



CREATING  
PEAK VALUE

# Apogee Enterprises, Inc. Fiscal 2023 First Quarter Earnings Call

June 23, 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 release. 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. 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

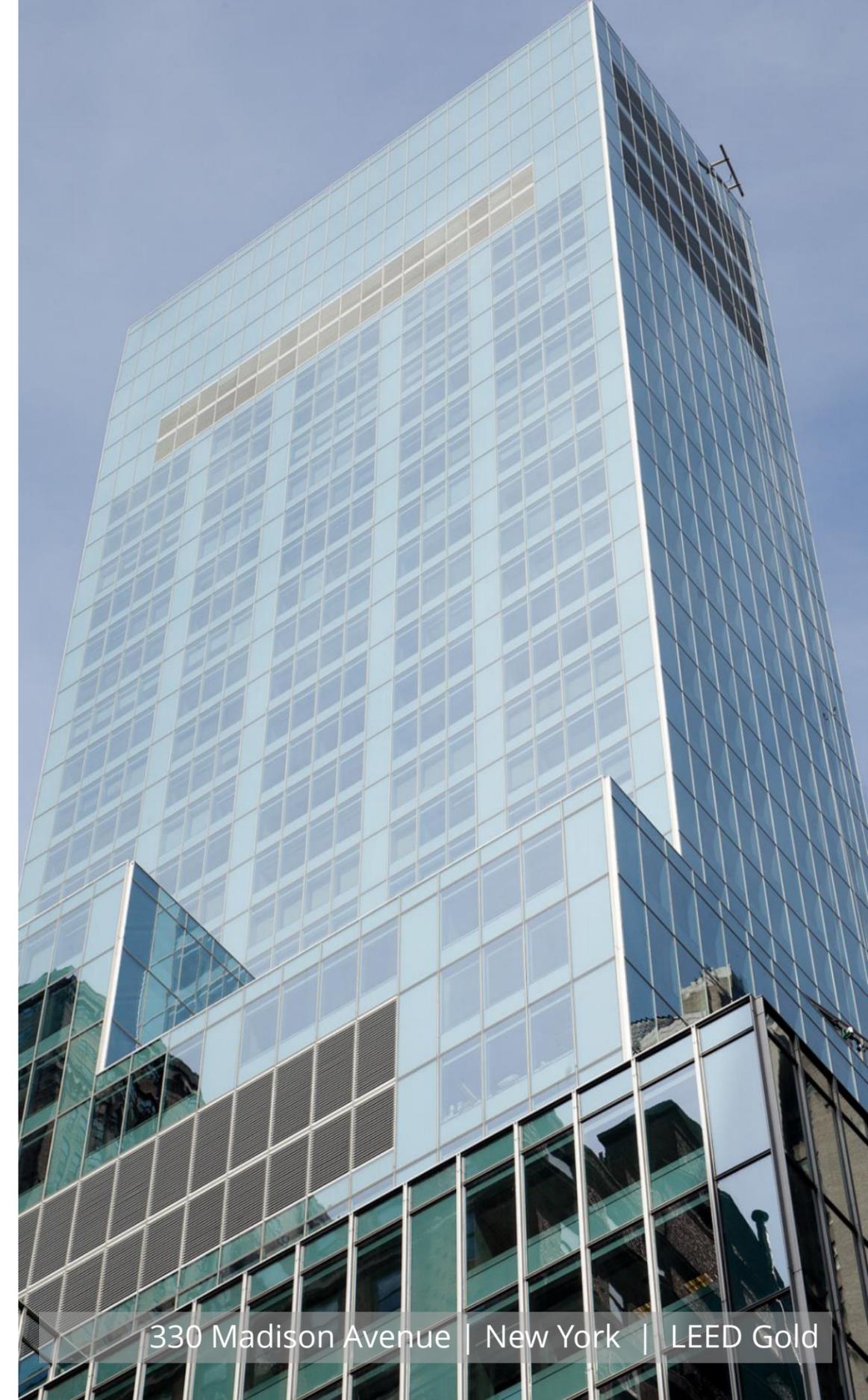
## **Introductory remarks**

Ty Silberhorn  
Chief Executive Officer

## **Financial results and outlook**

Nisheet Gupta  
Executive Vice President and Chief Financial Officer

## **Q&A**



# FY2023 First Quarter Highlights

- Double-digit growth in Framing Systems and Services
- Effectively managing pricing and costs to offset inflation
- Achieving benefits from restructuring and cost saving actions
- Lean efforts driving improved productivity, especially in Glass
- Deploying capital to drive value
- Raising full-year guidance

**Net sales**

**\$357 M**

+9% year-over-year

**Operating  
margin**

**9.3%**

+440 bps year-over-year

**EPS**

**\$1.00**

+138% year-over-year

Execution of our strategy is driving 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

# FY2023 Priorities

**Bolded:** investments and results evident in our Q1 performance

## KPI

1

**ECONOMIC  
LEADER**  
IN TARGET  
MARKETS

- **Advance Lean / Continuous Improvement initiative**
- **Drive effective price management**
- Invest to grow value-add offerings

Margin  
expansion

2

**ACTIVELY  
MANAGE**  
THE PORTFOLIO

- **Strengthen M&A capabilities**
- **Integrate Sotawall**
- Increase mix of differentiated products & services

ROIC  
improvement

3

**STRENGTHEN  
CORE**  
CAPABILITIES &  
PLATFORMS

- **Grow our talent development investments**
- **Drive process standardization**
- **Advance transformation initiatives**

Transformation  
investment

# Consolidated Results

## First Quarter FY2023

\$ in millions, except EPS	Q1 FY23	Q1 FY22	Change
Net sales	\$357	\$326	9%
Gross margin	24.0%	20.8%	320 bps
Operating income	\$33.2	\$16.0	107%
Operating margin	9.3%	4.9%	440 bps
EBITDA*	\$42.8	\$28.7	49%
Diluted EPS	\$1.00	\$0.42	138%

\*Non-GAAP metric, see reconciliation table

# Segment Results

## First Quarter FY2023

	<b>Revenue</b>	<b>Operating margin</b>
Architectural Framing Systems <i>Year-over-year change</i>	\$163 +19%	14.5% +840 bps
Architectural Services <i>Year-over-year change</i>	\$103 +14%	2.8% (190) bps
Architectural Glass <i>Year-over-year change</i>	\$76 (8)%	6.8% +420 bps
Large-Scale Optical <i>Year-over-year change</i>	\$25 +4%	25.8% +170 bps

# Aluminum Cost Trend



- Aluminum is Apogee's largest raw material cost, especially in Framing Systems
- Longer lead time projects typically hedged
- Shorter lead time projects impacted by volatility in market pricing
- Q1 results benefitted from timing of inventory flows and pricing actions
- We assume this benefit will not repeat in future periods

Unprecedented volatility in aluminum costs

# Cash Flow and Balance Sheet

\$ in millions	Q1 FY2023	Q1 FY2022
Cash flow from operations	\$(30.5)	\$6.9
Capital expenditures	\$5.1	\$4.7
Free cash flow*	\$(35.6)	\$2.2
Total debt	\$261.0	\$165.0
Cash & equivalents	\$15.2	\$36.5
Net debt**	\$245.8	\$128.5
Share repurchases	\$74.3	\$12.6
Dividends	\$4.8	\$5.0

\*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

## Commentary

- Lower cash flow due to working capital to support growth
- As typical, Q1 cash flow was impacted by the timing of certain annual payments
- Leverage target of 1.5x EBITDA
- No significant debt maturities until June 2024
- Returned \$79 million of cash to shareholders in Q1

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

# FY2023 Outlook

Adjusted  
earnings  
per share\*

\$3.50 to \$3.90

Increased from previous range of \$2.90 to \$3.30

\*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.

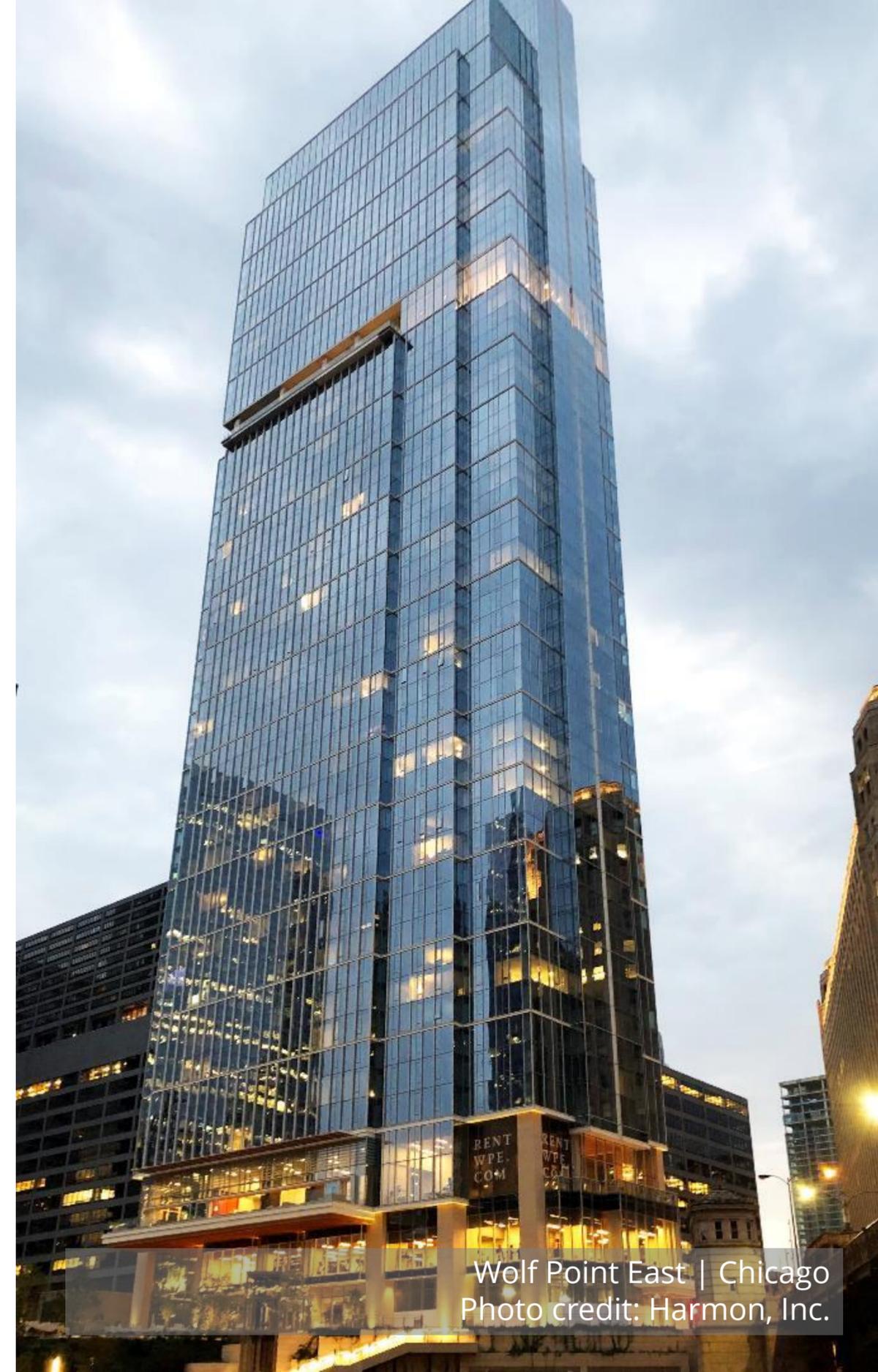
## Key Assumptions

- Expect continued revenue growth, primarily driven by Framing Systems
- Revenue in other three segments roughly flat vs. F22
- Expect year-over-year margin expansion, primarily driven by improved performance in Framing Systems and Glass
- Anticipate continued challenges from inflation and supply chain
- CapEx of \$35 to \$40 million

Increasing our full-year outlook

# Concluding Remarks

- Execution of our strategy is driving improved results
- Effectively managing pricing and costs to offset inflation
- Strengthening operational execution and productivity
- Well positioned to capitalize/mitigate economic or market shifts
- Positioned to deliver continued year-over-year growth & margin gains
- Increasing our full-year guidance



Wolf Point East | Chicago  
Photo credit: Harmon, Inc.

# Q&A

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enterprises, inc.

# Reconciliation of non-GAAP financial measures

## EBITDA (Unaudited)

	Three Months Ended	Three Months Ended
<i>In thousands</i>	May 28, 2022	May 29, 2021
Net earnings	\$22,731	\$ 10,817
Income tax expense	7,969	3,672
Interest expense, net	1,206	1,238
Depreciation and amortization	10,849	12,980
EBITDA	\$ 42,755	\$ 28,707

# 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.