



Apogee Enterprises, Inc. Reports Third Quarter Results

December 16, 1999

Apogee Enterprises, Inc. today reported a net loss from continuing operations for its third quarter of fiscal 2000 ended November 27, 1999.

MINNEAPOLIS, Dec. 16 /PRNewswire/ -- Apogee Enterprises, Inc. (Nasdaq: APOG - news) today reported a net loss from continuing operations for its third quarter of fiscal 2000 ended November 27, 1999, of \$5.3 million or \$0.19 per diluted share, compared with net earnings from continuing operations of \$5.7 million or \$0.20 per diluted share for last year's third quarter. The third quarter results were in line with Apogee's November 23 announcement, in which the company revised its outlook for the third quarter and fiscal 2000.

Apogee's net loss was \$3.0 million or \$0.11 per diluted share in the third quarter of fiscal 2000, compared with net earnings of \$7.3 million or \$0.26 per diluted share in the year-ago quarter. This year's third quarter included \$2.3 million after-tax or \$0.08 per diluted share in earnings from discontinued operations, which mainly reflected recognition of tax benefits associated with the completion of the sale of the company's domestic curtainwall operations.

Third quarter net sales were \$202.8 million, up 5% from \$192.7 million a year ago. Sales at Glass Technologies rose 10%, while sales increased 3% at Glass Services. Apogee reported an operating loss of \$4.8 million compared with operating income of \$11.6 million in the year-ago quarter. Both business segments had losses in this year's third quarter compared with operating income in the previous year.

"Our third quarter results were deeply disappointing," said Russell Huffer, Apogee's President and Chief Executive Officer. "Our auto glass operations remain a major, long-term concern and we have narrowed down the strategic alternatives toward realizing their value. By contrast, in Glass Technologies, results began to improve late in the third quarter. While the pace of the production ramp-ups will be much slower than originally anticipated at Glass Technologies, the ramp-ups are proceeding, demand continues to be strong and the outlook is improving."

Apogee continues to expect a slight loss in the fourth quarter. Fiscal 2000 diluted earnings from continuing operations are expected to range between breakeven and \$0.16 per diluted share, compared with diluted earnings of \$0.71 per share in fiscal 1999. Huffer noted that management will finalize its comprehensive turnaround plan for Apogee and its businesses in the fourth quarter.

Glass Technologies

Net sales rose 10% to \$87.4 million in the third quarter, led by solid growth at Tru Vue, Viratec and Wausau. Due to low operating rates and additional costs incurred during the quarter to improve production rates, the segment reported an operating loss of \$937,000 compared with operating income of \$5.9 million in last year's third quarter.

"We continue to make progress ramping up production volumes at both Viracon and Viratec," said Huffer. "Late in the third quarter, production volumes and profitability began to improve, although well below original expectations."

Huffer noted that Wausau and Tru Vue continue to deliver solid performance, then addressed the progress of Viracon and Viratec. "At Viracon, production in Owatonna is back on track and volumes are increasing. In addition, the new Statesboro plant met our production expectations in November and is trending toward profitability by the end of the fiscal year. At Viratec, our vertical coater is now up and running, and production capabilities are increasing steadily. Moreover, our San Diego operations ran exceptionally well in November and has the potential to be profitable in the fourth quarter, although orders are still a bit below our desired levels."

Huffer concluded, "While production and profitability trends are beginning to improve at Glass Technologies, there are still many hurdles to address and progress will be much slower than we originally anticipated. Nonetheless, the demand for our products continues to be strong, driven by solid market conditions, our leadership in product technology and quality, and customer service. Our challenges now are to continue the ramp-up in production volumes and increase productivity. Although our near-term outlook will continue to be challenging, the long-term fundamentals are encouraging."

Glass Services

Glass Services sales were \$117.1 million, up 3% from the year-ago quarter. Despite a solid performance by Harmon, Inc., the segment reported an operating loss of \$3.6 million compared with operating income of \$5.9 million in last year's third quarter. Unit sales increased, but significant declines in auto glass pricing industrywide reduced the company's dollar sales growth and contributed to the operating loss.

"Auto glass industry conditions continue to be extraordinarily weak, particularly in pricing for the distribution channel," commented Huffer. "We are reducing annualized operating costs in our auto glass operations, but anticipate further weakness in the fourth quarter, which is historically a seasonal low point for the industry. As we have noted previously, auto glass is a very significant long-term challenge. We have narrowed down the strategic alternatives for these businesses, some of which could possibly require additional investment or expense, or both. The action plan we will finalize in the fourth quarter will provide a clear roadmap for our future with these businesses."

Nine-Month Results

For the nine-month period ended November 27, 1999, Apogee's earnings from continuing operations were \$4.2 million or \$0.15 per diluted share, compared with \$17.5 million or \$0.63 per diluted share. Net earnings were \$15.6 million or \$0.56 per diluted share, compared with \$20.3 million or \$0.74 per diluted share for the first nine months of fiscal 1999. The fiscal 2000 results include \$11.5 million or \$0.41 per diluted share of earnings from discontinued operations, primarily from the completion of certain projects from its discontinued Asian curtainwall operations. Sales increased 7% to \$632.4 million, with improvements in both business segments. However, due to an operating loss in the third quarter, nine-month operating income was \$16.6 million compared with \$36.0 million in last year's nine-month period. Both business segments contributed to the lower operating income in fiscal 2000.

Financial Condition

At November 27, 1999, long-term debt was \$186.3 million compared with \$167.7 million in last year's third quarter. Apogee's long-term debt to total capital ratio at the end of fiscal 2000's third quarter was 57%, compared with 49% in last year's third quarter.

Apogee's EBITDA decreased 80% to \$3.6 million during the third quarter. In the third quarter, depreciation and amortization totaled \$8.4 million, compared with \$6.5 million in the year-ago quarter. Working capital was \$105.0 million, up from \$97.2 million in last year's third quarter.

Capital expenditures were \$7.4 million in the third quarter, reflecting the closing stages of the expansion in Glass Technologies. Huffer said Apogee expects to incur total capital expenditures of approximately \$50 million in fiscal 2000, approximately half of which were expended in the first quarter. Looking ahead to fiscal 2001, Huffer noted that capital expenditures are expected to be less than half of the fiscal 2000 amount.

CAUTIONARY STATEMENT

The company desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and is making this cautionary statement in connection with such safe harbor legislation. This press release and any other written or oral statements made by or on behalf of the company may include forward-looking statements which reflect the company's current views with respect to future events and financial performance. The words "believe," "expect," "anticipate," "intends," "estimate," "forecast," "project," "should" and similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forecasts and projections in this press release are "forward-looking statements," and are based on management's current expectations of the company's near-term results, based on current information available pertaining to the company, including the risk factors noted below.

The company wishes 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: whether the cost savings programs implemented at the AutoGlass businesses will lead to improved operating results, the continuation of unfavorable industry conditions in the AutoGlass businesses, whether the strategic alternatives being considered for the AutoGlass businesses will be available on terms favorable to Apogee, whether the production ramp-ups of new or expanded plant capacity in the Glass Technologies segment will proceed as anticipated and will lead to successful operating results for those companies now or in the future, whether demand for Glass Technologies products and services will continue at present rates and whether generally favorable economic conditions will continue. For a more detailed explanation of the foregoing and other risks; see exhibit 99 to the company's Annual Report on Form 10-K for the fiscal year ended February 27, 1999, which is filed with the Securities and Exchange Commission. The company wishes to caution investors

that other factors may in the future prove to be important in affecting the company's results of operations. New factors emerge from time to time and 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.

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.

consolidated condensed statement of income		(Unaudited)		
	Thirteen Weeks Ended Nov. 27, 1999	Thirteen Weeks Ended Nov. 28, 1998	% Change	
Net sales	202,790	192,665	5%	
Cost of goods sold	172,231	150,365	15%	
Gross profit	30,559	42,300	-28%	
Selling, general and administrative expenses	35,324	30,743	15%	
Operating income (loss)	(4,765)	11,557	N/M	
Interest expense, net	2,438	2,289	7%	
Earnings (loss) from continuing operations before income taxes and other items below	(7,203)	9,268	N/M	
Income taxes	(2,522)	3,337	N/M	
Equity in net loss of affiliates	641	316	103%	
Minority interest	(34)	(53)	-36%	
Earnings (loss) from continuing operations	(5,288)	5,668	N/M	
Earnings from discontinued operations	2,310	1,582	46%	
Net earnings (loss)	\$ (2,978)	\$ 7,250	N/M	
Earnings per share - basic:				
Earnings (loss) from continuing operations	(\$0.19)	\$0.21	N/M	
Earnings from discontinued operations	\$0.08	\$0.06	33%	
Net earnings (loss)	\$ (0.11)	\$ 0.26	N/M	
Average common shares outstanding	27,794,374	27,635,881	1%	
Earnings per share - diluted:				
Earnings (loss) from continuing operations	(\$0.19)	\$0.20	N/M	
Earnings from discontinued operations	\$0.08	\$0.06	33%	
Net earnings (loss)	\$ (0.11)	\$ 0.26	N/M	
Average common shares outstanding	27,794,374	27,763,709	0%	

Cash dividends per common share	\$ 0.053	\$ 0.053	0%
---------------------------------	----------	----------	----

	Thirty-nine Weeks Ended Nov. 27, 1999	Thirty-nine Weeks Ended Nov. 28, 1998	% Change
Net sales	632,363	591,209	7%
Cost of goods sold	509,552	462,591	10%
Gross profit	122,811	128,618	-5%
Selling, general and administrative expenses	106,212	92,668	15%
Operating income (loss)	16,599	35,950	-54%
Interest expense, net	7,664	7,143	7%
Earnings (loss) from continuing operations before income taxes and other items below	8,935	28,807	-69%
Income taxes	3,127	10,371	-70%
Equity in net loss of affiliates	1,962	1,064	84%
Minority interest	(311)	(116)	168%
Earnings (loss) from continuing operations	4,157	17,488	-76%
Earnings from discontinued operations	11,476	2,795	311%
Net earnings (loss)	\$ 15,633	\$ 20,283	- 23%

Earnings per share - basic:

Earnings (loss) from continuing operations	0.15	0.63	-76%
Earnings from discontinued operations	0.41	0.10	310%
Net earnings (loss)	\$ 0.56	\$ 0.74	- 24%
Average common shares outstanding	27,742,665	27,588,981	1%

Earnings per share - diluted:

Earnings (loss) from continuing operations	0.15	0.63	-76%
Earnings from discontinued operations	0.41	0.10	310%
Net earnings (loss)	\$ 0.56	\$ 0.73	- 23%
Average common shares outstanding	27,809,374	27,786,133	0%

Cash dividends per common share	\$ 0.158	\$ 0.153	3%
---------------------------------	----------	----------	----

business segments information (Unaudited)

	Thirteen Weeks Ended Nov. 27, 1999	Thirteen Weeks Ended Nov. 28, 1998	% Change
--	--	--	----------

Sales

Glass technologies	87,361	79,329	10%
Glass services	117,050	113,520	3%
Eliminations	(1,621)	(184)	781%
Total	\$ 202,790	\$ 192,665	5%
Operating income (loss)			
Glass technologies	(937)	5,878	-116%
Glass services	(3,593)	5,937	N/M
Corporate and other	(235)	(258)	-9%
Total	\$ (4,765)	\$ 11,557	- 141%



	Thirty-nine Weeks Ended Nov. 27, 1999	Thirty-nine Weeks Ended Nov. 28, 1998	% Change
--	---	---	----------

Sales

Glass technologies	264,237	235,284	12%
Glass services	372,298	356,482	4%
Eliminations	(4,172)	(557)	649%
Total	\$ 632,363	\$ 591,209	7%
Operating income (loss)			
Glass technologies	7,618	14,905	-49%
Glass services	9,705	21,703	-55%
Corporate and other	(724)	(658)	10%
Total	\$ 16,599	\$ 35,950	- 54%

Q3 loss from continuing operations was \$0.19 per diluted share vs. earnings from continuing operations of \$0.20 per diluted share a year ago.

– Apogee reported an operating loss of \$4.8 million, with losses in both business segments.

– Most of the operating loss was due to industry weakness in Glass Services' auto glass operations.

– In Glass Technologies, demand remains strong and the production ramp-ups are proceeding, though slower than originally expected.

interim consolidated earnings -- nov. '99 (Dollar amounts in thousands)

3 Months:	Nov. 27 '99	Nov. 28 '98
Net sales	202,790	192,665
Income from continuing operations	(5,288)	5,668
Discontinued operations	2,310	1,582
Net income	(2,978)	7,250
Share earns. (basic)		
From continuing operations	(\$0.19)	\$0.21
Discontinued operations	0.08	0.06
Net income	(0.11)	0.26
Share earns. (diluted)		
From continuing operations	(\$0.19)	\$0.20
Discontinued operations	0.08	0.06
Net income	(0.11)	0.26

9 Months:	Nov. 27 '99	Nov. 28 '98
Net sales	632,363	591,209
Income from continuing operations	4,157	17,488
Discontinued operations	11,476	2,795
Net income	15,633	20,283

Share earns. (basic)		
From continuing operations	\$0.15	\$0.63
Discontinued operations	0.41	0.10
Net income	0.56	0.74
Share earns. (diluted)		
From continuing operations	\$0.15	\$0.63
Discontinued operations	0.41	0.10
Net income	0.56	0.73