



Quanex Announces Quarterly Update - Third Quarter Fiscal 2001; Company Expects to Double EPS From Previous Quarter

July 24, 2001

HOUSTON, July 24 /PRNewswire/ -- Quanex Corporation (NYSE: NX) announced today that while it continues to see some weakness in its automotive and building products markets versus a year ago, customer inquiries are increasing and new order rates are at their highest level so far this fiscal year. For the third quarter, fully diluted earnings per share are expected to be near last year's comparable quarter of \$.68 (excluding unusual items), which represents a significant improvement over the Company's second quarter earnings of \$.32. As previously announced, Quanex expects fiscal year 2001 fully diluted earnings per share of \$1.75 to \$2.00, versus \$2.44 (excluding unusual items) reported for fiscal 2000.

MACSTEEL, the Company's engineered steel bar segment, has continued to experience softness in its largest markets: light vehicles and heavy-duty trucks. However, the ramp-up of new customer programs continues and management believes that the fiscal first half 2001 represented the bottom of the transportation market for MACSTEEL. On-going penetration into other markets, such as energy, defense and service centers, has allowed MACSTEEL to return to six-day schedules. Operating income for the quarter will exceed first and second quarter results but lag third quarter 2000.

Nichols Aluminum, the Company's aluminum sheet products segment, has recently experienced increasing customer activity in its building and construction markets and backlogs are out to six weeks. Competition for orders is intense, and pricing pressure remains. Management believes that operating income for the quarter will exceed first and second quarter results yet fall short of third quarter 2000.

Engineered Products, the Company's metal fabricating segment, is still operating in a slower market environment when compared to last year. However, with new products and new customers along with last year's acquisitions, the segment will continue to outperform last year's comparable quarterly results.

Piper Impact, the Company's impact extrusion segment, expects to report positive operating income for the quarter versus an operating loss of \$3.9 million a year ago. Results from a year ago include operating losses from Piper Impact Europe, but exclude the loss on the sale of the facility, which was sold in July 2000. Through fixed cost reductions and productivity improvements, Piper's new management has lowered the segment's break-even point by 50%, which is a key factor to the segment's profitability this year versus 2000's losses.

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 5, 2001) 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.

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