



Apogee Enterprises, Inc.

Fiscal 2019 Fourth Quarter Earnings Call

April 11, 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

FY2019 Highlights

- Full-year revenue up 6%; eighth consecutive year of growth
- Robust demand drove strong order flow and backlog growth
- Record full-year revenue, operating income, and backlog in Architectural Services
- Made significant progress toward returning Architectural Glass to prior productivity levels
- Made substantial progress toward completing legacy EFCO contracts – recorded \$45.7 million of charges for project-related charges and impairment
- Returned \$61 million of cash to shareholders; up 22% vs. FY18

FY2020 Key Focus Areas

- Execute and complete legacy EFCO projects
- Complete the return of Arch. Glass to prior productivity levels
- Continue to drive growth in Architectural Glass, focused on new market opportunities
- Drive organic growth & margin expansion in Framing Systems
- Continue sales and order momentum to build on the platform for further growth in FY21

FY2019 Q4 and Full-year Consolidated Results

All numbers in \$M, except per share and where noted	4 th Quarter FY19	4 th Quarter FY18	Full Year FY19	Full-Year FY18
Revenues	\$346.3	\$353.5	\$1,403	\$1,326
Operating income (loss)	(14.8)	27.9	67.3	114.3
Adjusted operating income*	31.2	34.1	116.3	132.9
Operating margin	(4.3)%	7.9%	4.8%	8.6%
Adjusted operating margin*	9.0%	9.6%	8.3%	10.0%
Adjusted EBITDA*	\$42.4	\$46.2	\$161.2	\$177.3
Net interest expense	2.3	1.7	8.1	5.0
Tax rate	29.5%	14.8%	22.1%	27.7%
Earnings (loss) per diluted share	\$(0.45)	\$0.78	\$1.63	\$2.76
Adjusted EPS*	\$0.85	\$0.96	\$2.96	\$3.23

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

FY2019 Q4 and Full-year Segment Results

All numbers in \$M, except where noted

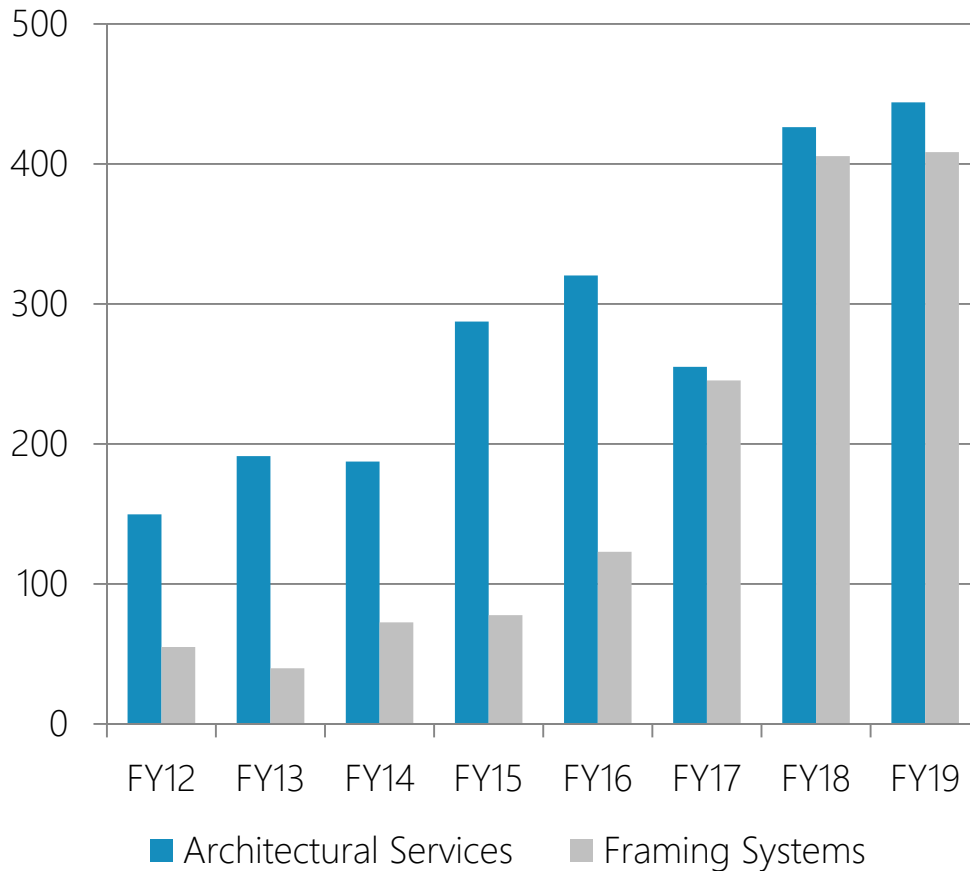
	4 th Quarter FY19	4 th Quarter FY18	Full Year FY19	Full Year FY18
Revenues				
Architectural Framing Systems	\$170.6	\$183.5	\$720.8	\$677.2
Architectural Glass	103.7	92.1	367.2	384.1
Architectural Services	66.3	67.7	286.3	213.8
Large-Scale Optical	24.0	23.4	88.5	88.3
Operating Margin				
Arch. Framing Systems	3.6%	6.6%	6.9%	8.7%
Arch. Framing Systems (adjusted)*	5.6%	8.2%	8.0%	10.3%
Architectural Glass	7.1%	4.4%	4.5%	8.5%
Architectural Glass (adjusted)*	7.1%	7.7%	4.5%	9.3%
Architectural Services	13.7%	9.3%	10.7%	4.9%
Large-Scale Optical	29.9%	29.8%	26.0%	24.9%

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

Backlog Trend

Segment Backlog at Fiscal Year-End

(\$ in millions)



- Record year-end backlogs in both Architectural Services and Framing Systems
- Backlogs primarily tied to longer lead-time projects
- Roughly 50% of Architectural Services backlog expected to revenue in FY20 – remainder in FY21 and beyond
- Roughly 70% of Framing Systems backlog expected to revenue in FY20
- Market indicators remain favorable with strong bidding / quoting activity

Cash Flow and Balance Sheet

All numbers in \$M	FY2019	FY2018
Cash flow from operations	\$96.4	\$127.5
Capital expenditures	60.7	53.2
Free cash flow*	35.7	74.3
Share repurchases	43.3	33.7
Dividends paid	17.9	16.4
Long-term debt	245.7	215.9

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

Outlook

FY2020 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. 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



enterprises, inc.

Reconciliation of Q4 FY19 Non-GAAP Financial Measures

Adjusted Net Earnings and Adjusted Earnings per Diluted Common Share

(Unaudited)

	Thirteen Weeks Ended March 2, 2019	Thirteen Weeks Ended March 3, 2018	Fifty-two Weeks Ended March 2, 2019	Fifty-two Weeks Ended March 3, 2018
<i>In thousands</i>				
Net (loss) earnings	\$ (12,084)	\$ 22,329	\$ 45,694	\$ 79,488
Amortization of short-lived acquired intangibles	239	2,913	4,894	10,521
Project-related charges ⁽¹⁾	42,598	—	40,948	—
Impairment charge	3,141	—	3,141	—
Acquisition-related costs	—	258	—	5,098
Restructuring-related costs	—	3,026	—	3,026
Income tax impact on above adjustments	(10,851)	(917)	(11,560)	(5,157)
Adjusted net earnings	\$ 23,043	\$ 27,609	\$ 83,117	\$ 92,976
	Thirteen Weeks Ended March 2, 2019	Thirteen Weeks Ended March 3, 2018	Fifty-two Weeks Ended March 2, 2019	Fifty-two Weeks Ended March 3, 2018
(Loss) earnings per diluted common share	\$ (0.45)	\$ 0.78	\$ 1.63	\$ 2.76
Amortization of short-lived acquired intangibles	0.01	0.10	0.17	0.37
Project-related charges ⁽¹⁾	1.57	—	1.46	—
Impairment charge	0.12	—	0.11	—
Acquisition-related costs	—	0.01	—	0.18
Restructuring-related costs	—	0.11	—	0.11
Income tax impact on above adjustments	(0.40)	(0.03)	(0.41)	(0.18)
Adjusted earnings per diluted common share	\$ 0.85	\$ 0.96	\$ 2.96	\$ 3.23

(1) The adjustment for project-related charges for the fifty-two weeks ended March 2, 2019 includes an adjustment for profits recognized during the first three quarters of fiscal 2019 on contracts that were acquired with the purchase of EFCO. The amounts included in operating income are \$565, \$448 and \$637, and EPS are \$0.02, \$0.01 and \$0.02, for the thirteen weeks ended June 2, 2018, September 1, 2018 and December 1, 2018, respectively.

Reconciliation of Q4 FY19 Non-GAAP Financial Measures

Adjusted Operating Income and Adjusted Operating Margin

(Unaudited)

<i>In thousands</i>	Thirteen Weeks Ended March 2, 2019						
	Framing Systems Segment		Architectural Glass Segment		Corporate	Consolidated	
	Operating income	Operating margin	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income (loss)	\$ 6,107	3.6%	\$ 7,334	7.1%	\$ (44,451)	\$ (14,778)	(4.3)%
Amortization of short-lived acquired intangibles	239	0.1%	—	—	—	239	0.1%
Project-related charges ⁽¹⁾	—	—	—	—	42,598	42,598	12.3%
Impairment charge	3,141	1.8%	—	—	—	3,141	0.9%
Adjusted operating income (loss)	<u>\$ 9,487</u>	<u>5.6%</u>	<u>\$ 7,334</u>	<u>7.1%</u>	<u>\$ (1,853)</u>	<u>\$ 31,200</u>	<u>9.0%</u>

<i>In thousands</i>	Thirteen Weeks Ended March 3, 2018						
	Framing Systems Segment		Architectural Glass Segment		Corporate	Consolidated	
	Operating income	Operating margin	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income (loss)	\$ 12,073	6.6%	\$ 4,077	4.4%	\$ (1,577)	\$ 27,869	7.9%
Amortization of short-lived acquired intangibles	2,913	1.6%	—	—	—	2,913	0.8%
Acquisition-related costs	—	—	—	—	258	258	0.1%
Restructuring-related costs	—	—	3,026	3.3%	—	3,026	0.9%
Adjusted operating income (loss)	<u>\$ 14,986</u>	<u>8.2%</u>	<u>\$ 7,103</u>	<u>7.7%</u>	<u>\$ (1,319)</u>	<u>\$ 34,066</u>	<u>9.6%</u>

(1) The adjustment for project-related charges for the fifty-two weeks ended March 2, 2019 includes an adjustment for profits recognized during the first three quarters of fiscal 2019 on contracts that were acquired with the purchase of EFCO. The amounts included in operating income are \$565, \$448 and \$637, and EPS are \$0.02, \$0.01 and \$0.02, for the thirteen weeks ended June 2, 2018, September 1, 2018 and December 1, 2018, respectively.

Reconciliation of Full-Year FY19 Non-GAAP Financial Measures

Adjusted Operating Income and Adjusted Operating Margin

(Unaudited)

	Fifty-two Weeks Ended March 2, 2019						
	Framing Systems Segment		Architectural Glass Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income (loss)	\$ 49,660	6.9%	\$ 16,503	4.5%	\$ (52,391)	\$ 67,284	4.8%
Amortization of short-lived acquired intangibles	4,894	0.7%	—	—	—	4,894	0.3%
Project-related charges ⁽¹⁾	—	—	—	—	40,948	40,948	2.9%
Impairment charge	3,141	0.4%	—	—	—	3,141	0.2%
Adjusted operating income (loss)	<u>\$ 57,695</u>	<u>8.0%</u>	<u>\$ 16,503</u>	<u>4.5%</u>	<u>\$ (11,443)</u>	<u>\$ 116,267</u>	<u>8.3%</u>

	Fifty-two Weeks Ended March 3, 2018						
	Framing Systems Segment		Architectural Glass Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income (loss)	\$ 59,031	8.7%	\$ 32,764	8.5%	\$ (9,931)	\$ 114,284	8.6%
Amortization of short-lived acquired intangibles	10,521	1.6%	—	—	—	10,521	0.8%
Acquisition-related costs	—	—	—	—	5,098	5,098	0.4%
Restructuring-related costs	—	—	3,026	0.8%	—	3,026	0.2%
Adjusted operating income (loss)	<u>\$ 69,552</u>	<u>10.3%</u>	<u>\$ 35,790</u>	<u>9.3%</u>	<u>\$ (4,833)</u>	<u>\$ 132,929</u>	<u>10.0%</u>

(1) The adjustment for project-related charges for the fifty-two weeks ended March 2, 2019 includes an adjustment for profits recognized during the first three quarters of fiscal 2019 on contracts that were acquired with the purchase of EFCO. The amounts included in operating income are \$565, \$448 and \$637, and EPS are \$0.02, \$0.01 and \$0.02, for the thirteen weeks ended June 2, 2018, September 1, 2018 and December 1, 2018, respectively.

Reconciliation of Q4 FY19 Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA

(Unaudited)

	Thirteen	Thirteen	Fifty-two	Fifty-two
	Weeks Ended	Weeks Ended	Weeks Ended	Weeks Ended
<i>In thousands</i>	March 2, 2019	March 3, 2018	March 2, 2019	March 3, 2018
Net (loss) earnings	\$ (12,084)	\$ 22,329	\$ 45,694	\$ 79,488
Income tax (benefit) expense	(5,062)	3,875	12,968	30,392
Other expense (income), net	69	(6)	528	(566)
Interest expense, net	2,299	1,671	8,094	4,970
Depreciation and amortization	11,420	15,069	49,798	54,843
EBITDA	<u>(3,358)</u>	<u>42,938</u>	<u>117,082</u>	<u>169,127</u>
Project-related charges ⁽¹⁾	42,598	—	40,948	—
Impairment charge	3,141	—	3,141	—
Acquisition-related costs	—	258	—	5,098
Restructuring-related costs	—	3,026	—	3,026
Adjusted EBITDA	<u>\$ 42,381</u>	<u>\$ 46,222</u>	<u>\$ 161,171</u>	<u>\$ 177,251</u>

(1) The adjustment for project-related charges for the fifty-two weeks ended March 2, 2019 includes an adjustment for profits recognized during the first three quarters of fiscal 2019 on contracts that were acquired with the purchase of EFCO. The amounts included in operating income are \$565, \$448 and \$637, and EPS are \$0.02, \$0.01 and \$0.02, for the thirteen weeks ended June 2, 2018, September 1, 2018 and December 1, 2018, respectively.