



CREATING  
PEAK VALUE

# Apogee Enterprises, Inc.

## Fiscal 2023 Third Quarter Earnings Call

December 22, 2022

# 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. Such risks and uncertainties include our ability to successfully implement our new enterprise strategy and execute our priorities for fiscal year 2023, manage inflation and supply chain challenges, realize the benefits of our recent restructuring actions, and achieve operational improvements, among other factors included in today's press release. 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 26, 2022, and in subsequent filings with the U.S. Securities and Exchange Commission.

# Agenda

## Introductory remarks

Ty Silberhorn  
Chief Executive Officer

## Financial results and outlook

Mark Augdahl  
Interim Chief Financial Officer

## Q&A



Salesforce Tower and Wolf Point East | Chicago  
Featuring Harmon curtainwall and Viracon glass

# FY2023 Third Quarter Highlights

- Double-digit revenue growth, led by Framing Systems and Glass
- Record adjusted earnings per share
- Effectively managing pricing and costs to offset inflation
- Strong operational execution and productivity
- Sustaining the benefits from last year's restructuring
- Improving cash flow; \$54 million of cash from ops in Q3

**Net sales**

**\$368 M**

+10% year-over-year

**Adjusted  
operating  
margin\***

**9.4%**

+310 bps year-over-year

**Adjusted  
EPS\***

**\$1.07**

+70% year-over-year

\*Non-GAAP metric, see reconciliation table

Execution of our strategy continues to drive improved results

# Executing our Enterprise Strategy

## Three Pillar Enterprise Strategy

To Unlock Profitable Growth

1

**ECONOMIC LEADER**  
IN TARGET MARKETS

2

**ACTIVELY MANAGE**  
THE PORTFOLIO

3

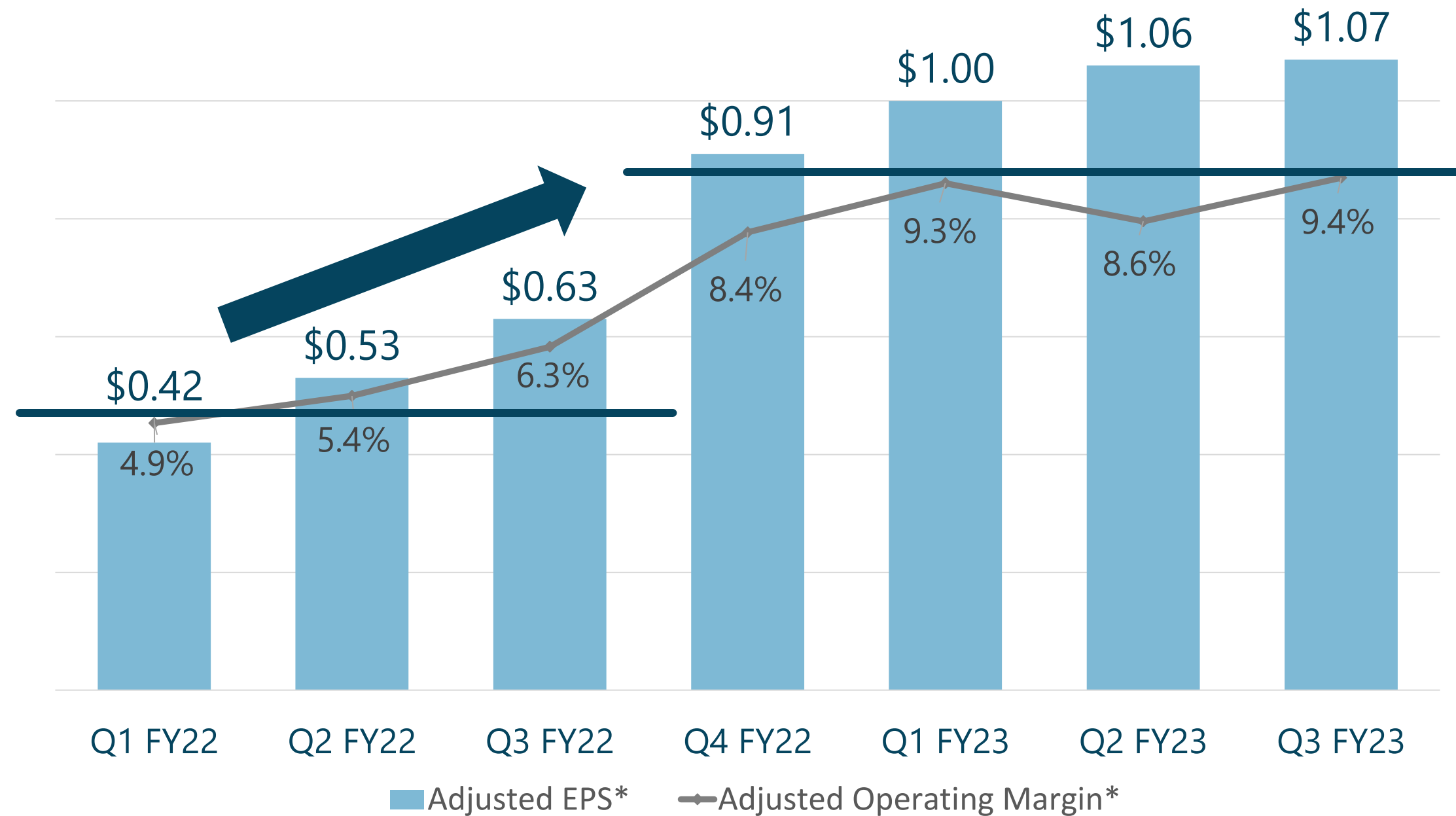
**STRENGTHEN CORE**  
CAPABILITIES & PLATFORMS

### FOUNDATIONAL ENABLERS

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

# Our Strategy is Driving Results

## Adjusted Operating Margin and EPS Trend\*



\*Non-GAAP metrics, see reconciliation table

Executing in a challenging economy – established a new baseline of performance

# Consolidated Results

## Third quarter

\$ in millions, except EPS	Q3 FY23	Q3 FY22	Change
Net sales	\$368	\$334	10%
Adjusted operating income*	\$34.8	\$21.1	65%
Adjusted operating margin*	9.4%	6.3%	310 bps
Adjusted EBITDA*	\$44.7	\$33.6	33%
Adjusted diluted EPS*	\$1.07	\$0.63	70%

## Year-to-date

\$ in millions, except EPS	FY23	FY22	Change
Net sales	\$1,097	\$986	11%
Adjusted operating income*	\$100.0	\$54.9	82%
Adjusted operating margin*	9.1%	5.6%	350 bps
Adjusted EBITDA*	\$127.3	\$93.0	37%
Adjusted diluted EPS*	\$3.13	\$1.58	98%

\*Non-GAAP metric, see reconciliation table

# Segment Results

## Third quarter FY2023

	Revenue \$M	Operating margin
Architectural Framing Systems <i>Year-over-year change</i>	\$165 <i>17%</i>	13.4% <i>490 bps*</i>
Architectural Services <i>Year-over-year change</i>	\$102 <i>(3)%</i>	5.9% <i>(150) bps*</i>
Architectural Glass <i>Year-over-year change</i>	\$82 <i>10%</i>	9.1% <i>610 bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$27 <i>(3)%</i>	26.7% <i>480 bps</i>

## Year-to-date FY2023

	Revenue \$M	Operating margin
Architectural Framing Systems <i>Year-over-year change</i>	\$501 <i>21%</i>	13.2% <i>580 bps*</i>
Architectural Services <i>Year-over-year change</i>	\$312 <i>7%</i>	4.6% <i>(200) bps*</i>
Architectural Glass <i>Year-over-year change</i>	\$235 <i>(1)%</i>	8.1% <i>610 bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$77 <i>2%</i>	25.5% <i>240 bps</i>

\*Year-over-year comparison is against prior year adjusted operating margin, which is a non-GAAP metric. See reconciliation table.



# Cash Flow and Balance Sheet

\$ in millions	Thirty-Nine Weeks Ended Nov 26, 2022	Thirty-Nine Weeks Ended Nov 27, 2021
Cash flow from operations	\$51.1	\$86.3
Capital expenditures	\$18.1	\$13.1
Free cash flow*	\$33.0	\$73.2
Total debt	\$203.7	\$163.0
Cash & cash equivalents	\$21.7	\$78.3
Net debt**	\$182.0	\$84.7
Share repurchases	\$74.3	\$29.2
Dividends	\$14.4	\$15.1

\*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 equivalents

## Commentary

- \$54 million of cash from operations in Q3
- Lower YTD cash flow due to increased working capital tied to revenue growth and inflation
- No significant debt maturities until 2027
- Paid down \$47 million of debt in Q3
- Returned \$89 million of cash to shareholders YTD

**Strong financial position with flexibility to support our strategy and drive value**

# FY2023 Outlook

**Adjusted  
earnings  
per share\***

**\$3.90 to \$4.05**

Previous range was \$3.75 to \$4.05

\*A reconciliation of non-GAAP guidance on adjusted EPS to GAAP guidance is not available on a forward-looking basis without unreasonable effort due to the uncertainty of future adjustments, although it is important to note that these factors could be material to Apogee's results computed in accordance with GAAP.

## Key Assumptions

- Expect full year revenue growth of approximately 10%, primarily driven by Framing Systems
- Expect full-year margin expansion, primarily driven by improved performance in Framing Systems and Glass
- Anticipate continued challenges from inflation and supply chain
- CapEx of approximately \$40 million
- Long-term average tax rate of approximately 24.5%

## Narrowing our full-year outlook

# Concluding Remarks

- Execution of our strategy is driving improved results
- Double-digit revenue growth and record adjusted EPS
- Effectively managing pricing and costs to offset inflation
- Strong operational execution and productivity
- Positioning the company to outperform, regardless of the cycle



CIBC Square | Toronto  
Featuring Sotawall curtainwall and Viracon glass

# Q&A

---



enterprises, inc.

# Reconciliation of non-GAAP financial measures

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

(Unaudited)

<i>In thousands</i>	Three Months Ended November 26, 2022	Three Months Ended November 27, 2021	Nine Months Ended November 26, 2022	Nine Months Ended November 27, 2021
Net earnings (loss)	\$ 23,765	\$ 11,057	\$ 83,885	\$ 19,759
Worthless stock deduction (1)	—	—	(13,702)	—
Restructuring costs (2)	—	3,419	—	24,233
Impairment of equity investment (3)	—	3,000	—	3,000
Income tax impact on above adjustments (4)	—	(1,605)	—	(6,808)
Adjusted net earnings	\$ 23,765	\$ 15,871	\$ 70,183	\$ 40,184
	Three Months Ended November 26, 2022	Three Months Ended November 27, 2021	Nine Months Ended November 26, 2022	Nine Months Ended November 27, 2021
Earnings (loss) per diluted common share	\$ 1.07	\$ 0.44	\$ 3.74	\$ 0.78
Worthless stock deduction (1)	—	—	(0.61)	—
Restructuring costs (2)	—	0.14	—	0.95
Impairment of equity investment (3)	—	0.12	—	0.12
Income tax impact on above adjustments (4)	—	(0.06)	—	(0.27)
Adjusted earnings per diluted common share	\$ 1.07	\$ 0.63	\$ 3.13	\$ 1.58
Shares outstanding for EPS	22,278	25,309	22,456	25,459

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 income tax benefit from worthless stock loss deduction related to the Sotawall business.

(2) 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.

(3) Adjustment for impairment of minority equity investment is a result of the assignment for the benefit of creditors of all of the assets of a company in which Apogee holds a minority interest. The impairment represents a write-down of Apogee's entire investment in the company.

(4) 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)

<i>In thousands</i>	Three Months Ended November 26, 2022						
	Framing Systems Segment		Glass Segment		Corporate	Consolidated	
	Operating income	Operating margin	Operating income	Operating margin	Operating loss	Operating income	Operating margin
Operating income (loss)	\$ 22,089	13.4%	\$ 7,461	9.1%	\$ (7,930)	\$ 34,761	9.4%

<i>In thousands</i>	Three Months Ended November 27, 2021						
	Framing Systems Segment		Glass Segment		Corporate	Consolidated	
	Operating income	Operating margin	Operating income	Operating margin	Operating loss	Operating income	Operating margin
Operating income (loss)	\$ 12,085	8.5%	\$ (1,277)	(1.7)%	\$ (6,901)	\$ 17,710	5.3%
Restructuring costs (1)	(44)	—	3,518	4.7%	(55)	3,419	1.0%
Adjusted operating income (loss)	\$ 12,041	8.5%	\$ 2,241	3.0%	\$ (6,956)	\$ 21,129	6.3%

(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 \$1.3 million of asset impairment charges, \$1.4 million of employee termination costs and \$0.7 million of other costs associated with these restructuring plans.

# Reconciliation of non-GAAP financial measures

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

<i>In thousands</i>	Nine Months Ended November 26, 2022						
	Framing Systems Segment		Glass Segment		Corporate	Consolidated	
	Operating income	Operating margin	Operating income	Operating margin	Operating loss	Operating income	Operating margin
Operating income (loss)	\$ 66,266	13.2%	\$ 19,087	8.1%	\$ (19,351)	\$ 100,049	9.1%

<i>In thousands</i>	Nine Months Ended November 27, 2021						
	Framing Systems Segment		Glass Segment		Corporate	Consolidated	
	Operating income	Operating margin	Operating income	Operating margin	Operating loss	Operating income	Operating margin
Operating income (loss)	\$ 28,837	6.9%	\$ (16,144)	(6.8)%	\$ (18,507)	\$ 30,684	3.1%
Restructuring costs (1)	2,004	0.5%	20,909	8.8%	1,320	24,233	2.5%
Adjusted operating income (loss)	\$ 30,841	7.4%	\$ 4,765	2.0%	\$ (17,187)	\$ 54,917	5.6%

(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 \$16.7 million of asset impairment charges, \$5.8 million of employee termination costs and \$1.7 million of other costs associated with these restructuring plans.

# Reconciliation of non-GAAP financial measures

## EBITDA and Adjusted EBITDA (Unaudited)

	Three Months Ended	Three Months Ended	Nine Months Ended	Nine Months Ended
<i>In thousands</i>	November 26, 2022	November 27, 2021	November 26, 2022	November 27, 2021
Net earnings (loss)	\$ 23,765	\$ 11,057	\$ 83,885	\$ 19,759
Income tax (benefit) expense	7,854	3,068	8,635	4,821
Interest expense, net	2,590	528	2,904	2,838
Depreciation and amortization	10,477	12,545	31,925	38,353
EBITDA	\$ 44,686	\$ 27,198	\$ 127,349	\$ 65,771
Restructuring costs (1)	—	3,419	—	24,233
Impairment of equity investment (2)	—	3,000	—	3,000
Adjusted EBITDA	\$ 44,686	\$ 33,617	\$ 127,349	\$ 93,004

(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 impairment of minority equity investment is a result of the assignment for the benefit of creditors of all of the assets of a company in which Apogee holds a minority interest. The impairment represents a write-down of Apogee's entire investment in the company.



# Reconciliation of non-GAAP financial measures

## Adjusted operating margin and adjusted earnings per diluted common share trend (Unaudited)

(U.S. Dollars in thousands)	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23
<b>Net Sales</b>	\$ 326,006	\$ 325,797	\$ 334,217	\$ 327,957	\$ 356,635	\$ 372,109	\$ 367,847
<b>Operating income (loss) as reported</b>	\$ 16,042	\$ (3,068)	\$ 17,710	\$ (8,640)	\$ 33,216	\$ 32,072	\$ 34,761
Restructuring costs	-	20,814	3,419	6,279	-	-	-
Impairment expense on intangible assets	-	-	-	49,473	-	-	-
Gain on sale of assets	-	-	-	(19,456)	-	-	-
<b>Adjusted operating income</b>	\$ 16,042	\$ 17,746	\$ 21,129	\$ 27,656	\$ 33,216	\$ 32,072	\$ 34,761
<b>Adjusted operating margin</b>	4.9%	5.4%	6.3%	8.4%	9.3%	8.6%	9.4%
	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23
<b>Earnings (loss) per diluted common share</b>	\$ 0.42	\$ (0.08)	\$ 0.44	\$ (0.67)	\$ 1.00	\$ 1.68	\$ 1.07
Restructuring costs	-	0.82	0.14	0.26	-	-	-
Impairment expense on intangible assets	-	-	-	2.01	-	-	-
Gain on sale of assets	-	-	-	(0.79)	-	-	-
Impairment of equity investment	-	-	0.12	-	-	-	-
Worthless stock deduction	-	-	-	-	-	(0.62)	-
Income tax impact on above adjustments	-	(0.20)	(0.06)	0.10	-	-	-
<b>Adjusted earnings per diluted common share</b>	\$ 0.42	\$ 0.53	\$ 0.63	\$ 0.91	\$ 1.00	\$ 1.06	\$ 1.07
Per share amounts are computed independently for each of the items presented so the sum of the items may not equal the total amount							

# Fiscal 2022 Pro Forma Segment Results

## Fiscal 2022 Reclassified Pro Forma Segment Data (unaudited)

### Net Sales for FY2022

<i>(in thousands)</i>	Q1	Q2	Q3	Q4	FY 2022
Architectural Framing Systems	151,840	149,972	151,665	143,132	596,608
Architectural Glass	83,031	79,373	74,289	72,548	309,241
Architectural Services	75,656	83,031	91,971	98,729	349,386
Large-Scale Optical	24,228	23,543	27,351	26,551	101,673
Intersegment elimination	(8,749)	(10,121)	(11,059)	(13,003)	(42,931)
<b>Total</b>	<b>326,006</b>	<b>325,797</b>	<b>334,217</b>	<b>327,957</b>	<b>1,313,977</b>

### Pro Forma Net Sales for Reclassified Segments for FY2022\*

<i>(in thousands)</i>	Q1	Q2	Q3	Q4	FY 2022
Architectural Framing Systems	136,768	136,973	141,462	131,355	546,558
Architectural Glass	83,031	79,373	74,289	72,548	309,241
Architectural Services	90,732	96,370	105,404	114,916	407,422
Large-Scale Optical	24,228	23,543	27,351	26,551	101,673
Intersegment elimination	(8,753)	(10,462)	(14,289)	(17,413)	(50,917)
<b>Total</b>	<b>326,006</b>	<b>325,797</b>	<b>334,217</b>	<b>327,957</b>	<b>1,313,977</b>

### Operating Income (Loss) for FY2022

<i>(in thousands)</i>	Q1	Q2	Q3	Q4	FY 2022
Architectural Framing Systems	8,060	8,278	10,689	(43,753)	(16,726)
Architectural Glass	2,128	(16,995)	(1,277)	17,928	1,785
Architectural Services	4,537	7,242	9,203	11,761	32,743
Large-Scale Optical	5,847	5,483	5,996	6,293	23,618
Corporate and other	(4,530)	(7,076)	(6,901)	(869)	(19,375)
<b>Total</b>	<b>16,042</b>	<b>(3,068)</b>	<b>17,710</b>	<b>(8,640)</b>	<b>22,045</b>

### Pro Forma Operating Income (Loss) for Reclassified Segments for FY2022\*

<i>(in thousands)</i>	Q1	Q2	Q3	Q4	FY 2022
Architectural Framing Systems	8,371	8,381	12,085	9,251	38,088
Architectural Glass	2,128	(16,995)	(1,277)	17,928	1,785
Architectural Services	4,226	7,139	7,807	(41,243)	(22,071)
Large-Scale Optical	5,847	5,483	5,996	6,293	23,618
Corporate and other	(4,530)	(7,076)	(6,901)	(869)	(19,375)
<b>Total</b>	<b>16,042</b>	<b>(3,068)</b>	<b>17,710</b>	<b>(8,640)</b>	<b>22,045</b>

### Adjusted Operating Income (Loss) for FY2022

<i>(in thousands)</i>	Q1	Q2	Q3	Q4	FY 2022
Architectural Framing Systems	8,060	10,326	10,645	5,449	34,480
Architectural Glass	2,128	396	2,241	4,659	9,425
Architectural Services	4,537	7,242	9,203	11,761	32,743
Large-Scale Optical	5,847	5,483	5,996	6,293	23,618
Corporate and other	(4,530)	(5,701)	(6,956)	(506)	(17,692)
<b>Total</b>	<b>16,042</b>	<b>17,746</b>	<b>21,129</b>	<b>27,656</b>	<b>82,574</b>

### Pro Forma Adjusted Operating Income (Loss) for Reclassified Segments for FY2022\*

<i>(in thousands)</i>	Q1	Q2	Q3	Q4	FY 2022
Architectural Framing Systems	8,371	10,429	12,041	8,980	39,821
Architectural Glass	2,128	396	2,241	4,659	9,425
Architectural Services	4,226	7,139	7,807	8,230	27,402
Large-Scale Optical	5,847	5,483	5,996	6,293	23,618
Corporate and other	(4,530)	(5,701)	(6,956)	(506)	(17,692)
<b>Total</b>	<b>16,042</b>	<b>17,746</b>	<b>21,129</b>	<b>27,656</b>	<b>82,574</b>

\*Pro Forma results have been recast to reflect the move of the Sotawall business from Architectural Framing Systems to Architectural Services, starting at the beginning of the first quarter of fiscal 2023.