



Apogee Enterprises, Inc.

Fiscal 2021 Second Quarter Earnings Call

September 17, 2020

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 and business update

Joe Puishys

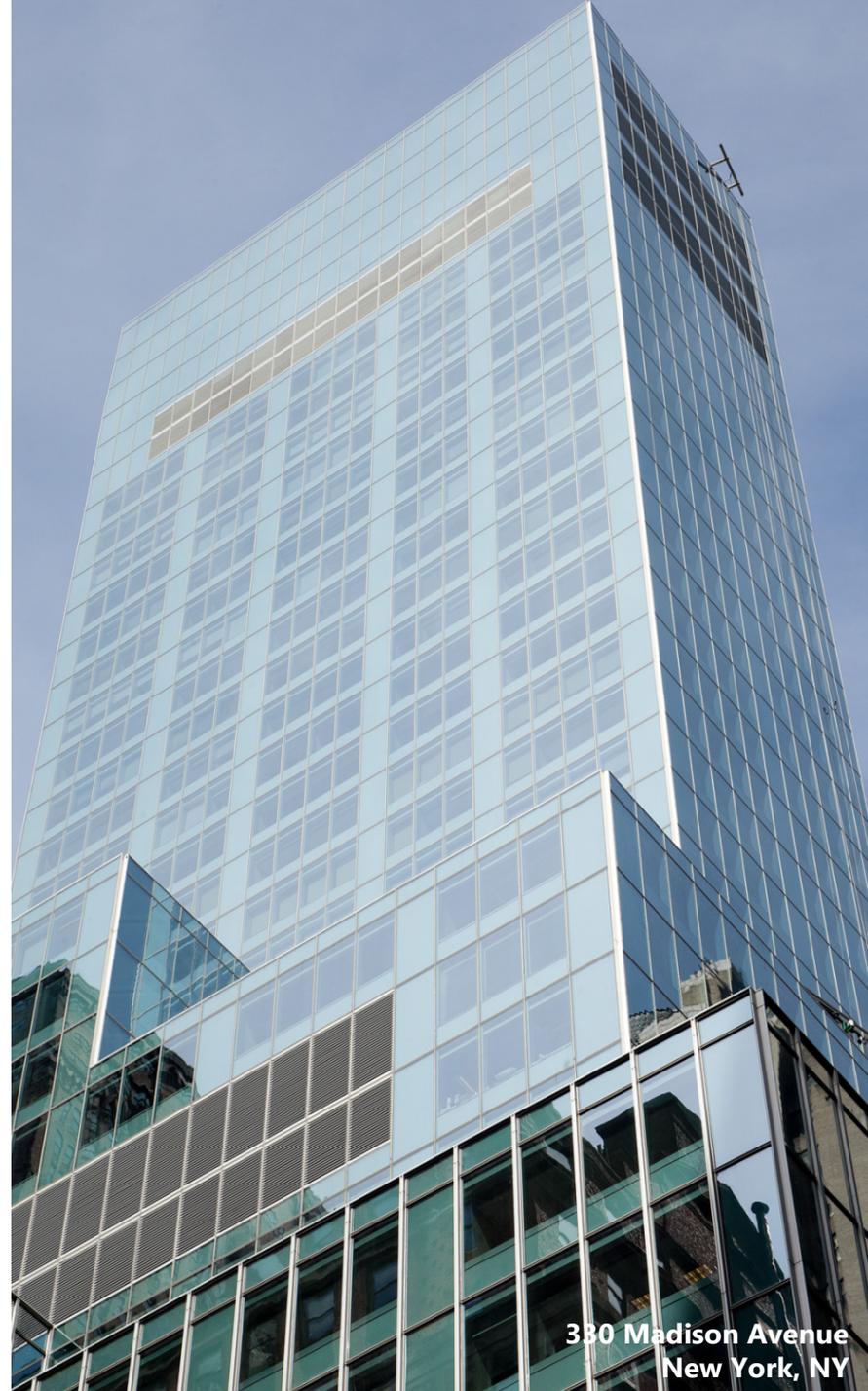
Chief Executive Officer

Financial results

Nisheet Gupta

Executive Vice President and CFO

Q&A



380 Madison Avenue
New York, NY

Executive summary

COVID Response

We took decisive actions to stabilize our business

- Prioritized the health & safety of employees
- Adapted our business & supply chain to operate in the COVID environment
- Focused on meeting the needs of our customers
- Took action to align costs with market conditions
- Focused on working capital mgmt & cash flow
- Reduced debt, built liquidity, and increased financial flexibility

Q2 Highlights

- Continued revenue impact from COVID-related volume declines and project delays
- Strong recovery in LSO compared to Q1
- Cost reductions tracking ahead of expectations
- Strong execution across all four segments
- YTD cash flow of \$85M, well above prior-year
- Reduced debt by \$43 million in the quarter – total debt now \$105 million lower than a year ago
- Total backlog remains above prior year level

Effectively managing through a challenging environment

The strategies we've implemented since 2012 position Apogee to manage through the current environment

Diversified our business

- Diversified our business by geography, project type & size
- Reduced dependence on architectural glass for large projects
- Built scale in higher growth potential Framing Systems segment
- Established robust renovation / retrofit initiative

Improved the productivity of our operations

- Implemented Apogee's Lean Enterprise System
- Made significant investments in automation
- Improved project selection and pricing discipline
- Built a more effective procurement organization

Maintained a strong financial position

- Reduced debt by \$105 million in the past four quarters
- Debt / TTM Adjusted EBITDA ~1.4x
- Strong free cash flow generation

FY2021 Q2 Consolidated Results

| All numbers in \$M, except per share and where noted | 2 nd Quarter FY21 | 2 nd Quarter FY20 | Year-to-date FY21 | Year-to-date FY20 |
|--|---------------------------------|---------------------------------|----------------------|----------------------|
| Revenues | \$319.5 | \$357.1 | \$608.6 | \$712.4 |
| Operating income | 23.2 | 27.6 | 29.7 | 50.6 |
| Adjusted operating income* | 25.5 | 27.6 | 33.4 | 50.6 |
| Operating margin | 7.3% | 7.7% | 4.9% | 7.1% |
| Adjusted operating margin* | 8.0% | 7.7% | 5.5% | 7.1% |
| Adjusted EBITDA* | \$38.3 | \$39.2 | \$58.7 | \$73.4 |
| Interest expense, net | 1.3 | 2.6 | 2.7 | 5.2 |
| Other income, net | 1.3 | 0.4 | 0.2 | 0.4 |
| Tax rate | 23.7% | 24.0% | 24.4% | 24.2% |
| Earnings per diluted share | \$0.67 | \$0.72 | \$0.77 | \$1.30 |
| Adjusted EPS* | \$0.73 | \$0.72 | \$0.88 | \$1.30 |

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

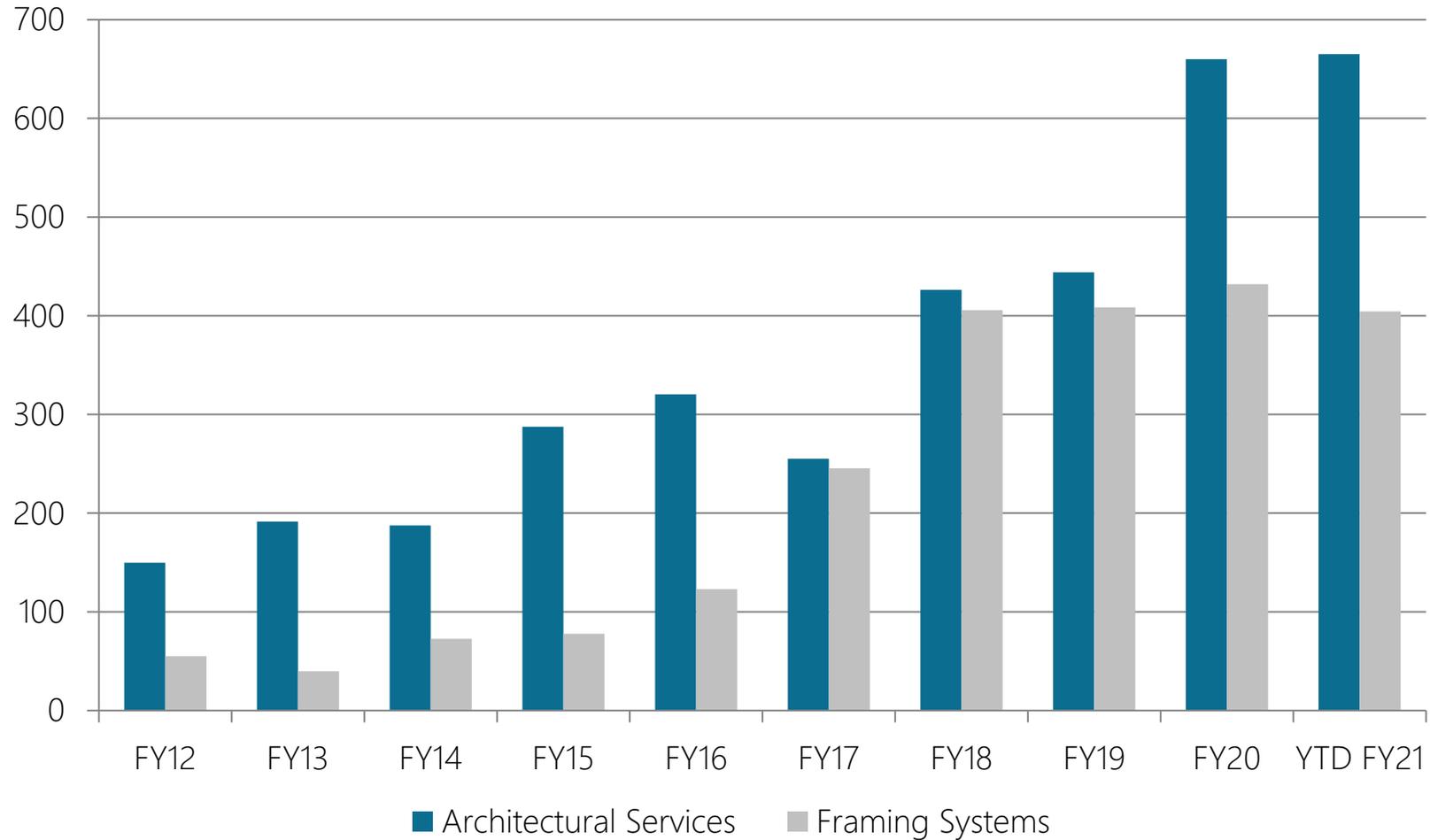
FY2021 Q2 Segment Results

All numbers in \$M, except where noted

| | 2 nd Quarter FY21 | 2 nd Quarter FY20 | Year-to-date FY21 | Year-to-date FY20 |
|-------------------------------|---------------------------------|---------------------------------|----------------------|----------------------|
| Revenues | | | | |
| Architectural Framing Systems | \$152.9 | \$187.4 | \$303.1 | \$367.9 |
| Architectural Glass | 86.6 | 99.1 | 163.5 | 199.4 |
| Architectural Services | 73.7 | 61.6 | 137.2 | 126.7 |
| Large-Scale Optical | 16.9 | 20.8 | 23.2 | 42.0 |
| | | | | |
| Operating Margin | | | | |
| Arch. Framing Systems | 7.6% | 8.3% | 6.3% | 7.6% |
| Architectural Glass | 5.7% | 6.5% | 2.7% | 6.4% |
| Architectural Services | 8.9% | 6.5% | 8.7% | 6.7% |
| Large-Scale Optical | 12.7% | 22.3% | (4.2)% | 20.9% |

Backlog Trend

Segment Backlog at Period End



Update on cost actions

**On-track to deliver
\$40M+ savings in
current year**

- Procurement savings initiative & Framing Systems improvements
 - Over \$10 million benefit YTD
 - Expect full-year savings over \$20 million; all sustainable
 - Significant opportunities remain

- Temporary actions in response to COVID
 - Achieved \$14 million cost savings YTD
 - Expect full-year savings more than \$20 million
 - Will reverse some of these actions in second half

Cost reductions tracking ahead of expectations

Cash Flow and Balance Sheet

| All numbers in \$M | Twenty-Six Weeks Ended Aug 29, 2020 | Twenty-Six Weeks Ended Aug 31, 2019 |
|---------------------------|-------------------------------------|-------------------------------------|
| Cash flow from operations | \$85.3 | \$17.8 |
| Capital expenditures | 14.2 | 22.6 |
| Free cash flow* | 71.1 | (4.8) |
| Share repurchases | 4.7 | 20.0 |
| Dividends paid | 9.8 | 9.2 |
| Total debt | 167.7 | 272.8 |

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

Outlook

- Not providing detailed financial guidance due to continued uncertainty
- Signs of stabilization in end markets, but COVID and economic risks remain
- Expect revenue & earnings to improve in the 2nd half of FY21, compared to first half
- Anticipate continued soft market conditions and project delays
- Remain focused on cost management & execution to offset top-line pressure

Concluding Remarks

- Managing what we can control in a challenging environment
- Took decisive action to respond to COVID
- Strong execution and cost control offset Q2 revenue decline
- Cost reductions tracking ahead of expectations
- Cash flow significantly above prior year
- Well positioned to manage through the current situation
- Confident in our long-term outlook – focused on emerging stronger in the recovery



**One World Trade Center
New York, NY**



enterprises, inc.

Reconciliation of Non-GAAP Financial Measures

Adjusted Net Earnings and Adjusted Earnings per Diluted Common Share (Unaudited)

| | Thirteen | Thirteen | Twenty-Six | Twenty-Six |
|---|-----------------|-----------------|-----------------|-----------------|
| | Weeks Ended | Weeks Ended | Weeks Ended | Weeks Ended |
| <i>In thousands</i> | August 29, 2020 | August 31, 2019 | August 29, 2020 | August 31, 2019 |
| Net earnings | \$ 17,658 | \$ 19,279 | \$ 20,534 | \$ 34,722 |
| COVID-19 (1) | 1,316 | — | 2,696 | — |
| Post-acquisition and acquired project matters | 1,000 | — | 1,000 | — |
| Income tax impact on above adjustments | (549) | — | (902) | — |
| Adjusted net earnings | \$ 19,425 | \$ 19,279 | \$ 23,328 | \$ 34,722 |
| | | | | |
| | Thirteen | Thirteen | Twenty-Six | Twenty-Six |
| | Weeks Ended | Weeks Ended | Weeks Ended | Weeks Ended |
| | August 29, 2020 | August 31, 2019 | August 29, 2020 | August 31, 2019 |
| Earnings per diluted common share | \$ 0.67 | \$ 0.72 | \$ 0.77 | \$ 1.30 |
| COVID-19 (1) | 0.05 | — | 0.10 | — |
| Post-acquisition and acquired project matters | 0.04 | — | 0.04 | — |
| Income tax impact on above adjustments | (0.02) | — | (0.03) | — |
| Adjusted earnings per diluted common share | \$ 0.73 | \$ 0.72 | \$ 0.88 | \$ 1.30 |

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

Reconciliation of Non-GAAP Financial Measures

Adjusted Operating Income and Adjusted Operating Margin (Unaudited)

| <i>In thousands</i> | Three Months Ended August 29, 2020 | | |
|---|------------------------------------|------------------|------------------|
| | Corporate | Consolidated | |
| | Operating loss | Operating income | Operating margin |
| Operating (loss) income | \$ (2,176) | \$ 23,215 | 7.3% |
| COVID-19 (1) | 1,316 | 1,316 | 0.4% |
| Post-acquisition and acquired project matters | 1,000 | 1,000 | 0.3% |
| Adjusted operating income | \$ 140 | \$ 25,531 | 8.0% |

| <i>In thousands</i> | Three Months Ended August 31, 2019 | | |
|-------------------------|------------------------------------|------------------|------------------|
| | Corporate | Consolidated | |
| | Operating loss | Operating income | Operating margin |
| Operating (loss) income | \$ (3,013) | \$ 27,576 | 7.7% |

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

Reconciliation of Non-GAAP Financial Measures

Adjusted Operating Income and Adjusted Operating Margin (Unaudited)

| <i>In thousands</i> | Six Months Ended August 29, 2020 | | |
|---|----------------------------------|------------------|------------------|
| | Corporate | Consolidated | |
| | Operating loss | Operating income | Operating margin |
| Operating (loss) income | \$ (4,720) | \$ 29,683 | 4.9% |
| COVID-19 (1) | 2,696 | 2,696 | 0.4% |
| Post-acquisition and acquired project matters | 1,000 | 1,000 | 0.2% |
| Adjusted operating (loss) income | \$ (1,024) | \$ 33,379 | 5.5% |

| <i>In thousands</i> | Six Months Ended August 31, 2019 | | |
|-------------------------|----------------------------------|------------------|------------------|
| | Corporate | Consolidated | |
| | Operating loss | Operating income | Operating margin |
| Operating (loss) income | \$ (7,395) | \$ 50,616 | 7.1% |

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

Reconciliation of Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

(Unaudited)

| | Thirteen | Thirteen | Twenty-Six | Twenty-Six |
|---|-----------------|-----------------|-----------------|-----------------|
| | Weeks Ended | Weeks Ended | Weeks Ended | Weeks Ended |
| <i>In thousands</i> | August 29, 2020 | August 31, 2019 | August 29, 2020 | August 31, 2019 |
| Net earnings | \$ 17,658 | \$ 19,279 | \$ 20,534 | \$ 34,722 |
| Income tax expense | 5,493 | 6,094 | 6,623 | 11,081 |
| Interest expense, net | 1,324 | 2,566 | 2,739 | 5,181 |
| Other income, net | 1,260 | 363 | 213 | 368 |
| Depreciation and amortization | 12,744 | 11,657 | 25,284 | 22,759 |
| EBITDA | \$ 35,959 | \$ 39,233 | \$ 54,967 | \$ 73,375 |
| COVID-19 (1) | 1,316 | — | 2,696 | — |
| Post-acquisition and acquired project matters | 1,000 | — | 1,000 | — |
| Adjusted EBITDA | \$ 38,275 | \$ 39,233 | \$ 58,663 | \$ 73,735 |

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