



150 N. Riverside Plaza & River Point Tower  
Chicago, IL

# distinctive solutions by apogee

for enclosing commercial buildings and framing art

September 19, 2017

# 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 press 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

1949 incorporated in Minnesota

9 operating companies

~\$1.4 billion company, profitable

19 U.S. manufacturing, fabrication locations


9 int'l locations (7 Canada, 1 Brazil, 1 Europe)

APOG publically traded on NASDAQ

~7,100 employees

Four Seasons Hotel  
Seoul, South Korea

© Yong Man Park, StudioView



# Apogee is an industry leader in architectural products and services



## >90 percent of revenues

Architectural framing systems (metal), glass and services (installation) segments, primarily for the U.S. and Canadian non-residential construction markets.



## Shaping skylines

Custom glass and aluminum window, storefront and curtainwall systems for new and older commercial buildings. Aesthetically beautiful, reduce energy consumption, protect against hurricanes and blasts.



## Delivering solutions

Experts in engineering glass and metal building façades. Complete massive orders for skyscrapers to schools on time. Manage complex window, curtainwall and storefront installations.



# Optical glass enhances and protects framed and displayed items

## Same technology

Our picture framing glass and acrylic business utilizes the same technology as our architectural glass business.



## Custom frame shops

Enhances and protects art.



## Museums and galleries

Improves aesthetics and conserves and protects fine art worldwide.



## Engineered optics

Applies anti-reflective custom coatings for commercial applications.



# Investment highlights

Positioning Apogee for earnings stability in any economic conditions

## Diversified revenue streams

New geographies, products, markets

## Framing systems segment now growth driver

Q2 EFCO acquisition to add ~\$250M annual revenues

## Visibility for sustained growth

Top-line growth with continued margin expansion through FY20

## Strong balance sheet

Cash flow supports investments, dividends

## Proven management team

\*See reconciliation of Q2 FY18 non-GAAP financial measures tables on slides 29-30.

\*\*FY18 adjusted earnings guidance excludes the after-tax impact of amortization of short-lived acquired intangibles associated with the acquired backlog of Sotawall and EFCO of \$7.0 million (\$0.24 per diluted share); and acquisition-related costs for Sotawall and EFCO of \$3.1 million (\$0.11 per diluted share).

## Q2 FY18

Revenues +24%

Op. margin 8.1%;  
9.9% adjusted\*

EPS \$0.60; \$0.75 adjusted\*

ROIC 11.3%, -340 bps

## FY18 OUTLOOK

Revenues +24-26%

EPS \$3.05-\$3.25;  
\$3.40-\$3.60 adjusted\*\*

Op. margin 10.0-10.5%;  
11.0-11.5% adjusted\*\*

# FY18 YTD

Framing Now Largest Segment

ARCHITECTURAL  
GLASS

**\$195**

million

**10.0%**

op. margin

ARCHITECTURAL  
SERVICES

**\$97**

million

**1.6%**

op. margin

ARCHITECTURAL  
FRAMING  
SYSTEMS

**\$300**

million

**9.5%**

op. margin

adjusted op margin of

**11.1%**

LARGE-SCALE  
OPTICAL

**\$39**

million

**21.3%**

op. margin

**\$616** **8.8%**

million

op. margin

adjusted op. margin of

**9.9%**



# Architectural Framing Systems Segment

Enhancing growth opportunities to operate over cycle



## Wausau

Custom aluminum window systems and curtainwall



## 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



## Sotawall

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



## EFCO

Aluminum window, curtainwall, storefront and entrance systems



# Acquisition of EFCO



## Strategic fit

- ✓ Growing, profitable
- ✓ Increases presence in less-cyclical mid-size, smaller U.S. projects; strong in education sector
- ✓ Broadens product offerings, including hurricane, historic retrofit
- ✓ Similar operations – extrude and finish aluminum; fabricate glass; fabricate window, curtainwall, storefront and entrance systems; unitize aluminum and glass
- ✓ Synergies from leveraging supply chain, operational best practices, Lean

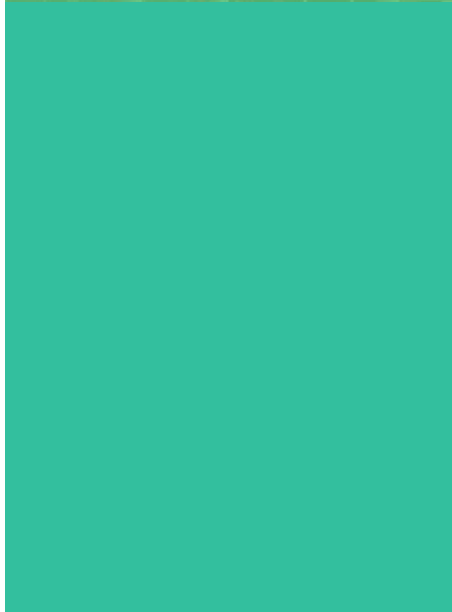


## Expected FY18 financial impact

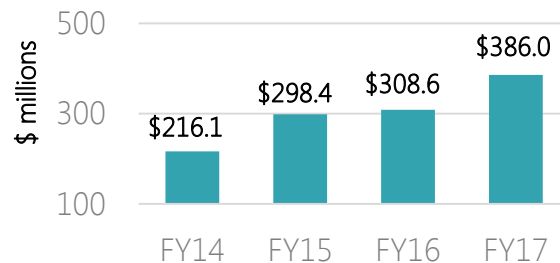
- ✓ \$250 million annual revenues; ~\$200 FY18 revenues
- ✓ Accretive to FY18 EBITDA, EPS, excluding transaction-related charges
- ✓ Expect to generate \$10-\$15 million in annual synergies by FY20
- ✓ 2-3% operating margins including amortization; will be dilutive to Apogee consolidated and framing systems segment margins
- ✓ Expect to bring operating margins to current Apogee level in next few years, mirroring momentum Apogee has achieved in five years
- ✓ Purchase price of \$192 million financed from revolver at 2.25-2.5% interest

# Architectural Framing Systems Segment

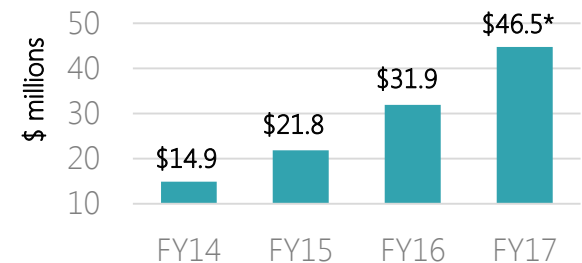
Apogee's growth driver moving forward – broader N. American coverage, extensive product offerings, wide project size mix



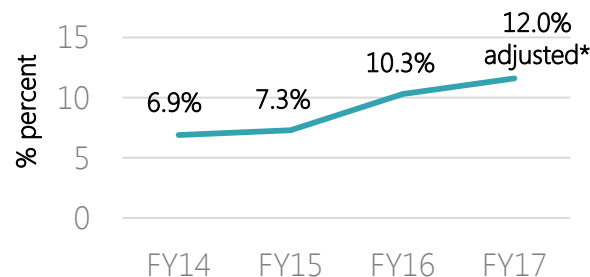
## Revenues



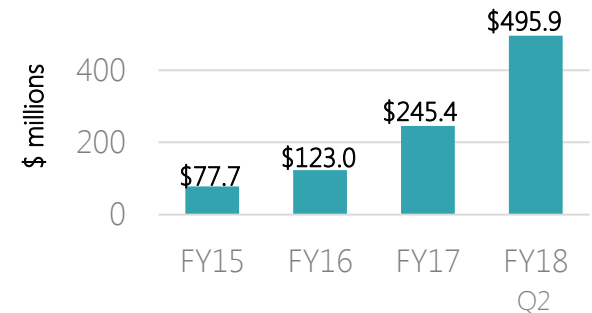
## Operating income



## Operating margin



## Segment backlog\*\*



\*See reconciliation of FY17 non-GAAP financial measures tables on slide 31.

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

# Architectural Glass Segment

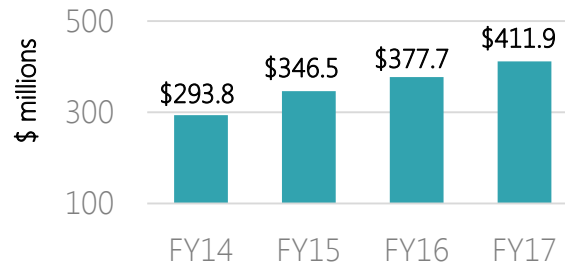
## Solid growth in U.S. mid-size project sector



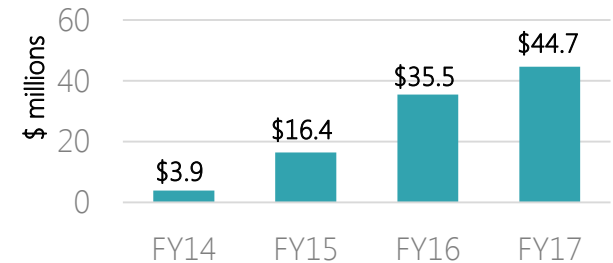
### Viracon

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

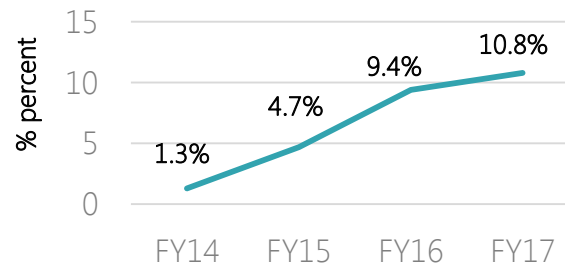
#### Revenues



#### Operating income



#### Operating margin





# Architectural Services Segment

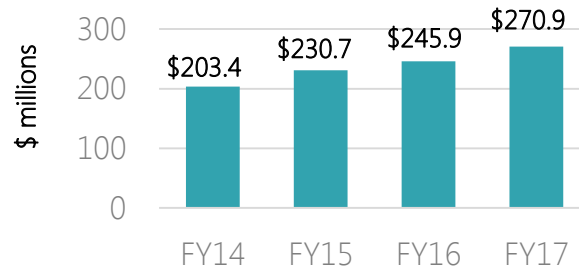
Optimizing project selection to improve margins; segment <20% of Apogee



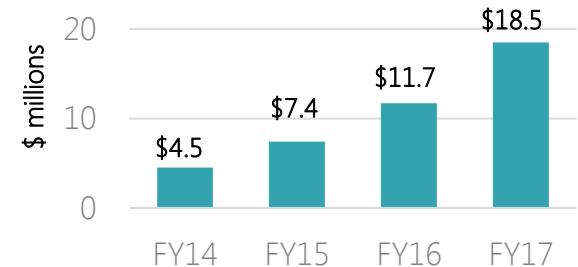
## Harmon

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

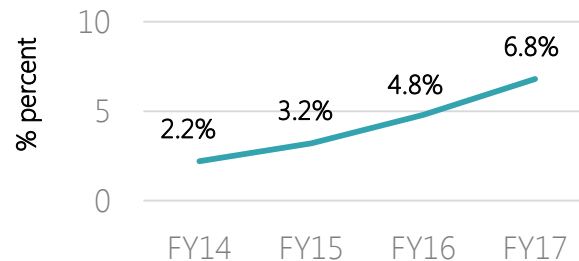
### Revenues



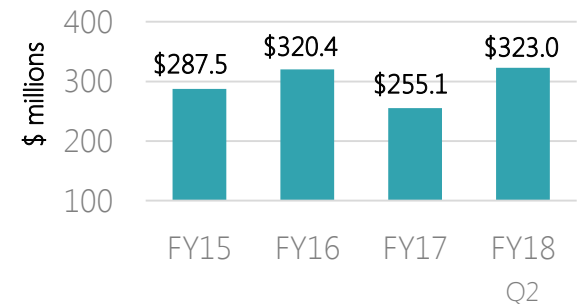
### Operating income



### Operating margin



### Segment backlog\*



\* 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

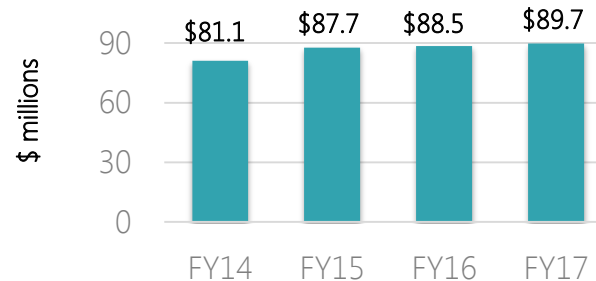
Developing new markets, including fine art, wall décor, commercial displays



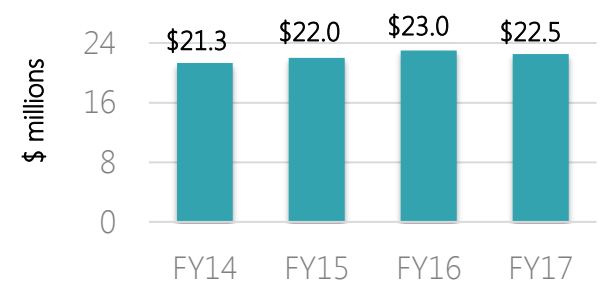
## Tru Vue

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

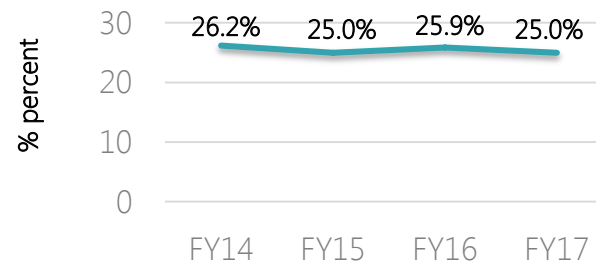
### Revenues



### Operating income



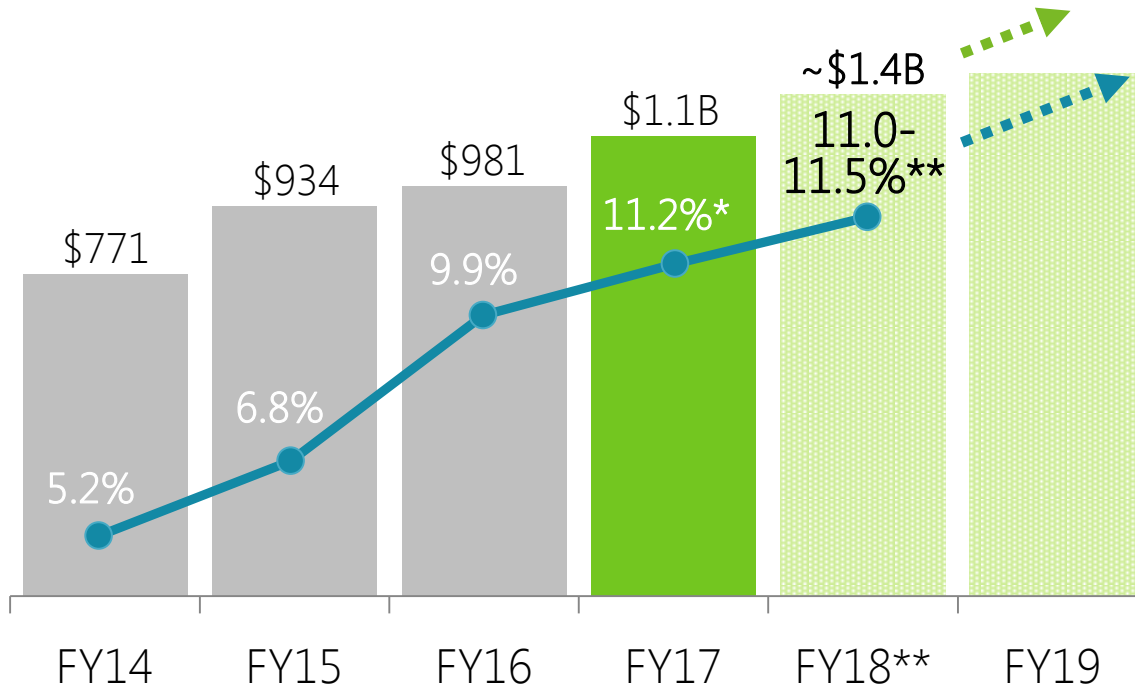
### Operating margin



- Sold directly to retail chains, through distributors to independent framers

# Growth momentum continues

Positioning Apogee for improved performance in any economic conditions



\*See reconciliation of FY17 non-GAAP financial measures tables on slide 31.

\*\* See footnote on slide 6 related to FY18 adjusted guidance.

Revenue dollars in millions

—●— Operating margin (Prior peak of 8.4 percent in FY09)

## GROWTH DRIVERS

### Top line

- Increase penetration
- New geographies
- New products
- New market sectors
- Retrofit

### Bottom line

- Project selection
- Product mix, pricing
- Capacity utilization
- Flex manufacturing
- Productivity/automation



# “Not your father’s Apogee”

- Architectural framing systems now largest segment
- Positioning APOG to achieve earnings stability regardless of economic conditions
- Successfully executing strategies to diversify and grow through new geographies, new products and new markets
- Expect sustained U.S. non-residential market growth through at least FY20
- Focus on operational excellence to drive continued operating margin improvement
- Strong free cash flow to support growth, dividends



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Thank You