



Apogee Enterprises, Inc. Announces 2nd Quarter Earnings

September 21, 2000

Apogee Enterprises, Inc. Announces 2nd Quarter Earnings, Increases FY2001 Earnings Estimate Range, Announces FY2002 Earnings Guidance

- Q2 earnings from continuing operations were \$0.15 vs. \$0.19 a year ago.

– Apogee's decrease in earnings from continuing operations compared to the prior year was due to auto glass distribution results of two months versus three with the formation of the joint venture with PPG, as well as higher corporate and interest expense.

- Apogee announced its expectations for upcoming periods:

- Fiscal 2001 (ending March 3, 2001): Earnings ranging from \$0.37 to \$0.41 per diluted share.
- Fiscal 2002 (ending March 2, 2002): Earnings ranging from \$0.60 to \$0.70 per diluted share.

Second Quarter and Six-Month Fiscal 2001 and Fiscal 2000 Comparisons (Amounts in thousands, except per share data and percentages)

	Second Quarter Ended			Six-Months Ended		
	9/2/00	8/28/99	% Change	9/2/00	8/28/99	% Change
Net sales (1)	\$236,364	\$216,962	9%	\$473,617	\$426,624	11%
Net earnings per share - diluted	\$0.15	\$0.50	(70)%	\$0.22	\$0.67	(67)%
– Earnings from continuing oper.	\$0.15	\$0.19	(21)%	\$0.22	\$0.36	(39)%
– Earnings from discontinued oper.	\$0.00	\$0.31	—	\$0.00	\$0.31	—
Avg. shs. outstanding - diluted	27,827	27,876	—	27,853	27,811	—
Operating income	\$10,665	\$12,021	(11)%	\$17,619	\$22,754	(23)%
– Glass Technologies	\$4,767	\$4,536	5%	\$7,495	\$8,555	(12)%
– Glass Services	\$6,031	\$6,747	(11)%	\$11,368	\$14,688	(23)%
– Corporate and other	\$(133)	\$738	N/M	\$(1,244)	\$(489)	—

EBITDA (2)**\$19,897****\$20,294****(2)%****\$36,646****\$39,346****(7)%**

(1) Net sales for fiscal 2000 were restated to reflect the reporting of discontinued operations.

(2) EBITDA: Earnings before interest, taxes, depreciation and amortization for continuing operations.

"Our second quarter results place Apogee on track for improved results from continuing operations this year. Looking ahead to the second half of the year, we remain on target to exceed last year's second half performance and have increased the range for Apogee's year-end fiscal 2001 earnings to \$0.37 to \$0.41 per diluted share. As for next year, we anticipate fiscal 2002 earnings to range from \$0.60 to \$0.70 per diluted share, based on expectations of continued operational improvements overall and a positive impact from our joint venture with PPG finalized in July." – Russell Huffer, chairman and CEO

MINNEAPOLIS, MN, September 21, 2000

— **Apogee Enterprises, Inc. (Nasdaq: APOG)** today reported net earnings from continuing operations for its second quarter of fiscal 2001 ended September 2, 2000, of \$4.2 million or \$0.15 per diluted share, compared with \$5.3 million or \$0.19 per diluted share for the year-ago quarter. Last year's second quarter net earnings were \$14.0 million or \$0.50 per diluted share, which included earnings from discontinued operations of \$8.7 million or \$0.31 per diluted share. The second quarter fiscal 2001 results did not include any discontinued operations.

Apogee's second quarter sales increased 9% to \$236.4 million, led by double-digit growth in Glass Technologies. Apogee's operating income decreased 11% to \$10.7 million compared to the same period last year, due to auto glass distribution results of two months versus three with the formation of the joint venture with PPG, as well as higher corporate and interest expense.

"Our second quarter results place Apogee on track for improved results from continuing operations this year," said Russell Huffer, Apogee's chairman and chief executive officer. "Looking to the second half of fiscal 2001, which ends March 3, 2001, our businesses are progressing on a positive course. We believe a reasonable range for Apogee's year-end fiscal 2001 earnings is \$0.37 to \$0.41 per diluted share, an increase from the \$0.25 to \$0.30 Apogee estimated previously. With this increase, we are on course to meet our plans for the second half, which traditionally has lower earnings due primarily to the seasonality of our auto glass business."

On Apogee's prospects for next year, Huffer commented, "We expect earnings for fiscal 2002, which ends March 2, 2002, to range from \$0.60 to \$0.70 per diluted share. This improvement is expected to be driven by continued overall operational improvements and a positive impact by our auto glass distribution joint venture with PPG finalized in July. When the venture closed, we had announced that we expect it to have a net positive impact for Apogee's fiscal 2002 of 10 to 15 cents per diluted share."

Huffer concluded, "Overall, fiscal 2001 is a year of improving our core operations, much as we expected. In fiscal 2002, we will begin to see more of the results of those operational improvements, as well as the benefits of the PPG joint venture. There are still plenty of challenges ahead, but we are encouraged by the momentum building for improved results in the year ahead."

Glass Technologies

Net sales rose 19% to \$104.9 million in the second quarter, as all of the segment's businesses continued to deliver sales growth. Operating income increased 5% to \$4.8 million, due to strong improvement at Viratec and increased contributions from Wausau and Tru Vue.

"Viracon was the segment's only business with lower profits compared to last year," Huffer said, "The shortfall was due largely to unexpectedly strong demand in certain products, which changed our product mix and stretched out deliveries. Although Viracon's Statesboro plant doubled its sales from a year ago and met our internal operating goals, the improvement was not as much as we would have liked. Viracon's overall backlogs remain at near-record levels."

"Tru Vue, which is having a banner year, is expanding its pre-framed art business with the recent acquisition of Balangier Fine Art & Design, which currently produces about 30,000 pieces of high-end framed art annually for national retail customers," said Huffer. "This purchase furthers Apogee's objective of setting new standards in the industries it serves. Use of Tru Vue's value-added proprietary preservation glass and matboard products in the Balangier art is raising the framing industry bar for quality and at the same time expanding markets for Tru Vue's products."

Huffer added, "Looking ahead to the second half of the year, we expect a solid performance for the segment. Viracon and Viratec continue to improve their performances. However, the product mix issues at Wausau and Viracon are slowing shipments and expected to slow their growth in profitability through the second half. Although Wausau has a record backlog, it has been unable to fill its available short lead-time capacity in the second half. Viracon is experiencing high demand in the second half for more complex products, which is extending delivery times."

Glass Services

Glass Services sales increased 2% to \$134.0 million for the second quarter, with strong revenues at Harmon, Inc. offset by the loss of one month of

revenue due to the formation of PPG Auto Glass at the end of July. Sales were also soft in the auto glass retail business, where industrywide unit sales also were lower during the quarter. However, on a positive note, windshield price increases effective earlier in the year have held. Overall Glass Services operating income decreased 11% to \$6.0 million, due in part to reduced volume from the distribution unit as a result of the formation of PPG Auto Glass. Harmon, Inc., the segment's building glass services company, delivered another strong performance and continues to report a record backlog.

Huffer said PPG Auto Glass, the wholesale distribution joint venture finalized July 31, is progressing on track. During the third quarter, Apogee will absorb its 34 percent ownership portion of the new venture's rationalization charges, with the financial impact to Apogee expected to be neutral for this fiscal year.

Huffer noted that Barbara Fitzgerald, who became president of Harmon AutoGlass in February, resigned effective September 30 to become the senior vice president, operations for Petsmart Inc. "Barbara was offered a very attractive opportunity to work with a long-time colleague and impact a \$2 billion corporation, and frankly, she couldn't pass it up. We appreciate Barbara's contributions to Harmon AutoGlass and look forward to building on her fine work. Joe Deckman, the executive vice president of Glass Services, began the focus on profitability at AutoGlass last year and will continue his leadership of this effort with a management team that is deeper than a year ago. The momentum for change in our retail auto glass operation is encouraging — we are very focused on rebuilding the profitability of this unit."

Regarding the second half outlook for Glass Services, Huffer added, "We expect slight improvement year on year as Harmon AutoGlass continues to take steps to reduce costs."

Six-Month Results

For the six-month period ended September 2, 2000, Apogee's earnings from continuing operations were \$6.2 million or \$0.22 per diluted share, compared with \$10.1 million or \$0.36 per diluted share in the previous six months. Net earnings in last year's six-month period were \$18.6 million or \$0.67 per diluted share, which included \$8.5 million or \$0.31 per diluted share of earnings from discontinued operations. Sales increased 11% to \$473.6 million from last year's six-month period, but operating income decreased 23% to \$17.6 million.

Financial Condition

At September 2, 2000, Apogee's long-term debt was \$146.3 million compared with \$169.7 million in last year's second quarter. Apogee's long-term debt to total capital ratio at the end of fiscal 2001's second quarter was 51% compared with 54% in last year's second quarter. Huffer said that by year-end, Apogee expects this ratio to decline to 50% or less.

Apogee's EBITDA decreased 2% to \$19.9 million during the second quarter. In the second quarter, depreciation and amortization totaled \$9.2 million, compared with \$8.3 million in the year-ago quarter. Working capital was \$45.0 million, down from \$95.1 million in last year's second quarter. This decrease is largely due to the contribution of inventory into PPG Auto Glass.

Capital expenditures were \$6.3 million in the second quarter, down from \$9.4 million in last year's second quarter. Huffer reiterated previous statements that he expects fiscal 2001 capital expenditures to be less than half of the \$44.0 million invested in fiscal 2000.

CAUTIONARY STATEMENT

The discussion above contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements reflect management's current expectations or beliefs. There can be no assurances given that the ongoing reorganization and realignment of Auto Glass will lead to successful operating results now or in the future. Also, there can be no assurances that the ramp-up of new plant capacity in the Glass Technologies businesses will proceed as anticipated and will lead to successful operating results for those companies now or in the future. There can be no assurances that PPG Auto Glass, Apogee's automotive replacement glass distribution joint venture with PPG Industries, will achieve favorable short-term or long-term operating results. In addition, in recent years there has been excess capacity at the distribution level of the automotive replacement glass industry and margins have narrowed. There is no assurance PPG Auto Glass will achieve any anticipated efficiencies or be able to improve or maintain margins. In addition, there can be no assurances that operations of Apogee and its business units will not be impacted by recent losses of management personnel and its flat management structure. The Company cautions readers that actual future results could differ materially from those described in the forward-looking statements depending upon the outcome of certain factors, including the risks and uncertainties identified in Exhibit 99 to the Company's Report on Form 10-K for the fiscal year ended February 26, 2000.

Apogee Enterprises, Inc. is a world leader in technologies involving the design and development of value-added glass products, services and systems. Organized in two business segments, the Glass Technologies businesses are leaders primarily in architectural glass and high-end glass coatings for the electronics markets, while the Glass Services businesses are leaders in replacement auto glass and building glass services. Headquartered in Minneapolis, the company's stock is traded on the Nasdaq Stock Market under the symbol APOG.

Apogee Enterprises, Inc. & Subsidiaries

Consolidated Condensed Statement of Income (Unaudited)

<i>Thirteen Weeks Ended September</i>	<i>Thirteen Weeks Ended August 28,</i>	<i>% Change</i>	<i>Twenty-seven Weeks Ended September 2,</i>	<i>Twenty-six Weeks Ended August 28,</i>	<i>% Change</i>
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	2, 2000	1999		2000	1999	
Net sales	\$236,364	\$216,962	9%	\$473,617	\$426,624	11%
Cost of goods sold	189,308	171,469	10%	378,647	334,070	13%
Gross profit	47,056	45,493	3%	94,970	92,554	3%
Selling, general and administrative expenses	36,391	33,472	9%	77,351	69,800	11%
Provision for restructuring and other unusual items	-	-	N/M	-	-	N/M
Operating income (loss)	10,665	12,021	-11%	17,619	22,754	-23%
Interest expense, net	3,180	2,622	21%	5,962	5,188	15%
Other income	-	-	N/M	-	-	N/M
Earnings (loss) from continuing operations before income taxes and other items below	7,485	9,399	-20%	11,657	17,566	-34%
Income taxes	2,620	3,209	-18%	4,080	6,149	-34%
Equity in net loss of affiliates	665	881	-25%	1,356	1,321	3%
Minority interest	-	-	N/M	-	-	N/M
Earnings (loss) from continuing operations	4,200	5,309	-21%	6,221	10,096	-38%
Earnings (loss) from discontinued operations	-	8,732	-100%	-	8,515	-100%
Gain (loss) on disposal of discontinued operations	-	-	N/M	-	-	N/M
Net earnings (loss)	\$4,200	\$14,041	-70%	\$6,221	\$18,611	-67%

Earnings per share - basic:

Earnings (loss) from continuing operations	\$0.15	\$0.19	-21%	\$0.22	\$0.36	-39%
Earnings (loss) from discontinued operations	\$0.00	\$0.31	-100%	\$0.00	\$0.31	-100%
Net earnings (loss)	\$0.15	\$0.51	-71%	\$0.22	\$0.67	-67%
Average common shares outstanding	27,826,537	27,798,554	0%	27,852,033	27,716,810	0%

Earnings per share - diluted:

Earnings (loss) from continuing operations	\$0.15	\$0.19	-21%	\$0.22	\$0.36	-38%
Earnings (loss) from discontinued operations	\$0.00	\$0.31	-100%	\$0.00	\$0.31	-100%
Net earnings (loss)	\$0.15	\$0.50	-70%	\$0.22	\$0.67	-67%
Average common and common equivalent shares outstanding	27,827,110	27,876,083	0%	27,853,179	27,811,488	0%
Cash dividends per common share	\$0.053	\$0.053	0%	\$0.105	\$0.105	0%

**Business Segments Information
(Unaudited)**

<i>Thirteen Weeks</i>	<i>Thirteen Weeks</i>	<i>% Change</i>	<i>Twenty-seven Weeks</i>	<i>Twenty-six Weeks</i>	<i>% Change</i>
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	<i>Ended September 2, 2000</i>	<i>Ended August 28, 1999</i>		<i>Ended September 2, 2000</i>	<i>Ended August 28, 1999</i>	
Sales						
Glass technologies	\$104,901	\$88,345	19%	\$207,935	\$176,876	18%
Glass services	133,979	131,054	2%	269,963	252,299	7%
Eliminations	(2,516)	(2,437)	3%	(4,281)	(2,551)	68%
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Total	\$236,364	\$216,962	9%	\$473,617	\$426,624	11%
Operating income (loss)						
Glass technologies	\$4,767	\$4,536	5%	\$7,495	\$8,555	-12%
Glass services	6,031	6,747	-11%	11,368	14,688	-23%
Corporate and other	(133)	738	-118%	(1,244)	(489)	-154%
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Total	\$10,665	\$12,021	-11%	\$17,619	\$22,754	-23%