



## Quanex Corporation Quarterly Update - Fiscal Fourth Quarter 2003

October 27, 2003

HOUSTON, Oct. 27 /PRNewswire-FirstCall/ -- Quanex Corporation (NYSE: NX), an industry-leading manufacturer of engineered materials and components for the Vehicular Products and Building Products markets, today confirmed that it expects to report fourth quarter diluted earnings per share in a range of \$.72 to \$.82 when it announces results on December 4, 2003. The Company stated that it is experiencing better than expected operating results at both its Vehicular Products and Building Products segments. However, due to continuing increases in the cost of its raw materials, primarily steel and aluminum scrap, the Company will be required to take a sizable non-cash charge to earnings as it re-values its fiscal year-end inventories using the last in -- first out (LIFO) method of accounting. The impact of that charge is reflected in the Company's range.

The Vehicular Products segment, which includes MACSTEEL, Piper Impact and Temroc Metals, is expected to report higher sales and lower operating income when compared to last year's fourth quarter. MACSTEEL, the largest division within the segment, expects to report higher sales, even though light vehicle builds for the quarter versus a year ago look to be down 5% in total and 10% at the "Big 3". Operating income for MACSTEEL will be down from a year ago due to higher scrap and energy costs. Piper Impact is expected to report a smaller loss for the quarter versus a year ago as it continues to reduce costs.

The Building Products segment, which includes Engineered Products and Nichols Aluminum, is expected to report higher sales and similar operating income versus last year's fourth quarter results. Engineered Products, the segment's door and window components division, expects sales to be flat while operating income will be up somewhat compared to last year's excellent results. Business activity at the division continues at a strong pace. Nichols Aluminum expects slightly higher volumes and a somewhat lower spread for the quarter, which will result in lower operating income versus last year.

The primary drivers for the Company's products are North American light vehicle builds, housing starts and remodeling expenditures. Quanex expects the light vehicle build rate for 2003 to be between 15.5 and 16 million units, down from 16.6 million units in 2002. Both housing starts and remodeling expenditures are expected to be slightly higher from last year's healthy levels and the underlying fundamentals remain excellent.

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 35 days before it releases its quarterly earnings report.

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SOURCE Quanex Corporation