



## Apogee Enterprises Fiscal 2002 Earnings Increase Significantly; Company Maintains Guidance for Fiscal 2003

April 3, 2002

MINNEAPOLIS--(BUSINESS WIRE)--April 3, 2002--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 in fiscal 2002 the company almost doubled earnings from continuing operations and significantly reduced debt, compared to fiscal 2001.

For the 12-month period ended March 2, 2002, Apogee's earnings from continuing operations were \$0.91 per share or \$26.1 million, compared with \$0.48 per share or \$13.4 million a year ago. All earnings per share figures refer to diluted earnings per share. Net earnings also were \$0.91 per share or \$26.1 million, compared with \$0.54 per share or \$15.0 million for fiscal 2001. The fiscal 2001 results included \$0.06 per share or \$1.6 million of earnings from discontinued operations. Reported revenues for fiscal 2002 decreased 7 percent to \$802.3 million, compared to \$865.2 million last year. Fiscal 2002 revenues decreased 1 percent compared to the prior year after being adjusted for the formation of the PPG Auto Glass, LLC joint venture in July 2000.

Long-term debt declined 34 percent to \$69.1 million at the end of fiscal 2002, compared to \$104.2 million at the end of the prior year.

### Fourth quarter results

Fourth quarter earnings from continuing operations were essentially flat at \$0.15 per share, or \$4.4 million, versus \$0.15 per share, or \$4.2 million, in the fiscal 2001 period. Net earnings were \$0.15 per share, or \$4.4 million, versus \$0.21 per share, or \$5.8 million in last year's fourth quarter. Revenues for the fourth quarter totaled \$188.2 million, compared to revenues of \$194.3 million in the same period last year. The company's operating margin was 5.5 percent in the fourth quarter, up from 4.6 percent in the prior-year period.

"During fiscal 2002, we almost doubled earnings from continuing operations versus the prior year, evidence that we're solidly focused on our objective of improving our operating performance," said Russell Huffer, Apogee chairman, president and chief executive officer. "I'm pleased that we maintained our earnings from continuing operations in the fourth quarter compared to an especially strong period last year, even as our largest segment - architectural - began to be impacted by the slowing construction industry. Our auto replacement glass segment again showed improvement, while the large-scale optical segment continued to be impacted by the economic downturn."

### Architectural products and services

Fourth quarter revenues for Apogee's largest segment grew 8 percent to \$118.5 million, compared to \$110.2 million in the prior-year quarter. Operating income was essentially flat at \$9.3 million, compared to \$9.4 million a year ago, the segment's highest quarter in several years. The operating margin was 7.9 percent versus 8.5 percent in the previous-year period due to a change in product mix, project size and insurance costs. The architectural segment backlog was up slightly from the third quarter to \$193 million and consistent with the levels reported since the end of fiscal 2001, despite the slowdown in the construction industry. While the backlog is consistent, it reflects a shift from shorter to longer lead-time projects, which have less predictable schedules.

### Large-scale optical technologies

In the fourth quarter, revenues were \$16.3 million, compared to \$24.6 million in the prior-year period which included the last full quarter of operations for the San Diego CRT coating facility. The segment reported an operating loss of \$1.4 million, compared to operating income of \$1.0 million in the same period last year. The downturn in the PC industry, related closure of the San Diego facility in May 2001 and slowdown in retail framing markets continued to impact the segment's performance.

### Automotive replacement glass and services

Automotive segment revenues for the fourth quarter were \$53.5 million, down from \$59.5 million in the prior-year period as revenues were impacted by reduced volume and competitive pricing pressures. The segment reported operating income of \$3.1 million, compared to a loss of \$1.7 million in the same period last year. Approximately half of this increase was due to asset sales and cost reductions. The other half of the operating income improvement resulted from second quarter 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. These amendments permanently adjusted pricing agreements for Apogee's windshield manufacturing business, resulting in higher income for the segment.

### Equity in affiliates

Apogee's loss from investments in affiliated companies was \$2.8 million in the fourth quarter versus income of \$0.2 million in the prior-year period. This decline was due to the amendments made to the supply agreements related to the PPG Auto Glass joint venture, seasonality of the auto glass industry, and rationalization benefits recognized in the prior-year period as a result of the joint venture formation. The decline was somewhat offset by lower costs at the TerraSun joint venture which was shut down during the third quarter.

### Financial condition

Apogee continued to employ its strong cash flow during the quarter to reduce its long-term debt by \$11.2 million to \$69.1 million, from \$80.3 million at the end of the third quarter. During fiscal 2002 debt was reduced \$35.1 million from the prior year. The company's debt-to-total-capital ratio continues to improve and was 29 percent at the end of the quarter, compared to 41 percent at the end of last year's fourth quarter.

Apogee's EBITDA was \$17.1 million for the fourth quarter, compared to \$16.0 million in the same period last year. In the fourth quarter, depreciation and amortization totaled \$6.8 million, compared with \$7.1 million in the year-ago quarter. Working capital decreased to \$47.8 million at the end of the quarter, versus \$50.5 million at the end of the third quarter. Capital expenditures were \$3.3 million in the quarter, down from \$4.1 million in last year's fourth quarter. Capital expenditures were \$10.5 million in fiscal 2002, compared with \$14.8 million in the prior 12-month period.

## Outlook

"We are maintaining our guidance of \$1.00 per share for fiscal 2003, which ends March 1, 2003," said Huffer. "Our projections anticipate improvements in our markets in the second half of our fiscal year. The timing and strength of the economic turnaround, specifically in commercial construction, are critical to our ability to achieve this earnings level. Despite the economic uncertainty, we expect that our Six Sigma initiatives will continue to help us improve operations and margins this year.

"The slowdown in construction is impacting our architectural business," said Huffer. "However, we anticipate that our focus on higher-end Class A office, educational and institutional markets, our new glazing renovation initiative, and Apogee's leadership in value-added energy-efficient, hurricane and protective glazing products should somewhat offset the slowdown.

"As our auto glass segment faces ongoing tough industry conditions, we are focused on further operational improvements and leveraging our expertise in quality installations to recapture market share and increase sales," he said. "We have started to see a rebound in the retail markets served by our large-scale optical segment and expect to see a positive impact on our businesses by mid fiscal year. We also anticipate improvement through expanded distribution and new product penetration.

Huffer concluded, "We plan to keep using our strong cash flow to pay down debt in fiscal 2003."

The following statements are based on current expectations for Fiscal 2003. These statements are forward-looking, and actual results may differ materially.

- Overall revenue growth is anticipated to be flat to low single digits, with year-on-year growth occurring in the second half.
- Architectural segment is expected to have flat to low single digit revenue growth for the year, with second half growth dependent on an improving construction industry. Quarterly revenue outlook compared to fiscal 2002 is: Q1, down 5 to 10 percent; Q2, flat; Q3, up 3 to 5 percent; and Q4, up 5 to 10 percent. The segment's focus on complex, value-added projects results in longer lead times from project approval to production, creating the temporary softness moving from the fourth quarter of fiscal 2002 into the first quarter of fiscal 2003.
- Large-scale optical technologies segment revenues are expected to grow in the high single digits, driven by the timing of improvements in retail consumer electronics and framing markets and the success of new product initiatives. Quarterly revenue outlook compared to fiscal 2002 is: Q1, down 12 to 15 percent (fiscal 2002 first quarter included revenues from the San Diego coating business that was closed during that period); Q2, up 15 to 20 percent; Q3, up 25 to 30 percent; and Q4, up 25 to 30 percent.
- Automotive replacement glass segment revenues are expected to be flat. Revenue growth will be dependent upon improving industry conditions and retail's ability to gain share.
- Gross margin percentages are expected to improve slightly, with operating efficiencies achieved largely through Six Sigma initiatives offsetting increases in wages, health care and insurance costs. At the same time, there is expected to be increased margin pressure in the architectural and automotive segments driven by competitive actions in soft markets.
- Sales, general and administrative expenses will grow slightly, as will SG&A as a percent of sales, due to investments in marketing and information technology initiatives.
- Equity in affiliates is expected to have a nominal contribution, with income in Q2 and Q3 expected to be somewhat offset by losses in Q1 and Q4. The wholesale auto glass market, served by our auto glass distribution joint venture, is expected to be impacted by an increasingly competitive pricing environment. The equity in affiliates contribution will be helped by the elimination of funding for the TerraSun joint venture closed in fiscal 2002.
- Capital expenditures are targeted at \$20 million.
- Debt is expected to be reduced to less than \$50 million by year-end.
- Earnings per share are expected to reach \$1.00 per share, with the year-on-year growth anticipated to begin starting in the third quarter when the improving economy should positively impact the company's value-added architectural and large-scale optical businesses. Apogee's internal quarterly EPS targets are: Q1, \$0.10; Q2, \$0.35; Q3, \$0.35; and Q4, \$0.20.

The discussion above, including all of the statements in this outlook section, 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 Harmon AutoGlass will effectively leverage its operational improvements to recapture market share and increase sales. 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 architectural segment, which serves high-end markets with value-added products, will not be further impacted by the slowed economy. There also can be no assurances that there will not be additional 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 webcast

Analysts, investors and media are invited to listen to Apogee's live teleconference or webcast at 10 a.m. Central Standard Time tomorrow, April 4. To

participate in the teleconference, call 1-877-679-9049 toll free or 952-556-2803 local, and reference "Apogee Enterprises." The replay will be available from 1 p.m. Central Standard Time on Thursday, April 4, through midnight Central Daylight Time on Thursday, April 11, by calling 1-800-615-3210 toll free, access code 5903093. 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, an architectural paint and anodizing finisher.
- Automotive replacement glass and services companies fabricate, repair and replace automobile windshields and windows. Businesses in this segment are: Harmon AutoGlass, a U.S. chain of retail auto glass replacement and repair stores; and Viracon/Curvlite, a U.S. fabricator of aftermarket foreign and domestic car windshields.
- 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 value-added glass and matboard manufacturer for the art and framing industry; and Viratec, a global producer of optical thin film coatings for the display and imaging markets.

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

Dollar amounts in thousands, except for per share amounts	Thirteen Weeks Ended March 2, 2002	Thirteen Weeks Ended March 3, 2001	%
			Change
Net sales	\$188,183	\$194,292	-3%
Cost of goods sold	142,970	151,586	-6%
Gross profit	45,213	42,706	6%
Selling, general and administrative expenses	34,913	33,802	3%
Operating income	10,300	8,904	16%
Interest expense, net	1,203	2,241	-46%
Equity in (loss) income of affiliated companies	(2,786)	213	N/M
Earnings from continuing operations before income taxes and other items below	6,311	6,876	-8%
Income taxes	1,956	2,697	-27%
Earnings from continuing operations	4,355	4,179	4%
Earnings from discontinued operations	--	1,640	-100%
Net earnings	\$4,355	\$5,819	-25%
Earnings per share - basic:			
Earnings from continuing operations	\$0.16	\$0.15	7%
Earnings from discontinued operations	\$-	\$0.06	-100%
Net earnings	\$0.16	\$0.21	-24%

Average common shares outstanding	28,032,353	27,843,024	1%
Earnings per share - diluted:			
Earnings from continuing operations	\$0.15	\$0.15	0%
Earnings from discontinued operations	\$-	\$0.06	-100%
Net earnings	\$0.15	\$0.21	-29%
Average common and common equivalent shares outstanding			
	29,101,514	28,014,608	4%
Cash dividends per common share			
	\$0.055	\$0.053	5%

Dollar amounts in thousands, except for per share amounts	Fifty-two Weeks Ended March 2, 2002	Fifty-three Weeks Ended March 3, 2001	% Change
Net sales	\$802,315	\$865,200	-7%
Cost of goods sold	614,587	686,203	-10%
Gross profit	187,728	178,997	5%
Selling, general and administrative expenses	143,601	147,103	-2%
Operating income	44,127	31,894	38%
Interest expense, net	5,215	11,122	-53%
Equity in (loss) income of affiliated companies	(1,026)	1,465	N/M
Earnings from continuing operations before income taxes and other items below	37,886	22,237	70%
Income taxes	11,744	8,876	32%
Earnings from continuing operations	26,142	13,361	96%
Earnings from discontinued operations	--	1,641	-100%
Net earnings	\$26,142	\$15,002	74%
Earnings per share - basic:			
Earnings from continuing operations	\$0.94	\$0.48	96%
Earnings from discontinued operations	\$-	\$0.06	-100%
Net earnings	\$0.94	\$0.54	74%
Average common shares outstanding			
	27,910,016	27,834,629	0%
Earnings per share - diluted:			
Earnings from continuing operations	\$0.91	\$0.48	90%
Earnings from discontinued operations	\$-	\$0.06	-100%

Net earnings	\$0.91	\$0.54	69%
Average common and common equivalent shares outstanding	28,817,308	27,898,116	3%
Cash dividends per common share	\$0.215	\$0.210	2%

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Business Segments Information  
(Unaudited)

	Thirteen Weeks Ended March 2, 2002	Thirteen Weeks Ended March 3, 2001	% Change	Fifty-two Weeks Ended March 2, 2002	Fifty-three Weeks Ended March 3, 2001	% Change
Sales						
Architectural Large-Scale	\$118,461	\$110,181	8%	\$479,364	\$441,466	9%
Optical	16,264	24,619	-34%	67,829	90,768	-25%
Auto Glass	53,463	59,511	-10%	255,133	333,311	-23%
Eliminations	(5)	(19)	74%	(11)	(345)	97%
Total	\$188,183	\$194,292	-3%	\$802,315	\$865,200	-7%
Operating income (loss)						
Architectural Large-Scale	\$9,320	\$9,405	-1%	\$34,396	\$27,393	26%
Optical	(1,389)	998	N/M	(4,350)	4,571	N/M
Auto Glass	3,091	(1,747)	N/M	16,088	1,429	1026%
Corporate and other	(722)	248	N/M	(2,007)	(1,499)	-34%
Total	\$10,300	\$8,904	16%	\$44,127	\$31,894	38%

**Contact:**

Apogee Enterprises, Inc., Minneapolis  
Investor Relations:  
Mary Ann Jackson, 952/830-0674  
mjackson@apog.com  
[www.apog.com](http://www.apog.com)