



Lennox International Reports Record Second Quarter Earnings; Net Income Increases 37%

July 25, 2000

DALLAS, July 25 /PRNewswire/ -- Lennox International Inc. (NYSE: LII) announced record earnings for second quarter 2000 today. Total consolidated sales for second quarter 2000 increased 51% to \$894 million, up from \$592 million in second quarter 1999. Company-wide organic sales growth, adjusted for sales to company-owned dealers and currency fluctuations, was 7%. Outside of the U.S. and Canada, international revenues grew by 14% in the quarter, representing 13% of total corporate sales.

Quarterly operating income for the consolidated company grew by 49% from \$47 million in second quarter 1999 to \$70 million. EBITDA in second quarter was \$91 million, a 49% increase from EBITDA in the same period a year ago.

Net income for the second quarter increased 37% to \$32 million from \$24 million in 1999 and set a new quarterly record in the company's 105-year history, despite being impacted by higher interest expenses of more than \$6 million due mainly to increased borrowing to fund acquisitions. Diluted earnings per share were \$0.56. The pro forma calculation, assuming a January 1 initial public offering (IPO), shows earnings per share at \$0.55 for the same quarter last year.

"Lennox International had a strong performance in the second quarter," said John Norris, chairman and CEO. "Our core businesses continue to perform soundly, and the operational improvements we are making in our acquired businesses are beginning to pay off."

Four of the company's five business segments achieved double-digit revenue growth for the quarter. North American retail, the company's newest business segment, increased its operating margins to 6.7% for the quarter. "Our progress integrating our retail operations is very encouraging," Norris said. "For the first half of this year, our retail sales exceeded \$480 million, putting us right on track to achieve our objective of \$1 billion in revenues for the full year 2000."

Norris also said that management believes Lennox stock is undervalued. The company continued its share repurchase program during the second quarter, entering into a forward purchase agreement for approximately 850,000 shares of stock at an average price of \$11.20 per share. "Early in the third quarter, the first forward purchase contract matured and approximately 1.5 million shares were returned to Lennox treasury stock, which will have a positive impact on our earnings per share moving forward," he said.

Selling heating, ventilation, air conditioning, and refrigeration equipment in over 70 countries, Lennox International Inc. is a global leader in climate control solutions. Lennox operates in five key business segments: North American residential, North American retail, worldwide commercial refrigeration, worldwide commercial air conditioning, and worldwide heat transfer. Lennox International stock is traded on the New York Stock Exchange under the symbol "LII". Additional information 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 and Six Months Ended June 30, 2000 and 1999
(Unaudited, in thousands, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2000	1999	2000	1999
NET SALES	\$894,200	\$591,841	\$1,610,524	\$1,080,900
COST OF GOODS SOLD	595,868	405,519	1,083,429	743,000
Gross Profit	298,332	186,322	527,095	337,900
OPERATING EXPENSES:				
Selling, general and administrative	228,608	139,416	433,888	271,202
Income from operations	69,724	46,906	93,207	66,698
INTEREST EXPENSE, net	15,242	8,542	27,992	15,100
OTHER	517	(570)	746	(781)
MINORITY INTEREST	31	(104)	(515)	(620)
Income before income taxes	53,934	39,038	64,984	52,999
PROVISION FOR INCOME TAXES	21,657	15,467	26,967	22,798
Net income	\$32,277	\$23,571	\$38,017	\$30,201

REPORTED EARNINGS PER SHARE(A) :

Basic	\$0.56	\$0.65	\$0.68	\$0.84
Diluted	\$0.56	\$0.64	\$0.68	\$0.82

PRO FORMA EARNINGS PER SHARE (B):

Diluted	\$0.56	\$0.55	\$0.68	\$0.74
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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 June 30,		For the Six Months Ended June 30,	
	2000	1999	2000	1999
Net Sales				
North American residential	\$353,890	\$317,610	\$645,670	\$589,084
North American retail	288,938	27,041	483,466	43,721
Commercial air conditioning	122,938	117,595	218,022	210,063
Commercial refrigeration	93,508	82,577	185,180	144,175
Heat transfer	64,334	53,290	129,781	103,359
Eliminations	(29,408)	(6,272)	(51,595)	(9,502)
	\$894,200	\$591,841	\$1,610,524	\$1,080,900

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2000	1999	2000	1999
Income (Loss) from Operations				
North American residential	\$42,203	\$39,032	\$62,968	\$62,988
North American retail	19,234	1,575	24,660	2,476
Commercial air conditioning	4,733	3,081	1,680	1,147
Commercial refrigeration	8,445	6,864	15,495	9,170
Heat transfer	4,333	4,218	9,267	7,457
Corporate and other	(8,035)	(7,319)	(17,940)	(15,727)
Eliminations	(1,189)	(545)	(2,923)	(813)
	\$69,724	\$46,906	\$93,207	\$66,698

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of June 30, 2000 and December 31, 1999
(In thousands, except share data)

ASSETS

	June 30, 2000 (unaudited)	December 31, 1999
CURRENT ASSETS:		
Cash and cash equivalents	\$47,323	\$29,174
Accounts and notes receivable, net	505,998	443,107
Inventories	395,056	345,424
Deferred income taxes	36,192	25,367
Other assets	51,617	44,526
Total current assets	1,036,186	887,598
INVESTMENTS IN JOINT VENTURES	11,610	12,434
PROPERTY, PLANT AND EQUIPMENT, net	369,965	329,966
GOODWILL, net	653,015	394,252
OTHER ASSETS	52,292	59,423
TOTAL ASSETS	\$2,123,068	\$1,683,673

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Short-term debt	\$31,662	\$22,219
Current maturities of long-term debt	30,815	34,554

Accounts payable	270,728	196,143
Accrued expenses	228,389	200,221
Income taxes payable	32,970	9,859
Total current liabilities	594,564	462,996
LONG-TERM DEBT	676,344	520,276
DEFERRED INCOME TAXES	879	928
POSTRETIREMENT BENEFITS, OTHER THAN PENSIONS	14,802	15,125
OTHER LIABILITIES	75,541	72,377
Total liabilities	1,362,130	1,071,702
MINORITY INTEREST	2,055	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, 59,481,140 shares and 46,161,607 shares issued for 2000 and 1999, respectively	595	462
Additional paid-in capital	366,841	215,523
Retained earnings	436,962	409,851
Accumulated other comprehensive loss	(29,187)	(12,706)
Deferred compensation	(4,127)	(2,848)
Treasury stock, at cost, 1,156,221 and 1,172,200 shares for 2000 and 1999 respectively	(12,201)	(12,386)
Total stockholders' equity	758,883	597,896
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,123,068	\$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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