



Apogee Enterprises, Inc.

Fiscal 2021 Fourth Quarter Earnings Call

April 8, 2021

SYNOVUS BANK OF NASHVILLE

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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

Agenda

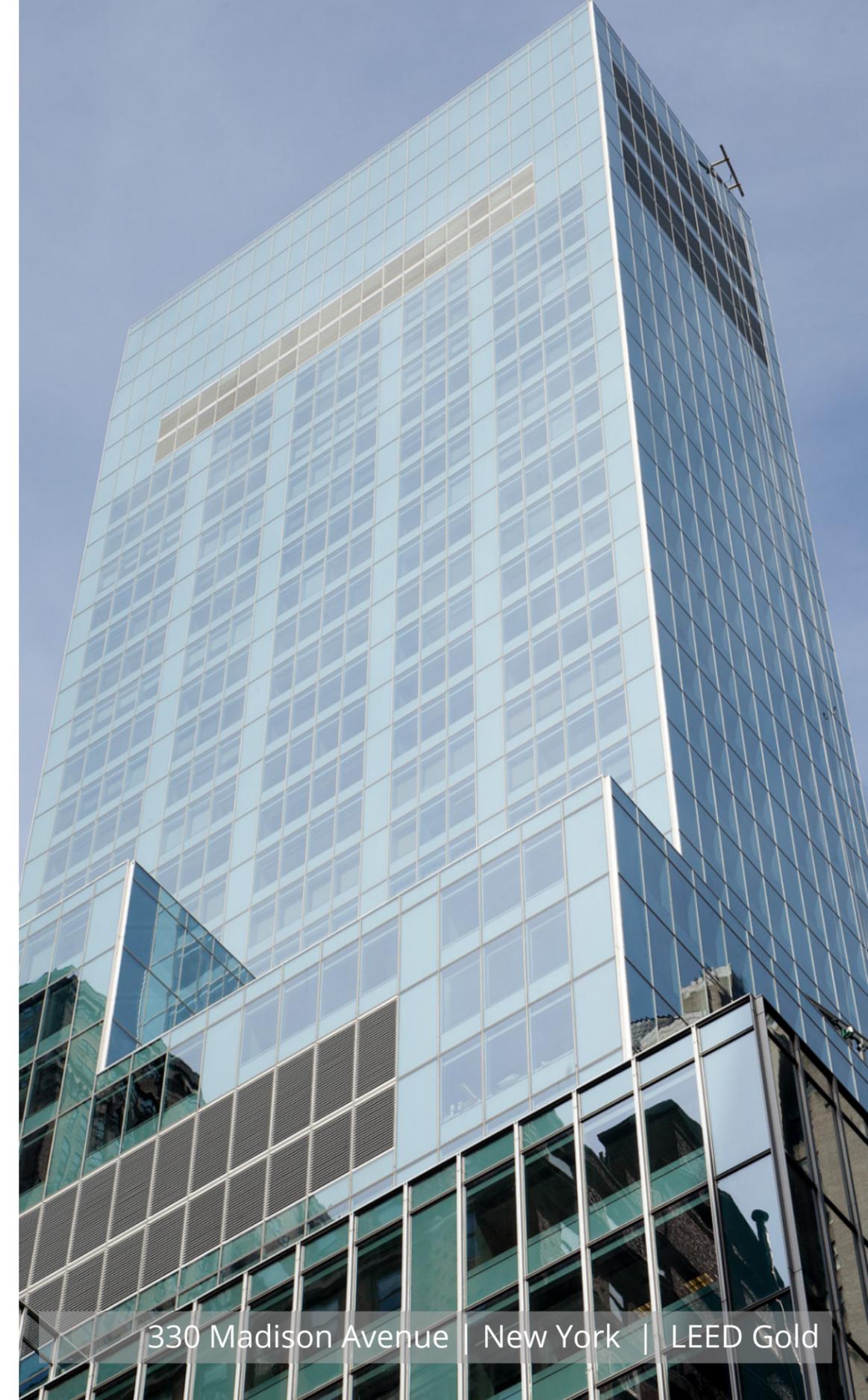
Introductory remarks

Ty Silberhorn
Chief Executive Officer

Financial results and outlook

Nisheet Gupta
Executive Vice President and Chief Financial Officer

Q&A



FY2021 fourth quarter highlights

- Adjusted EPS growth despite revenue headwinds
- Margins supported by cost management & improved execution
- Double-digit top and bottom-line growth in Architectural Services
- Large-Scale Optical recovered from shutdown earlier in the year
- Restructuring actions & impairment in Architectural Framing Systems
- Record full-year cash flow

Net sales

\$309 M
(8)% year-over-year

**Adjusted
operating
margin***

7.1%
+190 bps year-over-year

**Adjusted
EPS***

\$0.63
+26% year-over-year

*Non-GAAP metric, see reconciliation table

Q4 results demonstrate our team's ability to respond in challenging times

FY2022 priorities

People

- Health and safety of our employees
- Talent management and development

Operational execution

- Rigor, focus and urgency on the vital few
- Drive simplification and standardization

Enterprise transformation

- Continue to build a more competitive cost model
- Strengthen core processes, systems, and capabilities

Sustainable growth

- Develop new enterprise-wide strategy
- Position the business for above market growth & improved profitability

Consolidated results

Fourth quarter

\$ in millions, except EPS	Q4 FY21	Q4 FY20	Change
Net sales	\$309	\$337	(8)%
Gross margin	22.6%	23.0%	(40) bps
Adjusted operating income*	\$22.0	\$17.6	25%
Adjusted operating margin*	7.1%	5.2%	190 bps
Adjusted EBITDA*	\$36.2	\$29.9	21%
Adjusted diluted EPS*	\$0.63	\$0.50	26%

Full year

\$ in millions, except EPS	FY21	FY20	Change
Net sales	\$1,231	\$1,387	(11)%
Gross margin	22.4%	23.0%	(60) bps
Adjusted operating income*	\$87.1	\$90.0	(3)%
Adjusted operating margin*	7.1%	6.5%	60 bps
Adjusted EBITDA*	\$140.1	\$137.5	2%
Adjusted diluted EPS*	\$2.40	\$2.38	1%

*Non-GAAP metric, see reconciliation table

Segment results

Fourth quarter FY2021

	Revenue	Adjusted operating margin*
Architectural Framing Systems <i>Year-over-year change</i>	\$131 <i>(14)%</i>	2.7% <i>140 bps</i>
Architectural Glass <i>Year-over-year change</i>	\$82 <i>(17)%</i>	4.4% <i>50 bps</i>
Architectural Services <i>Year-over-year change</i>	\$82 <i>12%</i>	13.1% <i>150 bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$22 <i>1%</i>	28.1% <i>(490) bps</i>

Full year FY2021

	Revenue	Adjusted operating margin*
Architectural Framing Systems <i>Year-over-year change</i>	\$571 <i>(17)%</i>	5.2% <i>(10) bps</i>
Architectural Glass <i>Year-over-year change</i>	\$330 <i>(15)%</i>	5.7% <i>30 bps</i>
Architectural Services <i>Year-over-year change</i>	\$296 <i>10%</i>	10.5% <i>170 bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$70 <i>(20)%</i>	16.9% <i>(890) bps</i>

*Non-GAAP metric, see reconciliation table

Update on cost actions

Achieved our goal of \$40M savings in FY21

Further progress in Procurement & Framing Systems will offset reversal of temporary actions in FY22

Temporary actions in response to COVID

- FY21 savings ~\$20 million
- Reversed in Q3/Q4 and will not continue into FY22

Procurement savings & Framing Systems improvements

- FY21 savings of \$20 million; all sustainable
- Expect ~\$20 million of incremental savings in FY22

Additional fixed cost optimization

- Targeting \$10 to \$20 million of additional savings by end of FY23
- Expect to achieve ~\$5 million of this in FY22, remainder in FY23

Cash flow and balance sheet

\$ in millions	Full-Year FY21	Full-Year FY20
Cash flow from operations	\$142	\$107
Capital expenditures	\$26	\$51
Free cash flow*	\$116	\$56
Share repurchases	\$33	\$25
Dividends	\$20	\$19
Year-end total debt	\$165	\$218
Year-end cash & equivalents	\$47	\$15
Year-end net debt	\$118	\$203

*Free cash flow is a non-GAAP metric which the company defines as cash flow from operations less capital expenditures.

Highlights

- Record cash flow from operations and free cash flow
- Reduced net debt by \$85 million
- Returned \$52.5 million to shareholders
- Net debt / TTM adjusted EBITDA = 0.8
- No significant debt maturities until June 2024
- No outstanding borrowings on \$235 million revolver

Record cash flow and strong balance sheet

FY2022 outlook

**Earnings
per share**

\$2.10 to \$2.35

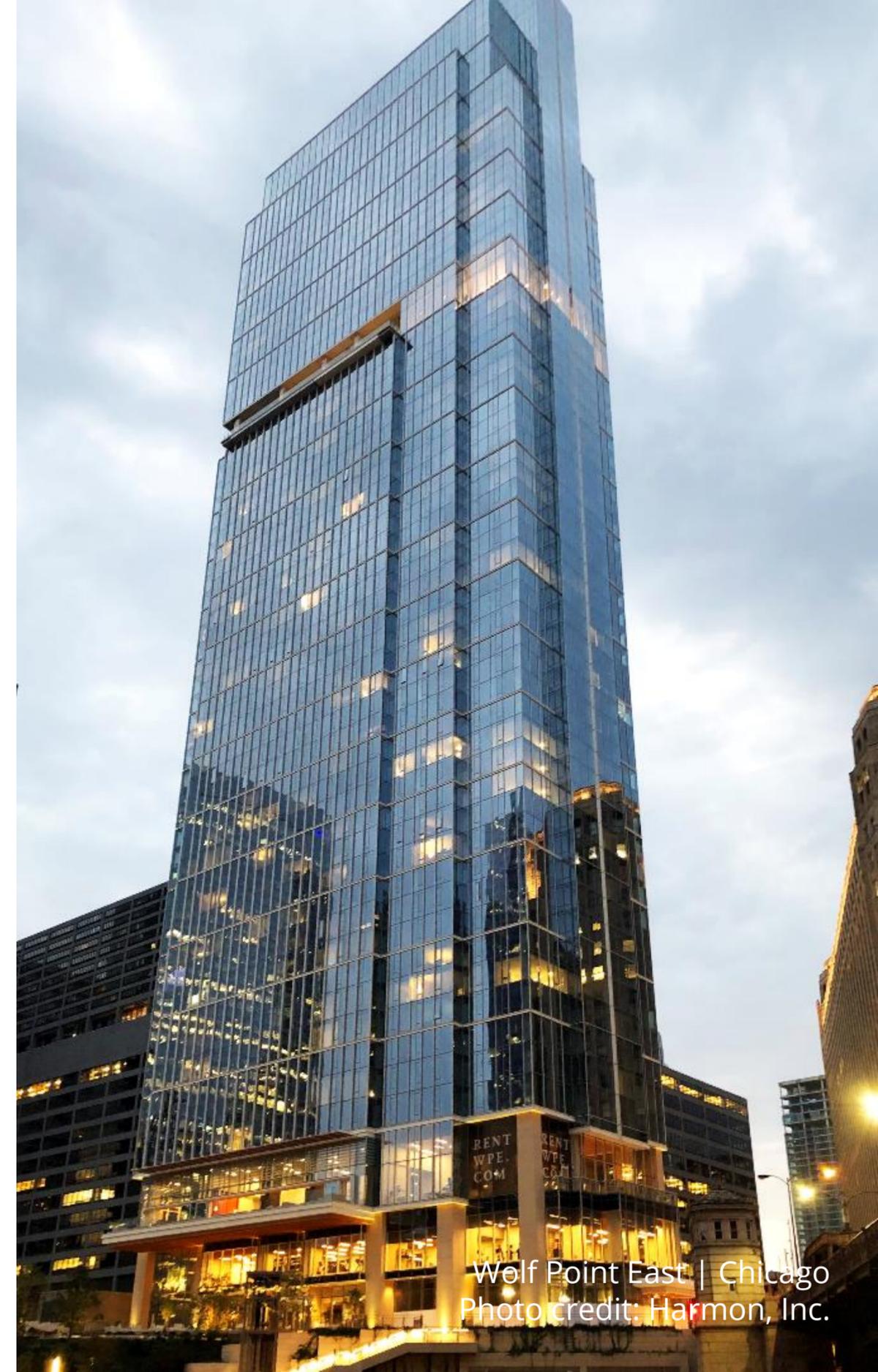
Key Planning Assumptions

- Continued softness in architectural end markets
- Backlog supports growth in Architectural Services
- LSO demand returns to pre-pandemic levels
- Continued progress on cost and productivity initiatives
- Headwind vs. FY21 from reversal of temporary COVID cost actions
- Pressure from raw material inflation, primarily in Framing & Glass
- \$7-10 million of in-year costs related to transformation initiatives
- Tax rate ~24.5%
- CapEx ~\$45 million

Working to protect the bottom-line, while positioning for the long term

Concluding remarks

- Solid results to conclude a challenging year for our business
- Q4 adjusted earnings growth, despite revenue decline
- Continued progress on improving our cost structure and execution
- Strong cash flow and balance sheet
- Using end-market uncertainty as a catalyst for transformation
- Building new strategy to drive long-term sustainable growth, with stronger margins and higher returns on invested capital



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

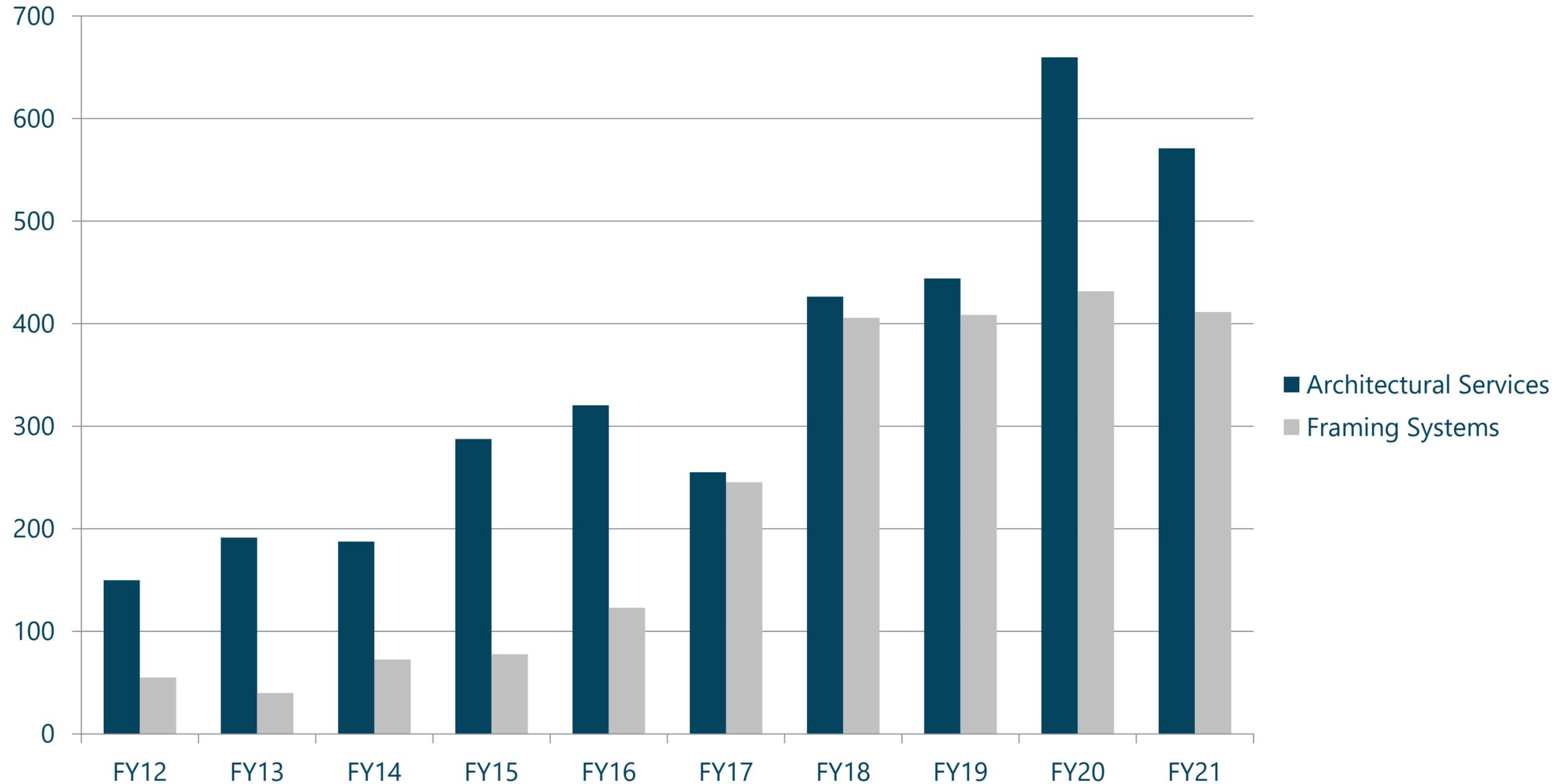
Q&A



enterprises, inc.

Backlog trend

Segment backlog at period end (\$M)



Reconciliation of non-GAAP financial measures

Adjusted net earnings and adjusted earnings per diluted common share

(Unaudited)

<i>In thousands</i>	Three Months Ended February 27, 2021	Three Months Ended February 29, 2020	Twelve Months Ended February 27, 2021	Twelve Months Ended February 29, 2020
Net (loss) earnings	\$ (42,371)	\$ 11,958	\$ 15,436	\$ 61,914
Impairment (1)	70,069	—	70,069	—
Restructuring costs (2)	4,884	—	4,884	—
Gain on sale of building (3)	—	—	(19,346)	—
COVID-19 (4)	920	—	4,988	—
Post-acquisition and acquired project matters	—	2,000	1,000	(635)
Cooperation agreement advisory costs	—	—	—	2,776
Income tax impact on above adjustments (5)	(17,475)	(500)	(13,905)	(535)
Adjusted net earnings	\$ 16,027	\$ 13,458	\$ 63,126	\$ 63,520
	Three Months Ended February 27, 2021	Three Months Ended February 29, 2020	Twelve Months Ended February 27, 2021	Twelve Months Ended February 29, 2020
(Loss) earnings per diluted common share	\$ (1.65)	\$ 0.45	\$ 0.59	\$ 2.32
Impairment (1)	2.74	—	2.66	—
Restructuring costs (2)	0.19	—	0.19	—
Gain on sale of building (3)	—	—	(0.74)	—
COVID-19 (4)	0.04	—	0.19	—
Post-acquisition and acquired project matters	—	0.07	0.04	(0.02)
Cooperation agreement advisory costs	—	—	—	0.10
Income tax impact on above adjustments (5)	(0.68)	(0.02)	(0.53)	(0.02)
Adjusted earnings per diluted common share	\$ 0.63	\$ 0.50	\$ 2.40	\$ 2.38

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) Impairment charge taken on goodwill and indefinite-lived intangible assets within the Architectural Framing Systems segment, as a result of our fourth quarter annual impairment evaluation.

(2) Restructuring costs relate to exiting certain facilities within the Architectural Framing Systems segment and other termination costs across the company.

(3) Gain on sale of building within the Large-Scale Optical segment during the third quarter of fiscal 2021.

(4) Adjustment for COVID-19-related costs, primarily incremental labor costs due to quarantine-related absenteeism and personal protective equipment for employees.

(5) 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. Income tax impact excludes the amount of each charge that is non-deductible in the applicable jurisdiction. In prior periods, tax impacts were calculated using an effective tax rate. All such periods were recalculated herein using the 25% estimated statutory tax rate for consistency and comparability with the current period presentation. This change did not have a significant impact on the income tax impact or the adjusted net earnings or adjusted earnings per diluted common share amounts that had been reported for the three months or twelve months ended February 29, 2020.

Reconciliation of non-GAAP financial measures

Adjusted operating income and adjusted operating margin (Unaudited)

	Three Months Ended February 27, 2021								
	Framing Systems Segment		Glass Segment		LSO Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income	Operating margin	Operating income	Operating margin	Operating loss	Operating income	Operating margin
Operating (loss) income	\$ (70,972)	(54.1)%	\$ 3,371	4.1%	\$ 6,073	28.1%	\$ (3,090)	\$ (53,906)	(17.5)%
Impairment (1)	70,069	53.5%	—	—	—	—	—	70,069	22.7%
Restructuring costs (2)	4,448	3.4%	207	0.3%	—	—	229	4,884	1.6%
COVID-19 (4)	—	—	—	—	—	—	920	920	0.3%
Adjusted operating income (loss)	\$ 3,545	2.7%	\$ 3,578	4.4%	\$ 6,073	28.1%	\$ (1,941)	\$ 21,967	7.1%

(1) Impairment charge taken on goodwill and indefinite-lived intangible assets within the Architectural Framing Systems segment, as a result of our fourth quarter annual impairment evaluation.

(2) Restructuring costs relate to exiting certain facilities within the Architectural Framing Systems segment and other termination costs across the company.

(4) Adjustment for COVID-19-related costs, primarily incremental labor costs due to quarantine-related absenteeism and personal protective equipment for employees.

	Three Months Ended February 29, 2020								
	Framing Systems Segment		Glass Segment		LSO Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income	Operating margin	Operating income	Operating margin	Operating loss	Operating income	Operating margin
Operating income (loss)	\$ 1,968	1.3%	\$ 3,809	3.9%	\$ 7,081	33.0%	\$ (5,720)	\$ 15,638	4.6%
Acquired project matters	—	—	—	—	—	—	2,000	2,000	0.6%
Adjusted operating income (loss)	\$ 1,968	1.3%	\$ 3,809	3.9%	\$ 7,081	33.0%	\$ (3,720)	\$ 17,638	5.2%

Reconciliation of non-GAAP financial measures

Adjusted operating income and adjusted operating margin (Unaudited)

<i>In thousands</i>	Twelve Months Ended February 27, 2021								
	Framing Systems Segment		Glass Segment		LSO Segment		Corporate	Consolidated	
	Operating income	Operating margin	Operating income	Operating margin	Operating income	Operating margin	Operating loss	Operating income	Operating margin
Operating (loss) income	\$ (44,761)	(7.8)%	\$ 18,678	5.7%	\$ 31,203	44.5%	\$ (10,775)	\$ 25,527	2.1%
Impairment (1)	70,069	12.3%	—	—	—	—	—	70,069	5.7%
Restructuring costs (2)	4,448	0.8%	207	0.1%	—	—	229	4,884	0.4%
Gain on sale of building (3)	—	—	—	—	(19,346)	(27.6)%	—	(19,346)	(1.6)%
COVID-19 (4)	—	—	—	—	—	—	4,988	4,988	0.4%
Post-acquisition & acquired project matters	—	—	—	—	—	—	1,000	1,000	0.1%
Adjusted operating income (loss)	\$ 29,756	5.2%	\$ 18,885	5.7%	\$ 11,857	16.9%	\$ (4,558)	\$ 87,122	7.1%

(1) Impairment charge taken on goodwill and indefinite-lived intangible assets within the Architectural Framing Systems segment, as a result of our fourth quarter annual impairment evaluation.

(2) Restructuring costs relate to exiting certain facilities within the Architectural Framing Systems segment and other termination costs across the company.

(3) Gain on sale of building within the Large-Scale Optical segment during the third quarter of fiscal 2021.

(4) Adjustment for COVID-19-related costs, primarily incremental labor costs due to quarantine-related absenteeism and personal protective equipment for employees.

<i>In thousands</i>	Twelve Months Ended February 29, 2020								
	Framing Systems Segment		Glass Segment		LSO Segment		Corporate	Consolidated	
	Operating income	Operating margin	Operating income	Operating margin	Operating income	Operating margin	Operating loss	Operating income	Operating margin
Operating income (loss)	\$ 36,110	5.3%	\$ 20,760	5.4%	\$ 22,642	25.8%	\$ (15,246)	\$ 87,848	6.3%
Cooperation agreement advisory costs	—	—	—	—	—	—	2,776	2,776	0.2%
Acquired project matters	—	—	—	—	—	—	(635)	(635)	—
Adjusted operating income (loss)	\$ 36,110	5.3%	\$ 20,760	5.4%	\$ 22,642	25.8%	\$ (13,105)	\$ 89,989	6.5%

Reconciliation of non-GAAP financial measures

EBITDA and Adjusted EBITDA (Unaudited)

	Three Months Ended	Three Months Ended	Twelve Months Ended	Twelve Months Ended
<i>In thousands</i>	February 27, 2021	February 29, 2020	February 27, 2021	February 29, 2020
Net (loss) earnings	\$ (42,371)	\$ 11,958	\$ 15,436	\$ 61,914
Income tax (benefit) expense	(10,895)	2,160	7,175	17,836
Interest expense, net	167	1,638	4,408	8,814
Depreciation and amortization	13,440	12,114	51,440	46,795
EBITDA	\$ (39,659)	\$ 27,870	\$ 78,459	\$ 135,359
Impairment (1)	70,069	—	70,069	—
Restructuring costs (2)	4,884	—	4,884	—
Gain on sale of building (3)	—	—	(19,346)	—
COVID-19 (4)	920	—	4,988	—
Post-acquisition and acquired project matters	—	2,000	1,000	(635)
Cooperation agreement advisory costs	—	—	—	2,776
Adjusted EBITDA	\$ 36,214	\$ 29,870	\$ 140,054	\$ 137,500

Prior year EBITDA was recalculated to remove Other income, net. This change did not have a significant impact to the EBITDA and Adjusted EBITDA amounts that had been reported for the three months or twelve month ended February 29, 2020.

(1) Impairment charge taken on goodwill and indefinite-lived intangible assets within the Architectural Framing Systems segment, as a result of our fourth quarter annual impairment evaluation.

(2) Restructuring costs relate to exiting certain facilities within the Architectural Framing Systems segment and other termination costs across the company.

(3) Gain on sale of building within the Large-Scale Optical segment during the third quarter of fiscal 2021.

(4) Adjustment for COVID-19-related costs, primarily incremental labor costs due to quarantine-related absenteeism and personal protective equipment for employees.