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: March 31, 2018

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: 1-13429

Simpson Manufacturing Co., Inc.
(Exact name of registrant as specified in its charter)

Delaware	**94-3196943**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5956 W. Las Positas Blvd., Pleasanton, CA 94588
(Address of principal executive offices)
(Registrant's telephone number, including area code): **(925) 560-9000**

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 check mark 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒		Accelerated filer	☐
Non-accelerated filer	☐	(Do not check if a smaller reporting company)	Smaller reporting company	☐
			Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares of the registrant's common stock outstanding as of March 31, 2018: 46,319,026.

NOTE ABOUT FORWARD-LOOKING STATEMENTS

This document 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 21E of the Securities Exchange Act of 1934, as amended. All statements relating to events or results that may occur in the future are forward-looking statements, including but not limited to, statements regarding our plans, sales, sales trends, sales growth rates, revenues, profits, costs, working capital, balance sheet, inventories, products (including truss and concrete product as well as software offerings), relationships with contractors and partners (including our collaboration with The Home Depot, Inc.), market strategies, market shares, expenses (including operating expenses and research, development and engineering investments), cost savings or reduction measures, repatriation of funds, results of operations, tax liabilities, losses, capital spending, housing starts, price changes (including product prices and raw material, such as steel prices), profitability, profit margins, effective tax rates, depreciation or amortization expenses, amortization periods, capital return, stock repurchases, dividends, compensation arrangements, prospective adoption of new accounting standards, effects of changes in accounting standards, effects and expenses of (including eventual gains or losses related to) mergers and acquisitions and related integrations, effects and expenses of equity investments, effects of changes in foreign exchange rates or interest rates, effects and costs of SAP and other software program implementations (including related expenses, such as capital expenditures, and savings), effects and costs of credit facilities and capital lease obligations, headcount, engagement of consultants, the Company's 2020 Plan (discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations" below), the Company's efforts and costs to implement the 2020 Plan, the targets and assumptions under the 2020 Plan (including targets associated with organic compound annual growth rate in consolidated net sales, expense rationalization, improved working capital management and overall balance sheet discipline) and the projected effects and impact of any of the foregoing on our business, financial condition and results of operations. 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. Forward-looking statements are necessarily speculative in nature, are based on numerous assumptions, and involve known and unknown risks, uncertainties and other factors (some of which are beyond our control) that could significantly affect our operations and may cause our actual actions, results, financial condition, performance or achievements to be substantially different from any future actions, results, financial condition, performance or achievements expressed or implied by any such forward-looking statements. Those factors include, but are not limited to: (i) the impact, execution and effectiveness of the Company's current strategic plan, the 2020 Plan, the realization of the assumptions made under the plan and the efforts and costs to implement the plan; (ii) general economic cycles and construction business conditions; (iii) customer acceptance of our products; (iv) product liability claims, contractual liability, engineering and design liability and similar liabilities or claims, (v) relationships with partners, suppliers and customers and their financial condition; (vi) materials and manufacturing costs; (vii) technological developments, including system updates and conversions; (viii) increased competition; (ix) changes in laws or industry practices; (x) litigation risks and actions by activist shareholders; (xi) changes in market conditions; (xii) governmental and business conditions in countries where our products are manufactured and sold; (xiii) natural disasters and other factors that are beyond the Company's reasonable control; (xiv) changes in trade regulations or U.S. and international taxes, tariffs and duties including those imposed on the Company's income, imports, exports and repatriation of funds; (xv) effects of merger or acquisition activities; (xvi) actual or potential takeover or other change-of-control threats; (xvii) changes in our plans, strategies, objectives, expectations or intentions; and (xviii) other risks and uncertainties indicated from time to time in our filings with the U.S. Securities and Exchange Commission, including the Company's most recent Annual Report on Form 10-K under the heading "Item 1A - Risk Factors." See below "Part I, Item 1A - Risk Factors." Each forward-looking statement contained in this Quarterly Report on Form 10-Q is specifically qualified in its entirety by the aforementioned factors. In light of the foregoing, investors are advised to carefully read this Quarterly Report on Form 10-Q in connection with the important disclaimers set forth above and are urged not to rely on any forward-looking statements in reaching any conclusions or making any investment decisions about us or our securities. All forward-looking statements hereunder are made as of the date of this Quarterly Report on Form 10-Q and are subject to change. Except as required by law, we do not intend and undertake no obligation to update, revise or publicly release any updates or revisions to any forward-looking statements hereunder, whether as a result of the receipt of new information, the occurrence of future events, the change of circumstances or otherwise. We further do not accept any responsibility for any projections or reports published by analysts, investors or other third parties.

Each of the terms the "Company," "we," "our," "us" and similar terms used herein refer collectively to Simpson Manufacturing Co., Inc., a Delaware corporation and its wholly-owned subsidiaries, including Simpson Strong-Tie Company Inc., unless otherwise stated.

"Strong-Tie" and our other trademarks appearing in this report are our property. This report contains additional trade names and trademarks of other companies. We do not intend our use or display of other companies' trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

Simpson Manufacturing Co., Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, unaudited)

	March 31, 2018	March 31, 2017	December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	$ 137,413	$ 167,059	$ 168,514
Trade accounts receivable, net	167,146	148,506	135,958
Inventories	256,552	256,271	252,996
Other current assets	22,423	13,744	26,473
Total current assets	583,534	585,580	583,941
Property, plant and equipment, net	276,114	250,465	273,020
Goodwill	138,026	135,113	137,140
Equity investment (see Note 9)	2,525	2,607	2,549
Intangible assets, net	28,302	31,713	29,326
Other noncurrent assets	11,841	12,722	11,547
Total assets	$ 1,040,342	$ 1,018,200	$ 1,037,523
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Capital lease obligations - current portion	$ 1,064	$ 521	$ 1,055
Trade accounts payable	42,098	38,219	31,536
Accrued liabilities	84,997	67,183	84,204
Income taxes payable	—	2,290	—
Accrued profit sharing trust contributions	2,730	2,514	7,054
Accrued cash profit sharing and commissions	9,102	9,256	9,416
Accrued workers' compensation	3,237	3,578	3,226
Total current liabilities	143,228	123,561	136,491
Capital lease obligations - net of current portion	2,425	1,610	2,607
Deferred income tax and other long-term liabilities	15,627	6,076	13,647
Total liabilities	161,280	131,247	152,745
Commitments and contingencies (see Note 11)			
Stockholders' equity			
Common stock, at par value	475	475	473
Additional paid-in capital	269,004	259,167	260,157
Retained Earnings	693,218	656,959	676,644
Treasury stock	(74,999)	—	(40,000)
Accumulated other comprehensive loss	(8,636)	(29,648)	(12,496)
Total stockholders' equity	879,062	886,953	884,778
Total liabilities and stockholders' equity	$ 1,040,342	$ 1,018,200	$ 1,037,523

The accompanying notes are an integral part of these condensed consolidated financial statements

Simpson Manufacturing Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(In thousands except per-share amounts, unaudited)

	Three Months Ended March 31,	
	2018	**2017**
Net sales	$ 244,779	$ 219,867
Cost of sales	136,253	119,711
Gross profit	108,526	100,156
Operating expenses:		
Research and development and other engineering	11,150	11,819
Selling	27,573	29,637
General and administrative	38,191	36,121
Net gain on disposal of assets	(1,184)	(51)
	75,730	77,526
Income from operations	32,796	22,630
Loss in equity method investment, before tax	(24)	(28)
Interest expense, net	(90)	(189)
Gain on bargain purchase of a business	—	8,388
Income before taxes	32,682	30,801
Provision for income taxes	7,253	7,680
Net income	$ 25,429	$ 23,121
Earnings per common share:		
Basic	$ 0.55	$ 0.49
Diluted	$ 0.54	$ 0.48
Number of shares outstanding		
Basic	46,615	47,616
Diluted	47,009	47,906
Cash dividends declared per common share	$ 0.21	$ 0.18

The accompanying notes are an integral part of these condensed consolidated financial statements

Simpson Manufacturing Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(In thousands, unaudited)

	Three Months Ended March 31,	
	2018	**2017**
Net income	$ 25,429	$ 23,121
Other comprehensive income:		
Translation adjustment	3,860	3,322
Comprehensive income	$ 29,289	$ 26,443

The accompanying notes are an integral part of these condensed consolidated financial statements

Simpson Manufacturing Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Stockholders' Equity
At March 31, 2017 and 2018, and December 31, 2017
(In thousands except per-share amounts, unaudited)

	Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	Treasury	
	Shares	Par Value	Capital	Earnings	Income (Loss)	Stock	Total
Balance at January 1, 2017	47,437	$ 473	$ 255,917	$642,422	$ (32,970)	$ —	$ 865,842
Net income	—	—	—	23,121	—	—	23,121
Translation adjustment, net of tax	—	—	—	—	3,322	—	3,322
Options exercised	11	—	314	—	—	—	314
Stock-based compensation	—	—	7,650	—	—	—	7,650
Shares issued from release of Restricted Stock Units	197	2	(5,126)	—	—	—	(5,124)
Cash dividends declared on common stock, $0.18 per share	—	—	—	(8,584)	—	—	(8,584)
Common stock issued at 44.26 per share for stock bonus	9	—	412	—	—	—	412
Balance at March 31, 2017	47,654	475	259,167	656,959	(29,648)	—	886,953
Net income	—	—	—	69,496	—		69,496
Translation adjustment, net of tax	—	—	—	—	18,096	—	18,096
Pension adjustment, net of tax	—	—	—	—	(944)	—	(944)
Options exercised	212	3	6,293	—	—	—	6,296
Stock-based compensation	—	—	4,915	—	—	—	4,915
Shares issued from release of Restricted Stock Units	17	—	(218)	—	—	—	(218)
Repurchase of common stock	(1,138)	—	(10,000)	—	—	(60,000)	(70,000)
Retirement of common stock	—	(5)	—	(19,995)	—	20,000	—
Cash dividends declared on common stock, $0.63 per share	—	—	—	(29,816)	—	—	(29,816)
Balance at December 31, 2017	46,745	473	260,157	676,644	(12,496)	(40,000)	884,778
Net income	—	—	—	25,429	—	—	25,429
Translation adjustment, net of tax	—	—	—	—	3,860	—	3,860
Options exercised	23	—	695	—	—	—	695
Stock-based compensation	—	—	2,716	—	—	—	2,716
Adoption of ASC 606, net of tax	—	—	—	792	—	—	792
Shares issued from release of Restricted Stock Units	163	2	(5,029)	—	—	—	(5,027)
Repurchase of common stock	(620)	—	10,000	—	—	(34,999)	(24,999)
Cash dividends declared on common stock, $0.21 per share	—	—	—	(9,647)	—	—	(9,647)
Common stock issued at $57.41 per share for stock bonus	8	—	465	—	—	—	465
Balance at March 31, 2018	46,319	$ 475	$ 269,004	$693,218	$ (8,636)	$ (74,999)	$ 879,062

The accompanying notes are an integral part of these condensed consolidated financial statements

Simpson Manufacturing Co., Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands, unaudited)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities		
Net income	$ 25,429	$ 23,121
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of assets	(1,184)	(51)
Depreciation and amortization	9,688	8,363
Loss in equity method investment, before tax	24	28
Gain on bargain purchase of a business	—	(8,388)
Deferred income taxes	1,448	1,163
Noncash compensation related to stock plans	3,116	7,976
Provision of doubtful accounts	222	13
Changes in operating assets and liabilities, net of acquisitions:		
Trade accounts receivable	(30,764)	(30,254)
Inventories	(3,071)	(9,796)
Trade accounts payable	11,451	3,209
Income taxes payable	721	3,681
Accrued profit sharing trust contributions	(4,326)	(4,036)
Accrued cash profit sharing and commissions	(346)	(1,287)
Other current assets	1,923	(695)
Accrued liabilities	(983)	(845)
Long-term liabilities	3,763	87
Accrued workers' compensation	12	9
Other noncurrent assets	(5)	210
Net cash provided by (used in) operating activities	17,118	(7,492)
Cash flows from investing activities		
Capital expenditures	(10,935)	(13,629)
Asset acquisitions, net of cash acquired	—	(26,289)
Proceeds from sale of property and equipment	1,239	53
Net cash used in investing activities	(9,696)	(39,865)
Cash flows from financing activities		
Deferred and contingent consideration paid for asset acquisitions	—	(65)
Repurchase of common stock	(24,999)	—
Repayment of long-term borrowings and capital leases	(174)	—
Issuance of common stock	695	314
Dividends paid	(9,818)	(8,538)
Cash paid on behalf of employees for shares withheld	(5,027)	(5,124)
Net cash used in financing activities	(39,323)	(13,413)
Effect of exchange rate changes on cash and cash equivalents	800	1,292
Net decrease in cash and cash equivalents	(31,101)	(59,478)
Cash and cash equivalents at beginning of period	168,514	226,537
Cash and cash equivalents at end of period	$ 137,413	$ 167,059
Noncash activity during the period		
Noncash capital expenditures	$ 1,567	$ 4,817
Capital lease obligations	—	2,131
Dividends declared but not paid	10,190	8,578
Contingent consideration for acquisition	—	1,139
Issuance of Company's common stock for compensation	465	412

1. Basis of Presentation

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Simpson Manufacturing Co., Inc. and its subsidiaries (collectively, the "Company"). There were no investments in affiliates that would render such affiliates to be considered variable interest entities. All significant intercompany transactions have been eliminated.

Interim Reporting Period

The accompanying unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations for reporting on Form 10-Q. Accordingly, certain information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted. These interim statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

The unaudited quarterly condensed consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements and, in the opinion of management, contain all adjustments (consisting of only normal recurring adjustments) necessary to state fairly the financial information set forth therein, in accordance with GAAP. Certain prior period amounts in the condensed consolidated financial statements and the accompanying notes have been reclassified to conform to the current period's presentation. The year-end condensed consolidated balance sheet data provided herein were derived from audited financial statements, but do not include all disclosures required by GAAP. The Company's quarterly results fluctuate. As a result, the Company believes the results of operations for this interim period presented are not indicative of the results to be expected for any future periods.

Prior Year Reclassification

In the third quarter of 2017, the Company reclassified year-to-date expenses associated with a recent acquisition from engineering and research and development to general and administrative and sales and marketing. The 2017 first quarter financial results have been revised for these changes with $1.3 million of costs reclassified from research and development and engineering expense to general and administrative expense ($1.1 million) and selling expense ($0.2 million), respectively.

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (later codified as ASC Topic 606), *Revenue from Contracts with Customers*, which supersedes nearly all existing revenue recognition guidance under GAAP. ASC 606 provides a five-step model for revenue recognition to be applied to all revenue contracts with customers. Under ASC 606, the revenue is recognized when a customer obtains control of promised goods or services and in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

The Company adopted ASU 2014-09 and its related amendments, effective January 1, 2018 using the modified retrospective implementation method. Accordingly, the Company applied the five-step method outlined in Topic 606 for determining when and how revenue is recognized to all contracts. Revenues for reporting periods beginning after January 1, 2018 are presented under Topic 606. While Topic 606 requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including significant judgments and changes in judgments, its adoption has not had a material impact on the measurement or recognition of the Company's revenues. In addition, the adoption of Topic 606 had no material impact to cash from or used in operating, financing, or investing on the consolidated cash flows statements (See "Note 2 - Revenue from Contracts with Customers" to the Company's Consolidated Financial Statements).

Net Earnings Per Common Share

Basic earnings per common share are computed based on the weighted-average number of common shares outstanding during the period. Potentially dilutive securities, using the treasury stock method, are included in the diluted per-share calculations for all periods when the effect of their inclusion is dilutive.

The following is a reconciliation of basic earnings per common share to diluted earnings per share for the three months ended March 31, 2018 and 2017, respectively:

(in thousands, except per share amounts)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Net income available to common stockholders	$ 25,429	$ 23,121
Basic weighted-average shares outstanding	46,615	47,616
Dilutive effect of potential common stock equivalents — stock options and restricted stock units	394	290
Diluted weighted-average shares outstanding	47,009	47,906
Earnings per common share:		
Basic	$ 0.55	$ 0.49
Diluted	$ 0.54	$ 0.48

Share Repurchases

During the first quarter of 2018, the Company received 182,171 shares of the Company's common stock pursuant to the Company’s $50.0 million accelerated share repurchase program with Wells Fargo Bank, National Association, initiated in December 2017 (the "2017 December ASR Program") which constituted the final delivery under the 2017 December ASR Program. During the first quarter of 2018, the Company also repurchased in the open market 437,500 shares of the Company's common stock at an average price of $57.14 per share, for a total of $25.0 million. As a result, as of March 31, 2018, approximately $126.5 million remained available for share repurchase through December 31, 2018 under the Company's previously announced $275 million share repurchase authorization.

Accounting for Stock-Based Compensation

The Company recognizes stock-based expense related to stock options and restricted stock unit awards on a straight-line basis, net of estimated forfeitures, over the requisite service period of the awards, which is generally the vesting term of three or four years. These awards are measured at fair value as of the grant date and the assumptions used to calculate the fair value of options or restricted stock units are evaluated and revised, as necessary, to reflect market conditions and the Company's experience.

Fair Value of Financial Instruments

The “Fair Value Measurements and Disclosures” topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) establishes a valuation hierarchy for disclosure of the inputs used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and Level 3 inputs are unobservable inputs based on the Company’s assumptions used to measure assets and liabilities at fair value. A financial asset’s or liability’s classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

As of March 31, 2018 and 2017 and December 31, 2017, the Company’s investments consisted of only money market funds, which are the Company’s primary financial instruments, maintained in cash equivalents and carried at cost, approximating fair value, based on Level 1 inputs. The balances of the Company's primary financial instruments at the dates indicated were as follows:

(in thousands)	At March 31, 2018	At March 31, 2017	At December 31, 2017
Money market funds	$ 5,437	$ 3,545	$ 5,293

The carrying amounts of trade accounts receivable, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments. The fair value of the Company's contingent consideration related to acquisitions is classified as Level 3 within the fair value hierarchy as it is based on unobserved inputs, management estimates and entity-specific assumptions and is evaluated on an ongoing basis. As of March 31, 2018, the estimated fair value of the Company's contingent consideration was approximately $1.4 million.

Income Taxes

The Company uses an estimated annual tax rate to measure the tax benefit or tax expense recognized in each interim period.

Acquisitions

Under the business combinations topic of the FASB ASC 805, the Company accounts for acquisitions as business combinations and ascribes acquisition-date fair values to the acquired assets and assumed liabilities. Provisional fair value measurements are made at the time of the acquisitions. Adjustments to those measurements may be made in subsequent periods, up to one year from the acquisition date, as information necessary to complete the analysis is obtained. The fair value of intangible assets are generally based on Level 3 inputs.

CG Visions, Inc.

In January 2017, the Company acquired CG Visions, Inc. ("CG Visions") for up to approximately $20.8 million, including contingent consideration. CG Visions provides scalable technologies and services in building information modeling ("BIM") technologies, estimation tools and software solutions to a number of the top 100 mid-sized to large builders in the United States, which are expected to complement and support the Company's sales in North America. During the third quarter of 2017, the Company finalized its fair value measurement of assets acquired and liabilities assumed in this acquisition. CG Visions assets and liabilities included other current assets of $0.5 million, noncurrent assets of $20.4 million, and current liabilities and contingent consideration of $1.1 million. Included in noncurrent assets was goodwill of $10.1 million, which was assigned to the North America segment, and intangible assets of $10.3 million, both of which are subject to tax-deductible amortization. The estimated weighted-average amortization period for the intangible assets is 7 years.

Gbo Fastening Systems AB

In January 2017, the Company acquired Gbo Fastening Systems AB ("Gbo Fastening Systems"), a Sweden limited company, for approximately $10.2 million. Gbo Fastening Systems manufactures and sells a complete line of CE-marked structural fasteners as well as fastener dimensioning software for wood construction applications, currently sold mostly in northern and eastern Europe, which are expected to complement the Company's line of wood construction products in Europe.

Gain (Adjustment) on Bargain Purchase of a Business

In the first quarter of 2017, the Company recorded a preliminary nontaxable bargain purchase gain of $8.4 million, which was included in the condensed consolidated statements of operations. During the third quarter of 2017, the Company reevaluated the fair value of the assets acquired and liabilities assumed in the Gbo Fastening Systems acquisition and recorded that the estimated fair value of the assets acquired and liabilities assumed was approximately $16.5 million. Consequently, a bargain purchase adjustment of $2.1 million was recorded resulting in a $6.3 million adjusted gain on bargain purchase of a business for the 2017 fiscal year.

The following table represents the final allocation of the purchase price to the estimated fair value of the assets acquired and liabilities assumed in the Gbo Fastening Systems acquisition:

(In thousands)		
Assets *		
Cash and cash equivalents	$	3,956
Accounts receivable		4,914
Inventory		13,591
Other current assets		760
Property, plant, equipment and noncurrent assets		3,929
		27,150
Liabilities		
Accounts payable		4,500
Other current liabilities		6,146
		10,646
Total net assets		16,504
Gain (adjustment) on bargain purchase of a business		(6,336)
Total purchase price	$	10,168

* *Intangible assets acquired were determined to have little to no value, thus were not recognized.*

Recently Adopted Accounting Standards

In October 2016, the FASB issued Accounting Standards Update No. 2016-16, Income Taxes (Topic 740), *Intra-Entity Transfers of Assets Other Than Inventory* ("ASU 2016-16"), which requires companies to account for the income tax effects of intercompany sales and transfers of assets other than inventory when the transfer occurs. Current guidance requires companies to defer the income tax effects of intercompany transfers of assets until the asset has been sold to an outside party or otherwise recognized. On January 1, 2018, the Company adopted ASU 2016-16 using a modified retrospective approach. Adoption of ASU 2016-16 has had no material effect on the Company's consolidated financial statements and footnote disclosures.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, Intangibles - Goodwill and Other (Topic 350): *Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"), which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge or Step 2 of the goodwill impairment analysis. Instead, an impairment charge will be recorded based on the excess of a reporting unit's carrying amount over its fair value using Step 1 of the goodwill impairment analysis. On January 1, 2018, the Company prospectively adopted ASU 2017-04. Adoption of ASU 2017-04 has had no material effect on the Company's consolidated financial statements and footnote disclosures.

Recently Issued Accounting Standards Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, (Topic 842), *Leases* (“ASU 2016-02”). ASU 2016-02 core requirement is to recognize the assets and liabilities that arise from leases including those leases classified as operating leases. The amendments require a lessee to recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term in the statement of financial position. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset to not recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. In transition, lessees are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. The Company has developed a project team relative to the process of adopting this ASU 2016-02 and is currently reviewing the detail of the Company’s leasing arrangements, which consist primarily of building, auto and equipment leases. As of December 31, 2017, the Company determined an estimated $25.2 million operating lease commitment will have an impact on the Company's balance sheets.

In February 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-02, *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* (ASU 2018-02). ASU 2018-02 allows a reclassification from Accumulated other Comprehensive Income to Retained Earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018 and for interim periods therein. Early adoption of ASU 2018-02 is permitted. The Company is evaluating the impact of adopting this new accounting guidance on its consolidated financial statements

All other issued and effective accounting standards during the first quarter of 2018 were determined to be not relevant or material to the Company.

2. Revenue from Contracts with Customers

On January 1, 2018, the Company adopted the New Revenue Standard ("ASC 606") using the modified retrospective method and has recorded $0.8 million, net of tax, cumulative effect of adopting ASC 606 as an increase to opening retained earnings on January 1, 2018.

Disaggregated revenue

In accordance with ASC 606, the Company disaggregates net sales into the following major product groups as noted in Note 12 segment information of these interim financial statements.

Wood Construction Products Revenue. Wood construction products represented almost 87% of total net sales in the first quarter of 2018, refer to Note 12 for products description.

Concrete Construction Products Revenue. Concrete construction products represented 13% of total net sales in the first quarter of 2018, refer to Note 12 for products description.

Generally, a revenue contract with a customer exists when the goods are shipped and services are rendered; and its related invoice is generated. The duration of the contract does not extend beyond the promised goods or services already transferred. The transaction price of each distinct promised product or service specified in the invoice is based on its relative stated standalone selling price.

All revenues are measured based on the consideration specified in the invoice with a customer, excluding any sales incentives, discounts and amounts collected on behalf of third parties (i.e. governmental tax authorities). Based on the Company's historical experience with the customer and with the customer's purchasing pattern and its significant experience selling products, the Company concluded that a significant reversal in the cumulative amount of revenue recognized will not occur when the uncertainty (if any) is resolved (that is, when the total amount of purchases is known).The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer at a point in time. The Company’s shipping terms provide the primary indicator of the transfer of control. Generally, our general shipping terms are F.O.B. shipping point, where title and the risk and rewards of ownership transfer at the point when the products leave our warehouse. Generally, there are no customer acceptance criteria included in our standard sales agreement with customers. When an arrangement with the customer does not meet the criteria to be accounted for as a revenue contract under the standard, the Company recognizes revenue in the amount of nonrefundable consideration received when the Company has transferred control of the goods or services and has stopped transferring (and has no obligation to transfer) additional goods or services. The Company offers certain customers discounts for paying invoices ahead of the due date, generally, 30 to 60 days. Many of the Company's customers have prompt-payment discount terms.

Other revenue. Service sales, representing after-market repair and maintenance, engineering activities and software license sales and services, although less than 1.0% of net sales and not material to the condensed consolidated financial statements, are recognized as the services are completed or the software products and services are delivered. Services may be sold separately or in bundled packages. The typical contract length for service is generally less than one year. For bundled packages, the Company accounts for individual services separately if they are distinct. A distinct service is separately identifiable from other items in the bundled package if a customer can benefit from it on its own or with other resources that are readily available to the customer. The consideration (including any discounts) is allocated between separate services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the prices at which the Company separately sells the services.

Reconciliation of contract balances

Contract assets are the rights to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditional on something other than the passage of time. Contract liabilities are recorded for any services billed to customers and not yet recognizable if the contract period has commenced or for the amount collected from customers in advance of the contract period commencing. As of January 1, 2018, the Company had no contract assets and deferred revenue which represent contract liabilities from contracts with customers**.**

Other accounting issues

Volume discounts. Volume discounts are accounted for as variable consideration because the transaction price is uncertain until the customer completes or fails to purchase the specified volume of purchases (consideration is contingent on a future outcome - occurrence or nonoccurrence). In addition, the Company applies the volume rebate or discount retrospectively, this is because the final price of each products or services sold depends on the customer's total purchases subject to the rebate program. The estimated rebates are deducted from the transaction price revenues based on the historical experience with the customer.

Right of returns and other allowances. Rights of return creates variability in the transaction price. The Company accounts for returned product during the return period as a refund to customer, not a performance obligation. The estimated allowance for returns is based on historical percentage of returns and allowance from prior periods and the customer's historical purchasing pattern. This estimate is deducted from the transaction price revenues.

Principal versus Agent. The Company considered the principal versus agent consideration of the new revenue recognition guidance and concluded that the Company is the principal in a third-party transaction. The Company manufactures its products and has the control to transfer of the products to Dealer Distributors and Contract Distributors, or directly ship our products to the customers.

Costs to obtain or fulfill a contract. Costs incurred to obtain a contract is immaterial. Commission cost is not an incremental cost directly related to obtain a contract.

*Shipping costs. T*he Company recognizes shipping and handling activities that occur after the customer has obtained control of goods as a fulfillment cost rather than as an additional promised service. Therefore, the Company recognizes revenue and accrues the shipping and handling costs when the control of goods transfers to the customer upon shipment.

Advertising costs. Cooperative advertising and partnership discounts are consideration payable to a customer and not a payment in exchange for a distinct product or service at fair value. Estimated cooperative advertising and partnership discounts are reductions to the transaction price.

Practical Expedients. The Company did not use either the practical expedient regarding the existence of a significant financing component or the practical expedient for expensing certain costs of obtaining a contract.

3. Income Taxes

On December 22, 2017, the U.S. Tax Cuts and Jobs Act of 2017 (the “Tax Reform Act”) was signed, which includes a broad range of tax reform proposals affecting businesses, including corporate tax rates, business deductions, and international tax provisions.

On April 2, 2018, the Internal Revenue Service issued Notice 2018-26 which provides guidance on how to determine, report and pay the repatriation tax on deemed repatriated earnings of foreign subsidiaries provided in the Tax Reform Act and included in the consolidated financial statements for the year ended December 31, 2017. ASU 2018-26 is not expected to have a significant impact on the Company’s consolidated financial statements.

Income tax expense

(in thousands, except percentages)	Three Months Ended March 31, 2018	2017
Effective tax rate	22.2%	24.9%
Provision for income taxes	$ 7,253	$ 7,680

Income tax expense decreased $0.4 million for the three months ended March 31, 2018, compared to the same period in 2017, due to a lower effective tax rate in spite of higher pre-tax income. The decrease in the effective tax rate was primarily due to the reduced U.S. corporate income tax rate from a maximum of 35% to a 21% rate provided in the Tax Reform Act. Although not significant, the Company's effective tax rate includes the estimated incremental GILTI tax expense applying the tax law as currently enacted. The $23.1 million consolidated net income for the first quarter of 2017 included an $8.4 million gain on a bargain purchase of a business.

4. Stock-Based Compensation

The Company allocates stock-based compensation expense related to equity plans for employees and non-employee directors among cost of sales, research and development and other engineering expense, selling expense, or general and administrative expense based on the job functions performed by the employees to whom the stock-based compensation is awarded. During the three months ended March 31, 2018 and 2017, the Company recognized stock-based compensation expense related to its equity plans for employees of $3.1 million and $8.0 million, respectively. Stock-based compensation cost capitalized in inventory was immaterial for all periods presented.

On February 15, 2018, the Company granted 176,882 restricted stock units ("RSUs") to the Company's employees, including officers, at an estimated weighted average fair value of $54.97 per share, based on the closing price of the Company's common stock on February 14, 2018 of $57.16, adjusted for certain market factors, and to a lesser extent, the present value of dividends. The RSUs granted to the Company's employees may be time-based, performance-based or time- and performance-based. Certain of the performance-based RSUs are granted to officers and key employees, where the number of performance-based awards to be issued is based on the achievement of certain Company performance criteria established in the RSU agreement over a cumulative three year period. These awards cliff vest after three years. In addition, these same officers and key employees also receive time-based RSUs, which vest pursuant to a three-year graded vesting schedule. Time- and performance based RSUs are granted to the Company's employees excluding officers and certain key employees, vest ratably over the four year life of the award, and require the underlying shares of the Company's common stock to be subject to a performance-based adjustment during the first year.

On April 24, 2018, the Company awarded 1,475 fully vested shares to each of the Company's eight non-employee directors (11,800 shares in total) at an estimated fair value of $55.34 per share based on the closing price on April 24, 2018.

As of March 31, 2018, the aggregate unamortized stock compensation expense was approximately $16.9 million, which is entirely attributable to unvested RSUs and is expected to be recognized in expense over a weighted-average period of 2.5 years.

5. Trade Accounts Receivable, Net

Trade accounts receivable at the dates indicated consisted of the following:

(in thousands)	At March 31, 2018	At March 31, 2017	At December 31, 2017
Trade accounts receivable	$ 169,552	$ 153,542	$ 139,910
Allowance for doubtful accounts	(1,217)	(1,284)	(996)
Allowance for sales discounts and returns	(1,189)	(3,752)	(2,956)
	$ 167,146	$ 148,506	$ 135,958

The decrease in allowance for sales discounts and returns is primarily related to the adoption of ASC 606 resulting in a $1.1 million adjustment in recognition of estimated right of returns assets on product sales and its corresponding estimated refund liability as of December 31, 2017, which was not recordable under previous revenue recognition guidance. This amount was estimated based upon the most likely amount of consideration to which the customer will be entitled. All estimates are based on historical experience, anticipated performance and the Company's best judgment at the time to the extent it is probable that a significant reversal of revenue recognized will not occur. These estimates are reassessed periodically.

6. Inventories

Inventories at the dates indicated consisted of the following:

	At March 31,		At December 31,
(in thousands)	**2018**	**2017**	**2017**
Raw materials	$ 87,363	$ 90,545	$ 91,022
In-process products	28,406	26,010	26,849
Finished products	140,783	139,716	135,125
	$ 256,552	$ 256,271	$ 252,996

7. Property, Plant and Equipment, Net

Property, plant and equipment, net, at the dates indicated consisted of the following:

	At March 31,		At December 31,
(in thousands)	**2018**	**2017**	**2017**
Land	$ 33,234	$ 32,370	$ 33,087
Buildings and site improvements	214,074	186,974	212,817
Leasehold improvements	4,767	5,515	4,684
Machinery, equipment, and software	318,201	254,405	300,334
	570,276	479,264	550,922
Less accumulated depreciation and amortization	(309,198)	(279,607)	(299,907)
	261,078	199,657	251,015
Capital projects in progress	15,036	50,808	22,005
	$ 276,114	$ 250,465	$ 273,020

8. Goodwill and Intangible Assets, Net

Goodwill at the dates indicated was as follows:

	At March 31,		At December 31,
(in thousands)	**2018**	**2017**	**2017**
North America	$ 95,677	$ 95,574	$ 95,755
Europe	40,883	38,080	39,896
Asia/Pacific	1,466	1,459	1,489
Total	$ 138,026	$ 135,113	$ 137,140

Intangible assets, net, at the dates indicated were as follows:

	At March 31, 2018					
(in thousands)		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount
North America	$	30,715	$	(14,472)	$	16,243
Europe		24,112		(12,053)		12,059
Total	$	54,827	$	(26,525)	$	28,302

	At March 31, 2017					
(in thousands)		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount
North America	$	33,862	$	(14,815)	$	19,047
Europe		28,110		(15,444)		12,666
Total	$	61,972	$	(30,259)	$	31,713

	At December 31, 2017					
(in thousands)		Gross Carrying Amount		Accumulated Amortization		Net Carrying Amount
North America	$	30,775	$	(13,732)	$	17,043
Europe		23,762		(11,479)		12,283
Total	$	54,537	$	(25,211)	$	29,326

Intangible assets consist of definite-lived and indefinite-lived assets. Definite-lived intangible assets include customer relationships, patents, unpatented technology and non-compete agreements. Amortization expense for definite-lived intangible assets during the three months ended March 31, 2018 and 2017, totaled $1.3 million and $1.7 million, respectively. The only indefinite-lived intangible asset, consisting of a trade name, totaled $0.6 million at March 31, 2018.

At March 31, 2018, the estimated future amortization of definite-lived intangible assets was as follows:

(in thousands)		
Remaining nine months of 2018	$	4,048
2019		5,311
2020		5,281
2021		4,802
2022		2,878
2023		2,074
Thereafter		3,292
	$	27,686

The changes in the carrying amount of goodwill and intangible assets for the three months ended March 31, 2018, were as follows:

(in thousands)	Goodwill	Intangible Assets
Balance at December 31, 2017	$ 137,140	$ 29,326
Amortization	—	(1,314)
Foreign exchange	886	290
Balance at March 31, 2018	$ 138,026	$ 28,302

9. Equity Investments

On December 23, 2016, the Company acquired a 25.0% equity interest in Ruby Sketch Pty Ltd. (“Ruby Sketch”), an Australian proprietary limited company, for $2.5 million, for which the Company accounts for its ownership interest using the equity accounting method. Ruby Sketch develops software that assists in designing residential structures, primarily used in Australia, and potentially for the North America market. The Company has no obligation to make any additional capital contributions to Ruby Sketch.

For the three months ended March 31, 2018 and 2017, the Company recorded an equity loss of $24 thousand and $28 thousand, respectively. The carrying amount of the investment as of March 31, 2018 and December 31, 2017 was $2.5 million.

10. Debt

Credit Facilities

The Company has revolving lines of credit with various banks in the United States and Europe. Total available credit at March 31, 2018, was $304.2 million including revolving credit lines and an irrevocable standby letter of credit in support of various insurance deductibles.

The Company’s primary credit facility is a revolving line of credit with $300 million in available credit. On July 25, 2016, the Company entered into a second amendment (the "Amendment") to the credit facility. For additional information about the Amendment, see the Company's Current Report on Form 8-K dated July 28, 2016. As amended, this credit facility will expire on July 23, 2021. Amounts borrowed under this credit facility bear interest at an annual rate equal to either, at the Company’s option, (a) the rate for Eurocurrency deposits for the corresponding deposits of U.S. dollars appearing on Reuters LIBOR1screen page (the “LIBOR Rate”), adjusted for any reserve requirement in effect, plus a spread of 0.60% to 1.45%, determined quarterly based on the Company’s leverage ratio (at March 31, 2018, the LIBOR Rate was 1.80%), or (b) a base rate, plus a spread of 0.00% to 0.45%, determined quarterly based on the Company’s leverage ratio. The base rate is defined in a manner such that it will not be less than the LIBOR Rate. The Company will pay fees for standby letters of credit at an annual rate equal to the applicable spread described above, and will pay market-based fees for commercial letters of credit. The Company is required to pay an annual facility fee of 0.15% to 0.30% of the available commitments under the credit facility, regardless of usage, with the applicable fee determined on a quarterly basis based on the Company’s leverage ratio. The Company’s unused borrowing capacity under other revolving credit lines and a term note totaled $4.2 million at March 31, 2018. The other revolving credit lines and the term note charge interest ranging from 0.47% to 11.50%, currently have maturity dates from July 2018 to December 2018. The Company had no outstanding debt balance as of March 31, 2018 and 2017, and December 31, 2017, respectively. The Company was in compliance with its financial covenants at March 31, 2018.

Capital Lease Obligations

In 2017, the Company entered into two four-year lease agreements for certain office equipment with Cisco Systems Capital Corporation for a total of approximately $4.4 million, which was recorded in fixed assets as capital lease obligations. These capital lease obligations are included in current liabilities and other long-term liabilities in the accompanying condensed consolidated balance sheets. The interest rates for these two capital leases are 2.89% and 3.50%, respectively, and the two leases will mature in May 2021 and July 2021, respectively.

As of March 31, 2018, the current portion of the outstanding liability for the leased equipment was approximately $1.1 million and the long-term portion was approximately $2.4 million.

11. Commitments and Contingencies

Litigation

From time to time, the Company is involved in various legal proceedings and other matters arising in the normal course of business. Corrosion, hydrogen embrittlement, cracking, material hardness, wood pressure-treating chemicals, misinstallations, misuse, design and assembly flaws, manufacturing defects, labeling defects, product formula defects, inaccurate chemical mixes, adulteration, environmental conditions, or other factors can contribute to failure of fasteners, connectors, anchors, adhesives, specialty chemicals, such as fiber reinforced polymers, and tool products. In addition, inaccuracies may occur in product information, descriptions and instructions found in catalogs, packaging, data sheets, and the Company's website.

As of the date of this Quarterly Report on Form 10-Q, the Company is not a party to any legal proceedings, which the Company expects individually or in the aggregate to have a material adverse effect on the Company's financial condition, cash flows or results of operations. Nonetheless, the resolution of any claim or litigation is subject to inherent uncertainty and could have a material adverse effect on the Company's financial condition, cash flows or results of operations.

Gentry Homes, Ltd.v. Simpson Strong-Tie Company, Inc., et al., Case No. 17-cv-00566, was filed in federal district court in Hawaii against Simpson Strong-Tie Company, Inc. and Simpson Manufacturing, Inc. on November 20, 2017. The Gentry case is a product of a previous state court class action, *Nishimura v. Gentry Homes, Ltd.,et al.* which is now closed. The *Nishimura* case concerned alleged corrosion of the Company's galvanized strap-tie holdowns and mudsill anchor products used in a residential project in Honolulu, Hawaii, Ewa by Gentry. In the *Nishimura* case, the plaintiff homeowners and the developer, Gentry, arbitrated their dispute and agreed on a settlement in the amount of $90 million, with $54 million going to repair costs and $36 million going to attorney fees. In the *Gentry* case, Gentry alleges breach of warranty and negligent misrepresentation related to the Company's "hurricane strap" and mudsill anchor products. Gentry is demanding general, special, and consequential damages from the Company in an amount to be proven at trial. Gentry also seeks pre-judgment and post-judgment interest, attorneys' fees and costs, and other relief. The Company admits no liability and will vigorously defend the claims bought against it. At this time, the Company cannot reasonably ascertain the likelihood that it will be found responsible for substantial damages to Gentry. Based on the facts currently known, and subject to future events and circumstances, the Company believes that all or part of the claims may be covered by its insurance policies.

Potential Third-Party Claims

Charles Vitale, et al. v. D.R. Horton, Inc. and D.R. Horton-Schuler Homes, LLC, Civil No. 15-1-1347-07, a putative class action lawsuit, was filed in the Hawaii First Circuit on July 13, 2015, in which homeowner plaintiffs allege that all homes built by D.R Horton/D.R. Horton-Schuler Homes (collectively "Horton Homes") in the State of Hawaii have strap-tie holdowns that are suffering premature corrosion. The complaint alleges that various manufacturers make strap-tie holdowns that suffer from such corrosion, but does not identify the Company's products specifically. The Company is not currently a party to the *Vitale* lawsuit, but the lawsuit in the future could potentially involve the Company's strap-tie holdowns.

If claims are asserted against the Company in the *Vitale* case, it will vigorously defend any such claims, whether brought by the plaintiff homeowners, or third party claims by Horton Homes. Based on facts currently known to the Company and subject to future events and circumstances, the Company believes that all or part of any claims that any party might seek to allege against it related to the *Vitale* case may be covered by its insurance policies.

Given the nature and the complexities involved in the *Vitale* proceeding the Company is unable to estimate reasonably a likelihood of possible loss or range of possible loss until the Company knows, among other factors, (i) whether it will be named in the lawsuit by any party; (ii) the specific claims and the legal theories on which they are based (iii) what claims, if any, might be dismissed without trial, (iv) the extent of the claims, including the size of any potential class, particularly as damages are not specified or are indeterminate, (v) how the discovery process will affect the litigation, (vi) the settlement posture of the other parties to the litigation, (vii) the extent to which the Company's insurance policies will cover the claims or any part thereof, if at all, (viii) whether class treatment is appropriate; and (ix) any other factors that may have a material effect on the litigation.

While it is not feasible to predict the outcome of proceedings to which the Company is not currently a party, or reasonably estimate a possible loss or range of possible loss for the Company related to such matters, in the opinion of the Company, either the likelihood of loss from such proceedings is remote or any reasonably possible loss associated with the resolution of such proceedings is not expected to be material to the Company's financial position, results of operations or cash flows either individually or in the aggregate. Nonetheless, the resolution of any claim or litigation is subject to inherent uncertainty and could have a material adverse effect on the Company's financial condition, cash flows or results of operations.

12. Segment Information

The Company is organized into three reportable segments, which are defined by the regions where the Company's products are manufactured, marketed and distributed to the Company's customers. The three regional segments are the North America segment, comprising primarily the United States and Canada; the Europe segment, comprising continental Europe and the United Kingdom; and the Asia/Pacific segment, comprising the Company's operations in China, Hong Kong, the South Pacific, South Africa and the Middle East. China and Hong Kong operations are manufacturing and administrative support locations, respectively. These three reportable segments are similar in several ways, including the types of materials used in production, production processes, distribution channels and product applications. The Company's measure of profit or loss for its reportable segments is income (loss) from operations.

The following tables illustrate certain measurements used by management to assess the performance of its reportable segments as of or for the following periods:

	Three Months Ended March 31,	
(in thousands)	**2018**	**2017**
Net Sales		
North America	$ 206,212	$ 183,772
Europe	36,293	34,381
Asia/Pacific	2,274	1,714
Total	$ 244,779	$ 219,867
*Sales to Other Segments**		
North America	$ 628	$ 850
Europe	349	147
Asia/Pacific	6,524	4,949
Total	$ 7,501	$ 5,946
Income (Loss) from Operations		
North America	$ 35,968	$ 26,767
Europe	(1,647)	(1,835)
Asia/Pacific	151	(195)
Administrative and all other	(1,676)	(2,107)
Total	$ 32,796	$ 22,630

* Sales to other segments are eliminated in consolidation.

	At March 31,		At December 31,
(in thousands)	**2018**	**2017**	**2017**
Total Assets			
North America	$ 982,149	$ 877,408	$ 953,033
Europe	213,259	187,614	208,640
Asia/Pacific	28,461	25,944	26,820
Administrative and all other	(183,527)	(72,766)	(150,970)
Total	$ 1,040,342	$ 1,018,200	$ 1,037,523

Cash collected by the Company's United States subsidiaries is routinely transferred into the Company's cash management accounts and, therefore, has been included in the total assets of "Administrative and all other." Cash and cash equivalent balances in the "Administrative and all other" segment were $53.4 million, $92.1 million, and $80.2 million, as of March 31, 2018 and 2017, and December 31, 2017, respectively. Total "Administrative and all other" assets are net of inter-segment due to and from accounts eliminated in consolidation.

While the Company manages its business by geographic segment, the following table illustrates the distribution of the Company's net sales by product group as additional information for the following periods:

	Three Months Ended March 31,	
(in thousands)	**2018**	**2017**
Wood construction products	$ 212,547	$ 190,877
Concrete construction products	32,156	28,817
Other	76	173
Total	$ 244,779	$ 219,867

Wood construction products include connectors, truss plates, fastening systems, fasteners and pre-fabricated shearwalls, and are used for connecting and strengthening wood-based construction primarily in the residential construction market. Concrete construction products include adhesives, chemicals, mechanical anchors, carbide drill bits, powder actuated tools and fiber reinforcing materials, and are used for restoration, protection or strengthening concrete, masonry and steel construction in residential, industrial, commercial and infrastructure construction.

13. Subsequent Events

In April 2018, the Company's Board of Directors declared a quarterly cash dividend of $0.22 per share, estimated to be $10.2 million in total, to be paid on July 26, 2018, to stockholders of record on July 5, 2018. This increased 5% over the last dividend declared by the Company in January 2018.

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

The following is a discussion and analysis of the consolidated financial condition and results of operations for the Company for the three months ended March 31, 2018. The following discussion and analysis should be read in conjunction with the interim Condensed Consolidated Financial Statements and related Notes included in Part I, Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q. The following discussion and analysis contain forward-looking statements that reflect our plans, estimates, and beliefs as discussed in the "Note About Forward-Looking Statements" at the beginning of this Quarterly Report on Form 10-Q. Our actual results could differ materially from those plans, estimates, and beliefs. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q as well as the factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017.

Business Overview

We design, manufacture and sell building construction products that are of high quality and performance, easy to use and cost-effective for customers. We operate in three business segments determined by geographic region: North America, Europe and Asia/Pacific.

Our primary business strategy is to grow through increasing our market share and profitability in Europe; growing our share in the truss and concrete spaces; and continuing to build a software platform to support our core wood products offering while leveraging our strengths in engineering, sales and distribution, and our strong brand name. We believe these initiatives and objectives are crucial to not only offer a more complete solution to our customers and bolster our sales of core wood connector products, but also to mitigate the cyclicality of the U.S. housing market.

On October 30, 2017, we announced the 2020 Plan to provide additional transparency into our strategic plan and financial objectives. We remain on track to substantially achieve our aggressive financial targets under the 2020 Plan, assuming that (i) there are mid-single digit growths in U.S. housing starts and in the repair and remodel market, (ii) we can realize the $30 million annualized revenue opportunity for our mechanical anchor product line in stores of The Home Depot, Inc., (iii) we can increase our market share and profitability in Europe, and (iv) we can gain market shares for both our truss and concrete product offerings. Subject to future events and circumstances, our 2020 Plan is centered on three key aggressive operational objectives as further described below.

- First, a continued focus on organic growth with a goal to achieve a net sales compound annual growth rate of approximately 8% (from $860.7 million reported in fiscal 2016) through fiscal 2020.
- Second, rationalizing our cost structure to improve company-wide profitability by reducing total operating expenses, as a percentage of net sales from 31.8% in fiscal 2016 to a range of 26.0% to 27.0% by fiscal 2020. We expect to achieve this initiative, aside from top-line growth, through cost reduction measures in Europe and our concrete product line, zero-based budgeting for certain expense categories and a commitment to remaining headcount neutral (except in the production and sales departments to meet demands from sales growth). Offsetting these reductions will be the Company's ongoing investment in its software initiatives as well as the expenses associated with our ongoing SAP implementation.
- Third, improving our working capital management and overall balance sheet discipline primarily through the reduction of inventory levels by aggressively eliminating 25 to 30% of the Company's product SKUs as well as implementing Lean principles in many factories. With these efforts, we believe we could achieve an additional 30% reduction of our raw materials and finished goods inventory through 2020 without impacting day-to-day production and shipping procedures.

Based on our current efforts, we believe operating expenses for the full year 2018 will be at or below our operating expenses for the year ending December 31, 2017. In addition to these efforts, we hired a leading management consultant to perform an independent in-depth analysis of our operations and identify additional opportunities to enhance our operational efficiencies. We believe our efforts to achieve the 2020 Plan will contribute to improved business performance and operating results, improve returns on invested capital and allow us to be more aggressive in repurchasing shares of our stock in the near-term. Through execution on the 2020 Plan, we expect by the end of fiscal year 2020 to achieve a return on invested capital [(1)] target within the range of 17% to 18% from 10.5% in 2016.

We believe our ability to achieve industry-leading margins from a gross profit and operating income standpoint is due to the high level of value-added services that we provide to our customers. Aside from our strong brand recognition and trusted reputation, Simpson is unique due to our extensive product testing capabilities and our state-of-the-art test lab; strong customer support and education for engineers, builders and contractors; deep 40-plus year relationships with engineers that get our products specified on the blueprint and pulled through to the job site; product availability with delivery in typically 24 hours or less; and an active involvement with code officials to improve building codes and construction practices. Based on current information, we expect the competitive environment to be relatively stable. We also expect U.S. single-family housing starts to continue to grow as a percentage in the mid to high single digits over the next few years, which should support a sustainable organic revenue growth outlook in North America for many of our products.

We have invested in strategic initiatives, including annual research and development expenses in software development of approximately $8 million, to help us perform throughout all industry cycles, such as scaling up our wood construction products operations in Europe and ongoing development of our software solutions, which we estimate supports approximately 40% of our connector and truss plate sales, as our market strategy is to sell engineered product solutions. In support of this effort, we acquired Gbo Fastening Systems AB ("Gbo Fastening Systems") and CG Visions, Inc. ("CG Visions") in January 2017, as we believe these two acquisitions fit into our current business model and growth strategy.

In 2018, we completed our purchase of the LotSpec software asset, a suite of software applications, to facilitate builders' abilities to complete complex designs and do full take-offs in collaboration with our CG Visions software. In addition, we announced a strategic software partnership with Hyphen Solutions ("Hyphen"), a leading cloud-based construction management software company. Hyphen offers integrated information exchange between its software and our existing CG Visions' take-off platform to more efficiently create detailed plan estimates, designs and production specifications to automatically flow through to purchasing systems. We believe that the LotSpec software purchase and the Hyphen strategic partnership align well with our strategy to continue strengthening our value proposition by being the industry's trusted partner in construction solutions and building systems software.

While acquisitions were part of a dual-fold approach to growth in the past, our go-forward strategy will primarily focus on organic growth, supported by strategic capital investments in the business. As such, we will de-emphasize acquisitions activities going forward, especially in the concrete repair space. An exception may occur if the right opportunity were to arise in our core fastener space, which is the particular area where we believe it would be beneficial to gain additional production capacity to support our wood business or to enhance our wood and concrete product portfolio with additional value–added products.

Factors Affecting Our Results of Operations

Unlike lumber or other products that have a more direct correlation to housing starts, our products are used to a greater extent in areas that are subject to natural forces, such as seismic or wind events. Our products are generally used in a sequential process that follows the construction process. Residential and commercial construction begins with the foundation, followed by the wall and the roof systems, and then the installation of our products, which flow into a project or a house according to these schedules. Foundation product sales could be considered a leading indicator for our product sales.

Our sales also tend to be seasonal, with operating results varying from quarter to quarter. With some exceptions, our sales and income have historically been lower in the first and fourth quarters than in the second and third quarters of a fiscal year, as our customers tend to purchase construction materials in the late spring and summer months for the construction season. In addition, weather conditions, such as extended cold or wet weather, which affect and sometimes delay installation of some of our products, could negatively affect our results of operations. Political and economic events, such as tariffs and other trade barriers, can also affect our sales, raw material costs and profitability.

Operating expenses as a percentage of net sales was 31% and 35% for the quarters ended March 31, 2018 and 2017, respectively.

ERP Integration

In July 2016, our Board of Directors (the "Board") approved a plan to replace our current in-house enterprise resource planning ("ERP") and externally sourced accounting platforms with a fully integrated ERP platform from SAP America, Inc. ("SAP") in multiple phases by location over a period of three to four years at all facilities plus our headquarters, with a focus on configuring, instead of customizing, the standard SAP modules. We anticipate the costs to implement SAP will be unchanged, at approximately $30 million to $34 million through 2019, including capital expenditures. Annual operating expenses will increase from 2017 to 2024 as a result of the ERP project, partly due to the amortization of related capitalized costs.

We went live with our first wave of the SAP implementation project in February of 2018. The first wave of the SAP implementation has taken longer than expected to stabilize. As a result, we are evaluating the scheduling of future waves. As of March 31, 2018, we have capitalized $13.0 million and expensed $6.5 million of the costs associated with the ERP project. During 2018, we anticipate spending more time and resources on training our staff on the new platform, as opposed to configuring the SAP modules, and we expect to record the cost associated with such training as expense. For 2018, we incurred approximately $1.0 million more costs than anticipated and revised our estimated 2018 ERP project costs to be approximately $8 to $9 million, including the amortization of capitalized SAP costs.

Business Segment Information

Our North America segment has generated revenues primarily from wood construction products compared to concrete construction products. Due to improved economic conditions, including an increase in housing starts, net sales in regions of the segment have trended up. Net sales in the first quarter of 2018 increased 12.0% compared to the first quarter of 2017, primarily due to increased sales volumes on milder west coast weather and improved economic conditions. Our truss sales increased modestly in the first quarter of 2018. Our truss specialists are focusing on converting medium size truss customers to our design and management software in 2018, while continuing to support our smaller truss customers. To improve truss plate gross profit margins, we've relocated our truss manufacturing into our wood connector plants, which will increase efficiency and plant utilization in the wood connector plants. When the former truss plate facility is sold, we believe cost of sales savings of approximately $2.0 million from prior periods can be achieved by reduced operating overhead and freight costs.

In late 2016, we collaborated with The Home Depot, Inc. ("The Home Depot") to make available our mechanical anchor line of products at The Home Depot. This collaboration increased a portion of our finished goods inventory and we expect to continue to introduce our mechanical anchor line of products through approximately 1,900 of The Home Depot store locations by 2020. As of March 31, 2018, the product line had rolled out to 330 Home Depot locations. Once the rollout is completed, we anticipate this opportunity will meaningfully contribute to our concrete business lines going forward and estimate that on an annualized basis it could potentially increase our net sales by approximately $30 million. See "*North America*" below.

Our Europe segment generates more revenues from wood construction products than concrete construction products. Wood construction product sales increased 2% in the first quarter 2018 compared to the first quarter of 2017. First quarter 2017 net sales included $3.0 million of net sales provided by Gbo Fastening Systems' Poland and Romania, both of which were sold by the fourth quarter of 2017. Concrete construction product sales are mostly project based and net sales increased 38% in the first quarter of 2018 compared to the first quarter of 2017, primarily due to increased sales volume. We are uncertain whether our concrete construction product net sales will continue to grow at this pace for 2018. In the first quarter of 2018, our Western European locations started introducing a complete line of Gbo fastener products to its customers, which partially replaced third-party suppliers and improved related profit margins. Also, we reduced operating expenses by an estimated $2.0 million per year due to personnel reductions taken in 2017. See "*Europe*" below.

Our Asia/Pacific segment has generated revenues from both wood and concrete construction products. We believe that the Asia/Pacific segment is not significant to our overall performance.

(1) When referred to above, the Company's 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 the total stockholders' equity and the total long-term liabilities 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 financial measures presented in accordance with GAAP.

Business Outlook

In April 2018, the Company announced an average 11.5% price increase on its wood connector products sold in the United States, expected to be effective mid-June 2018, in an effort to offset rising raw materials costs.

Based on current information and subject to future events and circumstances:

- The Company currently believes, due to uncertainty related to steel tariffs, the market price for steel will likely continue to increase during the second quarter of 2018.

- The Company estimates that its full-year 2018 gross profit margin will be between approximately 45% and 46%

- The Company estimates that its full-year 2018 effective tax rate will be between approximately 26% to 27%, including both federal and state income tax rates. The ultimate impact of the Tax Cuts and Jobs Act signed into law in 2017 and the Company's 2018 effective tax rate may differ materially from the Company's estimates due to changes in the interpretations and assumptions made by the Company as well as additional regulatory guidance that may be issued and actions the Company may take as a result of the Tax Cuts and Jobs Act, such as cash repatriation to the United States, if any. The Company will continue to assess the expected impacts of the new tax law and provide additional disclosures at appropriate times.

Results of Operations for the Three Months Ended March 31, 2018, Compared with the Three Months Ended March 31, 2017

Unless otherwise stated, the results announced below, when providing comparisons (which are generally indicated by words such as "increased," "decreased," "unchanged" or "compared to"), compare the results of operations for the three months ended March 31, 2018, against the results of operations for the three months ended March 31, 2017. Unless otherwise stated, the results announced below, when referencing "both quarters," refer to the three months ended March 31, 2017 and the three months ended March 31, 2018. In the third quarter of 2017, the Company reclassified year to date expenses associated with a recent acquisition from engineering and research and development to general and administrative and sales and marketing. The 2017 first quarter financial results have been revised to reclassify $1.3 million of costs from research and development and engineering expense to general and administrative expense ($1.1 million) and selling expense ($0.2 million). To avoid fractional percentages, all percentages presented below were rounded to the nearest whole number unless otherwise presented.

First Quarter 2018 Consolidated Financial Highlights

The following table illustrates the differences in our operating results for the three months ended March 31, 2018, from the three months ended March 31, 2017, and the increases or decreases for each category by segment:

(in thousands)	Three Months Ended March 31, 2017	Increase (Decrease) in Operating Segment North America	Europe	Asia/ Pacific	Admin & All Other	Three Months Ended March 31, 2018
Net sales	$219,867	$ 22,440	$ 1,912	$ 560	$ —	$244,779
Cost of sales	119,711	14,692	1,400	502	(52)	136,253
Gross profit	100,156	7,748	512	58	52	108,526
Research and development and other engineering expense	11,819	(652)	(171)	154	—	11,150
Selling expense	29,637	(1,805)	(372)	113	—	27,573
General and administrative expense	36,121	2,164	865	(579)	(380)	38,191
Gain on sale of assets	(51)	(1,159)	2	24	—	(1,184)
Income from operations	22,630	9,200	188	346	432	32,796
Loss in equity method investment, before tax	(28)	4	—	—	—	(24)
Interest expense, net	(189)	(88)	39	(7)	155	(90)
Gain on bargain purchase of a business	8,388	—	(8,388)	—	—	—
Income before income taxes	30,801	9,116	(8,161)	339	587	32,682
Provision for income taxes	7,680	(2,131)	(334)	87	1,951	7,253
Net income	$ 23,121	$ 11,247	$ (7,827)	$ 252	$ (1,364)	$ 25,429

Net sales increased 11% to $244.8 million from $219.9 million. Net sales to dealer distributors, contractor distributors, home centers and lumber dealers increased primarily due to increased home construction activity and average net sales unit prices. Wood construction product net sales, including sales of connectors, truss plates, fastening systems, fasteners and shearwalls, represented 87% of the Company's total net sales in both the first quarters of 2018 and 2017. Concrete construction product net sales, including sales of adhesives, chemicals, mechanical anchors, powder actuated tools and reinforcing fiber materials, represented 13% of the Company's total net sales in both the first quarters of 2018 and 2017.

Gross profit increased to $108.5 million from $100.2 million. Gross profit margins decreased to 44.3% from 45.6%. The gross profit margins, including some inter-segment expenses, which were eliminated in consolidation, and excluding other expenses that are allocated according to product group, decreased to 45% from 47% for wood construction products and increased to 35% from 32% for concrete construction products.

Research and development and engineering expense decreased 6% to $11.2 million from $11.8 million, mostly due to decreases of $0.4 million in stock-based compensation expense and $0.2 million in professional fees.

Selling expense decreased 7% to $27.6 million from $29.6 million primarily due to decreases of $1.2 million in stock-based compensation expense, $0.6 million in advertising costs and $0.4 million in professional fees, which was partly offset by an increase of $0.2 million in cash profit sharing and sales commission expense.

General and administrative expense increased 6% to $38.2 million from $36.1 million, primarily due to increases of $2.5 million in professional fees, $1.5 million in depreciation expense, $1.1 million in personnel costs, mostly related to pay rate increases instituted on January 1, 2018, and $0.6 million in software, data processing and hosting expenses, which was partly offset by decreases of $2.4 million in stock-based compensation, $0.6 million in cash profit sharing expense, $0.4 million in amortization expense and $0.2 million in insurance expense. Included in general and administrative expense are costs associated with the SAP implementation of $3.2 million, an increase of $3.0 million over the prior year quarter. These expenses were primarily professional fees.

Gain on sale of assets - In 2016, an eminent domain claim was exercised on land owned by the Company and included an offer for loss of property. The Company challenged the offer, which resulted in the Company receiving an additional $1.0 million in the first quarter of 2018 for the taking of the land, which occurred in 2016.

Gain on bargain purchase of a business - On January 3, 2017, we acquired Gbo Fastening Systems for approximately $10.2 million. This transaction was recorded as a business combination and resulted in a preliminary bargain purchase gain estimate of $8.4 million, which represented an estimate of the excess fair value of the net assets acquired and liabilities assumed over the consideration exchanged as of the acquisition date. This nonrecurring, non-operating income gain was included in the line item “Gain on bargain purchase of a business” in our results of operations for the three months ended March 31, 2017.

Our *effective income tax rate* decreased to 22% from 25%, primarily due to the U.S. Tax Cuts and Jobs Act of 2017, which reduced the United States statutory federal tax from 35% to 21%. The effective income tax rate for the first quarter of 2017 was also impacted by a nonrecurring gain on a bargain purchase related to the Gbo Fastening Systems acquisition (see "Gain on bargain purchase of a business" above), which was not taxable.

Net income was $25.4 million compared to $23.1 million. Diluted net income per common share was $0.54 compared to $0.48. The $23.1 million consolidated net income for the first quarter of 2017 included an $8.4 million gain on a bargain purchase of a business, which increased diluted earnings per share for that quarter by $0.18.

Net sales

The following table represents net sales by segment for the three-month periods ended March 31, 2017 and 2018, respectively:

(in thousands)	North America	Europe	Asia/ Pacific	Total
Three months ended				
March 31, 2017	$ 183,772	$ 34,381	$ 1,714	$ 219,867
March 31, 2018	206,212	36,293	2,274	244,779
Increase	$ 22,440	$ 1,912	$ 560	$ 24,912
Percentage increase	12%	6%	33%	11%

The following table represents segment net sales as percentages of total net sales for the three-month periods ended March 31, 2017 and 2018, respectively:

	North America	Europe	Asia/ Pacific	Total
Percentage of total 2017 net sales	84%	16%	—%	100%
Percentage of total 2018 net sales	84%	15%	1%	100%

Gross profit

The following table represents gross profit by segment for the three-month periods ended March 31, 2017 and 2018, respectively:

(in thousands)	North America	Europe	Asia/ Pacific	Admin & All Other	Total
Three months ended					
March 31, 2017	$ 88,990	$ 11,056	$ 129	$ (19)	$ 100,156
March 31, 2018	96,738	11,568	187	33	108,526
Increase	$ 7,748	$ 512	$ 58	$ 52	$ 8,370
Percentage increase	9%	5%	*	*	8%

* The statistic is not meaningful or material.

The following table represents gross profit as a percentage of sales by segment for the three months ended March 31, 2017 and 2018, respectively:

(in thousand)	North America	Europe	Asia/ Pacific	Admin & All Other	Total
2017 gross profit percentage	48.4%	32.2%	7.5%	*	45.6%
2018 gross profit percentage	46.9%	31.9%	8.2%	*	44.3%

* The statistic is not meaningful or material.

North America

- Net sales increased 12% primarily due to increases in sales volume on milder weather conditions as well as average net sales unit prices. Canada's net sales increased for the quarter primarily due to increased sales volumes. Canada's net sales were positively affected by foreign currency translation.

- Gross profit as a percentage of net sales decreased to 47% from 48% primarily due to increased material and shipping expenses, which was partly offset by decreased factory and tooling costs.

- Research and development and engineering expense decreased $0.7 million, primarily due to decreases of $0.3 million in stock-based compensation and $0.2 million in professional fees.

- Selling expense decreased $1.8 million, primarily due to decreases of $1.1 million in stock based compensation expense, $0.8 million in advertising expenses and $0.3 million in professional fees, which was partly offset by increases of $0.2 million in personnel costs, mostly related to pay rate increases instituted on January 1, 2018, and $0.2 million in cash profit sharing and commission expense, mostly related to increased net sales.

- General and administrative expense increased $2.2 million, primarily due to increases of $2.1 million in professional fees, $1.4 million in depreciation expense, and $0.7 million in software, data processing and hosting expenses, which was partly offset by decreases of $2.0 million in stock-based compensation, $0.5 million in cash profit sharing expense and $0.3 million in amortization expense. Included in general and administrative expense are costs associated with the SAP implementation of $2.5 million, an increase of $2.4 million over the prior year quarter. These expenses were primarily professional fees.

- *Gain on sale of assets* - In 2016, an eminent domain claim was exercised on land owned by the Company and included an offer for the taking of the land. The Company challenged the offer, which resulted in the Company receiving an additional $1.0 million in the first quarter of 2018 for the taking of the land, which occurred in 2016.

- Income from operations increased $9.2 million mostly due to increased gross profits and decreased operating expenses.

Europe

- Net sales increased 6%, primarily due to approximately $4.2 million in foreign currency translations primarily related to the strengthening of all European currencies against the United States dollar as well as increases in average net sales unit prices. Net sales were partly offset by reduced sales volume due to the 2017 divesture of Gbo Fastening Systems' Poland and Romania subsidiaries (acquired January 2017), which contributed $3.0 million in net sales for the first quarter of 2017.

- Gross profit margin was 32%, which is in line with the first quarter of 2017.

- Selling expense decreased $0.4 million primarily due to a decrease of $0.4 million in personnel costs mostly due to headcount reductions.

- General and administrative expense increased $0.9 million, primarily due to increases of $0.9 million in personnel costs and $0.3 million in professional fees, partly offset by a decrease of $0.3 million in insurance expense. Included in general and administrative expense are costs associated with the SAP implementation of $0.7 million, an increase of $0.5 million over the prior year quarter. These expenses were primarily professional fees.

- Loss from operations decreased $0.2 million mostly due to increased gross profit, partially offset by higher operating expenses.

Asia/Pacific

- For information about the Company's Asia/Pacific segment, please refer to the table above setting forth changes in our operating results for the three months ended March 31, 2018 and 2017.

Administrative and All Other

- General and administrative expenses decreased primarily due to a decrease of $0.3 million in stock-based compensation.

Effect of New Accounting Standards

See "Note 1 Basis of Presentation — *Recently Adopted Accounting Standards*" and "*Recently Issued Accounting Standards Not Yet Adopted*" to the accompanying unaudited interim condensed consolidated financial statements.

Liquidity and Sources of Capital

Our primary sources of liquidity are cash and cash equivalents, our cash flow from operations and our $300.0 million credit facility that expires on July 23, 2021. As of March 31, 2018, there were no amounts outstanding under this facility. We also received proceeds through the exercise of stock options by our employees. There were no outstanding stock options as of March 31, 2018.

Our principal uses of liquidity include the costs and expenses associated with our operations, continuing our capital allocation strategy, which includes growing our business by internal improvements, repurchasing our common stock, paying cash dividends, and meeting other liquidity requirements for the next twelve months.

As of March 31, 2018, our cash and cash equivalents consisted of deposits and money market funds held with established national financial institutions. Cash and cash equivalents of $81.9 million are held in the local currencies of our foreign operations and could be subject to additional taxation if it were repatriated to the United States. We have no current plans to repatriate cash and cash equivalents held outside the United States, as it is currently expected to be used to fund future international growth and acquisitions.

The following table presents selected financial information as of March 31, 2018 and 2017, and December 31, 2017, respectively:

(in thousands)	At March 31, 2018	At December 31, 2017	At March 31, 2017
Cash and cash equivalents	$ 137,413	$ 168,514	$ 167,059
Property, plant and equipment, net	276,114	273,020	250,465
Goodwill, intangible assets and equity investment	168,853	169,015	169,433
Working capital	440,306	447,450	462,019

The following table provides cash flow indicators for the three-month periods ended March 31, 2018 and 2017, respectively:

	Three Months Ended March 31,	
(in thousands)	2018	2017
Net cash provided by (used in):		
Operating activities	$ 17,118	$ (7,492)
Investing activities	(9,696)	(39,865)
Financing activities	(39,323)	(13,413)

Cash flows from operating activities result primarily from our earnings, and are also affected by changes in operating assets and liabilities which consist primarily of working capital balances. As a building materials manufacturer, our operating cash flows are subject to seasonality and are cyclically associated with the volume and timing of construction project starts. For example, trade accounts receivable, net, is generally at its lowest at the end of the fourth quarter and increases during the first, second and third quarters.

During the three months ended March 31, 2018, operating activities provided $17.1 million in cash and cash equivalents, as a result of $25.4 million from net income and $13.3 million from non-cash adjustments to net income which includes depreciation and amortization expense, stock-based compensation expense and changes in deferred income taxes, partly offset by a decrease of $21.6 million in the net change in operating assets and liabilities, including an increase of $30.8 million in trade accounts receivable, net and an increase of $11.5 million in trade accounts payable. Cash used in investing activities of $9.7 million during the three months ended March 31, 2018, consisted primarily of $10.9 million for property, plant and equipment expenditures related to machinery and equipment purchases, software purchases and software in development, which was partly offset by $1.2 million in proceeds on sale of property and equipment. Cash used in financing activities of $39.3 million during the three months ended March 31, 2018, consisted primarily of $25.0 million recorded for share repurchases and $9.8 million used to pay cash dividends.

During the three months ended March 31, 2017, operating activities used $7.5 million in cash and cash equivalents, as a result of $23.1 million from net income and $7.9 million from non-cash adjustments to net income, which includes depreciation and amortization expenses, a nonrecurring gain on a bargain purchase of a business, stock-based compensation expenses and changes in deferred income taxes, partly offset by a decrease of $39.7 million in the net change in operating assets and liabilities, including net change decreases in cash and cash equivalents due to increases of $30.3 million in trade accounts receivable, net, and $9.8 million in inventory. Cash used in investing activities of $42.0 million during the three months ended March 31, 2017, consisted primarily of $26.3 million, net of acquired cash of $4.0 million, for the acquisitions of Gbo Fastening Systems and CG Visions, and $15.8 million for property, plant and equipment expenditures, related to real estate improvements, machinery and equipment purchases and software in development. Cash used in financing activities of $11.3 million during the three months ended March 31, 2017, consisted primarily of $8.5 million used to pay cash dividends and $5.1 million used to pay income taxes on behalf of employees for shares withheld with respect to their vested restricted stock units, partly offset by $2.1 million in capital lease borrowings and $0.3 million from the issuance of common stock on the exercise of stock options.

Capital Allocation Strategy

We have a strong cash position and remain committed to seeking growth opportunities in the building products range where we can leverage our expertise in engineering, testing, manufacturing and distribution to invest in and grow our business. Those opportunities include internal improvements or acquisitions that fit within our strategic growth plan. Additionally, we have financial flexibility and are committed to providing returns to our stockholders. Below are highlights of our execution on our capital allocation strategy since the beginning of 2016.

- In January 2017, we acquired Gbo Fastening Systems for approximately $10.2 million and CG Visions for approximately $20.8 million subject to specified holdback provisions and post-closing adjustments. The Company sold for $9.5 million (net of delivered cash of $0.8 million) Gbo Fastening Systems' Poland and Gbo Fastening Systems' Romania subsidiaries on September 29, 2017 and October 31, 2017, respectively. The Company retains Gbo Fastening Systems' operations in Sweden and Norway.

- In December 2016, we acquired a 25.0% equity interest in Ruby Sketch Pty Ltd. ("Ruby Sketch") for $2.5 million, for which we account for our ownership interest using the equity accounting method. See "Note 9 — Equity Investment" to the accompanying unaudited interim condensed consolidated financial statements.

- Our capital spending in 2017 was $58.0 million and was primarily used for the real estate improvements, machinery and equipment purchases and software in development. Our capital spending in the first three months ended March 31, 2018 was $10.9 million and primarily for machinery, equipment and software, including $1.4 million of capitalized costs related to the ERP project. Based on current information and subject to future events and circumstances, we estimate that our full-year 2018 capital spending will be approximately $30 million to $32 million, which includes purchase of manufacturing equipment and development and licensing of software, assuming all such projects will be completed by the end of 2018. Based on current information and subject to future events and circumstances, we estimate that our full-year 2018 depreciation and amortization expense to be approximately $39 million to $40 million, of which approximately $34 million to $35 million is related to depreciation.

- On April 24, 2018, the Board declared a cash dividend of $0.22 per share, estimated to be $10.2 million in total. Such dividend is scheduled to be paid on July 26, 2018, to stockholders of record on July 5, 2018.

- In February 2016, the Board authorized the Company to repurchase up to $50.0 million of the Company's common stock in 2016. In August 2016, the Board increased and extended the $50.0 million repurchase authorization from February 2016 by authorizing the Company to repurchase up to $125.0 million of the Company's common stock through December 2017. In August 2017, the Board increased its previous $125.0 million share repurchase authorization by $150.0 million to $275.0 million and extended the authorization from December 2017 to December 2018.

- In August 2016, the Company entered into a Supplemental Confirmation with Wells Fargo for a $50.0 million accelerated share repurchase program (the "2016 August ASR Program"), which was completed in 2016. In June 2017, the Company entered into another Supplemental Confirmation for a $20.0 million accelerated share repurchase program with Wells Fargo (the "2017 June ASR Program"), which was completed in 2017. In December 2017, the Company entered into a Supplemental Confirmation for a $50 million accelerated share repurchase program with Wells Fargo (the "2017 December ASR Program"). During February 2018, the Company received 182,171 shares of the Company's common stock pursuant to the 2017 December ASR Program, which constituted the final delivery thereunder. In total, the Company received 859,671 shares of the Company's common stock under the 2017 December ASR Program at an average price of $58.17 per share.

- In addition to the final delivery of the 2017 December ASR Program, during the first quarter of 2018, the Company also repurchased in the open market 437,500 shares of its common stock at an average price of $57.14 per share, for a total of $25.0 million

The following table presents cash used to pay our dividends and to repurchase shares of our common stock for the three-month period ended March 31, 2018 and the twelve-month periods ended December 31, 2017, 2016 and 2015, respectively, in aggregated amounts:

(in thousands)	**Dividends Paid**	**Open Market Share Repurchases**	**Accelerated Share Repurchases**	**Total**
January 1 - March 31, 2018	$ 9,818	$ 24,999	$ —	$ 34,817
January 1 - December 31, 2017	36,981	—	70,000	106,981
January 1 - December 31, 2016	32,711	3,502	50,000	86,213
January 1 - December 31, 2015	29,352	22,144	25,000	76,496
Total	$ 108,862	$ 50,645	$ 145,000	$ 304,507

As of March 31, 2018, approximately $126.5 million remained available under the $275.0 million repurchase authorization from August 2017.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of March 31, 2018.

Inflation and Raw Materials

We believe that the effect of inflation has not been material in recent years, as general inflation rates have remained relatively low. Our main raw material is steel. As such, increases in steel prices may adversely affect our gross profit margin if we cannot recover the higher costs through price increases.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We have operations both within the United States and internationally, and we are exposed to market risks in the ordinary course of our business.

Foreign Exchange Risk

The Company has foreign exchange rate risk in its international operations, and through purchases from foreign vendors. Changes in the values of currencies of foreign countries affect our financial position, income statement and cash flows when translated into U.S. dollars. The Company does not currently hedge this risk. The Company estimates that if the exchange rate were to change by 10% in any one country where the Company has operations, the change in net income would not be material to the Company's operations taken as a whole.

Foreign currency translation adjustment on the Company's underlying assets and liabilities resulted in accumulated other comprehensive profit of $3.9 million for the three months ended March 31, 2018, due to the effect of the weakening of the United States dollar in relation to all other currencies.

Interest Rate Risk

The Company has no variable interest-rate debt outstanding. The Company estimates that a hypothetical 100 basis point change in U.S. interest rates would not be material to the Company's operations taken as a whole.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures. As of March 31, 2018, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the chief executive officer ("CEO") and the chief financial officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, the Company's CEO and CFO have concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level. Disclosure controls and procedures are controls and other procedures designed reasonably to assure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures are also designed reasonably to assure that this information is accumulated and communicated to the Company's management, including the CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the CEO and the CFO, does not, however, expect that the Company's disclosure controls and procedures or the Company's internal control over financial reporting will prevent all fraud and material errors. Internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the facts that there are resource constraints and that the benefits of controls must be considered relative to their costs. The inherent limitations in internal control over financial reporting include the realities that judgments can be faulty and that breakdowns can occur because of simple error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of controls. The design of any system of internal control is also based in part on assumptions about the likelihood of future events, and there can be only reasonable, not absolute, assurance that any design will succeed in achieving its stated goals under all potential events and conditions. Over time, controls may become inadequate because of changes in circumstances, or the degree of compliance with the policies and procedures may deteriorate.

Changes in Internal Control over Financial Reporting. In 2016, we began the process of implementing a fully integrated ERP platform from SAP America, Inc. ("SAP"), as part of a multi-year plan to integrate and upgrade our systems and processes. The first phase of this implementation became operational on February 5, 2018, at a limited number of our North America sales, production, warehousing and administrative locations. We believe the necessary steps have been taken to monitor and maintain appropriate internal control over financial reporting during this period of change and will continue to evaluate the operating effectiveness of related key controls during subsequent periods.

As the phased implementation of this system occurs, we will experience certain changes to our processes and procedures which, in turn, result in changes to our internal control over financial reporting. While we expect SAP to strengthen our internal financial controls by automating certain manual processes and standardizing business processes and reporting across our organization, management will continue to evaluate and monitor our internal controls as each of the affected areas evolves. For a discussion of risks related to the implementation of new systems, see Item 1A - "Risk Factors - Other Risks - *We rely on complex software systems and hosted applications to operate our business, and our business may be disrupted if we are unable to successfully/ efficiently update these systems or convert to new systems*." in our Annual Report on Form 10-K for the year ended December 31, 2017.

During the three months ended March 31, 2018, the Company made no other changes to its internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, the Company is involved in various legal proceedings and other matters arising in the normal course of business. Corrosion, hydrogen embrittlement, cracking, material hardness, wood pressure-treating chemicals, misinstallations, misuse, design and assembly flaws, manufacturing defects, labeling defects, product formula defects, inaccurate chemical mixes, adulteration, environmental conditions, or other factors can contribute to failure of fasteners, connectors, anchors, adhesives, specialty chemicals, such as fiber reinforced polymers, and tool products. In addition, inaccuracies may occur in product information, descriptions and instructions found in catalogs, packaging, data sheets, and the Company's website.

The Company currently is not a party to any legal proceedings, which the Company expects individually or in the aggregate to have a material adverse effect on the Company's financial condition, cash flows or results of operations. Nonetheless, the resolution of any claim or litigation is subject to inherent uncertainty and could have a material adverse effect on the Company's financial condition, cash flows or results of operations. See "Note 11 — Commitments and Contingencies" to the accompanying unaudited interim condensed consolidated financial statements for certain potential third-party claims.

Item 1A. Risk Factors

We are affected by risks specific to us, as well as risks that generally affect businesses operating in global markets. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017 (available at www.simpsonmfg.com/docs/10K-2017.pdf or www.sec.gov). The risks disclosed in such Annual Report on Form 10-K and information provided elsewhere in this Quarterly Report, could materially adversely affect our business, financial condition or results of operations. While we believe there have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, additional risks and uncertainties not currently known or we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

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

The table below presents the monthly repurchases of shares of our common stock in the first quarter of 2018.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs [1]
January 1 - January 31, 2018	—	N/A		$161.5 million
February 1 - February 28, 2018	353,171	$ 56.34	353,171	$141.6 million
March 1 - March 31, 2018	266,500	$ 56.66	266,500	$126.5 million
Total	619,671			

[1] Pursuant to the Board's increased and extended $275.0 million repurchase authorization that was publicly announced on August 1, 2017, which authorization is scheduled to expire on December 31, 2018.

In December 2017, the Company entered into a Supplemental Confirmation with Wells Fargo, for the $50.0 million 2017 December ASR Program. The Company received 859,671 shares of the Company's common stock under the 2017 December ASR Program, including 182,171 shares received in February 2018 (which constituted the final delivery thereunder), at an average price of $58.16 per share. During the first quarter of 2018, the Company also repurchased in the open market 437,500 shares of its common stock at an average price of $57.14 per share, for a total of $25.0 million.

Item 6. Exhibits.

EXHIBIT INDEX

3.1 Certificate of Incorporation of Simpson Manufacturing Co., Inc., as amended, is filed herewith.

3.2 Amended and Restated Bylaws of Simpson Manufacturing Co., Inc., as amended, are incorporated by reference to Exhibit 3.2 of its Current Report on Form 8-K dated March 28, 2017.

4.1 Certificate of Designation, Preferences and Rights of Series A Participating Preferred Stock of Simpson Manufacturing Co., Inc., dated July 30, 1999, is incorporated by reference to Exhibit 4.2 of its Registration Statement on Form 8-A dated August 4, 1999.

31.1 Chief Executive Officer's Rule 13a-14(a)/15d-14(a) Certifications is filed herewith.

31.2 Chief Financial Officer's Rule 13a-14(a)/15d-14(a) Certifications is filed herewith.

32 Section 1350 Certifications are furnished herewith.

101 The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 formatted in Extensible Business Reporting Language (XBRL) are filed herewith: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows and (vi) the Notes to Condensed Consolidated Financial Statements.

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.

Simpson Manufacturing Co., Inc.
(Registrant)

DATE: May 8, 2018

By /s/Brian J. Magstadt
Brian J. Magstadt
Chief Financial Officer
(principal accounting and financial officer)

Exhibit 3.1

CERTIFICATE OF INCORPORATION
OF
SIMPSON MANUFACTURING CO., INC.

ARTICLE I

The name of the corporation (the "Corporation") is: SIMPSON MANUFACTURING CO., INC.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE IV

1. The total number of shares of all classes of stock which the Corporation shall have authority to issue is twenty-five million (25,000,000), of which five million (5,000,000) shares shall be Preferred Stock of the par value of one cent per share ($0.01), and twenty million (20,000,000) shares shall be Common Stock of the par value of one cent per share ($0.01).

2. The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article IV, to provide for the issuance of shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and the qualifications, limitations and restrictions thereof.

The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(a) the number of shares constituting that series and the distinctive designation of that series;

(b) the dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

(c) whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(d) whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(e) whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(f) whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(g) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and

(h) any other relative rights, preferences and limitations of that series.

3. In furtherance of the foregoing authority and not in limitation of it, the Board of Directors is expressly authorized, in the resolution or resolutions providing for the issue of a series of Preferred Stock,

(a) to subject the shares of such series, without the consent of the holders of such shares, to being converted into or exchanged for shares of another class or classes of stock of the Corporation, or to being redeemed for cash, property or rights, including securities, all on such conditions and on such terms as may be stated in such resolution or resolutions, and

(b) to make any of the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of the shares of the series dependent upon facts ascertainable outside this Certificate of Incorporation.

4. Whenever the Board of Directors shall have adopted a resolution or resolutions to provide for

(a) the issue of a series of Preferred Stock,

(b) a change in the number of authorized shares of a series of Preferred Stock, or

(c) the elimination from this Certificate of Incorporation of all references to a previously authorized series of Preferred Stock by stating that none of the authorized shares of a series of Preferred Stock are outstanding and that none will be issued, the officers of the Corporation shall cause a certificate, setting forth a copy of such resolution or resolutions and, if applicable, the number of shares of stock of such series, to be executed, acknowledged, filed and recorded, in order that the certificate may become effective in accordance with the provisions of the General Corporation Law of the State of Delaware, as from time to time amended. When any such certificate becomes effective, it shall have the effect of amending this Certificate of Incorporation, and wherever such term is used in this Certificate of Incorporation, it shall be deemed to include the effect of the provisions of any such certificate.

5. Any holder of shares of Common Stock, or of shares of any series of Preferred Stock which is entitled to vote with the holders of Common Stock in the election of directors of the Corporation, shall be entitled at all elections of directors to as many votes as shall equal the number of votes which (except for this provision as to cumulative voting) he would be entitled to cast for the election of directors with respect to his shares of stock multiplied by the number of directors to be elected, and such holder may cast all of such votes for a single candidate or may distribute them among the number to be voted for, or for any two or more of them as he may see fit. However, no stockholder shall be entitled to cumulate votes (i.e., cast for any candidate a number of votes greater than the number of votes which such stockholder normally is entitled to cast) unless such candidate or candidates' names have been placed in nomination prior to the meeting in accordance with the Bylaws of the Corporation, and the stockholder has given notice of the stockholder's intention to cumulate his votes in accordance with the Bylaws of the Corporation. If any one stockholder has given such notice, all stockholders may cumulate their votes for any candidate duly nominated in accordance with the procedure as set forth in the Bylaws.

ARTICLE V

1. The authorized number of directors of the Corporation shall be fixed from time to time by resolution of the Board of Directors.

2. The Board of Directors (other than those directors elected by the holders of any series of Preferred Stock voting separately from the holders of Common Stock in any election of directors, as may be provided for or fixed pursuant to the provisions of Article IV of this Certificate of Incorporation) shall be divided into three classes, designated Class I, Class II, and Class III, as nearly equal in number as possible, and the term of office of directors of one class shall expire at each annual meeting of stockholders, and in all cases as to each director until his successor shall be elected and shall qualify or until his earlier resignation, removal from office, death or incapacity. Additional directorships resulting from an increase in number of directors shall be apportioned among the classes as equally as possible. One class of directors shall be initially elected for a term expiring at the annual meeting of stockholders to be held in the year 2000, another class shall be initially elected for a term expiring at the annual meeting of stockholders to be held in the year 2001, and another class shall be initially elected for a term expiring at the annual meeting of stockholders to be held in the year 2002. At each succeeding annual meeting of stockholders, a number of directors equal to the number of directors of the class whose term expires at the time of such meeting shall be elected to hold office until the third succeeding annual meeting of stockholders after their election.

3. Except as otherwise provided for or fixed pursuant to the provisions of Article IV of this Certificate of Incorporation relating to the rights of the holders of any series of Preferred Stock to elect additional directors, and subject to the provisions hereof, newly-created directorships resulting from any increase in the authorized number of directors, and any vacancies on the Board resulting from death, resignation, disqualification, removal, or other cause, may be filled only by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified, subject to his earlier death, resignation or removal. Subject to the provisions of this Certificate of Incorporation, no decrease in the number of directors constituting the Board shall shorten the term of any incumbent director.

ARTICLE VI

The Board of Directors is expressly authorized to make and alter the Bylaws of the Corporation, without any action on the part of the stockholders.

ARTICLE VII

Any action which may be taken by stockholders of the Corporation at an annual or special meeting and which requires the approval of at least a majority of

(a) the voting power of the securities of the Corporation present at such meeting and entitled to vote on such action, or

(b) the shares of the Common Stock of the Corporation present at such meeting, may not be effected except at such an annual or special meeting by the vote required for the taking of such action. The power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

ARTICLE VIII

A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation hereunder in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

ARTICLE IX

The Corporation is authorized to indemnify the directors and officers of the Corporation to the fullest extent permissible under Delaware Law. Any amendment, modification or repeal of the foregoing sentence shall not adversely affect any right or protection of a director or officer of the

Corporation hereunder in respect of any act of omission occurring prior to the time of such amendment, modification or repeal.

ARTICLE X

The name and mailing address of the incorporator is:

Stephen B. Lamson
Simpson Manufacturing Co., Inc.
4637 Chabot Drive, Suite 200
Pleasanton, CA 94588

IN WITNESS WHEREOF the incorporator has signed this certificate as of this 23rd day of February, 1999.

By /s/ Stephen B. Lamson

Name: Stephen B. Lamson

CERTIFICATE OF MERGER
OF
SIMPSON MANUFACTURING CO., INC.,
A CALIFORNIA CORPORATION,

WITH AND INTO

SIMPSON MANUFACTURING CO., INC.,
A DELAWARE CORPORATION

Pursuant to section 252 of the General Corporation Law of the State of Delaware, Simpson Manufacturing Co., Inc., a Delaware corporation ("Simpson Delaware"), hereby certifies as follows with respect to the merger of Simpson Manufacturing Co., Inc., a California corporation ("Simpson California"), with and into Simpson Delaware:

First: The name and state of incorporation of each of the constituent corporations is as follows:

Name	State of Incorporation
Simpson Manufacturing Co., Inc.	California
Simpson Manufacturing Co., Inc.	Delaware

Second: An Agreement and Plan of Merger ("the Merger Agreement"), by and between Simpson California and Simpson Delaware, dated as of May 3, 1999, has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of subsection (c) of section 252 of the General Corporation Law of the State of Delaware.

Third: The name of the surviving corporation is Simpson Manufacturing Co., Inc. (the "Surviving Corporation").

Fourth: The Certificate of Incorporation of Simpson Delaware shall be the Certificate of Incorporation of the surviving Corporation.

Fifth: The executed Merger Agreement is on file at the principal place of business of the Surviving Corporation, 4637 Chabot Drive, Suite 200, Pleasanton, California, and a copy of the Merger Agreement will be furnished by the Surviving Corporation, on request and at no cost, to any stockholder of either constituent corporation.

Sixth: Simpson California has authority to issue twenty-five million (25,000,000) shares, including twenty million (20,000,000) shares of common stock, no par value, and five million (5,000,000) shares of preferred stock, no par value.

In witness whereof, the Surviving Corporation has caused this certificate to be executed by the undersigned officer thereunto duly authorized this 20th day of May, 1999.

SIMPSON MANUFACTURING CO., INC.

/s/ Stephen B. Lamson
Stephen B. Lamson
Chief Financial Officer
Secretary and Treasurer

CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS OF SERIES A PARTICIPATING PREFERRED STOCK OF SIMPSON MANUFACTURING CO., INC.

Pursuant to Section 151 of the General Corporation Law of the State of Delaware

I, Stephen B. Lamson, Chief Financial Officer, Secretary and Treasurer of Simpson Manufacturing Co., Inc. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, DO HEREBY CERTIFY:

1. That no shares of the Series A Participating Preferred Stock of the Corporation have been issued.

2. That, pursuant to the authority conferred on the Board of Directors by the Certificate of Incorporation of the Corporation, the Board of Directors on July 29, 1999 adopted the following resolutions which set forth the terms of a series of preferred stock designated as Series A Participating Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by Article IV of the Certificate of Incorporation, a series of preferred stock is hereby designated as "Series A Participating Preferred Stock" of the Corporation and that the designation and amount thereof and the relative powers, rights, preferences and limitations of the shares of such series are as follows:

(a) Designation and Amount. The shares of the series of Preferred Stock shall be designated as "Series A Participating Preferred Stock," par value $.01 per share, and the number of shares constituting such series shall be one million (1,000,000). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series A Participating Preferred Stock to a number less than that of the shares then outstanding plus the number of shares issuable upon exercise of outstanding rights, options or warrants or upon conversion of outstanding securities issued by the Corporation.

(b) Dividends and Distributions.

(i) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Participating Preferred Stock with respect to dividends or distributions (except as provided in paragraph (f) below), the holders of shares of Series A Participating Preferred Stock, in preference to the holders of shares of Common Stock, par value $.01 per share (the "Common Stock"), of the Corporation and any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, in an amount per share (rounded to the nearest cent) equal to the greater of (x) $25.00 or

(y) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions (except as provided in paragraph (f) below) other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, since the first issuance of any share or fraction of a share of Series A Participating Preferred Stock. In the event the Corporation shall at any time after the first issuance of any share or fraction of a share of Series A Participating Preferred Stock (A) declare any dividend on Common Stock payable in shares of Common Stock, (B) subdivide the outstanding Common Stock, or (C) combine the outstanding Common Stock into a smaller number of shares, by reclassification or otherwise, then in each such case the amount to which holders of shares of Series A Participating Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(ii) Other than with respect to a dividend on the Common Stock payable in shares of Common Stock, the Corporation shall declare a dividend or distribution on the Series A Participating Preferred Stock as provided in subparagraph (i) above at the same time as it declares a dividend or distribution on the Common Stock. The date or dates set for the payment of such dividend or distribution on the Series A Participating Preferred Stock and the record date or dates for the determination of entitlement to such dividend or distribution shall be the same date or dates as are set for the dividend or distribution on the Common Stock. On any such payment date, no dividend or distribution shall be paid on the Common Stock until the appropriate payment has been made on the Series A Participating Preferred Stock.

(c) Voting Rights. The holders of shares of Series A Participating Preferred Stock shall have the following voting rights:

(i) Subject to the provision for adjustment hereinafter set forth, each share of Series A Participating Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the first issuance of any share or fraction of a share of Series A Participating Preferred Stock (A) declare any dividend on Common Stock payable in shares of Common Stock, (B) subdivide the outstanding Common Stock into a greater number of shares, or (C) combine the outstanding Common Stock into a smaller number of shares, by reclassification or otherwise, then in each such case the number of votes per share to which holders of shares of Series A Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock outstanding immediately prior to such event.

(ii) Except as otherwise provided herein or by law, the holders of shares of Series A Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(iii) (A) If at any time dividends on any Series A Participating Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Participating Preferred Stock) with dividends in arrears in an amount equal to six (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(B) During any default period, such voting right of the holders of Series A Participating Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (C) of this Section 7(c)(iii) or at any annual meeting of stockholders, and thereafter at annual meetings of stockholders, provided that neither such voting right nor the right of the holders of any other series of Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent (10%) in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors, or if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Participating Preferred Stock.

(C) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the Chairman of the Board or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this subparagraph (c)(iii)(C) shall be given to each holder of record of Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation.

Such meeting shall be called for a time not earlier than 10 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this subparagraph (c)(iii)(C), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(D) In any default period, the holders of Common Stock, and other classes of stock of the Corporation, if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in subparagraph (c)(iii)(B) of this Section 7) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant. References in this paragraph (iii) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(E) Immediately upon the expiration of a default period (x) the right of the holders of Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in, or pursuant to, the Certificate of Incorporation or Bylaws irrespective of any increase made pursuant to the provisions of subparagraph (c)(iii)(B) of this Section 7 (such number being subject, however, to change thereafter in any manner provided by law or in the Certificate of Incorporation or Bylaws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors, even though less than a quorum.

(iv) Except as set forth herein, holders of Series A Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote on matters submitted to the stockholders of the Corporation as set forth herein) for taking any corporate action.

(d) <u>Certain Restrictions</u>.

(i) Whenever quarterly dividends or other dividends or distributions payable on the Series A Participating Preferred Stock as provided in Subsection (b) are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not

(A) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Participating Preferred Stock;

(B) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Participating Preferred Stock except dividends paid ratably on the Series A Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(C) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Participating Preferred Stock provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Participating Preferred Stock; or

(D) purchase or otherwise acquire for consideration any shares of Series A Participating Preferred Stock or any shares of stock ranking on a parity with the Series A Participating Preferred Stock except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(ii) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under subparagraph (i) of this Subsection (d), purchase or otherwise acquire such shares at such time and in such manner.

(e) Reacquired Shares. Any shares of Series A Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

(f) Liquidation, Dissolution or Winding Up.

(i) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Participating Preferred Stock shall have received per share, the greater of $1,000.00 or 1,000 times the payment made per share of Common Stock, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Participating Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (A) the Series A Liquidation Preference by (B) 1,000 (as appropriately adjusted as set forth in subparagraph (iii) below to reflect such events as stock splits, stock dividends and recapitalization with respect to the Common Stock) (such number in clause (B), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Participating Preferred Stock and Common Stock, respectively, holders of Series A Participating Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Stock, on a per share basis, respectively.

(ii) In the event there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Stock, if any, which rank on a parity with the Series A Participating Preferred Stock then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(iii) In the event the Corporation shall at any time after the first issuance of any share or fraction of a share of Series A Participating Preferred Stock (A) declare any dividend on Common Stock payable in shares of Common Stock, (B) subdivide the outstanding Common Stock, or (C) combine the outstanding Common Stock into a smaller number of shares, by reclassification or otherwise, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(g) Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the first issuance of any share or fraction of a share of Series A Participating Preferred Stock (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that are outstanding immediately prior to such event.

(h) Redemption. The shares of Series A Participating Preferred Stock shall not be redeemable.

(i) Ranking. The Series A Participating Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

(j) Amendment. The Certificate of Incorporation and the Bylaws of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding shares of Series A Participating Preferred Stock voting separately as a class.

(k) Fractional Shares. Series A Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Participating Preferred Stock.

And be it further

RESOLVED, that any Officer of the Corporation be, and each of them hereby is, authorized to execute a Certificate of Designation with respect to the Series A Participating Preferred Stock pursuant to section 151 of the General Corporation Law of the State of Delaware and to take all appropriate action to cause such Certificate to become effective, including, but not limited to, the filing of such Certificate with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, I have executed and subscribed this Certificate and do affirm the foregoing as true under the penalties of perjury this 30th day of July, 1999.

/s/ Stephen B. Lamson

Stephen B. Lamson
Chief Financial Officer
Secretary and Treasurer

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
SIMPSON MANUFACTURING CO., INC.

The undersigned hereby certifies that:

1. The name of the corporation (hereinafter called the “Corporation”) is Simpson Manufacturing Co., Inc.

2. The Certificate of Incorporation of the Corporation is hereby amended by deleting paragraph 1 of Article IV thereof and substituting thereof the following new paragraph 1 of Article IV:

> 1. The total number of shares of all classes of stock that the Corporation shall have authority to issue is forty-five million (45,000,000), of which five million (5,000,000) shares shall be Preferred Stock of the par value of one cent ($0.01) per share and forty million (40,000,000) shares shall be Common Stock of the par value of one cent ($0.01) per share. On the amendment of this paragraph to read herein set forth, each outstanding share of Common Stock is split-up and converted into two shares of Common Stock.

3. The foregoing amendment of the Certificate of Incorporation of the Corporation has been duly adopted in accordance with section 242 of the General Corporation Law of the State of Delaware.

4. The effective time of the foregoing amendment shall be 5 p.m. eastern daylight time on August 8, 2002.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate as of this July 29, 2002.

/s/ Michael J. Herbert
Michael J. Herbert
Chief Financial Officer and Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
SIMPSON MANUFACTURING CO., INC.

The undersigned hereby certifies that:

1. The name of the corporation (hereinafter called the "Corporation") is Simpson Manufacturing Co., Inc.

2. The Certificate of Incorporation of the Corporation is hereby amended by amending paragraph 1 of Article IV thereof to read in its entirety as follows:

> 1. The total number of shares of all classes of stock that the Corporation shall have authority to issue is eighty-five million (85,000,000), of which five million (5,000,000) shares shall be Preferred Stock of the par value of one cent ($0.01) per share and eighty million (80,000,000) shares shall be Common Stock of the par value of one cent ($0.01) per share.

3. The foregoing amendment of the Certificate of Incorporation of the Corporation has been duly adopted in accordance with section 242 of the General Corporation Law of the State of Delaware.

4. The foregoing amendment shall be effective on April 19, 2004.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate as of this April 7, 2004.

/s/ Michael J. Herbert
Michael J. Herbert
Chief Financial Officer and Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
SIMPSON MANUFACTURING CO., INC.

The undersigned hereby certifies that:

1. The name of the corporation (hereinafter called the "Corporation") is Simpson Manufacturing Co., Inc.

2. The Certificate of Incorporation of the Corporation is hereby amended by amending paragraph 1 of Article IV thereof to read in its entirety as follows:

> 1. The total number of shares of all classes of stock that the Corporation shall have authority to issue is one hundred sixty-five million (165,000,000), of which five million (5,000,000) shares shall be Preferred Stock of the par value of one cent ($0.01) per share and one hundred sixty million (160,000,000) shares shall be Common Stock of the par value of one cent ($0.01) per share.

3. The foregoing amendment of the Certificate of Incorporation of the Corporation has been duly adopted in accordance with section 242 of the General Corporation Law of the State of Delaware.

4. The foregoing amendment shall be effective on May 16, 2005.

IN WITNESS WHEREOF, the undersigned has duly executed this Certificate on this May 3, 2005.

/s/ Michael J. Herbert
Michael J. Herbert
Chief Financial Officer and Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
SIMPSON MANUFACTURING CO., INC.

The undersigned Delaware corporation hereby certifies that:

1. The name of the corporation (hereinafter called the "Corporation") is Simpson Manufacturing Co., Inc.

2. The Certificate of Incorporation of the Corporation is hereby amended by amending paragraph 5 of Article IV thereof to read in its entirety as follows:

> 5. Stockholders of the Corporation shall not be entitled to cumulative voting in elections of directors of the Corporation.

3. The Certificate of Incorporation of the Corporation is hereby amended by amending paragraph 2 of Article V thereof to read in its entirety as follows:

> 2. Except as otherwise provided for pursuant to the provisions of this Article V of this Certificate of Incorporation, the Board of Directors (other than those directors elected by the holders of any series of Preferred Stock voting separately from the holders of Common Stock in any election of directors, as may be provided for or fixed pursuant to the provisions of Article IV of this Certificate of Incorporation) shall be divided into three classes, with the class of directors elected at the 2014 annual meeting of stockholders having a term expiring at the 2017 annual meeting of stockholders, the class of directors elected at the 2015 annual meeting of stockholders having a term expiring at the 2018 annual meeting of stockholders, and the class of directors elected at the 2016 annual meeting of stockholders having a term expiring at the 2019 annual meeting of stockholders. Subject to the rights of holders of any series of Preferred Stock to elect directors under specified circumstances, the Board of Directors may create new directorships or eliminate vacant directorships at any time. Beginning with and from the 2017 annual meeting of stockholders, directors (other than those directors elected by the holders of any series of Preferred Stock voting separately from the holders of Common Stock in any election of directors) shall be elected by stockholders at each annual meeting of stockholders to hold office for a term expiring at the next annual meeting of stockholders; provided, however, that each director elected by stockholders before the 2017 annual meeting of stockholders shall serve for the full three-year term to which such director was elected. Effective as of the 2019 annual meeting of stockholders, the division of the directors into three classes shall terminate.

4. The Certificate of Incorporation of the Corporation is hereby amended by amending paragraph 3 of Article V thereof to read in its entirety as follows:

> 3. Except as otherwise provided for or fixed pursuant to the provisions of Article IV of this Certificate of Incorporation relating to the rights of the holders of any series of Preferred Stock to elect additional directors, and subject to the provisions hereof, newly-created directorships resulting from any increase in the authorized number of directors, and any vacancies on the Board resulting from death, resignation, disqualification, removal, or other cause, may be filled only by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board. Any director appointed in accordance with the preceding sentence shall hold office for the remainder of the full term for which the new directorship was created or in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified, subject to his earlier death, resignation or removal; provided, however, that from and after the 2019 annual meeting of stockholders, any director appointed to fill a newly-created directorship or vacancy shall hold office for a term expiring at the next annual meeting of stockholders. Subject to the provisions of this Certificate of Incorporation, no decrease in the number of directors constituting the Board shall shorten the term of any incumbent director.

5. The foregoing amendments of the Certificate of Incorporation of the Corporation have been duly adopted in accordance with section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has caused this Certificate of Amendment to be executed by its duly authorized officer on this 28th day of March, 2017.

SIMPSON MANUFACTURING CO., INC.

By: /s/ Brian J. Magstadt
Brian J. Magstadt
Chief Financial Officer

Exhibit 31.1

Simpson Manufacturing Co., Inc. and Subsidiaries
Rule 13a-14(a)/15d-14(a) Certifications

I, Karen Colonias, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simpson Manufacturing Co., Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 8, 2018

By /s/Karen Colonias

Karen Colonias

Chief Executive Officer

Exhibit 31.2

Simpson Manufacturing Co., Inc. and Subsidiaries
Rule 13a-14(a)/15d-14(a) Certifications

I, Brian J. Magstadt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simpson Manufacturing Co., Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 8, 2018

By /s/Brian J. Magstadt
Brian J. Magstadt
Chief Financial Officer

Exhibit 32

Simpson Manufacturing Co., Inc. and Subsidiaries
Section 1350 Certifications

The undersigned, Karen Colonias and Brian J. Magstadt, being the duly elected and acting Chief Executive Officer and Chief Financial Officer, respectively, of Simpson Manufacturing Co., Inc., a Delaware corporation (the "Company"), hereby certify that the quarterly report of the Company on Form 10-Q for the quarterly period ended March 31, 2018, fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, as amended, and that information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATE: May 8, 2018

By /s/Karen Colonias
Karen Colonias
Chief Executive Officer

By /s/Brian J. Magstadt
Brian J. Magstadt
Chief Financial Officer

A signed original of this written statement required by Section 1350 of Chapter 63 of Title 18 of the United States Code has been provided to Simpson Manufacturing Co., Inc. and will be retained by Simpson Manufacturing Co., Inc. and furnished to the Securities and Exchange Commission or its staff on request.

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.