



Investor Presentation

March 2016



Safe Harbor Statement

Note on Forward Looking Statements: Statements made during this presentation that use the words “estimated,” “expect,” “could,” “should,” “believe,” “will,” “might,” or similar words reflecting future expectations or beliefs are forward-looking statements. The forward-looking statements include, but are not limited to, references to synergies derived from acquisitions, future operating results, the financial condition of Quanex, future uses of cash, expectations relating to capital and other expenditures, expenses and tax rates, expectations relating to the Company’s industry, and Quanex’s future growth. The statements made during this presentation are based on current expectations. Actual results or events may differ materially from those described during this presentation. 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, the availability and cost of raw materials, and customer demand, among others. For a more complete discussion of factors that may affect the Company’s future performance, please refer to Quanex’s Annual Report on Form 10-K for the fiscal year ended October 31, 2015, under the Securities Exchange Act of 1934 (“Exchange Act”), in particular the section titled, “Private Securities Litigation Reform Act” contained therein.

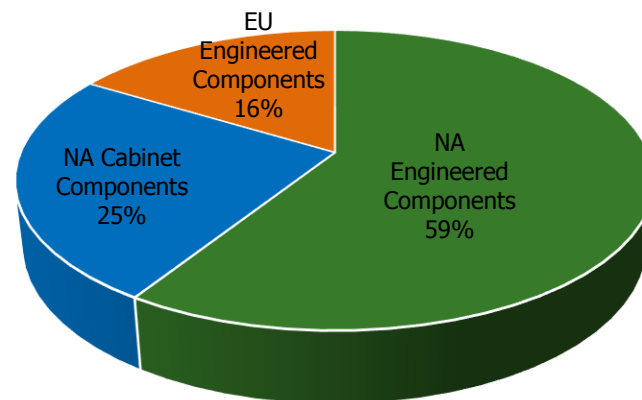
Note on Non-GAAP Financial Measures: EBITDA (defined as net income or loss before interest, taxes, depreciation and amortization and other, net, as described in the Company’s filings with the Securities and Exchange Commission) is a non-GAAP financial measure that Quanex’s management uses to measure its operational performance and assist with financial decision-making. Adjusted EBITDA is EBITDA as further adjusted to exclude non-recurring items such as transaction expenses and purchase price accounting inventory step-ups. Divisional EBITDA is EBITDA excluding discontinued operations, corporate costs and ERP related expenses. EBITDA, Adjusted EBITDA and Divisional EBITDA are key metrics used by management in determining the value of annual incentive awards for its employees. The Company believes these non-GAAP measures provide a consistent basis for comparison between periods, and will assist investors in understanding our financial performance when comparing our results to other investment opportunities. While the Company considers EBITDA, Adjusted EBITDA and Divisional EBITDA to be important measures of operating performance, it does not intend for this information to be considered in isolation or as a substitute for net income or other measures prepared in accordance with US GAAP. Due to the high variability and difficulty in predicting certain items that affect GAAP net income, information reconciling forward-looking EBITDA, Adjusted EBITDA and Divisional EBITDA as presented to GAAP financial measures is unavailable to Quanex without unreasonable effort.

The "NEW" Quanex At-A-Glance

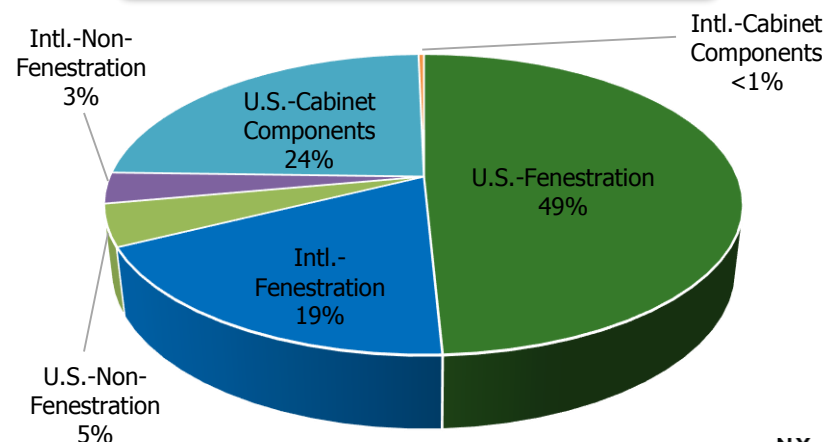
Industry Leading, Recently Transformed "Pure Play" Building Products Manufacturer

- **Acquisitions of HL Plastics & Woodcraft Industries in 2015** transformed Quanex into the **largest supplier** of components to OEMs in the building products sector
 - OEMs' customer base predominately focused on serving **new construction and R&R markets**
- **Manufacturing Facilities:**
 - 38 locations (~3.8 million sq. ft.)
 - Sufficient capacity for growth
- **Key Financials:**
 - FY 2015 Net Sales ⁽¹⁾: ~\$935 Million
 - Leverage Ratio as of 1.31.16 ⁽²⁾: 2.7x
- **Corporate Headquarters:** Houston, TX
- **Employees:** ~4,000
- **Fiscal Year-End:** October 31
- **NYSE Ticker:** NX
- **Market Cap as of 3.16.16:** ~\$585 Million

FY 2015 Sales by Segment ⁽¹⁾



FY 2015 Sales by Product ⁽¹⁾



(1) Pro forma for HL Plastics and Woodcraft acquisitions that closed in 2H15.

(2) Pro forma net debt/LTM adj. EBITDA as of 1.31.16.

Acquisitions Consistent w/ Strategic Objectives

HL Plastics & Woodcraft Acquisitions Solidify Transformation to the “NEW” Quanex



Clear Market Leaders Aligned w/ Top OEMs



Complementary OEM Service Models



Positioned to Benefit from Growing & More Profitable Markets



Accretive on all Metrics & Positive Impact on Seasonality



Best-in-Class Quality, Lead Times & Service Levels



Experienced Management Teams & Employees



Opportunities for Margin Improvement via Production Efficiencies



Solid, Stand-alone Platforms – Minimal Operational Integration



New Reporting Segments

Legacy Quanex Less European
IG Spacers Business

NA Engineered Components

Pro Forma 2015
Net Sales: ~\$555 M

Vinyl Profiles

IG Spacers

Screens & Other
Fenestration
Components

EU Engineered Components

Pro Forma 2015
Net Sales: ~\$155 M

IG Spacers

Vinyl Profiles &
Conservatories
(HL Plastics)

NA Cabinet Components

Pro Forma 2015
Net Sales: ~\$230 M

(Woodcraft)

Stock-Based Comp, Transaction
Costs, Interest Exp., Taxes &
Inter-Segment Elims

Unallocated Corporate & Other

Pro Forma 2015
Net Sales: ~(\$5) M

Note: A portion of corporate costs are now being allocated to better reflect the true costs of each reporting segment.



Quarterly Sales Bridge

1Q15 vs 1Q16

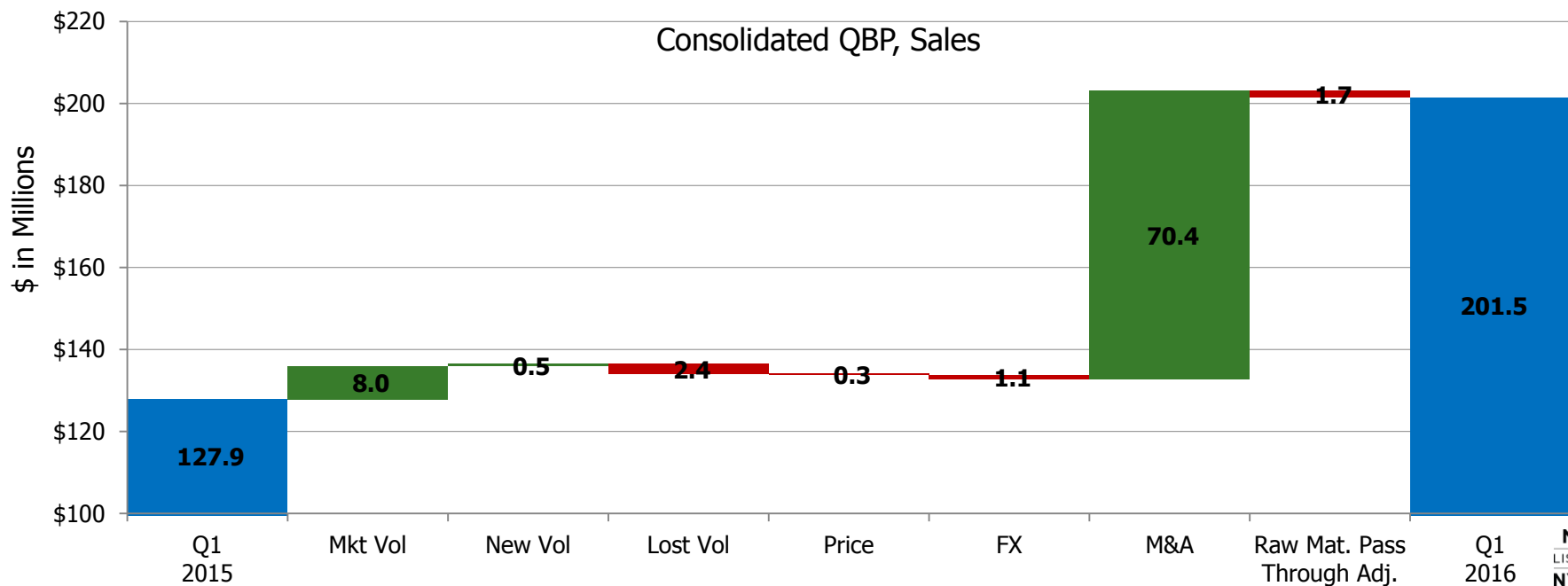
~6% Growth Y/Y

~9% Growth Y/Y

2015 Vinyl Business Program
Loss Impact ~\$1.5 million

HL Plastics/Woodcraft

(\$ in millions)	Q1 2015	Market Volume	New Volume	Lost Volume	Price	FX	M&A	Raw Materials Pass Through Adj.	Q1 2016
NA Engineered Components	\$117.8	\$7.0	\$0.4	(\$2.4)	(\$0.2)	-	-	(\$1.7)	\$121.0
EU Engineered Components	11.2	1.0	0.1	-	(0.1)	(1.1)	21.9	-	33.1
NA Cabinet Components	-	-	-	-	-	-	48.5	-	48.5
Unallocated Corp. & Other	(1)	-	-	-	-	-	-	-	(1)
	\$127.9	\$8.0	\$0.5	(\$2.4)	(\$0.3)	(\$1.1)	\$70.4	(\$1.7)	\$201.5

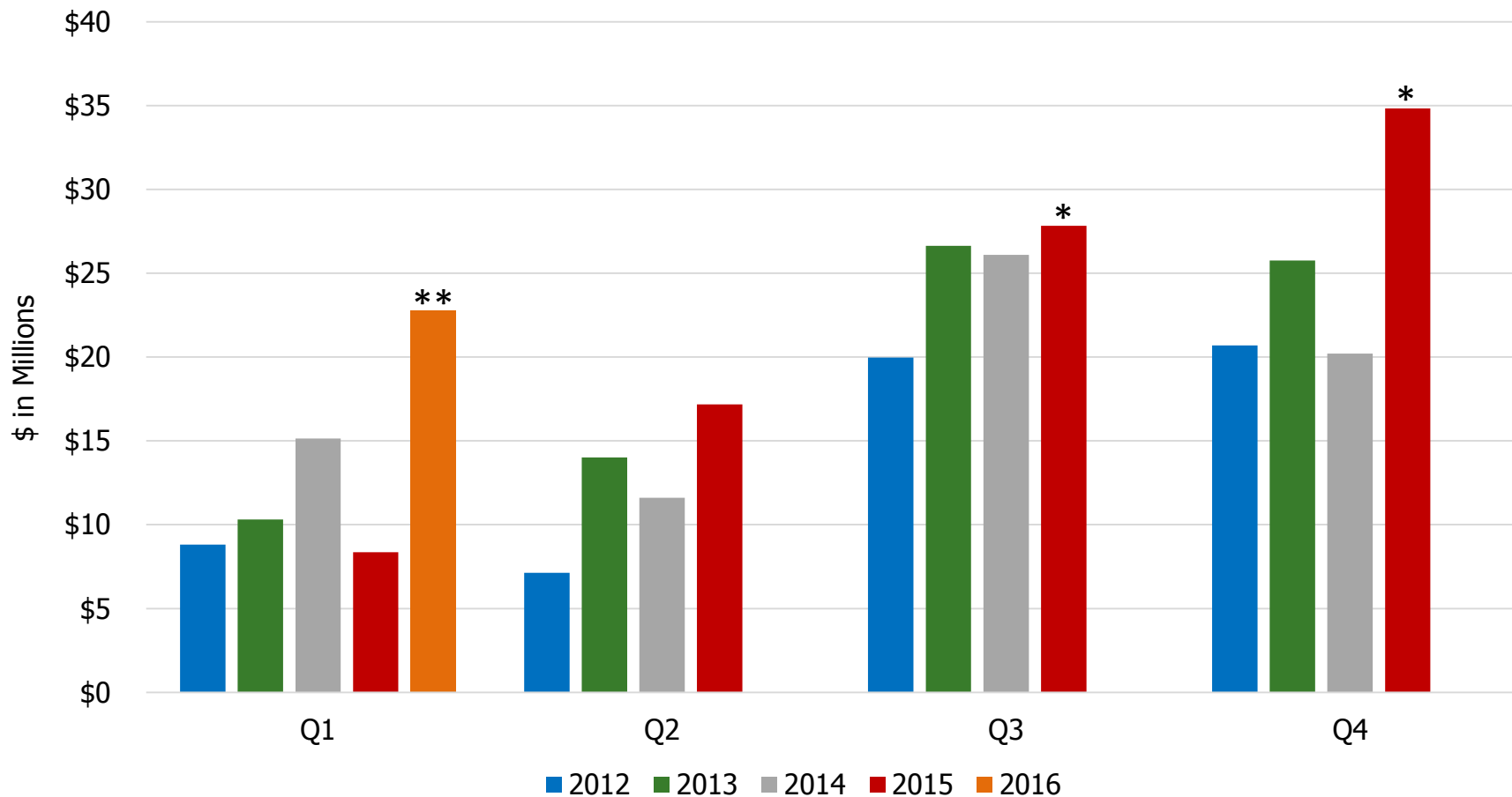




Seasonality

Fiscal 2H Historically Stronger

Quarterly Div. EBITDA



Note: Divisional EBITDA only, excludes Nichols, corporate costs and ERP-related expenses; see Appendix for a reconciliation of historical Divisional EBITDA to its most comparable GAAP measure..

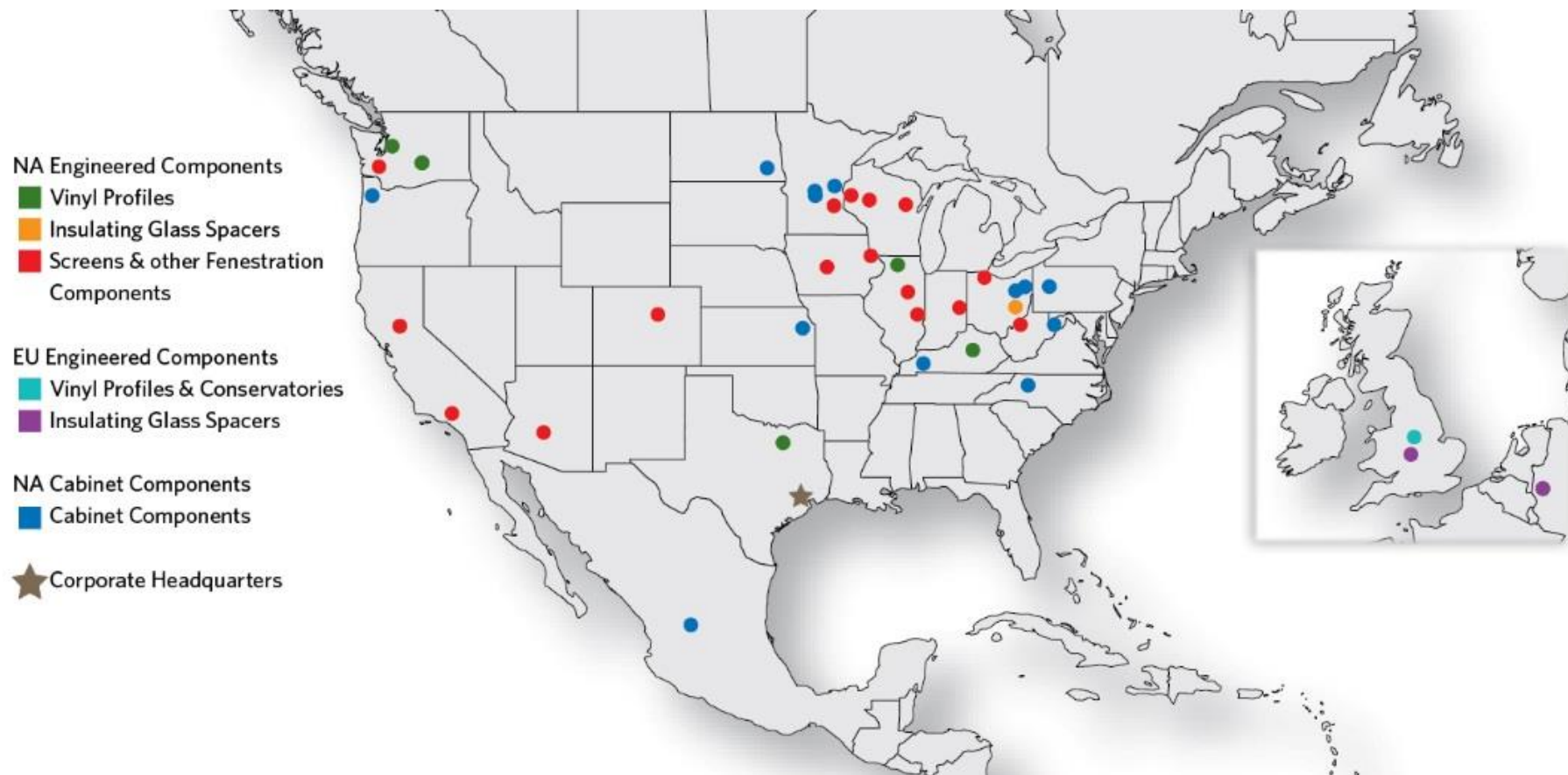
*Includes the impact of HL Plastics acquisition from the date of acquisition.

**Includes the impact of HL Plastics and Woodcraft acquisitions from the dates of acquisitions.



Geographic Footprint

Facilities Strategically Located to Better Serve Customers

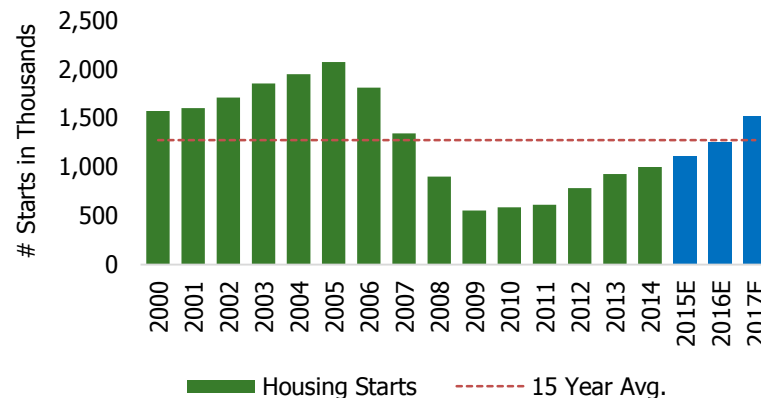




End Market Optimism Continues in U.S. and...

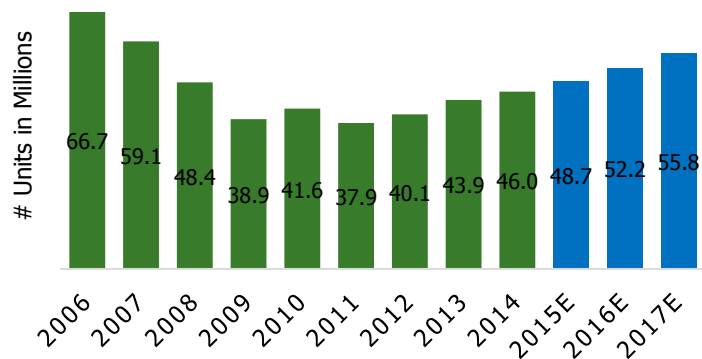
- Demand for windows and cabinets is derived from both new construction and repair & remodel (R&R) construction activity
 - Windows end mkt mix: ~45% new construction/~55% R&R
 - Cabinets end mkt mix: ~25% new construction/~75% R&R
- Housing **recovery expected to continue**
 - Window shipments expected to increase ~7% per year through 2017
 - Kitchen Cabinet industry expected to recover 5-10% per year through 2019
 - Both industries would still be below previous peak levels
- Due to OEM capacity and labor constraints, industry growth should result in **increased outsourcing**

U.S. Housing Starts



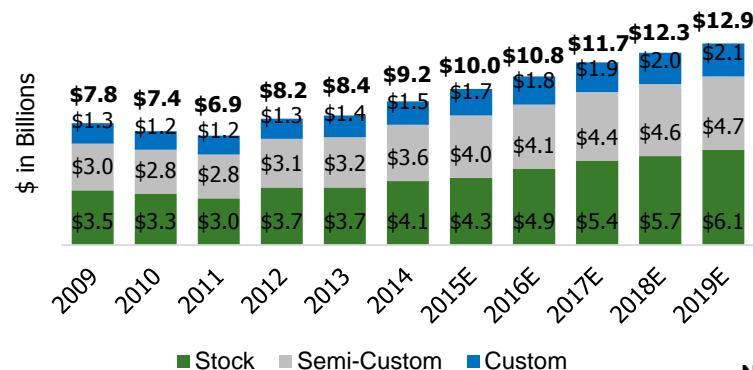
Source: NAHB, January 2016

U.S. Window Shipments



Source: Ducker Worldwide, February 2016

U.S. Kitchen & Bath Market Size

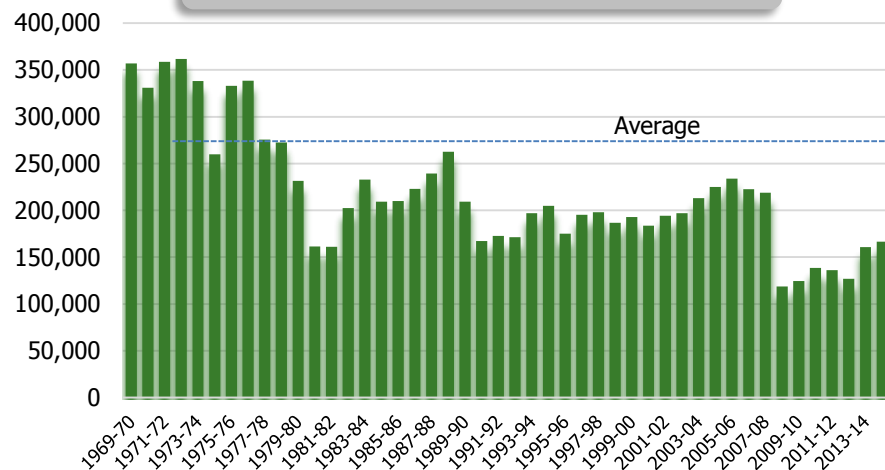


Source: U.S. Census, Moody's analytics, NAR, Catalina, Freedonia, Bureau of Labor Statistics, HIRI, L.E.K. interviews and analysis

...U.K. End Market Dynamics Encouraging

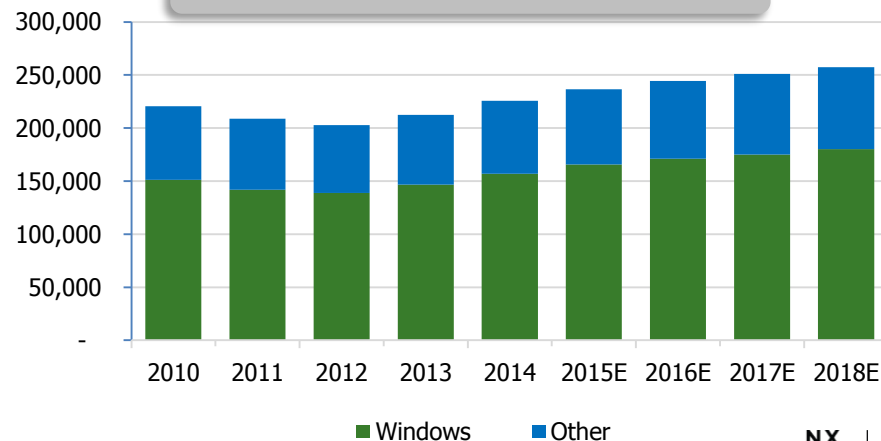
- Demand driven by new construction and R&R, but **more heavily weighted to R&R**
- Construction market at **attractive point of recovery** cycle
- Vinyl profiles production expected to grow ~3% per year through 2018
- **Fragmented** window and door market
 - ~33% the size of U.S. market, but just as many fabricators (2,000+)
- House system driven market
 - Windows **marketed by brand** of extrusion (i.e. Liniar)
 - **Efficient** manufacturing model
 - Example - ~200 shapes for Quanex in UK vs. ~2,000 for Quanex in U.S.
 - **Streamlined** product offering
 - Example - ~60 systems in UK for all extruders vs. >120 systems for Quanex alone in U.S.

U.K. Housing Starts



Source: www.gov.uk, Nov. 2015

U.K. Vinyl Profiles Production



Source: D&G Consulting – Autumn/Winter 2015

Steady EU Fenestration Market Growth Expected

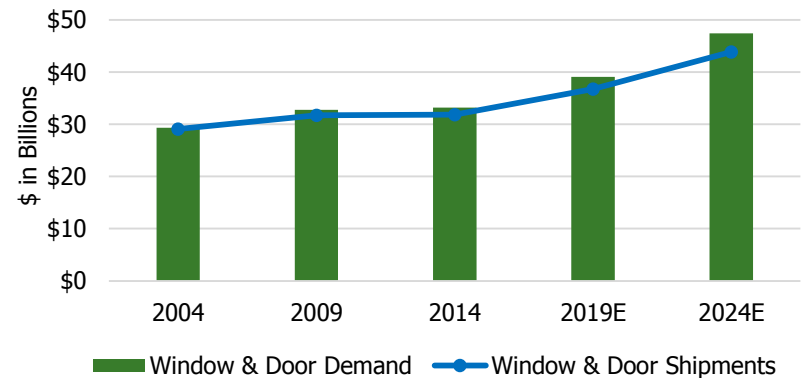
■ Western Europe

- Stable demand for energy efficient fenestration products
 - Demand expected to grow ~3.5% per year through 2019
 - 2nd largest regional market – ~19% global demand in 2014
- ~75% of window/door demand concentrated in Germany, France, UK, Italy and Spain
- High energy costs driving demand for energy efficient replacement market

■ Eastern Europe

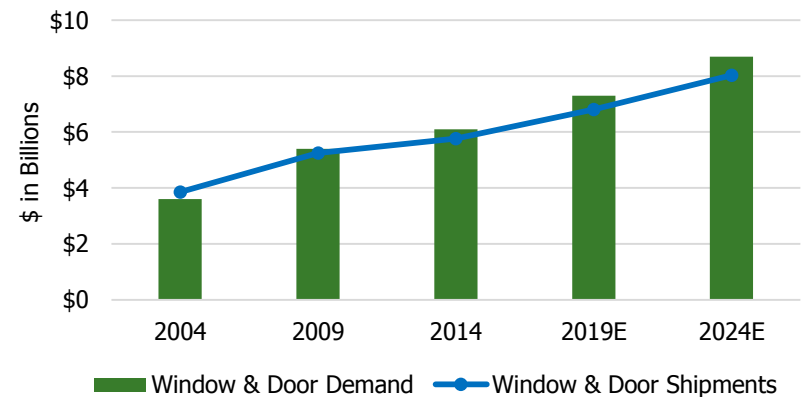
- Accounted for ~4% of global demand in 2014 with Russia and Poland accounting for ~60% of the regional demand
- Demand expected to grow ~4% per year through 2019, driven by accelerating residential construction spending and rebound in non-residential construction activity

W. Europe Fenestration Market



Source: The Freedonia Group, Inc.

E. Europe Fenestration Market



Source: The Freedonia Group, Inc.

NA Engineered Components

Vinyl Profiles

Product Description

- Vinyl profiles that constitute the framing material used in the assembly of windows & doors

Manufacturing Capabilities

- Five production facilities (~804,000 sq. ft.)

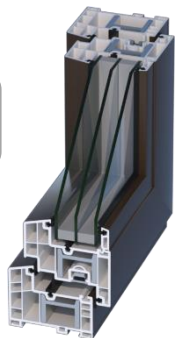
Strengths

- Technological leader – high-end energy efficient design
- Diverse manufacturing footprint w/ ample capacity for growth
- Breadth of product offering

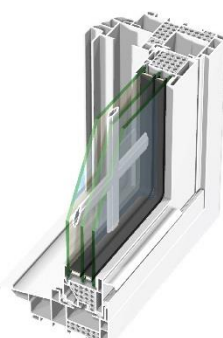
Strategic Opportunities

- Standardized equipment + cost reductions = margin improvement
- Focus on profitability over volume

Key Products



Quanex Architectural Series™ System



Quanex EnergyCore® System

Insulating Glass Spacers

- Engineered products used to separate two or three panes of glass to improve thermal performance and protect from moisture invasion

- One production facility (~417,000 sq. ft.)

- Broad product offering w/ large diverse customer base
- Raw material buying power
- Technical product performance

- Volume growth - high-speed customer prod. lines increase size of warm-edge spacer market
- Leverage relationships w/ National accounts
- Energy efficient products bode well for changes in codes/standards



Super Spacer®



Duraseal®

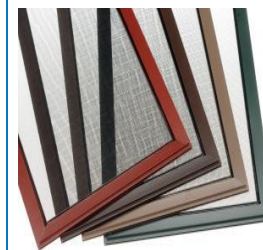
Screens & Other Fenestration Components

- Window and door screens, precision formed metal/wood products & other window and door components

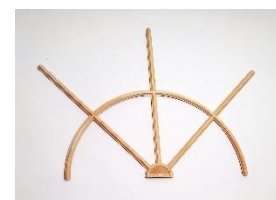
- 16 production facilities (~1.1 million sq. ft.)

- Relationships w/ largest OEMs – ability to partner
- Value add to OEM process
 - EDI interface sequenced to customer production
 - >99% on-time delivery w/ 1-3 day lead time on avg.

- Automation = efficiency gains = improved margins
- Outsourcing potential due to skilled labor shortage and incr. wages



Window/Door Screens



Window Grille



EU Engineered Components

Vinyl Profiles & Conservatories

Product Description

- Vinyl profiles that constitute the framing material used in the assembly of windows/doors & conservatories

Manufacturing Capabilities

- One production facility (~267,500 sq. ft.)

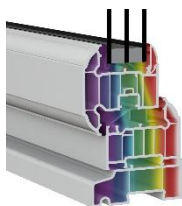
Strengths

- A market leader and fastest growing vinyl window profile extruder in U.K.
- Superior technology w/ most energy efficient profile system in U.K.

Strategic Opportunities

- Expand product offering to existing customer base

Key Products



Energy Efficient Vinyl Profile



Conservatory Roof Systems

Insulating Glass Spacers

- Engineered products used to separate two or three panes of glass to improve thermal performance and protect from moisture invasion

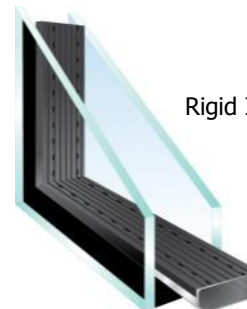
- Two production facilities (~74,000 sq. ft.)

- Recognized and respected brand in European market
- Highly energy efficient product

- Acceleration of changes in codes/standards due to high energy costs



Super Spacer



Rigid Insulating Glass Spacer



NA Cabinet Components

Cabinet Components

Product Description

- Hardwood & engineered wood doors and components for the kitchen and bath cabinet industry

Manufacturing Capabilities

- 13 production facilities (~1.1 million sq. ft.)

Strengths

- A market leader aligned w/ top cabinet OEMs
- Business is less susceptible to impact of construction industry seasonality due to inclement weather
- Best-in-class lead times and service levels due to strategically located facilities

Strategic Opportunities

- Margin expansion via automation and operational improvements
- OEMs shifting to more outsourcing

Key Products



Hardwood Cabinet Door



Drawer Front



Cabinet Face Plate



Rigid Thermal Foil Cabinet Door



Healthy Balance Sheet

Capitalization (\$ Millions)	NX 1.31.16
Cash & Cash Equivalents	\$27.7
Senior Secured Term Loan B Facility due 2022	310.0
Senior Secured ABL Revolving Credit Facility due 2020 ⁽¹⁾	10.5
Capital Leases and Other	6.3
Total Debt	\$326.8
<i>Net Debt</i>	<i>\$299.1</i>
Stockholders' Equity	380.8
Total Capitalization	\$707.6
Borrowing Base	77.1
Less: Borrowings Against \$100 Million ABL Facility	(10.5)
Plus: Cash	27.7
Total Liquidity	\$94.3
Net Debt/LTM Adj. EBITDA ⁽²⁾	2.7x

No near-term debt maturities

Targeting debt reduction of ~\$50 million per year

Ample capacity on ABL revolver - BB expected to grow w/ seasonality of business

Expect 2.0-2.5x leverage ratio by year-end 2016

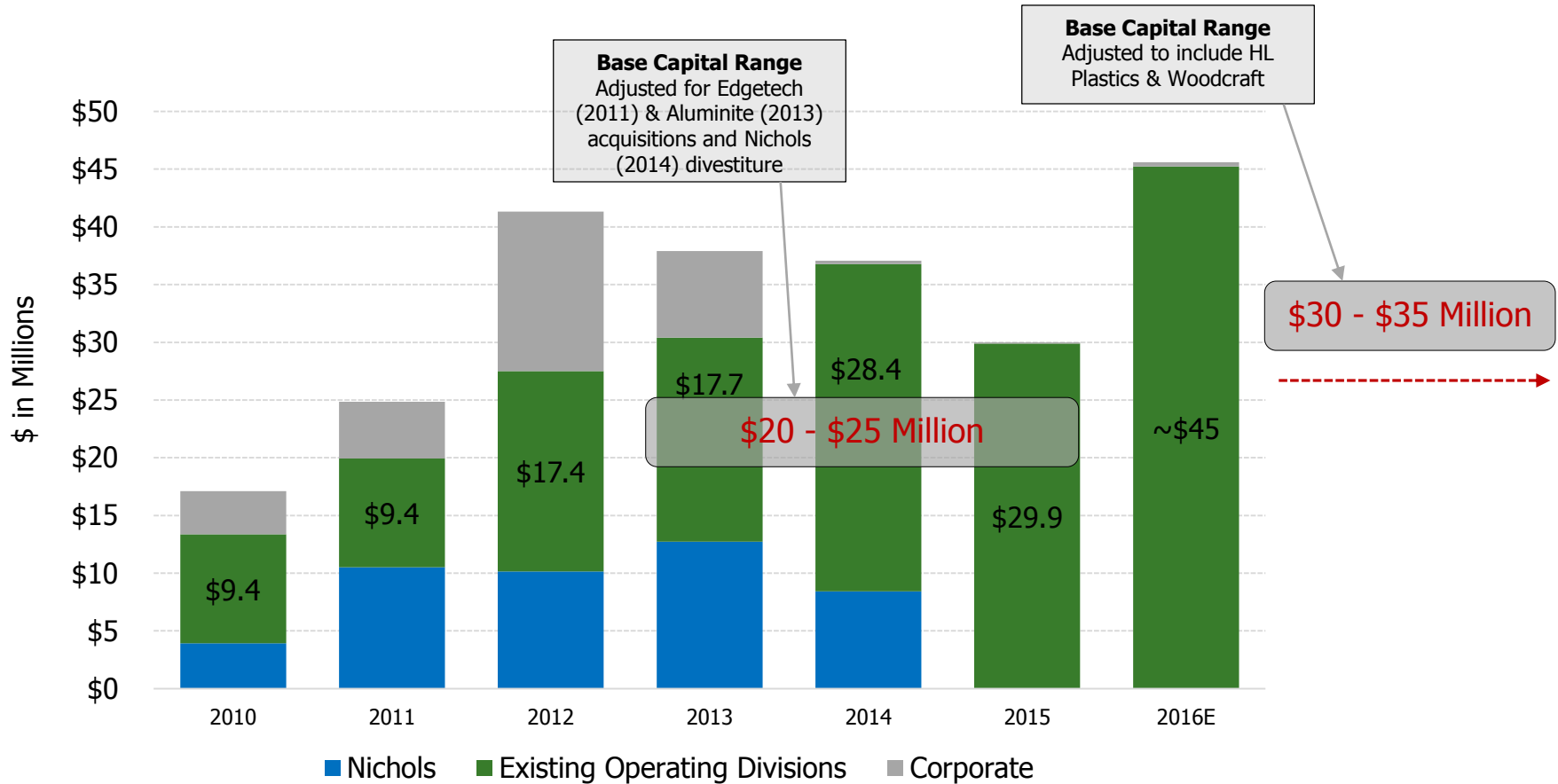
(1) Excludes \$5.9 million in outstanding letters of credit.

(2) LTM Adj. EBITDA adjusted for non-recurring items and pro forma for HL Plastics & Woodcraft acquisitions.



Capex Analysis

Anticipated Future Base Capital of \$30 - \$35 Million





Guidance

5-6% Y/Y Pro Forma Growth
• Potential for ~\$15 Million
Negative Impact at Current FX
Rate (GBP/USD)

\$ in millions

	PF 2015 ⁽¹⁾	2016E	Mid-Cycle ⁽²⁾
Revenue	~\$935 ⁽³⁾	\$980 – 990 ⁽³⁾	\$1,300 - \$1,400
Adj. EBITDA ⁽⁴⁾		\$112 - \$120	\$185 - \$210
Adj. EBITDA Margin		~12%	~15%
Capex		~\$45	\$30 - \$35
Interest Expense		~\$23	
D&A		~\$51	
Tax Rate		~34%	

Note: See the footnote on slide 2 for information related to the Company's use of non-GAAP financial measures and forward looking statements.

(1) Pro forma for HL Plastics and Woodcraft acquisitions that closed in 2H15.

(2) Mid-cycle defined as the point in time when U.S. housing starts recover to ~1.5 million per year and U.S. window shipments recover to ~65 million units per year.

(3) Current FX rate (GBP/USD) 5-10% lower than 2015 average, which could potentially have a negative impact on 2016 revenue.

(4) Excludes non-recurring items such as transaction costs and a purchase price accounting inventory step-up related to the Woodcraft acquisition.



Investment Highlights

Well Positioned to Create Shareholder Value

Compelling Industry Dynamics

- Demand for windows (U.S. and U.K.) and cabinets (U.S.) expected to increase meaningfully over next several years
- Due to OEM capacity constraints, industry growth should result in increased outsourcing

Customer Relationships

- Long-standing relationships with top OEMs in each operating division
- History of quality and reliable products helps maintain/build strong relationships
- Knowledgeable and accessible sales force willing to go the extra mile to satisfy the customer

Design & Engineering Expertise

- In-house knowledge for innovative product design and modifications
- New technology development capability is second to none

Efficient Operating Model

- Manufacturing plants strategically located close to our customers throughout North America and Europe
- Just in time (JIT) delivery systems minimize inventory levels
- High volume producer with capacity to grow

Leading Market Positions

- Solid market share across all domestic and international operating divisions
- Diversified product offerings spread geographic, end-market and customer concentration risk

Healthy Balance Sheet

- Sufficient liquidity to execute business plan
- Ability to partner with customers
- Comfortable leverage profile and no near-term debt maturities

Focused & Experienced Management

- Proven track record of improving profitability and growing the business
- Fully engaged in running the day-to-day business while also executing on the strategic plan
- Focused on creating shareholder value

Appendix



Detailed Sales by Segment

(\$ in thousands)	1Q16	1Q15	Variance
NA Engineered Components			
<i>U.S. - fenestration</i>	\$101,773	\$98,353	3.5%
<i>Intl. - fenestration</i>	\$6,891	\$5,887	17.1%
<i>U.S. - non-Fenestration</i>	\$8,108	\$9,139	-11.3%
<i>Intl. - non-Fenestration</i>	\$4,276	\$4,452	-4.0%
	\$121,048	\$117,831	2.7%
EU Engineered Components			
<i>U.S. - fenestration</i>	-	\$40	NM
<i>Intl. - fenestration</i>	\$30,010	\$11,142	169.3%
<i>Intl. - non-Fenestration</i>	\$3,058	-	NM
	\$33,068	\$11,182	195.7%
NA Cabinet Components			
<i>U.S.</i>	\$47,870	-	NM
<i>Intl.</i>	\$655	-	NM
	\$48,525	-	NM
Unallocated Corp. & Other			
<i>Eliminations</i>	(\$1,173)	(\$1,120)	4.7%
	(\$1,173)	(\$1,120)	4.7%
Net Sales	\$201,468	\$127,893	57.5%



GAAP/Non-GAAP Reconciliation (Unaudited)

Net Income from Continuing Operations to EBITDA

(\$ in thousands)	Q1	Q2	Q3	Q4	Fiscal 2012	Q1	Q2	Q3	Q4	Fiscal 2013	
Net income (loss) from continuing operations	\$1,179	-	\$8,216	\$8,775	\$18,170	\$1,643	\$3,612	\$11,702	\$12,025	\$28,982	
Interest expense	(33)	(35)	(15)	(14)	(97)	(13)	10	15	11	23	
Income tax expense (benefit)	794	12	4,843	4,775	10,424	1,092	2,281	6,787	6,015	16,175	
Depreciation and amortization	7,012	7,038	6,911	7,154	28,115	7,473	8,097	8,066	7,731	31,367	
Other, net	(137)	107	18	6	(6)	111	5	58	(30)	144	
EBITDA	\$8,815	\$7,122	\$19,973	\$20,696	\$56,606	\$10,306	\$14,005	\$26,628	\$25,752	\$76,691	

(\$ in thousands)	Q1	Q2	Q3	Q4	Fiscal 2014	Q1	Q2	Q3*	Q4*	Fiscal 2015	Q1 2016**
Net income (loss) from continuing operations	\$4,934	\$2,568	\$11,675	\$9,154	\$28,331	\$621	\$6,487	\$12,674	\$17,663	\$37,443	\$4,434
Interest expense	16	22	2	20	60	17	22	81	15	135	147
Income tax expense (benefit)	2,631	1,386	6,503	3,333	13,853	(190)	2,908	6,716	6,798	16,234	2,859
Depreciation and amortization	7,645	7,592	7,859	7,689	30,785	7,723	7,638	8,310	10,260	33,931	12,811
Other, net	(90)	38	62	17	27	182	123	51	86	442	2,529
EBITDA	\$15,136	\$11,606	\$26,101	\$20,213	\$73,056	\$8,353	\$17,178	\$27,832	\$34,822	\$88,185	\$22,780

Note: Divisional EBITDA only; excludes Nichols, corporate costs and ERP-related expenses.

*Includes the impact of HL Plastics acquisition from the date of acquisition.

**Includes the impact of HL Plastics and Woodcraft acquisitions from the dates of acquisitions.

Clear Strategy w/ History of Execution

To enhance Shareholder Value by outperforming our peers in revenue growth, profitability & cash generation, by being the preferred supplier in each of our served markets.

TO ACHIEVE THIS WE WILL:

INVEST

in our existing businesses as a first priority to further our market leadership and strive to continuously improve.



- \$70M Capex in the last 2 years
- \$75M stock repurchase program

OUTGROW

our served markets by cross selling all of our products and services to all of our existing customers.



ACQUIRE

businesses that add new customers, new technologies, new products or scale to existing products.



Acquired:
Aluminate (Dec 2012)
Atrium's vinyl extrusion assets (Dec 2013)
HL Plastics (June 2015)

EXPLORE

adjacent segments of the Building Products Industry for opportunities that complement our core competencies and business goals.



Acquired:
Woodcraft (Nov 2015)



History Timeline

85+ Year History of Acquisition & Transformation

1927 - Founded as Michigan Seamless Tube Company

1965 - First listed on the New York Stock Exchange

1977 - Changed name to Quanex Corporation and moved headquarters to Houston, TX

1989 - Acquired Nichols-Homeshield for \$106M (Aluminum Sheet Coil, Screens and Grilles)

2000 - Acquired Imperial Products for \$15M (Door Thresholds)

2002 - Acquired Colonial Craft for \$17M (Wood Mouldings)

2003 - Acquired Truseal Technologies for \$113M (Butyl Spacer)

2004 - Acquired Mikron for \$205M (Vinyl Profiles)

2008 - Divested legacy vehicular products business and spun off building products assets as a new company named Quanex Building Products Corporation

2011 - Acquired Edgetech for \$107M (EPDM/Silicone Spacers)

2011 - Acquired JELD-WEN's vinyl extrusion plant for \$6M (Window Profiles)

2012 - Acquired Aluminite for \$22M (Screens)

2013 - Purchased Atrium's TX extrusion plant for \$5M (Window Profiles)

2014 - Divested Nichols Aluminum to Aleris for \$110M

2015 - Acquired HL Plastics for \$149M (PVC components in the U.K. and Ireland)

2015 - Acquired Woodcraft Industries for \$248.5M (Kitchen/Bathroom Cabinet Doors and Components)



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