



Apogee Enterprises, Inc.

Nasdaq: APOG

Fiscal 2025 Second Quarter Earnings Call

October 4, 2024

Non-GAAP measures & forward-looking statements

This presentation contains non-GAAP financial measures which the Company uses to evaluate its historical and prospective financial performance, measure operational profitability on a consistent basis, as a factor in determining executive compensation, and to 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 certain statements that are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect our current views with respect to future events and financial performance. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "believe," "expect," "anticipate," "intend," "estimate," "forecast," "project," "should," "will," "continue" or similar words or expressions. All forecasts and projections in this presentation are "forward-looking statements," and are based on management's current expectations or beliefs of the Company's near-term results, based on current information available pertaining to the Company. From time to time, we may also provide oral and written forward-looking statements in other materials we release to the public, such as press releases, presentations to securities analysts or investors, or other communications by the Company. Any or all of our forward-looking statements in this presentation and in any public statements we make could be materially different from actual results.

Accordingly, we wish to caution investors that any forward-looking statements made by or on behalf of the Company are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These uncertainties and other risk factors include, but are not limited to, the risks and uncertainties set forth under "Risk Factors" section of our Annual Report on Form 10-K for the year ended March 2, 2024, and in subsequent filings with the U.S. Securities and Exchange Commission.

We also wish to caution investors that other factors might in the future prove to be important in affecting the Company's results of operations. New factors emerge from time to time; it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or a combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Agenda

- **Q2 FY2025 Results and FY2025 Outlook**
- **UW Solutions Acquisition Overview**
- **Q&A**



Brooklyn Health Center, New York
Photo courtesy of Terry Wieckert

Q2 FY2025 Results



FY2025 Second Quarter Highlights

- Lower sales volume driven by softening end markets and exiting lower margin product lines as part of Project Fortify
- Another quarter of strong profitability gains, with improved adjusted operating margin and adjusted EPS growth
- Strong cash flow, with \$59 million of cash from operations in Q2
- Refinanced our credit facility with significant additional committed capacity at favorable terms
- Raising our full year adjusted diluted EPS outlook
- Accelerating our strategy with planned acquisition of UW Solutions

Net sales	\$342 M (3)% year-over-year
Adjusted operating income*	\$43.1 M +6% year-over-year
Adjusted operating margin*	12.6% +110 bps year-over-year
Adjusted diluted EPS*	\$1.44 +6% year-over-year

Another solid quarter, continuing to build positive momentum

Consolidated Results

Second quarter

\$ in millions, except EPS	Q2 FY25	Q2 FY24	Change
Net sales	\$342.4	\$353.7	(3.2)%
Adjusted operating income*	\$43.1	\$40.6	6.4%
Adjusted operating margin*	12.6%	11.5%	110 bps
Adjusted EBITDA*	\$53.1	\$51.1	3.9%
Adjusted EBITDA margin*	15.5%	14.5%	100 bps
Adjusted diluted EPS*	\$1.44	\$1.36	5.9%

Year-to-date

\$ in millions, except EPS	FY25	FY24	Change
Net sales	\$674.0	\$715.4	(5.8)%
Adjusted operating income*	\$85.6	\$74.3	15.2%
Adjusted operating margin*	12.7%	10.4%	230 bps
Adjusted EBITDA*	\$105.7	\$94.9	11.4%
Adjusted EBITDA margin*	15.7%	13.3%	240 bps
Adjusted diluted EPS*	\$2.88	\$2.41	19.5%

*Non-GAAP financial measure, see reconciliation table

Segment Results

Second quarter FY2025

	Segment net sales \$M	Adjusted operating margin*
Architectural Framing Systems <i>Year-over-year change</i>	\$141.4 <i>(11.0)%</i>	12.8% <i>(50) bps</i>
Architectural Glass <i>Year-over-year change</i>	\$90.1 <i>(4.2)%</i>	23.4% <i>490 bps</i>
Architectural Services <i>Year-over-year change</i>	\$98.0 <i>11.3%</i>	6.5% <i>250 bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$19.8 <i>(16.1)%</i>	19.1% <i>(60) bps</i>

Year-to-date FY2025

	Segment net sales \$M	Adjusted operating margin*
Architectural Framing Systems <i>Year-over-year change</i>	\$274.5 <i>(15.0)%</i>	13.6% <i>90 bps</i>
Architectural Glass <i>Year-over-year change</i>	\$176.8 <i>(7.6)%</i>	21.6% <i>390 bps</i>
Architectural Services <i>Year-over-year change</i>	\$197.0 <i>11.0%</i>	6.1% <i>450 bps</i>
Large-Scale Optical <i>Year-over-year change</i>	\$41.0 <i>(11.0)%</i>	21.1% <i>(100) bps</i>

- *Adjusted operating margin is a Non-GAAP financial measure, see reconciliation table.
- Segment net sales is defined as net sales for a certain segment and includes revenue related to intersegment transactions.
- Net sales intersegment eliminations are reported separately to exclude these sales from our consolidated total.
- Segment operating income is equal to net sales, less cost of goods sold, SG&A, and any asset impairment charges associated with the segment.
- Segment operating income includes operating income related to intersegment sales transactions and excludes certain corporate costs that are not allocated at a segment level. We report these unallocated corporate costs in Corporate and Other.
- Operating income does not include any other income or expense, interest expense or income tax expense.

Cash Flow and Balance Sheet

\$ in millions	Six Months Ended 8/31/24	Six Months Ended 8/26/23
Cash flow from operations	\$64.1	\$62.6
Capital expenditures	\$15.7	\$15.0
Free cash flow*	\$48.5	\$47.5
Share repurchases	\$15.1	\$11.8
Dividends	\$10.8	\$10.5
	Aug 31, 2024	Mar 2, 2024
Total debt	\$62.0	\$62.0
Cash & equivalents	\$51.0	\$37.2
Net debt**	\$11.0	\$24.8

*Free cash flow is a Non-GAAP financial measure which the Company defines as cash flow from operations less capital expenditures.

**Net debt is a Non-GAAP financial measure which the Company defines as total debt less cash and cash equivalents.

Tables may not foot due to rounding

Commentary

- Increased cash flow, primarily driven by higher net earnings
- Returned \$25.9M of cash to shareholders year-to-date
- Refinanced credit facility during the quarter, providing increased committed capacity at favorable terms
- Consolidated Leverage Ratio* (as defined in our credit agreement) of 0.1x
- No significant near-term debt maturities

*Consolidated Leverage Ratio is a Non-GAAP Financial Measure. See definition at the end of this presentation.

Strong financial position – Deploying capital to drive value

FY2025 Outlook

Net sales

**(7)% to (4)%
compared to FY24**

**Adjusted
diluted EPS***

\$4.90 to \$5.20

Increased from previous range of \$4.65 to \$5.00

*Non-GAAP financial measure, see reconciliation table

Additional details

- Net sales impacted by:
 - ~2 percentage point decline related to reverting to a 52-week year
 - ~1 percentage point decline related to Project Fortify
- Reversion to 52-week year expected to reduce adjusted diluted EPS by ~\$0.20 compared to FY24
- Assuming effective tax rate of approximately 24.5%
- Planning CapEx between \$40 to \$50 million

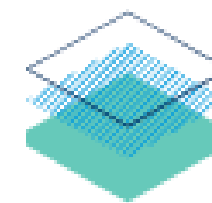
Increasing our full-year adjusted diluted EPS outlook

Second Quarter Summary

- Continuing to build momentum through executing our strategy
- Margin expansion & adjusted diluted EPS growth, despite lower sales
- Raising our full year adjusted diluted EPS* outlook
- Strong financial position and deploying capital to drive value
- Planned acquisition of UW Solutions to accelerate our strategy

*Non-GAAP financial measure, see reconciliation table

Apogee Enterprises' Acquisition of UW Solutions



UW Solutions
The science beneath the surface

Transaction Summary

Transaction

- **Apogee to acquire UW Solutions for purchase price of \$240 million**
 - *Represents approximately 8.5x estimated adjusted EBITDA* for fiscal 2026, inclusive of run-rate cost synergies of approximately \$5 million and net of an approximately \$27 million tax step up benefit*

Financing

- **Transaction to be financed with cash on hand and existing credit facility**
 - *Expect a post-close Consolidated Leverage Ratio* (as defined in our credit agreement) of approximately 1.5x*

Financial Impact

- **Expected to contribute over \$100 million of net sales with adjusted EBITDA margin* of approximately 20% in fiscal 2026**
 - *Annual run rate cost synergy opportunity of \$5 million, to be achieved by end of fiscal 2027*
 - *Expected to be accretive to long-term revenue growth rate and adjusted EBITDA margin**
 - *Expected to be accretive to adjusted diluted EPS* in fiscal 2026*

Timing

- **Anticipated to close during the third quarter of fiscal 2025**
 - *Subject to customary closing conditions*

*Non-GAAP metrics, see appendix for additional information.

Executive Summary

A compelling acquisition to advance our strategy

- ✓ Acquisition of a leading provider of high-performance coated substrates for a diverse set of applications
- ✓ Aligns with strategy, adding a differentiated business with leading positions in attractive markets
- ✓ Complements our portfolio, expanding our offerings for non-residential construction and accelerating diversification in LSO
- ✓ Integration with LSO builds on our core capabilities to create a scalable platform for growth
- ✓ Expected to be accretive to Apogee's growth rate, adjusted EBITDA margin*, and adjusted diluted EPS*

UW Solutions Overview

HDPM Printable Materials



IFS Industrial Flooring



EC Engineered Coatings



Description	HDPM Printable Materials	IFS Industrial Flooring	EC Engineered Coatings
Core Applications	Artwork, advertising, decorating, photography	Warehouse, distribution centers, manufacturing, micro-fulfillment	Flooring, furniture, millwork, specialty substrates
Go-to-market / channel	High-end photo labs, e-commerce, distributors	Mezzanine mfgs/installers; robotics mfgs/integrators	Primarily direct relationships
Market Trends	Personalization, high-definition prints, graphic arts, promotional items	On-shoring, e-commerce, mfg builds, significant R&R exposure	High performance substrates and product customization

Aligned with our Strategy to Create Peak Value

Create Peak Value by building **differentiated** businesses with **strong** operational execution

1

ECONOMIC LEADER
IN TARGET MARKETS

Adds a market leader in targeted applications

- Strong track record of growth
- Differentiation through coatings development and process capability
- Strong margins of ~20% adjusted EBITDA*

2

ACTIVELY MANAGE
THE PORTFOLIO

Expands offerings into new segments, complements others

- ResinDEK® flooring opens opportunities in manufacturing, warehouse and distribution centers, riding the onshoring and automation trends
- ChromaLuxe® and Unisub® complements and expands offerings for graphic arts customers and applications
- RDC Coatings™ brings R&D capability that can be utilized more broadly

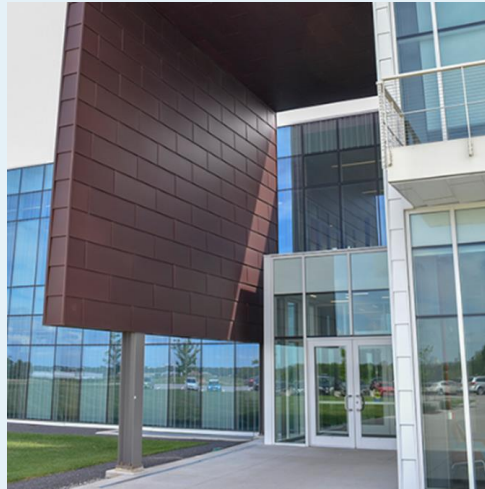
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STRENGTHEN CORE
Capabilities & Platforms

Leverages strengths through full integration

- Deployment of the Apogee Management System to enhance operations
- Enables cost synergy through leverage of shared services

Builds on and Strengthens Apogee's Core Capabilities



Specialty Finishing

- Architectural paint
- Anodize finishing



Process Technology

- Vacuum deposition
- Glass & polymer substrates



Material Conversion

- Aluminum extrusion
- Glass & metal fabrication



Performance Coatings

- Low-emissivity
- Optical
- UV protection



Engineering & Project Management

- Product design & configuration
- Integrated project management

Provides a Diverse Set of Products and Applications

Complementary capabilities across a broad range a manufacturing processes and substrates

Apogee

UW Solutions



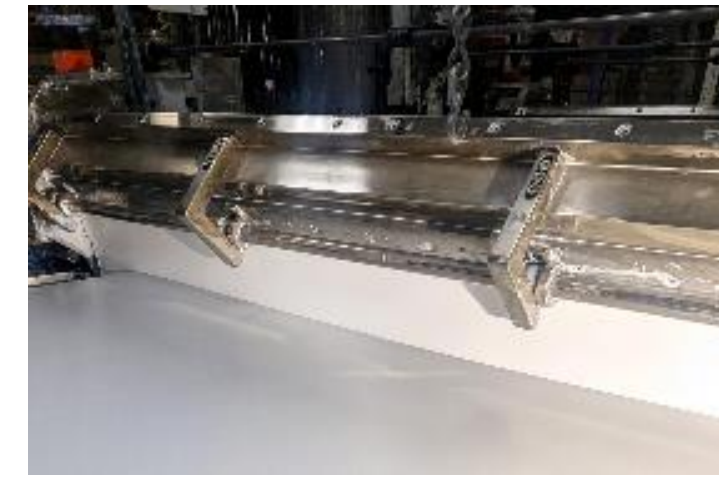
**Sputter
Deposition**

**Roll Coating
(Thermal)**

**Curtain Coating
(UV)**

**Spray Coating
(E-Beam)**

**Coating
Process**



Substrate

Glass

Acrylic

Polycarbonate

Metals

Wood/Fiberboard

Vinyl

Coating Type

Anti-reflective

UV

ESD

Hard coat/Durability

Dye-sublimation

Creates a Scalable Platform for Growth

Leveraging our combined strengths to expand our capabilities and market reach

Leading Brands with Broad Reach



Foundational Capabilities to Scale

Functional expertise



Apogee Mgmt System

Shared services

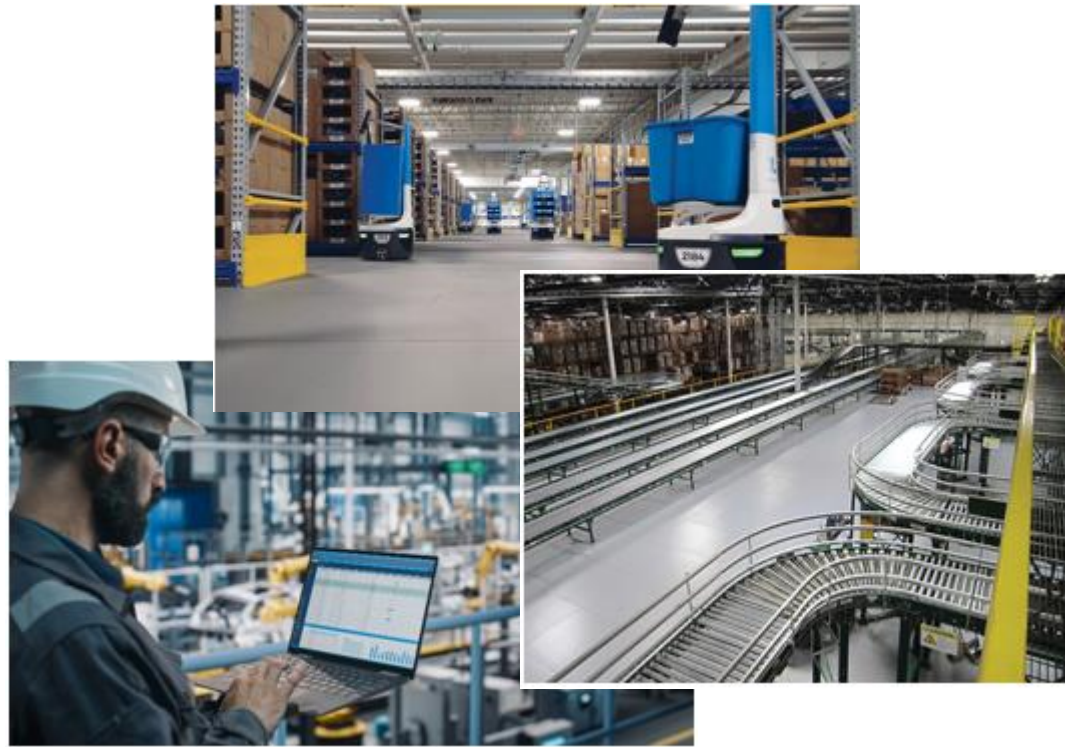
enterprises, inc.

Talent development

- Brings together leading brands and provides cross-selling opportunities to accelerate current growth drivers
- R&D capabilities enable new product development and expansion into new end markets
- Deployment of the Apogee Management System to enhance operations
- Leverages operational, back office, and commercial capabilities to enable synergies

Expands and Diversifies Our Addressable Markets

Expands our offerings for non-residential construction markets



End-market opportunities

- Distribution centers
- Warehousing
- Industrial

Accelerates our efforts to grow and diversify Large-Scale Optical



End-market opportunities

- Graphic arts
- Signage
- Advertising

R&D capabilities provide a platform for product development and expansion into new markets



End-market opportunities

- Furniture
- Flooring
- Specialty substrates

Q&A



Non-GAAP Measures

- Adjusted operating income, adjusted operating margin, adjusted net earnings, adjusted effective tax rate, and adjusted diluted EPS are used by the Company to provide meaningful supplemental information about its operating performance by excluding amounts that are not considered part of core operating results to enhance comparability of results from period to period.
- Adjusted EBITDA represents adjusted net earnings before interest, taxes, depreciation, and amortization. The Company believes adjusted EBITDA and adjusted EBITDA margin metrics provide useful information to investors and analysts about the Company's core operating performance.
- Free cash flow is defined as net cash provided by operating activities, minus capital expenditures. The Company considers this measure an indication of its financial strength. However, free cash flow does not fully reflect the Company's ability to freely deploy generated cash, as it does not reflect, for example, required payments on indebtedness and other fixed obligations.
- Consolidated Leverage Ratio is a defined term as per the Company's credit agreement and is calculated as Consolidated Funded Indebtedness minus Unrestricted Cash as per the Company's credit agreement at the end of the current period, divided by Consolidated EBITDA per the Company's credit agreement (calculated as EBITDA plus certain non-cash charges and allowed addbacks, less certain non-cash income, plus the pro forma effect of acquisitions and certain pro forma run-rate cost savings for acquisitions and dispositions, as applicable for the trailing twelve months ended as of the current period). The Company is unable to present a quantitative reconciliation of forward-looking expected Consolidated Leverage Ratio to its most directly comparable forward-looking GAAP financial measure because such information is not available, and management cannot reliably predict all the necessary components of such GAAP financial measure without unreasonable effort or expense. In addition, the Company believes such reconciliation would imply a degree of precision that would be confusing or misleading to investors.

Reconciliation of non-GAAP financial measures

Adjusted net earnings and adjusted diluted earnings per share

(Unaudited)

<i>In thousands</i>	Three Months Ended		Six Months Ended	
	August 31, 2024	August 26, 2023	August 31, 2024	August 26, 2023
Net earnings	\$ 30,566	\$ 33,327	\$ 61,577	\$ 56,903
Restructuring charges (1)	1,179	—	2,301	—
NMTC settlement gain (2)	—	(4,687)	—	(4,687)
Income tax impact on above adjustments (3)	(289)	1,148	(564)	1,148
Adjusted net earnings	\$ 31,456	\$ 29,788	\$ 63,314	\$ 53,364
	Three Months Ended		Six Months Ended	
	August 31, 2024	August 26, 2023	August 31, 2024	August 26, 2023
Diluted earnings per share	\$ 1.40	\$ 1.52	\$ 2.80	\$ 2.57
Restructuring charges (1)	0.05	—	0.10	—
NMTC settlement gain (2)	—	(0.21)	—	(0.21)
Income tax impact on above adjustments (3)	(0.01)	0.05	(0.03)	0.05
Adjusted diluted earnings per share	\$ 1.44	\$ 1.36	\$ 2.88	\$ 2.41
Weighted average diluted shares outstanding	21,875	21,962	21,985	22,105

(1) Restructuring charges related to Project Fortify, including \$0.5 million of employee termination costs, \$0.1 million of contract termination costs and \$0.6 million of other costs incurred in the second quarter of fiscal 2025, and \$0.9 million of employee termination costs, \$0.1 million of contract termination costs and \$1.3 million of other costs incurred in the first six months of fiscal 2025.

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

(3) Income tax impact calculated using an estimated statutory tax rate of 24.5%, which reflects the estimated blended statutory tax rate for the jurisdictions in which the charge or income occurred.

Reconciliation of non-GAAP financial measures

Adjusted operating income (loss) and adjusted operating margin (Unaudited)

<i>In thousands</i>	Three Months Ended August 31, 2024					
	Architectural Framing Systems	Architectural Glass	Architectural Services	LSO	Corporate and Other	Consolidated
Operating income (loss)	\$ 17,141	\$ 21,068	\$ 6,130	\$ 3,793	\$ (6,167)	\$ 41,965
Restructuring charges (1)	916	—	258	—	5	1,179
Adjusted operating income (loss)	\$ 18,057	\$ 21,068	\$ 6,388	\$ 3,793	\$ (6,162)	\$ 43,144
Operating margin	12.1%	23.4%	6.3%	19.1%	N/M	12.3%
Restructuring charges (1)	0.6%	—	0.3%	—	N/M	0.3%
Adjusted operating margin	12.8%	23.4%	6.5%	19.1%	N/M	12.6%

<i>In thousands</i>	Three Months Ended August 26, 2023					
	Architectural Framing Systems	Architectural Glass	Architectural Services	LSO	Corporate and Other	Consolidated
Operating income (loss)	\$ 21,060	\$ 17,434	\$ 3,519	\$ 4,663	\$ (6,123)	\$ 40,553
Operating margin	13.3%	18.5%	4.0%	19.7%	N/M	11.5%

(1) Restructuring charges related to Project Fortify, including \$0.5 million of employee termination costs, \$0.1 million of contract termination costs and \$0.6 million of other costs incurred in the second quarter of fiscal 2025.

Reconciliation of non-GAAP financial measures

Adjusted operating income (loss) and adjusted operating margin (Unaudited)

	Six Months Ended August 31, 2024					
<i>In thousands</i>	Architectural Framing Systems	Architectural Glass	Architectural Services	LSO	Corporate and Other	Consolidated
Operating income (loss)	\$ 35,477	\$ 38,159	\$ 11,753	\$ 8,639	\$ (10,682)	\$ 83,346
Restructuring charges (1)	1,914	—	258	—	129	2,301
Adjusted operating income (loss)	\$ 37,391	\$ 38,159	\$ 12,011	\$ 8,639	\$ (10,553)	\$ 85,647
Operating margin	12.9%	21.6%	6.0%	21.1%	N/M	12.4%
Restructuring charges (1)	0.7%	—	0.1%	—	N/M	0.3%
Adjusted operating margin	13.6%	21.6%	6.1%	21.1%	N/M	12.7%

	Six Months Ended August 26, 2023					
<i>In thousands</i>	Architectural Framing Systems	Architectural Glass	Architectural Services	LSO	Corporate and Other	Consolidated
Operating income (loss)	\$ 41,005	\$ 33,955	\$ 2,923	\$ 10,188	\$ (13,751)	\$ 74,320
Operating margin	12.7%	17.7%	1.6%	22.1%	N/M	10.4%

(1) Restructuring charges related to Project Fortify, including \$0.9 million of employee termination costs, \$0.1 million of contract termination costs and \$1.3 million of other costs incurred in the first six months of fiscal 2025.

Reconciliation of non-GAAP financial measures

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

<i>In thousands</i>	Three Months Ended		Six Months Ended	
	August 31, 2024	August 26, 2023	August 31, 2024	August 26, 2023
Net earnings	\$ 30,566	\$ 33,327	\$ 61,577	\$ 56,903
Income tax expense	10,549	9,896	20,612	17,763
Interest expense, net	1,140	2,230	1,590	4,266
Depreciation and amortization	9,688	10,379	19,664	20,661
EBITDA	\$ 51,943	\$ 55,832	\$ 103,443	\$ 99,593
Restructuring charges (1)	1,179	—	2,301	—
NMTC settlement gain (2)	—	(4,687)	—	(4,687)
Adjusted EBITDA	\$ 53,122	\$ 51,145	\$ 105,744	\$ 94,906
EBITDA Margin	15.2%	15.8%	15.3%	13.9%
Adjusted EBITDA Margin	15.5%	14.5%	15.7%	13.3%

(1) Restructuring charges related to Project Fortify, including \$0.5 million of employee termination costs, \$0.1 million of contract termination costs and \$0.6 million of other costs incurred in the second quarter of fiscal 2025, and \$0.9 million of employee termination costs, \$0.1 million of contract termination costs and \$1.3 million of other costs incurred in the first six months of fiscal 2025.

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

Reconciliation of non-GAAP financial measures

Fiscal 2025 Outlook

Reconciliation of Fiscal 2025 outlook of estimated diluted earnings per share
to adjusted diluted earnings per share

(Unaudited)

	Fiscal Year Ending March 1, 2025	
	Low Range	High Range
	Diluted earnings per share	\$ 4.81
Restructuring charges (1)	0.12	0.16
Income tax impact on above adjustments per share	(0.03)	(0.04)
Adjusted diluted earnings per share	\$ 4.90	\$ 5.20

(1) Restructuring charges related to Project Fortify.