



CREATING
PEAK VALUE

Apogee Enterprises, Inc.

Fiscal 2024 First Quarter Earnings Call

June 23, 2023

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 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

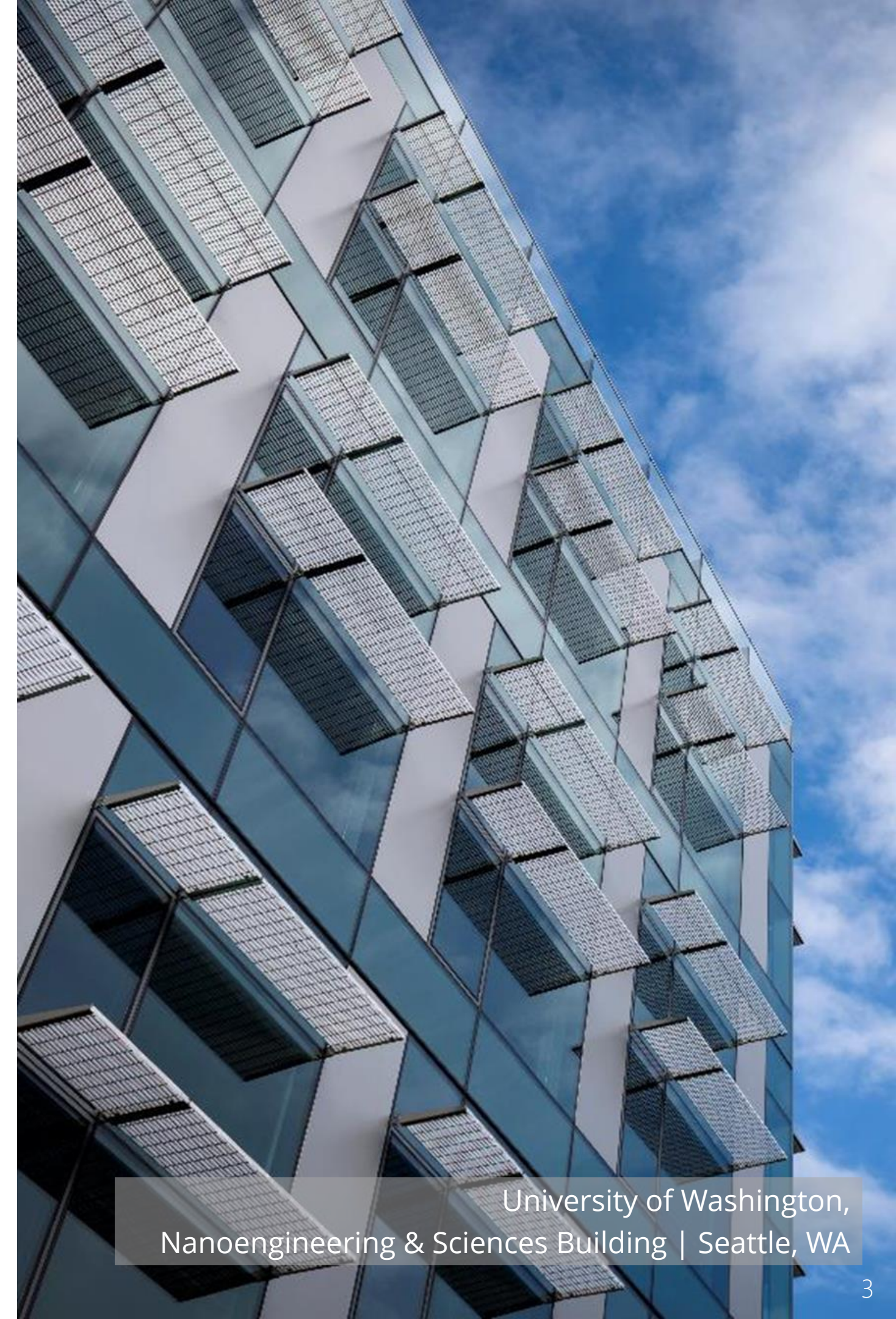
Introductory remarks

Ty Silberhorn
Chief Executive Officer

Financial results and outlook

Matt Osberg
Chief Financial Officer

Q&A



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

FY2024 First Quarter Highlights

- Revenue & EPS growth, driven by solid execution
- Strong margin performance, with 9.3% operating margin
- Significant operating income & margin growth in Architectural Glass
- Continued strong execution, pricing, and mix in Framing Systems
- Significant increase in operating cash flow compared to Q1 last year
- Increasing our full-year earnings outlook

Q1 FY2024 Results

Net sales	\$362 M +1.4% year-over-year
Operating income	\$33.8 M +1.7% year-over-year
Diluted EPS	\$1.05 +5.0% year-over-year

A strong start to our fiscal year

Executing our Enterprise Strategy

Three Pillar Enterprise Strategy

To Unlock Profitable Growth

1

ECONOMIC LEADER
IN TARGET MARKETS

2

ACTIVELY MANAGE
THE PORTFOLIO

3

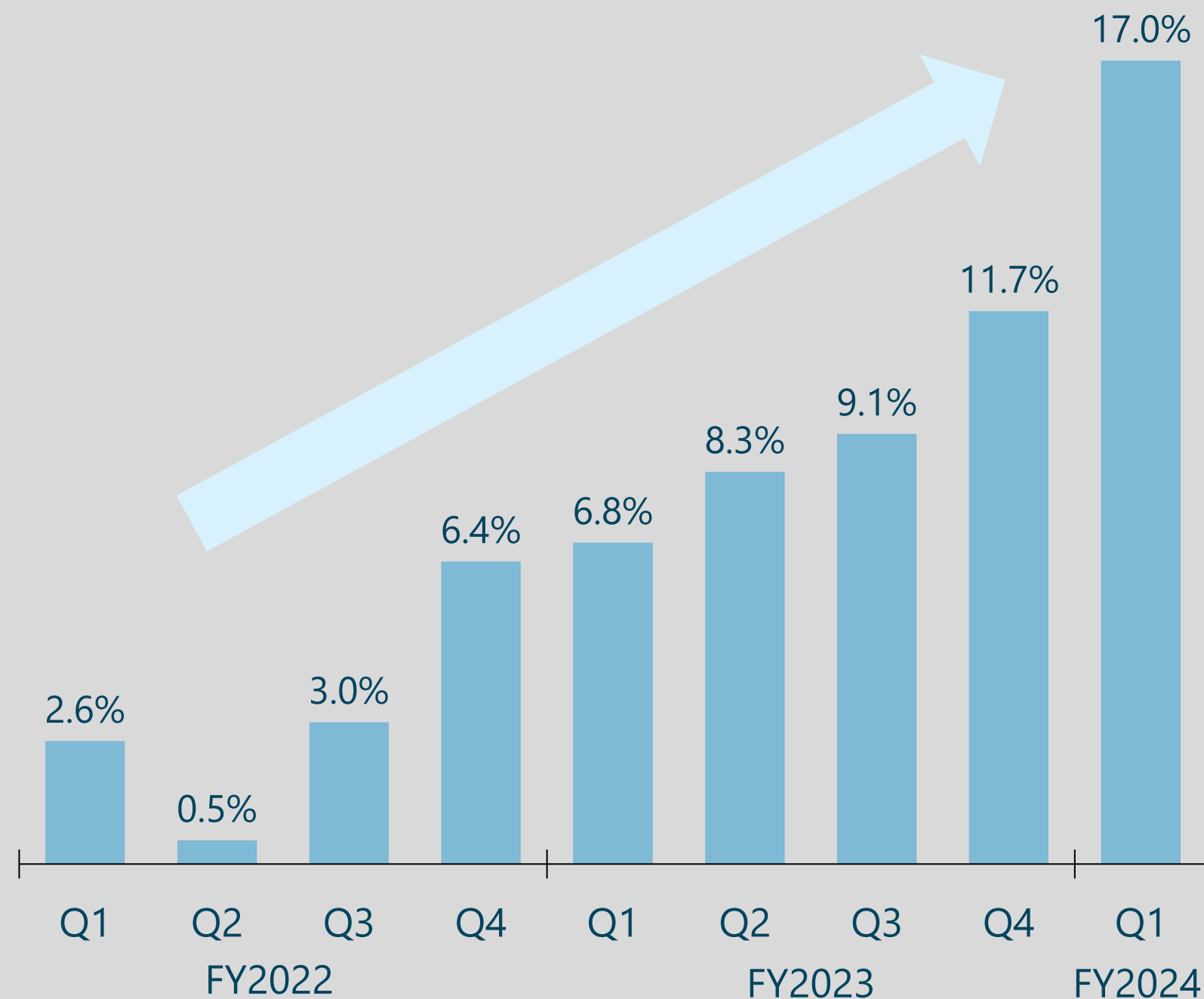
STRENGTHEN CORE
CAPABILITIES & PLATFORMS

FOUNDATIONAL ENABLERS

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

Architectural Glass – Building an Economic Leader

Glass Segment Adjusted Operating Margin* Trend



Executing our Strategy

- Deployed the Apogee Management System
 - Significant productivity gains
 - Improved quality, service, and delivery
- Facility consolidation drove sustainable cost improvement
- Refocused on well-defined target market
- Strengthened capabilities for differentiated solutions
- Improved pricing & mix driven by *shift to premium*
- Prioritized talent development and a winning culture

*Adjusted operating margin is a non-GAAP metric, see reconciliation table

Segment Margin Targets

Increasing our margin expectations for Architectural Glass

Annual segment margin targets

	Previous Targets (last updated in April 2022)	New Targets (as of June 2023)
Framing Systems	9-12%	<i>No change</i>
Glass	7-10%	10-15%
Services	7-9%	<i>No change</i>
LSO	20%+	<i>No change</i>

FY2024 Priorities

Continuing to execute our three-pillar strategy

1 ECONOMIC LEADER IN TARGET MARKETS

- Invest in organic growth initiatives
- Deliver sustainable productivity gains through AMS deployment

2 ACTIVELY MANAGE THE PORTFOLIO

- Continue to strengthen M&A capabilities and build pipeline
- Grow our mix of differentiated offerings

3 STRENGTHEN CORE CAPABILITIES & PLATFORMS

- Deploy standardized processes and systems
- Continue investments in talent development
- Strengthen our approach to sustainability

Consolidated Results

\$ in millions, except EPS	Q1 FY24	Q1 FY23	Change
Net sales	\$361.7	\$356.6	1.4%
Operating income	\$33.8	\$33.2	1.7%
Operating margin	9.3%	9.3%	–
EBITDA*	\$43.8	\$42.8	2.4%
Diluted EPS	\$1.05	\$1.00	5.0%

*Non-GAAP metric, see reconciliation table

Highlights

- Revenue growth driven by strong growth in Architectural Glass, partially offset by lower volume in Architectural Services
- Operating income growth primarily driven by improved margins in Architectural Glass
- Strong execution, pricing & mix in Framing Systems and LSO

Segment Results

First Quarter FY2024

	Segment net sales \$M	Segment operating margin
Architectural Framing Systems <i>Year-over-year change</i>	\$164.2 <i>0.5%</i>	12.1% <i>(240) bps</i>
Architectural Glass <i>Year-over-year change</i>	\$97.2 <i>27.5%</i>	17.0% <i>1,020 bps</i>
Architectural Services <i>Year-over-year change</i>	\$89.4 <i>(13.5)%</i>	(0.7)% <i>(350) bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$22.5 <i>(10.8)%</i>	24.6% <i>(120) 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	Q1 FY2024	Q1 FY2023
Cash flow from operations	\$21.3	\$(30.5)
Capital expenditures	\$7.4	\$5.1
Free cash flow*	\$13.9	\$(35.6)
Total debt	\$170.7	\$261.0
Cash & equivalents	\$24.6	\$15.2
Net debt**	\$146.0	\$245.8
Share repurchases	\$5.2	\$74.3
Dividends	\$5.2	\$4.8

*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

Tables may not foot due to rounding

Highlights

- Increased cash from ops primarily driven by lower working capital requirements compared to last year's first quarter
- Increased CapEx to support strategic investments
- Net debt 0.9x last 12 months EBITDA
- No significant debt maturities until 2027
- Returned \$10.4 million of cash to shareholders in Q1

Strong financial position – Deploying capital to drive value

FY2024 Outlook

**Diluted
Earnings
per share**

\$4.15 to \$4.45

Increased from previous range of \$3.90 to \$4.25

Key Assumptions

- FY2024 will be a 53-week year, with an extra week in the fourth quarter
- Expect flat to slightly declining revenue compared to FY2023, reflecting lower volume in Architectural Services and Framing Systems, partially offset by growth in Architectural Glass
- Expect continued progress toward our 10%+ operating margin target, led by improved profitability in Architectural Glass
- Continue to expect long-term average tax rate of approximately 24.5%
- Continue to expect CapEx of \$50 to \$60 million

Increasing our full-year diluted EPS outlook

Concluding Remarks

- A strong start to fiscal 2024
- Continued progress to advance our strategy and improve execution
- Solid margin performance, led by results in Glass
- Increased cash flow and deploying capital to drive value
- Positioned to drive further progress toward our financial goals
- Increasing our full year diluted EPS outlook



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Photo credit: Harmon, Inc.

Q&A



enterprises, inc.

Reconciliation of non-GAAP financial measures

Earnings before interest, taxes, depreciation and amortization (EBITDA)

(Unaudited)

	Three Months Ended	Three Months Ended
<i>In thousands</i>	May 27, 2023	May 28, 2022
Net earnings	\$23,576	\$ 22,731
Income tax expense	7,867	7,969
Interest expense, net	2,036	1,206
Depreciation and amortization	10,282	10,849
EBITDA	\$ 43,761	\$ 42,755

Reconciliation of non-GAAP financial measures

Architectural Glass segment adjusted operating income and adjusted operating margin (unaudited)

(U.S. Dollars in thousands)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Architectural Glass segment net sales	\$ 83,031	\$ 79,373	\$ 74,289	\$ 72,548	\$ 76,265	\$ 77,352	\$ 81,541	\$ 81,396	\$ 97,202
Segment operating income (loss) as reported	\$ 2,128	\$ (16,995)	\$ (1,277)	\$ 17,928	\$ 5,169	\$ 6,457	\$ 7,461	\$ 9,523	\$ 16,521
Restructuring costs	-	17,391	3,518	6,187	-	-	-	-	-
Gain on sale of assets	-	-	-	(19,456)	-	-	-	-	-
Segment adjusted operating income	\$ 2,128	\$ 396	\$ 2,241	\$ 4,659	\$ 5,169	\$ 6,457	\$ 7,461	\$ 9,523	\$ 16,521
Segment adjusted operating margin	2.6%	0.5%	3.0%	6.4%	6.8%	8.3%	9.1%	11.7%	17.0%

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