



Apogee Enterprises, Inc. Reports First Quarter Results

June 22, 1999

Revenue growth partly offset by costs of ramping up production and capacity expansion.

MINNEAPOLIS, June 22 /PRNewswire/ -- The following is being issued by Apogee Enterprises:

Q1 diluted EPS from continuing operations was \$0.16 vs. \$0.15 a year ago.

-- Glass Technologies reported double-digit sales gains, as Viracon's new Statesboro facility became fully operational on March 1 - on-time and on-budget - and is now ramping up.

-- Glass Services had a solid quarter versus last year, which included IT and advertising costs.

Management expects continued progress in fiscal 2000, led by Glass Technologies.

-- Sales are expected to grow with the ramp up in production capabilities.

-- Margins will be buoyed by increased fixed-cost absorption during the second half of the year.

first quarter fiscal 2000 comparisons	(Amounts in thousands, except per share data and percentages)		
	First Quarter Ended May 29, 1999	First Quarter Ended May 30, 1998	% Change
Net sales (A)	211,123	190,377	11%
Net earnings per share - diluted	0.16	0.14	14%
Earnings from continuing operations	0.16	0.15	8%
Earnings (loss) from discontinued operations	0.00	(0.01)	N/M
Average shares outstanding - diluted	27,747	27,783	--
Operating income	10,139	9,502	7%
Glass Technologies	4,019	4,115	(2)%
Glass Services	7,346	5,204	41%
Corporate and other	(1,226)	182	N/M
EBITDA (B)	\$ 18,513	\$16,227	14%

(A) Net sales for fiscal 1999 were restated to reflect the reporting of discontinued operations. (B) EBITDA: Earnings before interest, taxes, depreciation and amortization.

"It's encouraging to see sales volumes grow in our newly completed Glass Technologies plant facilities, although the ramping up phase is still in its early stages and, as expected, our first quarter margins were reduced by increased depreciation. As sales momentum builds, margins should improve through fiscal 2000, with greater returns on investment expected in fiscal 2001," said Russell Huffer, President and Chief Executive Officer.

Apogee Enterprises, Inc. (Nasdaq: APOG) today reported improved results for its first quarter of fiscal 2000 ended May 29, 1999, compared to a year ago. Apogee's first quarter net earnings from continuing operations rose to \$4.6 million or \$0.16 per diluted share, compared with \$4.2 million or \$0.15 per diluted share for the first quarter of fiscal 1999.

The first quarter improvement was due to sales growth in each of Apogee's business segments. Total sales increased 11 percent to \$211.1 million from \$190.4 million in the prior year period. Operating income for the quarter rose 7 percent to \$10.1 million compared with \$9.5 million in the previous year's quarter. The above results reflect continuing operations only. Discontinued operations included domestic and international curtainwall operations, and the Norment Detention & Security unit.

As announced on April 12 and finalized on May 13, 1999, Apogee completed the sale of its large-scale domestic curtainwall unit, representing fiscal 1999 revenues of approximately \$85 million. Apogee now reports in two segments: Glass Technologies and Glass Services. The Glass Technologies businesses are leaders primarily in architectural glass and high-end glass coatings for the electronics markets. This also now includes the Wausau Architectural Products Group, which produces windows with glass fabricated by Viracon. Glass Services is a new segment, comprised of Apogee's auto glass businesses and Harmon, Inc., a leading provider of building glass services.

"It's encouraging to see sales volumes grow in our newly completed Glass Technologies plant facilities, although the ramping up phase is still in its early stages and, as expected, our first quarter margins were reduced by increased depreciation," said Russell Huffer, Apogee's President and Chief Executive Officer. "As sales momentum builds, margins should improve through fiscal 2000, with greater returns on investment expected in fiscal 2001."

Glass Technologies

Glass Technologies reported a 14 percent rise in revenues during the first quarter to \$88.5 million, compared with \$77.4 million in the previous year's quarter. The improvement was driven primarily by continued strength at Wausau and improving volume at Viratec's relocated Optium(TM) CRT coating operation in San Diego. Viracon's new Statesboro, Ga. facility expansion was completed during the quarter, with production volumes expected to ramp up throughout the remainder of the year. Due mainly to the absorption of increased overhead and higher depreciation, operating income for the segment declined to \$4.0 million from \$4.1 million in the year-ago quarter.

"The revenue gains in Glass Technologies showed strong comparisons to last year's somewhat soft first quarter," said Huffer. "We would anticipate continued quarterly revenue gains for the remainder of the year. We fully expected our margins to feel the short-term impact of our push to expand capacity. However, with Statesboro now fully commissioned, we look for margins to improve as production levels ramp up."

Huffer added, "At Viratec's CRT coating facility, we are moving well up the productivity curve, which continues to meet our expectations. Viratec's flat glass market continues to be a challenge, with pricing impacted from the economic slowdown in Asia. Our new flat glass vertical coater is expected to be on line this summer, and we are focused on developing the next generation of coatings for use in consumer electronics. On another positive note, demand for Tru Vue's value-added glass products is encouraging and we anticipate a growing contribution from its new Chicago facility."

Huffer noted, "The completion of Viratec's vertical coater this summer will conclude our Glass Technologies expansion. The expansion marks a fundamental improvement in this segment, which had compound annual sales growth of more than 20% through fiscal 1998, when the businesses reached the limits of their capacity. Now, with double the production capacity, these businesses will have the capability to realize the potential of their very attractive markets. Increasingly, Glass Technologies will be Apogee's primary growth driver, with the potential for significant margin improvement as well."

Glass Services

Glass Services reported an 8 percent sales increase to \$122.7 million from \$113.2 million in fiscal 1999's first quarter. The results were driven primarily by double-digit growth at Harmon, Inc., and higher sales at Curv-lite, the company's windshield manufacturing operation. The segment's operating income increased 41 percent to \$7.3 million compared with \$5.2 million a year ago, which included investments in information technology systems and costs related to an aggressive advertising campaign. Excluding last year's added costs, the margin increase was modest, driven mainly by Harmon, Inc. and Curv-lite.

"We are pleased to see continued progress in Glass Services," said Huffer. "Our same-store unit retail sales rose by approximately 10 percent during the first quarter, but industry-wide pricing pressures significantly reduced the profit impact of this increase."

Financial Condition

At May 29, 1999, long-term debt was \$187.1 million compared with \$153.8 million in the prior year. Apogee's long-term debt to total capital ratio at the end of fiscal 2000's first quarter was 49.0 percent, compared with 55.8 percent at fiscal year-end 1999.

Apogee's cash flow increased in the first quarter of fiscal 2000 over the prior year due to higher earnings and depreciation. In the first quarter, depreciation and amortization totaled \$8.4 million, compared with \$6.7 million in the year-ago quarter. Working capital was \$103.1 million, up from \$97.8 million in last year's first quarter, partly reflecting the 11% increase in first quarter sales.

Capital expenditures were \$25.3 million in the first quarter, reflecting the continued expansion in Glass Technologies. Huffer said Apogee expects to incur total capital expenditures of approximately \$50 million in fiscal 2000.

Promising Outlook

"We have a sense of urgency at Apogee in realizing our growth plans," Huffer commented. "We are just beginning to see the financial benefits from our various initiatives, as expansions at Glass Technologies are reaching conclusion and the facilities are ramping up production. Our primary goal is to achieve the greatly enhanced sales potential at Viracon, Viratec and Tru Vue."

Huffer concluded, "Our two businesses are now intently focused, and under the direction of newly promoted management, we aim to deliver significantly stronger results in the years ahead."

CAUTIONARY STATEMENT

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. 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 February 27, 1999.

Apogee Enterprises, Inc. is a world leader in technologies involving the design and development of value-added glass products, services and systems. Organized in two business segments, the Glass Technologies businesses are leaders primarily in architectural glass and high-end glass coatings for the electronics markets, while the Glass Services businesses are leaders in replacement auto glass and building glass services. Headquartered in Minneapolis, the company's stock is traded on the Nasdaq Stock Market under the symbol APOG.

Apogee Enterprises, Inc. and subsidiaries consolidated condensed statement of income.

consolidated condensed statement of income	(Unaudited)		
	Thirteen Weeks Ended May 29, 1999	Thirteen Weeks Ended May 30, 1998	% Change
Net sales	211,123	190,377	11%
Cost of goods sold	164,207	149,938	10%
Gross profit	46,916	40,439	16%
Selling, general and administrative expenses	36,777	30,937	19%
Operating income	10,139	9,502	7%
Interest expense, net	2,580	2,490	4%
Earnings from continuing operations before income taxes and other items below	7,559	7,012	8%
Income taxes	2,721	2,524	8%
Equity in net loss of affiliates	440	300	47%
Minority interest	(117)	--	N/M

Earnings from continuing operations	4,515	4,188	8%
Earnings (loss) from discontinued operations	55	(310)	N/M
Net earnings	\$ 4,570	\$ 3,878	18%

Earnings per share - basic:

Earnings from continuing operations	0.16	0.15	7%
Earnings (loss) from discontinued operations	0.00	(0.01)	N/M
Net earnings (loss)	\$ 0.17	\$ 0.14	21%
Average common shares outstanding	27,635,067	27,536,441	0%

Earnings per share - diluted:

Earnings from continuing operations	0.16	0.15	8%
Earnings (loss) from discontinued operations	0.00	(0.01)	N/M
Net earnings	\$ 0.16	\$ 0.14	14%
Average common shares outstanding	27,746,893	27,782,518	0%
Cash dividends per common share	\$ 0.053	\$ 0.050	5%

business segments information

(Unaudited)

	Thirteen Weeks Ended May 29, 1999	Thirteen Weeks Ended May 30, 1998	% Change
Sales			
Glass technologies	88,531	77,388	14%
Glass services	122,706	113,205	8%
Eliminations	(114)	(216)	47%
Total	\$ 211,123	\$ 190,377	11%
Operating income (loss)			
Glass technologies	4,019	4,116	-2%
Glass services	7,346	5,204	41%
Corporate and other	(1,226)	182	N/M
Total	\$ 10,139	\$ 9,502	7%