# 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.*