



Lennox International Revises Outlook for First Quarter and Full Year 2001

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DALLAS, March 19 /PRNewswire/ -- Lennox International Inc. (NYSE: LII) announced today it is revising its business outlook for first quarter and full year 2001.

The company said it expects to report a first quarter loss from operations in the range of \$0.17 to \$0.22 per share, instead of breakeven as previously projected. Total corporate revenues are expected to be up marginally for the quarter, with acquisition-driven growth in Lennox's retail segment offset by declines in its other four business segments.

The company said the change in guidance reflects two primary factors: the sharp and widespread domestic economic slowdown and continued weak operating performance in its retail business segment.

"Much of our business is seasonal and has traditionally been less robust in the first quarter," said Bob Schjerven, chief executive officer. "For the first quarter 2001, market conditions have been even softer than we would normally expect. We also continue to be dissatisfied with the performance of our retail segment. We are taking steps to address each issue."

Impact of general economic conditions

Issues affecting first quarter performance include a general economic deterioration, as well as weather-related construction delays in many areas of the U.S. The Air Conditioning and Refrigeration Institute (ARI) recently reported that combined U.S. shipments of air conditioners and heat pumps took a steep 17 percent drop in January from last year.

"While our furnace sales have been strong, these factors have had an impact on all of our business segments," Schjerven said. "We've carefully evaluated the demand patterns at each of our businesses, and we're making changes that we're confident will reduce the effect on our earnings for the balance of the year." Initiatives include revised equipment production schedules, select workforce reductions in Lennox's heat transfer and North American residential products business segments, and a continued focus on cost control measures across the company.

Retail segment operations

Schjerven said the projected first quarter performance of the retail segment also contributes to the earnings revision. "We remain fully committed to our retail strategy; however, we are dissatisfied with the rate of progress in this segment," Schjerven said. He noted Lennox is evaluating plans to more effectively organize its service centers. "We're assessing economic, geographic, and strategic factors as we evaluate each center's financial performance and contribution to our overall business plan," he said.

Financial objectives for full year 2001

For the full year 2001, Lennox now expects diluted earnings per share to grow at least 10 percent. "Assuming economic conditions stabilize and we have normal seasonal demand for product, we're confident the reductions in force, production schedule revisions, and restructuring of the retail segment will put us on track to achieve our performance objectives for the remainder of the year," Schjerven said. Total company revenue for 2001 is expected to increase in the low single digits, with free cash flow estimated at \$80-\$90 million.

More information will be provided when the company releases its first quarter 2001 earnings on April 24, 2001. A conference call is scheduled for April 25. Details will be released approximately two weeks prior to the call.

Operating in over 70 countries, Lennox International Inc. is a global leader in the heating, ventilation, air conditioning, and refrigeration markets. 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.

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