



Apogee Enterprises 1st Quarter Earnings Increase Significantly, Exceed Prior-year Results for Third Consecutive Quarter

June 19, 2001

MINNEAPOLIS--(BUSINESS WIRE)--June 18, 2001--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 that first quarter fiscal 2002 earnings from operations increased 186 percent compared to the prior-year period and significantly exceeded expectations.

First quarter earnings from operations were \$0.20 per share, or \$5.6 million, versus \$0.07 per share, or \$2.0 million in the fiscal 2001 first quarter. All earnings per share figures refer to diluted earnings per share. Reported revenues for the first quarter totaled \$203.6 million, compared to revenues of \$237.3 million in the same period last year. Revenues were flat compared to the first quarter of last year after being adjusted for the formation of the PPG Auto Glass, LLC joint venture in July 2000. The company's operating margin was 3.9 percent in the first quarter, up from 2.9 percent in the prior-year period.

"This is the third consecutive quarter we have exceeded prior-year earnings as we continue to gain earnings momentum," said Russell Huffer, Apogee chairman, president and chief executive officer. "Our improving performance underscores Apogee's continuing focus on consistent earnings growth and strengthening our balance sheet."

Architectural products and services

Revenues for Apogee's largest segment increased 5 percent to \$116.2 million, compared to \$111.0 million in the prior-year quarter. Operating income increased 11 percent to \$7.0 million, from \$6.3 million in the fiscal 2001 first quarter. Strong operating income growth year to year from Viracon, the largest business in the segment, due to improved volume and continuing operating improvements contributed to the segment's strong performance. Architectural segment backlog remains at record levels, holding at the fiscal 2001 year-end figure of \$190.0 million and up 13 percent from the first quarter of the prior year. The segment's operating margin increased to 6.0 percent from 5.7 percent in the previous-year period.

Large-scale optical technologies

In the first quarter, revenues grew 4 percent to \$20.5 million, and the segment broke even compared to an operating loss of \$1.1 million in the same period last year. The segment's revenue growth did not meet Apogee's expectations due to the dramatic slump in the PC industry and a slowdown in the retail picture framing market. During the quarter, Viratec's San Diego computer monitor coating facility was closed.

Automotive replacement glass and services

Reported automotive segment revenues for the first quarter were \$66.9 million, compared to \$106.8 million in the prior-year period. Revenues for this segment decreased 10 percent compared to the first quarter of last year after being adjusted for the PPG Auto Glass joint venture. First quarter segment revenues were impacted by last year's retail store closings and strategies to reduce low-margin business. The segment reported operating income of \$1.5 million, down from \$2.8 million in the same period last year. The significantly improved performance by Harmon AutoGlass retail, which has made major cost reductions, was offset by the loss of distribution earnings with the formation of the PPG Auto Glass joint venture reported in equity in affiliates. The automotive operating margin declined to 2.2 percent from 2.6 percent in last year's first quarter, again as a result of the loss of distribution earnings in the segment.

Equity in affiliates

Apogee's investments in affiliated companies reported \$2.1 million in the first quarter versus a loss of \$0.7 million in the prior-year period. The current year includes Apogee's portion of the results of the PPG Auto Glass joint venture formed in the fiscal 2001 second quarter, offset by continued funding of the TerraSun joint venture.

Financial condition

Apogee's long-term debt remained flat, as expected, at \$104.3 million at the end of the first quarter, compared to fiscal 2001 year-end, and the company's debt-to-total-capital ratio remained at 41 percent, an improvement from 52 percent at the end of last year's first quarter. Apogee continues to focus on reducing its debt and anticipates it will decline for the balance of the year.

Apogee's EBITDA was \$14.9 million for the first quarter, down from \$16.7 million in the same period last year as a result of the formation of the joint venture. In the first quarter, depreciation and amortization totaled \$7.0 million, compared with \$9.8 million in the year-ago quarter. Working capital increased to \$47.9 million at the end of the quarter, versus \$37.8 million at the end of fiscal 2001, primarily due to the timing of expenditures in the fiscal 2002 first quarter. Capital expenditures were \$2.7 million in the quarter, a decrease from \$3.6 million in last year's first quarter.

Outlook

"We remain focused on growing earnings at least 15 percent annually," said Huffer. "Based on our outstanding first quarter results, we are more confident that our results will be toward the high end of our fiscal 2002 earnings estimate range of \$0.64 to \$0.74 per share. At this time we are not changing our overall earnings guidance due to softness in our large-scale optical segment markets and a conservative outlook for the automotive segment as we go into the historically strong summer months. Also, our architectural segment is experiencing some minor delays in projects but continues to have a strong outlook, starting the second quarter with approximately six months backlog," he said.

The following statements related to the remainder of fiscal 2002 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: Apogee is maintaining its previous outlook for high single-digit growth as markets continue to shift to the value-added materials and services provided by Apogee's businesses. The construction industry is Apogee's largest market and impacts this segment. Although independent construction industry research firms continue to predict a flat to down market overall for calendar 2001, the segments in which Apogee participates are expected by these firms to have single-digit growth for the same period.
- Large-scale optical technologies: Apogee is revising its outlook to flat to slightly decreased revenues to reflect the dramatic slump in the PC industry and a slowdown in the retail picture framing market.
- Automotive replacement glass and services: Revenues are expected to be flat for the year after being adjusted for the formation of the PPG Auto Glass joint venture. Apogee anticipates increased windshield prices to hold for much of this year, but expects industry and Harmon AutoGlass windshield replacement units to continue to decline in fiscal 2002.
- Apogee's anticipated earnings increase in fiscal 2002 compared with the prior year results from:
 - Continuing operating earnings growth of 15 to 20 percent;
 - Decrease in the tax rate from 40 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 offset by continued funding of the TerraSun joint venture.
- Capital spending is anticipated to be approximately \$25 million for fiscal 2002.
- Depreciation and amortization is expected to be approximately \$30 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 long-term operating results. In addition, there can be no assurances that Apogee's expected architectural segment growth due to its strength serving high-end markets with value-added products will not be impacted by the slowing economy. There also can be no assurances that there will not be further erosion in large-scale optical segment revenues due to the dramatic slump in the PC industry and a slowdown in the retail picture framing market. 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 March 3, 2001.

Teleconference and simultaneous webcast

Analysts, investors and media are invited to listen to Apogee's live teleconference or webcast at 2 p.m. Central Time tomorrow, June

- 19. To participate in the teleconference, call 1-800-453-2086 toll free or 952-556-1523 local and reference "Apogee Enterprises." The replay will be available from 5 p.m. CST tomorrow, June 19 through 11 p.m. CST Tuesday, June 26, by calling 1-800-615-3210 toll free, access code 5313057. 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, a leading U.S. chain of retail auto glass replacement and repair stores; and Viracon/Curvlite, a leading U.S. fabricator of aftermarket foreign and domestic car windshields.

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

| Thirteen | Fourteen | |
|--------------|--------------|--------|
| Weeks Ended | Weeks Ended | % |
| June 2, 2001 | June 3, 2000 | Change |

| | | | |
|--|------------|------------|------|
| Net sales | \$ 203,606 | \$ 237,253 | -14% |
| Cost of goods sold | 158,302 | 189,339 | -16% |
| Gross profit | 45,304 | 47,914 | -5% |
| Selling, general and administrative expenses | 37,332 | 40,959 | -9% |
| Operating income (loss) | 7,972 | 6,955 | 15% |
| Interest expense, net | 1,921 | 2,782 | -31% |
| Equity in income (loss) of affiliated companies | 2,068 | (692) | N/A |
| Earnings (loss) from continuing operations before income taxes and other items below | 8,119 | 3,481 | 133% |
| Income taxes | 2,517 | 1,461 | 72% |
| Earnings (loss) from continuing operations | 5,602 | 2,020 | 177% |
| Earnings (loss) from discontinued operations | -- | -- | N/A |
| Net earnings (loss) | \$ 5,602 | \$ 2,020 | 177% |
| Earnings per share - basic: | | | |
| Earnings (loss) from continuing operations | \$ 0.20 | \$ 0.07 | 176% |
| Earnings (loss) from discontinued operations | \$ 0.00 | \$ 0.00 | N/A |
| Net earnings (loss) | \$ 0.20 | \$ 0.07 | 186% |
| Average common shares outstanding | 27,984,738 | 27,801,040 | 1% |
| Earnings per share - diluted: | | | |
| Earnings (loss) from continuing operations | \$ 0.20 | \$ 0.07 | 172% |
| Earnings (loss) from discontinued operations | \$ 0.00 | \$ 0.00 | N/A |
| Net earnings (loss) | \$ 0.20 | \$ 0.07 | 186% |
| Average common and common equivalent shares outstanding | 28,318,715 | 27,801,040 | 2% |
| Cash dividends per common share | \$ 0.053 | \$ 0.053 | 0% |

Business Segments Information
(Unaudited)

| | Thirteen Weeks Ended June 2, 2001 | Fourteen Weeks Ended June 3, 2000 | % Change |
|---------------------|---|---|-------------|
| | ----- | ----- | ----- |
| Sales | | | |
| Architectural | \$ 116,225 | \$ 111,007 | 5% |
| Large Scale Optical | 20,507 | 19,642 | 4% |
| Auto Glass | 66,877 | 106,778 | -37% |
| Eliminations | (3) | (174) | -98% |
| Total | \$ 203,606 | \$ 237,253 | -14% |

| | | | | | |
|------------------------|----|-------|----|---------|------|
| Operating income (loss | | | | | |
| Architectural | \$ | 7,020 | \$ | 6,334 | 11% |
| Large Scale Optical | | (16) | | (1,058) | 98% |
| Auto Glass | | 1,463 | | 2,790 | -48% |
| Corporate and other | | (495) | | (1,111) | 55% |
| | | ----- | | ----- | |
| Total | \$ | 7,972 | \$ | 6,955 | 15% |
| | | ----- | | ----- | |

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