



STRONG FOUNDATION. STRONGER FUTURE.

Simpson Manufacturing Co., Inc.
Analyst & Investor Day
March 23, 2021



TM

Work Better Together with Simpson Strong-Tie

Opening Remarks



Terry Hammons

Senior Vice President, General Counsel and Corporate Secretary



This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 2 IE of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally can be identified by words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "target," "continue," "predict," "project," "change," "result," "future," "will," "could," "can," "may," "likely," "potentially," or similar expressions that concern our strategy, plans, expectations or intentions. Forward-looking statements include, but are not limited to, statements about future financial and operating results, our plans, objectives, business outlook, priorities, expectations and intentions, expectations for sales growth, comparable sales, earnings and performance, stockholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for services, share repurchases, our strategic initiatives, including the impact of these initiatives on our strategic and operational plans and financial results, and any statement of an assumption underlying any of the foregoing and other statements that are not historical facts. Although we believe that the expectations, opinions, projections and comments reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and we can give no assurance that such statements will prove to be correct. Actual results may differ materially from those expressed or implied in such statements.

Forward-looking statements are subject to inherent uncertainties, risk and other factors that are difficult to predict and could cause our actual results to vary in material respects from what we have expressed or implied by these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those expressed in our forward-looking statements include the impact of COVID-19 on our operations and supply chain, and the operations of our customers, suppliers and business partners and those discussed under Part I – Item 1A. Risk Factors and Item 7 Management’s Discussion and Analysis of Financial Condition and Results of Operations in our most recent Annual Report on Form 10-K, Part II – Other Information – Item 1.A. Risk Factors for the year ended December 31, 2020. To the extent that COVID-19 adversely affects our business and financial results, it may also have the effect of heightening many of such risk and other factors. We caution that you should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise. Readers are urged to carefully review and consider the various disclosures made in our reports filed with the SEC that advise of the risks and factors that may affect our business, results of operations and financial condition.



Karen Colonias
President and Chief
Executive Officer



Mike Olosky
Chief Operating Officer



Brian Magstadt
Chief Financial
Officer and Treasurer



Terry Hammons
Senior Vice President,
General Counsel and
Corporate Secretary

Today's Agenda



10:00 am PT

Opening Remarks

- *Terry Hammons, SVP, General Counsel and Corporate Secretary*

10:05 am PT

Strong Foundation: Company Overview

- *Karen Colonias, President and Chief Executive Officer*

10:25 am PT

Stronger Future: Strategy Discussion

- *Mike Olosky, Chief Operating Officer*

10:50 am PT

Financial Overview

- *Brian Magstadt, Chief Financial Officer and Treasurer*

11:10 am PT

Corporate Social Responsibility & Closing Remarks

- *Karen Colonias, President and Chief Executive Officer*

11:25 am PT

Q&A Session

12:00 pm PT

Management Presentations Conclude

Strong Foundation: Company Overview

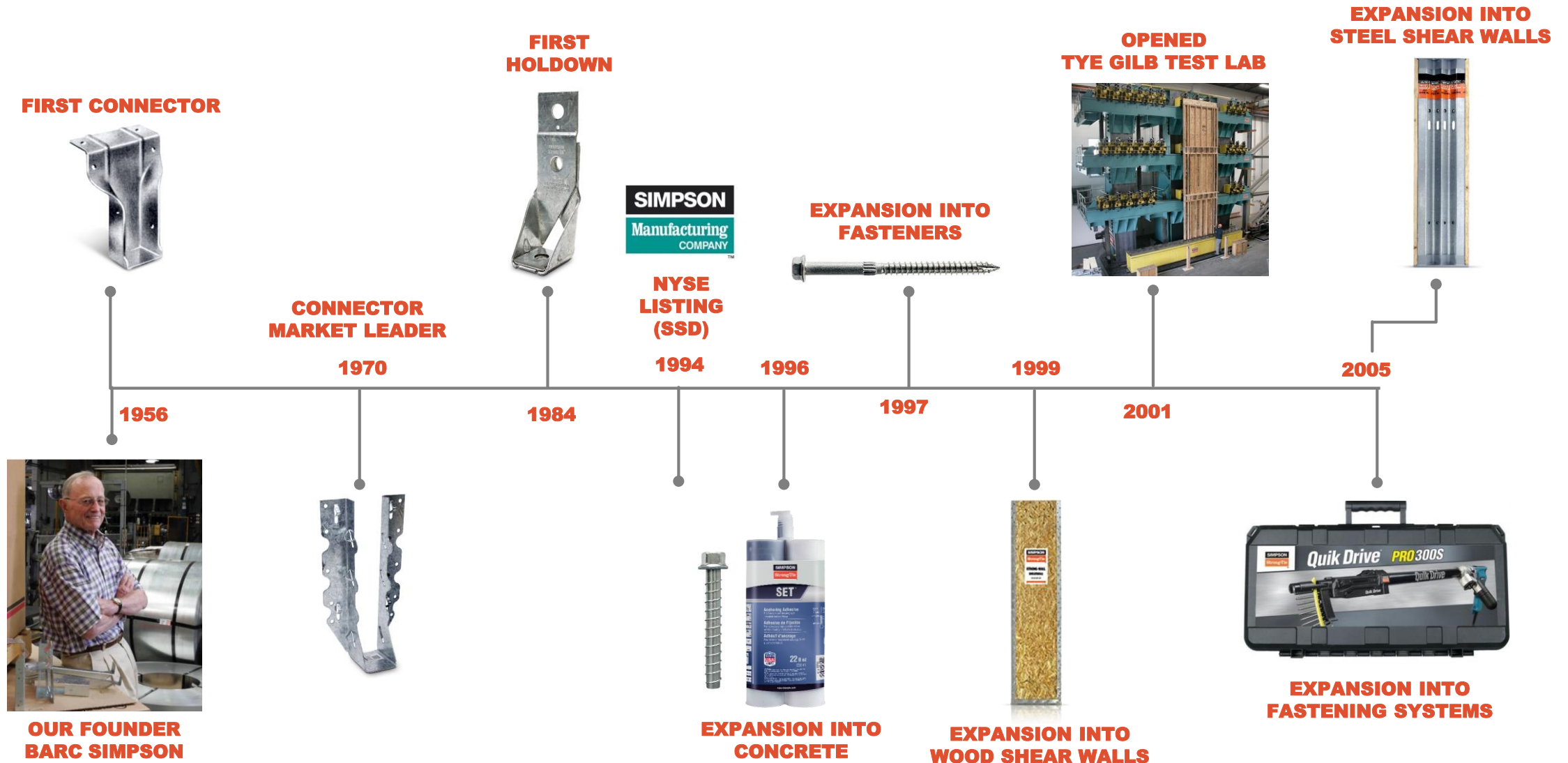


Karen Colonias
President and Chief Executive Officer



A Pioneer in Construction Solutions

Simpson structural connectors are the industry standard.



A Pioneer in Construction Solutions (Continued)

Simpson is an innovation leader in fasteners, concrete repair, moment frames, construction software and structural steel solutions.

EXPANSION INTO SS FASTENERS



2009

FURTHER EXPANSION INTO CONCRETE REPAIR AND CFS



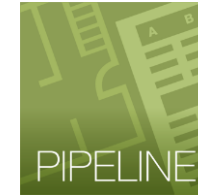
2011

EXPANSION INTO SPECIAL MOMENT FRAMES



2013

EXPANSION INTO BUILDER & LBM SOFTWARE



2017

FURTHER EXPANSION INTO OUTDOOR LIVING SOFTWARE



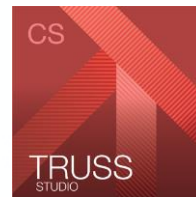
2019

2020

2008



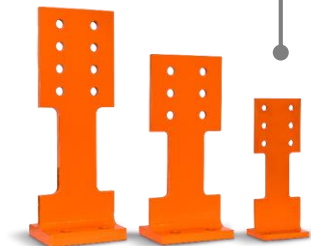
EXPANSION INTO ORDINARY MOMENT FRAMES



EXPANSION INTO FRP/CARBON FIBER SOLUTIONS AND TRUSS SOFTWARE

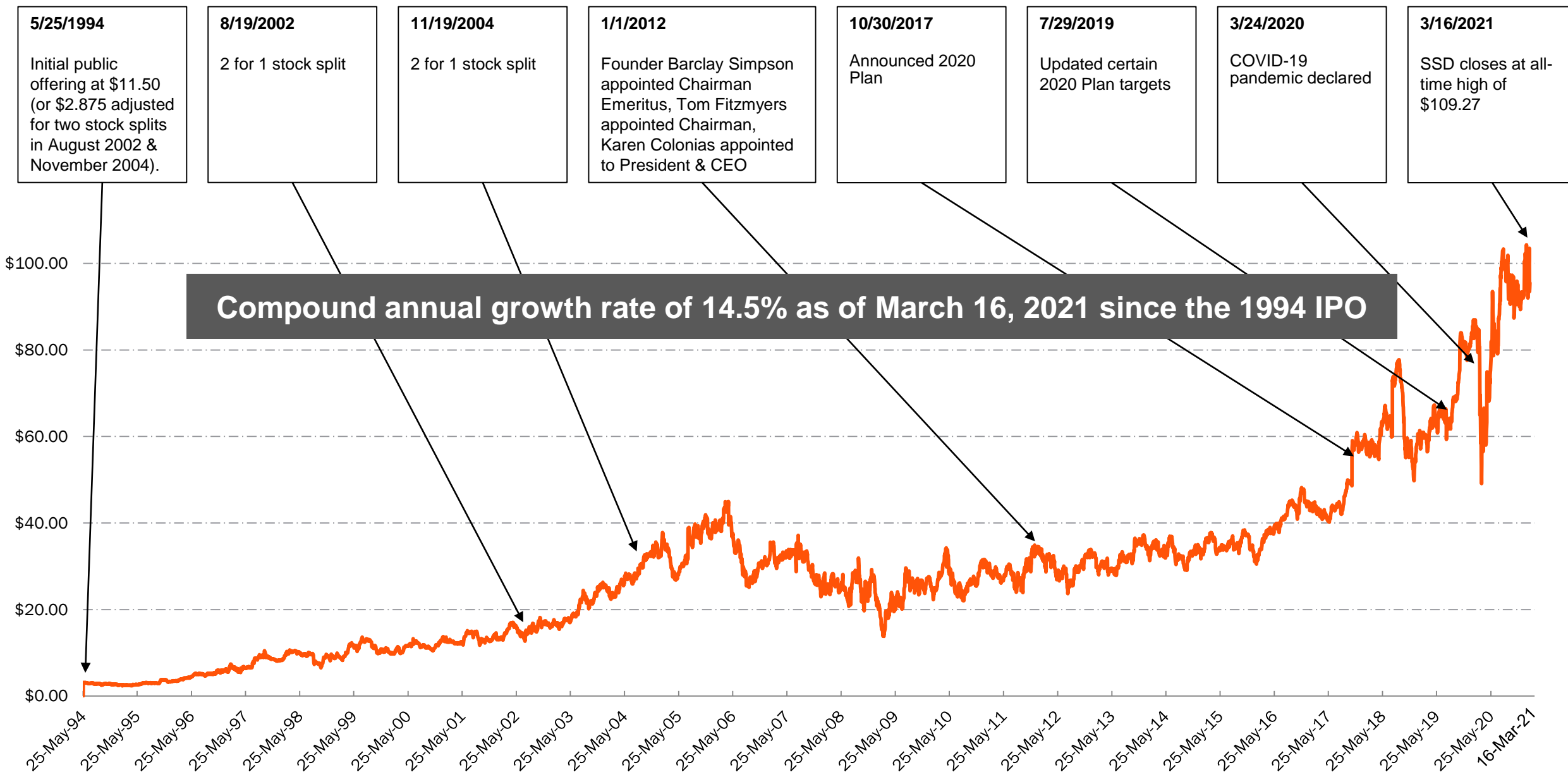


EXPANSION INTO OUTDOOR DECORATIVE HARDWARE



EXPANSION INTO STRUCTURAL STEEL

27-Year Trading History



(1) Note: Stock chart depicts SSD trading history from May 25, 1994 through March 16, 2021.

At Simpson, we describe the unique culture of our organization as our “Secret Sauce.”

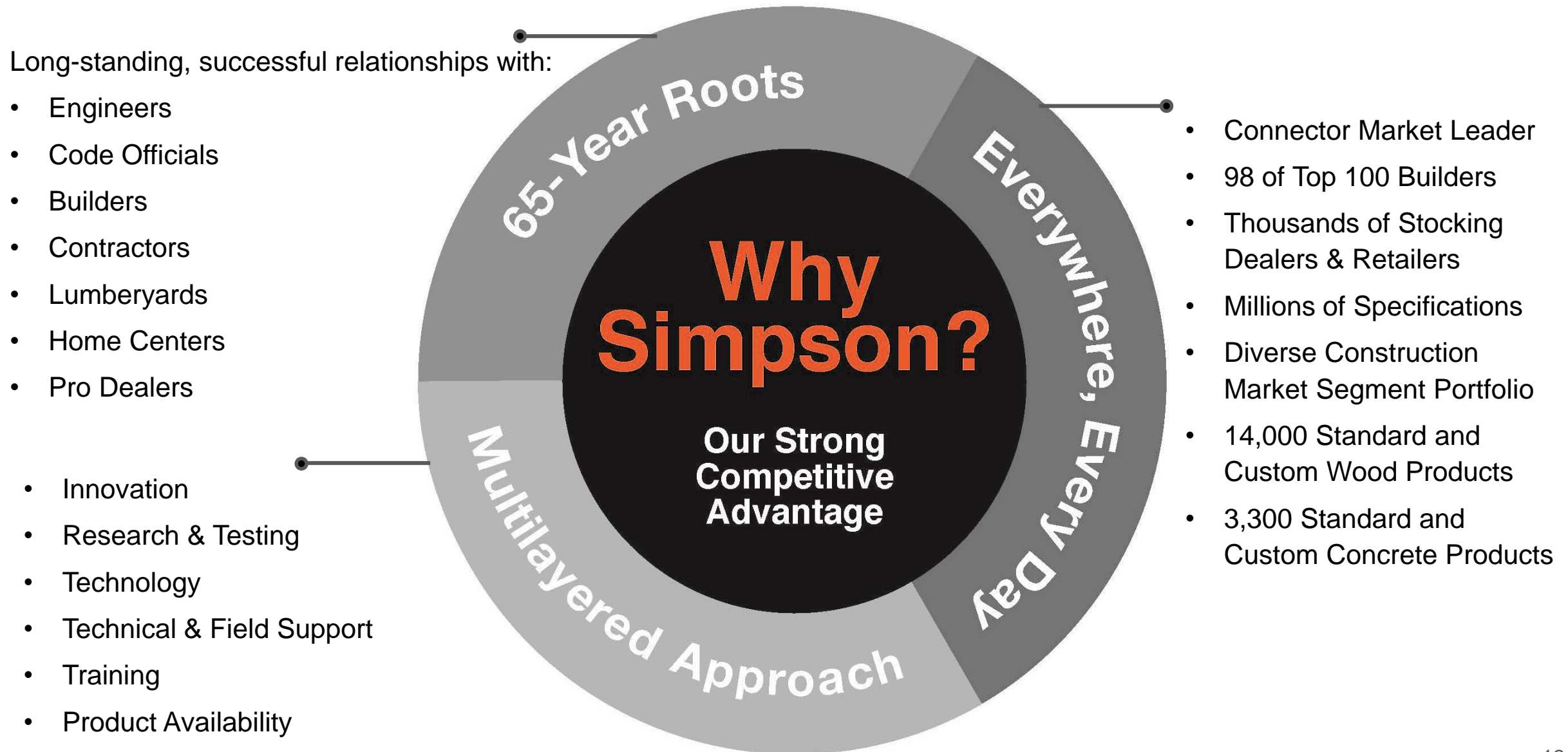
OUR MISSION

**To provide solutions
that help people design
and build safer,
stronger structures.**

OUR COMPANY VALUES

1. Relentless Customer Focus
2. Long-Range View
3. High-Quality Products
4. Be The Leader
5. Everybody Matters
6. Enable Growth
7. Risk-Taking Innovation
8. Give Back
9. Be Humble, Have Fun

Our Strong Business Model



Our Multilayered Approach



Innovation

- **584** Patents & Trademarks
- **77** Patents Pending
- **229** Code Reports

Research & Testing

- **7** Accredited Test Laboratories
- Partnerships with Key Universities

Technology

- **55** Software and Web-App Solutions for Trade Professionals to create, enhance and complete any job
- **500K+/yr (40K/mo)** Web App Usage
- **2M** Downloaded Drawings
- Tailored, Integrated Technology Offering to select, visualize, specify, approve or buy our products
- Outdoor Living Software for Homeowners (B2C)

Technical & Field Support

- **307** Engineers
- **443** Field Sales Reps
- **Thousands** of Jobsite Visits

Training

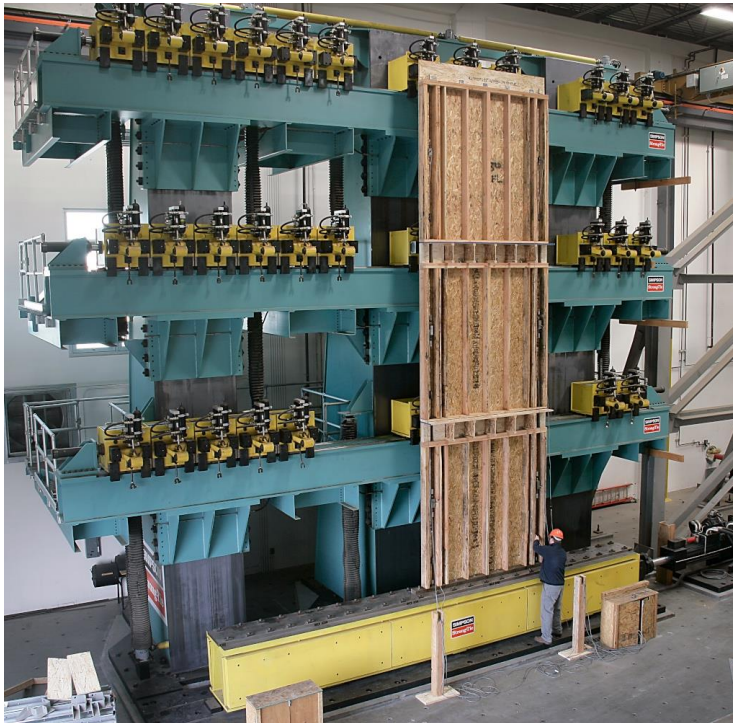
- **26** Training Centers
- **~1,000** Training & Product Knowledge Workshops/yr
- **7,000+** Webinar Attendees/yr
- **24/7** Online Classes
- Tailored Training Programs for Key Customers

Product Availability

- **94.5%** Product Fill Rate (98% North America)
- **48-hour** Turnaround on Specials
- Same-day Shipping Availability

Commitment to Innovation: State-of-the-Art Test Labs

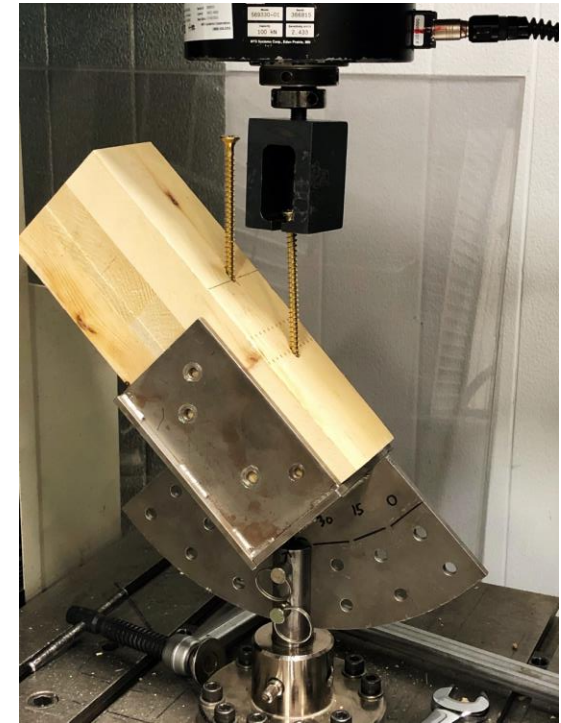
We are dedicated to research, testing, engineering and innovation through our state-of-the-art test labs, which provides us with a better understanding of how structures perform, advances our design technology and improves building safety.



WOOD



CONCRETE



FASTENER

Research, Testing, Engineering & Innovation

2020 Sales Breakdown

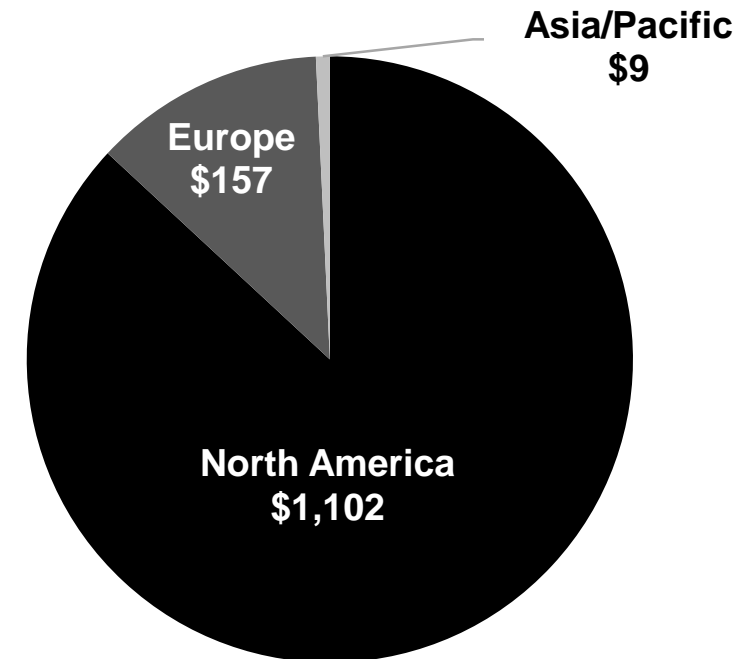
We engineer, test and manufacture structural connectors, anchors, fasteners, software solutions and other products for new construction, repair and remodel, and do-it-yourself markets.

2020 Net Sales: \$1.27 Billion

Sales by Product (\$M)

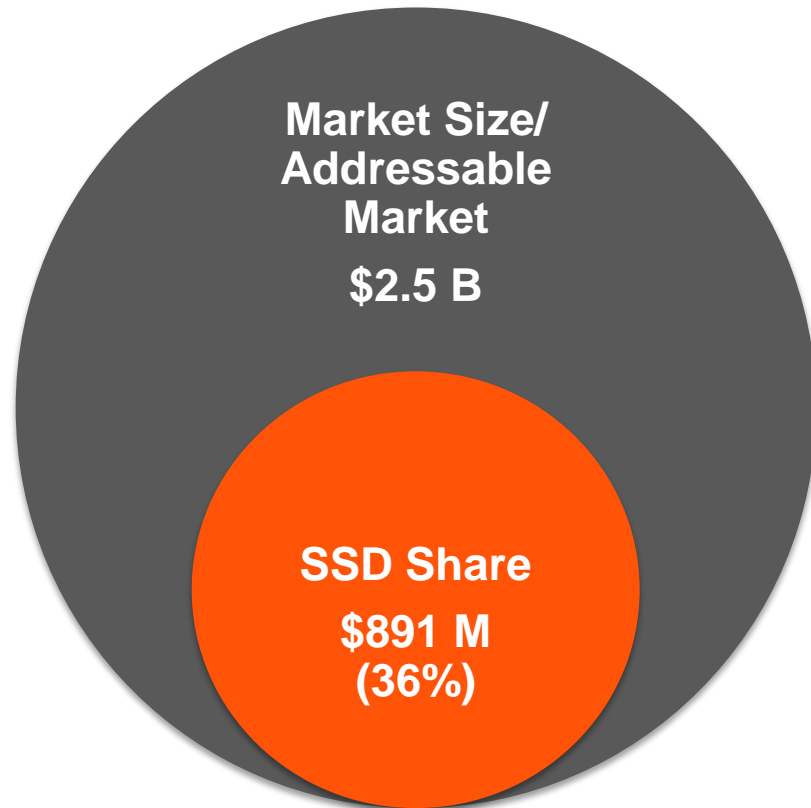


Sales by Segment (\$M)

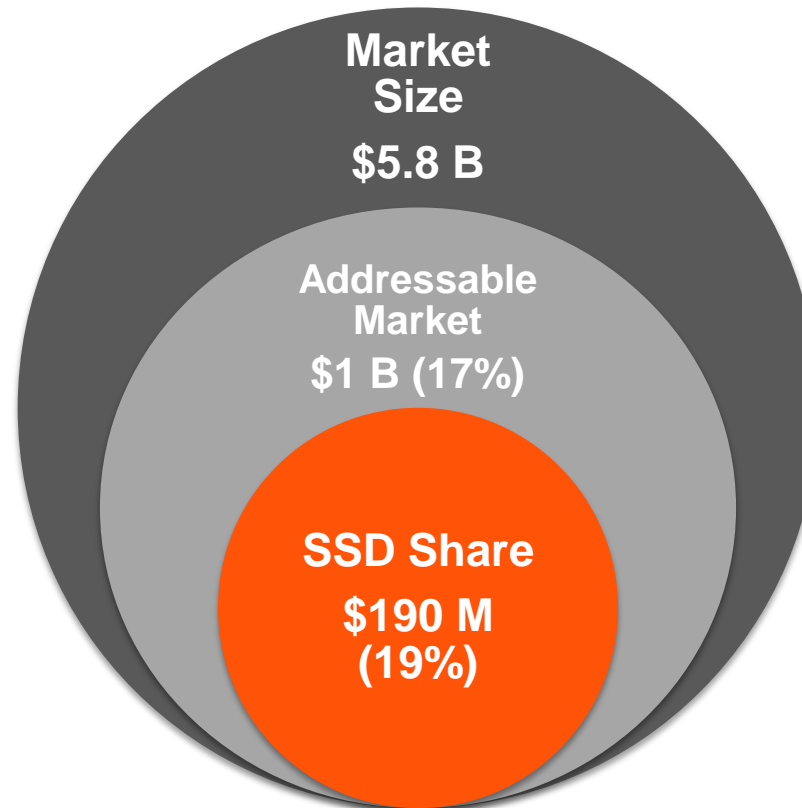


Core Addressable Market⁽¹⁾

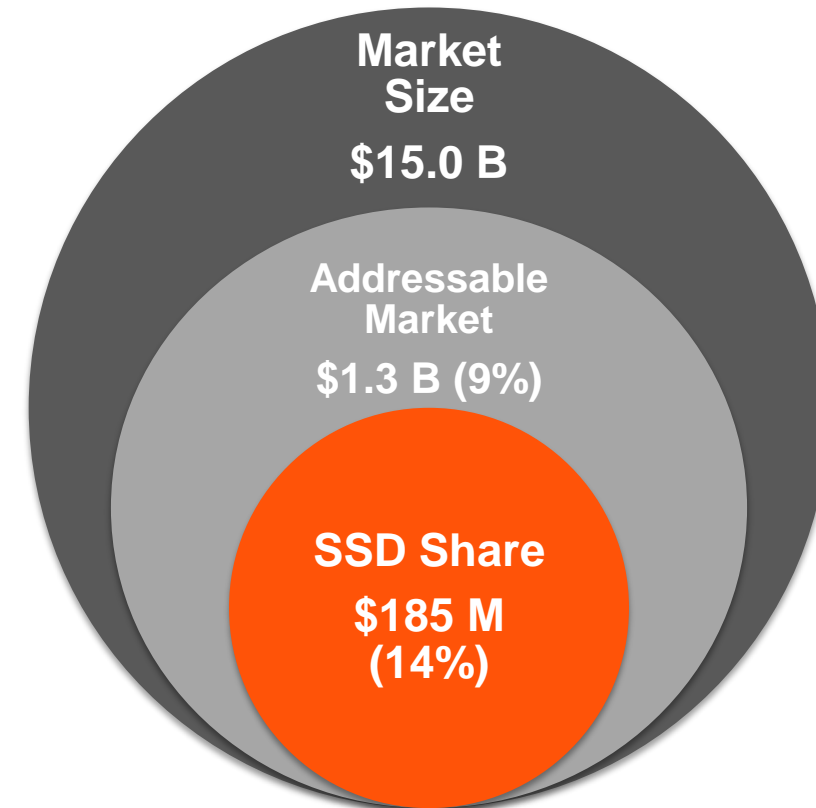
Wood Connectors & Truss



Fasteners









Concrete



Many opportunities to expand into adjacencies and to create new markets

(1) Note: Market share based on net sales as of the full year ended December 31, 2020. Market sizes based on internal estimates using information as of December 31, 2020. Includes North America, Europe and Pacific Rim.

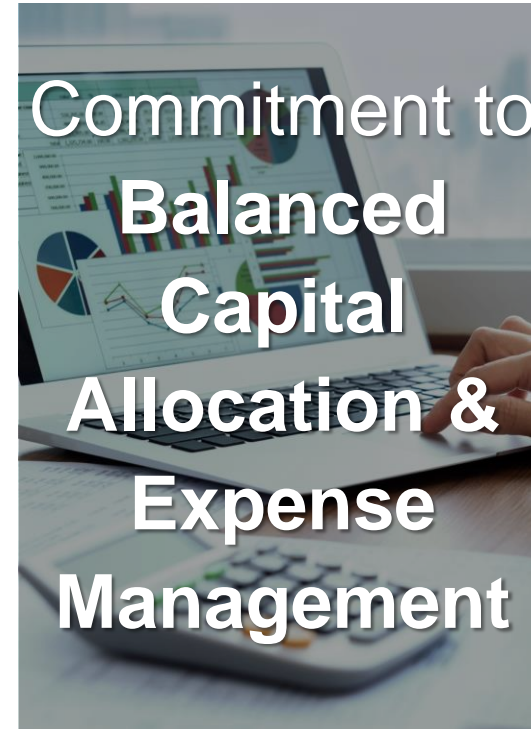
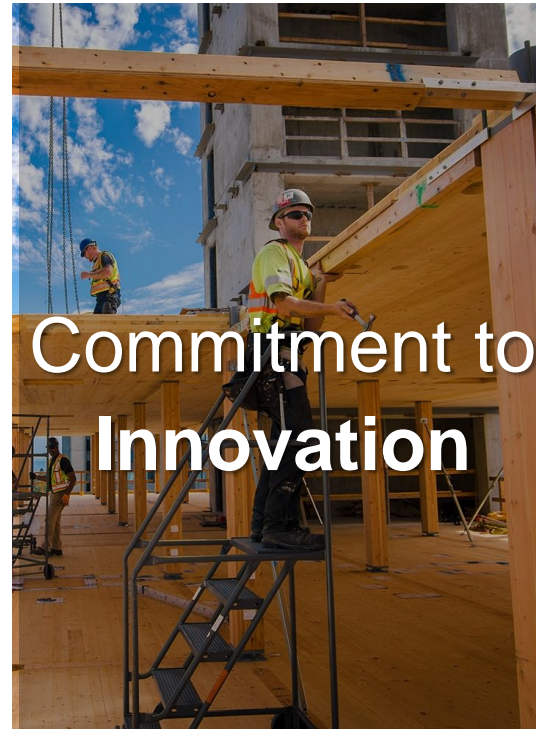
Strong Foundation

Companywide 2020 Targets	2016	2017	2018	2019	2020	2020 Target	Status
CAGR relative to 2016		7.3%	10.0%	8.5%	9.5%	8%	
Operating Expense % of Revenue	31.5%	31.2%	28.9%	27.9%	25.6%	26% - 27%	
Operating Income Margin	16.4%	14.1%	16.0%	15.9%	19.9%	16% - 17%	
Europe Operating Income Margin ⁽¹⁾	3.5%	2.7%	-1.2%	5.9%	7.0%	8% - 9%	
Global Concrete Gross Margin	34.7%	34.7%	37.1%	42.1%	41.6%	42%	
Return on Invested Capital ⁽²⁾	10.5%	10.6%	14.5%	15.3%	20.0%	15% - 16%	

Note: 2020 Targets reflect revised expectations communicated on July 29, 2019.

(1): Excludes SAP expenses which were approximately \$2.5 million in 2020. See appendix for non-GAAP reconciliation.

(2): See appendix for Return on Invested Capital (ROIC) definition.



Stronger Future: 5-Year Company Ambitions

- 1** Strengthen our values-based culture
- 2** Be the partner of choice
- 3** Be an innovation leader in the markets we operate
- 4** Continue above market growth rate relative to U.S. housing starts
- 5** Continue expanding our operating income margin to remain within the top quartile of proxy peers
- 6** Continue expanding ROIC within the top quartile of proxy peers

Stronger Future Strategy Discussion



KEY GROWTH INITIATIVES FOCUSED ON:

OEM



R&R / DIY



MASS TIMBER



CONCRETE



**STRUCTURAL
STEEL**



**LEADER IN ENGINEERED LOAD-RATED
CONSTRUCTION FASTENING SOLUTIONS**

LEADER IN CUSTOMER-FACING TECHNOLOGY

KEY GOAL

Increase our market share in OEMs.

RATIONALE

- >\$90 M total addressable market primarily with fastening technologies
- Potential to develop other engineered solutions
- 2,500 existing Simpson products applicable for OEM needs
- Our solutions make the industry more efficient
- Aligned with the Simpson business model

STRATEGY

- Lead with fasteners: Market and sell existing product line
- Leverage existing anchor product line
- Engineer and launch value-added OEM-specific structural solutions
- Leverage Simpson Strong-Tie engineering testing capabilities
- Develop direct and distribution sales channels
- Utilize external innovation opportunities



KEY MILESTONES

- Engaged new customers in OEM target markets
- Developed collated screw system for boat manufacturers
- Launching new collated screw system for utility trailer flooring



KEY GOAL

Expand brand positioning: Be a known and trusted partner for R&R / DIY solutions.

RATIONALE

- \$500-\$700 M total addressable market: decks, patios, porches, pergolas, gazebos, fencing and garage organization
- Existing product line with potential for several extensions
- Established channel/partners
- Proven approach with Outdoor Accents
- Aligned with the Simpson business model

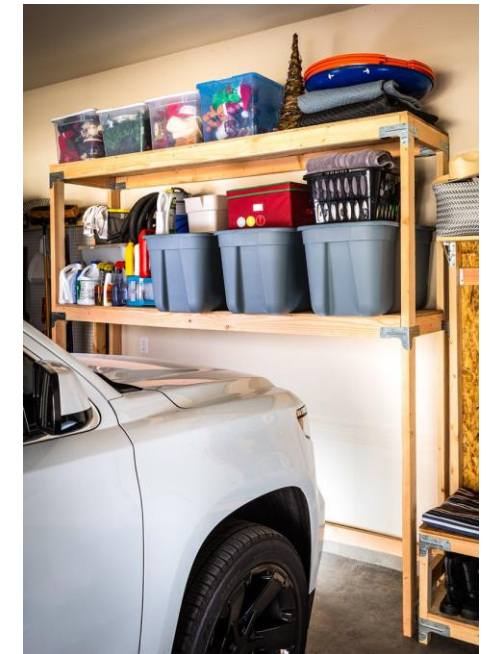
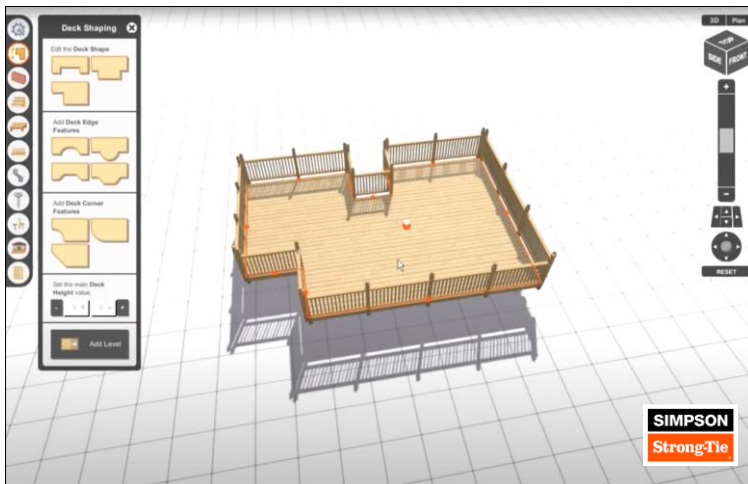
STRATEGY

- Improve retail execution
- Continue expanding product lines and increase in-store training
- Enable consumers to customize, design and create bill-of-materials with software
- Partner with home center brand advocates to maximize e-commerce sales
- Utilize external innovation opportunities



KEY MILESTONES

- Successfully launched over 500 products into Lowe's stores; provided training to 1,700 stores
- Increased cross-merchandising and off-shelf product placement in home centers
- Integrated marketing campaigns with key retail R&R / DIY-relevant products
- Developed 40+ R&R / DIY design plans and details to make projects more accessible
- Promoted Outdoor Living Software — Deck & Pergola Planners



KEY GOAL

Become the engineers' partner of choice for mass timber connections.

RATIONALE

- \$200 M total addressable market
- Strong double digit growth rate in N. America
- Positive environmental impact
- New market; many product opportunities
- Aligned with the Simpson business model

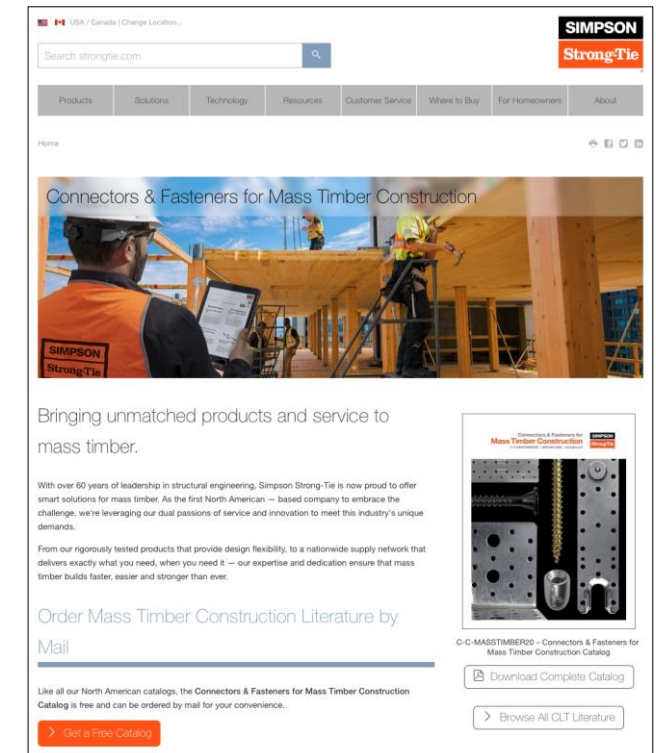
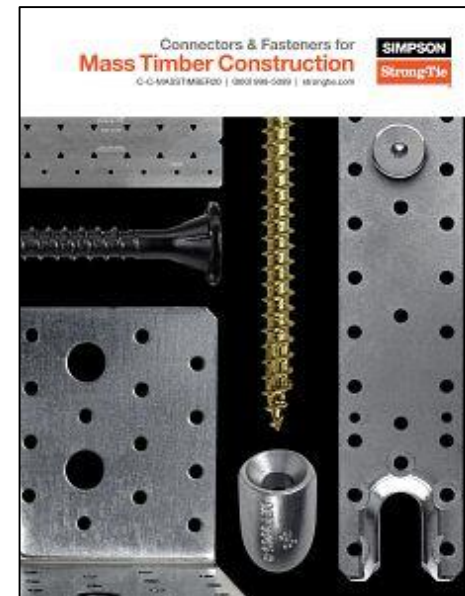
STRATEGY

- Extend current products and develop new product lines specific to the Mass Timber applications
- Increase marketing efforts, leverage the brand and develop new relationships
- Invest in additional research, testing and manufactured capabilities specific to mass timber
- Utilize external innovation opportunities



KEY MILESTONES

- Launched first-ever Mass Timber catalog and landing page on strongtie.com
- Developed and tested new connectors and fasteners for Mass Timber
- Involved in the tallest shake table test of a 10-story mass timber building
- Engaged in new Mass Timber construction projects



KEY GOAL

Become a recognized leader in concrete construction.

RATIONALE

- \$1.3 B total addressable market
- Growth rate linked to infrastructure spend
- Simpson is a recognized leader in concrete and cold-formed steel solutions
- Many products and applications require engineering, testing and code approval
- Aligned with the Simpson business model

STRATEGY

- Develop focus market-specific playbooks
- Expand our current product offering with an emphasis on innovative, cost-saving solutions
- Invest to further expand our engineering and testing capabilities
- Develop a stronger partner/applicator network
- Optimize operational footprint
- Utilize external innovation opportunities



KEY MILESTONES

- Expanded Titen anchor family of products
- Enhanced our Crack Injection product line
- Expanded our Cold-Formed Steel (CFS) product line with improved software
- Continued innovation in products and testing to grow our Composite Strengthening Systems
- Taken share and converted new customers



KEY GOAL

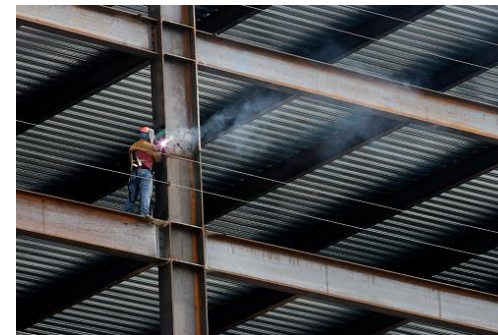
Convert traditional welded connections to bolted connections.

RATIONALE

- > \$350 M total addressable market
- Structural steel construction is roughly half of the construction spend in North America
- Field welder shortage: addressed by bolted structural connections
- Bolted connections can improve productivity by 25% vs. welding
- Seismic and non-seismic applications
- Aligned with the Simpson business model

STRATEGY

- Develop the bolted connection market by engineering premium construction products
- Specify and sell direct to fabricators, erectors, installers and steel building manufacturers
- Launch design tools for inclusion in commonly used engineering software
- Invest in engineering, testing and production capabilities
- Utilize external innovation opportunities



KEY MILESTONES

- 40+ Yield-Link® connection projects specified in 2020
- Yield-Link embedded in widely used engineering design software
- Successfully tested larger Yield-Link solutions to expand our offering
- New state-of-the-art manufacturing in Riverside, CA



KEY GOAL

Be the global market leader in engineered / load-rated construction fastening solutions.

RATIONALE

- ~\$1 B total addressable market
- Complementary to connector and lateral products
- Established building and construction channels and customers
- Ability to extend into new/OEM markets
- Established manufacturing and supply chain
- Market needs increased innovation
- Aligned with the Simpson business model

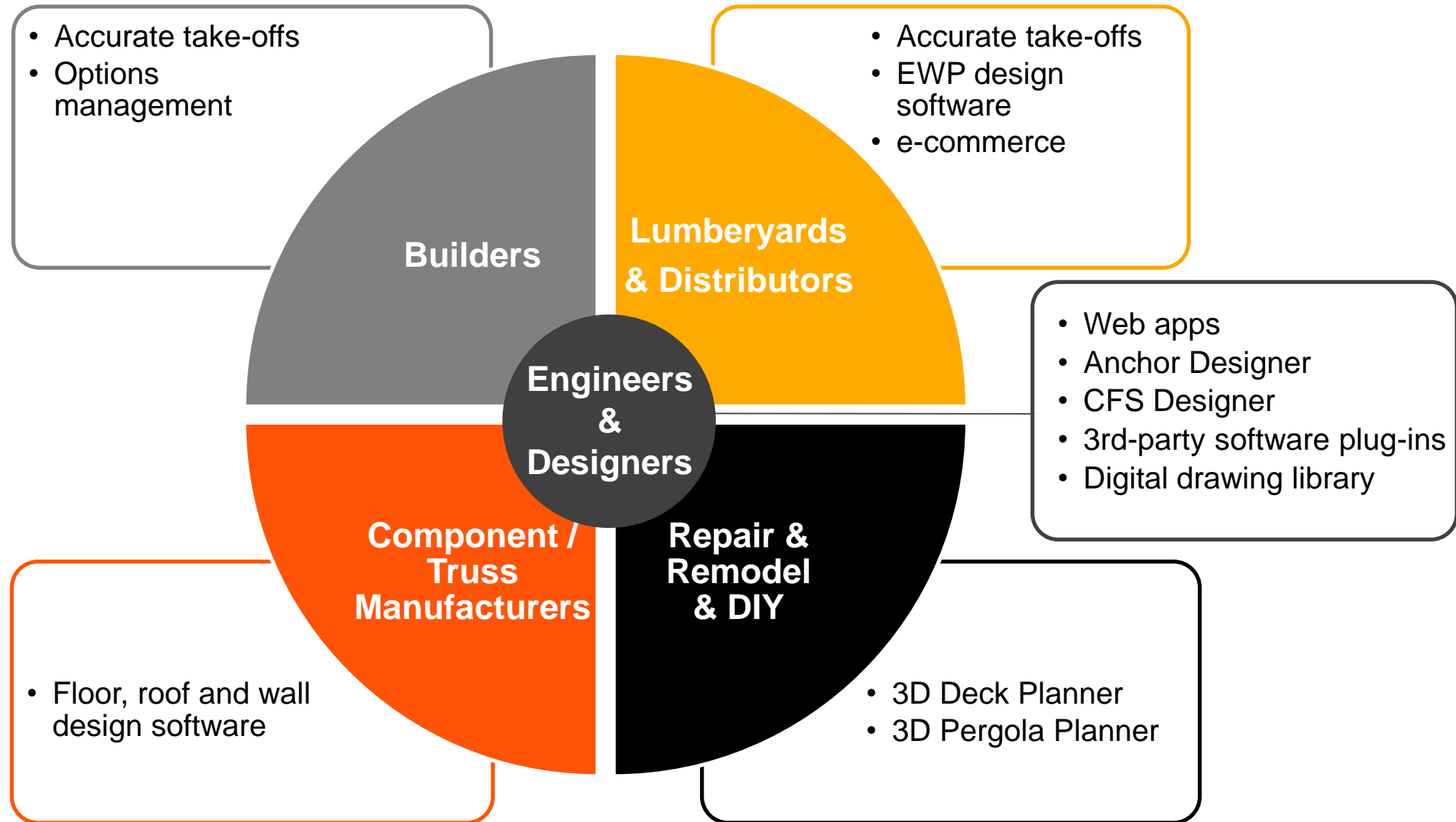
STRATEGY

- Develop critical mass by expanding our engineered fastener business for DIY/R&R, OEM and Mass Timber markets
- Provide innovative products that are preferred by both end-users and specifiers
- Develop industry-leading tools enabling specifications
- Expand brand positioning: known/trusted partner
- Optimize manufacturing and supply chain footprint
- Utilize external innovation opportunities



Software Solutions from Simpson Strong-Tie

Customer-Facing Technology Solutions



McCall Homes Builder Solutions Case Study

KEY GROWTH INITIATIVES FOCUSED ON:

OEM



R&R / DIY



MASS TIMBER



CONCRETE



**STRUCTURAL
STEEL**



**LEADER IN ENGINEERED LOAD-RATED
CONSTRUCTION FASTENING SOLUTIONS**

LEADER IN CUSTOMER-FACING TECHNOLOGY

Financial Overview

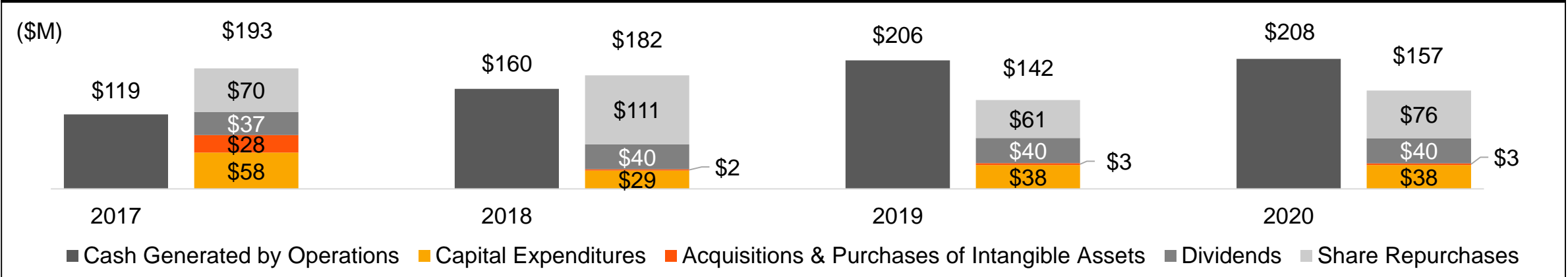


Brian Magstadt
Chief Financial Officer and Treasurer

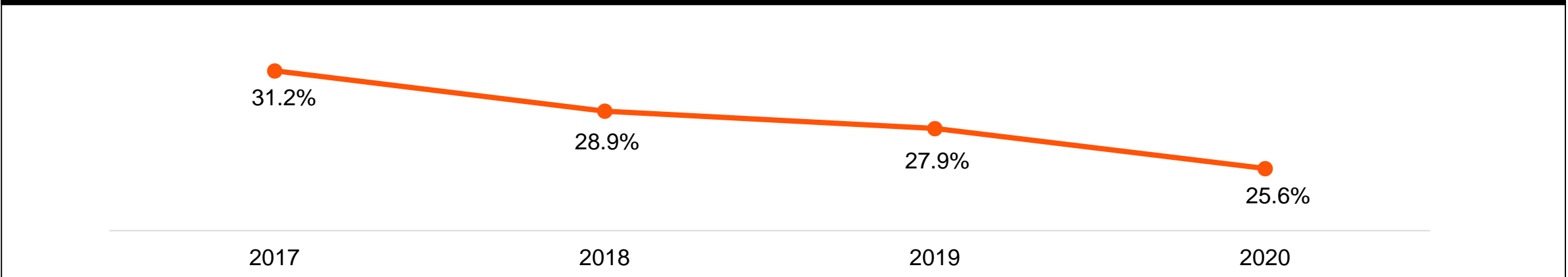
Financial Overview

We are well positioned to execute our strategy given our demonstrated commitment to disciplined capital allocation and expense management.

Thoughtful Deployment of Capital

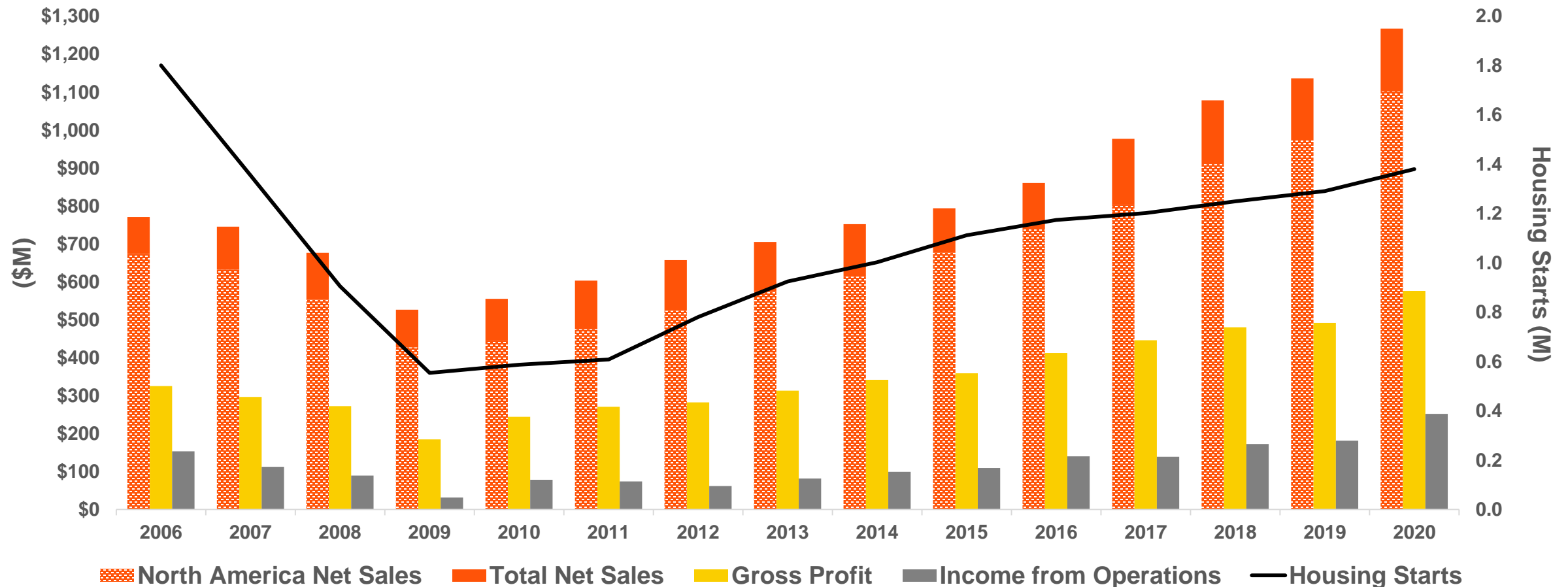


SG&A as a % of Net Sales

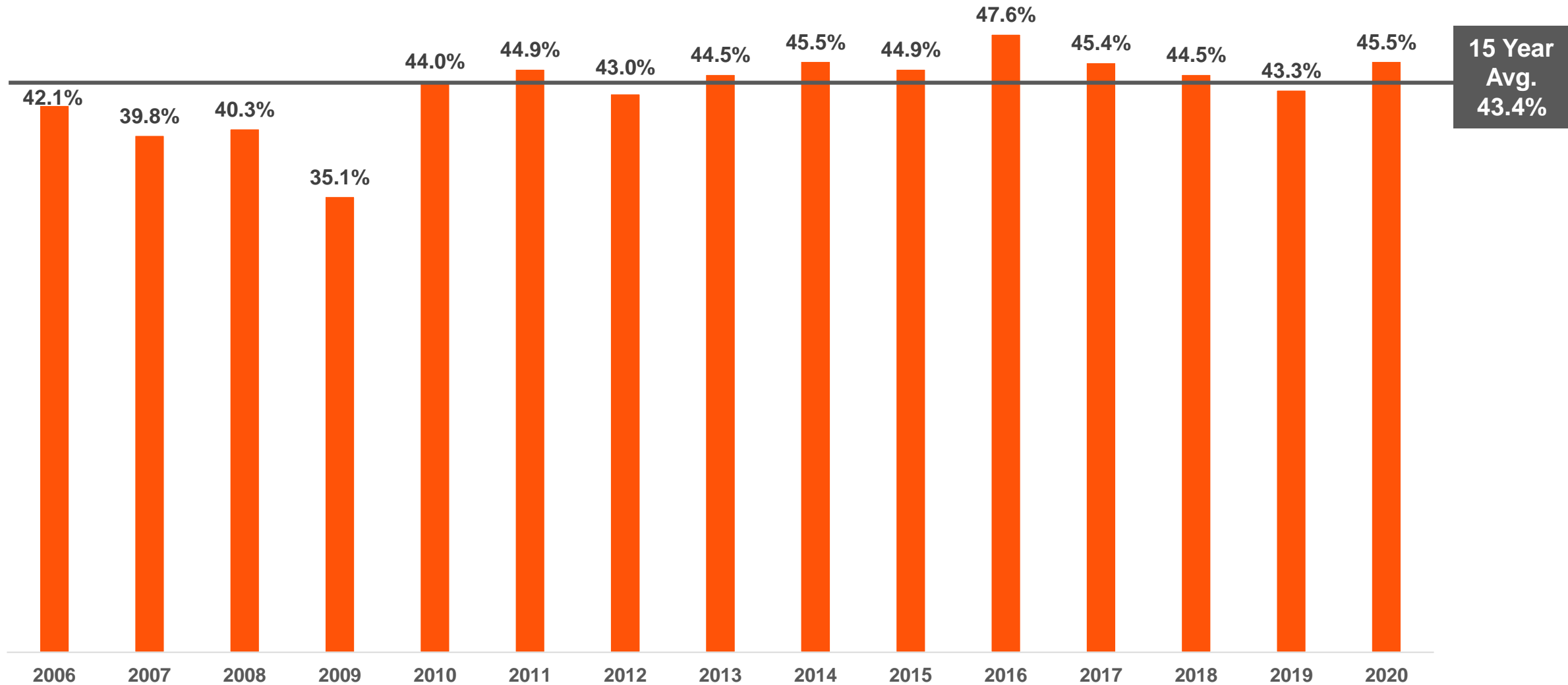


Historical Net Sales

Our investments in adjacent products and markets have helped mitigate our exposure to a cyclical U.S. housing market over time.

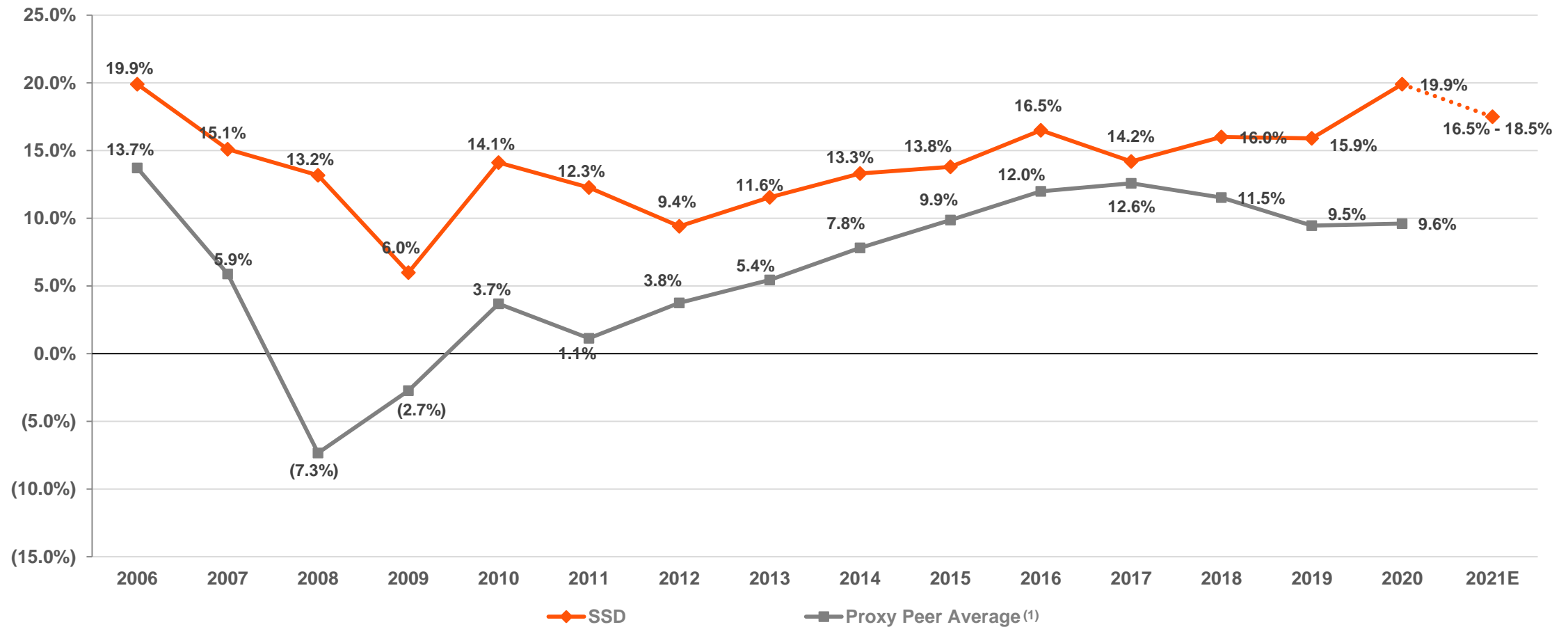


Consistently Strong Gross Profit Margins



Operating Income Margin Outperformance

Simpson Historical Operating Income Margin Versus Proxy Peer Average⁽¹⁾



(1) Proxy peer average includes: AAON, AMWD, APOG, AWI, EXP, ROCK, IINN, DOOR, PATK, PGTI, NX, SUM, TREX, USCR and WMS.

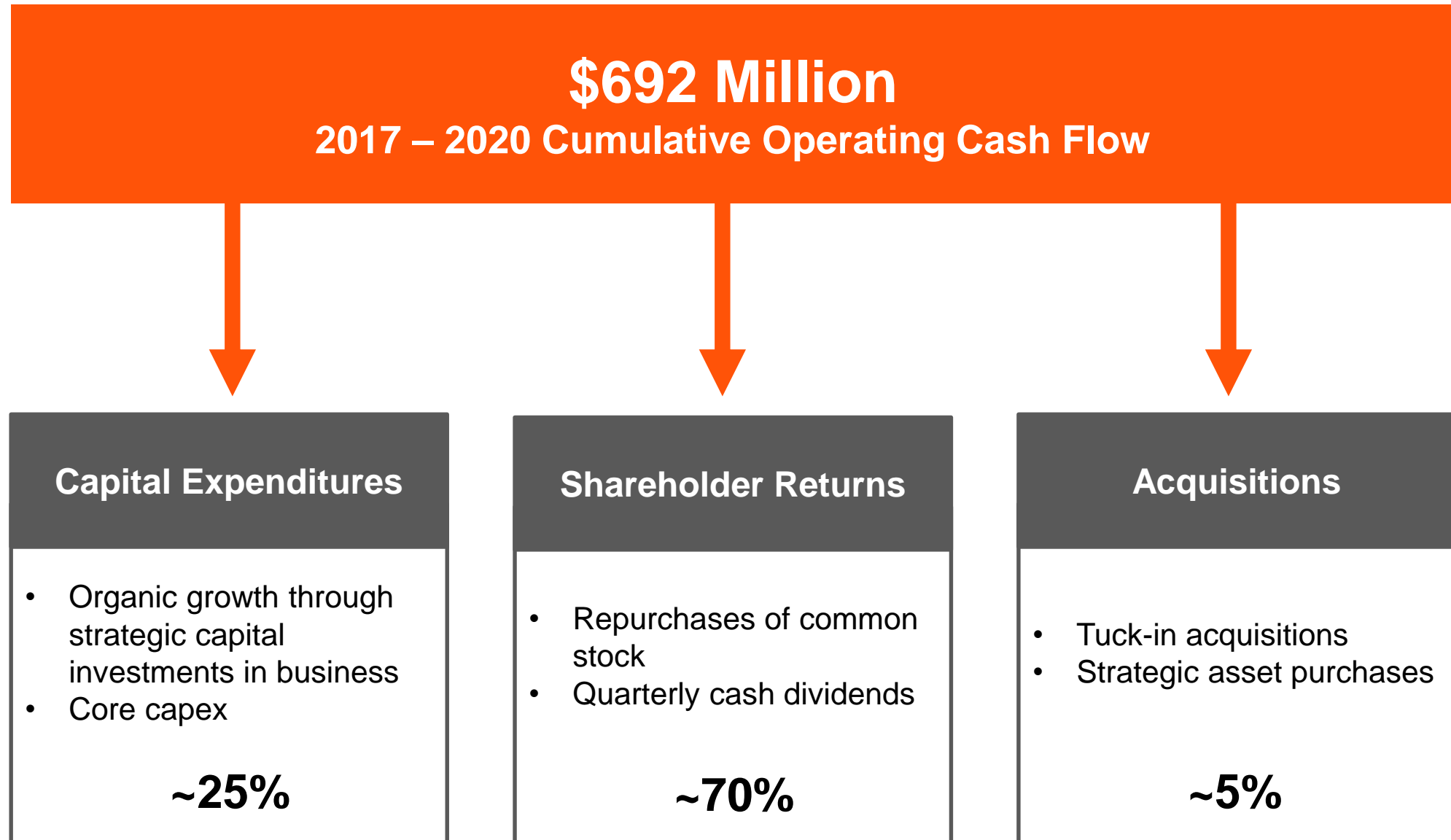
ROIC⁽¹⁾ Within Top Quartile of Proxy Peers⁽²⁾



(1) Return on Invested Capital (ROIC) reflects latest fiscal year reported. See appendix for ROIC definition.

(2) Proxy peer average includes: AAON, AMWD, APOG, AWI, EXP, ROCK, IIN, DOOR, PATK, PGTI, NX, SUM, TREX, USCR and WMS.

(3) Source: Company filings as of March 18, 2021.



Cash Flow From Operations

Organic Growth / Acquisitions

Investing in growth initiatives (engineering, people, testing, etc.)
Maintenance CapEx
Potential M&A

Dividends

Maintain quarterly cash dividends
Consistently and moderately raise dividends

Share Repurchases

Opportunistic share repurchases
Capital return threshold of 50% of cash flow from operations

- Strengthen our business model by expanding our product lines and developing complete solutions for the markets in which we operate
- Improve our market share in our growth initiatives
- Improve our manufacturing capabilities and efficiencies to reduce lead-times and bring production closer to the end customer
- Leverage venture capital expertise to help identify potential strategic acquisitions or investments including innovative technologies of interest in the building space
 - Provides real-time market access to the latest industry technology trends and innovation

Closing Remarks



Karen Colonias
President and Chief Executive Officer



SUSTAINABILITY EFFORTS TAKEN TO-DATE

- Issued 2019 ESG report in March 2020 (Inaugural Report)
 - Reported updated 2020 metrics in March 2021
- Established ESG task force
- Hired ESG analyst
- Engaged external ESG disclosure consultants and service providers
- Continued effort to harmonize with SASB standards
- Enhanced disclosure on Human Capital Management
- Launching Diversity, Equity & Inclusion program
- Renewed focus on employee health and safety

ENVIRONMENTAL PROTECTION, HEALTH & SAFETY MANAGEMENT POLICY

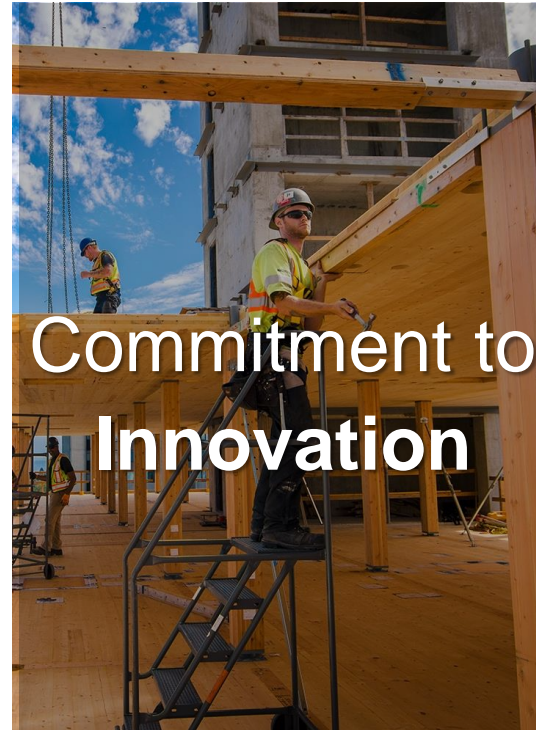
At Simpson Strong-Tie, we operate in a safe and environmentally responsible manner to protect our employees, customers and communities while benefitting society, the economy and the environment.

“Our people are the most vital part of our business, and providing a safe, healthy, sustainable, and rewarding working environment is of fundamental importance.” – Karen Colonias

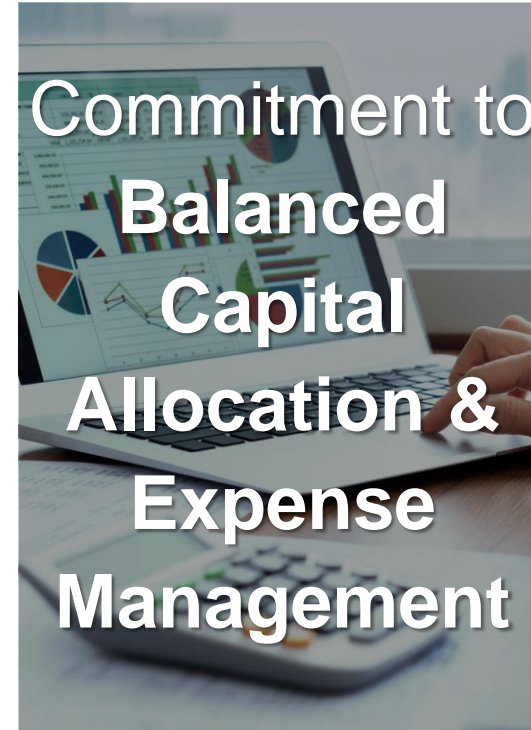
Simpson Strong-Tie & Habitat for Humanity – Phoenix Build



- **Continue above market growth rate relative to U.S. housing starts**



- **Be an innovation leader in the markets we operate**



- **Continue expanding our operating income margin and ROIC to remain within the top quartile of proxy peers**



- **Strengthen our values-based culture**
- **Be the partner of choice**

Mexico Beach Hurricane Case Study





Europe Operating Income Margin Non-GAAP Reconciliation

	2016	2017	2018	2019	2020
Europe Operating Income Margin (Excluding SAP)	3.50%	2.70%	(1.20%)	5.90%	7.00%
SAP Expenses	1.60%	1.05%	0.47%	1.51%	1.64%
Europe Operating Income Margin	1.90%	1.65%	(1.67%)	4.39%	5.36%

Return on Invested Capital (“ROIC”) Definition

When referred to in this presentation, return on invested capital (“ROIC”) for a fiscal year is calculated based on (i) the net income of that year as presented in the Company’s consolidated statements of operations prepared pursuant to generally accepted accounting principles in the U.S. (“GAAP”), as divided by (ii) the average of the sum of total stockholders’ equity and total long-term interest bearing liabilities, (which for the Company are long-term capital lease obligations), at the beginning of and at the end of such year, as presented in the Company’s consolidated balance sheets prepared pursuant to GAAP for that applicable year. As such, the Company’s ROIC, a ratio or statistical measure, is calculated using exclusively GAAP financial measures.



STRONG FOUNDATION. STRONGER FUTURE.

Thank You



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