



CREATING  
PEAK VALUE

# Apogee Enterprises, Inc.

Nasdaq: APOG

## Fiscal 2024 Fourth Quarter Earnings Call

April 18, 2024

# Non-GAAP measures & forward-looking statements

This presentation contains non-GAAP financial measures which the company uses to evaluate the Company's historical and prospective financial performance, measure operational profitability on a consistent basis, as a factor in determining executive compensation, and to 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 contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "anticipate," "intend," "estimate," "forecast," "project," "should" and similar expressions are intended to identify "forward-looking statements". These statements reflect Apogee management's expectations or beliefs as of the date of this presentation. 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. These forward-looking statements are subject to significant risks that could cause actual results to differ materially from the expectations reflected in the forward-looking statements. More information concerning potential factors that could affect future financial results is included in today's press release, the company's Annual Report on Form 10-K for the fiscal year ended February 25, 2023, and in subsequent filings with the U.S. Securities and Exchange Commission.

# Agenda

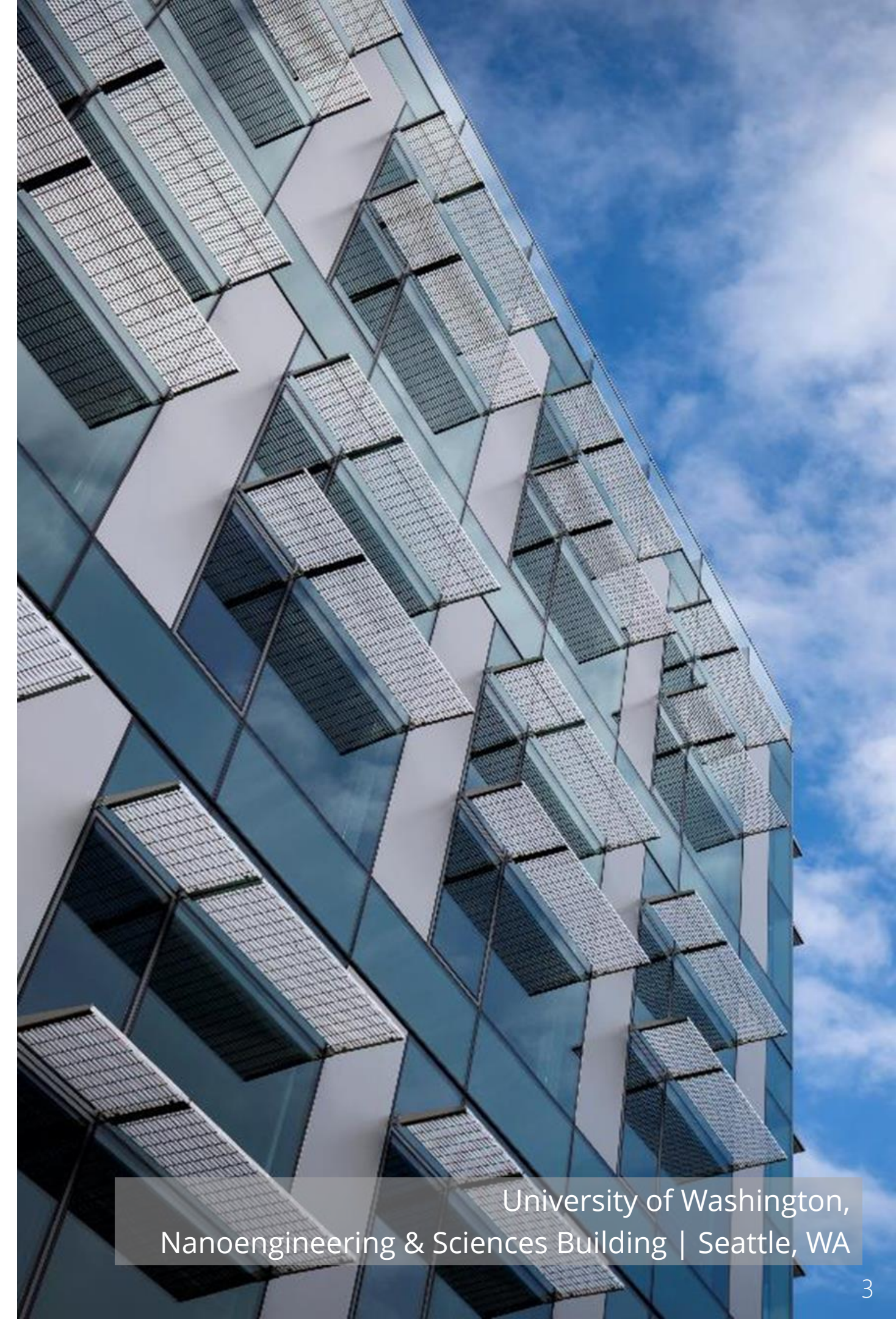
## **Introductory remarks**

Ty Silberhorn  
Chief Executive Officer

## **Financial results and outlook**

Matt Osberg  
Chief Financial Officer

## **Q&A**



University of Washington,  
Nanoengineering & Sciences Building | Seattle, WA

# Executing our Enterprise Strategy

**Create Peak Value** by building **differentiated** businesses with **strong** operational execution

1

**ECONOMIC LEADER**  
IN TARGET MARKETS

2

**ACTIVELY MANAGE**  
THE PORTFOLIO

3

**STRENGTHEN CORE**  
CAPABILITIES & PLATFORMS

## FOUNDATIONAL ENABLERS

- Results-driven Culture
- Talent Development
- Apogee Management System (AMS)
- Best-in-class Governance

# Full-Year FY2024 Highlights

- Record adj. operating income and adj. diluted EPS
- Record cash flow generation
- Achieved step change in Architectural Glass performance
- Delivered sustainable cost and productivity gains
- Grew our mix of differentiated offerings
- Continued to strengthen core capabilities

<b>Net sales</b>	<b>\$1.42 B</b> (2)% year-over-year
<b>Adjusted operating income*</b>	<b>\$146.2 M</b> +16% year-over-year
<b>Adjusted diluted EPS*</b>	<b>\$4.77</b> +20% year-over-year
<b>Cash flow from operations</b>	<b>\$204.2 M</b> +99% year-over-year

Strong progress to advance our strategy

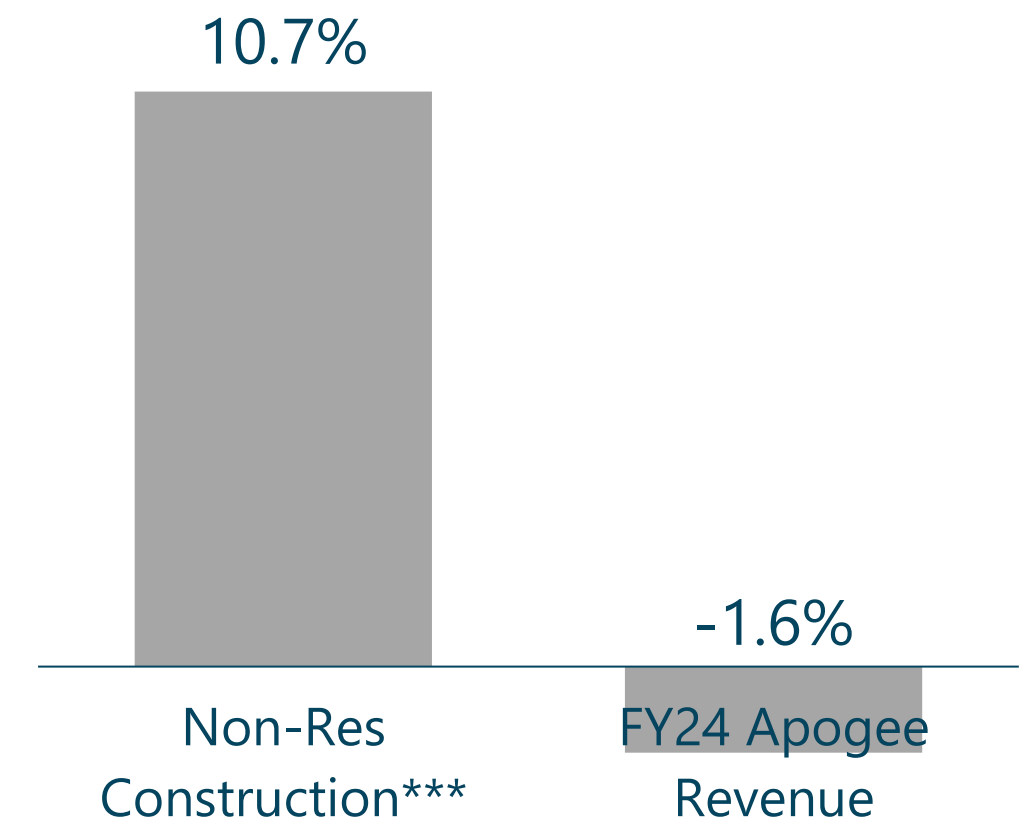
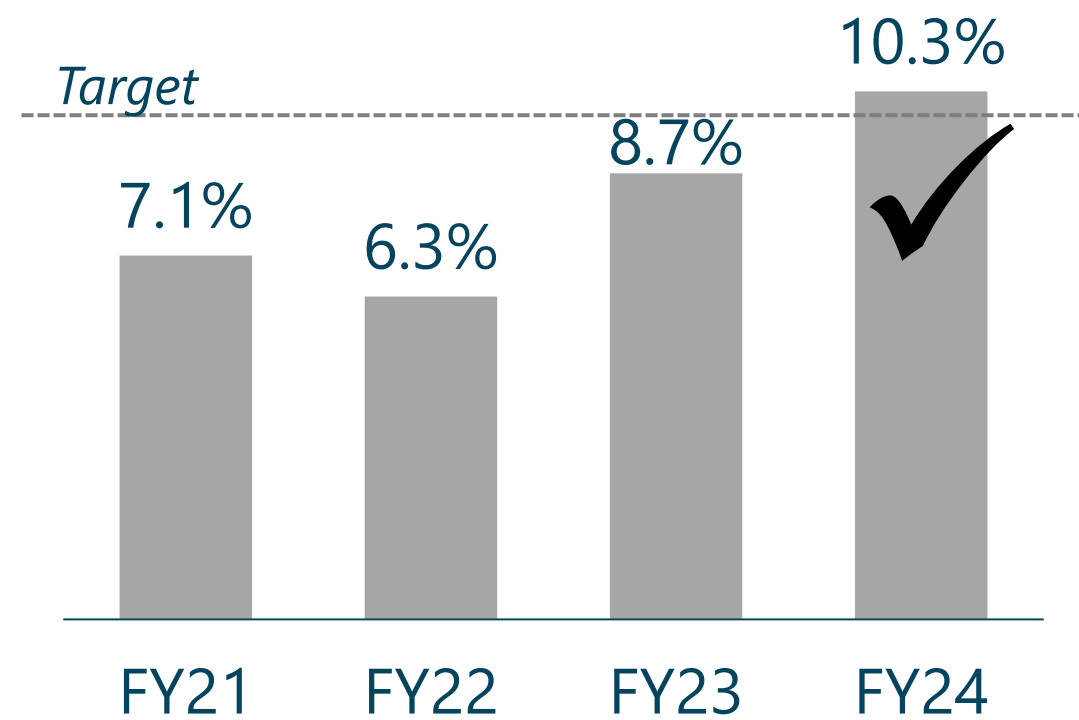
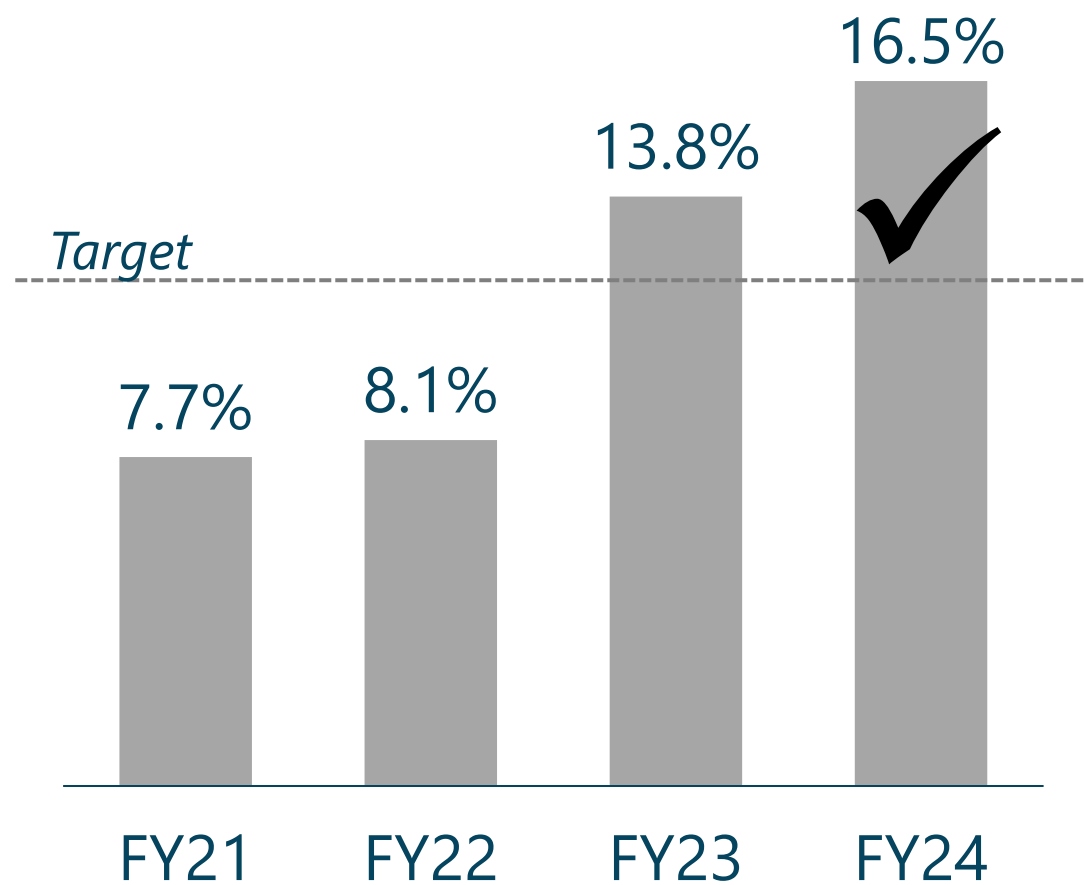
# Driving Progress Toward our Financial Targets

## Fiscal 2025 Enterprise Targets *(announced at our Nov 2021 investor day)*

> 12%  
Adjusted ROIC\*

> 10%  
Adjusted  
Operating Margin\*\*

> 1.2x  
Construction Index  
Revenue Growth



\*Adjusted ROIC is a non-GAAP metric, see appendix for a reconciliation.

\*\*Adjusted operating margin is a non-GAAP metric, see appendix for a reconciliation.

\*\*\*Growth in the value of non-residential building construction put in place in calendar 2023, as reported by the U.S. Census Bureau.








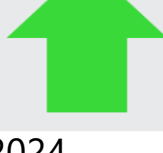
# Segment Margin Performance

	SEGMENT ADJUSTED OPERATING MARGIN TARGET	FY2024 RESULTS*
<b>Framing Systems</b>	9-12% → <b>10-15%</b> <i>Increasing our target margin range for Framing Systems</i>	<b>11.8%</b>
<b>Glass</b>	<b>10-15%</b>	<b>18.0%</b>
<b>Services</b>	<b>7-9%</b>	<b>3.8%</b>
<b>LSO</b>	<b>20%+</b>	<b>24.4%</b>

\*Segment adjusted operating margin is a non-GAAP metric, see appendix for a reconciliation.

# Market Outlook

## FMI forecast for construction put in place in the U.S. by building type

Building Type	Forecasted 2024 Growth Rate	Forecasted Put-in-Place Spend (\$ billions)
Multifamily residential	 -8%	\$133
Office (excluding data centers)	 -2%	\$74
Commercial	 -2%	\$130
Health care	 +8%	\$69
Educational	 +9%	\$127
Lodging	 +14%	\$27
Amusement & recreation	 +7%	\$35
Transportation	 +10%	\$70

Shifting market dynamics driving continued focus on diversifying our project mix

Source: FMI 2024 North American Engineering and Construction Outlook, April 2024



# Continuing to Execute our Strategy – Project Fortify

*Project Fortify was announced on January 30, 2024 and will position Framing Systems for continued profitable growth, as well as optimize processes and streamline resources in the Services and Corporate Segments*



- Phase out lower-margin product offerings
- Consolidate Framing Systems into a single operating entity
- Further optimize our manufacturing footprint
- Simplify our brand portfolio & commercial model
- Focus on higher-growth, higher-margin opportunities
- Expected **annualized cost savings of \$12-\$14 million**

# Advancing the Apogee Management System

*A multi-year approach for building an operating framework and tools to support a culture of excellence*

## **Lay the foundation**

- Add key talent
- Reinvigorate Lean
- Apply 80/20
- Build foundation in Architectural Glass
- Focus on generating bottom-line benefits immediately
- Build organizational alignment

## **Expand the scope**

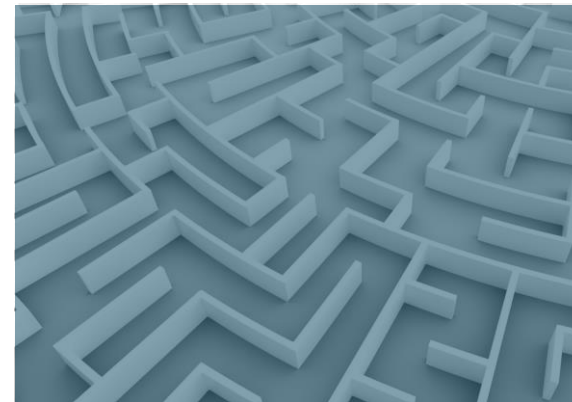
- Expand toolkit to other businesses
- Go beyond Lean:
  - Culture & values
  - Voice of customer
  - Value chain optimization
  - Built in quality
- Productivity hoppers
- Grow AMS talent base

## **Embed in the culture**

- Shared language & philosophy
- Common tools & processes
- AMS embedded into talent management
- Playbook for integrating acquired businesses

# Increasing our Focus on Growth

## Embedding a Growth Mindset



### Capture share

- Geographic expansion
- Improved product & service performance

### Focus on higher growth opportunities

- Architectural product diversification
- Expansion into adjacent markets

### Invest to accelerate growth

- Organic investments
- Acquisitions that complement our strategy

# FY2024 Fourth-Quarter Results

\$ in millions, except EPS	Q4 FY24*	Q4 FY23	Change
Net sales	\$361.8	\$344.1	5.2%
Adjusted operating income**	\$34.3	\$25.7	33.1%
Adjusted operating margin**	9.5%	7.5%	200 bps
Adjusted EBITDA**	\$43.0	\$36.7	17.1%
Adjusted EBITDA margin**	11.9%	10.7%	120 bps
Adjusted diluted EPS**	\$1.14	\$0.86	32.6%

\*Q4 FY2024 included an additional week of operations compared to Q4 FY2023

\*\*Non-GAAP metric, see reconciliation table

## Commentary

- Net sales growth driven by improved pricing & mix
- Adjusted operating income and margin increase driven by:
  - Improved pricing and mix and the impact of cost savings initiatives
  - Partially offset by higher wages and benefit expense
- Adjusted diluted EPS growth driven by:
  - Higher adjusted operating income and lower interest expense
  - Partially offset by higher Other expense

# FY2024 Full-Year Results

\$ in millions, except EPS	FY2024*	FY2023	Change
Net sales	\$1,417	\$1,441	(1.6)%
Adjusted operating income**	\$146.2	\$125.8	16.3%
Adjusted operating margin**	10.3%	8.7%	160 bps
Adjusted EBITDA**	\$185.2	\$166.7	11.1%
Adjusted EBITDA margin**	13.1%	11.6%	150 bps
Adjusted diluted EPS**	\$4.77	\$3.98	19.8%
Adjusted ROIC**	16.5%	13.8%	270 bps

\*FY2024 included an additional week of operations compared to FY2023

\*\*Non-GAAP metric, see reconciliation table

## Commentary

- Net sales decline reflects lower volumes, partially offset by improved product mix & pricing
- Adjusted operating income and margin increase driven by:
  - Improved pricing and mix, and the impact of cost savings initiatives
  - Partially offset by less favorable mix of projects in Services, higher salary and benefits costs, and the impact of inflationary costs
- Adjusted diluted EPS growth driven by:
  - Higher adjusted operating income and lower interest expense
  - Partially offset by higher Other expense

# Segment Results

## Fourth quarter FY2024

	Segment net sales \$M	Adjusted operating margin %
Architectural Framing Systems <i>Year-over-year change</i>	\$139.2 <i>(6.3)%</i>	9.2% <i>(130) bps</i>
Architectural Glass <i>Year-over-year change</i>	\$96.2 <i>18.2%</i>	19.7% <i>800 bps</i>
Architectural Services <i>Year-over-year change</i>	\$106.3 <i>7.9%</i>	5.8% <i>210 bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$27.1 <i>(0.4)%</i>	25.6% <i>450 bps</i>

## Full Year FY2024

	Segment net sales \$M	Adjusted operating margin %
Architectural Framing Systems <i>Year-over-year change</i>	\$601.7 <i>(7.4)%</i>	11.8% <i>(80) bps</i>
Architectural Glass <i>Year-over-year change</i>	\$378.4 <i>19.6%</i>	18.0% <i>900 bps</i>
Architectural Services <i>Year-over-year change</i>	\$378.4 <i>(7.8)%</i>	3.8% <i>(60) bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$99.2 <i>(4.8)%</i>	24.4% <i>10 bps</i>

- Segment net sales is defined as net sales for a certain segment and includes revenue related to intersegment transactions.
- Segment operating income is defined as operating income for a certain segment including operating income related to intersegment transactions and excluding certain corporate costs that are not allocated at a segment level.
- Segment operating margin is defined as segment operating income divided by segment net sales.

# Cash Flow and Balance Sheet

\$ in millions	FY2024	FY2023
Cash flow from operations	\$204.2	\$102.7
Capital expenditures	\$43.2	\$45.2
Free cash flow*	\$161.0	\$57.5
Share repurchases	\$11.8	\$74.3
Dividends	\$21.1	\$19.7
	<b>Mar 2, 2024</b>	<b>Feb 25, 2023</b>
Total debt	\$62.0	\$169.8
Cash & equivalents	\$37.2	\$19.9
Net debt**	\$24.8	\$149.9
Net leverage**	0.1x	0.9x

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

\*\*Net debt and net leverage are non-GAAP metrics. See reconciliation table.

Tables may not foot due to rounding

## Highlights

- Record cash flow from operations and free cash flow
- Year-over-year cash flow increase primarily driven by improvement in working capital
- Invested \$43.2 million in CapEx
- Reduced total debt by \$107.8 million during the year
- Returned \$33.0 million of cash to shareholders through dividends and share repurchases

**Strong financial position – Deploying capital to drive value**

# FY2025 Outlook

**Net sales**

**(7)% to (4)%  
compared to FY24**

**Adjusted  
diluted EPS\***

**\$4.35 to \$4.75**

## Additional details

- Net sales impacted by:
  - ~2 percentage point decline related to reverting to a 52-week year
  - ~1 percentage point decline related to Project Fortify
- Reversion to 52-week year expected to reduce adjusted diluted EPS by ~\$0.20 compared to FY24
- Assuming adjusted effective tax rate of approximately 24.5%
- Planning CapEx between \$40 to \$50 million

\*Non-GAAP metric, see reconciliation table

Sustaining our progress, while positioning for long-term growth



# Concluding Remarks

- Execution of our strategy has driven sustainable operating improvements
  - Significant cost and productivity improvements
  - Grew our mix of differentiated product & service offerings
  - Strengthened core processes and systems
- Full-year adjusted operating margin and ROIC exceeded our targets
- Record full-year adjusted diluted EPS
- Record cash flow and strong financial position
- Positioning the company to drive long-term shareholder value



One World Trade Center  
New York, NY

# Q&A

---



enterprises, inc.

# Reconciliation of non-GAAP financial measures

## Adjusted net earnings and adjusted diluted earnings per share

(Unaudited)

<i>In thousands</i>	Three Months Ended		Twelve Months Ended	
	March 2, 2024	February 25, 2023	March 2, 2024	February 25, 2023
	(14 weeks)	(13 weeks)	(53 weeks)	(52 weeks)
Net earnings	\$ 15,736	\$ 20,222	\$ 99,613	\$ 104,107
Restructuring charges (1)	12,403	—	12,403	—
NMTC settlement gain (2)	—	—	(4,687)	—
Worthless stock deduction and related discrete tax benefits (3)	—	(1,131)	—	(14,833)
Income tax impact on above adjustments	(3,039)	—	(1,890)	—
Adjusted net earnings	\$ 25,100	\$ 19,091	\$ 105,439	\$ 89,274
	Three Months Ended		Twelve Months Ended	
	March 2, 2024	February 25, 2023	March 2, 2024	February 25, 2023
	(14 weeks)	(13 weeks)	(53 weeks)	(52 weeks)
Diluted earnings per share	\$ 0.71	\$ 0.91	\$ 4.51	\$ 4.64
Restructuring charges (1)	0.56	—	0.56	—
NMTC settlement gain (2)	—	—	(0.21)	—
Worthless stock deduction and related discrete tax benefits (3)	—	(0.05)	—	(0.66)
Income tax impact on above adjustments	(0.14)	—	(0.09)	—
Adjusted diluted earnings per share	\$ 1.14	\$ 0.86	\$ 4.77	\$ 3.98
Weighted average diluted shares outstanding	22,102	22,326	22,091	22,416

(1) Restructuring charges related to Project Fortify, including \$6.2 million of asset impairment charges, \$5.9 million of employee termination costs and \$0.3 million of other costs.

(2) Realization of a New Market Tax Credit (NMTC) benefit during the second quarter of fiscal 2024, which was recorded in other expense (income), net.

(3) Worthless stock deduction and related discrete income tax benefits from the impairment of the Sotawall business in fiscal 2023 which was recorded in income tax expense.

# Reconciliation of non-GAAP financial measures

## Adjusted operating income (loss) and adjusted operating margin (Unaudited)

	Three Months Ended March 2, 2024					
<i>In thousands</i>	Architectural Framing Systems	Architectural Glass	Architectural Services	LSO	Corporate and Other	Consolidated
Operating income (loss)	\$ 6,847	\$ 18,927	\$ 3,629	\$ 6,945	\$ (14,482)	\$ 21,866
Restructuring charges (1)	5,970	—	2,526	—	3,907	12,403
Adjusted operating income (loss)	\$ 12,817	\$ 18,927	\$ 6,155	\$ 6,945	\$ (10,575)	\$ 34,269
Operating margin	4.9%	19.7%	3.4%	25.6%	N/M	6.0%
Restructuring charges (1)	4.3%	—	2.4%	—	N/M	3.4%
Adjusted operating margin	9.2%	19.7%	5.8%	25.6%	N/M	9.5%

	Three Months Ended February 25, 2023					
<i>In thousands</i>	Architectural Framing Systems	Architectural Glass	Architectural Services	LSO	Corporate and Other	Consolidated
Operating income (loss)	\$ 15,609	\$ 9,523	\$ 3,691	\$ 5,750	\$ (8,834)	\$ 25,739
Operating margin	10.5%	11.7%	3.7%	21.1%	N/M	7.5%

(1) Restructuring charges related to Project Fortify, including \$6.2 million of asset impairment charges, \$5.9 million of employee termination costs and \$0.3 million of other costs.

# Reconciliation of non-GAAP financial measures

## Adjusted operating income (loss) and adjusted operating margin (Unaudited)

	Twelve Months Ended March 2, 2024					
<i>In thousands</i>	Architectural Framing Systems	Architectural Glass	Architectural Services	LSO	Corporate and Other	Consolidated
Operating income (loss)	\$ 64,833	\$ 68,046	\$ 11,840	\$ 24,233	\$ (35,119)	\$ 133,833
Restructuring charges (1)	5,970	—	2,526	—	3,907	12,403
Adjusted operating income (loss)	\$ 70,803	\$ 68,046	\$ 14,366	\$ 24,233	\$ (31,212)	\$ 146,236
Operating margin	10.8%	18.0%	3.1%	24.4%	N/M	9.4%
Restructuring charges (1)	1.0%	—	0.7%	—	N/M	0.9%
Adjusted operating margin	11.8%	18.0%	3.8%	24.4%	N/M	10.3%

	Twelve Months Ended February 25, 2023					
<i>In thousands</i>	Architectural Framing Systems	Architectural Glass	Architectural Services	LSO	Corporate and Other	Consolidated
Operating income (loss)	\$ 81,875	\$ 28,610	\$ 18,140	\$ 25,348	\$ (28,185)	\$ 125,788
Operating margin	12.6%	9.0%	4.4%	24.3%	N/M	8.7%

(1) Restructuring charges related to Project Fortify, including \$6.2 million of asset impairment charges, \$5.9 million of employee termination costs and \$0.3 million of other costs.

# Reconciliation of non-GAAP financial measures

## EBITDA, Adjusted EBITDA, and Adjusted EBITDA Margin (Earnings before interest, taxes, depreciation, and amortization) (Unaudited)

	Three Months Ended		Twelve Months Ended	
	March 2, 2024	February 25, 2023	March 2, 2024	February 25, 2023
	(14 weeks)	(13 weeks)	(53 weeks)	(52 weeks)
<i>In thousands</i>				
Net earnings	\$ 15,736	\$ 20,222	\$ 99,613	\$ 104,107
Income tax expense	3,548	3,879	29,640	12,514
Interest expense, net	949	2,166	6,669	7,660
Depreciation and amortization	10,403	10,478	41,588	42,403
EBITDA	\$ 30,636	\$ 36,745	\$ 177,510	\$ 166,684
Restructuring charges (1)	12,403	—	12,403	—
NMTC settlement gain (2)	—	—	(4,687)	—
Adjusted EBITDA	\$ 43,039	\$ 36,745	\$ 185,226	\$ 166,684
EBITDA Margin	8.5%	10.7%	12.5%	11.6%
Adjusted EBITDA Margin	11.9%	10.7%	13.1%	11.6%

(1) Restructuring charges related to Project Fortify, including \$6.2 million of asset impairment charges, \$5.9 million of employee termination costs and \$0.3 million of other costs.

(2) Realization of a New Market Tax Credit (NMTC) benefit during the second quarter of fiscal 2024, which was recorded in other expense (income), net.

# Reconciliation of non-GAAP financial measures

## Net Leverage Ratio (Unaudited)

<b>Net Debt</b> <i>(in thousands)</i>	<b>March 2, 2024</b>	<b>February 25, 2023</b>
Long-term debt	\$ 62,000	\$ 169,837
Less: cash and cash equivalents	37,216	19,924
Net debt	\$ 24,784	\$ 149,913
<b>Adjusted EBITDA</b> <i>(in thousands)</i>	<b>Trailing 12 months, ending March 2, 2024</b>	<b>Trailing 12 months, ending February 25, 2023</b>
Net earnings	\$ 99,613	\$ 104,107
Income tax expense	29,640	12,514
Interest expense, net	6,669	7,660
Depreciation and amortization	41,588	42,403
EBITDA	\$ 177,510	\$ 166,684
Restructuring charges (1)	12,403	—
NMTC settlement gain (2)	(4,687)	—
Adjusted EBITDA	\$ 185,226	\$ 166,684
<b>Net Leverage</b>	<b>March 2, 2024</b>	<b>February 25, 2023</b>
Net debt	\$ 24,784	\$ 149,913
Adjusted EBITDA	\$ 185,226	\$ 166,684
Net leverage	0.1x	0.9x

(1) Restructuring charges related to Project Fortify, including \$6.2 million of asset impairment charges, \$5.9 million of employee termination costs and \$0.3 million of other costs.

(2) Realization of a New Market Tax Credit (NMTC) benefit during the second quarter of fiscal 2024, which was recorded in other expense (income), net.

# Reconciliation of non-GAAP financial measures

## Adjusted Return on Invested Capital Reconciliation (Unaudited)

	Twelve Months Ended	
	March 2, 2024	February 25, 2023
<i>In thousands, except percentages</i>	(53 weeks)	(52 weeks)
Operating income	\$ 133,833	\$ 125,788
Restructuring charges (1)	12,403	—
Adjusted operating income	\$ 146,236	\$ 125,788
Tax adjustment (2)	35,828	30,818
Adjusted operating income after taxes	\$ 110,408	\$ 94,970
Average invested capital (3)	\$ 668,555	\$ 686,124
Adjusted return on invested capital (ROIC) (4)	16.5%	13.8%

- (1) Restructuring charges related to Project Fortify, including \$6.2 million of asset impairment charges, \$5.9 million of employee termination costs and \$0.3 million of other costs.
- (2) Income tax impact calculated using an estimated statutory tax rate of 24.5%, which reflects the estimated blended statutory tax rate for the jurisdiction in which the charge or income occurred.
- (3) Average invested capital represents a trailing five quarter average of total assets less average current liabilities (excluding current portion long-term debt).
- (4) Adjusted ROIC calculated by dividing adjusted operating income after taxes by average invested capital



# Reconciliation of non-GAAP financial measures

## Fiscal 2025 Outlook

Reconciliation of Fiscal 2025 outlook of estimated diluted earnings per share to adjusted diluted earnings per share  
(Unaudited)

	Fiscal Year Ending March 1, 2025	
	Low Range	High Range
Diluted earnings per share	\$ 4.25	\$ 4.55
Restructuring charges (1)	0.13	0.26
Income tax impact on above adjustments per share	(0.03)	(0.06)
Adjusted diluted earnings per share	\$ 4.35	\$ 4.75

(1) Restructuring charges related to Project Fortify.