



## Apogee Holds Fiscal 2003 Guidance, Comments On Fiscal 2004 Outlook as Construction Industry Slowdown Continues

November 4, 2002

MINNEAPOLIS, Nov 4, 2002 (BUSINESS WIRE) -- Apogee Enterprises, Inc. (Nasdaq:APOG), which develops and delivers value-added glass products and services for the architectural, automotive and large-scale optical industries, today stated that it remains committed to its fiscal 2003 guidance of \$1.00 earnings per diluted share. However, due to the further decline in commercial construction activity and forecasts that is impacting the fiscal 2004 first-half outlook for Apogee's largest segment, architectural products and services, the company does not expect to achieve in fiscal 2004 its stated long-term goals of 10 to 15 percent annual earnings growth and 7 to 10 percent annual revenue growth.

"The recently released commercial construction forecasts for calendar 2002 and 2003 from F.W. Dodge, a leading independent provider of construction industry analysis, forecasts and trends, have declined further, with Dodge now projecting the non-residential construction turnaround to start at the end of calendar 2003 versus mid-year," said Russell Huffer, Apogee chairman, president and chief executive officer.

The revised Dodge outlook, released in late October, now calls for total non-residential construction to be down 6 percent in calendar 2002 and flat in 2003, which is the majority of Apogee's fiscal 2004. This compares to the Dodge outlook provided in August of a 4 percent decline in calendar 2002 and a 6 percent increase in 2003. "Over the past several months, the expected construction recovery has been pushed back from the second half of calendar 2002, which was the basis for our fiscal 2003 plans, to the end of calendar 2003," said Huffer, "and, the outlook for our largest market, office construction, has also declined. Dodge now expects a 3 percent decline in office construction for calendar 2003 compared with its August forecast of 15 percent growth for next year.

"We still have a line of sight to earnings of \$1.00 per share for fiscal 2003, with the second half expected to exceed the prior year as we've stated previously," said Huffer. "Our continued focus on cost control and operational improvements, including our Six Sigma efforts, and the expected improvement in large-scale optical markets are lessening the impact of the weak economy. We are disappointed by the considerably slower than originally anticipated rebound in the commercial construction industry, with the risk being unexpected project delays. The auto glass segment continues to be impacted by weak industry conditions, and recapturing market share remains our challenge." (Complete current fiscal 2003 guidance is in Apogee's second quarter earnings release dated September 18, 2002.)

"Looking to fiscal 2004, unless the construction market turns more quickly and more significantly than currently anticipated or we see stronger hurricane and protective glazing market penetration than now expected, we believe it will be difficult for us to repeat our fiscal 2003 earnings guidance of \$1 per share next year," said Huffer. "However, we are encouraged that our inbound order rates in our architectural segment have improved, and the American Institute of Architects is reporting increases in inquiries, although it notes customers are taking longer than they have historically to begin new projects.

"Our outlook for fiscal 2004, which is based on a turnaround in the commercial construction market late in calendar 2003, is for flat to slight revenue growth year over year, with a tough first quarter," said Huffer. "We anticipate architectural revenues will be flat to down slightly, starting the year with a down first quarter, flat to down second quarter and growth in the second half. For our large-scale optical segment, we expect 10 percent revenue growth for the year, while we anticipate single-digit revenue growth in our auto glass segment during fiscal 2004.

"We are focused on increasing our market share and driving value-added hurricane and protective glazing products and services. These initiatives along with our ongoing cost control and operational improvements, including our Six Sigma efforts, will benefit fiscal 2004 and minimize the impact of the soft construction markets," he said. "We will provide more detailed fiscal 2004 earnings guidance with our third quarter earnings release, which will be issued after the market closes on December 18."

"We remain committed to our stated long-term goals of 10 to 15 percent annual earnings growth and 7 to 10 percent annual revenue growth," he said.

### Forward Looking Statements

This release 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 that Apogee's architectural segment, which serves high-end markets with value-added products, will not be further impacted by the slowed economy. In addition, there can be no assurances that Harmon AutoGlass will grow revenues and increase profitability in the soft auto replacement glass 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 2, 2002.

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, install and renovate the walls of glass and windows comprising the outside skin of commercial and institutional buildings. Businesses in this segment are:

Viracon, the leading fabricator of coated, high-performance architectural glass for global markets; Harmon, Inc., the largest U.S. full-service building glass installation, maintenance and renovation company; Wausau Window and Wall Systems, a manufacturer of custom aluminum window systems and curtainwall; and Linetec, a paint and anodizing finisher of window frames and PVC shutters.

- 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 shops; 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 North American value-added glass and matboard manufacturer for the custom framing and pre-framed art markets; and Viratec, a producer of optical thin film coatings for the global display and imaging markets.

CONTACT: Apogee Enterprises, Inc., Minneapolis  
Investor Relations:  
Mary Ann Jackson, 952/830-0674  
mjackson@apog.com

URL: <http://www.businesswire.com>  
Today's News On The Net - Business Wire's full file on the Internet with Hyperlinks to your home page.

Copyright (C) 2002 Business Wire. All rights reserved.