



apogee enterprises, inc.

Investor Presentation

January 2019

Forward-looking statements

This presentation contains non-GAAP financial measures when talking about Apogee's performance. Definitions for these non-GAAP financial measures are in our most recent earnings release.

It also contains forward-looking statements reflecting management's expectations based on currently available information. Actual results may differ materially. More information about factors that could affect Apogee's business and financial results can be found in our SEC filings.



About Apogee

A leading provider of value-added architectural glass and metal products and services for enclosing commercial buildings

1949 incorporated in Minnesota

Forecast approximately **\$1.4 billion** revenue in FY19

9 operating companies organized into 4 business segments

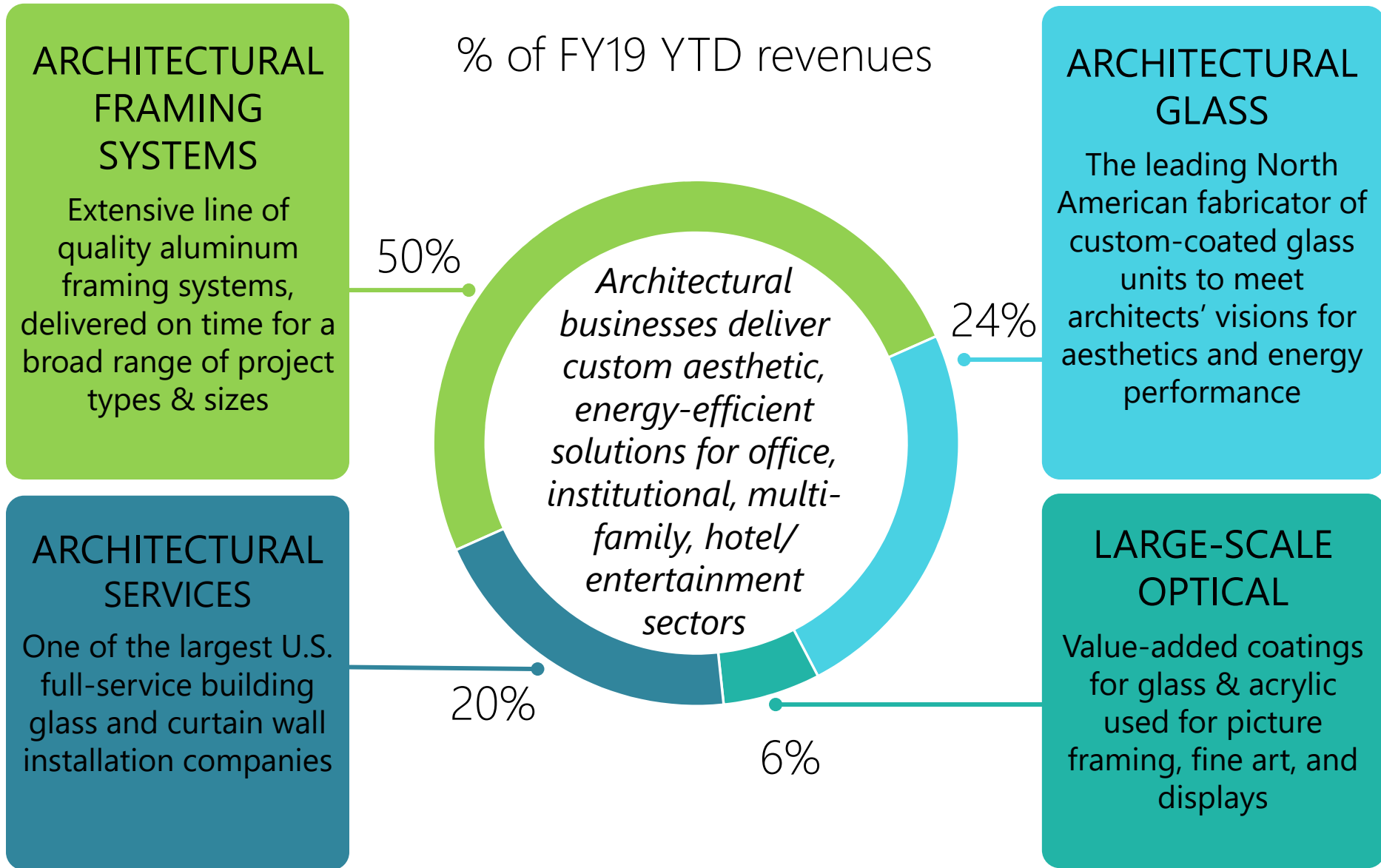
18 U.S. & 9 int'l manufacturing and fabrication locations

~6,700 employees

191 North Wacker
Chicago, IL

Apogee Enterprises, Inc.

Apogee's business segments



Differentiated, integrated offering

Potential Apogee participation in a ~\$200 million/~20-story office building

Glass

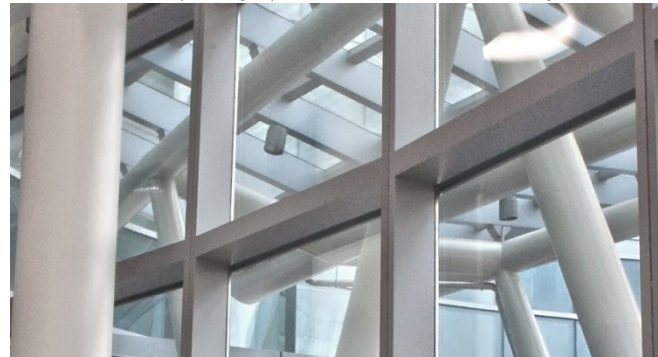
Architects value quality, technical advice



\$2-3 million

Metal Framing

Premium quality, performance, delivery levels



\$3-6 million

Installation Services

National expertise with local presence



\$20-25 million (includes glass, metal)

Viracon

- Coats raw glass to enhance color, energy efficiency; offers silk-screened or digitally printed designs for improved aesthetics
- Fabricates glass into insulating units and/or laminated products
- Partners with leading architects

Wausau, Sotawall and EFCO

- Design, engineer aluminum systems
- Cut, machine aluminum for assembly
- Build aluminum windows, curtainwall systems
- Install glass in frames

Tubelite, Alumicor and EFCO

- Fabricate aluminum storefront, entrance, curtainwall products

Linetec, Alumicor and EFCO

- Coat (paint or anodize) aluminum framing

Harmon

- Union glaziers install windows, curtainwall and related components on mid-size to larger buildings
- Quality glazing (installation) contributes to buildings completed on time; ensures exterior glass system meets architectural "look" and is weather tight

Why Apogee?

The “new Apogee” is stronger,
more diversified, and more stable

Favorable market conditions and healthy backlog

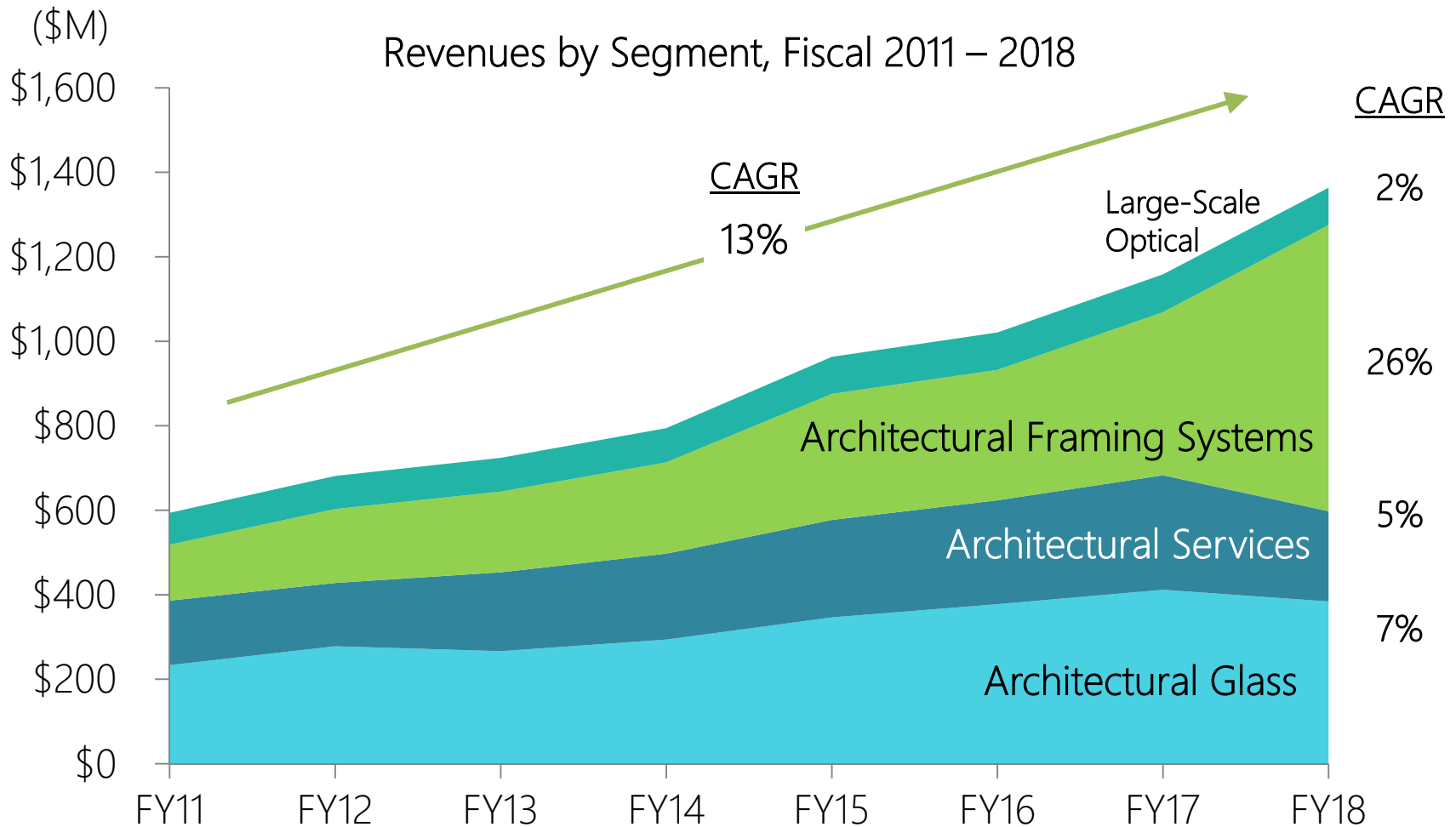
Robust platform for revenue growth,
with significant visibility

Significant opportunities for margin expansion

Strong cash flow and balance sheet with value
creating capital deployment



Building a stronger, more diversified Apogee



Favorable market conditions support multi-year revenue visibility

Internal Indicators

- Architectural calls
- Bidding activity
- Commitments
- Awards
- Booked backlog

External Indicators

- Architectural Billing Index
- Dodge Momentum Index
- US employment growth for select industries
- CBRE office vacancy rate

Booked Revenue (0 – 18 Months) → Expected Demand (18 – 36 Months)*

*Varies by segment and product line.

Multiple drivers for continued revenue growth

New Geographies

- Organic expansion to extend service coverage
- Investments to expand geographic footprint
- Project selection to focus on the most attractive opportunities

New Products

- Robust, enterprise-wide, new product introduction process
- Expand offering with new products brought from recent acquisitions
- Gain share through differentiated offerings

New Markets

- Increase exposure to less cyclical segments of the market
- Cross-company building retrofit initiative
- Pursuing multiple business unit specific opportunities

Significant opportunities for margin expansion

- Lean and continuous improvement
- Investments in productivity and automation
- Optimize manufacturing capacity and supply chain
- Improve project selection
- Strategic pricing
- Synergies among architectural businesses

Strong financial position enables value-creating capital deployment

Strong financial position

- Current debt-to-EBITDA ~1.4x
- FY19 YTD free cash flow up 35%

Investing in the business

- Forecast ~\$60 million of CapEx in FY19
- Investments to enable growth, add capability, and improve productivity

Returning cash to shareholders

- Dividends – increased last four years
- Opportunistic share buybacks – repurchased over \$35 million YTD FY19

Summary

The “new Apogee” is stronger,
more diversified, and more stable

Favorable market conditions and healthy backlog

Robust platform for revenue growth,
with significant visibility

Significant opportunities for margin expansion

Strong cash flow and balance sheet with value
creating capital deployment





Q3, FY2019 Results

FY2019 Third Quarter Highlights

- Reported EPS of \$0.78; adjusted EPS of \$0.80*
- Architectural Services revenue increases 48 percent, with strong margin improvement and increased backlog
- 390 bps sequential margin improvement in Architectural Glass
- Framing Systems' revenue and margins impacted by project timing delays
- Year-to-date cash flow from operations increased to \$71 million, with year-to-date free cash flow up 35% to \$37 million*
- Returned \$28 million to shareholders through dividends and share repurchases

*See reconciliation of non-GAAP financial measures tables at the end of this presentation. Free cash flow is defined as cash flow from operations less capital expenditures.

Q3 FY2019 Consolidated Results

All numbers in \$M, except per share and where noted	Q3 FY19	Q3 FY18	Change
Revenues	\$357.7	\$356.5	0%
Gross profit	84.1	91.6	(8)%
SG&A	52.7	57.0	(8)%
Operating income	31.4	34.5	(9)%
Adjusted operating income*	32.1	37.9	(15)%
Operating margin	8.8%	9.7%	(90) bps
Adjusted operating margin*	9.0%	10.6%	(160) bps
Adjusted EBITDA*	\$44.0	\$52.6	(16)%
Net interest expense	2.1	1.5	43%
Tax rate	23.5%	29.1%	(560) bps
Earnings per diluted share	\$0.78	\$0.82	(5)%
Adjusted EPS*	\$0.80	\$0.90	(11)%

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

Q3 FY2019 Segment Results

All numbers in \$M, except where noted	Q3 FY19	Q3 FY18	Change
Revenues			
Architectural Framing Systems	\$181.3	\$194.2	(7)%
Architectural Glass	98.5	96.9	2%
Architectural Services	72.8	49.1	48%
Large-Scale Optical	23.4	26.0	(10)%
Operating Margin			
Arch. Framing Systems	7.1%	9.5%	(240) bps
Arch. Framing Systems (adjusted)*	7.5%	11.0%	(350) bps
Architectural Glass	5.9%	9.4%	(350) bps
Architectural Services	11.9%	5.2%	670 bps
Large-Scale Optical	28.4%	25.9%	250 bps

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

Q3 FY2019 Cash Flow and Balance Sheet

All numbers in \$M	Q3 FY19 YTD	Q3 FY18 YTD
Cash flow from operations	\$70.6	\$66.2
Capital expenditures	33.9	38.9
Free cash flow*	36.8	27.3
Share repurchases	23.3	10.8
Dividends paid	13.2	12.0
Long-term debt	232.7	231.3

*See reconciliation of non-GAAP financial measures tables at the end of this presentation. Free cash flow is defined as cash flow from operations less capital expenditures.

Outlook

Updated FY19 Guidance

- Revenue growth of 6-7%, compared to 8% to 10% previously
- Operating margin of approximately 8.4%, compared to 8.3% to 8.8% previously
- Adjusted operating margin* of approximately 8.7%, from 8.6% to 9.1% previously
- EPS of approximately \$3.00, at the low-end of the previous range of \$3.00 to \$3.20
- Adjusted EPS* of approximately \$3.13, compared to \$3.13 – \$3.33 previously
- Capital expenditures of approximately \$60 million
- Tax rate of approximately 24%

*Adjusted fiscal 2019 earnings and margin guidance excludes the after-tax impact of amortization of short-lived acquired intangibles associated with the acquired backlog of Sotawall and EFCO of \$3.8 million (\$0.13 per diluted share).



Appendix

Architectural Framing Systems Segment

Apogee growth driver, positions company to operate better over a cycle



Wausau

Custom aluminum window systems and curtainwall



EFCO

Aluminum window, curtainwall, storefront and entrance systems



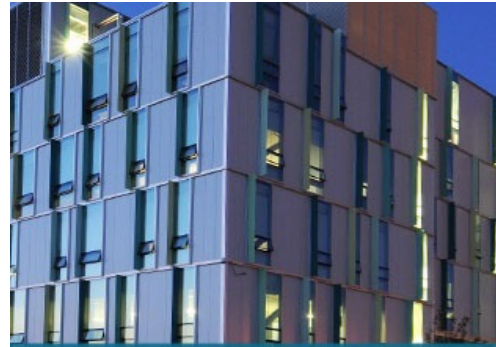
Sotawall

Custom, proprietary curtainwall systems for U.S., Canadian markets



Tubelite

Aluminum storefront, entrance and curtainwall systems



Alumicor

Aluminum storefront, entrance, curtainwall, window systems for Canadian markets

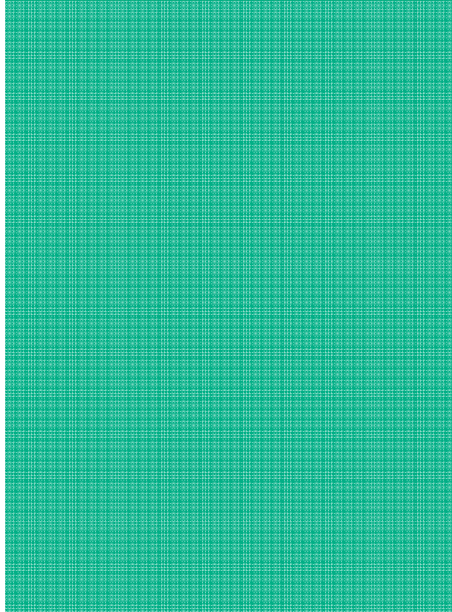


Linetec

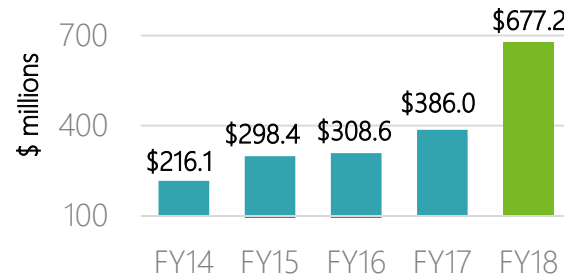
Paint and anodizing finisher of architectural aluminum building components

Architectural Framing Systems Segment

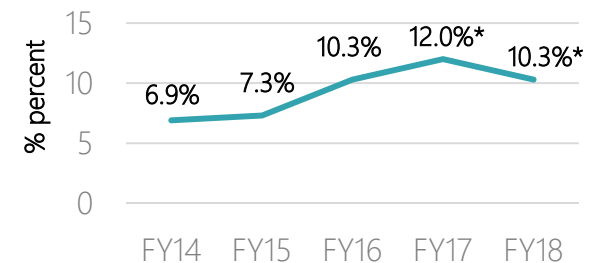
Product, geographic, project size diversity = revenue stability in any economic conditions



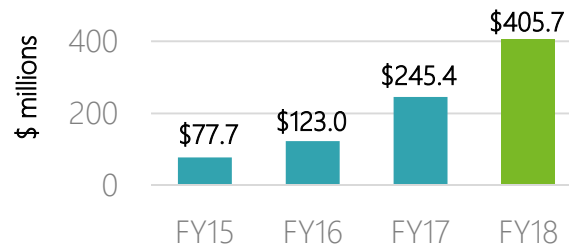
Revenues



Operating margin



Segment backlog**



- Highly fragmented market allows share gain through differentiated offerings
- Broadening North American coverage, yet further geographic opportunities
- Extensive product offerings for small to mid-size commercial buildings
- Known for quality products, delivered on time

*Adjusted; see reconciliation of non-GAAP financial measures tables in appendix

**Segment has a mix of book and bill activity and longer lead-time projects

Architectural Glass Segment

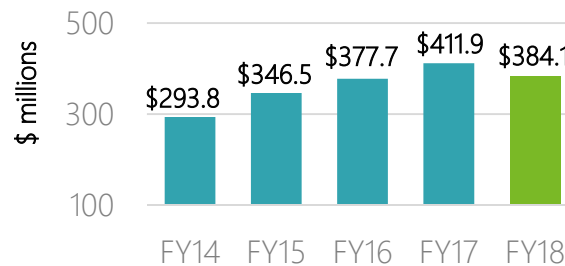
Gained share in U.S. mid-size project sector



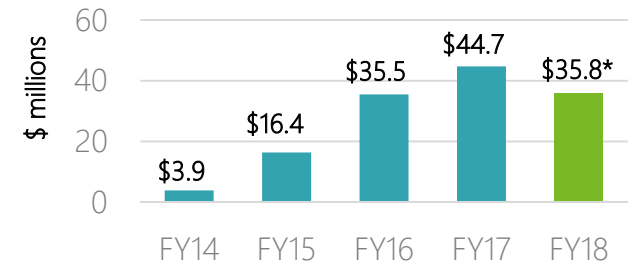
Viracon

Leading North American fabricator of coated, high-performance architectural glass

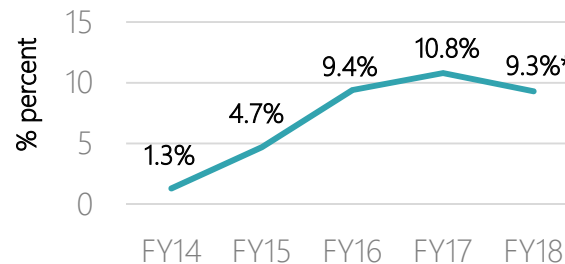
Revenues



Operating income



Operating margin



- Only N. American fabricator with custom coating capability for quality aesthetics, energy efficiency
- Revenues balanced between large/mid-size projects for improved revenue stability, with attractive margins
- Managing capacity for continued market growth

*Adjusted; see reconciliation of non-GAAP financial measures tables in appendix

Architectural Services Segment

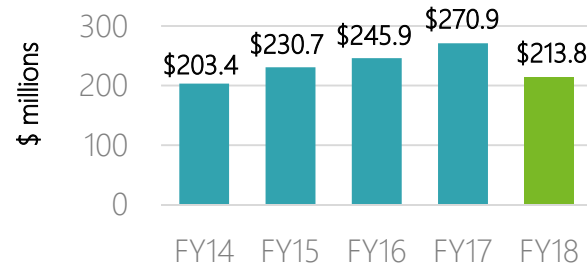
Project selectivity, volume leverage to improve margins



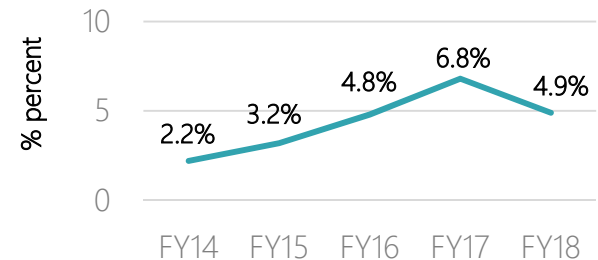
Harmon

One of the largest U.S. full-service building glass installation companies

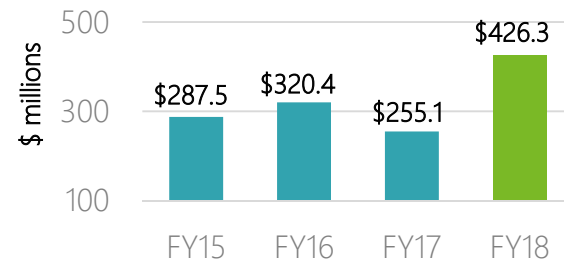
Revenues



Operating margin



Segment backlog*



- Complex installation capabilities for mid-size commercial buildings
- Optimizing project selection across U.S. markets to improve margins
- Backlog strength supports FY19 growth outlook

* Segment has lumpy input of projects into backlog, as average project size is between \$10 and \$20 million, and projects enter backlog in total

Large-Scale Optical Segment

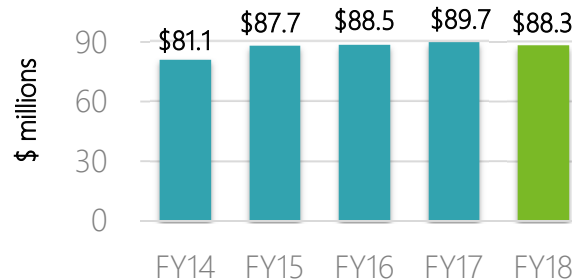
Coated glass, acrylic for picture framing, fine art, display sectors



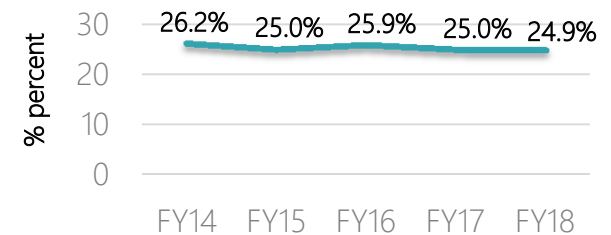
Tru Vue

Leading U.S. value-added picture framing glass & acrylic provider

Revenues



Operating margin



- Uses same coating technology as in architectural glass to create anti-reflective coatings
- North American leader in custom framing products, which are sold directly to retail chains, through distributors to independent framers
- Early success in taking existing products into new engineered optics markets

Appendix: Leading architectural businesses – custom products for commercial markets

Architectural Framing Systems Brands					
Wausau	EFCO	Tubelite	Sotawall	Alumicor	Linetec
Products/Services					
Engineered aluminum window and curtainwall systems, standard windows; energy efficient	Aluminum window, curtainwall, storefront, entrance systems	Aluminum storefront, entrance, curtainwall systems	Aluminum curtainwall systems	Aluminum storefront, entrance, window, curtainwall systems	Painted and anodized aluminum window frames; painted plastic interior shutters
Market Sectors Office, government, education, health care, hotel, condos					
Target U.S. education, health care, government, tall office/condo projects	Mid-size to smaller projects; target education, multi-family projects	Smaller projects in U.S. Midwest, East, South	Larger to mid-size North American projects	Mid-size to smaller Canadian projects	Toll-coating finishing in U.S. and Canada
Market size over a construction cycle (Apogee estimates)					
\$2.5-\$4.5 billion U.S. segment			\$0.3-\$0.5 billion Canadian segment	\$0.1-\$0.4 billion U.S. segment	
Customers Architects, building owners influence decisions					
Glazing contractors	Glazing contractors	Glazing contractors	Glazing contractors	Glazing contractors	Window companies, aluminum extruders, glazing contractors
Competitors					
Mix of national and regional competitors, in both the U.S. and Canada. Competitors may also include vertically glazing contractors with their own framing systems					Regional finishers/fabricators

Leading architectural businesses – custom products for commercial markets (continued)

Architectural Glass	Architectural Services
Viracon	Harmon
Products/Services	
Coated high-performance architectural glass: energy efficient, digital printing, silk-screening; insulated and/or laminated for hurricane or security protection, sound control	Installation of glass/metal framing systems for new construction and renovation; engineer and fabricate aluminum framing systems for majority of installation projects
Market Sectors Office, government, education, health care, hotel, condos	
Large and mid-size U.S. projects, some smaller U.S. projects and international projects, including in Brazil with facility there	Mid-size to smaller complex U.S. projects; offices and satellite offices in 11 U.S. cities serving multiple markets
Segment size over a construction cycle, (Apogee estimates)	
\$1.5-\$2.5 billion North American market	\$10-\$20 billion U.S market
Customers Architects, building owners influence decisions	
Glazing contractors, window companies	General contractors, building owners, property managers
Competitors	
U.S. regional fabricators, European, Asian fabricators on larger projects	Primarily local/regional glaziers; occasionally national glaziers



Federal Office Building
Miramar, FL © Hedrich Blessing, Nick Merrick

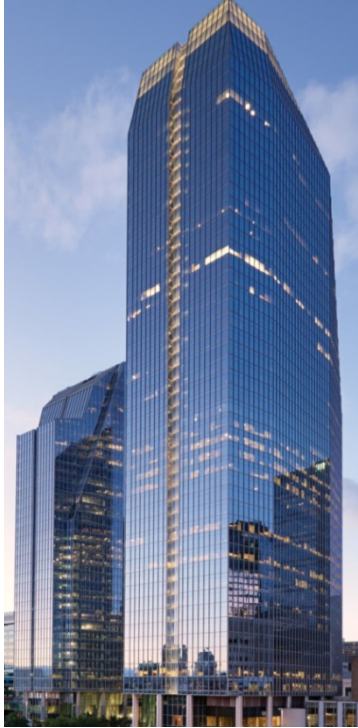
Our architectural work

Our products are on buildings that are shaping the architectural industry – from big name skyscrapers and net-zero energy offices to blast or cyber eavesdropping protection for government facilities

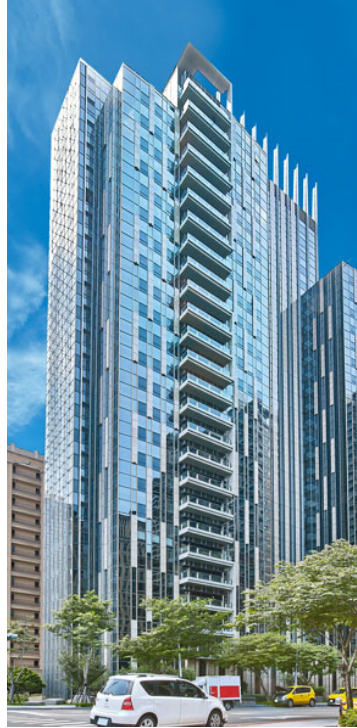
World Trade Towers One
and Seven, Museum
New York, NY



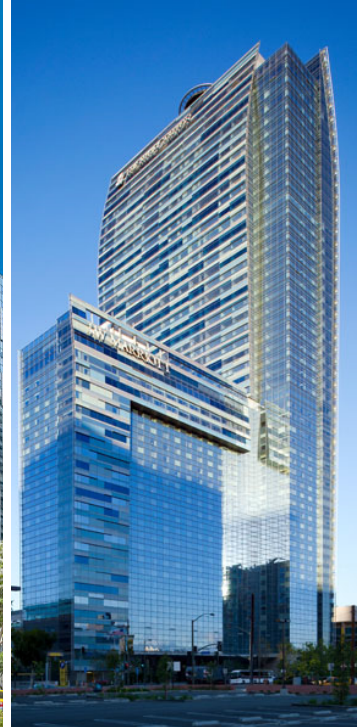
Eighth Avenue Place, East
and West Towers
Alberta, Canada



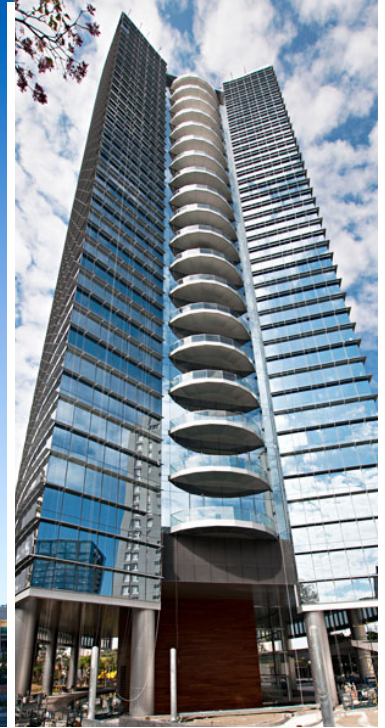
Qian Yue
Residential
New Taipei City, Taiwan



JW Marriott
L.A. Live
Los Angeles, CA



Infinity
Tower
Sao Paulo, Brazil



University of Tennessee at
Chattanooga Library
Chattanooga, TN



Youngstown State University
Wellness Center
Youngstown, OH



Exploration Tower at Port
Canaveral
Canaveral Cove, FL



Dewey Short Visitor Center –
Table Rock Lake
Branson, MO



Buchanan Center for the
Performing Arts
Laramie, WY

Reconciliation of FY18 Non-GAAP Financial Measures

Adjusted Net Earnings and Adjusted Earnings per Diluted Common Share

(Unaudited)

	Fifty-two	Fifty-three	
	Weeks Ended	Weeks Ended	
<i>In thousands</i>	March 3, 2018	March 4, 2017	% Change
Net earnings	\$ 79,488	\$ 85,790	(7.3)%
Amortization of short-lived acquired intangibles	10,521	1,722	N/M
Acquisition-related costs	5,098	531	N/M
Restructuring-related costs	3,026	—	N/M
Income tax impact on above adjustments ⁽¹⁾	(5,157)	(493)	N/M
Adjusted net earnings	\$ 92,976	\$ 87,550	6.2%

	Fifty-two	Fifty-three	
	Weeks Ended	Weeks Ended	
<i>In thousands, except per share amounts</i>	March 3, 2018	March 4, 2017	% Change
Earnings per diluted common share	\$ 2.76	\$ 2.97	(7.1)%
Amortization of short-lived acquired intangibles	0.37	0.06	N/M
Acquisition-related costs	0.18	0.02	N/M
Restructuring-related costs	0.11	—	N/M
Income tax impact on above adjustments ⁽¹⁾	(0.18)	(0.02)	N/M
Adjusted earnings per diluted common share	\$ 3.23	\$ 3.03	6.5%

⁽¹⁾ Income tax impact on adjustments was calculated using the estimated annual effective income tax rate of 27.7% in the current year and 30.1% in the prior year.

Reconciliation of FY18 Non-GAAP Financial Measures

Adjusted Operating Income and Adjusted Operating Margin (Unaudited)

	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)	\$ 69,552	10.3%	\$ 35,790	9.3%	\$ (4,833)	\$ 132,929	10.0%

	Fifty-Three Weeks Ended March 4, 2017						
	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)	\$ 44,768	11.6%	\$ 44,656	10.8%	\$ (8,160)	\$ 122,225	11.0%
Amortization of short-lived acquired intangibles	1,722	0.4%	—	—%	—	1,722	0.2%
Acquisition-related costs	—	—%	—	—%	531	531	—%
Adjusted operating income (loss)	\$ 46,490	12.0%	\$ 44,656	10.8%	\$ (7,629)	\$ 124,478	11.2%

Reconciliation of Q3 FY19 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>	December 1, 2018	December 2, 2017
Net earnings	\$ 21,891	\$ 23,646
Amortization of short-lived acquired intangibles	717	2,924
Acquisition-related costs	-	423
Income tax impact on above adjustments ⁽¹⁾	(168)	(974)
Adjusted net earnings	\$ 22,440	\$ 26,019

	Thirteen	Thirteen
	Weeks Ended	Weeks Ended
	December 1, 2018	December 2, 2017
Earnings per diluted common share	\$ 0.78	\$ 0.82
Amortization of short-lived acquired intangibles	0.03	0.10
Acquisition-related costs	-	0.01
Income tax impact on above adjustments ⁽¹⁾	(0.01)	(0.03)
Adjusted earnings per diluted common share	\$ 0.80	\$ 0.90

⁽¹⁾ Income tax impact on adjustments was calculated using the estimated quarterly effective income tax rate of 23.5% in the current year and 29.1% in the prior year.

Reconciliation of Q3 FY19 Non-GAAP Financial Measures

Adjusted Operating Income and Adjusted Operating Margin (Unaudited)

	Thirteen Weeks Ended December 1, 2018				
	Framing Systems Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income (loss)	\$ 12,903	7.1%	\$ (2,633)	\$ 31,408	8.8%
Amortization of short-lived acquired intangibles	717	0.4%	—	717	0.2%
Adjusted operating income (loss)	\$ 13,620	7.5%	\$ (2,633)	\$ 32,125	9.0%

	Thirteen Weeks Ended December 2, 2017				
	Framing Systems Segment		Corporate	Consolidated	
<i>In thousands</i>	Operating income	Operating margin	Operating income (loss)	Operating income	Operating margin
Operating income (loss)	\$ 18,452	9.5%	\$ (2,295)	\$ 34,535	9.7%
Amortization of short-lived acquired intangibles	2,924	1.5%	—	2,924	0.8%
Acquisition-related costs	—	—%	423	423	0.1%
Adjusted operating income (loss)	\$ 21,376	11.0%	\$ (1,872)	\$ 37,882	10.6%