



Apogee Revises Fiscal 2003 Q4, Fiscal 2004 Q1 Guidance; Balance Sheet Continues to Be Strengthened

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MINNEAPOLIS, Feb 19, 2003 (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 said that its outlook for the fourth quarter of fiscal year 2003, ending March 1, 2003, has declined due to the continued sluggish economy that is impacting the commercial construction industry served by Apogee's architectural segment, along with the ongoing competitive environment for its auto replacement glass segment. As a result, Apogee's fourth quarter guidance for continuing operations is now \$0.10 to \$0.12 per share, compared to guidance of \$0.18 to \$0.20 per share provided December 18, 2002. The fiscal 2003 full year guidance is now \$0.85 to \$0.87 per share, versus December 2002 guidance of \$0.93 to \$0.95 per share. All earnings per share figures refer to diluted earnings per share.

At the same time, the limited visibility for the architectural segment and ongoing challenges in the auto glass segment lead the company to anticipate performance in fiscal 2004 at the lower end of the range of \$0.85 to \$0.93 per share provided in December 2002.

"Although we are very disappointed that our business is slowing, our manufacturing operations are running better than they ever have and Apogee's financial condition remains solid," said Russell Huffer, Apogee chairman, president and chief executive officer. "When the economy improves, our architectural segment, Apogee's largest, remains well positioned to gain share in the construction market. We entered this downturn with strong operations that are being constantly improved and a commitment to cost reduction, both largely through our Six Sigma efforts. We also have a clearer focus on our market opportunities than ever before. And, since we are only at 60 percent of capacity, we can easily boost shipments without significant capital expenditures. Together, these improvements and positioning should provide sustainable momentum for growth in both revenues and earnings when conditions in the commercial construction industry improve.

"Our significant financial strength is very beneficial in these challenging times," said Huffer. "Our earnings before interest, taxes, depreciation and amortization (EBITDA) are expected to be approximately \$64 million this year. We invested \$17.9 million in our now complete 1.5 million share repurchase program, and also increased our dividend 5 percent in fiscal 2003, to \$0.23 per share annually."

Huffer explained that the architectural business is currently being impacted because some committed projects have been shifted to later schedules, and the plants have been unable to fill in available capacity with shorter lead-time work. This is expected to cause a shortfall in revenues and related earnings in the fourth quarter of fiscal 2003 and first half of fiscal 2004. "To offset as much of this slowdown as possible, our architectural businesses are implementing measures to reduce annual costs and to minimize future increases in operating expenses," said Huffer. "We feel we have the factors that we can influence here under control, and despite the economic uncertainty are working to further strengthen our industry position through our focus on hurricane, protective and energy-efficient glazing products and services.

"The auto glass segment businesses continue to be challenged by the soft market and pricing pressures, he said. "In the extremely competitive auto replacement glass businesses, we are focused on driving more units and reducing costs so that we can withstand further pricing pressures."

Apogee's large-scale optical segment continues to meet the company's expectations as results continue to improve due to operational improvements, successful new product introductions and continued conversion of value-added picture framing glass.

The company also stated that its aggressive efforts to reduce discontinued operations exposure in Europe could lead to a non-cash, pre-tax reduction in long-term liabilities by the end of fiscal 2003, potentially increasing net earnings in the fourth quarter.

"Looking to the first quarter of fiscal 2004, we are facing immense business and political uncertainties that are providing a very difficult backdrop against which to forecast," said Huffer. "Due to the limited visibility for our business in the months ahead, our guidance for the first quarter is a wide range, from \$0.04 to \$0.10 per share versus the range of \$0.12 to \$0.14 provided in December.

"Despite the uncertainties we are facing, we still feel we can deliver \$0.85 per share in fiscal 2004, providing the architectural markets stabilize and begin to grow in the second half of the year," he said.

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 that Apogee's architectural segment, which serves high-end markets with value-added products, will not be further impacted by the continued sluggish economy. In addition, there can be no assurances that Harmon AutoGlass will reverse its loss of market share or overcome pricing pressures in the challenging auto replacement glass market. 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. There also can be no assurances that the large-scale optical segment businesses will continue to increase revenues year over year. 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.

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