



Quanex Announces Quarterly Update - Second Quarter Fiscal 2001

April 19, 2001

HOUSTON, April 19 /PRNewswire/ -- Quanex Corporation (NYSE: NX) announced today that it continues to experience weakness in its primary automotive and building products markets which will produce lower earnings during the second quarter 2001 versus last year. For the quarter, fully diluted earnings per share are expected to be about half of the \$.61 reported for the same period in fiscal 2000. At this time, earnings per share for fiscal 2001 are expected to be between \$1.75 and \$2.00 fully diluted versus the \$2.44 reported for fiscal 2000.

The Company's markets have experienced a more severe and protracted slowdown than initially expected at the start of the fiscal year, but the recent acquisitions of Imperial Products and Temroc Metals, along with improved results at Piper Impact versus last year, continue to aid results. Historically, Quanex experiences stronger results during the second half of its fiscal year. Management expects to report improved operating earnings with each quarter of 2001 compared to previous 2001 quarters.

MACSTEEL(R), the Company's engineered steel bar segment, has continued to experience weakness in both of its largest markets: light vehicles and heavy-duty trucks. Operating income for the quarter will exceed first quarter 2001 results, but will be significantly below second quarter 2000 operating income of \$15.9 million. The good news, however, is that MACSTEEL is returning to five days per week operations by month end. It is expected to show better operating results with each quarter of 2001.

Nichols Aluminum, the Company's aluminum sheet products segment, continues to experience reduced activity due to the general slowdown in the economy and inventory reductions in the building and construction markets. Operating income for the quarter will exceed first quarter 2001 results, but will be well below second quarter 2000 operating income of \$6.6 million. However, with the arrival of the spring building season, Nichols anticipates increased shipments going forward and expects to report better operating results with each quarter of 2001.

Engineered Products, the Company's metal fabricating segment, is experiencing a modest slowdown in its fenestration and residential building markets. However, with the acquisitions of Imperial Products and Temroc Metals last year, the segment's first quarter 2001 results were up from last year's quarter. Second quarter 2001 results are also expected to exceed the same quarter's performance last year. For 2001, the segment is expected to show improved results versus 2000.

Piper Impact, the Company's impact extrusion business, expects to report positive operating income for the quarter versus an operating loss of \$3.8 million a year ago. Improvements in operating results from last year are due, in part, to higher volume, increased productivity, and the disposition of Piper Impact - Europe.

Note: It is the Company's intention to make this quarterly release a routine event, once per quarter, approximately 30 days before Quanex releases its regular quarterly earnings report.

Statements that use the words "expect," "should," "will," "might," or similar words reflecting future expectations or beliefs are forward-looking statements. The above statements 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 filing (fiscal 2000 10-K filed January 5, 2001) under the Securities Exchange Act of 1934, in particular the sections titled, "Private Securities Litigation Reform Act" contained therein.

SOURCE Quanex Corporation

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