Apogee Enterprises, Inc.

Fiscal 2022 First Quarter Earnings Call

June 25, 2021

Dan Dipert Career and Technical Center | Arlington, TX
Photo by Chad M. Davis

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

Ty Silberhorn

Chief Executive Officer

Financial results and outlook

Nisheet Gupta

Executive Vice President and Chief Financial Officer

Q&A

FY2022 first quarter highlights

- Strong recovery from COVID-related impacts in prior year
- Year-over-year revenue growth in all segments
- Earnings improved to $0.42 per diluted share
- Returned $18 million of cash to shareholders
- Good progress on key initiatives
- Raising full-year guidance

Net sales	$326 M +13% year-over-year
Adjusted operating margin*	4.9% +220 bps year-over-year
Adjusted EPS*	$0.42 +180% year-over-year

*Non-GAAP metric, see reconciliation table

A solid start to our fiscal year; on-track to achieve our full-year goals

FY2022 priorities

People	• Health and safety of our employees • Talent management and development
Operational execution	• Rigor, focus and urgency on the vital few • Drive simplification and standardization
Enterprise transformation	• Continue to build a more competitive cost model • Strengthen core processes, systems, and capabilities
Sustainable growth	• Develop new enterprise-wide strategy • Position the business for above market growth & improved profitability

First quarter FY2022 results

Consolidated Results

$ in millions, except EPS	Q1 FY22	Q1 FY21	Change
Net sales	$326	$289	13%
Gross margin	20.8%	20.8%	–
Adjusted operating income*	$16.0	$7.8	104%
Adjusted operating margin*	4.9%	2.7%	220 bps
Adjusted EBITDA*	$28.7	$19.3	48%
Adjusted diluted EPS*	$0.42	$0.15	180%

Segment Results

	Revenue	Operating margin
Architectural Framing Systems *Year-over-year change*	$152 *1%*	5.3% *40 bps*
Architectural Glass *Year-over-year change*	$83 *8%*	2.6% *320 bps*
Architectural Services *Year-over-year change*	$76 *19%*	6.0% *(240) bps*
Large-Scale Optical *Year-over-year change*	$24 *284%*	24.1% *NM*

*Non-GAAP metric, see reconciliation table

Cash flow and balance sheet

$ in millions	Q1 FY22	Q1 FY21
Cash flow from operations	$6.9	$24.0
Capital expenditures	$4.7	$8.6
Free cash flow*	$2.2	$15.4
Quarter-end total debt	$165.0	$210.9
Quarter-end cash & equivalents	$36.5	$11.6
Quarter-end net debt**	$128.5	$199.3
Share repurchases	$12.6	$4.7
Dividends	$5.0	$4.9

*Free cash flow is a non-GAAP metric which the company defines as cash flow from operations less capital expenditures.
**Net debt is a non-GAAP metric which the company defines as total debt (current debt plus long-term debt) less cash and cash equivalents

Highlights

- Lower Q1 cash flow due to working capital to support growth
- Returned $17.6 million of cash to shareholders
- No significant debt maturities until June 2024
- No outstanding borrowings on $235 million revolver

Strong financial position with significant flexibility

FY2022 outlook

Earnings per share	$2.20 to $2.40

Increased from previous range of $2.10 to $2.35

Key Planning Assumptions

- Continued softness in architectural end markets
- Backlog supports growth in Architectural Services
- LSO demand continues to rebound
- Continued progress on cost and productivity initiatives
- Headwind vs. FY21 from reversal of temporary COVID cost actions
- Expect further pressure from inflation, primarily in Framing & Glass
- $7-10 million of in-year costs related to transformation initiatives
- Tax rate ~24.5%
- CapEx ~$45 million

Increasing our full-year outlook

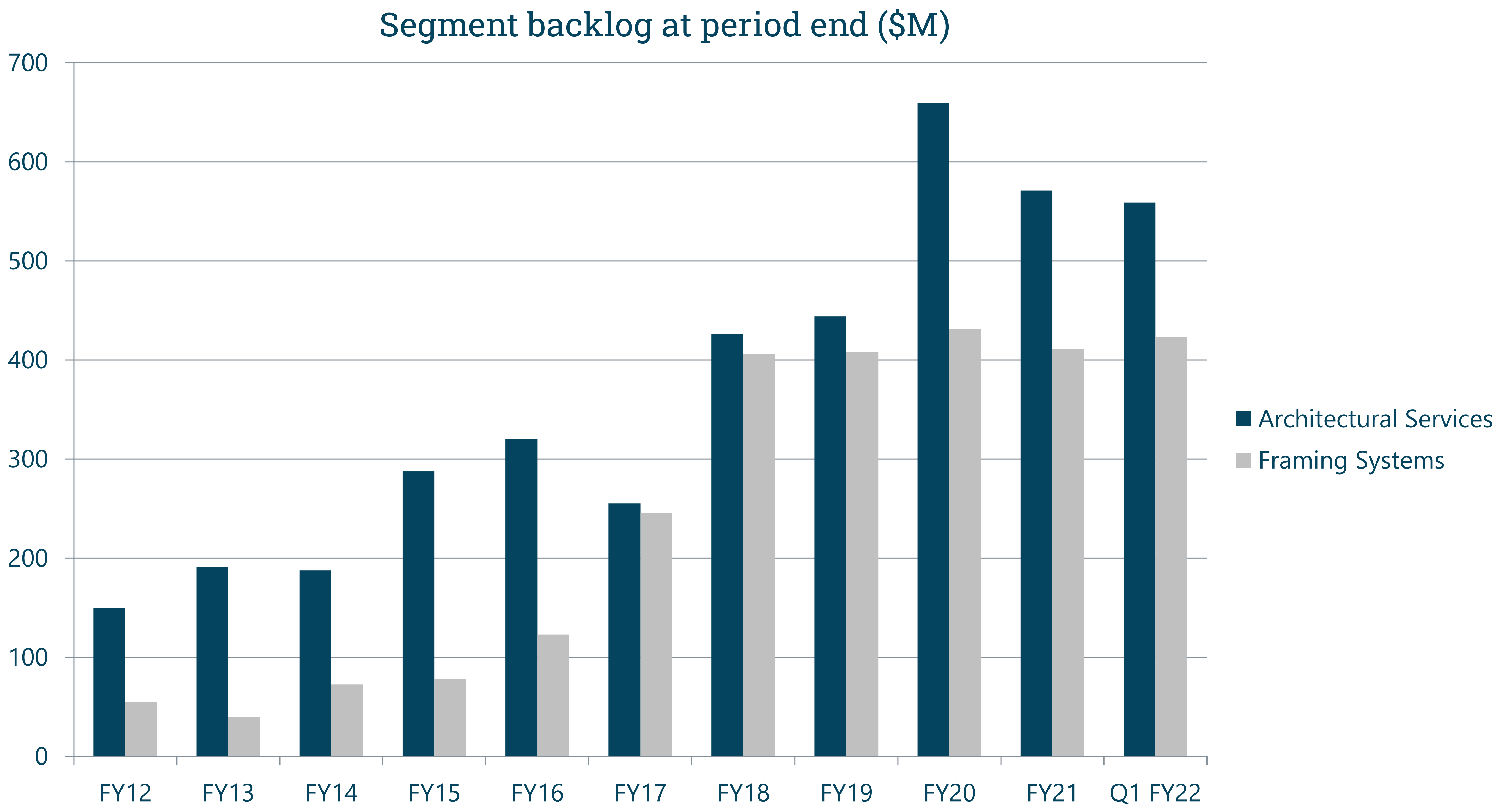
Concluding remarks

- Solid start to our fiscal year
- Revenue growth in all four segments
- Significantly improved earnings compared to Q1 last year
- Strong financial position and returning cash to shareholders
- Good progress on strategic initiatives
- Increasing full-year guidance

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

Q&A

Backlog trend



Reconciliation of non-GAAP financial measures

Adjusted net earnings and adjusted earnings per diluted common share

(Unaudited)

In thousands	Three Months Ended May 29, 2021	Three Months Ended May 30, 2020
Net earnings	$ 10,817	$ 2,876
COVID-19 (1)	—	1,380
Income tax impact on above adjustments (2)	—	(345)
Adjusted net earnings	$ 10,817	$ 3,911

	Three Months Ended May 29, 2021	Three Months Ended May 30, 2020
Earnings per diluted common share	$ 0.42	$ 0.11
COVID-19 (1)	—	0.05
Income tax impact on above adjustments (2)	—	(0.01)
Adjusted earnings per diluted common share	$ 0.42	$ 0.15

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.

(2) Income tax impact calculated using an estimated statutory tax rate of 25%, which reflects the estimated blended statutory tax rate for the jurisdiction in which the charge or income occurred.

Reconciliation of non-GAAP financial measures

Adjusted operating income and adjusted operating margin

(Unaudited)

	Thirteen Weeks Ended May 29, 2021		
	Corporate	Consolidated	
In thousands	Operating loss	Operating income	Operating margin
Operating (loss) income	$ (4,530)	$ 16,042	4.9%

	Thirteen Weeks Ended May 30, 2020		
	Corporate	Consolidated	
In thousands	Operating loss	Operating income	Operating margin
Operating (loss) income	$ (2,544)	$ 6,469	2.2%
COVID-19 (1)	1,380	1,380	0.5%
Adjusted operating (loss) income	(1,164)	7,849	2.7%

(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

EBITDA and Adjusted EBITDA

(Unaudited)

In thousands	Three Months Ended May 29, 2021	Three Months Ended May 30, 2020
Net (loss) earnings	$ 10,817	$ 2,876
Income tax (benefit) expense	3,672	1,130
Interest expense, net	1,238	1,414
Depreciation and amortization	12,980	12,540
EBITDA	$ 28,707	$ 17,960
COVID-19 (1)	—	1,380
Adjusted EBITDA	$ 28,707	$ 19,340

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