



Apogee Enterprises 2nd Quarter Earnings Increase Significantly, Exceed Prior-Year Results for Fourth Consecutive Quarter

September 19, 2001

MINNEAPOLIS--(BUSINESS WIRE)--Sept. 19, 2001--

CURRENT YEAR GUIDANCE RAISED TO
\$0.85-\$0.90 PER SHARE, FROM \$0.64-\$0.74

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 second quarter fiscal 2002 net earnings increased more than 140 percent compared to the prior-year period and significantly exceeded expectations.

Second quarter earnings were \$0.36 per share, or \$10.3 million, versus \$0.15 per share, or \$4.2 million, in the fiscal 2001 period. All earnings per share figures refer to diluted earnings per share. Reported revenues for the second quarter totaled \$210.2 million, compared to revenues of \$236.4 million in the same period last year. Revenues were down 3 percent compared to the second 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 7.6 percent in the second quarter, up from 4.5 percent in the prior-year period.

"Our success in achieving consistent earnings growth is evident - we have now exceeded prior-year earnings for the fourth consecutive quarter," said Russell Huffer, Apogee chairman, president and chief executive officer. "And, I'm pleased to report that despite the economic slowdown, we are seeing growth in our architectural segment, our largest and strongest, as the construction industry continues to expand its use of our value-added glass and window products and services. At the same time, our auto glass segment met our objectives during its strongest seasonal quarter, while we continue to experience softness in the large-scale optical segment."

Architectural products and services

Revenues for Apogee's largest segment grew 6 percent to \$120.0 million, compared to \$113.1 million in the prior-year quarter. Operating income increased 50 percent to \$9.0 million, from \$6.0 million a year ago. This strong growth was due to a combination of increased revenue, more efficient and effective operations, and a higher-margin product mix. The architectural segment backlog held at \$190.4 million, consistent with the record levels reported at the end of the first quarter and fiscal 2001 and equal to about six months work. The backlog is up 7 percent from the prior-year period. The segment's operating margin increased to 7.5 percent from 5.3 percent in the previous-year period.

Large-scale optical technologies

In the second quarter, revenues were \$15.0 million, compared to \$21.6 million in the prior-year period. The segment reported an operating loss of \$1.5 million, compared to operating income of \$1.4 million in the same period last year. The segment's performance has been significantly impacted by the severe downturn in the PC industry and a slowdown in retail markets.

Automotive replacement glass and services

Reported automotive segment revenues for the second quarter were \$75.2 million, compared to \$101.7 million in the prior-year period. Segment revenues decreased 9 percent compared to the second quarter of last year after being adjusted for the PPG Auto Glass joint venture. Although strategies initiated last year to reduce low-margin business continue to impact revenues, they have resulted in improved profitability. The segment reported operating income of \$8.9 million, compared to \$3.4 million in the same period last year. Approximately 70 percent of the improvement resulted from the amendments made to the supply agreements related to the PPG Auto Glass joint venture, owned 34 percent by Apogee and 66 percent by PPG Industries, of which approximately one-third was a one-time net increase. These amendments permanently adjusted pricing for Apogee's windshield manufacturing business, resulting in higher income for the segment. These amendments led to lower earnings during the current quarter and into the future for PPG Auto Glass, which is reported in equity in affiliates. The remainder of the increase was the result of operational improvements and cost reductions implemented at our retail facilities late last year.

Equity in affiliates

Apogee's income from investments in affiliated companies was \$0.3 million in the second 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 funding of the TerraSun joint venture.

Financial condition

Apogee employed its strong cash flow during the quarter to reduce its long-term debt by \$18 million to \$86.5 million, from \$104.3 million at the end of the first quarter. The company's debt-to-total-capital ratio declined to 35 percent, a significant improvement from 51 percent at the end of last year's second quarter.

Apogee's EBITDA was \$22.4 million for the second quarter, up from \$19.9 million in the same period last year. In the second quarter, depreciation and amortization totaled \$6.5 million, compared with \$9.2 million in the year-ago quarter. Working capital increased slightly to \$46.5 million at the end of the quarter, versus \$45.0 million in last year's second quarter. Capital expenditures were \$2.8 million in the quarter, a decrease from \$6.2 million in last

year's second quarter.

Outlook

"Building on our strong first half, we are increasing our guidance for fiscal 2002, ending March 2, 2002, to \$0.85 to \$0.90 per share, from our previous range of \$0.64 to \$0.74," said Huffer. "Based on our stated objective to grow earnings at least 15 percent annually and providing the economy doesn't decline significantly, in fiscal 2003 we are targeting earnings of at least \$1.00 per share for the first time in Apogee's history.

"We continue to monitor the softness in our large-scale optical segment markets and backlogs in our architectural segment which had experienced some minor project delays, and remain conservative in our outlook for the automotive segment as the retail unit continues to validate its streamlined business model through an entire business cycle," he said.

The following statements, all related to fiscal 2002 unless otherwise indicated, are based on current expectations. These statements are forward-looking, and actual results may differ materially.

- The company has revised its revenue expectations to flat (after being adjusted for the formation of the PPG Auto Glass joint venture) from previously anticipated single-digit growth.
- Architectural products and services: Apogee expects single-digit growth (revised from high single-digit growth) as markets continue to shift to the value-added materials and services provided by Apogee's businesses and the company captures previously unmet demand. 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. The segment is expected to maintain its first half strength into the third quarter, with some seasonal softening in the fourth quarter.
- Large-scale optical technologies: Apogee anticipates revenues will be down significantly due largely to the severe downturn in the PC industry as well as a slowdown in retail markets. The segment is expected to show some holiday season improvement in picture framing glass and matboard sales, though less than normal due to economic uncertainty.
- Automotive replacement glass and services: Revenues are now expected to be down for the year (after being adjusted for the formation of the PPG Auto Glass joint venture) versus previous expectations of flat revenues. Apogee anticipates increased windshield prices in retail and manufacturing to hold for much of this year. The automotive segment is expected to experience historical seasonal slowing in the second half.
- The pricing changes in the amendments made to the supply agreements related to the PPG Auto Glass joint venture are expected to favorably impact the automotive segment operating margin by 3 to 4 percentage points over last year.
- Apogee's estimated fiscal 2002 earnings of \$0.85 to \$0.90 cents per share (increased from \$0.64 to \$0.74) broken down for the second half are: Q3, \$0.16 to \$0.18; and Q4, \$0.13 to \$0.16.
- Capital spending is anticipated to be approximately \$20 million for fiscal 2002 versus the prior estimate of \$25 million.
- 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 severe downturn in the PC industry and a slowdown in retail markets. 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 10 a.m. Central Daylight Time tomorrow, September 20. To participate in the teleconference, call 1-877-679-9054 toll free or 952-556-2802 local, and reference "Apogee Enterprises." The replay will be available from noon Central Daylight Time on Thursday, September 20, through midnight Central Daylight Time on Thursday, September 27, by calling 1-800-615-3210 toll free, access code 5517568. 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 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, 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 Weeks Ended Sept. 1, 2001	Thirteen Weeks Ended Sept. 2, 2000	%
			Change
Net sales	\$210,233	\$236,364	-11%
Cost of goods sold	158,833	189,308	-16%
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Gross profit	51,400	47,056	9%
Selling, general and administrative expenses	35,476	36,391	-3%
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Operating income (loss)	15,924	10,665	49%
Interest expense, net	1,234	3,180	-61%
Equity in income (loss) of affiliated companies	297	(665)	N/M
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Earnings (loss) from continuing operations before income taxes and other items below	14,987	6,820	120%
Income taxes	4,646	2,620	77%
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Earnings (loss) from continuing operations	10,341	4,200	146%
Earnings (loss) from discontinued operations	-	-	-
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Net earnings (loss)	\$10,341	\$4,200	146%
	=====	=====	
Earnings per share - basic:			
Earnings (loss) from continuing operations	\$0.37	\$0.15	143%
Earnings (loss) from discontinued operations	\$-	\$-	-
Net earnings (loss)	\$0.37	\$0.15	147%
Average common shares outstanding	28,267,287	27,852,033	1%
Earnings per share - diluted:			
Earnings (loss) from continuing operations	\$0.36	\$0.15	137%
Earnings (loss) from discontinued operations	\$-	\$-	-
Net earnings (loss)	\$0.36	\$0.15	140%
Average common and common equivalent shares outstanding	28,889,019	27,853,179	4%
Cash dividends per common share	\$0.053	\$0.053	0%

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

	Twenty-six Weeks Ended Sept. 1, 2001	Twenty-seven Weeks Ended Sept. 2, 2000	% Change
Net sales	\$413,839	\$473,617	-13%
Cost of goods sold	317,135	378,647	-16%
Gross profit	96,704	94,970	2%
Selling, general and administrative expenses	72,807	77,351	-6%
Operating income (loss)	23,897	17,619	36%
Interest expense, net	3,156	5,962	-47%
Equity in income (loss) of affiliated companies	2,365	(1,356)	N/M
Earnings (loss) from continuing operations before income taxes and other items below	23,106	10,301	124%
Income taxes	7,163	4,080	76%
Earnings (loss) from continuing operations	15,943	6,221	156%
Earnings (loss) from discontinued operations	-	-	-
Net earnings (loss)	\$15,943	\$6,221	156%
Earnings per share - basic:			
Earnings (loss) from continuing operations	\$0.57	\$0.22	154%
Earnings (loss) from discontinued operations	\$-	\$-	-
Net earnings (loss)	\$0.57	\$0.22	154%
Average common shares outstanding	28,126,012	27,826,537	1%
Earnings per share - diluted:			
Earnings (loss) from continuing operations	\$0.56	\$0.22	149%
Earnings (loss) from discontinued operations	\$-	\$-	-
Net earnings (loss)	\$0.56	\$0.22	149%
Average common and common equivalent shares outstanding	28,603,867	27,827,110	3%
Cash dividends per common share	\$0.105	\$0.105	0%

Business Segments Information
(Unaudited)

	Thirteen Weeks Ended Sept. 1,	Thirteen Weeks Ended Sept. 2,	% Change
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	2001	2000	
Sales			
Architectural	\$120,059	\$113,110	6%
Large-Scale Optical	14,980	21,638	-31%
Auto Glass	75,197	101,713	-26%
Eliminations	(3)	(97)	97%
Total	\$210,233	\$236,364	-11%
Operating income (loss)			
Architectural	\$9,000	\$5,993	50%
Large-Scale Optical	(1,475)	1,376	N/M
Auto Glass	8,919	3,427	160%
Corporate and other	(520)	(131)	-297%
Total	\$15,924	\$10,665	49%

Business Segments Information
(Unaudited)

	Twenty-six Weeks Ended Sept. 1, 2001	Twenty-seven Weeks Ended Sept. 2, 2000	% Change
Sales	\$236,285	\$224,117	5%
Architectural	35,487	41,280	-14%
Large-Scale Optical	142,073	208,492	-32%
Auto Glass	(6)	(272)	98%
Eliminations			
Total	\$413,839	\$473,617	-13%
Operating income (loss)	\$16,021	\$12,327	30%
Architectural	(1,491)	319	N/M
Large-Scale Optical	10,381	6,217	67%
Auto Glass	(1,014)	(1,244)	18%
Corporate and other			
Total	\$23,897	\$17,619	36%

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