



CREATING
PEAK VALUE

Apogee Enterprises, Inc.

Fiscal 2024 Second Quarter Earnings Call

September 19, 2023

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 contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "anticipate," "intend," "estimate," "forecast," "project," "should" and similar expressions are intended to identify "forward-looking statements". These statements reflect Apogee management's expectations or beliefs as of the date of this presentation. 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. These forward-looking statements are subject to significant risks that could cause actual results to differ materially from the expectations reflected in the forward-looking statements. More information concerning potential factors that could affect future financial results is included in today's press release, the company's Annual Report on Form 10-K for the fiscal year ended February 25, 2023, and in subsequent filings with the U.S. Securities and Exchange Commission.

Agenda

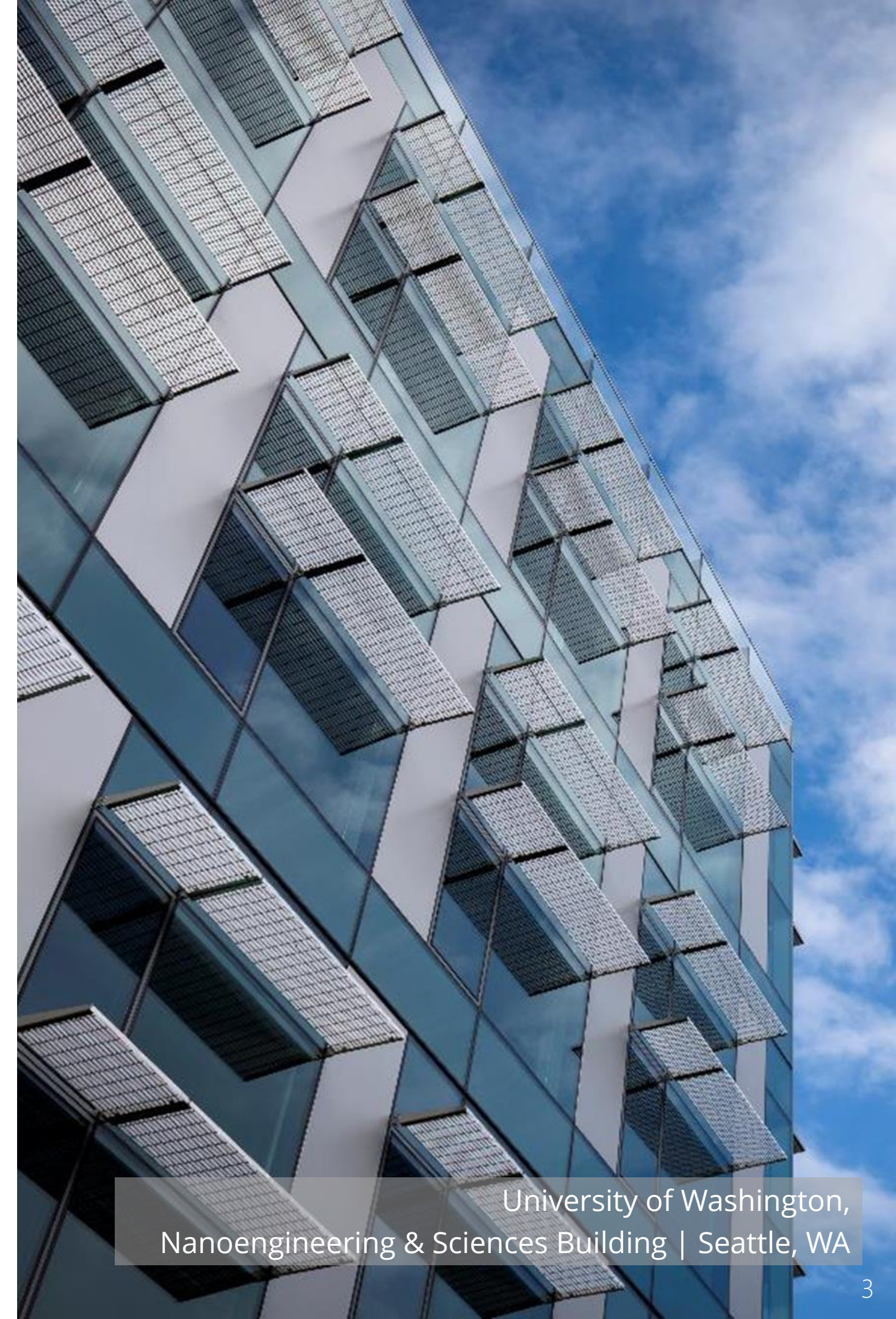
Introductory remarks

Ty Silberhorn
Chief Executive Officer

Financial results and outlook

Matt Osberg
Chief Financial Officer

Q&A



University of Washington,
Nanoengineering & Sciences Building | Seattle, WA

FY2024 Second Quarter Highlights

- Operating margin of 11.5%, exceeding our target of ">10%"
- Adjusted diluted EPS grew 28% to a record \$1.36
- Strong revenue growth and margin expansion in Glass
- Sequential margin improvement in Services
- Significant increase in operating cash flow compared to last year
- Increasing our full-year adjusted diluted EPS outlook

Q2 FY2024 Results

Net sales

\$354 M

(5)% year-over-year

**Operating
income**

\$40.6 M

+26% year-over-year

**Adjusted
diluted
EPS***

\$1.36

+28% year-over-year

*Non-GAAP metric, see reconciliation table

Another quarter of strong margin expansion and adjusted earnings growth

Executing our Enterprise Strategy

Three Pillar Enterprise Strategy

To Unlock Profitable Growth

1

ECONOMIC LEADER
IN TARGET MARKETS

2

ACTIVELY MANAGE
THE PORTFOLIO

3

STRENGTHEN CORE
CAPABILITIES & PLATFORMS

FOUNDATIONAL ENABLERS

- Results-driven Culture
- Talent Development
- Apogee Management System (AMS)
- Best-in-class Governance

FY2024 Priorities

Continuing to execute our three-pillar strategy

1 ECONOMIC LEADER IN TARGET MARKETS

- Invest in organic growth initiatives
- Deliver sustainable productivity gains through AMS deployment

2 ACTIVELY MANAGE THE PORTFOLIO

- Continue to strengthen M&A capabilities and build pipeline
- Grow our mix of differentiated offerings

3 STRENGTHEN CORE CAPABILITIES & PLATFORMS

- Deploy standardized processes and systems
- Continue investments in talent development
- Strengthen our approach to sustainability

Consolidated Results

Second quarter

\$ in millions, except EPS	Q2 FY24	Q2 FY23	Change
Net sales	\$353.7	\$372.1	(5.0)%
Operating income	\$40.6	\$32.1	26.4%
Operating margin	11.5%	8.6%	290 bps
Adjusted EBITDA*	\$51.1	\$42.5	20.2%
Adjusted diluted EPS*	\$1.36	\$1.06	28.3%

Year-to-date

\$ in millions, except EPS	FY24	FY23	Change
Net sales	\$715.4	\$728.7	(1.8)%
Operating income	\$74.3	\$65.3	13.8%
Operating margin	10.4%	9.0%	140 bps
Adjusted EBITDA*	\$94.9	\$85.3	11.3%
Adjusted diluted EPS*	\$2.41	\$2.06	17.0%

*Non-GAAP metrics, see reconciliation table

Segment Results

Second quarter FY2024

	Segment net sales \$M	Segment operating margin
Architectural Framing Systems <i>Year-over-year change</i>	\$158.8 <i>(8.1)%</i>	13.3% <i>140 bps</i>
Architectural Glass <i>Year-over-year change</i>	\$94.1 <i>21.6%</i>	18.5% <i>1020 bps</i>
Architectural Services <i>Year-over-year change</i>	\$88.1 <i>(17.5)%</i>	4.0% <i>(110) bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$23.6 <i>(6.0)%</i>	19.7% <i>(410) bps</i>

Year-to-date FY2024

	Segment net sales \$M	Segment operating margin
Architectural Framing Systems <i>Year-over-year change</i>	\$323.0 <i>(3.9)%</i>	12.7% <i>(40) bps</i>
Architectural Glass <i>Year-over-year change</i>	\$191.3 <i>24.5%</i>	17.7% <i>1010 bps</i>
Architectural Services <i>Year-over-year change</i>	\$177.5 <i>(15.5)%</i>	1.6% <i>(240) bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$46.1 <i>(8.4)%</i>	22.1% <i>(270) bps</i>

- Segment net sales is defined as net sales for a certain segment and includes revenue related to intersegment transactions.
- Segment operating income is defined as operating income for a certain segment including operating income related to intersegment transactions and excluding certain corporate costs that are not allocated at a segment level.
- Segment operating margin is defined as segment operating income divided by segment net sales.

Cash Flow and Balance Sheet

\$ in millions	Twenty-Six Weeks Ended Aug 26, 2023	Twenty-Six Weeks Ended Aug 27, 2022
Cash flow from operations	\$62.6	\$(2.6)
Capital expenditures	\$15.0	\$9.3
Free cash flow*	\$47.5	\$(11.9)
Share repurchases	\$11.8	\$74.3
Dividends	\$10.5	\$9.6
	Aug 26, 2023	Feb 25, 2023
Total debt	\$145.7	\$169.8
Cash & equivalents	\$18.4	\$19.9
Net debt**	\$127.3	\$149.9
Net leverage**	0.7x	0.9x

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

**Net debt and net leverage are non-GAAP metrics. See reconciliation table.

Tables may not foot due to rounding

Highlights

- Year-over-year cash flow increase primarily driven by improvement in working capital compared to last year
- Increased CapEx to support strategic investments
- Continued to reduce net debt in the quarter
- No significant debt maturities until 2027
- Returned \$22.3 million of cash to shareholders YTD through dividends and share repurchases

Strong financial position – Deploying capital to drive value

FY2024 Outlook

Key Assumptions

**Adjusted
diluted
EPS***

\$4.35 to \$4.65

- FY2024 is a 53-week year, with an extra week in the fourth quarter
- Continue to expect flat to slightly declining net sales compared to FY2023
- Continue to expect long-term average tax rate of approximately 24.5%
- Continue to expect CapEx of \$50 to \$60 million

Increased from previous range of \$4.15 to \$4.45

*Non-GAAP metric, see reconciliation table

Increasing our full-year adjusted diluted EPS outlook

Concluding Remarks

- Continued progress to advance our strategy and improve execution
- Another quarter of strong margin expansion and adjusted EPS growth
- Increased cash flow and deploying capital to drive value
- Increasing our full-year adjusted EPS outlook
- Positioned to drive further progress as we move forward



Wolf Point East Apartments | Chicago
Photo credit: Harmon, Inc.

Q&A



enterprises, inc.

Reconciliation of non-GAAP financial measures

Adjusted net earnings and adjusted diluted earnings per share (Unaudited)

<i>In thousands</i>	Three Months Ended	Three Months Ended	Six Months Ended	Six Months Ended
	August 26, 2023	August 27, 2022	August 26, 2023	August 27, 2022
Net earnings	\$ 33,327	\$ 37,389	\$ 56,903	\$ 60,120
NMTC settlement gain (1)	(4,687)	—	(4,687)	—
Worthless stock deduction and related discrete tax benefits (2)	—	(13,702)	—	(13,702)
Income tax impact on above adjustments	1,148	—	1,148	—
Adjusted net earnings	\$ 29,788	\$ 23,687	\$ 53,364	\$ 46,418
	Three Months Ended	Three Months Ended	Six Months Ended	Six Months Ended
	August 26, 2023	August 27, 2022	August 26, 2023	August 27, 2022
Diluted earnings per share	\$ 1.52	\$ 1.68	\$ 2.57	\$ 2.66
NMTC settlement gain (1)	(0.21)	—	(0.21)	—
Worthless stock deduction and related discrete tax benefits (2)	—	(0.62)	—	(0.61)
Income tax impact on above adjustments	0.05	—	0.05	—
Adjusted diluted earnings per share	\$ 1.36	\$ 1.06	\$ 2.41	\$ 2.06
Weighted average diluted shares outstanding	21,962	22,245	22,105	22,563

(1) Realization of a New Market Tax Credit (NMTC) benefit during the second quarter of fiscal 2024, which was recorded in other (income) expense, net.

(2) Worthless stock deduction and related discrete income tax benefits from the impairment of the Sotawall business in fiscal 2023 which was recorded in income tax expense (benefit).

Reconciliation of non-GAAP financial measures

EBITDA and Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) (Unaudited)

	Three Months Ended	Three Months Ended	Six Months Ended	Six Months Ended
<i>In thousands</i>	August 26, 2023	August 27, 2022	August 26, 2023	August 27, 2022
Net earnings	\$ 33,327	\$37,389	\$ 56,903	\$ 60,120
Income tax expense (benefit)	9,896	(7,188)	17,763	781
Interest expense, net	2,230	1,698	4,266	2,904
Depreciation and amortization	10,379	10,599	20,661	21,448
EBITDA	\$ 55,832	\$ 42,498	\$ 99,593	\$ 85,253
NMTC settlement gain (1)	(4,687)	—	(4,687)	—
Adjusted EBITDA	\$ 51,145	\$ 42,498	\$ 94,906	\$ 85,253

(1) Realization of a New Market Tax Credit (NMTC) benefit during the second quarter of fiscal 2024, which was recorded in other (income) expense, net.

Reconciliation of non-GAAP financial measures

Net Leverage (Unaudited)

	August 26, 2023	February 25, 2023
Net Debt (in thousands)		
Total debt	\$ 145,675	\$ 169,837
Less: cash and cash equivalents	18,423	19,924
Net debt	\$ 127,252	\$ 149,913
	Trailing 12 months, ending August 26, 2023	Trailing 12 months, ending February 25, 2023
Adjusted EBITDA (in thousands)		
Net earnings	\$ 100,890	\$ 104,107
Income tax expense	29,496	12,514
Interest expense, net	9,022	7,660
Depreciation and amortization	41,616	42,403
EBITDA	\$ 181,024	\$ 166,684
NMTC settlement gain (1)	(4,687)	—
Adjusted EBITDA	\$ 176,337	\$ 166,684
	August 26, 2023	February 25, 2023
Net Leverage		
Net debt	\$ 127,252	\$ 149,913
Adjusted EBITDA	\$ 176,337	\$ 166,684
Net leverage	0.7x	0.9x

(1) Realization of a New Market Tax Credit (NMTC) benefit during the second quarter of fiscal 2024, which was recorded in other (income) expense, net.

Reconciliation of non-GAAP financial measures

Fiscal 2024 Outlook

Reconciliation of Fiscal 2024 outlook of estimated diluted earnings per share to adjusted diluted net earnings per share
(Unaudited)

	Fiscal Year Ending March 2, 2024	
	Low Range	High Range
Diluted earnings per share	\$ 4.51	\$ 4.81
NMTC settlement gain (1)	(0.21)	(0.21)
Income tax impact on above adjustments	0.05	0.05
Adjusted diluted earnings per share	\$ 4.35	\$ 4.65

(1) Realization of a New Market Tax Credit (NMTC) benefit during the second quarter of fiscal 2024, which was recorded in other (income) expense, net.