



150 N. Riverside Plaza & River Point Tower  
Chicago, IL

# Apogee Enterprises, Inc.

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# 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 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

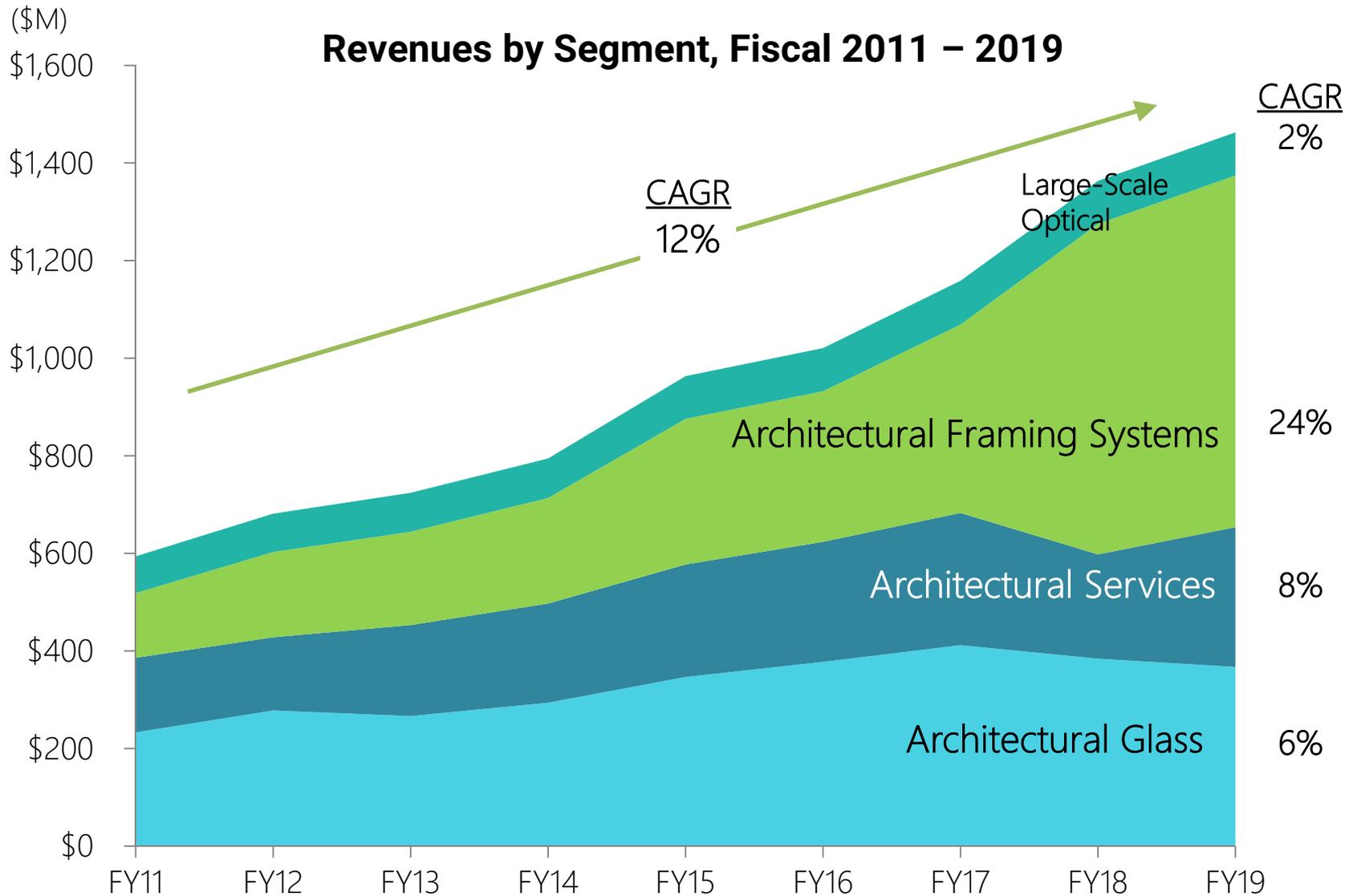
## **Improve the efficiency and productivity of our operations**

- 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**

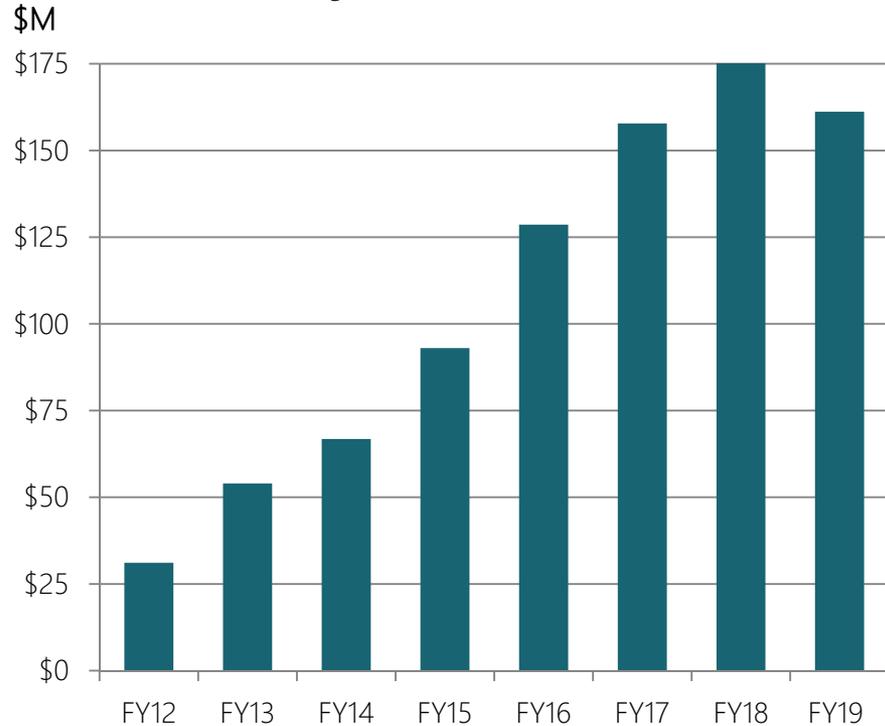
- Maintain a strong balance sheet
- Balanced approach to capital deployment – invest in our business & return cash to shareholders
- Investments in CapEx and acquisitions to drive growth and margin gains
- Dividends and opportunistic share repurchases

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

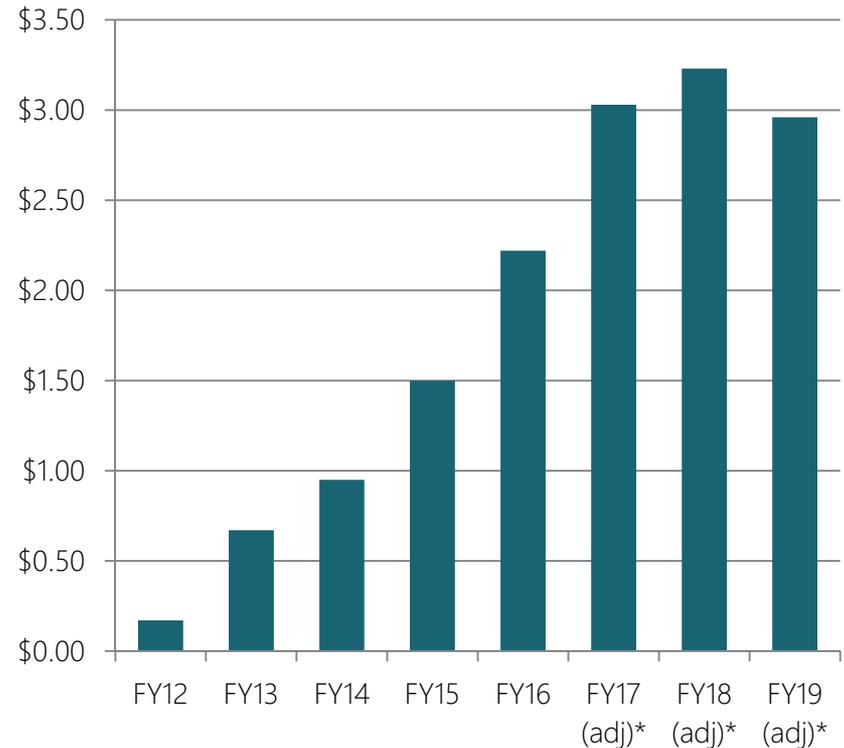


# ...with significantly increased earnings power

## 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

# 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 – six consecutive years with dividend increases
- Share buybacks – repurchased \$130M of stock last 5 years

# Near-term focus areas

- Architectural Framing Systems integration led by new segment president
  - Supply chain integration
  - Optimize manufacturing capacity
  - Product development, sales, and marketing collaboration
- Procurement savings project to realize synergies across all of Apogee
- Architectural Glass strategic growth initiative
- New business wins and continued backlog growth
- Completion of legacy EFCO projects

# 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
- Strong financial position and cash flow provides flexibility for value-creating capital deployment
- Making progress on several strategic initiatives to drive growth and significant margin expansion





# Reconciliation of non-GAAP financial measures

## Adjusted net earnings and adjusted earnings per diluted common share

(Unaudited)

	Fifty-two Weeks Ended March 2, 2019	Fifty-two Weeks Ended March 3, 2018
<i>In thousands</i>		
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 Weeks Ended March 2, 2019	Fifty-two Weeks Ended 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