



Apogee Enterprises, Inc.

Fiscal 2019 First Quarter Conference Call

June 28, 2018

Non-GAAP measures & Forward-Looking Statements

This presentation contains non-GAAP financial measures when talking about Apogee's performance. Definitions for these non-GAAP financial measures are in our most recent press release.

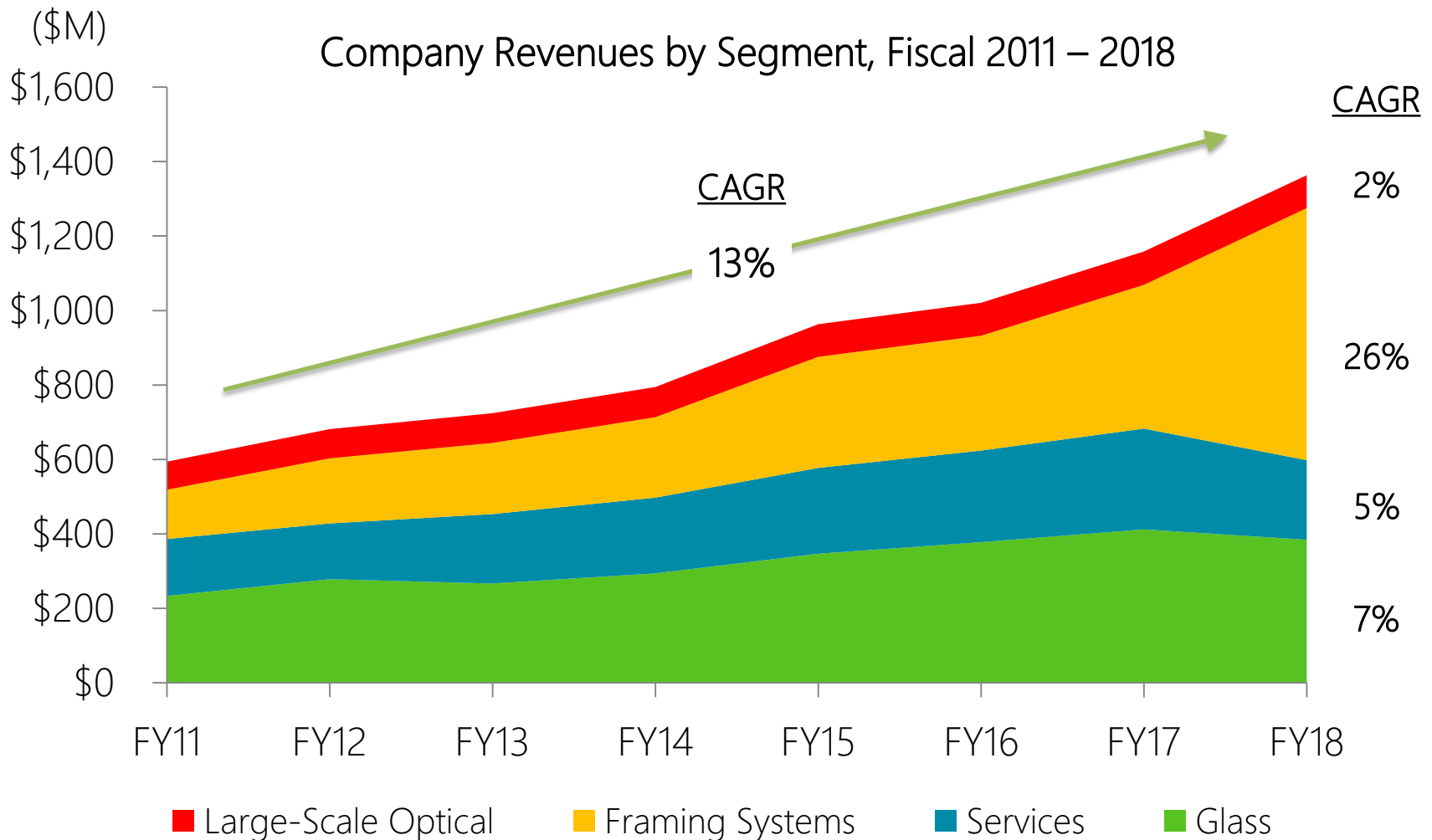
It also contains forward-looking statements reflecting management's expectations based on currently available information. Actual results may differ materially. More information about factors that could affect Apogee's business and financial results can be found in our SEC filings.

Chief Executive Officer

JOE PUISSHYS



Building a stronger, more diversified Apogee



Growing and diversifying revenues in Q1

Revenues up 24%, more diversified versus year ago

Architectural Framing Systems up 62%, leading growth and diversification across company, with solid backlog

- New location and new products launched
- Strengthening position across North America
- EFCO (acquired June 2017) driving growth, diversification
- Double-digit growth from businesses run over past 5+ years

Architectural Services up 40% with strong outlook, growing backlog

Architectural Glass down as expected on project timing, but outlook for growth in Q2 and rest of year on strong bidding activity

Large-Scale Optical up 12%

Improving long-term margins in Q1

Making good progress on significant long-term margin opportunity at EFCO

- EFCO strong fit for Architectural Framing Systems segment
- Demonstrated track-record improving margins in other Framing Systems businesses over past 7 years
- Achieving gains in productivity and profitability, working through pipeline

Continuing to make targeted investments in productivity initiatives across company

Exploiting strong operating leverage in Architectural Services, Glass, other areas

Managing cash flow and the balance sheet in Q1

Excellent cash conversion: Free cash flow of \$16M, on par with earnings

- Rigorous working capital management
- Careful internal investment

Balance sheet remained strong: total debt of \$215M at quarter end

Remain committed to returning capital to shareholder through dividend and share repurchases

- \$49M returned through dividends since FY16
- Nearly \$70M returned through share repurchases since FY16

Continue to focus on integrating EFCO and Sotawall acquisitions

Chief Financial Officer

JIM PORTER



FY2019 First Quarter Consolidated Results

All numbers in \$M, except per share and where noted	FY19 Q1	FY18 Q1	CHANGE
Revenues	\$336.5	\$272.3	24%
Gross Profit	80.7	70.3	15%
SG&A	58.7	46.2	27%
Operating Income	22.0	24.1	(9%)
Adjusted Operating Income*	24.9	26.8	(7%)
Operating Margin	6.5%	8.9%	(240 bps)
Adjusted Operating Margin*	7.4%	9.9%	(250 bps)
Interest Expense	1.9	0.4	339%
Tax rate	24.1%	32.9%	(880 bps)
Earnings per Diluted Share	\$0.54	\$0.56	(4%)
Adjusted EPS*	\$0.62	\$0.62	—

*See reconciliation of non-GAAP financial measures tables at the end of this presentation deck.

FY2019 First Quarter Segment Results

All numbers in \$M, except where noted	FY19 Q1	FY18 Q1	CHANGE
Revenues			
Architectural Framing Systems	\$179.0	\$110.5	62%
Architectural Glass	76.9	97.7	(21%)
Architectural Services	70.7	50.2	41%
Large-Scale Optical	20.8	18.6	12%
Operating Income			
Arch. Framing Systems	12.3	12.0	3%
Arch. Framing Systems (adj)*	15.2	14.0	8%
Architectural Glass	1.6	9.3	(83%)
Architectural Services	5.2	0.8	559%
Large-Scale Optical	5.0	4.1	23%

*See reconciliation of non-GAAP financial measures tables at the end of this presentation deck.

FY2019 First Quarter Cash Flow and Balance Sheet

All numbers in \$M	FY19 Q1	FY18 Q1
Cash Flow from Operations	\$25.3	\$5.9
Capital Expenditures	9.3	11.4
Free Cash Flow (Use)	16.0	(5.5)
Cash and Cash Equivalents	21.6	23.0
Marketable Securities	15.1	8.0
Debt	214.5	71.4

*See reconciliation of non-GAAP financial measures tables at the end of this presentation deck.

Raising FY19 earnings and margins guidance

FY19 Guidance

Revenue growth of approximately 10%

Operating margin of 8.9 – 9.4%

Adjusted operating margin of 9.2 – 9.7%

Earnings of \$3.35 – \$3.55 per diluted share, up from \$3.30 – \$3.50 previously

Adjusted EPS* of \$3.48 – \$3.68, up from \$3.43 – \$3.63 previously

Capital expenditures of \$60 – \$65 million

Tax rate of approximately 24%

*Adjusted fiscal 2019 earnings guidance excludes the after-tax impact of amortization of short-lived acquired intangibles associated with the acquired backlog of Sotawall and EFCO of \$3.8 million (\$0.13 per diluted share).



enterprises, inc.

Reconciliation of Q1 FY19 Non-GAAP Financial Measures Adjusted Net Earnings and Adjusted Earnings per Diluted Common Share

(Unaudited)

	Thirteen Weeks Ended	Thirteen Weeks Ended	
<i>In thousands</i>	June 2, 2018	June 3, 2017	% Change
Net earnings	\$ 15,373	\$ 16,104	(5)%
Amortization of short-lived acquired intangibles	2,870	2,054	40%
Acquisition-related costs	-	680	(100)%
Income tax impact on above adjustments ⁽¹⁾	(692)	(899)	(23)%
Adjusted net earnings	\$ 17,551	\$ 17,939	(2)%

	Thirteen Weeks Ended	Thirteen Weeks Ended	
	June 2, 2018	June 3, 2017	% Change
Earnings per diluted common share	\$ 0.54	\$ 0.56	(4)%
Amortization of short-lived acquired intangibles	0.10	0.07	43%
Acquisition-related costs	-	0.02	(100)%
Income tax impact on above adjustments ⁽¹⁾	(0.02)	(0.03)	(33)%
Adjusted earnings per diluted common share	\$ 0.62	\$ 0.62	-%

⁽¹⁾ Income tax impact on adjustments was calculated using the estimated quarterly effective income tax rate of 24.1% in the current year and 32.9% in the prior year.

Reconciliation of Q1 FY19 Non-GAAP Financial Measures

Adjusted Operating Income and Adjusted Operating Margin (Unaudited)

	Thirteen Weeks Ended June 2, 2018				
	Framing Systems Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income (loss)	\$ 12,339	6.9%	\$ (2,059)	\$ 21,995	6.5%
Amortization of short-lived acquired intangibles	2,870	1.6%	—	2,870	0.9%
Adjusted operating income (loss)	\$ 15,209	8.5%	\$ (2,059)	\$ 24,865	7.4%

	Thirteen Weeks Ended June 3, 2017				
	Framing Systems Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income (loss)	\$ 11,964	10.8%	\$ (2,012)	\$ 24,106	8.9%
Amortization of short-lived acquired intangibles	2,054	1.9%	—	2,054	0.8%
Acquisition-related costs	—	—%	680	680	0.2%
Adjusted operating income (loss)	\$ 14,018	12.7%	\$ (1,332)	\$ 26,840	9.9%