

Quanex Building Products Corporation Fiscal Second Quarter 2009 Results

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Loss of \$0.38 per Diluted Share from Continuing Operations
excluding Special Items
Loss of \$1.08 per Diluted Share from Continuing Operations
Generated \$15 Million of Cash from Six Months Operating Activities
\$85 Million Cash and Equivalents Balance

HOUSTON, May 28, 2009 (GLOBE NEWSWIRE) -- Quanex Building Products Corporation (NYSE:NX) today reported fiscal second quarter 2009 results for the period ending April 30. Loss from continuing operations was \$14.0 million, or \$0.38 per diluted share, excluding special items, and \$40.1 million, or \$1.08 per diluted share, including special items. Special items were an after-tax impairment charge of \$29.0 million, or \$0.78 per diluted share, and after-tax LIFO income of \$2.9 million, or \$0.08 per diluted share.

Quarterly Highlights

- * Net sales were \$113.2 million.
- * Operating loss was \$16.4 million excluding special items.
- * Reduced inventories by \$21.6 million.
- * Cash and equivalents totaled \$85.4 million.
- * Recorded a \$45.3 million pre-tax true-up impairment charge.
- * Recorded \$4.5 million pre-tax LIFO income.
- * Capital expenditures were \$5.0 million.
- * Cash provided by operating activities was \$14.6 million for the six months.

Quarterly Commentary

ENGINEERED PRODUCTS (in millions)

	2nd qtr 2009	2nd qtr 2008
Net sales	\$ 65.2	\$ 92.5
Operating income (loss) excluding special items	\$ (0.8)	\$ 5.3

Engineered Products is focused on providing leading window and door customers with value-added fenestration components, products, and systems. Key market drivers are residential housing starts and residential remodeling activity.

"The U.S. residential housing market dropped 49% in our second quarter compared to a year ago, while residential remodeling activity was estimated to be off 10% to 15% over this same timeframe," said David D. Petratis, president and chief executive officer of Quanex Building Products. "Net sales at Engineered Products were down 29% as business conditions remained difficult. However, we did see demand improve during the quarter, particularly in April, due to the seasonal nature of our building products markets," Petratis continued. "While discussions with our customers currently reflect a bit of optimism for the second half of the year, home inventories remain at high levels. Therefore, we will continue to size the business and our inventories at conservative levels."

ALUMINUM SHEET PRODUCTS (in millions)

2nd qtr 2009	2nd qtr 2008
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Net sales	\$ 50.4	\$ 118.3
Operating income (loss)	\$ (11.6)	\$ 10.0
Shipped pounds	44	72

Aluminum Sheet Products is a leading provider of common alloy aluminum sheet products for the building & construction, transportation and other consumer durable markets. Key market drivers are residential housing starts and residential remodeling activity.

"London Metal Exchange (LME) aluminum prices in the second quarter fell to a new inflation-adjusted low of \$0.57 per pound, before climbing back to \$0.65 per pound by quarter end. These historically low prices, combined with relatively high aluminum scrap costs, continued to negatively impact our spread (sales price less material costs), which was down 51% and 33% from the second quarter 2008 and first quarter 2009, respectively. Shipped pounds were 44 million, down 39% from the year ago quarter and reflected the deterioration in demand in the building and construction market," said Petratis. "For the second half of the year, we expect spread to rise as the bulk of this high priced scrap has now been processed and LME aluminum prices have stabilized. However, shipped pounds are expected to continue to significantly trail year ago levels."

Cash Flow

"Generating good cash flow and carefully watching our spending remain paramount. During the quarter, we reduced company-wide inventories by \$22 million, with particular progress at Nichols Aluminum, where inventory pounds were reduced by almost 50%, leaving it with an inventory level 25% lower than at any point in the last 10 years. We believe there is still room for incremental improvements company-wide. As we continue to monitor our working capital, we are also closely watching the aging of receivables. At quarter end, we had a healthy cash balance of \$85 million," Petratis said.

Outlook

"Rising unemployment, difficult lending practices, high home inventories and troubling foreclosure rates have resulted in a difficult market environment for Quanex Building Products," said Petratis. "We responded to these challenges and made significant reductions in our workforce, consolidated and idled facilities, and leaned out working capital to maximize our cash flow. However, negative economic factors will continue to be a significant drag on U.S. residential build rates and remodeling activity, and at this time we cannot estimate what the rate of these activities will be in fiscal 2009. This uncertainty also carries through to our ability to precisely estimate operating income for the second half of the year," Petratis said. "At this time and subject to change, we expect our Engineered Products segment to report some \$12 million to \$15 million of operating income in the second half of the year, and our Aluminum Sheet Products segment to approach breakeven in the same period. Second half segment estimates exclude corporate expenses. For the company, we expect to report a loss for fiscal 2009 as previously reported, excluding impairment charges and LIFO income."

Impairment Charge

"In the first quarter of 2009, we determined there were sufficient indicators to require us to perform an interim goodwill and other intangible asset impairment analysis. As a result, we booked estimated goodwill and other intangible asset impairment charges of \$137.3 million pre-tax in the first quarter. We completed this goodwill analysis during the second quarter and booked an additional \$45.3 million pre-tax impairment charge," said Petratis.

Non-GAAP Financial Measures

Income (loss) from continuing operations excluding special items, diluted earnings (loss) per share from continuing operations excluding special items, and operating income (loss) excluding special items are non-GAAP financial measures.

We believe these non-GAAP financial measures provide a consistent basis for comparison between quarters, and enhance the understanding of the performance of our operations as they are not influenced by certain costs incurred during the periods that are believed to be special and related to specific, infrequent items.

Set forth below is a reconciliation of reported operating income (loss) to operating income (loss) excluding special items; reported income (loss) from continuing operations to income (loss) from continuing operations excluding special items; and reported diluted earnings (loss) per share from continuing operations to diluted earnings (loss) per share from continuing operations excluding special items. We do not intend for this information to be considered in isolation or as a substitute for other measures prepared in accordance with GAAP.

GAAP reconciliations

Three months ended April 30, 2009				
Operating Income (in millions)	Engineered	Aluminum	Corporate	Consolidated
	Products	Sheet Products	and Other	
Operating income (loss), as reported	\$ (46.1)	\$ (11.6)	\$ 0.5	\$ (57.2)
LIFO charge (income)	--	--	(4.5)	(4.5)
Impairment of goodwill	45.3	--	--	45.3
Charges associated with the Company's Separation (stock- based compensation, Transaction costs and other)	--	--	--	--
Operating income (loss), excluding special items	\$ (0.8)	\$ (11.6)	\$ (4.0)	\$ (16.4)

Three months ended April 30, 2008				
(in millions)	Engineered	Aluminum	Corporate	Consolidated
	Products	Sheet Products	and Other	
Operating income (loss), as reported	\$ 5.3	\$ 10.0	\$ (31.5)	\$ (16.2)
LIFO charge (income)	--	--	--	--
Impairment of goodwill	--	--	--	--
Charges associated with the				

Company's Separation (stock-based compensation, Transaction costs and other)	--	--	25.7	25.7

Operating income (loss), excluding special items	\$ 5.3	\$ 10.0	\$ (5.8)	\$ 9.5
=====				
Net Income (in millions except diluted EPS)	Three months ended April 30,			
	-----		-----	
	2009		2008	
	-----		-----	
	Income	Diluted EPS	Income	Diluted EPS
	-----	-----	-----	-----
Income (loss) from continuing operations, as reported	\$ (40.1)	\$ (1.08)	\$ (7.3)	\$ (0.20)
LIFO charge (income)	(2.9)	(0.08)	--	--
Impairment of goodwill	29.0	0.78	--	--
Charges associated with the Company's Separation (stock-based compensation, transaction costs and other)	--	--	13.8	0.37
	-----	-----	-----	-----
Income (loss) from continuing operations, excluding special items	\$ (14.0)	\$ (0.38)	\$ 6.5	\$ 0.17
	=====	=====	=====	=====
Diluted weighted average common shares outstanding (in thousands)		37,333		37,265

Dividend Declared

The Board of Directors declared a quarterly cash dividend of \$0.03 per share on the company's common stock, payable June 30, 2009, to shareholders of record on June 15, 2009.

Corporate Profile

Quanex Building Products Corporation is an industry-leading manufacturer of value-added, engineered materials and components serving the building products markets. It is a long term ROIC-driven company that grows shareholder returns through a combination of organic growth via new products and programs and strategic acquisitions.

The Quanex Building Products Corporation logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=1117>

Financial Statistics as of 04/30/09

Book value per common share: \$10.67; Total debt to capitalization: 0.6%; Actual number of common shares outstanding: 37,653,350.

Definitions

Book value per common share -- calculated as total stockholders' equity as of balance sheet date divided by actual number of common shares outstanding;

Total debt to capitalization -- calculated as the sum of both the current and long term portion of debt, as of balance sheet date, divided by the sum of both the current and long term portion of debt plus total stockholders' equity as of balance sheet date;

Statements that use the words "expect," "should," "believe," "will," "might," or similar words reflecting future expectations or beliefs are forward-looking statements. The statements found 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 10-K filing on December 18, 2008, under the Securities Exchange Act of 1934, in particular the section titled, "Private Securities Litigation Reform Act" contained therein.

For additional information, visit the company's website at www.quanex.com.

QUANEX BUILDING PRODUCTS CORPORATION
INDUSTRY SEGMENT INFORMATION
(In thousands)
(Unaudited)

Three months ended April 30,			Six months ended April 30,	
2009	2008		2009	2008
-----			-----	
-----			-----	
		Net Sales:		
\$ 65,249	\$ 92,494	Engineered Products	\$ 130,067	\$ 179,770
50,356	118,281	Aluminum Sheet Products	101,164	210,348
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115,605	210,775	Building Products	231,231	390,118
(2,399)	(3,437)	Eliminations	(5,137)	(7,868)
-----			-----	
\$ 113,206	\$ 207,338	Net Sales	\$ 226,094	\$ 382,250
=====			=====	
		Operating Income*:		
\$ (46,135)	\$ 5,296	Engineered Products	\$ (167,750)	\$ 7,190
(11,558)	9,982	Aluminum Sheet Products	(39,762)	15,585
-----			-----	
(57,693)	15,278	Building Products	(207,512)	22,775
474	(31,500)	Corporate and Other	(5,268)	(40,164)
-----			-----	
\$ (57,219)	\$ (16,222)	Operating Income (Loss)	\$ (212,780)	\$ (17,389)
=====			=====	

* Operating income reflects non-cash impairment charge of \$45.3 million and \$182.6 million, respectively:

Period Ending April 30, 2009

 Three Months Six Months

(In thousands)

Engineered Products	\$ (45,263)	\$ (162,173)	
Aluminum Sheet Products	--	(20,389)	
Total impairment loss	\$ (45,263)	\$ (182,562)	

QUANEX BUILDING PRODUCTS CORPORATION
 CONSOLIDATED STATEMENTS OF INCOME
 (In thousands, except per share data)
 (Unaudited)

Three months ended April 30,			Six months ended April 30,	
2009	2008		2009	2008
-----			-----	
\$ 113,206	\$ 207,338	Net sales	\$ 226,094	\$ 382,250
		Cost of sales (exclusive of items shown separately below)	211,051	317,853
104,387	170,776	Selling, general and administrative expense	28,627	63,680
12,846	43,637	Impairment of goodwill and intangibles	182,562	--
45,263	--	Depreciation and amortization	16,634	18,106
7,929	9,147		(212,780)	(17,389)
(57,219)	(16,222)	Operating income (loss)	(231)	(238)
(109)	(100)	Interest expense	299	4,550
177	4,242	Other, net		
-----			-----	
		Income (loss) from continuing operations before income taxes	(212,712)	(13,077)
(57,151)	(12,080)	Income tax benefit (expense)	52,153	5,153
17,005	4,765		-----	

(40,146)	(7,315)	Income (loss) from continuing operations	(160,559)	(7,924)
		Income (loss) from discontinued operations, net of taxes	--	5,675
--	1,982		-----	

\$ (40,146)	\$ (5,333)	Net income (loss)	\$ (160,559)	\$ (2,249)
=====			=====	
Basic and diluted earnings per common share:				
\$ (1.08)	\$ (0.20)	Earnings (loss) from continuing operations	\$ (4.30)	\$ (0.21)
		Income (loss) from discontinued operations	\$ --	\$ 0.15
\$ --	\$ 0.06		-----	

\$ (1.08)	\$ (0.14)	Basic earnings (loss) per common share	\$ (4.30)	\$ (0.06)

		Weighted average common shares outstanding:		
37,333	37,265	Basic and diluted	37,333	37,215

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

April 30, 2009		Oct. 31, 2008
	Assets	
\$ 85,406	Cash and equivalents	\$ 67,413
52,584	Accounts receivable, net	101,211
36,918	Inventories, net	63,848
9,314	Deferred income taxes	10,932
6,712	Other current assets	6,239
190,934	Total current assets	249,643
151,639	Property, plant and equipment, net	157,389
58,013	Deferred income taxes	3,875
25,189	Goodwill	196,338
48,868	Intangible assets, net	62,476
10,586	Other assets	11,126
\$ 485,229	Total assets	\$ 680,847
	Liabilities and stockholders' equity	
\$ 36,402	Accounts payable	\$ 79,512
28,224	Accrued liabilities	38,316
323	Current maturities of long-term debt	363
64,949	Total current liabilities	118,191
2,143	Long-term debt	2,188
1,887	Non-current environmental reserves	2,485
14,327	Other liabilities	10,155
83,306	Total liabilities	133,019
401,923	Total stockholders' equity	547,828
\$ 485,229	Total liabilities and stockholders' equity	\$ 680,847

QUANEX BUILDING PRODUCTS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousands)
(Unaudited)

	Six months ended April 30,	
	2009	2008
Operating activities:		
Net income	\$ (160,559)	\$ (2,249)
Income from discontinued operations	--	(5,675)
Net income from continuing operations	(160,559)	(7,924)
Adjustments to reconcile net income to cash provided by operating activities:		

Depreciation and amortization	16,668	18,111
Impairment of goodwill and intangibles	182,562	--
Deferred income taxes	(34,730)	2,999
Stock-based compensation	1,403	24,936
	-----	-----
	5,344	38,122
Changes in assets and liabilities, net of effects from acquisitions, dispositions and the Separation:		
Decrease (Increase) in accounts receivable	47,103	(5,896)
Decrease (Increase) in inventory	26,913	(3,127)
Decrease (Increase) in other current assets	(188)	(4,872)
Increase (Decrease) in accounts payable	(43,190)	954
Increase (Decrease) in accrued liabilities	(5,522)	(2,294)
Increase (Decrease) in income taxes	(19,729)	(646)
Other, net	3,869	(2,773)
	-----	-----
Cash provided by (used for) operating activities from continuing operations	14,600	19,468
Cash provided by (used for) operating activities from discontinued operations	--	25,127
	-----	-----
Cash provided by (used for) operating activities	14,600	44,595
	-----	-----
Investing activities:		
Capital expenditures, net of retirements	(9,567)	(6,941)
	-----	-----
Cash provided by (used for) investing activities from continuing operations	(9,567)	(6,941)
Cash provided by (used for) investing activities from discontinued operations	--	34,113
	-----	-----
Cash provided by (used for) investing activities	(9,567)	27,172
	-----	-----
Financing activities:		
Repayments of long-term debt	(163)	(1,264)
Common dividends paid	(2,260)	--
Funding from Separation	15,401	27,755
Other, net	--	(290)
	-----	-----
Cash provided by (used for) financing activities from continuing operations	12,978	26,201
Cash provided by (used for) financing activities from discontinued operations	--	(46,183)
	-----	-----
Cash provided by (used for) financing activities	12,978	(19,982)
	-----	-----
Effect of exchange rate changes on cash and equivalents	(18)	(56)
LESS: (Increase) Decrease in cash and equivalents from discontinued operations	--	(13,057)
	-----	-----
Increase (Decrease) in cash and equivalents from continuing operations	17,993	38,672
Beginning of period cash and equivalents	67,413	1,778
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End of period cash and equivalents	\$ 85,406	\$ 40,450
	=====	=====

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