

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 3, 1995 Commission File Number 0-6365

APOGEE ENTERPRISES, INC.

(Exact Name of Registrant as Specified in Charter)

Minnesota

41-0919654

(State of Incorporation) (IRS Employer ID No.)

7900 Xerxes Avenue South, Suite 1800, Minneapolis, Minnesota 55431

(Address of Principal Executive Offices)

Registrant's Telephone Number (612) 835-1874

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the latest practicable date.

Class

Outstanding at June 30, 1995

Common Stock, \$.33 1/3 Par Value

13,472,311

APOGEE ENTERPRISES, INC.
FORM 10-Q
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APOGEE ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars)

	June 3, 1995	February 25, 1995
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents (including restricted funds of \$874 and \$885, respectively)	\$ 15,629	\$ 2,894
Receivables, net of allowance for doubtful accounts	162,420	165,099
Inventories	59,982	54,559
Costs and earnings in excess of billings on uncompleted contracts	18,948	19,606
Deferred tax assets	10,584	10,384
Other current assets	3,040	4,278
	-----	-----
Total current assets	270,603	256,820
	-----	-----
Property, plant and equipment, net	75,216	75,028
Investments in and advances to affiliated companies	15,726	15,016
Intangible assets, at cost less accumulated amortization	8,263	8,383
Deferred tax assets	5,282	5,082
Other assets	1,868	1,599
	-----	-----
Total assets	\$376,958	\$361,928
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 51,464	\$ 53,793
Accrued expenses	38,713	41,168
Billings in excess of costs and earnings on uncompleted contracts	19,378	17,717
Accrued income taxes	7,339	10,454
Notes payable	25,450	7,065
Current installments of long-term debt	5,449	5,522
	-----	-----
Total current liabilities	147,793	135,719
	-----	-----
Long-term debt	79,591	80,566
Other long-term liabilities	20,464	19,587
Minority interest	1,672	1,427
Shareholders' equity		
Common stock, \$.33/1//3 par value; authorized 50,000,000 shares; issued and outstanding 13,472,000 and 13,443,000 shares, respectively	4,491	4,481
Additional paid-in capital	19,649	19,345
Retained earnings	103,298	100,803
	-----	-----
Total shareholders' equity	127,438	124,629
	-----	-----
Total liabilities and shareholders' equity	\$376,958	\$361,928
	=====	=====

See accompanying notes to consolidated financial statements.

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED RESULTS OF OPERATIONS
FOR THE QUARTERS ENDED JUNE 3, 1995 AND MAY 28, 1994
(Thousands of Dollars Except Share and Per Share Amounts)

	Quarter Ended	
	June 3, 1995	May 28, 1994
Net sales	\$ 219,032	\$ 178,927
Cost of sales	187,107	153,539
Gross profit	31,925	25,388
Selling, general and administrative expenses	24,127	20,670
Operating income	7,798	4,718
Interest expense, net	1,752	562
Earnings before income taxes and other items below	6,046	4,156
Income taxes	2,397	1,733
Equity in net earnings of affiliated companies	(77)	(177)
Minority interest	245	--
Net earnings	\$ 3,481	\$ 2,600
Earnings per share:	\$.26	\$.19
Weighted average number of common shares and common share equivalents outstanding	13,623,000	13,376,000
Cash dividends per common share	\$.080	\$.075

See accompanying notes to consolidated financial statements.

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED JUNE 3, 1995 AND MAY 28, 1994
(Thousands of Dollars)

	1995	1994
	-----	-----
OPERATING ACTIVITIES		
Net earnings	\$ 3,481	\$ 2,600
Adjustments to reconcile net earnings to net cash used in operating activities:		
Depreciation and amortization	4,509	3,667
Provision for losses on accounts receivable	537	753
Noncurrent deferred income tax expense	(400)	(300)
Minority interest	245	--
Equity in net earnings of affiliated companies	(77)	(177)
Other, net	(158)	483
Changes in operating assets and liabilities, net of effect of acquisitions:		
Receivables	2,142	(5,011)
Inventories	(5,423)	1,197
Costs and earnings in excess of billings on uncompleted contracts	658	(1,445)
Other current assets	1,238	1,116
Accounts payable and accrued expenses	(4,784)	(12,259)
Billings in excess of costs and earnings on uncompleted contracts	1,661	(467)
Accrued and current deferred income taxes	(3,115)	1,792
Other long-term liabilities	877	1,213
	-----	-----
Net cash provided by (used in) operating activities	1,391	(6,838)
	-----	-----
INVESTING ACTIVITIES		
Capital expenditures	(4,682)	(6,069)
Acquisition of businesses, net of cash acquired	-	(272)
Investments in and advances to affiliated companies	(633)	421
Other, net	94	(164)
	-----	-----
Net cash used in investing activities	(5,221)	(6,084)
	-----	-----
FINANCING ACTIVITIES		
Increase in notes payable	18,385	13,050
Payments on long-term debt	(1,048)	(25)
Proceeds from issuance of common stock	314	20
Dividends paid	(1,086)	(998)
	-----	-----
Net cash provided by financing activities	16,565	12,047
	-----	-----
Increase (decrease) in cash	12,735	(875)
Cash at beginning of period	2,894	10,824
	-----	-----
Cash at end of period	\$15,629	\$ 9,949
	=====	=====

See accompanying notes to consolidated financial statements.

APOGEE ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Principles of Consolidation

In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of June 3, 1995 and February 25, 1995, and the results of operations and cash flows for the fourteen weeks ended June 3, 1995 and the thirteen weeks ended May 28, 1994. Certain prior year amounts have been reclassified to conform to the current period presentation.

The financial statements and notes are presented as permitted by Form 10-Q and do not contain certain information included in the Company's annual financial statements and notes.

The results of operations for the fourteen-week and thirteen-week periods ended June 3, 1995 and May 28, 1994, respectively, are not necessarily indicative of the results to be expected for the full year.

Accounting period

The Company's fiscal year ends on the Saturday closest to February 28. Each interim quarter ends on the Saturday closest to the end of the months of May, August and November.

2. Inventories

Inventories consist of the following:

	June 3, 1995 -----	February 25, 1995 -----
Raw materials and supplies	\$17,846	\$14,802
In process	3,981	3,232
Finished goods	38,155 -----	36,525 -----
	\$59,982 =====	\$54,559 =====

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

SALES AND EARNINGS

First quarter earnings rose 34% to \$3.5 million, or 26 cents per share, from \$2.6 million, or 19 cents per share, a year ago. Sales, for the same period, increased 22% to \$219.0 million from \$178.9 million a year ago. The first quarter had 14 weeks instead of the customary 13 weeks, accounting for about one-third of the sales increase.

Both of the Company's segments reported very good sales growth. Operating results were mixed and discussed below. The following table presents sales and operating income data for the Company's two segments and on a consolidated basis for the first quarter, when compared to the corresponding period a year ago.

	Quarter Ended June 3, 1995	May 28, 1994	Percentage Change
	=====	=====	=====
SALES			
Building products & Services	\$146,531	\$114,245	28%
Automotive glass	72,501	64,682	12%
	-----	-----	-----
Total	\$219,032	\$178,927	22%
	=====	=====	=====
OPERATING INCOME (LOSS)			
Building products & Services	\$ 2,485	\$ 601	313%
Automotive glass	5,573	5,761	(3)%
Corporate and other	(260)	(1,644)	(84)%
	-----	-----	-----
Total	\$ 7,798	\$ 4,718	65%
	=====	=====	=====

Building Products & Services (BPS)

BPS reported higher revenues for the period, reflecting strong demand at Viracon, BPS's architectural glass fabricator, and higher international construction revenues. Record profits at Viracon accounted for the majority of the segment's profit growth for the quarter. Improved efficiencies led to better operating results at Wausau Metals, along with slightly improved project margins and reduced losses at Harmon Contract, also contributed to the operating income gain.

During June, the Company entered into a letter of intent with Springs Industries, Inc. to sell BPS's Nanik Window Coverings Group. The closing is expected to take place during the second quarter. Nanik accounted for about 3.6% of Apogee's fiscal 1995 consolidated net sales. The segment also announced a long-term investment in TerraSun, a corporation using new glass fabrication coating technologies to collect, convert and deliver solar energy. Through this investment, BPS hopes to develop more efficient and lower cost solar energy systems.

On June 3, 1995, Apogee's consolidated backlog was \$349.5 million, down 10% from \$386.2 million a year ago. The lower backlog was expected, given the focus at the Company's Building Products & Services segment on project screening and profitability.

The segment believes industry conditions are slowly improving in domestic nonresidential construction markets. With the continued strong demand for fabricated architectural glass products, BPS expects to report favorable comparative sales and operating results for the remainder of the year.

Automotive Glass (AG)

Despite soft demand for replacement automotive glass and growing competition, the Automotive Glass (AG) segment experienced a 12% sales gain, about two-thirds of which was attributable to the quarter's extra week over the year ago period. In addition, AG benefitted from some market penetration and a greater number of locations. The costs of long-term business initiatives, including both marketing efforts and information systems development, offset the benefit of the sales gains, resulting in a small operating income decline. The anticipated demand slow-down was somewhat offset by improved production efficiencies realized by AG's automotive glass fabricator, CurvLite.

The segment opened 9 retail stores, while closing 3 locations, bringing the total number of retail stores to 262 in 36 states. AG also has 53 wholesale depots in 28 states. Expansion opportunities continue to be explored.

AG expects to produce a solid operating profit for the year. However, weak demand for automotive replacement glass and softening prices, along with the added costs of its selling and administrative initiatives, may cause the segment to report lower operating earnings than a year ago.

Viratec Thin Films

Viratec Thin Films (Viratec), a 50% owned joint venture and leading supplier of coated glass for computer anti-glare screens, reported higher sales and operating income than the year-ago quarter, when temporary production bottlenecks limited results.

Consolidated

The following table compares quarterly results with year-ago results, as a percentage of sales, for each caption.

	Percentage of Sales	
	1996	1995
	-----	-----
Net sales	100.0	100.0
Cost of sales	85.4	85.8
Gross profit	14.6	14.2
Selling, general and administrative expenses	11.0	11.6
Operating income	3.6	2.6
Interest expense, net	0.8	0.3
Earnings before taxes	2.8	2.3
Income taxes	1.1	1.0
Equity in net (earnings) of affiliated companies	--	(0.1)
Minority interest	0.1	--
Net earnings	1.6	1.5
	=====	=====
Effective tax rate	39.6%	41.7%

On a consolidated basis, cost of sales, as a percentage of net sales, fell slightly due to solid pricing at Viracon and better pricing at Harmon Contract. Selling, general and administrative (SG & A) expenses decreased as a percentage of sales due to greater sales volume. However, in absolute dollars, SG & A increased about 17% as expenses relating to that higher activity also increased--commissions, marketing expenses, bonuses and profit sharing expense. Net interest expense increased as borrowing levels grew with working capital requirements.

The effective income tax rate dropped as improved earnings in all of the Company's businesses helped the overall rate fall slightly.

LIQUIDITY AND CAPITAL RESOURCES

At quarter end, the Company's working capital and current ratio were essentially unchanged from the beginning of the quarter. However, current bank debt increased \$18 million, while cash and cash equivalents increased \$12.7 million and inventories increased \$5.4 million. This substitution was caused primarily by higher overseas cash holdings and cash held by the Company's newly-formed insurance captive, and larger inventories at the Company's manufacturing facilities.

Bank borrowings stood at \$95.5 million at June 3, 1995. Apogee's long-term debt was 35% of total capitalization. The Company believes that it has adequate credit facilities to meet its liquidity requirements.

Additions to property, plant and equipment totaled approximately \$4.7 million. Major items included expenditures for data management, information processing and technical systems throughout the Company.

PART II
OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 11. Statement of Determination of Common Shares and
Common Share Equivalents.

Exhibit 27. Financial Data Schedule (EDGAR filing only)

(b) The Company did not file any reports on Form 8-K during the quarter for
which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

APOGEE ENTERPRISES, INC.

Date: July 17, 1995

/s/ Donald W. Goldfus

Donald W. Goldfus
Chairman of the Board and
Chief Executive Officer

Date: July 17, 1995

/s/ Terry L.. Hall

Terry L. Hall
Vice President Finance and
Chief Financial Officer

EXHIBIT INDEX

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EXHIBIT 11

STATEMENT OF DETERMINATION OF COMMON SHARES AND COMMON SHARE EQUIVALENTS

	Average No. of Common Shares & Common Share Equivalents Assumed to be Outstanding During the Quarter Ended:	
	June 3, 1995	May 28, 1994
	-----	-----
Weighted average number of common shares outstanding (a)	13,459,895	13,313,043
Common share equivalents resulting from the assumed exercise of stock options (b)	162,915	62,694
	-----	-----
Total primary common shares and common share equivalents	13,622,810 =====	13,375,737 =====

(a) Beginning balance of common stock adjusted for changes in amount outstanding, weighted by the elapsed portion of the period during which the shares were outstanding.

(b) Common share equivalents computed by the "treasury" method. Share amounts represent the dilutive effect of outstanding stock options which have an option value below the average market value for the current period.

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JUN-03-1995
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171,117
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59,982
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