

Apogee Enterprises, Inc.

Fiscal 2022 Second Quarter Earnings Call

September 21, 2021



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

Agenda

Introductory remarks

Ty Silberhorn

Chief Executive Officer

Financial results and outlook

Nisheet Gupta

Executive Vice President and Chief Financial Officer

Q&A



330 Madison Avenue | New York | LEED Gold

FY2022 second quarter highlights

- Sequential improvement in adjusted margin & earnings compared to Q1
- Continued strong performance in Architectural Services and LSO
- Strong cash flow and financial position; returning cash to shareholders
- Several headwinds impacting our results:
 - Input cost inflation
 - Supply chain disruptions
 - Continued softness in construction end markets
- Taking action to protect margins in the near-term
- Beginning to implement our new strategy to better position the company for long-term profitable growth

Net sales	\$326 M +2% year-over-year
Adjusted operating margin*	5.4% (260) bps year-over-year
Adjusted EPS*	\$0.53 (27)% year-over-year

*Non-GAAP metric, see reconciliation table

Driving progress in a challenging operating environment

FY2022 priorities

People

- Health and safety of our employees
- Talent management and development

Operational execution

- Rigor, focus and urgency on the vital few
- Drive simplification and standardization

Enterprise transformation

- Continue to build a more competitive cost model
- Strengthen core processes, systems, and capabilities

Sustainable growth

- Develop new enterprise-wide strategy
- Position the business for above market growth & improved profitability

Beginning to implement our new strategy

Focus, simplification, and improved execution to accelerate profitable growth

Moving to become the economic leader in our target markets

- Driving value for customers through differentiated offerings
- Clear go-to-market strategies
- Relentless focus on operational improvements and driving productivity
- Actively managing our portfolio, with a focus on ROIC
- Building functional centers of excellence, that leverage scale and support our businesses
- Building mindset, tools, and processes for improved execution

Actions announced in August are initial steps toward implementing our strategy

- Refocusing Architectural Glass to emphasize market segments with higher margin potential
- Realigning Architectural Framing Systems to increase focus on target markets, better serve customers, improve execution, and reduce costs
- Creating a unified market offering for larger, custom façade projects in Architectural Services

...more details to follow in our upcoming investor day

Consolidated results

Second quarter				Year-to-date			
\$ in millions, except EPS	Q2 FY22	Q2 FY21	Change	\$ in millions, except EPS	FY22	FY21	Change
Net sales	\$326	\$319	2%	Net sales	\$652	\$609	7%
Adjusted operating income*	\$17.7	\$25.5	(30)%	Adjusted operating income*	\$33.8	\$33.4	1%
Adjusted operating margin*	5.4%	8.0%	(260) bps	Adjusted operating margin*	5.2%	5.5%	(30) bps
Adjusted EBITDA*	\$30.7	\$39.5	(22)%	Adjusted EBITDA*	\$59.4	\$58.9	1%
Adjusted diluted EPS*	\$0.53	\$0.73	(27)%	Adjusted diluted EPS*	\$0.95	\$0.88	8%

*Non-GAAP metric, see reconciliation table

Segment results

Second quarter FY2022

	Revenue \$M	Adjusted operating margin*
Architectural Framing Systems <i>Year-over-year change</i>	\$150 (2)%	6.9% (70) bps
Architectural Glass <i>Year-over-year change</i>	\$79 (8)%	0.5% (520) bps
Architectural Services <i>Year-over-year change</i>	\$83 13%	8.7% (20) bps
Large-Scale Optical <i>Year-over-year change</i>	\$24 40%	23.3% 1060 bps

Year-to-date FY2022

	Revenue \$M	Adjusted operating margin*
Architectural Framing Systems <i>Year-over-year change</i>	\$302 - %	6.1% (20) bps
Architectural Glass <i>Year-over-year change</i>	\$162 (1)%	1.6% (110) bps
Architectural Services <i>Year-over-year change</i>	\$159 16%	7.4% (130) bps
Large-Scale Optical <i>Year-over-year change</i>	\$48 106%	23.7% NM

*Non-GAAP metric, see reconciliation table

Cash flow and balance sheet

\$ in millions	Twenty-Six Weeks Ended Aug 28, 2021	Twenty-Six Weeks Ended Aug 29, 2020
Cash flow from operations	\$54.9	\$85.3
Capital expenditures	\$10.1	\$14.2
Free cash flow*	\$44.8	\$71.1
Total debt	\$163.0	\$167.7
Cash & equivalents	\$61.8	\$19.0
Net debt**	\$101.2	\$148.7
Share repurchases	\$22.4	\$4.7
Dividends	\$10.1	\$9.8

*Free cash flow is a non-GAAP metric which the company defines as cash flow from operations less capital expenditures.

**Net debt is a non-GAAP metric which the company defines as total debt (current debt plus long-term debt) less cash and cash equivalents

Highlights

- Continued strong cash flow
- Returned \$32.5 million of cash to shareholders YTD
- Reduced net debt by \$47 million over the past 12 months
- No significant debt maturities until June 2024
- No outstanding borrowings on \$235 million revolver

Strong financial position with significant flexibility

FY2022 outlook

Adjusted earnings per share	\$2.20 to \$2.40
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Key Planning Assumptions

- Continued softness in architectural end markets
- Expect continued pressure from inflation, primarily in Framing & Glass
- Working to mitigate inflation through pricing, and continued progress on cost and productivity initiatives
- Headwind vs. FY21 from reversal of temporary COVID cost actions
- \$7-10 million of in-year costs related to transformation initiatives
- Expect tax rate of ~24.5% in the second-half of FY22
- CapEx ~\$35 million

Taking actions to offset continued headwinds

Concluding remarks

- Driving progress in a challenging operating environment
- Sequential performance improvements vs. Q1
- Strong cash flow and balance sheet
- Continued headwinds from inflation and supply chain challenges
- Taking action to protect margins in the near-term
- Beginning to execute our new strategy to position for the long-term

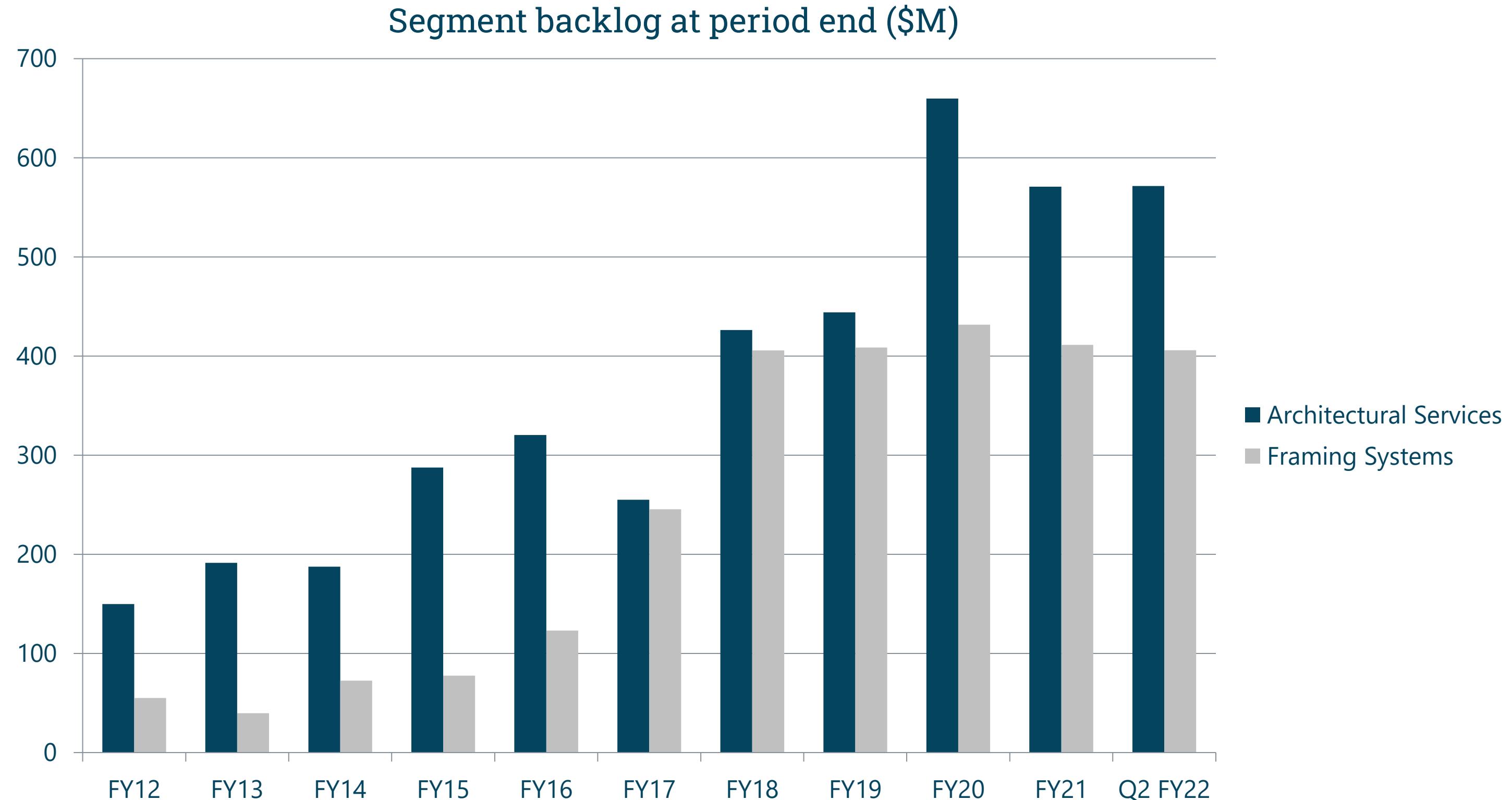


Wolf Point East | Chicago
Photo credit: Harmon, Inc.

Q&A



Backlog trend



Reconciliation of non-GAAP financial measures

Adjusted net earnings and adjusted earnings per diluted common share

(Unaudited)

In thousands	Three Months Ended		Six Months Ended	
	August 28, 2021	August 29, 2020	August 28, 2021	August 29, 2020
Net (loss) earnings	\$ (2,116)	\$ 17,658	\$ 8,701	\$ 20,534
Restructuring costs (1)	20,814	—	20,814	—
COVID-19 (2)	—	1,316	—	2,696
Post-acquisition and acquired project matters	—	1,000	—	1,000
Income tax impact on above adjustments (3)	(5,203)	(549)	(5,203)	(902)
Adjusted net earnings	\$ 13,495	\$ 19,425	\$ 24,312	\$ 23,328
(Loss) earnings per diluted common share	Three Months Ended		Six Months Ended	
	August 28, 2021	August 29, 2020	August 28, 2021	August 29, 2020
(Loss) earnings per diluted common share	\$ (0.08)	\$ 0.67	\$ 0.34	\$ 0.77
Restructuring costs (1)	0.82	—	0.81	—
COVID-19 (2)	—	0.05	—	0.10
Post-acquisition and acquired project matters	—	0.04	—	0.04
Income tax impact on above adjustments (3)	(0.20)	(0.02)	(0.20)	(0.03)
Adjusted earnings per diluted common share	\$ 0.53	\$ 0.73	\$ 0.95	\$ 0.88

Per share amounts are computed independently for each of the items presented so the sum of the items may not equal the total amount.

(1) Adjustment related to previously announced decision to exit certain operations in the Architectural Glass segment and reorganize operations within the Architectural Framing Systems segment, including \$15.4 million of asset impairment charges, \$4.3 million of employee termination costs and \$1.1 million of other costs associated with these restructuring plans.

(2) Adjustment for COVID-19-related costs, primarily incremental labor costs due to quarantine-related absenteeism and personal protective equipment for employees.

(3) Income tax impact calculated using an estimated statutory tax rate of 25%, which reflects the estimated blended statutory tax rate for the jurisdiction in which the charge or income occurred.

Reconciliation of non-GAAP financial measures

Adjusted operating income and adjusted operating margin (Unaudited)

In thousands	Three Months Ended August 28, 2021						Consolidated	
	Framing Systems Segment		Glass Segment		Corporate			
	Operating income	Operating margin	Operating income	Operating margin	Operating loss	Operating income	Operating margin	Operating income
Operating income (loss)	\$ 8,278	5.5%	\$ (16,995)	(21.4)%	\$ (7,076)	\$ (3,068)	(0.9)%	
Restructuring costs (1)	2,048	1.4%	17,391	21.9%	1,375	20,814	6.4%	
Adjusted operating income (loss)	\$ 10,326	6.9%	\$ 396	0.5%	\$ (5,701)	\$ 17,746	5.4%	

(1) Adjustment related to previously announced decision to exit certain operations in the Architectural Glass segment and reorganize operations within the Architectural Framing Systems segment, including \$15.4 million of asset impairment charges, \$4.3 million of employee termination costs and \$1.1 million of other costs associated with these restructuring plans.

In thousands	Three Months Ended August 29, 2020						Consolidated	
	Framing Systems Segment		Glass Segment		Corporate			
	Operating income	Operating margin	Operating income	Operating margin	Operating loss	Operating income	Operating margin	Operating income
Operating income (loss)	\$ 11,697	7.6%	\$ 4,976	5.7%	\$ (2,176)	\$ 23,215	7.3%	
COVID-19 (2)	—	—	—	—	—	1,316	1,316	0.4%
Post-acquisition & acquired project matters	—	—	—	—	—	1,000	1,000	0.3%
Adjusted operating income (loss)	\$ 11,697	7.6%	\$ 4,976	5.7%	\$ 140	\$ 25,531	8.0%	

(2) Adjustment for COVID-19-related costs, primarily incremental labor costs due to quarantine-related absenteeism and personal protective equipment for employees.

Reconciliation of non-GAAP financial measures

Adjusted operating income and adjusted operating margin (Unaudited)

In thousands	Six Months Ended August 28, 2021						Consolidated	
	Framing Systems Segment		Glass Segment		Corporate		Operating income	Operating margin
	Operating income	Operating margin	Operating income	Operating margin	Operating loss			
Operating (loss) income	\$ 16,338	5.4%	\$ (14,867)	(9.2)%	\$ (11,607)		\$ 12,973	2.0%
Restructuring costs (1)	2,048	0.7%	17,391	10.7%	1,375		20,814	3.2%
Adjusted operating income (loss)	\$ 18,386	6.1%	\$ 2,524	1.6%	\$ (10,232)		\$ 33,787	5.2%

(1) Adjustment related to previously announced decision to exit certain operations in the Architectural Glass segment and reorganize operations within the Architectural Framing Systems segment, including \$15.4 million of asset impairment charges, \$4.3 million of employee termination costs and \$1.1 million of other costs associated with these restructuring plans.

In thousands	Six Months Ended August 29, 2020						Consolidated	
	Framing Systems Segment		Glass Segment		Corporate		Operating income	Operating margin
	Operating income	Operating margin	Operating income	Operating margin	Operating loss			
Operating income (loss)	\$ 18,993	6.3%	\$ 4,482	2.7%	\$ (4,720)		\$ 29,683	4.9%
COVID-19 (2)	—	—	—	—	—	2,696	2,696	0.4%
Post-acquisition & acquired project matters	—	—	—	—	1,000		1,000	0.2%
Adjusted operating income (loss)	\$ 18,993	6.3%	\$ 4,482	2.7%	\$ (1,024)		\$ 33,379	5.5%

(2) Adjustment for COVID-19-related costs, primarily incremental labor costs due to quarantine-related absenteeism and personal protective equipment for employees.

Reconciliation of non-GAAP financial measures

EBITDA and Adjusted EBITDA (Unaudited)

	Three Months Ended August 28, 2021	Three Months Ended August 29, 2020	Six Months Ended August 28, 2021	Six Months Ended August 29, 2020
<i>In thousands</i>				
Net (loss) earnings	\$ (2,116)	\$ 17,658	\$ 8,701	\$ 20,534
Income tax (benefit) expense	(1,919)	5,493	1,753	6,623
Interest expense, net	1,072	1,324	2,310	2,739
Depreciation and amortization	12,828	12,744	25,808	25,284
EBITDA	\$ 9,865	\$ 37,219	\$ 38,527	\$ 55,180
Restructuring costs (1)	20,814	—	20,814	—
COVID-19 (2)	—	1,316	—	2,696
Post-acquisition and acquired project matters	—	1,000	—	1,000
Adjusted EBITDA	\$ 30,679	\$ 39,535	\$ 59,386	\$ 58,876

(1) Adjustment related to previously announced decision to exit certain operations in the Architectural Glass segment and reorganize operations within the Architectural Framing Systems segment, including \$15.4 million of asset impairment charges, \$4.3 million of employee termination costs and \$1.1 million of other costs associated with these restructuring plans.

(2) Adjustment for COVID-19-related costs, primarily incremental labor costs due to quarantine-related absenteeism and personal protective equipment for employees.