



Lennox International Reports First Quarter Earnings; Revenues Increase 46%

April 25, 2000

DALLAS, April 25 /PRNewswire/ -- Lennox International Inc. (NYSE: LII) announced earnings for first quarter 2000 today. Total consolidated sales for first quarter 2000 increased 46% to \$716 million, up from \$489 million in first quarter 1999. Company-wide organic sales growth, adjusted for sales to company-owned dealers and currency fluctuations, was 4%. International revenues outside of the U.S. and Canada grew by 47% in the quarter, representing 15% of total corporate sales.

Quarterly operating income for the consolidated company grew by 18.6% from \$19.8 million in first quarter 1999 to \$23.5 million. As a percentage of sales, operating income was 4.0% for 1999 and 3.3% for first quarter 2000. EBITDA in first quarter was \$44.1 million, a 32% increase from EBITDA in the same period a year ago.

Net income for the quarter decreased to \$5.7 million from \$6.6 million in 1999. Net income was impacted by incremental interest expenses of \$6.2 million mainly due to increased borrowing to fund acquisitions, lower revenues at the company's Armstrong unit that had inflated first quarter 1999 sales in anticipation of a second quarter work stoppage, and one-time inventory cost adjustments. Diluted earnings per share were \$0.10. The pro forma calculation, assuming a January 1 initial public offering (IPO), shows earnings per share at \$0.18 for the same quarter last year.

"As we mentioned in our last earnings conference call, the first quarter has traditionally been a seasonally softer quarter for Lennox, although we did see exceptionally strong performance from our commercial refrigeration unit," said John Norris, chairman and CEO. "We are continuing to manage all of our businesses for long-term earnings growth and to build shareholder value.

"Today, Lennox is firmly established in five business segments: North American Residential, North American Retail, Commercial Air Conditioning, Commercial Refrigeration, and Heat Transfer. While we have grown rapidly through acquisition, our focus throughout 2000 is on integrating and strengthening the businesses we have acquired."

Norris also said that management believed Lennox stock was undervalued throughout the first quarter, and that 1.55 million shares of stock were repurchased on forward purchase contracts. "The balance sheet impact will be realized when the shares are returned to Lennox later this year," he said. "The forward purchase contracts allow us to secure shares at current prices, while maintaining an appropriate amount of cash for working capital needs and available debt capacity as we head into our busiest season."

Selling heating, ventilation, air conditioning, and refrigeration (HVACR) equipment in over 70 countries worldwide, Lennox International Inc. is a world leader in climate control solutions. It is the parent company of Lennox Industries Inc., Armstrong Air Conditioning Inc., Heatcraft Inc., and Lennox Global Ltd. Lennox International stock is traded on the New York Stock Exchange under the symbol "LII". Additional information about Lennox International is available at www.lennoxinternational.com or by contacting Bill Moltner, Director, Investor Relations, at 972-497-6670.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from such statements. For information concerning these risks and uncertainties, see Lennox' publicly available filings with the Securities and Exchange Commission. Lennox disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the Three Months Ended March 31, 2000 and 1999
(Unaudited, in thousands, except per share data)

	For the Three Months Ended March 31,	
	2000	1999
NET SALES	\$716,324	\$489,059
COST OF GOODS SOLD	487,561	337,481
Gross Profit	228,763	151,578
OPERATING EXPENSES:		
Selling, general and administrative	205,280	131,786
Income from operations	23,483	19,792
INTEREST EXPENSE, net	12,750	6,558
OTHER	229	(211)
MINORITY INTEREST	(546)	(516)
Income before income taxes	11,050	13,961
PROVISION FOR INCOME TAXES	5,310	7,331
Net income	\$ 5,740	\$ 6,630
REPORTED EARNINGS PER SHARE(A):		
Basic	\$ 0.10	\$ 0.19

Diluted	\$ 0.10	\$ 0.18
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PRO FORMA EARNINGS PER SHARE (B):

Diluted	\$ 0.10	\$ 0.18
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(A) 8,088,490 additional shares issued in Lennox IPO August 3, 1999

(B) Pro forma EPS assumes IPO occurred January 1, each fiscal year.

(Interest expense, income tax, and number of shares have been adjusted.)

For the
Three Months Ended
March 31,

Net Sales	2000	1999
North American residential	\$291,780	\$271,474
North American retail	194,528	16,680
Commercial air conditioning	95,084	92,468
Commercial refrigeration	91,672	61,598
Heat transfer	65,447	50,069
Eliminations	(22,187)	(3,230)
	\$716,324	\$489,059

For the
Three Months Ended
March 31,

Income (Loss) from Operations	2000	1999
North American residential	\$ 20,765	\$ 23,956
North American retail	5,426	901
Commercial air conditioning	(3,053)	(1,934)
Commercial refrigeration	7,050	2,306
Heat transfer	4,934	3,239
Corporate and other	(9,905)	(8,408)
Eliminations	(1,734)	(268)
	\$ 23,483	\$ 19,792

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of March 31, 2000 and December 31, 1999

(In thousands, except share data)

ASSETS

	March 31, 2000 (unaudited)	December 31, 1999
CURRENT ASSETS:		
Cash and cash equivalents	\$ 31,965	\$ 29,174
Accounts and notes receivable, net	537,074	443,107
Inventories	409,464	345,424
Deferred income taxes	28,874	25,367
Other assets	52,708	44,526
Total current assets	1,060,085	887,598
INVESTMENTS IN JOINT VENTURES	12,029	12,434
PROPERTY, PLANT AND EQUIPMENT, net	371,267	329,966
GOODWILL, net	638,561	394,252
OTHER ASSETS	56,161	59,423
TOTAL ASSETS	\$2,138,103	\$1,683,673

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Short-term debt	\$ 29,655	\$ 22,219
Current maturities of long-term debt	30,141	34,554

Accounts payable	263,573	196,143
Accrued expenses	243,037	200,221
Income taxes payable	6,258	9,859
Total current liabilities	572,664	462,996
LONG-TERM DEBT	726,733	520,276
DEFERRED INCOME TAXES	518	928
POSTRETIREMENT BENEFITS, OTHER THAN PENSIONS	14,980	15,125
OTHER LIABILITIES	71,816	72,377
Total liabilities	1,386,711	1,071,702
MINORITY INTEREST	12,907	14,075
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.01 par value, 25,000,000 shares authorized, no shares issued or outstanding	---	---
Common stock, \$.01 par value, 200,000,000 shares authorized, 59,456,566 shares and 46,161,607 shares issued and outstanding for 2000 and 1999, respectively	\$ 595	\$ 462
Additional paid-in capital	366,743	215,523
Retained earnings	410,138	409,851
Accumulated other comprehensive loss	(21,665)	(12,706)
Deferred compensation	(4,843)	(2,848)
Treasury stock, at cost, 1,182,975 and 1,172,200 shares for 2000 and 1999 respectively	(12,483)	(12,386)
Total stockholders' equity	738,485	597,896
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,138,103	\$1,683,673

SOURCE Lennox International Inc.

Web site: <http://www.lennoxinternational.com>

Company News On-Call: <http://www.prnewswire.com/comp/140632.html> or fax, 800-758-5804, ext. 140632

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