



Apogee Enterprises, Inc. Third Quarter Earnings Exceed Estimates, Increase Significantly From Prior Year

December 21, 2000

MINNEAPOLIS--(BUSINESS WIRE)--Dec. 21, 2000--Driven by improving performance in the majority of its businesses, Apogee Enterprises, Inc. (Nasdaq:APOG), which develops and delivers value-added glass products and services for the architectural, large-scale optical and automotive industries, today announced earnings for its FY2001 third quarter, ended December 2, 2000, that exceeded expectations and were significantly improved over the prior year.

Apogee reported earnings from continuing operations of \$0.11 per share, or \$2,962,000, for the third quarter, compared with a loss in the prior-year period of \$0.18 per share, or \$4,982,000. All earnings per share figures refer to diluted earnings per share. Reported revenues for the third quarter totaled \$197,291,000, a 2 percent decrease from revenues of \$201,127,000 in the same period last year. Revenues grew 10 percent compared to the third quarter of last year after being adjusted for the formation of the PPG Auto Glass L.L.C. joint venture in July.

"We're pleased with our third quarter results and progress this year," said Russell Huffer, Apogee chairman, president and chief executive officer. "We've made steady improvements throughout our businesses, with our Glass Technologies segment making the greatest contribution in the third quarter to Apogee's improved bottom line."

Glass Technologies

With the segment's capacity expansion ramp up progressing smoothly, operating income in the third quarter grew significantly to \$6,328,000, from a loss of \$937,000 in the same quarter of last year. This income growth was on a 16 percent increase in revenues to \$101,138,000, compared to revenues of \$87,361,000 in the third quarter of last year.

"Viracon, Apogee's high-performance architectural glass coating fabricator, continues to show great improvement, with significant growth in sales and operating income compared to the same period last year. In addition, the business expeditiously addressed its product mix issue that had slowed second-quarter shipments and had been expected to slow second-half shipments," said Huffer. "Viratec, our optical thin film coater for display and imaging markets, also continued to show progress. Viratec moved from a significant loss in last year's third quarter to profitability and sales growth in this period."

"As Tru Vue expands penetration of the art framing market with its value-added glass and matboard products, sales and operating income have increased significantly. At the same time, Linetec, our architectural paint and coating company, grew sales and income in the third quarter," he said. "The only business in this segment that had lower sales and income in the third quarter compared to the prior year was Wausau Window & Wall Systems which continues to experience a slowdown in shipments, due to a product mix issue that has prevented the business from filling available short lead-time capacity. This trend will continue throughout the fourth quarter."

Glass Services

Reported revenues for the third quarter were \$97,793,000, compared to \$115,387,000 in the comparable period last year. Revenues for this segment grew 5 percent compared to the third quarter of last year after being adjusted for the formation of the PPG Auto Glass joint venture. Strong revenue growth from the Harmon, Inc. building glass services business was offset by a decline in Harmon AutoGlass revenues which were down 3 percent from last year due to soft demand for auto replacement glass services. "The continuing solid performance from Harmon, Inc. and further cost-cutting in our auto glass business resulted in the segment reporting an operating loss of \$453,000, improved significantly from a loss of \$3,107,000 in the same period last year," Huffer explained.

During the quarter, the company accelerated its efforts to reduce high fixed costs and improve margins in the Harmon AutoGlass retail business, which are expected to result in annual savings of more than \$5 million. Call center operations were transitioned to APAC Customer Services, Inc. as part of the company's initiative to improve customer service and lower costs, 122 jobs were eliminated, and year-to-date, 26 underperforming stores, or 8 percent of our retail locations, have been closed. "I am pleased with the direction the management team is moving at Harmon AutoGlass," said Huffer. "They're improving operating margins and focusing on enhancing customer service as they move to restore this business to acceptable levels of return on assets deployed."

Equity in Affiliates

The increase in this category in the third quarter versus the prior year reflects the formation of the PPG Auto Glass joint venture and is related to the successful startup, rationalization of costs, and transfer of assets to the venture. Results for this venture slightly exceeded expectations for the quarter. Apogee's full-year expectations for the joint venture remain slightly favorable.

Financial Condition

At the end of the third quarter, Apogee's long-term debt was \$132,464,000 compared with \$186,325,000 in last year's third quarter. Apogee's long-term debt to total capital ratio at the end of the third quarter was 48 percent compared with 57 percent in the prior-year period.

Apogee's EBITDA increased 234 percent to \$13,464,000 during the third quarter, compared to \$4,030,000 in the same period last year. In the third quarter, depreciation and amortization totaled \$8,093,000, compared with \$8,309,000 in the year-ago quarter. Working capital was \$38,474,000, down from \$101,474,000 in last year's third quarter, largely due to the contribution of inventory into PPG Auto Glass in the second quarter.

Capital expenditures were \$1,167,000 in the third quarter, down from \$7,335,000 in last year's third quarter. The company continues to expect fiscal

2001 capital expenditures to be less than half of the \$44,025,000 invested last year for plant expansions.

Fourth Quarter and FY2002 Outlook

"Building on our positive momentum in the third quarter, we've increased our estimated earnings from continuing operations for this year to \$0.44 to \$0.48 per share, from \$0.37 to \$0.41," said Huffer. "Although our outlook for the next fiscal year, ending March 2, 2002, is improving, we are currently maintaining our FY2002 earnings estimate at \$0.60 to \$0.70 per share from continuing operations."

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially.

- The company expects revenue to grow in the single digits for the fourth quarter of this year and for next year. The construction industry is Apogee's largest market and impacts businesses in both segments. Although independent construction industry research firms are currently predicting a flat market overall next year, the segments in which Apogee participates are expected by these firms to have single digit growth for the same period.
- The Glass Technologies segment is expected to experience low double-digit revenue growth for the fourth quarter of this year and for next fiscal year. However, as the PC industry softens, we are expecting a significant decline in revenues from computer CRT-related coatings at our San Diego facility as early as the first quarter of next year. We are evaluating other potential products and applications for this facility from existing and new customers. These concerns are reflected in our forward-looking estimates.
- Glass Services revenue is expected to be up slightly in the fourth quarter and flat next year. Apogee expects industry and Harmon AutoGlass windshield replacement units to continue to decline next year.
- The company expects the gross margin percentage to hold at current levels for the fourth quarter and sees slight improvement next year as operating efficiencies are partially offset by labor, material and energy cost increases.
- Sales, general and administrative expense is expected to be flat as a percent of sales for the fourth quarter and next year.
- Apogee's anticipated earnings growth next year compared with this year is based on increasing earnings from continuing operations of 15 to 20 percent, combined with a net positive contribution from PPG Auto Glass of approximately \$0.15 per share.
- Capital spending in the fourth quarter is anticipated to be \$5 million, and for next year, approximately \$30 million.
- Depreciation and amortization for the fourth quarter is anticipated to be \$8 million, and for next year, \$38 million.

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 Harmon AutoGlass will lead to successful operating results now or in the future. Also, there can be no assurances that the ongoing ramp-up of new plant capacity in the Glass Technologies businesses will lead to successful operating results for those companies now or in the future. There can be no assurances that the anticipated slowdown in business for Viratec San Diego due to softness in the computer industry can be replaced with new customers and products. 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. 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.

Teleconference and Simultaneous Webcast

Analysts, investors and media are invited to listen to Apogee's live teleconference or webcast at 10 a.m. Central Time today. To participate in the teleconference, call 1-877-679-9055 and reference "Apogee Enterprises." The replay will be available from noon CST today through midnight CST on December 29, by calling 1-800-615-3210 toll free, access code 4841919. To listen to the live conference call over the internet, go to the Apogee web site at <http://www.apog.com> and click on "investor relations" and then the webcast link at the top of that page. The webcast also will be archived on the company's web site.

Apogee Enterprises, Inc., headquartered in Minneapolis, is a world leader in technologies involving the design and development of value-added glass products, services and systems. The company is organized in two segments: the Glass Technologies businesses - Viracon, Tru Vue, Viratec, Wausau Window & Wall Systems and Linetec - are leaders primarily in architectural glass and high-end glass coatings for the electronics markets; the Glass Services businesses - Harmon AutoGlass, Curv-lite which fabricates auto windshields and Harmon, Inc. - are leaders in replacement auto glass and building glass services.

Apogee Enterprises, Inc. & Subsidiaries
Consolidated Condensed Statement of Income
(Unaudited)

	Thirteen Weeks Ended Dec. 2, 2000	Thirteen Weeks Ended Nov. 27, 1999	%
			Change
Net sales	\$ 197,291	\$ 201,127	-2%
Cost of goods sold	155,969	170,518	-9%
Gross profit	41,322	30,609	35%

Selling, general and administrative expenses	35,951	34,888	3%
Operating income (loss)	5,371	(4,279)	N/M
Interest expense, net	2,919	2,400	22%
Earnings (loss) from continuing operations before income taxes and other items below	2,452	(6,679)	N/M
Income taxes	858	(2,338)	N/M
Equity in net (earnings) loss of affiliates	(1,368)	641	N/M
Earnings (loss) from continuing operations	2,962	(4,982)	N/M
Earnings (loss) from discontinued operations	-	2,004	-100%
Net earnings (loss)	\$ 2,962	\$ (2,978)	N/M
Earnings per share - basic:			
Earnings (loss) from continuing operations	\$0.11	(\$0.18)	N/M
Earnings (loss) from discontinued operations	\$0.00	\$0.07	-100%
Net earnings (loss)	\$0.11	(\$0.11)	N/M
Average common shares outstanding	27,842,418	27,794,374	0%
Earnings per share - diluted:			
Earnings (loss) from continuing operations	\$0.11	(\$0.18)	N/M
Earnings (loss) from discontinued operations	\$0.00	\$0.07	-100%
Net earnings (loss)	\$0.11	(\$0.11)	N/M
Average common and common equivalent shares outstanding	27,923,636	27,794,374	0%
Cash dividends per common share	\$0.053	\$0.053	0%

Apogee Enterprises, Inc. & Subsidiaries
Consolidated Condensed Statement of Income
(Unaudited)

	Forty Weeks Ended Dec. 2, 2000	Thirty-nine Weeks Ended Nov. 27, 1999	%
			Change
Net sales	\$ 670,908	\$ 627,752	7%
Cost of goods sold	534,616	504,587	6%
Gross profit	136,292	123,165	11%
Selling, general and administrative expenses	113,302	104,689	8%
Operating income (loss)	22,990	18,476	24%
Interest expense, net	8,881	7,589	17%

Earnings (loss) from continuing operations before income taxes and other items below	14,109	10,887	30%
Income taxes	4,938	3,811	30%
Equity in net (earnings) loss of affiliates	(12)	1,962	N/M

Earnings (loss) from continuing operations	9,183	5,114	80%
Earnings (loss) from discontinued operations	-	10,519	-100%

Net earnings (loss)	\$ 9,183	\$ 15,633	-41%
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Earnings per share - basic:			
Earnings (loss) from continuing operations	\$0.33	\$0.18	83%
Earnings (loss) from discontinued operations	\$0.00	\$0.38	-100%
Net earnings (loss)	\$0.33	\$0.56	-41%
Average common shares outstanding	27,831,830	27,742,665	0%
Earnings per share - diluted:			
Earnings (loss) from continuing operations	\$0.33	\$0.18	83%
Earnings (loss) from discontinued operations	\$0.00	\$0.38	-100%
Net earnings (loss)	\$0.33	\$0.56	-41%
Average common and common equivalent shares outstanding	27,859,285	27,809,374	0%
Cash dividends per common share	\$0.158	\$0.158	0%

Business Segments Information
(Unaudited)

	Thirteen Weeks Ended Dec. 2, 2000	Thirteen Weeks Ended Nov. 27, 1999	% Change

Sales			
Glass technologies	\$101,138	\$87,361	16%
Glass services	97,793	115,387	-15%
Eliminations	(1,640)	(1,621)	1%

Total	\$197,291	\$201,127	-2%

Operating income (loss)			
Glass technologies	\$6,328	(\$937)	N/M
Glass services	(453)	(3,107)	85%
Corporate and other	(504)	(235)	-114%

Total	\$5,371	(\$4,279)	N/M

Business Segments Information
(Unaudited)

	Forty Weeks Ended Dec. 2, 2000	Thirty-nine Weeks Ended Nov. 27, 1999	% Change
Sales			
Glass technologies	\$309,073	\$264,237	17%
Glass services	367,756	367,687	0%
Eliminations	(5,921)	(4,172)	42%
Total	\$670,908	\$627,752	7%
Operating income (loss)			
Glass technologies	\$13,823	\$7,618	81%
Glass services	10,915	11,582	-6%
Corporate and other	(1,748)	(724)	-141%
Total	\$22,990	\$18,476	24%

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