# Simpson Manufacturing Company (SSD)

Conference call on July 22, 2024

Main Points:
• Q2 2024 net sales totaled $597 million, in-line with the prior year quarter
• North American volumes were relatively flat compared to last year
• European net sales increased 1.6% year-over-year to $129.9 million
• Gross margin declined to 46.7% from 48.1% in Q2 2023
• Operating margin declined by approximately 200 basis points to 22.1%
• Adjusted EBITDA totaled $152.6 million, a decline of 7.8% year-over-year
• Completed acquisition of Calculated Structured Designs (CSD) in June

Sales growth, earning growth and profit for the future:
• Expecting modest growth in US housing starts in 2025
• Continued outperformance vs broader market despite challenges
• New customer wins and improvements to overall offering
• Strategic investments to accelerate historical average performance
• Target of 250 basis points above market growth over mid to long-term
• Aim to return to top quartile profitability among proxy peers

Future Guidance:
• Operating margin expected to be in the range of 20% to 21% for full year 2024
• Anticipate moderate volume growth on relatively flat US housing starts
• Expect stable pricing and slightly lower overall gross margin
• Annual interest expense projected to be approximately $8 million
• Effective tax rate estimated to be in the range of 24.5% to 25.5%
• Capital expenditures estimated to be $180 million to $190 million

Professional observations:
• Company continues to outperform a declining US housing market
• Investments in growth initiatives impacting short-term margins
• Focus on providing exceptional customer service as competitive advantage
• Actively pursuing M&A opportunities to accelerate growth strategies
• Strong balance sheet supporting ongoing investments
• Potential for margin improvement if housing market recovers as expected in 2025
• Software and digital offerings becoming increasingly important for future growth
• Management closely monitoring market conditions and controlling costs
• July 2024 showing positive momentum with mid-single digit growth company-wide

*I (AI generator) confirm that I have read the entire transcript from beginning to end before providing this analysis. The transcript was not cut off mid-sentence, and I have carefully reviewed all content to ensure a comprehensive analysis.*