



Quanex Corporation Quarterly Update - Fiscal First Quarter 2003; Company Expects to Report Earnings Comparable to Year Ago Record Results

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HOUSTON, Jan. 21 /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 26, 2003.

The Vehicular Products segment, which includes MACSTEEL, Piper Impact and Temroc Metals, is expected to report slightly higher sales and somewhat lower operating income when compared to last year's first quarter. MACSTEEL, the largest operating entity of the segment, expects both sales and operating income to be up from a year ago. Operating income results at Piper Impact are estimated to have an unfavorable swing of about \$2 million for the quarter and Temroc Metals will report seasonally normal results.

The Building Products segment, which includes Engineered Products (EP) and Nichols Aluminum, is expected to report higher sales and operating income versus last year's quarterly results. Engineered Products, the segment's fabrication division, is expected to report slightly better results compared to a year ago, supported by a strong housing market, the full year impact of Colonial Craft and share gains. Nichols Aluminum is experiencing modestly higher volumes compared to last year and with a continuing improvement in spreads will boost its operating income versus first quarter last year.

The primary drivers for the Company's products are North American light vehicle production, housing starts and remodeling expenditures. Quanex expects the light vehicle build rate for calendar 2003 to be about 16 million units, down from the 16.7 million units recorded in 2002. Housing starts and remodeling expenditures for calendar year 2003 are anticipated to be down slightly compared to last year.

For fiscal 2002, the Company reported \$2.96 fully diluted earnings per share from continuing operations. For fiscal year 2003, even though the economic outlook in the Company's two key markets calls for slightly down comparables, the Company expects fully diluted earnings per share to be up some 10%. Earnings improvement, in part, will come from MACSTEEL, as the business benefits from additional value added Mac+ sales, higher content per vehicle via new programs and modestly higher selling prices, partially offset by rising raw material costs. Engineered Products is expected to post higher operating results for the Building Products segment as their larger customers improve market share and EP participates in new programs. More value added product sales from Nichols Aluminum, productivity improvements and modestly improving spreads should allow them to report improved results.

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 of December 20, 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.

Contacts: Jeff Galow, 713/877-5327

Valerie Calvert, 713/877-5305

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