

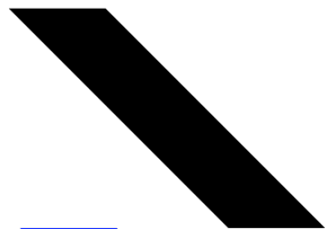


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# EDITED TRANSCRIPT

Q1 2025 APOGEE ENTERPRISES INC EARNINGS CALL

EVENT DATE/TIME: June 27, 2024 / 1:00PM UTC



## CORPORATE PARTICIPANTS

- **Jeff Huebschen** *Apogee Enterprises Inc - Vice President - Investor Relations and Corporate Communications*
- **Ty Silberhorn** *Apogee Enterprises Inc - President, Chief Executive Officer, Director*
- **Matthew Osberg** *Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President*

## CONFERENCE CALL PARTICIPANTS

- **Operator**
- **Brent Thielman** *D. A. Davidson & Co. - Analyst*
- **Julio Romero** *Sidoti & Company, LLC - Analyst*
- **Jonathan Braatz** *Kampala Capital City Authority - Analyst*
- **Christopher Sakai** *Singular Research - Analyst*

## PRESENTATION

### Operator

Good day and thank you for standing by, and welcome to the Q1 2025 Apogee Enterprises earnings conference call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions)

I would now like to hand the conference over to your speaker today Jeff Huebschen, Vice President of Investor Relations.

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### **Jeff Huebschen** *Apogee Enterprises Inc - Vice President - Investor Relations and Corporate Communications*

Thank you, Josh. Good morning, everyone, and welcome to Apogee Enterprises fiscal 2025 first quarter earnings call. With me today are Ty Silberhorn, Apogee's Chief Executive Officer; and Matt Osberg, Chief Financial Officer. I'd like to remind everyone that there are slides to a company today's remarks.

These are available in the Investor Relations section of Apogee's website. During this call, we will reference certain non-GAAP financial measures. Definitions of these measures and a reconciliation to the nearest GAAP measures are provided in the earnings release and slide deck, we issued this morning.

I'd also like to remind everyone that our call will contain forward-looking statements. These reflect management's expectations based on currently available information. Actual results may differ materially. More information about factors that could affect Apogee's business and financial results, can be found in today's press release and in our SEC filings.

With that, I'll turn the call over to you, Ty.

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### **Ty Silberhorn** *Apogee Enterprises Inc - President, Chief Executive Officer, Director*

Good morning, everyone. Thanks for joining us today. We had a good start to our fiscal year with our team continuing to build on the progress we've achieved through our strategic initiatives. We drove operational execution across the business and achieved significant adjusted operating margin expansion and EPS growth.

Today, I'll discuss a few highlights from the quarter and comment on how we are continuing to position the company for growth. Then Matt will provide details on the quarter and our updated outlook. As expected, we saw lower volume and revenue in both Framing Systems and Architectural Glass this quarter. This was partly due to continued deceleration in some of the end markets we serve. And partly due to our strategic shift away from less differentiated lower margin products. Even with the lower revenue, both Framing and Glass delivered strong profitability. Both segments improved their adjusted operating margins due in part to good cost management and productivity gains.

Architectural Services was also a meaningful contributor to our year-over-year profit improvement. Services delivered double digit sales growth and significant margin expansion compared to last year's first quarter. These positives enabled us to achieve adjusted operating margin of 12.8%, the highest in our company's 75 year history.

When we first embarked on our new strategic direction, we had confidence that our company could achieve operating margins above 10%. We were proud to be able to deliver margins above 10% in fiscal '24, and we expect to improve on that in fiscal '25. We remain focused on maximizing profit dollars within our segment margin target ranges.

And in the first quarter, we were able to increase adjusted operating income by 26%. With this strong earnings result, we are increasing our EPS outlook for the full year. Our performance this quarter demonstrates the sustainable operating improvements we've achieved through executing our strategy. Each of our four segments has made progress toward becoming an economic leader in the markets they serve. Our goal is to be top margin generator in each of our target markets. To achieve this, we've established a much more competitive cost structure, developed a relentless focus on operational execution and productivity.

And we've increased our mix of differentiated product and service offerings with an effort to deliver more value for our customers, allowing us to capture some of that value and allow us to gain share in our markets. The recent actions of Project Fortify continue to build on this progress, further improving our cost structure and better positioning the business for long-term, more profitable growth.

We've also had great success strengthening our core capabilities. The foundation of this is our Apogee Management System or AMS, which has helped us achieve meaningful productivity improvements. We've continued our shift from a de-centralized operating model, building center-led functional capabilities, that better support the business.

And we made significant strides in improving talent management and leadership development across the company. These strategic actions have laid the foundation for the profitability improvements that we are achieving. It also positions us well to integrate future acquisitions to drive both cost and growth synergy, delivering more value for our customers and our shareholders.

Looking ahead to the rest of the fiscal year. We continue to see a mixed picture for our end markets. As shown on slide 6, we expect continued headwinds in some construction market verticals, including office and commercial. Declines and the Architectural billing index point to a slowdown in construction activity. This will likely pressure volumes and or pricing in our Architectural segments.

On the positive side, we anticipate continued growth in institutional and infrastructure projects supported by significant government funding. Regardless of the macro-environment, our team is focused on delivering results while positioning the company for long-term growth.

We are managing what we can control, working with a growth mindset, continuing to drive productivity gains and prudently managing our costs. Our company is also positioned to gain share in our core markets. The combination of leading brands, deep customer relationships, and differentiated offerings provides a meaningful competitive advantage.

We are also making investments to accelerate our growth. This includes the capacity expansion and Large-Scale Optical, which we expect to be completed this fiscal year and will allow LSO to expand into attractive market adjacencies. We're also investing to add capabilities in our Architectural segments, to enable further geographic expansion in both framing and services.

Finally, we continue to work our acquisition pipeline, evaluating opportunities that complement our strategy and would be accretive to our financial performance.

With that, let me turn it over to, Matt.

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**Matthew Osberg Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President**

Thanks and good morning, everyone. I will begin with a discussion of our first quarter results and then provide an update on our fiscal year outlook. For the first quarter, although we posted a decline in net sales, we were pleased to deliver EPS growth ahead of our expectations.

But as we discussed in the fourth quarter conference call. We anticipated lower sales levels in the first quarter due to softness in our end markets and as a result of the actions of Project Fortify. These factors contributed to an 8% decline in consolidated net sales, driven primarily by Framing and Glass.

Despite lower sales, adjusted operating margin improved 350 basis points to 12.8%, driven by a more favorable mix of projects and services, favorable material costs, lower insurance related costs, productivity gains, and lower bad debt expense. Adjusted diluted EPS grew 37% to \$1.44, driven primarily by higher adjusted operating income and lower interest expense.

Turning to the segment results. Framing net sales declined 19%, primarily due to lower volumes and our strategic shift away from certain lower margin products as part of Project Fortify. Adjusted operating margin for Framing increased 240 basis points to 14.5%, primarily driven by favorable material costs, favorable mix, productivity gains and lower bad debt expense, which offset the impact of lower sales volume.

Net sales in Glass declined 11% primarily due to lower volume. Glass operating margin continued to exceed our expectations, improving by 270 basis points to 19.7%, primarily driven by productivity gains and improved pricing. Services net sales grew 11%, primarily due to a more favorable mix of projects and increased volume. Operating income was \$5.6 million, returning to more normal -- profitability levels compared to the operating loss in last year's first quarter. Services backlog ended the quarter at \$867 million. This is 7% higher than last quarter and 22% above the same quarter last year. This is the third consecutive quarter of backlog growth for Services and reflects a diverse set of project wins, in the health care, education and recreation sectors.

LSO net sales were down 6%, primarily due to lower volume in our retail channel, partially offset by a more favorable mix. Operating margin declined 170 basis points to 22.9%, reflecting the impact of lower volume, partially offset by cost savings and improved mix. Corporate and other expenses came in at \$4.5 million, down from \$7.6 million in last year's first quarter, primarily due to lower insurance related costs.

Turning to cash flow and the balance sheet. Cash from operations was \$5.5 million, down from \$21.3 million in last year's first quarter, primarily driven by an increase in cash used for working capital. As a reminder, the first quarter is typically our lowest cash flow quarter of the year due to the timing of incentive and other annual payments.

Our primary uses for cash in the quarter were \$15.1 million of share repurchases and \$7.2 million of capital expenditures. Our balance sheet remains very in a very strong position. With very low debt and no near-term maturities. We finished the quarter with a net leverage ratio of 0.2 times trailing 12-months adjusted EBITDA.

Moving to our outlook for the full fiscal year, we continue to expect net sales to decline 4% to 7%. This range includes approximately 2-percentage-points of decline related to fiscal '25 reverting to a 52-week year and approximately 1-percentage-points of decline related to the actions of Project Fortified.

Also, as Ty discussed, we continue to expect softening end market demand to put pressure on volume and pricing, particularly in Framing and Glass. We expect sales declines in Framing and Glass to be partially offset by growth in Services as we execute a strong pipeline of projects in our backlog, with sales in LSO approximately flat as retail channel headwinds offset new channel adjacency growth.

We now expect full year consolidated adjusted operating margin to improve compared to fiscal '24 primarily driven by the strong margin performance in the first quarter. However, we expect adjusted operating margins will decline sequentially throughout the remainder of the fiscal year, primarily due to lower volumes and pricing pressure in Framing and Glass.

At the segment level, we continue to expect Framing adjusted operating margin to improve compared to fiscal '24 and be within the target range of 10% to 15%. We continue to expect Glass operating margin will moderate compared to fiscal '24, but be towards the top end of the 10% to 15% target range, with margins declining sequentially throughout the rest of the year.

We continue to expect Services margins will improve sequentially throughout the fiscal year, moving closer to the 7% to 9% target range. We continue to expect LSO operating margin will decline as we expand into new adjacencies and begin to depreciate the capital assets for our capacity expansion, but will remain above the 20% target range.

Finally, we expect corporate and other expenses to be approximately \$7 million per quarter for the rest of the fiscal year. We are increasing our outlook for adjusted diluted EPS to a range of \$4.65 to \$5, primarily reflecting our stronger than expected first quarter

performance.

As a reminder, we anticipate the reversion to a 52-week year will reduce adjusted diluted EPS by approximately \$0.2. We continue to expect an effective tax rate of approximately 24.5% and full year capital expenditures of \$40 million to \$50 million. We also continue to expect lower full year cash flow from operations compared to fiscal '24 as the working capital changes that impacted the past two years normalizes.

In conclusion, we are proud of how our team continues to execute across the business, acting on opportunities to improve -- productivity and reduce costs, while taking the right steps to position the company for improved long-term growth. We continue to build a stronger foundation through executing our strategy, and our healthy balance sheet enables us to invest in our business actively seek accretive acquisition opportunities and return cash to shareholders.

With that, I'll turn it back over to Ty, for some concluding remarks.

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### **Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Thanks, Matt. Let me wrap up by once again, recognizing our team for another solid quarter. I'm proud of how they're navigating through challenging market environments to continue delivering improved profitability. Our results this quarter positioned the company for another year of adjusted operating margin expansion and adjusted EPS growth. We are focused on delivering near-term results with our priority working to drive long-term shareholder value.

With that, we are ready to take your questions.

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## **QUESTIONS AND ANSWERS**

### **Operator**

(Operator Instructions) Brent Thielman, D.A. Davidson.

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### **Brent Thielman D. A. Davidson & Co. - Analyst**

Good morning and congrats. Great quarter.

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### **Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Morning, Brent.

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### **Brent Thielman D. A. Davidson & Co. - Analyst**

Yes, maybe just to start on that services, the uplift in backlog this quarter, and -- maybe you could just talk about to what degree you think that's influenced by. Market conditions are just by some of the changes you made and your go to market strategy, maybe we could just start there?

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### **Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Sure. Well, I think one thing to highlight there is that backlog growth did not include a single office project, which speaks to the diversification efforts we have. That doesn't mean there aren't office opportunities out there like we've talked before, there's still some great opportunities for Class A space, new construction that we see in the pipeline.

But that was a big, I think, positive in terms of the team's efforts to really diversify. And we also continue to pick up some projects out West, which has been a thoughtful, purposeful investment. And from that perspective, from an overall market perspective, our

Services leader leadership team would tell you they are seeing softness as well.

So we believe we are actually taking share as a result of that, which kind of points to while we think they may show growth this year and they're building a nice backlog that sets them up for potential growth next year, but it is really through a share gain effort on some of that from the West, some of that from in their traditional markets in the Southeast, Midwest and Southwest as well.

That is putting a little bit of pressure on margins. So they're still showing margin improvement. And we expect that margin improvement will continue as they climb back into that 7% to 9% target range, but they are giving up a little bit of margin to capture that volume.

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**Brent Thielman D. A. Davidson & Co. - Analyst**

Yes, okay. Thanks, Ty. And then yes, to that point, the nice rebound in profitability in that business segment, maybe with the now with a better start, it sounds like you have more confidence in hitting that kind of 7% to 9% range. But I'm kind of taking that with what you just said tire that you've got newer, more competitive pressure in that business segments.

Maybe you could just talk to what you expect for the margin profile through this year relative to your kind of target range?

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**Matthew Osberg Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President**

Yes, I think you're reading it right there, Brent, in obviously the first quarter, we did expect them to improve significantly. They were slightly ahead of our expectations, but a really strong start to the year. And as we said, we think they improved sequentially and margin as we as we move forward.

We came into this year really excited about the pipeline that they've built up most of it from last year and looking at some of the projects we build execute on. So a great first quarter for them. We do expect them to continue to improve as the year goes on. And as we've talked about that, the backlog we're building now is primarily looking at fiscal '26. So trying to build a strong pipeline in that business for fiscal '26 as well.

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**Brent Thielman D. A. Davidson & Co. - Analyst**

Got it. And just last one, I'm still sort of surprised by the strength in glass profitability, is there is there sufficient evidence in your orders that that business you should see something lower in terms of margins and at these levels can't sustain?

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**Matthew Osberg Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President**

Yes, Brent. This is one where I don't want to be right, but we do think it will moderate throughout the year. And primarily what we see is we see a lot of pricing pressure as volumes softening end market demand is putting pressure on volumes, we're trying to titrate our pricing and it's getting pushed down.

And so we think there is going to be some pressure on pricing that's going to push down margins consecutively as we look at the rest of the quarters sequentially in the year on there was I think what was had that segment ahead of our expectations in Q1 was better pricing than we expected.

But looking at what we've got for the rest of the year, we don't think that that's going to continue to operate and get closer to the top end of that 10% to 15% margin range for the year.

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**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Yes. We track bid activity, Brent. So it's hard to see more than six-months out for that business. But one thing we do look at is the quoting activity and what the bid margin levels are to even stay in the game on some projects. And that's where we can see from the amount of activity on bid requests as well as where they're having to price that says, hey, we're staring at some lower volumes.

And if they do pick up some of that volume, it's going to be at slightly lower margin levels as we move ahead.

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**Brent Thielman D. A. Davidson & Co. - Analyst**

Okay, guys. Thanks, guys. Appreciate it. I'll pass it on.

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**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Thanks, Brent.

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**Operator**

Julio Romero, Sidoti & Company.

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**Julio Romero Sidoti & Company, LLC - Analyst**

Thanks. Hey, good morning, Ty and Jeff, thanks for taking the questions. Maybe to start on the guidance, I appreciate all the color you gave there. You mentioned you now expect the full year adjusted operating margins at the consolidated level to be year-over-year, but maybe some decline sequentially, but at the consolidated level and also on Glass.

Can you maybe just speak to framing and how you expect framing margins to trend from here on a sequential basis?

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**Matthew Osberg Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President**

Yes. I think within some of my prepared remarks as well, I mean, we expect Framing margins to decline sequentially as well. And it's a lot of the same story as Glass. We see softening end markets, more pressure on pricing, that's going to push down margins as we go through the end of the year.

So I'd say it's up. It's a similar story for Glass and Framing from a margin perspective.

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**Julio Romero Sidoti & Company, LLC - Analyst**

Got it. And just to stay on framing the margins this quarter were really impressive. Any way to kind of quantify how much cost savings you realized in framing this quarter related to project for four-year to five-year on a dollar perspective or from a margin perspective?

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**Matthew Osberg Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President**

Yes, we didn't quantify it. I would say it was in line with what our expectations are. We outlined the savings that we expect to get from that from the actions we're taking there, we are seeing the savings in line with how we have moved through the actions we still are not quite done with all the actions.

But for the ones that we've taken either in the fourth quarter, or in the first quarter, we are seeing the savings flow through and I'd say it's in line with our expectations.

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**Julio Romero Sidoti & Company, LLC - Analyst**

Got it. Really helpful. And then last one for me is just, Ty, if you could maybe speak to some growth plans and kind of a progress update on where that stands for us, specifically to the framing business and maybe growing that from a geographical perspective?

**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Yes. I would say we're furthest along with the people and process investments that our Services segment has made in growing west of the Rockies, and they've been picking up some projects as a result of that. And there's actually some plant expansion activity that's going on within their Texas facility to support that. And at some point, we may have to look at additional facilities further west as they continue to make in roads there.

On our framing side, the team is first and foremost, I mean, kind of lessons learned for those that have been with us on our journey. They're investing in what I would say are feet on the street West of the Rockies to really collect and get some good market data. This business is still very fragmented as an industry.

So we want good intel on what are the price points, what are the right product configurations to offer. So we have been hiring and bringing on sales coverage really at this point to give us good intel and then looking at how we can quote and supply to some of that market out of our Texas operation or out of our Missouri operation.

Even if initially those are at some lower margin levels, that kind of gives us solid confidence in what the price points and what the right product mix is for those parts of the market. So they're in early stages based on that info they collect over the next couple of quarters. That will help us make some decisions about organic as well as inorganic.

And we'll continue to look at acquisition opportunities to help accelerate that, but it will help us make some decisions on potential organic investments over the next year or two as well to really help them grow geographically beyond the Rockies.

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**Julio Romero Sidoti & Company, LLC - Analyst**

Great. Thanks very much for the color.

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**Operator**

Jon Braatz, KCCA.

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**Jonathan Braatz Kampala Capital City Authority - Analyst**

Good morning, everyone,

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**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Morning, John.

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**Matthew Osberg Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President**

Hey, Jon.

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**Jonathan Braatz Kampala Capital City Authority - Analyst**

Matt, I think maybe, Matt, you mentioned in your commentary that Architectural Framing margins improved a little bit because of the lower material costs. How do you see that going forward that has some legs and is there any benefit from lower material costs and in glass?

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**Matthew Osberg Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President**



I would say from a material cost perspective, I think there is some favorability that's baked into the forecast and our updated outlook that we gave today. I wouldn't say it's overly material, but I do see some favorability there from a glass perspective, I would say less. So I think that's more of kind of as our expectations come out, I don't think there's a big benefit there.

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**Jonathan Braatz Kampala Capital City Authority - Analyst**

Okay. Ty, how would you characterize your view of the market environment at this point versus where you were maybe three-months ago at the last call, has it worsened a little bit or weakened a little bit from what you were thinking three months ago?

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**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Look, John, I think we're getting some data points that I think further validates what we thought three-months ago. I mean, we pointed we thought we would see softness in the second half from a volume perspective. And as we work to maximize profit dollars, that might put some pressure on pricing so that you can find yourself in a position to still hang onto the most profit dollars as you can as part of that or even find a way to grow some of those profit dollars.

So I would say it hasn't changed dramatically. I'd say we're getting data points that kind of affirm what we were thinking of even for our glass business, which, as Matt said, still continued to surprise us in terms of margin strength. But as we look at that data now and we look at future awards and we're starting to get some visibility now into third quarter and a little bit of fourth quarter margin levels.

We can see that pressure is picking up a little bit. It will pull their margins down and you saw the volume decline. I mean, they had a revenue drop and they are able to over-deliver from a margin perspective and kind of keep margin dollars relatively in the ballpark from where they were okay.

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**Jonathan Braatz Kampala Capital City Authority - Analyst**

Okay. And then lastly, I know you're trying to I mean, working to expand into some adjacency markets in LSO. When might we begin to see some of that? Certainly, let's say, hit the top line, when might we see the benefit of some of these some of these or all the other?

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**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Actually, yes, we're actually seeing some of that come through now. They launched an acrylic based electrostatic. It's a substrate that they can sell into manufacturing, clean room facilities, some of the semiconductor build out. So we're actually seeing some wins and revenue flow through.

It's small initially via the product launches that they put in place, knowing they're going to have the additional capacity coming online. They've been aggressively chasing those opportunities now in the market. Could be noisy. I mean, we do see kind of same thing. We just think there's going to be some consumer softness through the account through the end of the calendar year.

So it's likely as we look at that business, you don't see much of a top line movement and you could see a little bit of margin erosion. And really what's happening there is their core framing business, some softening with some consumer spend, but they're replacing it with some of these technical glass and technical acrylic substrate applications at still very good margins.

I mean those would still be in the teens -- from an operating income perspective, but that's kind of how we're looking at the business right now for the year, kind of how we expect it to perform, which gives us --Then as we turn the page to our fiscal '26.

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**Jonathan Braatz Kampala Capital City Authority - Analyst**

Okay, all right. Thank you very much.

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**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Thanks, John.

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**Operator**

(Operator Instructions) Chris Sakai, Singular Research.

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**Christopher Sakai Singular Research - Analyst**

Yes, hey, good morning. I'm in for BJ on -- Can you talk about your Good morning. Can you talk about your geographic expansion in Large-Scale Optical on any updates there.

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**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

While Large-Scale Optical, because of the products and the differentiation they have those products, they actually are able to ship their products globally. So they have business in Asia. They have business in Europe. Most of the business is still predominantly in the US. I think some of the new applications that they're going after, it's really a heavy North America focus with a US emphasis.

So they are set up well with the capacity and just given the price and performance of their products. And that we don't really see a need at this point to invest in any additional facilities to support that, that broader geographic growth.

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**Matthew Osberg Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President**

And Chris, this is Matt. I had a comment, too. So we made a comment about investing for growth in LSO, which was the capacity expansion that Ty had mentioned, which is more about getting them more just total production capabilities. And then geographical expansion is something that we're more focused on, I would say, from a framing and services perspective, and we've made some, I'd say, more manufacturing capability investments there to be able to have them win projects that are typically farther away than west of the Rockies by being able to have closer production or closer sales customer contact spaces.

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**Christopher Sakai Singular Research - Analyst**

Okay. Thanks. That's helpful. And then on you mentioned the flight to quality in some of the markets that you serve on. How is that trend still going?

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**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

I think we definitely are seeing that in our Services segment. So that's part of their share gain that we're seeing from this year. And right now, they've got good momentum behind that as they go to -- as they go into next year within the other parts of our business, service and lead times in our Framing business are still going to be key even as the market softens.

So the more that we can strengthen our capabilities there, I think the better we are in terms of holding on or gaining share in that business. And then from a glass perspective, I mean, we've put this big emphasis on the premium offering. So more value added features in each insulated glass unit.

That leaves our facilities from the team is looking at that, just with some of the volume softness, they're going to be in a little bit of a trade-off mode here. Do they give a little on price or they work with the customer instead of having three or four features on that -- maybe it's two or three, which will affect kind of pricing and margin.

And that's kind of what we built into our assumptions for our projections for the rest of the year, but without having to kind of go all the way back down and chasing a lot of high volume and commodity glass business. So I would say overall, when you look across it, it's holding up at this point.

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**Christopher Sakai Singular Research - Analyst**

Okay. Sounds good. And then on, can you talk about capital expenditures for the rest of the year, or how do you see that shaping up?

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**Matthew Osberg Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President**

Yes. We expect those to be within a range of \$40 million to \$50 million. We're pretty in line with the spending that we expected in the first quarter and consistent with what we've done in the prior year. So we're seeing that come in. I would say in line with our expectations.

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**Christopher Sakai Singular Research - Analyst**

Okay, great. Thanks for the answers.

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**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Thank you, Chris.

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**Matthew Osberg Apogee Enterprises Inc - Chief Financial Officer, Executive Vice President**

Thank you, Chris.

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**Operator**

Thank you. I would now like to turn the call back over to CEO, Ty Silberhorn, for closing remarks.

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**Ty Silberhorn Apogee Enterprises Inc - President, Chief Executive Officer, Director**

Well, thanks, everyone, for joining us today. And let me be maybe one of the first to wish everyone a great happy and a safe July 4, and we'll look forward to catching up with everyone next quarter or at some of our upcoming investor conferences. Have a great rest of your day.

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**Operator**

Thank you. This concludes the conference. Thank you for your participation. You may now disconnect.

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