

SIMPSON

**Manufacturing
COMPANY**



Off-Season
Shareholder
Engagement

STRENGTH BUILT IN

December | 2019

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, among others, those discussed under 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 and subsequent filings with the SEC.

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.



Industry leader with unique business model, strong brand recognition and trusted reputation



Diversified product offerings and geographies mitigates exposure to cyclical U.S. housing market



Strong market share in wood products with significant opportunities in all addressable markets



Industry-leading gross profit and operating margins



Strong balance sheet enables financial flexibility and stockholder returns



Committed to returning a minimum of 50% of cash flow from operations to stockholders

Simpson Manufacturing Co. designs, engineers and manufactures structural connectors, anchors, fasteners, software solutions and other products for new construction, repair and remodel, and do-it-yourself markets

Simpson Manufacturing Co. operates across 3 reporting segments (North America, Europe and Asia/Pacific) with 2 primary product lines

Wood Construction Products



- Typically made of steel and are used primarily to strengthen, support and connect wood joints
- Produce and market over 10,000 standard and custom products

Concrete Construction Products



- Composed of various materials including steel, chemicals and carbon fiber used to repair, protect and strengthen concrete
- Produce and market over 1,000 standard and custom products

Key Facts and Figures

- **Ticker:** NYSE:SSD
- **Market Cap⁽¹⁾:** \$3.60 B
- **Year Founded:** 1956
- **Year Public:** 1994
- **2018 Revenue:** \$1.08 B (+10% year-over-year)
- **Headquarters:** Pleasanton, CA
- Operations in **50 locations globally**
- **Employees:** 3,135

(1) As of November 30, 2019.

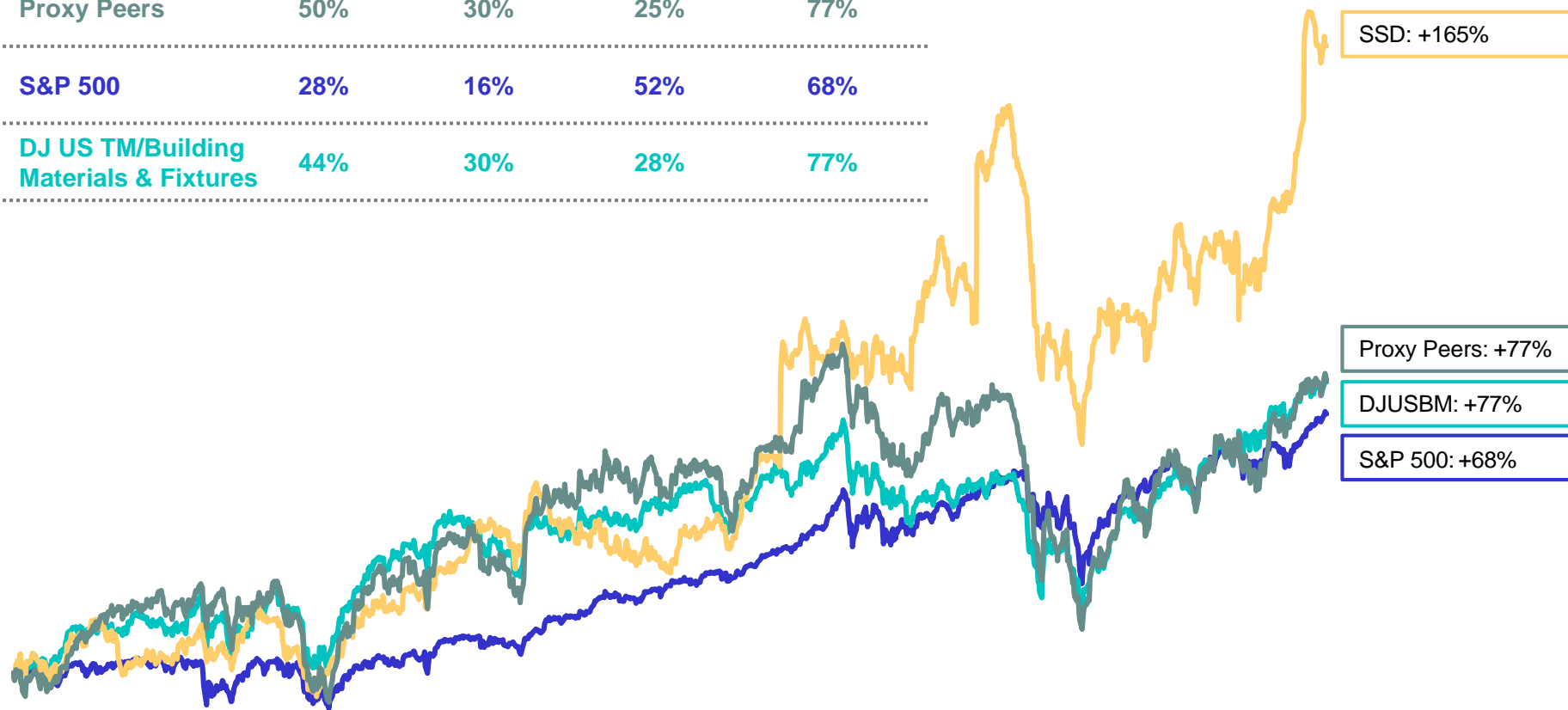
Business Overview

- Simpson has spent over **60 years** providing the highest-quality structural building solutions, and has built a strong foundation of **product innovation, customer service and industry leadership**
- Simpson is seen as a **thought leader in supporting the process of building safer, stronger structures** in collaboration with customers, specifiers and code officials
- Simpson continues to **differentiate from competitors across operating segments by designing and marketing end-to-end construction product systems**
- Simpson **promotes a culture of employee ownership** focused on the value and contributions of every employee

5-Year Relative Total Shareholder Return

Stock performance reflects clarity surrounding business strategy, growth prospects and operational efficiencies

% CHANGE	YTD TSR	1 YEAR TSR	3 YEAR TSR	5 YEAR TSR
Simpson Manufacturing	52%	41%	80%	165%
Proxy Peers	50%	30%	25%	77%
S&P 500	28%	16%	52%	68%
DJ US TM/Building Materials & Fixtures	44%	30%	28%	77%



Note: Proxy peer average includes: AAON, AMWD, APOG, AWI, CBPX, EXP, ROCK, IJIN, DOOR, PATK, PGTI, NX, SUM, TREX, USCR, WMS.

Note: Time period spanning November 30, 2014 to November 30, 2019.

Note: Total shareholder return measures the internal rate of return of all cash flows to the investor during the holding period of an investment, not solely the capital gain.

Strong Business Drives Stockholder Value

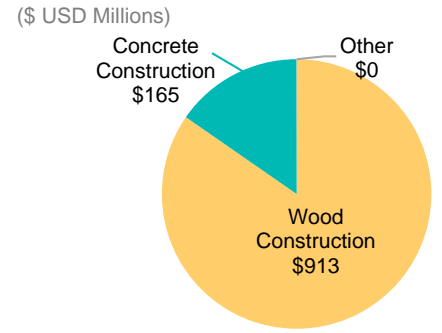
A Unique Business Model...

Aside from our **strong brand recognition** and **trusted reputation**, Simpson is **unique** due to our **strong customer support** and training, extensive product **testing capabilities**, **product availability** with delivery in typically 24-48 hours or less and **active involvement with code officials and agencies** to improve building construction practices

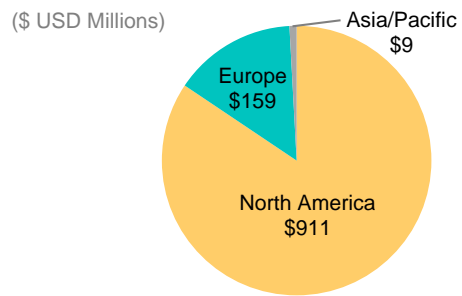
Enables Us to Deliver Value to Shareholders

The Board employs a **balanced capital allocation strategy** that utilizes **free cash flow** to grow the business through capital expenditures, acquisitions, and to provide **returns to stockholders** through **dividends** and **share repurchases**. Since 2010, Simpson has grown **EPS** by **370%** and increased its quarterly **dividend** by **130%**⁽¹⁾, and since 2011, repurchased **\$398.5**⁽¹⁾ million in shares

Our 2018 Sales by Product...

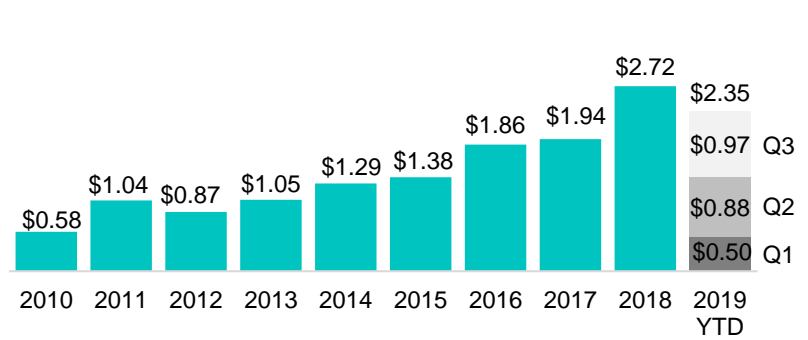


and Across Operating Segments

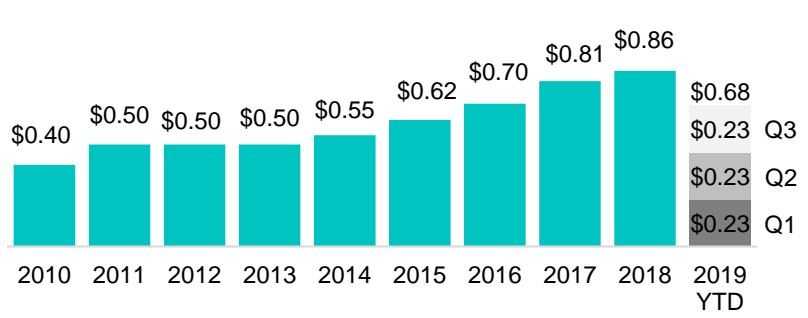


With industry leading operating and gross margins of **16.0%** and **44.5%** respectively

EPS⁽²⁾



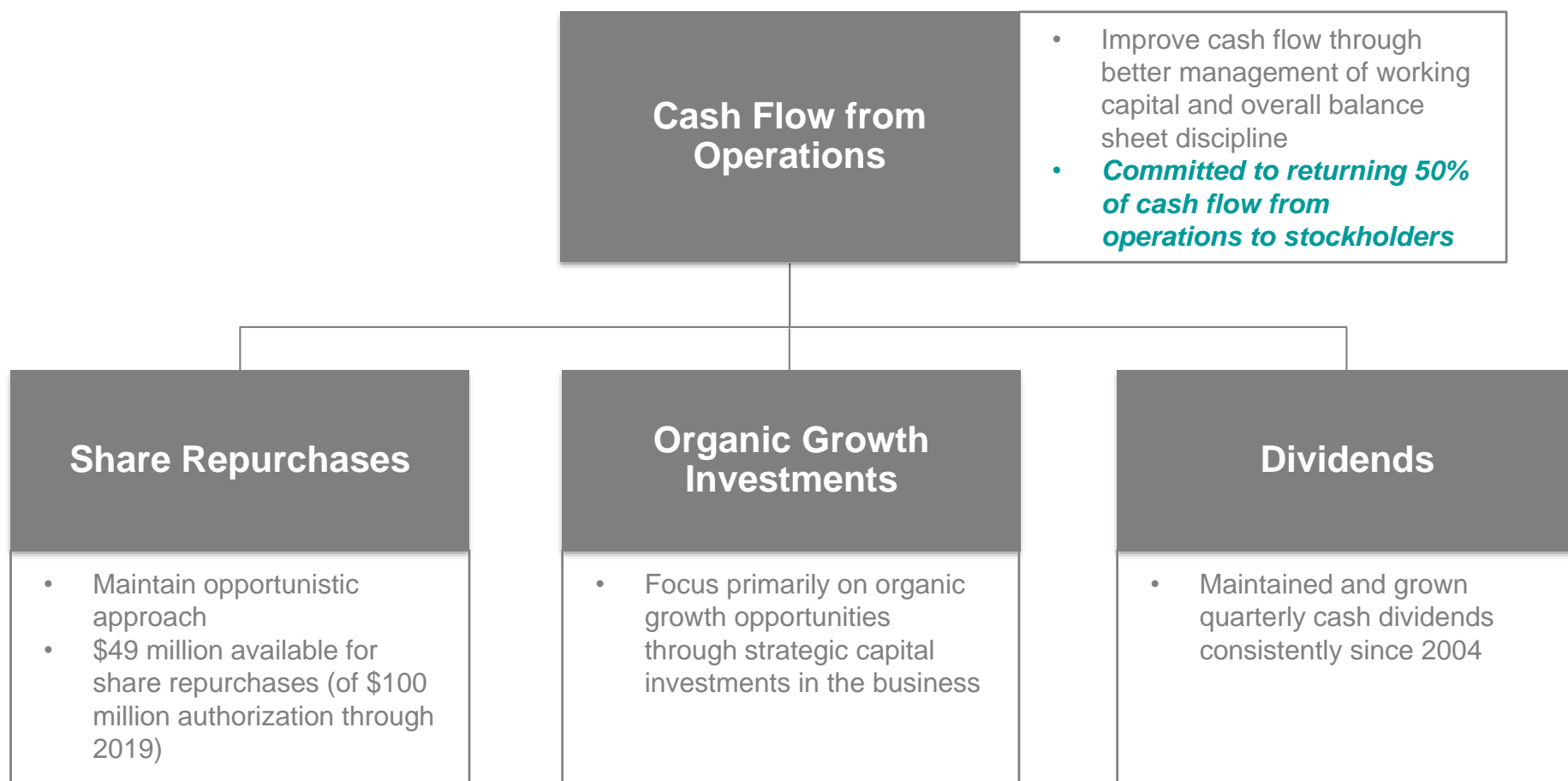
Dividends Per Share⁽³⁾



(1) Quarterly dividend and stock repurchases based on quarterly earnings statements as of September 30, 2019.
 (2) The enactment of the Tax Cuts and Jobs Act in December 2017 resulted in a provisional net charge of \$2.2 million in the fourth quarter of 2017, or an impact of \$0.04 per fully diluted share.
 (3) Chart represents annual dividends. Part of the 2013 dividend was accelerated due to uncertainty of changes to tax code in 2013. The dividend paid in December 2012 is included in 2013.

Disciplined Capital Allocation Strategy

Simpson has established a current target capital return to stockholders of a minimum of 50% of cash flows from operations through both dividends and repurchases of its common stock



KEY OBJECTIVES	FY 2016 Actual	2020 PLAN	As of 3Q 2019 ⁽²⁾
1 FOCUS ON ORGANIC GROWTH	<ul style="list-style-type: none"> \$861M Net Sales 	<ul style="list-style-type: none"> ~8% Organic Net Sales CAGR 	<ul style="list-style-type: none"> ✓ ~10% Organic Net Sales CAGR through fiscal 2019
2 RATIONALIZE COST STRUCTURE TO INCREASE PROFITABILITY	<ul style="list-style-type: none"> 31.8% Operating Expenses as a % of Net Sales 16.4% Operating Income Margin 	<ul style="list-style-type: none"> ~26% - 27% Operating Expenses as a % of Net Sales ~16% - 17% Operating Income Margin 	<ul style="list-style-type: none"> ✓ 27.2% Operating Expenses as a % of Net Sales ✓ 16.5% Operating Income Margin
3 IMPROVE WORKING CAPITAL MANAGEMENT & BALANCE SHEET DISCIPLINE	<ul style="list-style-type: none"> 2x Inventory Turn Rate 	<ul style="list-style-type: none"> Working with external consultant to identify further improvements to inventory management 	<ul style="list-style-type: none"> ✓ Achieved significant expense reductions in 2018 and new initiatives expected to lead to cost containment beyond 2020 Plan goals
IMPROVE RETURN ON INVESTED CAPITAL⁽³⁾			
<ul style="list-style-type: none"> Execution on the 2020 Plan is expected to substantially enhance ROIC Expect to achieve 15% to 16% ROIC target by FY 2020, up from 10.4% in FY 2016 			
INCREASE CAPITAL RETURN TO STOCKHOLDERS			
<ul style="list-style-type: none"> Committed to returning 50% of cash flow from operations to stockholders Utilize capital from inventory reductions and balance sheet efficiency improvements to repurchase shares Review properties for potential sale / sale-leaseback options; capital release to be used for repurchases 			

(1) Note: Updated as of November 5, 2019. The initial 2020 plan was unveiled on October 30, 2017.

(2) Figures represent nine months ending September 30, 2019, based on Q3 2019 10-Q filing.

(3) See slide 14 for Return on Invested Capital (ROIC) definition.

Independent and Diverse Board

Our Board is committed to being effective stewards of shareholder capital and possesses the diversity of skills and experiences to oversee the business



James Andrasick
Chairman

Former CEO
Matson Navigation



Jennifer Chatman

Paul J. Cortese Professor of Mgmt.
Haas School of Business,
UC Berkeley



Karen Colonias

President & CEO
Simpson Manufacturing



Celeste Volz Ford

Founder & CEO
Stellar Solutions



Gary Cusumano

Former Chairman
The Newhall Land and
Farming Company



**Robin Greenway
MacGillivray**

Former Senior Vice
President — One AT&T
Integration, AT&T



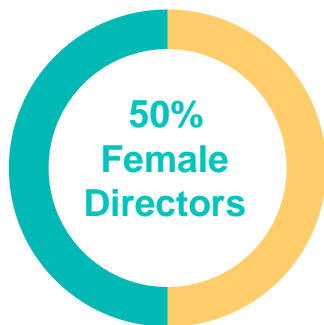
Michael Bless ★

CEO Century Aluminum
Company

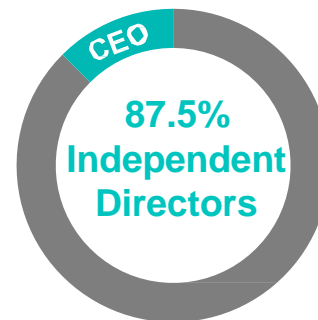
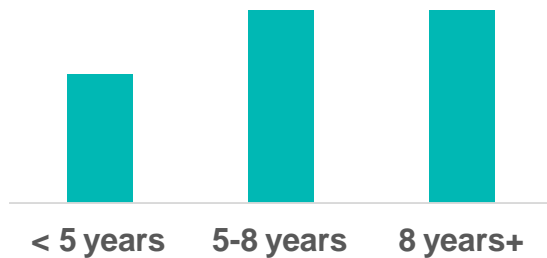


Phil Donaldson ★

Executive VP & CFO
Andersen Corporation



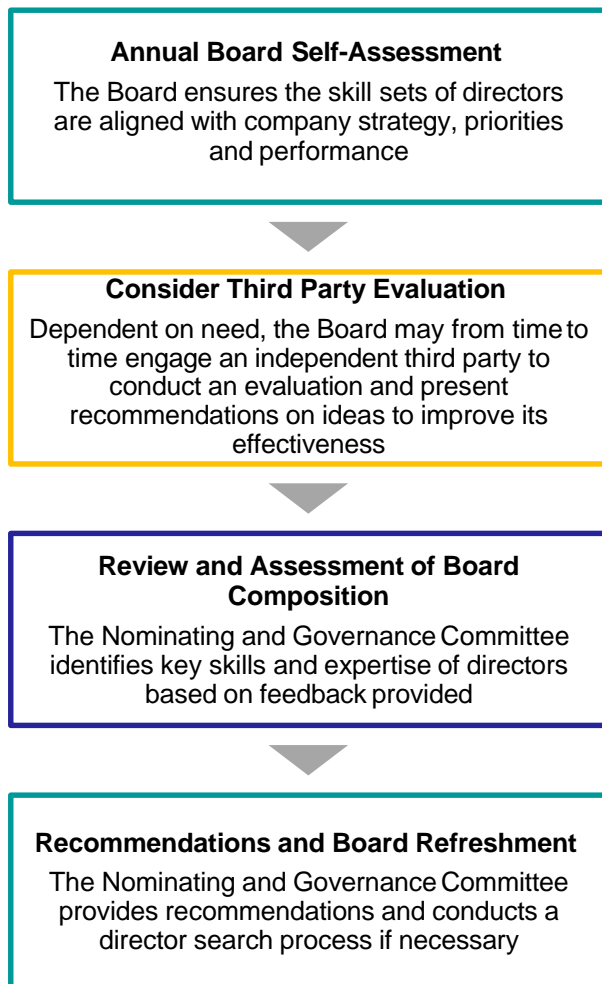
Average tenure of 8 years



★ Indicates director joined over past 3 years

Our Board’s rigorous evaluation process allows us to continue to attract and retain directors with the skills and experiences necessary to successfully oversee the Company’s strategy

Board Evaluation Process



Director Skills and Expertise

The Board seeks to achieve a mix of members who collectively bring significant value to the Company through their experience and personal backgrounds relevant to the Company’s strategic priorities and the scope and complexity of the business and industry:



Board Responsiveness to Shareholder Feedback

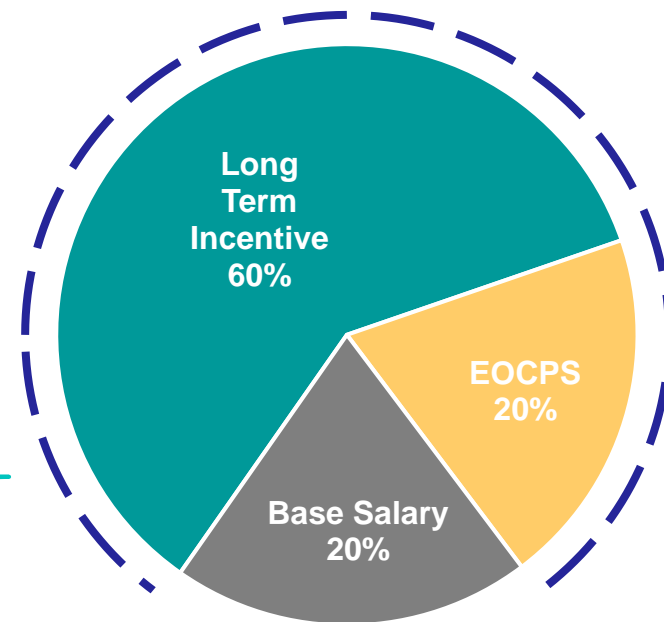
- *The Board and management conduct ongoing broad outreach to our shareholders to seek feedback on our executive compensation program and governance practices*
- *In response to feedback requesting increased environmental and social disclosure, we plan to publish our inaugural Sustainability Report in Spring 2020*
- *Over the past few years, in response to shareholder feedback, the Board made several changes:*

Compensation Practices	Governance Practices	Board Structure
<ul style="list-style-type: none"> • Adopted a median pay for median performance pay philosophy • Transformed our executive compensation program: <ul style="list-style-type: none"> - Reduced proportion delivered through EOCPS - Extended all performance periods (added annual measurement to EOCPS and 3-year measurement to LTIP) - Established LTIP equity metrics distinct from EOCPS, which align with our strategy • Adopted clawback, anti-hedging and anti-pledging policies 	<ul style="list-style-type: none"> • Declassified the Board, phased in over a three-year period beginning at the 2017 Annual Meeting • Eliminated Cumulative Voting • Eliminated the shareholder rights plan • Reduced Director term limits for new directors elected to the Board <p><u>These practices are in addition to our:</u></p> <ul style="list-style-type: none"> • Separate Independent Chairman and CEO roles • Majority vote standard for director elections • No supermajority voting provisions 	<ul style="list-style-type: none"> • Conducted a comprehensive Board self assessment and third party governance evaluation to formalize director candidate search criteria • Nominated new independent director candidates, Michael Bless and Phillip Donaldson, for election at the 2017 and 2018 Annual Meetings, respectively • James Andrasick succeeded former Chairman, Peter Louras Jr., effective as of the end of 2018

2019 Executive Compensation Program

After a period of transition, 2018 was the first year where all changes to our compensation program were fully implemented. The Board was pleased that shareholders voted to support the compensation plan with >98% support and therefore, the Compensation Committee decided to maintain our program for 2019

2019 Program Design		
Salary	Salary is positioned to <u>50th percentile</u> of peer group	
EOCPS	50% Annual Operating Profit	50% Quarterly Operating Profit
	80% PSUs	
Long-Term Incentive	50% Three-year revenue growth following grant	50% Three-year ROIC following grant
	20% RSUs	
	Three-year staggered vesting (20% / 40% / 40%)	



80%
of targeted compensation
is "at-risk"

Environmental and Safety Sustainability

We are committed to protecting the environment of our employees, customers and the communities we operate in

FOCUS AREAS

PHILOSOPHY

Manufacturing Process



We do not manufacture steel or any other materials. We operate in a way that does not produce regulated external emissions. We strive to minimize waste generated by manufacturing processes through company-wide **Lean practices**

Recycling and Water Management



Our facilities recycle/reuse many of the materials they use to reduce our impact on the environment, including water, cardboard, plastic and glass bottles, aluminum cans, paper, wood pallets, electronic waste, oils, coolants and lubricants and stretch film / wrap – low density polyethylene

Energy Efficiency



We strive to increase energy efficiencies at our facilities to achieve environmentally-friendly, cost-effective operations, by utilizing, among other things: dimmers, motion sensors, LED lighting, heat regeneration and solar energy

Sustainable Building Practices



We support sustainable building practices, such as those established by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Green Building Rating System™, NAHB Green, and state and city specific green building codes

Suppliers



We expect our suppliers to adhere to sustainability standards and operate in a socially and environmentally responsible manner consistent with our values

Global Health & Safety Initiatives



Our **Occupational Health and Safety program** is designed to educate employees on risks associated with our processes and to adopt new safety skills

Safety Value Programs



We create programs specifically focused on the **enhancement of safety education, practices and processes**

Our Board is focused on fostering a supportive corporate culture that promotes leadership opportunities and diversity

Simpson's Culture

Our distinct culture is made up of the unique characteristics and talents of our employees and is embodied by our '**Nine Principles of Business**'

1. **Relentless Customer Focus.** The focus, the obsession, is on customers and users
2. **Long-Range View.** People never sacrifice tomorrow for the sake of today
3. **High-Quality Products.** The company makes quality products that contribute to the quality of life in a significant way
4. **Be the Leader.** The company is the leader in its core business
5. **Everybody Matters.** The company dignifies the contribution of every individual employee at every level
6. **Enable Growth.** People are excited about their jobs and the possibilities for growth
7. **Risk-Taking Innovation.** Innovation and creativity are encouraged; success is seldom achieved without taking risks
8. **Give Back.** The company feels an obligation to the system and the country that spawned it, as well as to humanity in general
9. **Have Fun, Be Humble.** The company is a demanding but fun place to work, where people take their responsibilities, but not themselves, seriously

Leadership Programs

- We care deeply about our employees' opportunities to **thrive** and **succeed**
- We **empower** our employees, broaden their innovative and creative thinking, and strengthen their ability to build trust and make a positive difference
- Our **Strong Leaders Program** (for managers) and our **Emerging Leaders Program** (for non-managers) provides employees with tools and experiences to develop their fullest leadership potential
- We strive to develop leaders who are **reflective**, continuously **seek opportunities to improve**, and recognize the **impact** they have

Diversity

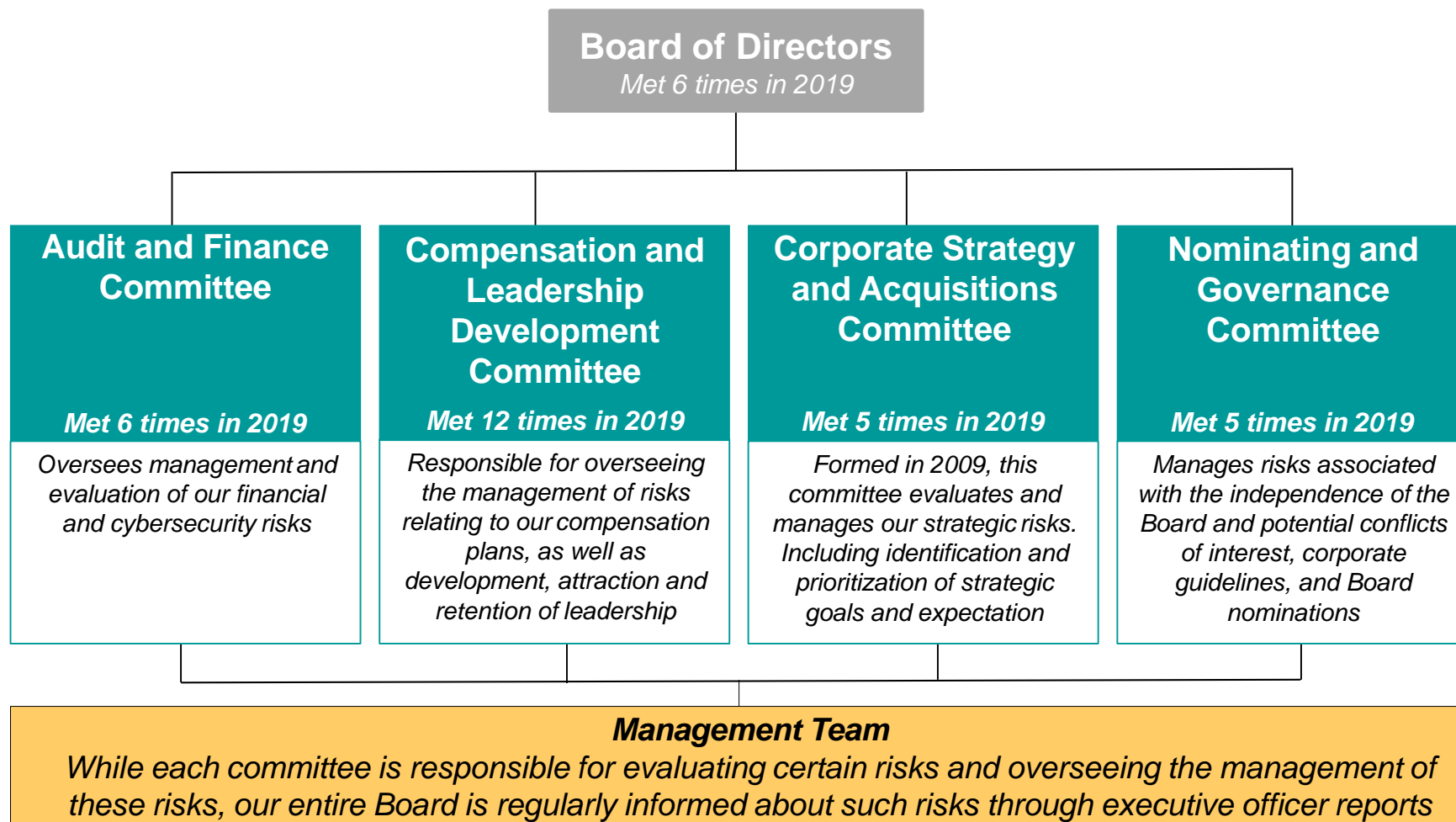
- We pride ourselves on our diverse **employee base** and benefit from their unique perspectives across our entire corporation
- We have paved the way for gender diversity in corporate leadership with women holding **38%** of the **top five executive positions and board seats combined**
- We were recognized for our **diversity** efforts in **corporate leadership** in the first-ever **Watermark Index** and as a **Finalist** for **NACD NXT**, an initiative to highlight breakthrough corporate boardroom practices

Equal Pay

We are committed to **internal pay equality**, and we believe our executive compensation should be consistent and equitable to motivate our employees to create shareholder value

Robust Board Oversight of Risk Management

Our Board is actively involved in overseeing the Company's risk management, regularly reviewing information regarding operational, financial, legal and strategic risks to ensure that shareholders' investments are protected for the long term



Return on Invested Capital (“ROIC”) Definition

When referred to in this presentation, the Company’s return on invested capital (“ROIC”) for a fiscal period is calculated based on (i) the net income of the last four quarters as presented in the Company’s condensed 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 the total stockholders’ equity and the total long-term liabilities at the beginning of and at the end of such period, as presented in the Company’s consolidated balance sheets prepared pursuant to GAAP for that applicable year. For the purposes of comparability in this calculation, total long-term liabilities excludes long-term finance lease liabilities, which were recognized as of June 30, 2019 as a result of the January 1, 2019 adoption of ASU 2016-02. As such, the Company’s ROIC, a ratio or statistical measure, is calculated using exclusively financial measures presented in accordance with GAAP.



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**SIMPSON'S PEOPLE
MAKE THE
DIFFERENCE**

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