



250 West 55th Street (left)
New York © Greg West

Apogee Enterprises, Inc.

Sidoti & Company, Fall 2019 Investor Conference

September 25, 2019

Non-GAAP measures & forward-looking statements

This presentation contains non-GAAP financial measures which the company uses to evaluate historical and prospective financial performance, measure operational profitability on a consistent basis, and provide enhanced transparency to the investment community. Definitions for these non-GAAP financial measures are included in today's press release and reconciliations to the most directly comparable GAAP measures are included at the end of this presentation.

This presentation also contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect Apogee management's expectations or beliefs as of the date of this release and actual results may differ as a result of various factors that could affect Apogee's business and financial results. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. More information about factors that could affect Apogee's business and financial results can be found in the company's filings with the U.S. Securities and Exchange Commission



Apogee at-a-glance

Apogee Enterprises (Nasdaq: APOG) is a leading provider of architectural glass, aluminum framing systems and installation services for enclosing buildings, and value-added glass and acrylic for custom picture framing & displays

- Founded in 1949; headquartered in Minneapolis
- 9 operating companies organized into 4 segments
- Operations in the U.S., Canada, and Brazil
- Approximately 7,000 employees
- FY20 (est.) revenue over \$1.4 billion
- ~95% of sales to customers in North America
- Over 90% of revenue from architectural businesses

Representative Architectural Project Types

- Commercial buildings: office towers; hotels; retail
- Institutional buildings: education; health care; govt.
- High-end multi-family residential

A strong portfolio of best-in-class businesses

Architectural Framing Systems

Designs, engineers, fabricates, and finishes aluminum window, curtainwall, storefront, and entrance systems

- FY19 revenue: \$721 million
- FY19 adjusted operating margin*: 8.0%



Architectural Glass

The leading North American fabricator of high performance, custom-coated architectural glass

- FY19 revenue: \$367 million
- FY19 operating margin: 4.5%



Architectural Services

One of the largest U.S. full-service building glass and curtainwall installation companies, with disciplined project selection that drives industry-leading profitability

- FY19 revenue: \$286 million
- FY19 operating margin: 10.7%



Large-Scale Optical

The leading North American manufacturer of value-added glass and acrylic products for framing and display markets

- FY19 revenue: \$88 million
- FY19 operating margin: 26.0%

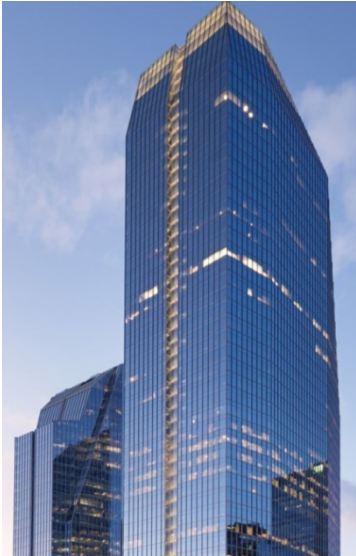


Apogee is trusted with a wide-range of premier projects

World Trade Towers One,
Seven and Museum
New York, NY



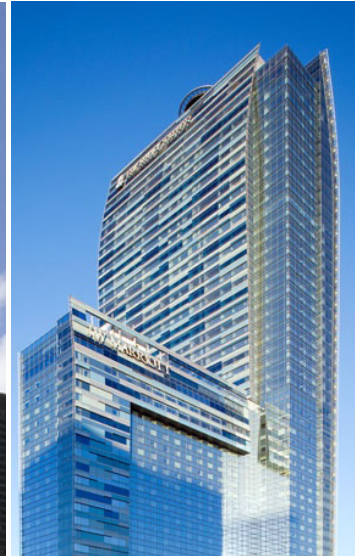
Eighth Avenue Place, East
and West Towers
Alberta, Canada



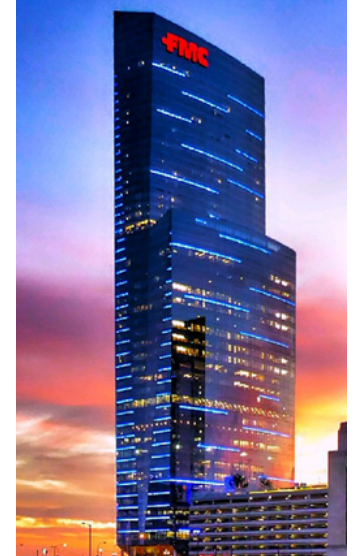
The Aqua
Chicago, IL



JW Marriott
L.A. Live
Los Angeles, CA



FMC Tower at
Cira Centre South
Philadelphia, PA



University of Tennessee at
Chattanooga Library
Chattanooga, TN



Youngstown State University
Wellness Center
Youngstown, OH



Exploration Tower at Port
Canaveral
Canaveral Cove, FL



Dewey Short Visitor
Center – Table Rock Lake
Branson, MO



Buchanan Center for the
Performing Arts
Laramie, WY

Apogee's business strategy

Beginning in FY2012, Apogee embarked on a strategy to reshape our business mix to enable new growth opportunities and deliver more stable performance through an economic cycle

Diversify our business to provide more stable revenue growth and profit over an economic cycle

- New geographies – through both organic growth and acquisitions
- New products – enterprise-wide new product introduction process
- New markets – increase exposure to less cyclical segments of the market
- Retrofit and renovation projects

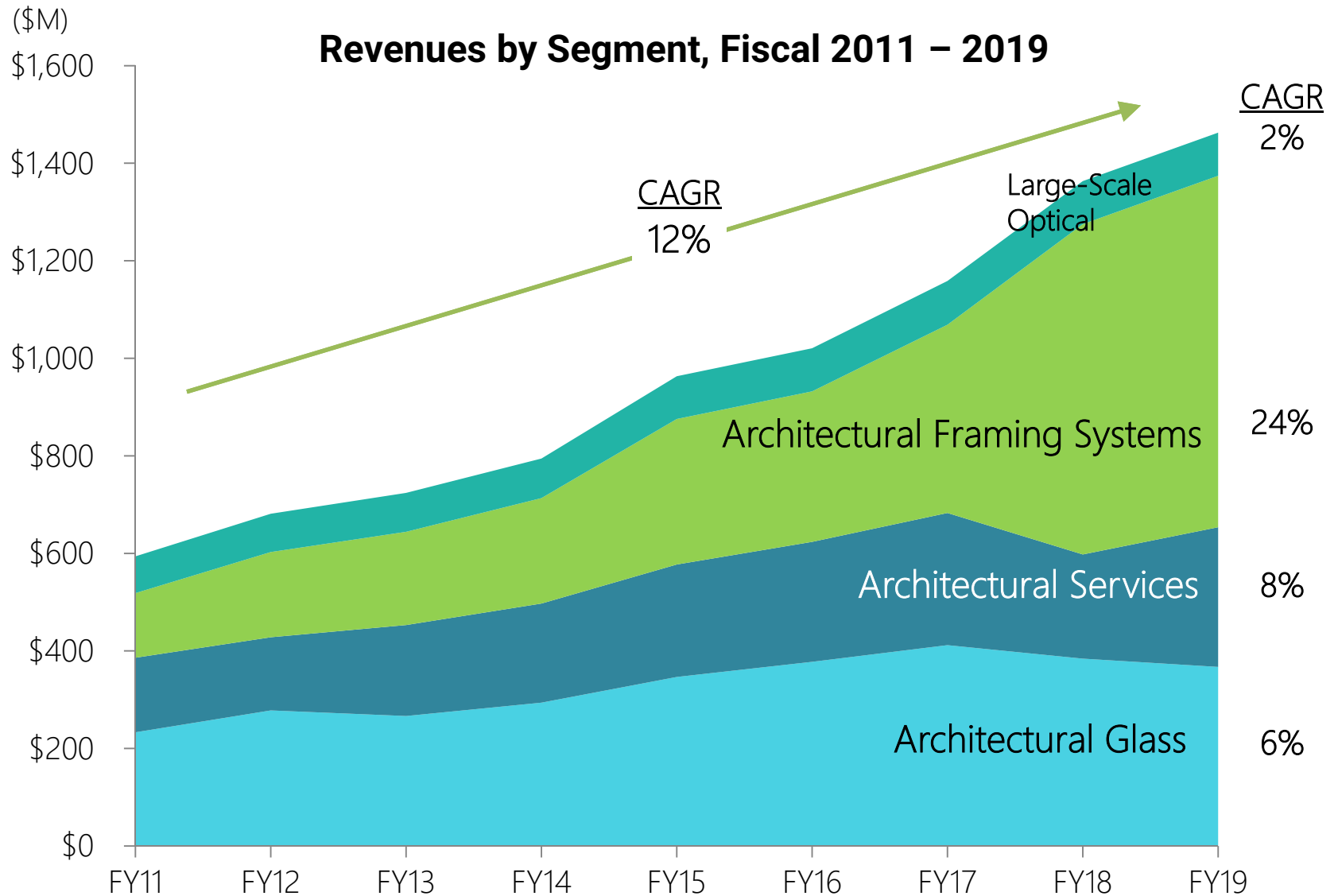
Improve the efficiency and productivity of our operations

- Apogee's Lean Enterprise System
- Investments in productivity and automation
- Improve project selection and pricing
- Realize synergies in our architectural businesses

Maintain a strong financial position which enables value-creating capital deployment

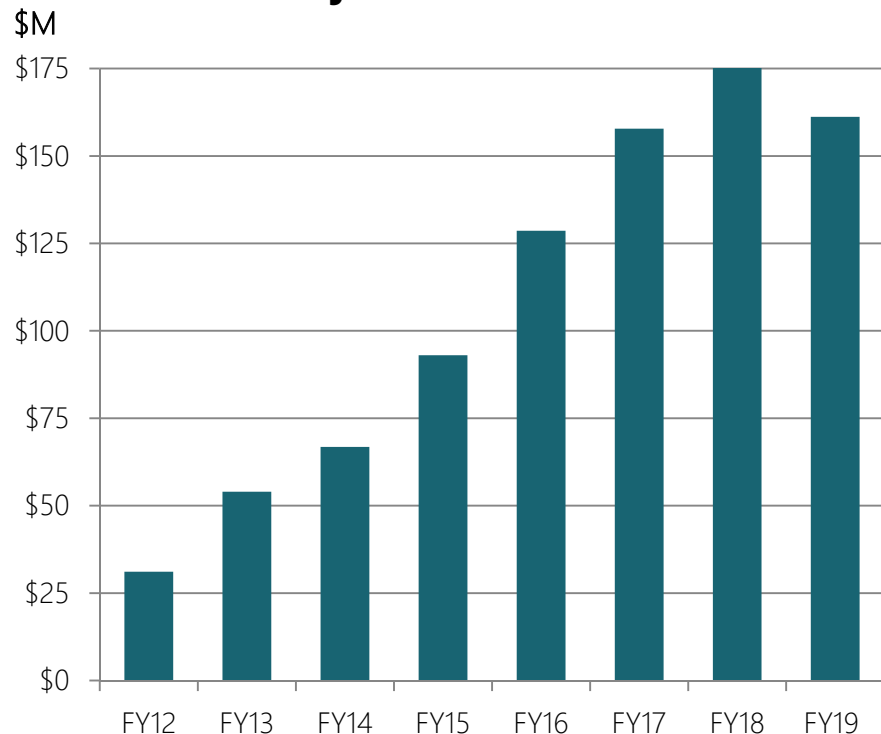
- Maintain a strong balance sheet
- Balanced approach to capital deployment – invest in our business & return cash to shareholders
- Investments in CapEx and acquisitions to drive growth and margin gains
- Dividends and opportunistic share repurchases

We've built a stronger, more diversified company...

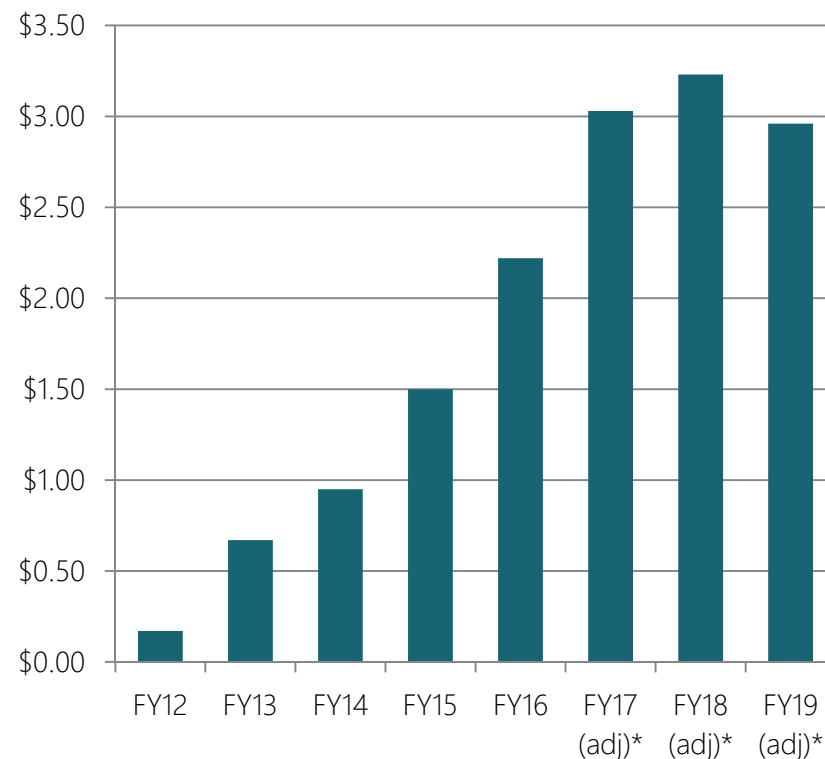


...with significantly increased earnings power

Adjusted EBITDA*



EPS



FY2012-2019 Financial Highlights

- More than doubled revenue
- Improved business mix and reduced cyclicalty
- EPS growth from \$0.17 in FY12 to \$2.96 in FY19
- Generated over \$300 million of free cash flow
- Increased quarterly dividend by over 90%
- Significantly improved ROIC

FY2020 Second Quarter results

- Solid quarter, with results in-line with our expectations
- Strong year-over-year improvement in Architectural Glass
- Continued backlog growth in Architectural Services
- Significant progress toward completing legacy EFCO projects
- Making progress on key initiatives to advance our strategy
- Reaffirmed our full-year outlook

Q2 FY20 Results

Revenue
\$357 million

EBIT Margin
7.7%

EBITDA*
\$39 million

Diluted EPS
\$0.72

Near-term focus areas

- Architectural Framing Systems synergies
 - Supply chain integration
 - Optimize manufacturing capacity
 - Product development, sales, and marketing collaboration
- Procurement savings project
- Architectural Glass strategic growth initiative
- Continued growth in retrofit projects
- New business wins and continued backlog growth

Our strong financial position enables a balanced approach to capital deployment

Strong financial position

- Debt-to-adjusted EBITDA below 2x
- History of strong cash generation

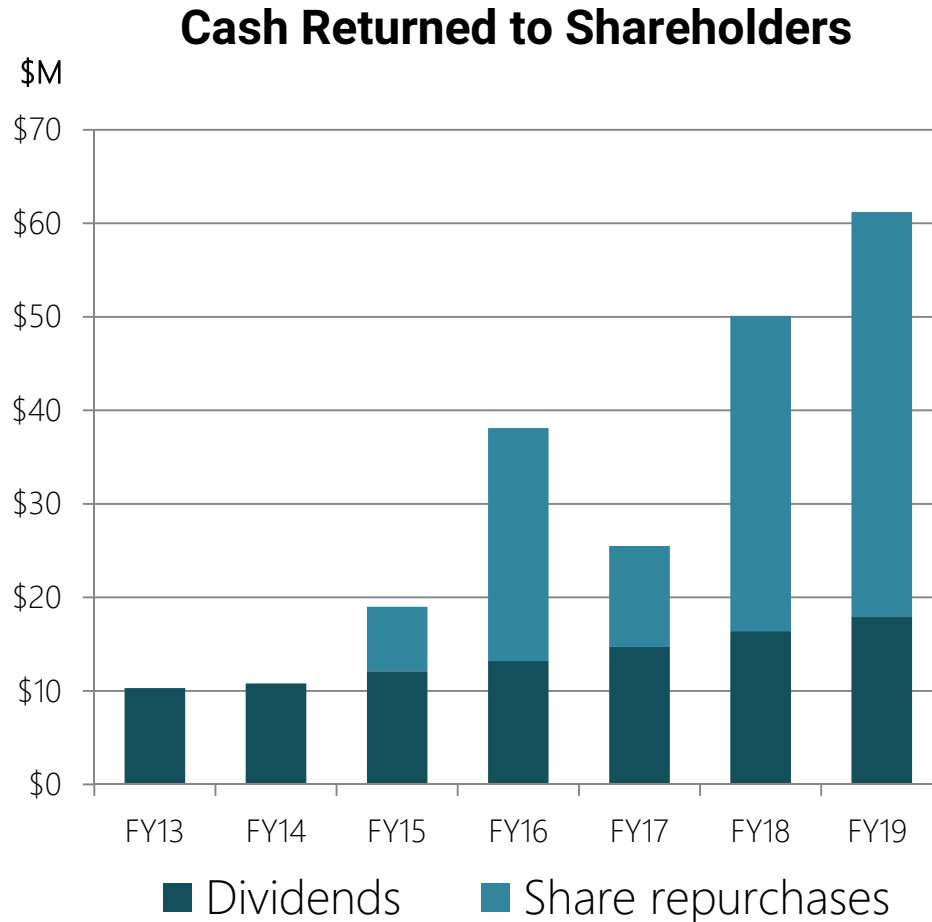
Investing in the business

- Investments to enable growth, add capability, and improve productivity
- Forecast ~\$60-65 million of CapEx in FY20

Returning cash to shareholders

- Dividends
- Opportunistic share buybacks

Returning cash to shareholders



- Six consecutive years of dividend increases
- Quarterly dividend increased over 90%, from \$0.09 per share in 2013 to \$0.175 in 2019
- Repurchased \$120 million of stock over the past five years; with 1.45 million shares remaining on our authorization
- Returned \$29 million of cash to shareholders FY20 YTD

Summary

- Strong portfolio of best-in-class brands
- Executed a multi-year transformation to build a stronger, more diversified, and stable business
- Solid results through the first half of FY2020
- Making progress on several strategic initiatives to drive continued growth and margin expansion
- Strong financial position and cash flow provides flexibility for value-creating capital deployment





Reconciliation of non-GAAP financial measures

Adjusted net earnings and adjusted earnings per diluted common share

(Unaudited)

	Fifty-two	Fifty-two
	Weeks Ended	Weeks Ended
<i>In thousands</i>	March 2, 2019	March 3, 2018
Net (loss) earnings	\$ 45,694	\$ 79,488
Amortization of short-lived acquired intangibles	4,894	10,521
Project-related charges	40,948	—
Impairment charge	3,141	—
Acquisition-related costs	—	5,098
Restructuring-related costs	—	3,026
Income tax impact on above adjustments	(11,560)	(5,157)
Adjusted net earnings	\$ 83,117	\$ 92,976
	Fifty-two	Fifty-two
	Weeks Ended	Weeks Ended
	March 2, 2019	March 3, 2018
(Loss) earnings per diluted common share	\$ 1.63	\$ 2.76
Amortization of short-lived acquired intangibles	0.17	0.37
Project-related charges	1.46	—
Impairment charge	0.11	—
Acquisition-related costs	—	0.18
Restructuring-related costs	—	0.11
Income tax impact on above adjustments	(0.41)	(0.18)
Adjusted earnings per diluted common share	\$ 2.96	\$ 3.23

Reconciliation of non-GAAP financial measures

Adjusted operating income and adjusted margin

(Unaudited)

	Fifty-two Weeks Ended March 2, 2019						
	Framing Systems Segment		Architectural Glass Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income (loss)	\$ 49,660	6.9%	\$ 16,503	4.5%	\$ (52,391)	\$ 67,284	4.8%
Amortization of short-lived acquired intangibles	4,894	0.7%	—	—	—	4,894	0.3%
Project-related charges	—	—	—	—	40,948	40,948	2.9%
Impairment charge	3,141	0.4%	—	—	—	3,141	0.2%
Adjusted operating income (loss)	<u>\$ 57,695</u>	<u>8.0%</u>	<u>\$ 16,503</u>	<u>4.5%</u>	<u>\$ (11,443)</u>	<u>\$ 116,267</u>	<u>8.3%</u>

	Fifty-two Weeks Ended March 3, 2018						
	Framing Systems Segment		Architectural Glass Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income (loss)	\$ 59,031	8.7%	\$ 32,764	8.5%	\$ (9,931)	\$ 114,284	8.6%
Amortization of short-lived acquired intangibles	10,521	1.6%	—	—	—	10,521	0.8%
Acquisition-related costs	—	—	—	—	5,098	5,098	0.4%
Restructuring-related costs	—	—	3,026	0.8%	—	3,026	0.2%
Adjusted operating income (loss)	<u>\$ 69,552</u>	<u>10.3%</u>	<u>\$ 35,790</u>	<u>9.3%</u>	<u>\$ (4,833)</u>	<u>\$ 132,929</u>	<u>10.0%</u>

Reconciliation of non-GAAP financial measures

EBITDA and adjusted EBITDA

(Unaudited)

	Fifty-two	Fifty-two
	Weeks Ended	Weeks Ended
<i>In thousands</i>	March 2, 2019	March 3, 2018
Net (loss) earnings	\$ 45,694	\$ 79,488
Income tax (benefit) expense	12,968	30,392
Other expense (income), net	528	(566)
Interest expense, net	8,094	4,970
Depreciation and amortization	49,798	54,843
EBITDA	<u>117,082</u>	<u>169,127</u>
Project-related charges	40,948	—
Impairment charge	3,141	—
Acquisition-related costs	—	5,098
Restructuring-related costs	—	3,026
Adjusted EBITDA	<u>\$ 161,171</u>	<u>\$ 177,251</u>

Reconciliation of non-GAAP financial measures

EBITDA and adjusted EBITDA

(Unaudited)

	Thirteen	Thirteen	Twenty-Six	Twenty-Six
	Weeks Ended	Weeks Ended	Weeks Ended	Weeks Ended
<i>In thousands</i>	August 31, 2019	September 1, 2018	August 31, 2019	September 1, 2018
Net earnings	\$ 19,279	\$ 20,513	\$ 34,722	\$ 35,887
Income tax expense	6,094	6,420	11,081	11,300
Interest and other expense, net	2,203	1,727	4,813	3,467
Depreciation and amortization	11,657	12,407	22,759	26,457
EBITDA	\$ 39,233	\$ 41,067	\$ 73,375	\$ 77,111
Acquired project profits (1)	—	(448)	—	(1,013)
Adjusted EBITDA	\$ 39,233	\$ 40,619	\$ 73,735	\$ 76,098

(1) Adjustment for profits recognized during fiscal 2019 on contracts that were acquired with the purchase of EFCO