



Apogee Enterprises Provides Business Update

April 30, 2020

Company Provides Update on Business Impact of COVID-19

Announces \$20 million of Additional Cost Actions

MINNEAPOLIS--(BUSINESS WIRE)--Apr. 30, 2020-- **Apogee Enterprises, Inc. (Nasdaq: APOG)** today provided an update on its business operations and actions the company has taken to align costs with market conditions.

"As the situation surrounding the COVID-19 outbreak continues to evolve, we remain focused on three imperatives: maintaining the health and safety of our employees; continuing to meet our customers' needs; and ensuring the long-term health of our business," said Joseph F. Puishys, Apogee's Chief Executive Officer. "I'd like to recognize the entire Apogee team for their tremendous efforts during this challenging time. We have quickly adapted our operations to ensure a healthy working environment, while supporting our customers with the products and services they need to keep critical infrastructure projects on schedule."

Mr. Puishys continued, "While most of our facilities remain fully operational, parts of our company are experiencing various levels of negative impact from the COVID-19 situation, especially the continued closure of our Large-Scale Optical segment. As a result, we have taken a number of preemptive measures to align our company's costs with the current market environment. We are doing so in a way that minimizes workforce reductions and maintains the capabilities and capacity we'll need as markets recover."

Business Update

At this time, most of the Large Scale Optical (LSO) segment's customers are closed to comply with various state and local government directives. While warehousing and shipping functions continue to operate, the company now expects the segment's two primary manufacturing locations will remain closed through the end of June, then gradually ramp-up in the second quarter as customers reopen for business, before resuming normal operations in the second half of the fiscal year. In light of significantly reduced near-term customer demand, the LSO segment is expected to report an operating loss in the first half of the fiscal year and then return to strong levels of financial performance when customers fully reopen.

The company's three Architectural segments continue to operate and serve customers, while taking the necessary precautions to ensure workforce health and safety and comply with local regulations. In the Architectural Services segment, projects are generally progressing as planned and orders remain strong, with backlog expected to increase in the first quarter. Architectural Framing Systems and Architectural Glass have seen some projects delayed or temporarily halted, particularly in regions with more COVID-19 related restrictions such as New York, Pennsylvania, California, and Quebec, where job sites and customers are closed.

Actions to Align Costs with Market Conditions

Given the current economic and operational uncertainty, the company has taken several significant proactive measures to manage its cost structure and cash flow, while minimizing job losses and preserving the capabilities required to meet demand as customers restart and the market recovers. To-date these actions include:

- 25 percent reductions to the CEO's salary and Board of Director fees
- 15 to 20 percent salary reductions for other business leaders
- 10 percent reduction in hours for much of the salaried workforce
- Suspension of company matching contributions for 401k retirement plans
- Suspending merit pay increases for salaried and office employees
- Company-wide freeze on new salaried hires
- Furloughs or reduced hours for many manufacturing employees
- Restricting capital expenditures to essential maintenance and safety related projects
- Suspending share repurchases

These actions are expected to reduce fiscal 2021 costs by approximately \$20 million, beginning immediately and will be fully implemented by the end of May. While these actions are planned to be temporary, they are expected to remain in effect for the next six months, to be reevaluated as the economic situation becomes clearer. With these cost actions, combined with the company's previously announced cost reduction plans, the company expects to realize approximately \$40 million of total savings in fiscal 2021.

Mr. Puishys concluded, "Looking ahead, I remain confident that Apogee will emerge from the COVID-19 situation poised for future success. With our diverse portfolio of market-leading brands, innovative product offerings, deep customer relationships, and network of facilities located near key North American markets, we are well positioned to resume growth when the environment normalizes. We will continue to monitor the situation closely and will provide further updates when we have greater visibility into our expected financial performance for the rest of the fiscal year."

About Apogee Enterprises

Apogee Enterprises, Inc. (Nasdaq: APOG) delivers distinctive solutions for enclosing commercial buildings and framing art. Headquartered in Minneapolis, MN, we are a leader in architectural products and services, providing architectural glass, aluminum framing systems and installation services for buildings, as well as value-added glass and acrylic for custom picture framing and displays. For more information, visit www.apog.com.

Forward-Looking Statements

This press release 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. 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. All forward-looking statements are qualified by factors that may affect the operating results of the company, including the following: (A) potential negative impact from pandemic health issues, such as the coronavirus / COVID-19, on our future financial results of operations, our future financial condition, and our ability to continue business activities in affected regions; (B) global economic conditions and the cyclical nature of the North American and Latin American commercial construction industries, which impact our three architectural segments, and consumer confidence and the conditions of the U.S. economy, which impact our large-scale optical segment; (C) fluctuations in foreign currency exchange rates; (D) actions of new and existing competitors; (E) ability to effectively utilize and increase production capacity; (F) loss of key personnel and inability to source sufficient labor; (G) product performance, reliability and quality issues; (H) project management and installation issues that could result in losses on individual contracts; (I) changes in consumer and customer preference, or architectural trends and building codes; (J) dependence on a relatively small number of customers in certain business segments; (K) revenue and operating results that could differ from market expectations; (L) self-insurance risk related to a material product liability or other event for which the company is liable; (M) dependence on information technology systems and information security threats; (N) cost of compliance with and changes in environmental regulations; (O) commodity price fluctuations, trade policy impacts, and supply availability; and (P) integration of recent acquisitions and management of acquired contracts. The company cautions investors that actual future results could differ materially from those described in the forward-looking statements, and that other factors may in the future prove to be important in affecting the company’s results of operations. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. More information concerning potential factors that could affect future financial results is included in the company’s Annual Report on Form 10-K for the fiscal year ended February 29, 2020 and in subsequent filings with the U.S. Securities and Exchange Commission.

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