



Quanex Corporation Quarterly Update - Fiscal Second Quarter 2003

April 21, 2003

Company Expects to Report Slightly Lower Earnings Versus Year Ago Record Results

HOUSTON, April 21 /PRNewswire-FirstCall/ -- Quanex Corporation (NYSE: NX), an industry-leading manufacturer of engineered materials and components for the Vehicular Products and Building Products markets, announced today that it expects to report second quarter diluted earnings per share down \$.10 to \$.15 from a year ago when it announces results on May 29, 2003.

The Vehicular Products segment, which includes MACSTEEL, Piper Impact and Temroc Metals, is expected to report slightly higher sales and somewhat lower operating income when compared to last year's second quarter. MACSTEEL, the largest operating entity of the segment, expects both sales and operating income to be up from a year ago. Piper Impact is expected to report a modest loss for the quarter versus positive operating earnings a year ago, the result of significantly lower aluminum air bag component sales.

The Building Products segment, which includes Engineered Products and Nichols Aluminum, is expected to report higher sales and lower operating income versus last year's quarterly results. Engineered Products, the segment's door and window components division, was impacted by a significant slowdown in construction activity during the quarter. Demand from its larger customers dropped sharply following the harsh winter conditions experienced in the Midwest and Northeast in February and March.

Nichols Aluminum is seeing slightly higher volumes and improved spreads compared to last year but expects to report lower operating income. While the group is benefiting from stable demand and higher selling prices compared to a year ago, value-added painted sheet sales at its Alabama facility are lower as the facility deals with productivity issues arising from an upgrade of its automated paint line. These issues are expected to be resolved in May, but until that time, Nichols Aluminum is selling a higher percent of lower margin mill finished (unpainted) sheet.

The primary drivers for the Company's products are North American light vehicle builds, housing starts and remodeling expenditures. Quanex continues to expect the light vehicle build rate for 2003 to be about 16 million units, which should result in high utilization rates at MACSTEEL.

The Company anticipates housing starts for 2003 to be down about 5% to 1.6 million starts when compared to last year, while remodeling expenditures look to remain about the same to last year's healthy level. The underlying fundamentals for housing starts and remodeling activity remain excellent, and with a harsh winter finally abating, the outlook for Engineered Products and Nichols Aluminum remains excellent.

Statements that use the words "expect," "should," "will," "might," or similar words reflecting future expectations or beliefs are forward-looking statements. The statements above are based on current expectations. Actual results or events may differ materially from this release. Factors that could impact future results may include, without limitation, the effect of both domestic and global economic conditions, the impact of competitive products and pricing, and the availability and cost of raw materials. For a more complete discussion of factors that may affect the Company's future performance, please refer to the Company's most recent 10-K filing of December 20, 2002 under the Securities Exchange Act of 1934, in particular the sections titled, "Private Securities Litigation Reform Act" contained therein.

Note: It is the Company's intention to make this release a routine event, once per quarter, approximately 40 days before it releases its quarterly earnings report.

Contacts: Jeff Galow, 713/877-5327

Valerie Calvert, 713/877-5305

SOURCE Quanex Corporation