



## Apogee Enterprises 4th Quarter Earnings Exceed Estimates, Increase Significantly From Prior Year; FY2002 Earnings Guidance Increased

April 4, 2001

MINNEAPOLIS--(BUSINESS WIRE)--April 4, 2001--Continuing strong improvement in operations produced fiscal 2001 fourth quarter earnings that exceeded expectations and were significantly improved over the prior year for Apogee Enterprises, Inc. (Nasdaq:APOG), which develops and delivers value-added glass products and services for the architectural, large-scale optical and automotive industries.

Apogee today reported fourth quarter earnings from continuing operations of \$0.15 per share, or \$4.2 million, compared with a loss of \$0.07 per share, or \$2.0 million, in the prior-year period. Net earnings were \$0.21 per share, or \$5.8 million, versus a net loss of \$0.12 per share, or \$3.5 million, in the fiscal 2000 fourth quarter. All earnings per share figures refer to diluted earnings per share. Reported revenues for the fourth quarter totaled \$194.3 million, a 9 percent decrease from revenues of \$212.7 million in the same period last year. Revenues grew 2 percent compared to the fourth quarter of last year after being adjusted for the formation of the PPG Auto Glass, LLC joint venture in July.

"Our quarterly results were strong and continued the momentum we've achieved throughout fiscal 2001," said Russell Huffer, Apogee chairman, president and chief executive officer. "I'm especially pleased with the ongoing operational improvement in our manufacturing, which made major strides in the second half of the year, and in our retail auto replacement glass business which significantly improved upon its performance compared with last year."

Apogee has redefined its financial business segments to better reflect its changing focus and business mix. Commenting on the new segment structure, Huffer said, "Our segments are now more closely aligned with the markets we serve to highlight the growth potential for our businesses, especially those in the architectural and large-scale optical segments." Historical information by segment was released March 29. The new segments are:

- Architectural products and services: design, engineer, fabricate and install the walls of glass and windows comprising the outside skin of commercial and institutional buildings
- Large-scale optical technologies: develop and produce high technology glass that enhances the visual performance of products for the display, imaging and picture framing industries
- Automotive replacement glass and services: fabricate, repair and replace automobile windshields and windows

### Architectural products and services

Operating income for this segment grew to \$9.4 million, a 23 percent increase from \$7.7 million in the fiscal 2000 fourth quarter, on flat revenues totaling \$110.2 million. Exceptional improvement in both sales and operating income at Viracon was offset by revenue and earnings weakness at Wausau Window & Wall Systems which, as expected, continued to experience a decrease in shipments largely due to a product mix issue in the second half of fiscal 2001.

### Large-scale optical technologies

In the fourth quarter, this segment's revenues grew 25 percent to \$24.6 million, while operating income was \$1.0 million. Strong operational improvement at Viratec that positively impacted both sales and earnings was countered by slightly lower earnings at Tru Vue as it integrated operations of two pre-framed art businesses acquired in fiscal 2001.

As a result of softening in the PC market, Apogee is closing its Viratec San Diego facility, which coats computer monitors, during the first quarter of fiscal 2002. "We were unable to identify other products or applications for this facility with the predictable profitability we demanded," said Huffer. He added that the impact here, which is not expected to be material, has been reflected in Apogee's fiscal 2001 fourth quarter results and forward-looking estimates for fiscal 2002.

### Automotive replacement glass and services

The segment reported an operating loss of \$1.7 million, a significant improvement from an operating loss of \$7.7 million in the same period last year. Reported revenues for the seasonally low fourth quarter were \$59.5 million, compared to \$82.9 million in the prior-year period. Revenues for this segment decreased 2 percent compared to the fourth quarter of last year after being adjusted for the formation of the PPG Auto Glass joint venture. The positive impact of the Harmon AutoGlass restructuring earlier in the year reduced the effect of the revenue decline.

### Fiscal 2001 Full-Year Results

In fiscal 2001, Apogee significantly increased earnings from operations, and reduced debt, working capital and capital expenditures, compared with fiscal 2000. For the 12-month period ended March 3, 2001, Apogee's earnings from continuing operations were \$0.48 per share or \$13.4 million, compared with \$0.11 per share or \$3.1 million a year ago. Net earnings were \$0.54 per share or \$15.0 million, compared with \$0.44 per share or \$12.2 million for fiscal 2000. The fiscal 2001 results included \$0.06 per share or \$1.6 million of earnings from discontinued operations, primarily from cash collected in the fourth quarter that was in excess of anticipated receipts related to European operations, compared to \$0.33 per share or \$9.1 million from discontinued operations in fiscal 2000. Reported revenues for fiscal 2001 increased 3 percent to \$865.2 million, compared to \$840.5 million last year. Fiscal 2001 revenues grew 11 percent compared to the prior year after being adjusted for the formation of the PPG Auto Glass joint venture in July. Operating income was \$31.9 million, compared with \$19.4 million in last year's 12-month period.

## Equity in Affiliates

The increase in this category in the fourth quarter and for the entire year versus the comparable prior-year periods 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, somewhat offset by continued funding of the TerraSun joint venture.

## Financial Condition

At March 3, 2001, Apogee's long-term debt decreased to \$104.2 million from \$164.4 million at the end of fiscal 2000 as the company continued to focus on reducing its debt. Apogee's long-term debt to total capital ratio at the close of fiscal 2001 was 41 percent compared with 54 percent at the end of the prior-year.

Apogee's EBITDA increased 76 percent to \$16.0 million during the fourth quarter, compared to \$9.1 million in the same period last year. In the fourth quarter, depreciation and amortization totaled \$7.1 million, compared with \$8.1 million in the year-ago quarter. For the year, EBITDA was \$66.1 million, a 26 percent increase from fiscal 2000. Depreciation and amortization were \$34.2 million in fiscal 2001, up from \$33.0 million the prior year. Working capital was \$37.8 million at the end of fiscal 2001, down from \$79.0 million at the end of last year, largely due to the contribution of inventory into PPG Auto Glass in the second quarter.

Capital expenditures were \$4.1 million in the fourth quarter, an increase from \$2.3 million in last year's fourth quarter. Capital expenditures totaled \$15.0 million in fiscal 2001, less than half the \$44.0 million invested last year for plant expansions.

## First Quarter and FY2002 Outlook

"We remain comfortable with our fiscal 2002 earnings estimate which is being revised upward to \$0.64 to \$0.74 per share from continuing operations, from \$0.60 to \$0.70 per share previously, to reflect a reduction in the anticipated effective tax rate to 31 percent due to changes in applicable tax statutes," said Huffer. "Despite the slowing economy, we still see growth opportunities for our leading brands, especially in the custom portion of the construction market and in the art and picture framing industry. In addition, we entered fiscal 2002 with approximately six months backlog in our largest segment, architectural products and services."

"Another factor contributing to our future confidence is our decision to implement the Six Sigma business improvement process companywide, as a means of instilling a continuous improvement culture within Apogee," said Huffer. "We are starting our training in Six Sigma which we expect to improve margins longer term through variation reduction and streamlining of processes."

The following statements related to the fiscal 2002 full year 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 year after being adjusted for the formation of the PPG Auto Glass joint venture.
- Architectural products and services: The construction industry is Apogee's largest market and impacts this segment. Although independent construction industry research firms are currently predicting a flat market overall for 2002, the segments in which Apogee participates are expected by these firms to have single-digit growth for the same period. Apogee expects high single-digit growth as markets continue to shift to the value-added materials and services provided by the company's businesses.
- Large-scale optical technologies: This segment is expected to have low double-digit revenue growth in fiscal 2002, with strong growth in value-added picture framing glass offset by the softening PC industry and the closure of the Viratec San Diego facility.
- Automotive replacement glass and services: Revenues are expected to be flat to slightly up for the year after being adjusted for the formation of the PPG Auto Glass joint venture. Apogee anticipates windshield prices to increase slightly this year, but expects industry and Harmon AutoGlass windshield replacement units to continue to decline in fiscal 2002.
- The company expects a slight improvement in the gross margin percentage for the 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 year.
- Apogee's estimated earnings of \$0.64 to \$0.74 for fiscal 2002 broken down by quarter are: Q1, \$0.09 to \$0.11 per share; Q2, \$0.23 to \$0.26 per share; Q3, \$0.18 to \$0.21 per share; and Q4, \$0.14 to \$0.16 per share.
- Apogee's anticipated earnings increase in fiscal 2002 compared with the prior year results from:
  - Continuing operations earnings growth of 15 to 20 percent;
  - Decrease in the tax rate from 35 percent to 31 percent for the full year (the lower effective tax rate reflects changes in applicable tax statutes); and
  - Contribution from "equity in affiliates" will include the positive impact from PPG Auto Glass being offset by continued funding of the TerraSun joint venture.
- Capital spending is anticipated to be approximately \$25 to \$30 million for fiscal 2002.
- Depreciation and amortization is expected to be \$30 to \$32 million in fiscal 2002. 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. 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. There can be no assurances that the shutdown of Viratec San Diego will not have a material impact on Apogee operations. In addition, there can be no assurances that the company's expected growth due to its strength serving high-end markets with value-added products will not be impacted by the slowing economy. 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 9 a.m. Central Time tomorrow, April

- 5. To participate in the teleconference, call 1-877-679-9051 toll free or 952-556-2804 local and reference "Apogee Enterprises." The replay will be available from 1 p.m. CST tomorrow, April 5 through midnight CST on Thursday, April 12, by calling 1-800-615-3210 toll free, access code 5079630. 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 three segments:

- Architectural products and services companies design, engineer, fabricate and install the walls of glass and windows comprising the outside skin of commercial and institutional buildings. Businesses in this segment are: Viracon, a leading global fabricator of coated, high-performance architectural glass; Harmon, Inc., the second largest U.S. full-service building glass installation and maintenance company; Wausau Window & Wall Systems, a manufacturer of custom, non-residential aluminum window systems and curtainwall; and Linetec, one of the largest U.S. architectural paint and anodizing finishers.
- Large-scale optical technologies companies develop and produce high technology glass that enhances the visual performance of products for the display, imaging and picture framing industries. Businesses in this segment are: Tru Vue, a leading U.S. value-added glass and matboard manufacturer for the art and framing industry; and Viratec Thin Films, a leading global producer of optical thin film coatings for the display and imaging markets.
- Automotive replacement glass and services companies fabricate, repair and replace automobile windshields and windows. Businesses in this segment are: Harmon AutoGlass, the nation's second largest chain of retail auto glass replacement and repair stores; and Viracon/Curvlite, a leading U.S. fabricator of aftermarket foreign and domestic car windshields.

PRESS RELEASE EXHIBIT  
APOGEE ENTERPRISES, INC.

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

	Thirteen Weeks Ended March 3, 2001	Thirteen Weeks Ended Feb. 26, 2000	%Change
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Net sales	\$ 194,292	\$ 212,736	-9%
Cost of goods sold	151,586	168,665	-10%
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Gross profit	42,706	44,071	-3%
Selling, general and administrative expenses	33,802	43,129	-22%
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Operating income (loss)	8,904	942	845%
Interest expense, net	2,241	2,769	-19%
Equity in income (loss) of affiliated companies	213	(855)	N/M
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Earnings (loss) from continuing operations before income taxes and other items below	6,876	(2,682)	N/M
Income taxes	2,697	(639)	N/M
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Earnings (loss) from continuing operations	4,179	(2,043)	N/M
Earnings (loss) from discontinued operations	1,640	(1,415)	N/M
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Net earnings (loss)	\$ 5,819	\$ (3,458)	N/M
	=====	=====	
Earnings per share - basic:			
Earnings (loss) from continuing operations	\$0.15	(\$0.07)	N/M
Earnings (loss) from discontinued operations	\$0.06	(\$0.05)	N/M
Net earnings (loss)	\$0.21	(\$0.12)	N/M
Average common shares outstanding	27,843,024	27,757,120	0%
Earnings per share - diluted:			
Earnings (loss) from continuing operations	\$0.15	(\$0.07)	N/M
Earnings (loss) from discontinued operations	\$0.06	(\$0.05)	N/M
Net earnings (loss)	\$0.21	(\$0.12)	N/M
Average common and common equivalent shares outstanding	28,014,608	27,757,120	1%
Cash dividends per common share	\$0.053	\$0.053	0%

	Fifty-three Weeks Ended March 3, 2001	Fifty-two Weeks Ended Feb. 26, 2000	% Change
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Net sales	\$ 865,200	\$ 840,488	3%
Cost of goods sold	686,203	673,253	2%
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Gross profit	178,997	167,235	7%
Selling, general and administrative expenses	147,103	147,817	0%
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Operating income (loss)	31,894	19,418	64%
Interest expense, net	11,122	10,359	7%
Equity in income (loss) of affiliated companies	1,465	(2,817)	N/M
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Earnings (loss) from continuing operations before income taxes and other items below	22,237	6,242	256%
Income taxes	8,876	3,171	180%
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Earnings (loss) from continuing operations	13,361	3,071	335%
Earnings (loss) from discontinued operations	1,641	9,104	-82%
	-----	-----	
Net earnings (loss)	\$ 15,002	\$ 12,175	23%
	=====	=====	
Earnings per share - basic:			
Earnings (loss) from continuing operations	\$0.48	\$0.11	334%
Earnings (loss) from discontinued operations	\$0.06	\$0.33	-82%
Net earnings (loss)	\$0.54	\$0.44	23%
Average common shares outstanding	27,834,629	27,746,279	0%

Earnings per share - diluted:

Earnings (loss) from continuing operations	\$0.48	\$0.11	333%
Earnings (loss) from discontinued operations	\$0.06	\$0.33	-82%
Net earnings (loss)	\$0.54	\$0.44	23%
Average common and common equivalent shares outstanding	27,898,116	27,793,617	0%
Cash dividends per common share	\$0.210	\$0.210	0%

Business Segments Information  
(Unaudited)

	Thirteen Weeks Ended March 3, 2001	Thirteen Weeks Ended Feb. 26, 2000	% Change
Sales			
Architectural	\$110,181	\$110,283	0%
Large-Scale Optical	24,619	19,673	25%
Auto Glass	59,511	82,872	-28%
Eliminations	(19)	(92)	-79%
Total	\$194,292	\$212,736	-9%
Operating income (loss)			
Architectural	\$9,405	\$7,671	23%
Large-Scale Optical	998	976	2%
Auto Glass	(1,747)	(7,690)	-77%
Corporate and other	248	(15)	N/M
Total	\$8,904	\$942	845%
	Fifty-three Weeks Ended March 3, 2001	Fifty-two Weeks Ended Feb. 26, 2000	% Change
Sales			
Architectural	\$441,466	\$394,104	12%
Large-Scale Optical	90,768	69,934	30%
Auto Glass	333,311	377,499	-12%
Eliminations	(345)	(1,049)	-67%
Total	\$865,200	\$840,488	3%
Operating income (loss)			
Architectural	\$27,393	\$20,513	34%
Large-Scale Optical	4,571	(540)	N/M
Auto Glass	1,429	184	677%
Corporate and other	(1,499)	(739)	103%
Total	\$31,894	\$19,418	64%

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