



Apogee Enterprises, Inc.

Fiscal 2020 First Quarter Earnings Call

June 27, 2019

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. 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

Joe Puishys

Chief Executive Officer

Results and outlook

Jim Porter

Executive Vice President and Chief Financial Officer

Q&A

Q1 Highlights

- Solid start to our fiscal year
- Continued top-line growth; revenue up 6%
- Healthy market conditions and continued backlog growth
- Strong year-over-year improvement in Architectural Glass
- Significant progress toward completing legacy EFCO projects
- Reaffirming our full-year outlook

FY2020 Q1 Consolidated Results

All numbers in \$M, except per share and where noted	1 st Quarter FY20	1 st Quarter FY19
Revenues	\$355.4	\$336.5
Operating income	23.0	22.0
Adjusted operating income*	23.0	24.3
Operating margin	6.5%	6.5%
Adjusted operating margin*	6.5%	7.2%
Adjusted EBITDA*	34.1	35.5
Net interest expense	2.6	1.7
Tax rate	24.4%	24.1%
Earnings per diluted share (EPS)	\$0.58	\$0.54
Adjusted EPS*	\$0.58	\$0.60

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

FY2020 Q1 Segment Results

All numbers in \$M, except where noted

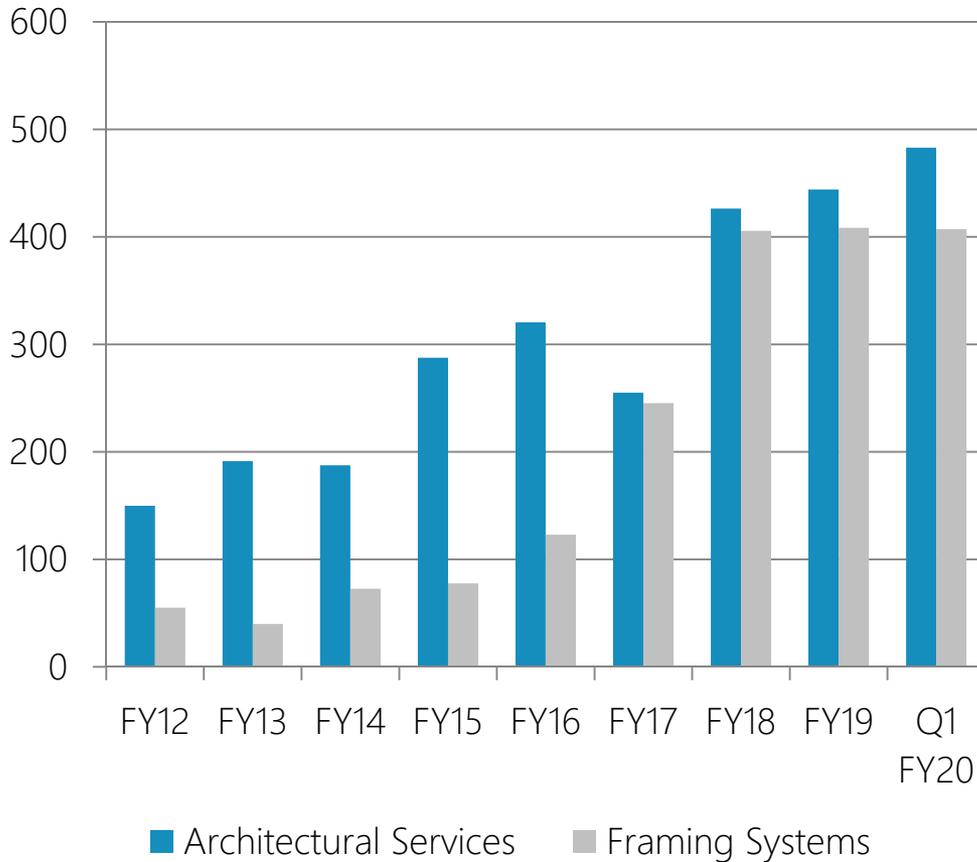
	1 st Quarter FY20	1 st Quarter FY19
Revenues		
Architectural Framing Systems	\$180.5	\$179.0
Architectural Glass	100.3	76.9
Architectural Services	65.1	70.7
Large-Scale Optical	21.3	20.8
Operating Margin		
Arch. Framing Systems	6.8%	6.9%
Arch. Framing Systems (adjusted)*	6.8%	8.5%
Architectural Glass	6.4%	2.1%
Architectural Services	7.0%	7.3%
Large-Scale Optical	19.6%	24.0%

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

Backlog Trend

Segment Backlog at Period End

(\$ in millions)



- Backlogs primarily tied to longer lead-time projects
- Roughly 40% of Architectural Services backlog expected to revenue in FY20 – remainder in FY21 and beyond
- Roughly 60% of Framing Systems backlog expected to revenue in FY20
- Market conditions remain favorable with healthy bidding / quoting activity

Cash Flow and Balance Sheet

All numbers in \$M	Q1 FY20	Q1 FY19
Cash flow from operations	\$(9.7)	\$25.3
Capital expenditures	11.2	9.3
Free cash flow*	(20.9)	16.0
Share repurchases	20.0	0
Dividends paid	4.6	4.4
Long-term debt	293.3	214.5

*Free cash flow is defined as cash flow from operations less capital expenditures.

Outlook

FY2020 Guidance

- Reaffirming our previous guidance
 - Revenue growth of 1 to 3%
 - Operating margin between 8.2 to 8.6%
 - Diluted EPS in the range of \$3.00 to \$3.20
 - Tax rate approximately 24.5%
 - Capital expenditures of \$60 to \$65 million

FY2020 Segment Guidance

Segment	Revenue Growth	Operating Margin
Architectural Framing Systems	Mid-single digit	8.0% to 8.5%
Architectural Glass	~10%	~7%
Architectural Services	Down ~15%	6% to 7%
Large-Scale Optical	Mid-single digit	~25%

Commentary

- Expect continued productivity improvements in Architectural Glass to drive revenue growth and margin improvement. Glass segment margins negatively impacted by 100-150 bps due to start-up costs related to strategic growth investment
- Expect lower Architectural Services revenue due to timing of projects in backlog; margins negatively impacted by leverage on lower volumes and less favorable project maturity compared to FY2019
- Anticipate increased corporate costs from higher legal and other advisory expenses compared to FY2019



enterprises, inc.

Reconciliation of Non-GAAP Financial Measures

Adjusted Net Earnings and Adjusted Earnings per Diluted Common Share

(Unaudited)

	Thirteen	Thirteen
	Weeks Ended	Weeks Ended
<i>In thousands</i>	June 1, 2019	June 2, 2018
Net earnings	\$ 15,443	\$ 15,373
Amortization of short-lived acquired intangibles	—	2,870
Acquired project profits (1)	—	(565)
Income tax impact on above adjustments	—	(555)
Adjusted net earnings	\$ 15,443	\$ 17,123
	Thirteen	Thirteen
	Weeks Ended	Weeks Ended
	June 1, 2019	June 2, 2018
Earnings per diluted common share	\$ 0.58	\$ 0.54
Amortization of short-lived acquired intangibles	—	0.10
Acquired project profits (1)	—	(0.02)
Income tax impact on above adjustments	—	(0.02)
Adjusted earnings per diluted common share	\$ 0.58	\$ 0.60

(1) Adjustment for profits recognized during the first quarter of fiscal 2019 on contracts that we acquired with the purchase of EFCO

Reconciliation of Non-GAAP Financial Measures

Adjusted Operating Income and Adjusted Operating Margin

(Unaudited)

	Thirteen Weeks Ended June 1, 2019				
	Framing Systems Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income	\$ 12,273	6.8%	\$ (4,381)	\$ 23,041	6.5%

	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	\$ 12,339	6.9%	\$ (2,059)	\$ 21,995	6.5%
Amortization of short-lived acquired intangibles	2,870	1.6%	—	2,870	0.9%
Acquired project profits (1)	—	—	(565)	(565)	(0.2)%
Adjusted operating income	\$ 15,209	8.5%	\$ (2,624)	\$ 24,300	7.2%

(1) Adjustment for profits recognized during the first quarter of fiscal 2019 on contracts that we acquired with the purchase of EFCO

Reconciliation of Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

(Unaudited)

	Thirteen	Thirteen
	Weeks Ended	Weeks Ended
<i>In thousands</i>	June 1, 2019	June 2, 2018
Net earnings	\$ 15,443	\$ 15,373
Income tax expense	4,987	4,881
Interest and other expense, net	2,611	1,741
Depreciation and amortization	11,102	14,050
EBITDA	\$ 34,143	\$ 36,045
Acquired project profits (1)	—	(565)
Adjusted EBITDA	\$ 34,143	\$ 35,480

(1) Adjustment for profits recognized during the first quarter of fiscal 2019 on contracts that we acquired with the purchase of EFCO