492 | \$ 47,215 | \$ (6,931) | \$ 496,776 |
| Cost of sales | — | 348,996 | 37,715 | (6,295) | 380,416 |
| Gross profit | — | 107,496 | 9,500 | (636) | 116,360 |
| Selling, general, and administrative expense | 14,174 | 61,437 | 1,365 | — | 76,976 |
| (Loss) income from operations | (14,174) | 46,059 | 8,135 | (636) | 39,384 |
| Interest expense (income) | 6,804 | 595 | (42) | — | 7,357 |
| Other expense (income) | 8,487 | 121 | (768) | — | 7,840 |
| (Loss) income before taxes | (29,465) | 45,343 | 8,945 | (636) | 24,187 |
| (Benefit of) provision for income taxes | (9,482) | 8,911 | 1,276 | — | 705 |
| (Loss) income from continuing operations | (19,983) | 36,432 | 7,669 | (636) | 23,482 |
| Equity in earnings from subsidiaries | 44,101 | 7,669 | — | (51,770) | — |
| Net income | \$ 24,118 | \$ 44,101 | \$ 7,669 | \$ (52,406) | \$ 23,482 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2015
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--|-------------------------------|---------------------------|-------------------------------|--------------|------------|
| Net sales | \$ — | \$ 419,818 | \$ 42,167 | \$ (8,199) | \$ 453,786 |
| Cost of sales | — | 350,418 | 37,079 | (7,745) | 379,752 |
| Gross profit | — | 69,400 | 5,088 | (454) | 74,034 |
| Selling, general, and administrative expense | 71 | 49,684 | 4,108 | — | 53,863 |
| (Loss) income from operations | (71) | 19,716 | 980 | (454) | 20,171 |
| Interest expense (income) | 6,804 | 760 | (53) | — | 7,511 |
| Other (income) expense | (12) | (2,465) | 19) | — | (2,458) |
| (Loss) income before taxes | (6,863) | 21,421 | 1,014 | (454) | 15,118 |
| (Benefit of) provision for income taxes | (2,407) | 7,435 | 466 | — | 5,494 |
| (Loss) income from continuing operations | (4,456) | 13,986 | 548 | (454) | 9,624 |
| Discontinued operations: | | | | | |
| Loss from discontinued operations before taxes | — | (44) | — | — | (44) |
| Benefit of income taxes | — | (16) | — | — | (16) |
| Loss from discontinued operations | — | (28) | — | — | (28) |
| Equity in earnings from subsidiaries | 14,506 | 548 | — | (15,054) | — |
| Net income | \$ 10,050 | \$ 14,506 | \$ 548 | \$ (15,508) | \$ 9,596 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED JUNE 30, 2016
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--|-------------------------------|---------------------------|-------------------------------|--------------|-----------|
| Net income | \$ 17,348 | \$ 35,141 | \$ 7,419 | \$ (42,919) | \$ 16,989 |
| Other comprehensive income: | | | | | |
| Foreign currency translation adjustment | — | — | 7,753 | — | 7,753 |
| Adjustment to retirement benefit liability, net of tax | — | (1) | — | — | (1) |
| Adjustment to post-retirement health care liability, net of tax | — | 38 | — | — | 38 |
| Other comprehensive income | — | 37 | 7,753 | — | 7,790 |
| Total comprehensive income | \$ 17,348 | \$ 35,178 | \$ 15,172 | \$ (42,919) | \$ 24,779 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED JUNE 30, 2015
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|---|-------------------------------|---------------------------|-------------------------------|--------------|---------|
| Net income (loss) | \$ 4,438 | \$ 6,655 | \$ (272) | \$ (6,734) | \$4,087 |
| Other comprehensive income: | | | | | |
| Foreign currency translation adjustment | — | — | 2,138 | — | 2,138 |
| Adjustment to retirement benefit liability, net of tax | — | 2 | — | — | 2 |
| Adjustment to post-retirement health care liability, net of tax | — | 37 | — | — | 37 |
| Other comprehensive income | — | 39 | 2,138 | — | 2,177 |
| Total comprehensive income | \$ 4,438 | \$ 6,694 | \$ 1,866 | \$ (6,734) | \$6,264 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2016
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--|-------------------------------|---------------------------|-------------------------------|--------------|-----------|
| Net income | \$ 24,118 | \$ 44,101 | \$ 7,669 | \$ (52,406) | \$ 23,482 |
| Other comprehensive income: | | | | | |
| Foreign currency translation adjustment | — | — | 10,831 | — | 10,831 |
| Adjustment to retirement benefit liability, net of tax | — | (2) | — | — | (2) |
| Adjustment to post-retirement health care liability, net of tax | — | 76 | — | — | 76 |
| Other comprehensive income | — | 74 | 10,831 | — | 10,905 |
| Total comprehensive income | \$ 24,118 | \$ 44,175 | \$ 18,500 | \$ (52,406) | \$ 34,387 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME
SIX MONTHS ENDED JUNE 30, 2015
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|---|-------------------------------|---------------------------|-------------------------------|--------------|----------|
| Net income | \$ 10,050 | \$ 14,506 | \$ 548 | \$ (15,508) | \$ 9,596 |
| Other comprehensive (loss) income: | | | | | |
| Foreign currency translation adjustment | — | — | (1,662) | — | (1,662) |
| Reclassification of loss on cash flow hedges, net of tax | — | 143 | — | — | 143 |
| Adjustment to retirement benefit liability, net of tax | — | 4 | — | — | 4 |
| Adjustment to post-retirement health care liability, net of tax | — | 74 | — | — | 74 |
| Other comprehensive income (loss) | — | 221 | (1,662) | — | (1,441) |
| Total comprehensive income (loss) | \$ 10,050 | \$ 14,727 | \$ (1,114) | \$ (15,508) | \$ 8,155 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING BALANCE SHEETS
JUNE 30, 2016
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--------------------------------------|-------------------------------|---------------------------|-------------------------------|---------------|------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ — | \$ 100,762 | \$ 23,352 | \$ — | \$ 124,114 |
| Accounts receivable, net | — | 138,630 | 11,540 | — | 150,170 |
| Intercompany balances | 12,719 | (5,014) | (7,705) | — | — |
| Inventories | — | 92,657 | 5,564 | — | 98,221 |
| Other current assets | 11,517 | (3,380) | 3,982 | — | 12,119 |
| Total current assets | 24,236 | 323,655 | 36,733 | — | 384,624 |
| Property, plant, and equipment, net | — | 103,439 | 5,369 | — | 108,808 |
| Goodwill | — | 270,017 | 24,780 | — | 294,797 |
| Acquired intangibles | — | 107,934 | 12,501 | — | 120,435 |
| Other assets | — | 4,336 | — | — | 4,336 |
| Investment in subsidiaries | 640,535 | 62,888 | — | (703,423) | — |
| | \$ 664,771 | \$ 872,269 | \$ 79,383 | \$ (703,423) | \$ 913,000 |
| Liabilities and Shareholders' Equity | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ — | \$ 78,856 | \$ 3,949 | \$ — | \$ 82,805 |
| Accrued expenses | 7,397 | 38,600 | 3,334 | — | 49,331 |
| Billings in excess of cost | — | 25,486 | 4,872 | — | 30,358 |
| Current maturities of long-term debt | — | 400 | — | — | 400 |
| Total current liabilities | 7,397 | 143,342 | 12,155 | — | 162,894 |
| Long-term debt | 207,795 | 1,041 | — | — | 208,836 |
| Deferred income taxes | — | 38,809 | 4,340 | — | 43,149 |
| Other non-current liabilities | — | 48,542 | — | — | 48,542 |
| Shareholders' equity | 449,579 | 640,535 | 62,888 | (703,423) | 449,579 |
| | \$ 664,771 | \$ 872,269 | \$ 79,383 | \$ (703,423) | \$ 913,000 |

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GIBRALTAR INDUSTRIES, INC.
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2015
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--------------------------------------|-------------------------------|---------------------------|-------------------------------|---------------|------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ — | \$ 39,597 | \$ 29,261 | \$ — | \$ 68,858 |
| Accounts receivable, net | — | 142,674 | 22,295 | — | 164,969 |
| Intercompany balances | 15,023 | 12,033 | (27,056) | — | — |
| Inventories | — | 99,132 | 7,926 | — | 107,058 |
| Other current assets | 4,535 | 2,957 | 3,045 | — | 10,537 |
| Total current assets | 19,558 | 296,393 | 35,471 | — | 351,422 |
| Property, plant, and equipment, net | — | 106,413 | 12,519 | — | 118,932 |
| Goodwill | — | 270,017 | 22,373 | — | 292,390 |
| Acquired intangibles | — | 111,734 | 11,279 | — | 123,013 |
| Other assets | — | 4,015 | — | — | 4,015 |
| Investment in subsidiaries | 603,208 | 54,792 | — | (658,000) | — |
| | \$ 622,766 | \$ 843,364 | \$ 81,642 | \$ (658,000) | \$ 889,772 |
| Liabilities and Shareholders' Equity | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ — | \$ 81,551 | \$ 7,653 | \$ — | \$ 89,204 |
| Accrued expenses | 5,127 | 55,363 | 7,115 | — | 67,605 |
| Billings in excess of cost | — | 20,548 | 7,638 | — | 28,186 |
| Current maturities of long-term debt | — | 400 | — | — | 400 |
| Total current liabilities | 5,127 | 157,862 | 22,406 | — | 185,395 |
| Long-term debt | 207,553 | 1,329 | — | — | 208,882 |
| Deferred income taxes | — | 38,763 | 3,891 | — | 42,654 |
| Other non-current liabilities | — | 42,202 | 553 | — | 42,755 |
| Shareholders' equity | 410,086 | 603,208 | 54,792 | (658,000) | 410,086 |
| | \$ 622,766 | \$ 843,364 | \$ 81,642 | \$ (658,000) | \$ 889,772 |

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GIBALTAR INDUSTRIES, INC.
 CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
 SIX MONTHS ENDED JUNE 30, 2016
 (in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--|-------------------------------|---------------------------|-------------------------------|--------------|------------|
| Cash Flows from Operating Activities | | | | | |
| Net cash (used in) provided by operating activities | \$ (27,297) | \$ 62,183 | \$ 14,263 | \$ | —\$49,149 |
| Cash Flows from Investing Activities | | | | | |
| Cash paid for acquisitions | — | (2,314) | — | — | (2,314) |
| Net proceeds from sale of property and equipment | — | 133 | 29 | — | 162 |
| Purchases of property, plant, and equipment | — | (3,852) | (183) | — | (4,035) |
| Net proceeds from sale of business | — | — | 8,479 | — | 8,479 |
| Other, net | — | 1,118 | — | — | 1,118 |
| Net cash (used in) provided by investing activities | — | (4,915) | 8,325 | — | 3,410 |
| Cash Flows from Financing Activities | | | | | |
| Long-term debt payments | — | (400) | — | — | (400) |
| Payment of debt issuance costs | — | (54) | — | — | (54) |
| Purchase of treasury stock at market prices | (462) | — | — | — | (462) |
| Net proceeds from issuance of common stock | 2,057 | — | — | — | 2,057 |
| Intercompany financing | 25,410 | 4,351 | (29,761) | — | — |
| Excess tax benefit from stock compensation | 292 | — | — | — | 292 |
| Net cash provided by (used in) financing activities | 27,297 | 3,897 | (29,761) | — | 1,433 |
| Effect of exchange rate changes on cash | — | — | 1,264 | — | 1,264 |
| Net increase (decrease) in cash and cash equivalents | — | 61,165 | (5,909) | — | 55,256 |
| Cash and cash equivalents at beginning of year | — | 39,597 | 29,261 | — | 68,858 |
| Cash and cash equivalents at end of period | \$ — | \$ 100,762 | \$ 23,352 | \$ | —\$124,114 |

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GIBRALTAR INDUSTRIES, INC.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2015
(in thousands)

| | Gibraltar Industries, Inc. | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Total |
|--|-------------------------------|---------------------------|-------------------------------|--------------|------------|
| Cash Flows from Operating Activities | | | | | |
| Net cash (used in) provided by operating activities | \$ (6,621) | \$ 16,091 | \$ 2,288 | \$ | —\$11,758 |
| Cash Flows from Investing Activities | | | | | |
| Purchases of property, plant, and equipment | — | (4,307) | (317) | — | (4,624) |
| Cash paid for acquisitions | — | (106,055) | (28,263) | — | (134,318) |
| Other, net | — | 1,154 | — | — | 1,154 |
| Net proceeds from sale of property and equipment | — | 26,181 | — | — | 26,181 |
| Net cash used in investing activities | — | (83,027) | (28,580) | — | (111,607) |
| Cash Flows from Financing Activities | | | | | |
| Long-term debt payments | — | (11,792) | — | — | (11,792) |
| Proceeds from long-term debt | — | 41,392 | — | — | 41,392 |
| Purchase of treasury stock at market prices | (387) | — | — | — | (387) |
| Net proceeds from issuance of common stock | 180 | — | — | — | 180 |
| Intercompany financing | 6,791 | (36,970) | 30,179 | — | — |
| Excess tax benefit from stock compensation | 37 | — | — | — | 37 |
| Net cash provided by (used in) financing activities | 6,621 | (7,370) | 30,179 | — | 29,430 |
| Effect of exchange rate changes on cash | — | — | (769) | — | (769) |
| Net (decrease) increase in cash and cash equivalents | — | (74,306) | 3,118 | — | (71,188) |
| Cash and cash equivalents at beginning of year | — | 91,466 | 19,144 | — | 110,610 |
| Cash and cash equivalents at end of period | \$ — | \$ 17,160 | \$ 22,262 | \$ | —\$39,422 |

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Certain information set forth herein includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and, therefore, are or may be deemed to be, "forward-looking statements." These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "anticipates," "expects," "estimates," "seeks," "projects," "intends," "plans," "may," "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, competition, strategies and the industry in which we operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the "Risk Factors" disclosed in our Annual Report on Form 10-K. Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industries in which we operate may differ materially from those made in or suggested by the forward-looking statements contained herein. In addition, even if our results of operations, financial condition and liquidity and the development of the industries in which we operate are consistent with the forward-looking statements contained in this quarterly report, those results or developments may not be indicative of results or developments in subsequent periods. Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that we make herein speak only as of the date of those statements, and we undertake no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Overview

Gibraltar Industries, Inc. (the "Company") is a leading manufacturer and distributor of building products for industrial, transportation infrastructure, residential housing, renewable energy and resource conservation markets. Beginning in mid-2014, led by new executive leadership, the Company began a re-examination of its operations, competitive advantages, and strategies, all directed at re-setting a business strategy that would significantly elevate and accelerate the growth and financial returns of the Company. The new strategy, completed in late 2014, is targeted at delivering best-in-class, sustainable value creation for our shareholders for the long-term. This strategy is intended to drive a transformational change in the Company's portfolio and its financial results. It has four key elements which are: operational excellence, product innovation, portfolio management, and acquisitions as a strategic accelerator.

Operational excellence is our first pillar in this strategy. 80/20 simplification ("80/20") is core to this part of the strategy which is based on the analysis that 25% of the customers typically generate 89% of the revenue in a business, and 150% of the profitability. Through the application of data analysis generated by 80/20 practice, we are focusing on our largest and best opportunities (the "80") and eliminating complexity associated with less profitable opportunities (the "20") in order to generate more earnings year over year, at a higher rate of return with a more efficient use of capital.

We started the multi-year simplification initiative in the fourth quarter of 2014, with a comprehensive data analysis and we are still in the early stages of implementation. We believe that over the first three years, we will drive 200 to 300 basis points of operating margin improvement from the 80/20 process with corresponding benefits from the resulting reduction of operational assets.

Product innovation is our second strategic pillar. Innovation involves the allocation of new and existing resources to opportunities that drive sustainable returns. We are focused on those products and technologies that have relevance to the end-user and can be differentiated from our competition. Our focus on innovation will be centered on four

markets: postal and parcel products, residential air management, infrastructure and renewable energy. These respective markets are expected to grow based on demand for centralized mail and parcel delivery systems and zero carbon footprint homes; the need for repairs to elevated bridges that are deficient or functionally obsolete; and energy sources not dependent on fossil fuels.

The third pillar of our strategy is portfolio management, which is a natural adjunct to the 80/20 initiative. Using the 80/20 process, we continually evaluate all aspects of our current portfolio for future profitable growth and greater shareholder return which will lead to consideration of any necessary refinements. The sale of our European industrial manufacturing business on April, 15, 2016, was a direct result of this third pillar.

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The fourth pillar of our strategy is acquisitions. We are focused on making strategic acquisitions in five key markets, four of which are served by existing platforms within the Company. The existing platforms include the same areas in which we are targeting the development of innovative products: postal and parcel solutions, infrastructure, residential air management and renewable energy. The remaining new platform is water management and conservation. What these platforms have in common is that they are all large markets in which the underlying trends for customer convenience and safety, energy-savings and resource conservation are of increasing importance and are expected to drive long-term demand. These markets also offer the opportunity for higher returns on our investments than those we have generated in the past. The acquisition of Rough Brothers Manufacturing, Inc., RBI Solar, Inc., and affiliates, collectively known as "RBI" in June 2015 was the direct result of this fourth pillar.

On June 9, 2015, the Company acquired RBI for approximately \$148 million. RBI is one of the largest manufacturers of commercial greenhouses in North America and has also established itself among North America's fastest-growing providers of solar racking solutions. RBI designs and manufactures greenhouses for commercial, institutional and retail customers. In solar racking, RBI is a full service provider that engineers, manufactures and installs solar racking systems for utilities and solar park developers. RBI also sells solar racking for residential rooftops. The acquisition of RBI is expected to enable the Company to leverage its expertise in structural metals manufacturing and materials sourcing to help meet the fast-growing global demand for solar racking solutions. The results of RBI have been included in the Company's consolidated financial results since the date of the acquisition. The acquisition was financed through cash on hand and borrowings under our revolving credit facility.

On April 15, 2016, the Company sold its European industrial manufacturing business to a third party for cash of \$9.3 million. This business, which supplied expanded metal products for filtration, security perimeters and other applications, contributed \$36 million in revenue to the Company's Industrial & Infrastructure Products segment in 2015 and had nearly break-even operating results. The divestiture of this business is in alignment with the Company's portfolio management strategy.

The Company serves customers primarily throughout North America, and to a lesser extent, Europe and Asia. Our customers include major home improvement retailers, wholesalers, industrial distributors, contractors, solar developers and institutional and commercial growers of plants. As of June 30, 2016, we operated 46 facilities in 18 states, Canada, Germany, China, and Japan giving us a base of operations to provide customer support, delivery, service and quality to a number of regional and national customers and providing us with manufacturing and distribution efficiencies in North America, as well as a presence in the European and Asian markets.

The Company operates and reports its results in the following three reporting segments, entitled "Residential Products", "Industrial and Infrastructure Products" and "Renewable Energy and Conservation".

Our Residential Products segment focuses on new residential housing construction and residential repair and remodeling activity with products including roof and foundation ventilation products, mail and package storage products, rain dispersion products and roof ventilation accessories. This segment's products are sold through major retail home centers, building material wholesalers, buying groups, roofing distributors, and residential contractors. Our Industrial and Infrastructure Products segment focuses on a variety of markets including discrete and process manufacturing, highway and bridge construction, and energy and power generation markets with products including fabricated bar grating for industrial flooring, expanded and perforated metal, as well as, expansion joints and structural bearings for roadways and bridges. This segment distributes its products through industrial, commercial and transportation contractors, industrial distributors and original equipment manufacturers.

Our Renewable Energy and Conservation segment focuses on the design, engineering, manufacturing and installation of solar racking systems and commercial-sale greenhouse structures. This segment's services and products are provided directly to end users and through product distribution channels.

The end markets our segments serve, which consist of residential housing, industrial manufacturing, transportation infrastructure, and renewable energy and conservation, are subject to economic conditions that are influenced by various factors. These factors include but are not limited to changes in general economic conditions, interest rates,

exchange rates, credit availability, commodity costs, demand for residential construction, governmental policies and funding, tax policies and the level of non-residential construction and infrastructure projects. As a result of the Company's re-examination of its operations and re-setting of its business strategy noted above, we believe we are prepared to respond timely to changes in these factors. We have and expect to continue to restructure our operations, including consolidation of facilities, reducing overhead costs, curtailing investments in inventory, and managing our business to generate incremental cash. Additionally, we believe our new strategy has enabled us to better react to fluctuations in commodity costs and customer demand, and has helped in improving margins. We have used the improved cash flows generated by these initiatives to maintain low levels of debt,

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improve our liquidity position, and invest in growth initiatives. Overall, we are striving to achieve stronger financial results, make more efficient use of capital, and deliver higher shareholder returns.

Results of Operations

Three Months Ended June 30, 2016 Compared to the Three Months Ended June 30, 2015

The following table sets forth selected data from our statements of operations and the related percentage of net sales for the three months ended June 30, (in thousands):

| | 2016 | | 2015 | |
|--|-----------|---------|-----------|---------|
| Net sales | \$263,099 | 100.0 % | \$253,171 | 100.0 % |
| Cost of sales | 196,895 | 74.8 % | 209,052 | 82.6 % |
| Gross profit | 66,204 | 25.2 % | 44,119 | 17.4 % |
| Selling, general, and administrative expense | 40,427 | 15.4 % | 32,918 | 13.0 % |
| Income from operations | 25,777 | 9.8 % | 11,201 | 4.4 % |
| Interest expense | 3,666 | 1.4 % | 3,811 | 1.5 % |
| Other expense | 8,035 | 3.0 % | 1,101 | 0.4 % |
| Income before taxes | 14,076 | 5.4 % | 6,289 | 2.5 % |
| (Benefit of) provision for income taxes | (2,913) | (1.1)% | 2,202 | 0.9 % |
| Net income | \$16,989 | 6.5 % | \$4,087 | 1.6 % |

The following table sets forth the Company's net sales by reportable segment for the three months ended June 30, (in thousands):

| | 2016 | 2015 | Total Change | Change due to Foreign Currency | Operations |
|--|-----------|-----------|--------------|--------------------------------|-------------|
| Net sales: | | | | | |
| Residential Products | \$119,965 | \$134,669 | \$(14,704) | \$1,867 | \$(16,571) |
| Industrial and Infrastructure Products | 81,380 | 101,900 | (20,520) | (445) | (20,075) |
| Less: Intersegment sales | (373) | (482) | 109 | — | 109 |
| | 81,007 | 101,418 | (20,411) | (445) | (19,966) |
| Renewable Energy and Conservation | 62,127 | 17,084 | 45,043 | — | 45,043 |
| Consolidated | \$263,099 | \$253,171 | \$9,928 | \$1,422 | \$8,506 |

Consolidated net sales increased by \$9.9 million, or 3.9%, to \$263.1 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. The increase was primarily the result of incremental sales generated from our Renewable Energy and Conservation segment, which contains the results of RBI acquired in the latter part of the second quarter of 2015. Foreign currency fluctuations also favorably impacted consolidated net sales. These increases were largely offset by the divestiture of our European industrial manufacturing business in April 2016, along with a combined 11.7% decrease in volume and a combined 1.5% decrease in pricing to customers in both our Residential Products and Industrial & Infrastructure segments.

Net sales in our Residential Products segment decreased 10.9%, or \$14.7 million to \$120.0 million for the three months ended June 30, 2016 compared to \$134.7 million in the three months ended June 30, 2015. The decrease was a result of a 12.6% decrease in volume, partially offset by foreign currency fluctuations which contributed an increase of \$1.9 million to net sales. The net sales volume decrease was primarily due to a decline in demand for our postal and parcel storage products, reflecting the completion of a contract for cluster mailboxes at the end of 2015, along with a modest decrease in demand for our roofing-related ventilation and rain dispersion products.

Net sales in our Industrial and Infrastructure Products segment decreased 20.1%, or \$20.4 million to \$81.0 million for the three months ended June 30, 2016 compared to \$101.4 million for the three months ended June 30, 2015. The decrease in net sales

was the combined result of the divestiture of our European industrial manufacturing business affecting 7.7% of sales, lower shipment volume of 8.0%, and a 4.0% decrease in pricing to customers, as compared to the same period in the prior year. This segment's volume was primarily impacted by lower demand for our industrial products from domestic energy-related end markets, that have been affected by reduced oil and other commodities prices.

Our consolidated gross margin increased to 25.2% for the three months ended June 30, 2016 compared to 17.4% for the three months ended June 30, 2015.

Within our Residential Products segment, both gross profit and gross margin, as a percentage of sales, increased as compared to the prior year quarter. This segment benefited from operational efficiencies, an improved alignment of material costs to customer selling prices and contributions from our company-wide 80/20 initiatives to simplify our business processes and product lines. Favorable currency fluctuations also contributed to the margin increase. Decreased volume from our postal products partially offset these increases.

In our Industrial and Infrastructure Products segment, both gross profit and gross margin, as a percentage of sales, increased as compared to the prior year quarter despite the disposition of our European industrial manufacturing business, lower volumes in industrial products and a decrease in pricing offered to customers. The margin increase was largely the result of manufacturing efficiencies, our company-wide 80/20 initiatives and better alignment of material costs to customer selling prices.

Our Renewable Energy and Conservation segment largely contributed to the increase in the consolidated gross profit for the quarter as compared to the prior year quarter, and to a lesser extent, positively impacted the year over year increase to the gross margin as a percentage of sales.

Selling, general, and administrative (SG&A) expenses increased by \$7.5 million, or 22.8%, to \$40.4 million for the three months ended June 30, 2016 from \$32.9 million for the three months ended June 30, 2015. The \$7.5 million increase largely resulted from \$6.0 million of incremental SG&A expenses for the comparable periods recorded at RBI, acquired during the latter part of the second quarter of 2015. A \$3.6 million increase in performance-based compensation expense also contributed to the increase. These increases were partially offset by a \$1.0 million charge for senior leadership transition costs recorded during the second quarter of 2015. SG&A expenses as a percentage of net sales increased to 15.4% in the three months ended June 30, 2016 compared to 13.0% in the three months ended June 30, 2015.

The following table sets forth the Company's income from operations and income from operations as a percentage of net sales by reportable segment for the three months ended June 30, (in thousands):

| | 2016 | | 2015 | | Total Change | Change due to Foreign Currency | Operations |
|--|----------|---------|----------|--------|-----------------|--------------------------------------|------------|
| Income (loss) from operations: | | | | | | | |
| Residential Products | \$20,725 | 17.3 % | \$11,910 | 8.8 % | \$8,815 | \$1,867 | \$6,948 |
| Industrial and Infrastructure Products | 6,190 | 7.6 % | 5,356 | 5.3 % | 834 | — | 834 |
| Renewable Energy and Conservation | 7,657 | 12.3 % | 999 | 5.8 % | 6,658 | — | 6,658 |
| Unallocated Corporate Expenses | (8,795) | (3.3)% | (7,064) | (2.8)% | (1,731) | — | (1,731) |
| Consolidated income from operations | \$25,777 | 9.8 % | \$11,201 | 4.4 % | \$14,576 | \$1,867 | \$12,709 |

Our Residential Products segment generated an operating margin of 17.3% during the three months ended June 30, 2016 compared to 8.8% during the three months ended June 30, 2015. The increase of \$8.8 million of operating profit is largely due to the benefits of improved operational efficiencies and contributions from the 80/20 simplification initiative, along with favorable effects of currency fluctuations of \$1.9 million. Partially offsetting these increases was the impact of lower sales volumes primarily from postal products during the current year quarter.

Our Industrial and Infrastructure Products segment generated an operating margin of 7.6% during the three months ended June 30, 2016 compared to 5.3% during the three months ended June 30, 2015. Despite the disposition of our European industrial manufacturing business, with nearly break-even profitability, and lower shipment volumes in this segment, the margin increase was the result of the benefits from improved management of raw material costs along with effects of manufacturing efficiencies resulting from the 80/20 simplification.

The Renewable Energy and Conservation segment generated an operating margin of 12.3% in the current year quarter and contributed to the consolidated margin increase.

Unallocated corporate expenses increased \$1.7 million from \$7.1 million during the three months ended June 30, 2015 to \$8.8 million during the three months ended June 30, 2016. The increase was largely due to a \$3.1 million increase in performance-based compensation expense over the prior year quarter, the result of improved operating results and the higher price of the Company's shares which increased the value of stock-based compensation. Partially offsetting this was \$1.0 million of costs for senior leadership and management transitions and \$0.9 million of acquisition related costs incurred by the Company during the second quarter of 2015.

Other expense of \$8.0 million for the three months ended June 30, 2016 increased from \$1.1 million for the three months ended June 30, 2015. Current quarter non-operating expense is primarily comprised of the \$8.5 million pre-tax loss on the sale of our European industrial manufacturing business, partially offset by foreign currency fluctuations. Prior year non-operating expense was primarily comprised of net expense on derivative contracts for hedges on foreign currencies and select raw materials related to transactions with our Residential Products segment, offset by foreign currency fluctuations.

Interest expense modestly decreased by \$0.1 million to \$3.7 million for the three months ended June 30, 2016 compared to \$3.8 million for the three months ended June 30, 2015. During the three months ended June 30, 2016, no amounts were outstanding under our revolving credit facility. During the three months ended June 30, 2015, the Company borrowed funds under its revolving credit facility to help finance the acquisition of RBI.

We recognized a benefit from income taxes of \$2.9 million and a provision for income taxes of \$2.2 million, with effective tax rates of (20.7)% and 35.0% for the three months ended June 30, 2016, and 2015, respectively. The effective tax rate for the second quarter of 2016 was less than the U.S. federal statutory rate of 35% primarily due to a discrete tax benefit of \$11.4 million resulting from the sale of our European industrial manufacturing business, partially offset by state taxes. The effective tax rate for the second quarter of 2015 equaled the U.S. federal statutory rate of 35%.

Six Months Ended June 30, 2016 Compared to the Six Months Ended June 30, 2015

The following table sets forth selected data from our statements of operations and the related percentage of net sales for the six months ended June 30, (in thousands):

| | 2016 | | 2015 | |
|--|-----------|--------|-----------|--------|
| Net sales | \$496,776 | 100.0% | \$453,786 | 100.0% |
| Cost of sales | 380,416 | 76.6% | 379,752 | 83.7% |
| Gross profit | 116,360 | 23.4% | 74,034 | 16.3% |
| Selling, general, and administrative expense | 76,976 | 15.5% | 53,863 | 11.9% |
| Income from operations | 39,384 | 7.9% | 20,171 | 4.4% |
| Interest expense | 7,357 | 1.5% | 7,511 | 1.6% |
| Other expense (income) | 7,840 | 1.5% | (2,458) | (0.5)% |
| Income before taxes | 24,187 | 4.9% | 15,118 | 3.3% |
| Provision for income taxes | 705 | 0.2% | 5,494 | 1.2% |
| Income from continuing operations | 23,482 | 4.7% | 9,624 | 2.1% |
| Loss from discontinued operations | — | 0.0% | (28) | 0.0% |
| Net income | \$23,482 | 4.7% | \$9,596 | 2.1% |

The following table sets forth the Company's net sales by reportable segment, for the six months ended June 30, (in thousands):

| | 2016 | 2015 | Total Change | Change due to Foreign Currency | Operations |
|--|-----------|-----------|-----------------|--------------------------------------|------------|
| Net sales: | | | | | |
| Residential Products | \$220,112 | \$241,464 | \$(21,352) | \$3,447 | \$(24,799) |
| Industrial and Infrastructure Products | 161,397 | 196,185 | (34,788) | (1,802) | (32,986) |
| Less: Intersegment sales | (740) | (947) | 207 | — | 207 |
| | 160,657 | 195,238 | (34,581) | (1,802) | (32,779) |
| Renewable Energy and Conservation | 116,007 | 17,084 | 98,923 | — | 98,923 |
| Consolidated | \$496,776 | \$453,786 | \$42,990 | \$1,645 | \$41,345 |

Consolidated net sales increased by \$43.0 million, or 9.5%, to \$496.8 million for the six months ended June 30, 2016 compared to the prior year period. The increase was primarily the result of incremental sales generated from our Renewable Energy and Conservation segment, which contains the results of RBI acquired in June 2015. Favorable foreign currency fluctuations of \$1.6 million also contributed to the increase. These increases were partially offset by the divestiture of our European industrial manufacturing business in April 2016 resulting in \$9.3 million less sales, along with a combined 10.4% decrease in volume and a combined 1.9% decrease in pricing to customers in both our Residential Products and Industrial & Infrastructure segments.

Net sales in our Residential Products segment decreased 8.9%, or \$21.4 million to \$220.1 million for the six months ended June 30, 2016 compared to last year. The decrease was primarily the result of a \$28.3 million, or 11.7%, decline in volume for our postal and parcel storage products related to the completion of a contract for cluster mailboxes at the end of 2015. This decrease was partially offset by an increase in volume of 1.3% for our other residential product offerings along with foreign currency fluctuations which contributed an increase of \$3.4 million to net sales.

Net sales in our Industrial and Infrastructure Products segment decreased 17.7%, or \$34.6 million to \$160.7 million for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. The decrease in net sales was the combined result of the divestiture of our European industrial manufacturing business affecting 4.0% of sales, lower shipment volume of 8.3%, and a 4.5% decrease in pricing to customers, as compared to the first half of 2015. This segment was primarily impacted by lower demand for our industrial products from domestic energy-related end markets, that have been depressed by reduced oil and other commodities prices.

Our consolidated gross margin increased to 23.4% for the six months ended June 30, 2016, compared to 16.3% for the six months ended June 30, 2015. Our consolidated gross profit also increased for the comparable period.

Within our Residential Products segment, both gross profit and gross margin, as a percentage of sales, increased as compared to the prior year period, despite decreased volume from our postal products. This segment benefited from operational efficiencies, an improved alignment of material costs to customer selling prices and contributions from our company-wide initiatives to simplify our business processes and product lines. Favorable currency fluctuations, as compared to the same period in the prior year also contributed to the margin increase.

In our Industrial and Infrastructure Products segment, both gross profit and gross margin, as a percentage of sales, increased as compared to the prior year quarter, despite the disposition of our European industrial manufacturing business, lower volumes in industrial products and a decrease in pricing offered to customers. The margin increase was largely the result of manufacturing efficiencies, our company-wide 80/20 initiatives and better alignment of material costs to customer selling prices.

The Renewable Energy and Conservation segment largely contributed to the increase in the consolidated gross profit for the first half of 2016 as compared to the first half of 2015, and also positively impacted the year over year increase to the gross margin as a percentage of sales.

SG&A expenses increased by \$23.1 million, or 42.9%, to \$77.0 million for the six months ended June 30, 2016, from \$53.9 million for the six months ended June 30, 2015. The \$23.1 million increase was largely the result of \$15.8 million of incremental SG&A expense recorded year over year at RBI, acquired in June 2015, \$6.4 million of higher performance-based compensation costs, along with the benefit of a \$6.8 million gain on the sale leaseback of one of our facilities recorded during the first half of 2015. These increases were partially offset by a \$1.9 million charge for senior leadership transition costs during

the first half of 2015. As a percentage of net sales, SG&A expenses increased to 15.5% for the six months ended June 30, 2016 compared to 11.9% for the six months ended June 30, 2015.

The following table sets forth the Company's income from operations and income from operations as a percentage of net sales by reportable segment for the six months ended June 30, (in thousands):

| | 2016 | | 2015 | | Total Change | Change due to Foreign Currency | Operations |
|--|-----------|---------|-----------|---------|-----------------|--------------------------------------|------------|
| Income (loss) from operations: | | | | | | | |
| Residential Products | \$32,956 | 15.0 % | \$24,043 | 10.0 % | \$8,913 | \$3,447 | \$5,466 |
| Industrial and Infrastructure Products | 9,516 | 5.9 % | 7,362 | 3.8 % | 2,154 | (400) | 2,554 |
| Renewable Energy and Conservation | 11,970 | 10.3 % | 999 | 5.8 % | 10,971 | — | 10,971 |
| Unallocated Corporate Expenses | (15,058) | (3.0)% | (12,233) | (2.7)% | (2,825) | — | (2,825) |
| Consolidated income from operations | \$39,384 | 7.9 % | \$20,171 | 4.4 % | \$19,213 | \$3,047 | \$16,166 |

Our Residential Products segment generated an operating margin of 15.0% during the six months ended June 30, 2016 compared to 10.0% during the six months ended June 30, 2015. Apart from the impact of the \$6.8 million gain on the sale leaseback of a facility during the first half of 2015, the increase to its income from operations of \$15.7 million was largely due to the benefits of improved operational efficiencies and contributions from the 80/20 simplification initiative, along with the effects of currency fluctuations as compared to the six months ended June 30, 2015. These benefits were partially offset by lower sales volumes primarily for postal products.

Our Industrial and Infrastructure Products segment operating margin increased to 5.9% for the six months ended June 30, 2016 compared to the prior year period. Favorable alignment of material costs to customer selling prices along with benefits from cost reductions more than offset the effects of the disposition of our European industrial manufacturing business and decreased sales volume as compared to the six months ended June 30, 2015.

The Renewable Energy and Conservation segment generated an operating margin of 10.3% in the first half of 2016 and contributed to the consolidated margin increase.

Unallocated corporate expenses increased \$2.8 million compared to the six months ended June 30, 2015. The increase was primarily the net result of an increase of \$5.0 million in performance based compensation expense, offset by a decrease of \$1.6 million for costs incurred for senior leadership transition costs and a decrease of \$0.9 million of acquisition related transaction costs.

Other expense of \$7.8 million for the six months ended June 30, 2016 is primarily comprised of the \$8.5 million pre-tax loss on the sale of our European industrial manufacturing business, slightly offset by foreign currency fluctuations. Other income of \$2.5 million for the six months ended June 30, 2015 is primarily comprised of net gains on derivative contracts for hedges on foreign currencies and select raw materials related to transactions with our Residential Products segment, offset by foreign currency translation fluctuations

Interest expense modestly decreased by \$0.2 million to \$7.4 million for the six months ended June 30, 2016 compared to \$7.5 million for the six months ended June 30, 2015. During the six months ended June 30, 2016, no amounts were outstanding under our revolving credit facility. During the six months ended June 30, 2015, we borrowed funds under our revolving credit facility to help finance the acquisition of RBI in June 2015. These borrowings were repaid prior to the end of 2015.

We recognized a provision for income taxes of \$0.7 million for the six months ended June 30, 2016 and an effective tax rate of 2.9%, compared with a provision for income taxes of \$5.5 million and effective tax rate of 36.3%, for the six months ended June 30, 2015. The effective tax rate for the six months ended June 30, 2016 was less than the U.S. federal statutory rate of 35% primarily due to a discrete tax benefit of \$11.4 million resulting from the sale of our European industrial manufacturing business, partially offset by state taxes. The effective tax rate for the six months ended June 30, 2015 exceeded the U.S. federal statutory rate of 35% due to state taxes, partially offset by favorable permanent differences and favorable discrete items.

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Outlook

We expect 2016 consolidated revenues in the range of \$1.02 billion to \$1.03 billion, a decrease of approximately 1 percent compared with \$1.04 billion in 2015. This revenue outlook takes into account nearly \$100 million of 2015 revenues not repeating in 2016. This \$100 million of sales included the Company's divestiture in April 2016 of its European industrial business that contributed \$36 million in revenues with nearly break-even operating results to the Industrial & Infrastructure Products segment in 2015; \$50 million of sales related to the completed contract in December 2015 for centralized mailboxes; and discontinued products under the 80/20 simplification initiative. Continued anticipation softness in the end markets that our Industrial & Infrastructure Products segment serves, resulting from lower oil and gas prices, contributes to the decline year over year.

We expect higher after-tax earnings for full year 2016 due to the success of our operational excellence and 80/20 initiatives. Diluted earnings per share for 2016 are expected in the range of \$1.38 to \$1.48, compared with \$0.74 per diluted share in 2015. This range includes the impact of the gain on the divestiture of the European industrial business of \$0.09 per share, along with the impact of restructuring charges of \$0.08 per share.

Lastly, the Company does not expect that Brexit, the British voter-approved withdrawal from the European Union, will

have a material impact, if any, on the Company's results of operations. After our divestiture of our European industrial business in April 2016, we have only one remaining European solar racking company in Germany, which represents less than 2% of our 2016 consolidated net sales.

Liquidity and Capital Resources

General

Our principal capital requirements are to fund our operations with working capital, to purchase capital improvements for our business and facilities, and to fund acquisitions. We will continue to invest in growth opportunities as appropriate while focusing on working capital efficiency and profit improvement opportunities to minimize the cash invested to operate our business.

As of June 30, 2016, our liquidity of \$404.4 million consisted of \$124.1 million of cash plus \$280.2 million of availability under our revolving credit facility. We believe this liquidity, together with the cash expected to be generated from operations, should be sufficient to fund working capital needs and simplification initiatives that likely will need cash to fund transitions and future growth. We continue to search for strategic acquisitions and a larger acquisition may require additional borrowings and/or the issuance of our common stock.

Our Senior Credit Agreement provides the Company with liquidity and capital resources for use by our U.S. operations. Historically, our foreign operations have generated cash flow from operations sufficient to invest in working capital and fund their capital improvements. As of June 30, 2016, our foreign subsidiaries held \$23.4 million of cash in U.S. dollars. We believe cash held by our foreign subsidiaries provides our foreign operations with the necessary liquidity to meet future obligations and allows the foreign business units to reinvest in their operations. These cash resources could eventually be used to grow our business internationally. Repatriation of this cash for domestic purposes could result in significant tax consequences.

Over the long-term, we expect that future obligations, including strategic business opportunities such as acquisitions, may be financed through a number of sources, including internally available cash, availability under our revolving credit facility, new debt financing, the issuance of equity securities, or any combination of the above. Any potential acquisitions are evaluated based on our acquisition strategy, which includes the enhancement of our existing products, operations, or capabilities, expanding our access to new products, markets, and customers, and the improvement of shareholder value. Our 2015 acquisition of RBI was funded through a combination of cash on hand and borrowings under the Company's revolving credit facility. These borrowings were repaid prior to the end of 2015.

These expectations are forward-looking statements based upon currently available information and may change if conditions in the credit and equity markets deteriorate or other circumstances change. To the extent that operating cash flows are lower than current levels, or sources of financing are not available or not available at acceptable terms,

our future liquidity may be adversely affected.

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Cash Flows

The following table sets forth selected cash flow data for the six months ended June 30, (in thousands):

| | 2016 | 2015 |
|--|----------|------------|
| Cash provided by (used in): | | |
| Operating activities of continuing operations | \$49,149 | \$11,758 |
| Investing activities of continuing operations | 3,410 | (111,607) |
| Financing activities of continuing operations | 1,433 | 29,430 |
| Effect of exchange rate changes | 1,264 | (769) |
| Net increase (decrease) in cash and cash equivalents | \$55,256 | \$(71,188) |

During the six months ended June 30, 2016, we generated net cash from operating activities totaling \$49.1 million, driven by net income from continuing operations of \$23.5 million plus \$23.9 million from non-cash charges including depreciation, amortization, stock compensation, loss on sale of a business along with a decrease in working capital of \$1.7 million. Net cash provided by operating activities for the six months ended June 30, 2015 totaled \$11.8 million, primarily driven by net income from continuing operations of \$9.6 million and net non-cash charges including depreciation, amortization, gain on sale of assets, and stock compensation of \$7.6 million, offset by our \$5.4 million investment in working capital.

During the six months ended June 30, 2016, the cash provided by working capital and other net assets of \$1.7 million included \$9.1 million and \$5.0 million decreases in accounts receivables and inventory, respectively as well as a \$4.3 million increase in other current assets and other assets offset by a \$5.7 million decrease in accrued expenses and other non-current liabilities and a \$2.4 million decrease in accounts payable. The decrease in accounts receivable, which includes costs in excess of billings on contracts, is a direct result of the seasonality of customer contracts and related payments received that impact our business. The decrease in inventory was largely due to the Company's 80/20 simplification process, which has resulted in the discontinuation of less profitable product lines and the corresponding disposal of inventory associated with those product lines. The increase in other current assets and other assets is primarily due to the timing of prepaid expenses. The decrease in accrued expenses and other non-current liabilities was largely due to the discrete tax benefit of \$11.4 million resulting from the sale of our European industrial manufacturing business in April 2016 and payment of performance-based incentive compensation awards during the first quarter of 2016 that were earned in 2015. These increases were partially offset by the current year provision for income taxes. Accounts payable decreased due to the timing of vendor payments near the end of the quarter.

Net cash provided by investing activities for the six months ended June 30, 2016 of \$3.4 million was primarily due to net proceeds of \$8.5 million from the sale of our European industrial manufacturing business offset by capital expenditures of \$4.0 million and \$2.3 million related to the final purchase adjustment for the acquisition of RBI. Net cash used in investing activities for the six months ended June 30, 2015 of \$111.6 million primarily consisted of \$134.3 million of acquisitions and capital expenditures of \$4.6 million offset by \$26.1 million received from the sale of a property.

Net cash provided by financing activities for the six months ended June 30, 2016 of \$1.4 million consisted of the proceeds received from the issuance of common stock of \$2.0 million and a tax benefit from equity compensation of \$0.3 million offset by the purchase of treasury stock of \$0.5 million and payment of long-term debt borrowings of \$0.4 million. Net cash provided by financing activities for the six months ended June 30, 2015, of \$29.4 million primarily consisted of proceeds from long-term debt borrowings, net of repayments of \$29.6 million and proceeds from the issuance of common stock of \$0.2 million, partially offset by the purchase of treasury stock of \$0.4 million. Senior Credit Agreement and Senior Subordinated Notes

Our Senior Credit Agreement dated December 9, 2015 provides for a revolving credit facility. The Senior Credit Agreement was amended and restated in order to convert it into a secured cash flow revolver. The terms provide that the revolving credit facility will terminate on December 9, 2020.

The Senior Credit Agreement provides for a revolving credit facility and letters of credit in an aggregate amount of \$300 million and is secured by trade receivables, inventory, personal property, equipment, and certain real property of

the Company's significant domestic subsidiaries.

Interest rates on the revolving credit facility are based on the LIBOR plus an applicable margin.

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As of June 30, 2016, we had \$280.2 million of availability under the Senior Credit Agreement net of outstanding letters of credit of \$19.8 million. To finance the acquisition of RBI in the second quarter of 2015, we borrowed amounts under the revolving credit facility which were repaid prior to the end of 2015. No amounts were outstanding under our revolving credit facility as of June 30, 2016.

On January 31, 2013, the Company issued \$210 million of 6.25% Senior Subordinated Notes (6.25% Notes) due February 1, 2021. The proceeds were used to purchase and discharge its obligations under the then outstanding \$204 million of 8% Senior Subordinated Notes during the first quarter of 2013.

Off Balance Sheet Financing Arrangements

We have no off-balance sheet arrangements, other than operating leases, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

Contractual Obligations

Our contractual obligations have not changed materially from the disclosures included in Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Critical Accounting Policies

In the current year, there have been no changes to our critical accounting policies and estimates from those disclosed in the consolidated financial statements and accompanying notes contained in Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Recent Accounting Pronouncements

See Note 2 to the Company's condensed consolidated financial statements in Part I, Item 1 of this Form 10-Q for further information on recent accounting pronouncements.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

In the ordinary course of business, the Company is exposed to various market risk factors, including changes in general economic conditions, competition, foreign exchange rates, and raw materials pricing and availability. In addition, the Company is exposed to other financial market risks, primarily related to its long-term debt and foreign operations. There have been no material changes to the Company's exposure to market risk since December 31, 2015.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). The Company's Chief Executive Officer and the Chief Financial Officer evaluated the effectiveness of the Company's disclosure controls as of the end of the period covered in this report. Based upon that evaluation and the definition of disclosure controls and procedures contained in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of the end of such period the Company's disclosure controls and procedures were effective.

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(b)Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined by Rule 13a-15(f)) that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the risks discussed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. These risks and uncertainties have the potential to materially affect our business, financial condition, results of operation, cash flows, and future prospects. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may materially adversely impact our business, financial condition, or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

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Item 6. Exhibits

6(a) Exhibits

- a. 10.1 Gibraltar Industries, Inc. 2016 Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed May 10, 2016)
 - b. 10.2 Gibraltar Industries, Inc. Non-Employee Director Stock Deferral Plan (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed May 10, 2016)
 - c. 31.1 Certification of President and Chief Executive Officer pursuant to Section 302 of the Sarbanes–Oxley Act of 2002.
 - d. 31.2 Certification of Senior Vice President and Chief Financial Officer pursuant to Section 302 of the Sarbanes–Oxley Act of 2002.
 - e. 32.1 Certification of the President and Chief Executive Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
 - f. 32.2 Certification of the Senior Vice President and Chief Financial Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
 - g. 101.INS XBRL Instance Document *
 - h. 101.SCH XBRL Taxonomy Extension Schema Document *
 - i. 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document *
 - j. 101.LAB XBRL Taxonomy Extension Label Linkbase Document *
 - k. 101.PRA XBRL Taxonomy Extension Presentation Linkbase Document *
 - l. 101.DEF XBRL Taxonomy Extension Definition Linkbase Document *
- * Submitted electronically with this Quarterly Report on Form 10-Q.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GIBRALTAR INDUSTRIES, INC.

(Registrant)

/s/ Frank G. Heard

Frank G. Heard

President and Chief Executive Officer

/s/ Kenneth W. Smith

Kenneth W. Smith

Senior Vice President and

Chief Financial Officer

Date: July 28, 2016