



Quanex Announces Quarterly Update - Fiscal First Quarter 2002; Company Expects to Report Earnings Comparable to Year Ago Results

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HOUSTON, Jan. 22 /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 comparable earnings to year ago results when it announces first quarter results on February 28, 2002.

The Vehicular Products segment, which includes MACSTEEL(R), Piper Impact and Temroc Metals, is expected to report slightly better sales and operating income when compared to results a year ago due to improvements at MACSTEEL. Sales into MACSTEEL's largest markets, passenger cars and light trucks, are somewhat stronger than a year ago due to low customer inventories and new programs. Piper Impact and Temroc Metals will have seasonally normal results for the quarter.

The Building Products segment, which includes Engineered Products and Nichols Aluminum, is expected to report sales and earnings very near last year's quarterly results. Engineered Products, the segment's fabrication division, is having a slightly better quarter than anticipated, with particularly good improvement from its Homeshield business unit versus this time last year. Low interest rates, share gain and mild winter temperatures continue to sustain better than expected sales to Engineered Products' door and window customers. Nichols Aluminum is expecting slightly higher volumes versus a year ago, but these gains will be offset by lower margins.

The primary drivers for Quanex's products are the North American automotive build rate, and housing starts and remodeling expenditures. The Company expects the build rate for calendar 2002 to be about 15.2 million units, down slightly from the 15.5 million units built in 2001. Housing starts and remodeling expenditures for calendar year 2002 are expected to be flat with last year.

For fiscal 2001, the Company reported \$2.05 diluted earnings per share from continuing operations. For fiscal year 2002, the economic outlook remains unclear; however, at this time the Company believes diluted earnings per share will be up about 20%. Earnings improvement, in part, will come from MACSTEEL, as the group transitions 40,000 tons of MACPLUS cold finished bars from an outside processor to in-house production. New programs throughout the Vehicular Products segment will also contribute to the improvement. Engineered Products is expected to have better operating results for the Building Products segment as customers improve market share and participate in new programs.

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 (January 4, 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 30 days before Quanex releases its regular quarterly earnings report.

For further information visit the Company website at www.quanex.com .

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