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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): September 5, 2019**

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**QUANEX BUILDING PRODUCTS CORPORATION**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or Other Jurisdiction of Incorporation)

**001-33913**  
(Commission File Number)

**26-1561397**  
(I.R.S. Employer Identification No.)

**1800 West Loop South, Suite 1500  
Houston, TX 77027**  
(Address of Principal Executive Offices) (Zip Code)

**(713) 961-4600**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class                      | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, par value \$0.01 per share | NX                | New York Stock Exchange                   |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Condition.**

On September 5, 2019, the Registrant issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Item 7.01. Regulation FD Disclosure.**

On September 5, 2019, the Registrant issued a press release announcing that the Board had declared a quarterly cash dividend of \$0.08 per share of common stock, payable on September 30, 2019, to shareholders of record on September 16, 2019. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

[Exhibit 99.1. Press release dated September 5, 2019](#)

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Quanex Building Products Corporation**

Date: September 5, 2019

By: /s/ SCOTT ZUEHLKE

Scott Zuehlke

Vice President, Investor Relations & Treasurer and Interim Chief  
Financial Officer

## Quanex Building Products Announces Third Quarter 2019 Results

### Significant Margin Expansion in EU & NA Fenestration Segments Above Market Growth Continues in EU & NA Fenestration Segments Repaid \$32.5 Million of Bank Debt

HOUSTON, Sept. 05, 2019 (GLOBE NEWSWIRE) – **Quanex Building Products Corporation** (NYSE:NX) (“Quanex” or the “Company”) today announced its results for the three months ended July 31, 2019.

Bill Griffiths, Chairman, President and Chief Executive Officer, commented, “We continue to benefit from the successful implementation of pricing initiatives and we are performing well operationally, both of which contributed to margin expansion of approximately 100 basis points on a consolidated basis during the quarter. More specifically, margins expanded by approximately 180 basis points in our European and North American Fenestration segments. Revenue was impacted by lower-than-expected volumes, primarily in our North American Cabinet Components segment, coupled with inclement weather in the U.S. Despite softer-than-expected volumes, we benefitted from better pricing year-over-year and our European Fenestration segment realized above market sales growth of 9.3%, excluding foreign exchange impact, and sales in our North American Fenestration segment grew at 2.2% during the quarter, which compares favorably to Ducker’s latest window shipment estimate of negative 2.3% growth for the three months ended June 30, 2019. Solid free cash flow generation during the third quarter allowed us to pay down \$32.5 million in bank debt and buyback approximately \$1.6 million in stock.”

#### Third Quarter 2019 Results Summary

The Company reported the following selected financial results:

|                                       | Three Months Ended July 31, |         |
|---------------------------------------|-----------------------------|---------|
|                                       | 2019                        | 2018    |
| Net Sales                             | \$238.5                     | \$239.8 |
| Net Income                            | \$11.8                      | \$10.8  |
| Diluted EPS                           | \$0.36                      | \$0.31  |
| Adjusted Net Income                   | \$13.7                      | \$11.6  |
| Adjusted Diluted EPS                  | \$0.41                      | \$0.33  |
| Adjusted EBITDA                       | \$32.8                      | \$30.5  |
| Cash provided by operating activities | \$29.9                      | \$26.8  |
| Free Cash Flow                        | \$25.9                      | \$21.0  |

(See Non-GAAP Terminology Definitions and Disclaimers section, Non-GAAP Financial Measure Disclosure table Selected Segment Data table and Free Cash Flow Reconciliation table for additional information)

The decrease in net sales during the third quarter of 2019 was primarily attributable to a weaker demand environment, mainly in the North American Cabinet Components segment, and inclement weather in the U.S. However, the European and North American Fenestration segments continued to generate net sales growth above that of their respective markets, largely due to price increases related to raw material inflation recovery. (See Sales Analysis table for additional information)

The increase in earnings was mostly driven by the successful implementation of pricing initiatives combined with operational efficiency gains.

As of July 31, 2019, Quanex’s leverage ratio of Net Debt to LTM Adjusted EBITDA decreased to 2.0x. Quanex continues to expect to end fiscal 2019 with a leverage ratio between 1.5x and 2.0x. (See Non-GAAP Terminology Definitions and Disclaimers section for additional information)

#### Share Repurchases

The Company’s Board of Directors authorized a \$60 million share repurchase program in September of 2018. Repurchases under this program will be made in open market transactions or privately negotiated transactions, subject to market conditions, applicable legal requirements and other relevant factors. The program does not have an expiration date or a limit on the number of shares that may be repurchased. During the three months ended July 31, 2019, Quanex repurchased 93,352 shares of common stock for approximately \$1.6 million at an average price of \$17.50 per share. As of July 31, 2019, approximately \$21.6 million remained under the existing share repurchase authorization.

#### Outlook

Bill Griffiths, Chairman, President and Chief Executive Officer, stated, “Looking ahead, we expect a strong finish to our fiscal year from a cash flow and earnings perspective, but consolidated revenue is trending below prior expectations. As such, we now expect consolidated net sales for the full year 2019 to be flat year-over-year. We continue to convert well and are maintaining the midpoint of our original Adjusted EBITDA\* guidance, but are revising the guidance to a more narrow range of \$100 million to \$105 million. We intend to stay focused on deleveraging the balance sheet for the remainder of the year while opportunistically repurchasing stock. In the future, we will be comfortable with a Leverage Ratio of around 1.5x, at which time we will evaluate all options with respect to our capital allocation priorities in an effort to enhance shareholder value.”

\*When Quanex provides expectations for Adjusted EBITDA on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and corresponding GAAP measures is generally not available without unreasonable effort. Certain items required for such a reconciliation are outside of the Company’s control and/or cannot be reasonably predicted or estimated, such as the provision for income taxes.

#### Recent Events

The Company’s Board of Directors declared a quarterly cash dividend of \$0.08 per share on Quanex’s common stock, payable September 30,

2019, to shareholders of record on September 16, 2019.

### Conference Call and Webcast Information

The Company has scheduled a conference call for Friday, September 6, 2019, at 11:00 a.m. ET (10:00 a.m. CT). To participate in the conference call dial (877) 388-2139 for domestic callers and (541) 797-2983 for international callers, in both cases using the conference passcode 6297156, and ask for the Quanex call a few minutes prior to the start time. A link to the live audio webcast will also be available on the Company's website at <http://www.quanex.com> in the Investors section under Presentations & Events. A telephonic replay of the call will be available approximately two hours after the live broadcast ends and will be accessible through September 20, 2019. To access the replay dial (855) 859-2056 for domestic callers and (404) 537-3406 for international callers, in both cases referencing conference passcode 6297156.

### About Quanex

Quanex Building Products Corporation is an industry-leading manufacturer of components sold to Original Equipment Manufacturers (OEMs) in the building products industry. Quanex designs and produces energy-efficient fenestration products in addition to kitchen and bath cabinet components. For more information contact Scott Zuehlke, Vice President, Investor Relations & Treasurer, at 713-877-5327 or [scott.zuehlke@quanex.com](mailto:scott.zuehlke@quanex.com).

### Non-GAAP Terminology Definitions and Disclaimers

Adjusted Net Income (Loss) (defined as net income further adjusted to exclude purchase price accounting inventory step-ups, transaction costs, certain severance charges, gain/loss on the sale of fixed assets, restructuring charges, asset impairment charges, other net adjustments related to foreign currency transaction gain/loss and effective tax rates reflecting impacts of adjustments on a with and without basis) and Adjusted EPS are non-GAAP financial measures that Quanex believes provide a consistent basis for comparison between periods and more accurately reflects operational performance, as they are not influenced by certain income or expense items not affecting ongoing operations. EBITDA (defined as net income or loss before interest, taxes, depreciation and amortization and other, net) and Adjusted EBITDA (defined as EBITDA further adjusted to exclude purchase price accounting inventory step-ups, transaction costs, certain severance charges, gain/loss on the sale of fixed assets, restructuring charges and asset impairment charges) are non-GAAP financial measures that the Company uses to measure operational performance and assist with financial decision-making. When Quanex provides expectations for Adjusted EBITDA on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and corresponding GAAP measures is generally not available without unreasonable effort. The Company is not able to provide reconciliations of forward-looking Adjusted EBITDA to GAAP financial measures because certain items required for such reconciliations are outside of Quanex's control and/or cannot be reasonably predicted, such as the provision for income taxes. Net Debt is calculated using the sum of current maturities of long-term debt and long-term debt, minus cash and cash equivalents. The leverage ratio of Net Debt to LTM Adjusted EBITDA is a financial measure that the Company believes is useful to investors and financial analysts in evaluating Quanex's leverage. In addition, with certain limited adjustments, this leverage ratio is the basis for a key covenant in the Company's credit agreement. Free Cash Flow is a non-GAAP measure calculated using cash provided by operating activities less capital expenditures. Free Cash Flow is measured before application of certain contractual commitments (including capital lease obligations), and accordingly is not a true measure of Quanex's residual cash flow available for discretionary expenditures. The Company believes that the presented non-GAAP measures provide a consistent basis for comparison between periods, and will assist investors in understanding Quanex's financial performance when comparing results to other investment opportunities. The presented non-GAAP measures may not be the same as those used by other companies. The Company does not intend for this information to be considered in isolation or as a substitute for other measures prepared in accordance with U.S. GAAP.

### Forward Looking Statements

Statements 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, the Company's future operating results, future financial condition, future uses of cash and other expenditures, expenses and tax rates, expectations relating to Quanex's industry, and the Company's future growth, including any guidance discussed in this press release. The statements and guidance set forth in this release are based on current expectations. Actual results or events may differ materially from this release. For a complete discussion of factors that may affect Quanex's future performance, please refer to the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2018, under the sections entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors". Any forward-looking statements in this press release are made as of the date hereof, and Quanex undertakes no obligation to update or revise any forward-looking statements to reflect new information or events.

## QUANEX BUILDING PRODUCTS CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF NET (LOSS) INCOME

*(In thousands, except per share data)*

*(Unaudited)*

|                                     | Three Months Ended |            | Nine Months Ended |            |
|-------------------------------------|--------------------|------------|-------------------|------------|
|                                     | July 31,           |            | July 31,          |            |
|                                     | 2019               | 2018 (1)   | 2019              | 2018 (1)   |
| Net sales                           | \$ 238,461         | \$ 239,821 | \$ 653,472        | \$ 645,699 |
| Cost of sales                       | 181,357            | 185,811    | 511,292           | 509,357    |
| Selling, general and administrative | 25,718             | 24,246     | 77,466            | 72,217     |
| Restructuring charges               | 94                 | 243        | 281               | 851        |
| Depreciation and amortization       | 12,182             | 12,691     | 37,158            | 39,274     |
| Asset impairment charges            | -                  | -          | 29,978            | -          |

|   |                  |                  |                    |                  |
|---|------------------|------------------|--------------------|------------------|
| Operating income (loss)                     | 19,110           | 16,830           | (2,703)            | 24,000           |
| Interest expense                            | (2,570)          | (2,641)          | (7,614)            | (7,584)          |
| Other, net                                  | 259              | 195              | 461                | 884              |
| Income (loss) before income taxes           | 16,799           | 14,384           | (9,856)            | 17,300           |
| Income tax (expense) benefit                | (4,958)          | (3,631)          | (5,926)            | 2,536            |
| Net income (loss)                           | <u>\$ 11,841</u> | <u>\$ 10,753</u> | <u>\$ (15,782)</u> | <u>\$ 19,836</u> |
| Income (loss) per common share, basic       | \$ 0.36          | \$ 0.31          | \$ (0.48)          | \$ 0.57          |
| Income (loss) per common share, diluted     | \$ 0.36          | \$ 0.31          | \$ (0.48)          | \$ 0.56          |
| Weighted average common shares outstanding: |                  |                  |                    |                  |
| Basic                                       | 32,899           | 34,840           | 32,984             | 34,766           |
| Diluted                                     | 33,162           | 35,120           | 32,984             | 35,125           |
| Cash dividends per share                    | \$ 0.08          | \$ 0.04          | \$ 0.24            | \$ 0.12          |

(1) Updated to reflect adoption of ASU 2017-07.

**QUANEX BUILDING PRODUCTS CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

*(In thousands)*  
*(Unaudited)*

|  | <u>July 31, 2019</u> | <u>October 31, 2018</u><br><u>(1)</u> |
|--|----------------------|---------------------------------------|
| <b>ASSETS</b>                                |                      |                                       |
| Current assets:                              |                      |                                       |
| Cash and cash equivalents                    | \$ 10,651            | \$ 29,003                             |
| Accounts receivable, net                     | 82,302               | 84,014                                |
| Inventories, net                             | 84,762               | 70,730                                |
| Prepaid and other current assets             | 8,270                | 7,296                                 |
| Total current assets                         | <u>185,985</u>       | <u>191,043</u>                        |
| Property, plant and equipment, net           | 190,447              | 201,370                               |
| Goodwill                                     | 186,829              | 219,627                               |
| Intangible assets, net                       | 108,620              | 121,919                               |
| Other assets                                 | 8,183                | 9,255                                 |
| Total assets                                 | <u>\$ 680,064</u>    | <u>\$ 743,214</u>                     |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                      |                                       |
| Current liabilities:                         |                      |                                       |
| Accounts payable                             | \$ 52,602            | \$ 52,389                             |
| Accrued liabilities                          | 30,056               | 45,968                                |
| Income taxes payable                         | 3,101                | 2,780                                 |
| Current maturities of long-term debt         | 871                  | 1,224                                 |
| Total current liabilities                    | <u>86,630</u>        | <u>102,361</u>                        |
| Long-term debt                               | 191,109              | 209,332                               |
| Deferred pension and postretirement benefits | 6,580                | 4,218                                 |
| Deferred income taxes                        | 19,051               | 17,510                                |
| Other liabilities                            | 15,344               | 14,571                                |
| Total liabilities                            | <u>318,714</u>       | <u>347,992</u>                        |
| Stockholders' equity:                        |                      |                                       |
| Common stock                                 | 374                  | 374                                   |
| Additional paid-in-capital                   | 254,053              | 254,678                               |

|  |                   |                   |
|--|-------------------|-------------------|
| Retained earnings                          | 219,340           | 243,904           |
| Accumulated other comprehensive loss       | (38,274)          | (30,705)          |
| Treasury stock at cost                     | (74,143)          | (73,029)          |
| Total stockholders' equity                 | <u>361,350</u>    | <u>395,222</u>    |
| Total liabilities and stockholders' equity | <u>\$ 680,064</u> | <u>\$ 743,214</u> |

(1) Updated to reflect accounting change to FIFO cost method.

**QUANEX BUILDING PRODUCTS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW**  
*(In thousands)*  
*(Unaudited)*

|  | <b>Nine Months Ended July 31,</b> |                  |
|--|-----------------------------------|------------------|
|  | <b>2019</b>                       | <b>2018</b>      |
| <b>Operating activities:</b>   |                                   |                  |
| Net (loss) income  | \$ (15,782)                       | \$ 19,836        |
| Adjustments to reconcile net (loss) income to cash provided by operating activities: |                                   |                  |
| Depreciation and amortization  | 37,158                            | 39,274           |
| Stock-based compensation   | 1,424                             | 1,002            |
| Deferred income tax  | 1,930                             | (5,788)          |
| Asset impairment charges   | 29,978                            | -                |
| Other, net   | 1,724                             | 404              |
| Changes in assets and liabilities:   |                                   |                  |
| Decrease (increase) in accounts receivable   | 323                               | (1,247)          |
| (Increase) decrease in inventory   | (14,747)                          | 310              |
| Increase in other current assets   | (1,022)                           | (1,242)          |
| Increase in accounts payable   | 1,562                             | 1,161            |
| Decrease in accrued liabilities  | (15,366)                          | (7,565)          |
| Increase in income taxes payable   | 396                               | 231              |
| Increase in deferred pension and postretirement benefits                             | 2,351                             | 2,179            |
| (Decrease) increase in other long-term liabilities                                   | (143)                             | 210              |
| Other, net   | 250                               | (312)            |
| Cash provided by operating activities  | <u>30,036</u>                     | <u>48,453</u>    |
| <b>Investing activities:</b>   |                                   |                  |
| Capital expenditures   | (16,984)                          | (21,098)         |
| Proceeds from disposition of capital assets  | 315                               | 260              |
| Cash used for investing activities   | <u>(16,669)</u>                   | <u>(20,838)</u>  |
| <b>Financing activities:</b>   |                                   |                  |
| Borrowings under credit facilities   | 66,500                            | 33,500           |
| Repayments of credit facility borrowings   | (84,000)                          | (62,750)         |
| Repayments of other long-term debt   | (1,102)                           | (1,394)          |
| Common stock dividends paid  | (7,990)                           | (4,202)          |
| Issuance of common stock   | 2,710                             | 3,767            |
| Payroll tax paid to settle shares forfeited upon vesting of stock                    | (330)                             | (960)            |
| Purchase of treasury stock   | (6,336)                           | -                |
| Cash used for financing activities   | <u>(30,548)</u>                   | <u>(32,039)</u>  |
| Effect of exchange rate changes on cash and cash equivalents                         | (1,171)                           | (631)            |
| Decrease in cash and cash equivalents  | <u>(18,352)</u>                   | <u>(5,055)</u>   |
| Cash and cash equivalents at beginning of period                                     | 29,003                            | 17,455           |
| Cash and cash equivalents at end of period   | <u>\$ 10,651</u>                  | <u>\$ 12,400</u> |





|                                     | Income Statement |         | Reconciling Items |             | Income Statement |         | Reconciling Items |           | Income Statement |          | Reconciling Items |              |
|-------------------------------------|------------------|---------|-------------------|-------------|------------------|---------|-------------------|-----------|------------------|----------|-------------------|--------------|
| Net sales                           | \$               | 238,461 | \$                | -           | \$               | 239,821 | \$                | -         | \$               | 653,472  | \$                | -            |
| Cost of sales                       |                  | 181,357 |                   | -           |                  | 185,811 |                   | -         |                  | 511,292  |                   | -            |
| Selling, general and administrative |                  | 25,718  |                   | (1,401) (1) |                  | 24,246  |                   | (784) (1) |                  | 77,466   |                   | (3,518) (1)  |
| Restructuring charges               |                  | 94      |                   | (94) (2)    |                  | 243     |                   | (243) (2) |                  | 281      |                   | (281) (2)    |
| Asset impairment charges            |                  | -       |                   | -           |                  | -       |                   | -         |                  | 29,978   |                   | (29,978) (3) |
| EBITDA                              |                  | 31,292  |                   | 1,495       |                  | 29,521  |                   | 1,027     |                  | 34,455   |                   | 33,777       |
| Depreciation and amortization       |                  | 12,182  |                   | -           |                  | 12,691  |                   | -         |                  | 37,158   |                   | -            |
| Operating income (loss)             |                  | 19,110  |                   | 1,495       |                  | 16,830  |                   | 1,027     |                  | (2,703)  |                   | 33,777       |
| Interest expense                    |                  | (2,570) |                   | -           |                  | (2,641) |                   | -         |                  | (7,614)  |                   | -            |
| Other, net                          |                  | 259     |                   | (112) (5)   |                  | 195     |                   | 79 (5)    |                  | 461      |                   | (67) (5)     |
| Income (loss) before income taxes   |                  | 16,799  |                   | 1,383       |                  | 14,384  |                   | 1,106     |                  | (9,856)  |                   | 33,710       |
| Income tax (expense) benefit        |                  | (4,958) |                   | 426 (6)     |                  | (3,631) |                   | (278) (6) |                  | (5,926)  |                   | (115) (6)    |
| Net income (loss)                   | \$               | 11,841  | \$                | 1,809       | \$               | 10,753  | \$                | 828       | \$               | (15,782) | \$                | 33,595       |
| Diluted (loss) earnings per share   | \$               | 0.36    | \$                | 0.31        | \$               | 0.31    | \$                | (0.48)    | \$               | 0.56     | \$                | 0.56         |

(1) Transaction and advisory fees, \$1.2 million of executive severance charges in the three and nine months ended July 31, 2019, and in the nine months ended July 31, 2019, \$1.2 million of severance related to a reorganization.

(2) Restructuring charges relate to the closure of several manufacturing plant facilities.

(3) Asset impairment charges relate to a goodwill impairment in the North American Cabinet Components segment.

(4) Accelerated depreciation for plant re-layout in the North American Cabinet Components segment.

(5) Foreign currency transaction (gains) losses.

(6) Impact on a with and without basis. Three and nine months ended July 31, 2019 include \$0.8 million and \$0.6 million of tax expense adjustment, respectively, and nine months ended July 31, 2018 includes \$6.5 million of tax benefit adjustment related to the Tax Cuts and Jobs Act.

**QUANEX BUILDING PRODUCTS CORPORATION**  
**SELECTED SEGMENT DATA**  
*(In thousands)*  
*(Unaudited)*

This table provides operating income (loss), EBITDA, and Adjusted EBITDA by reportable segment. Non-operating expense and income tax expense are not allocated to the reportable segments.

|   | NA Fenestration (1) | EU Fenestration (1) | NA Cabinet Components | Unallocated Corp & Other | Total     |
|---|---------------------|---------------------|-----------------------|--------------------------|-----------|
| <b>Three months ended July 31, 2019</b> |                     |                     |                       |                          |           |
| Net sales                               | \$ 136,259          | \$ 44,326           | \$ 58,689             | \$ (813)                 | \$238,461 |
| Cost of sales                           | 101,693             | 30,708              | 49,389                | (433)                    | 181,357   |
| Selling, general and administrative     | 11,950              | 6,038               | 4,484                 | 3,246                    | 25,718    |
| Restructuring charges                   | 94                  | -                   | -                     | -                        | 94        |
| Depreciation and amortization           | 6,578               | 2,213               | 3,258                 | 133                      | 12,182    |
| Operating income (loss)                 | 15,944              | 5,367               | 1,558                 | (3,759)                  | 19,110    |
| Depreciation and amortization           | 6,578               | 2,213               | 3,258                 | 133                      | 12,182    |
| EBITDA                                  | 22,522              | 7,580               | 4,816                 | (3,626)                  | 31,292    |

|                               |                  |                 |                 |                   |                  |
|-------------------------------|------------------|-----------------|-----------------|-------------------|------------------|
| Transaction and advisory fees | -                | -               | -               | 250               | 250              |
| Severance charges             | -                | -               | -               | 1,151             | 1,151            |
| Restructuring charges         | 94               | -               | -               | -                 | 94               |
| Adjusted EBITDA               | <u>\$ 22,616</u> | <u>\$ 7,580</u> | <u>\$ 4,816</u> | <u>\$ (2,225)</u> | <u>\$ 32,787</u> |
| Adjusted EBITDA Margin %      | 16.6%            | 17.1%           | 8.2%            |                   | 13.7%            |

### Three months ended July 31, 2018 (2)

|  |                  |                 |                 |                   |                  |
|--|------------------|-----------------|-----------------|-------------------|------------------|
| Net sales  | \$ 133,397       | \$ 42,661       | \$ 65,114       | \$ (1,351)        | \$ 239,821       |
| Cost of sales                                      | 101,179          | 30,840          | 54,776          | (984)             | 185,811          |
| Selling, general and administrative <sup>(3)</sup> | 12,525           | 5,292           | 3,280           | 3,149             | 24,246           |
| Restructuring charges                              | 240              | -               | 3               | -                 | 243              |
| Depreciation and amortization                      | 6,741            | 2,352           | 3,432           | 166               | 12,691           |
| Operating income (loss)                            | 12,712           | 4,177           | 3,623           | (3,682)           | 16,830           |
| Depreciation and amortization                      | 6,741            | 2,352           | 3,432           | 166               | 12,691           |
| EBITDA   | 19,453           | 6,529           | 7,055           | (3,516)           | 29,521           |
| Transaction and advisory fees                      | -                | -               | -               | 784               | 784              |
| Restructuring charges                              | 240              | -               | 3               | -                 | 243              |
| Adjusted EBITDA                                    | <u>\$ 19,693</u> | <u>\$ 6,529</u> | <u>\$ 7,058</u> | <u>\$ (2,732)</u> | <u>\$ 30,548</u> |
| Adjusted EBITDA Margin %                           | 14.8%            | 15.3%           | 10.8%           |                   | 12.7%            |

### Nine months ended July 31, 2019

|                                     |                  |                  |                  |                   |                  |
|-------------------------------------|------------------|------------------|------------------|-------------------|------------------|
| Net sales                           | \$ 360,654       | \$ 121,203       | \$ 175,377       | \$ (3,762)        | \$ 653,472       |
| Cost of sales                       | 278,877          | 84,139           | 150,944          | (2,668)           | 511,292          |
| Selling, general and administrative | 37,240           | 17,444           | 13,914           | 8,868             | 77,466           |
| Restructuring charges               | 281              | -                | -                | -                 | 281              |
| Depreciation and amortization       | 20,208           | 6,669            | 9,902            | 379               | 37,158           |
| Asset impairment charges            | -                | -                | 29,978           | -                 | 29,978           |
| Operating income (loss)             | 24,048           | 12,951           | (29,361)         | (10,341)          | (2,703)          |
| Depreciation and amortization       | 20,208           | 6,669            | 9,902            | 379               | 37,158           |
| EBITDA                              | 44,256           | 19,620           | (19,459)         | (9,962)           | 34,455           |
| Asset impairment charges            | -                | -                | 29,978           | -                 | 29,978           |
| Transaction and advisory fees       | -                | -                | -                | 1,217             | 1,217            |
| Severance charges                   | -                | -                | -                | 2,301             | 2,301            |
| Restructuring charges               | 281              | -                | -                | -                 | 281              |
| Adjusted EBITDA                     | <u>\$ 44,537</u> | <u>\$ 19,620</u> | <u>\$ 10,519</u> | <u>\$ (6,444)</u> | <u>\$ 68,232</u> |
| Adjusted EBITDA Margin %            | 12.3%            | 16.2%            | 6.0%             |                   | 10.4%            |

### Nine months ended July 31, 2018 (2)

|  |                  |                  |                  |                   |                  |
|--|------------------|------------------|------------------|-------------------|------------------|
| Net sales  | \$ 350,280       | \$ 115,481       | \$ 183,705       | \$ (3,767)        | \$ 645,699       |
| Cost of sales                                      | 269,660          | 83,261           | 159,128          | (2,692)           | 509,357          |
| Selling, general and administrative <sup>(3)</sup> | 39,371           | 16,798           | 12,368           | 3,680             | 72,217           |
| Restructuring charges                              | 728              | -                | 123              | -                 | 851              |
| Depreciation and amortization                      | 20,561           | 7,328            | 10,957           | 428               | 39,274           |
| Operating income (loss)                            | 19,960           | 8,094            | 1,129            | (5,183)           | 24,000           |
| Depreciation and amortization                      | 20,561           | 7,328            | 10,957           | 428               | 39,274           |
| EBITDA   | 40,521           | 15,422           | 12,086           | (4,755)           | 63,274           |
| Transaction related costs                          | -                | -                | -                | 798               | 798              |
| Restructuring charges                              | 728              | -                | 123              | -                 | 851              |
| Adjusted EBITDA                                    | <u>\$ 41,249</u> | <u>\$ 15,422</u> | <u>\$ 12,209</u> | <u>\$ (3,957)</u> | <u>\$ 64,923</u> |
| Adjusted EBITDA Margin %                           | 11.8%            | 13.4%            | 6.6%             |                   | 10.1%            |

(1) NA Fenestration and EU Fenestration were previously named "NA Engineered Components" and "EU Engineered Components," respectively.

(2) Updated to reflect the adoption of ASU 2017-07.

(3) Updated to reflect a reduction in corporate allocations of \$1.2 million and \$2.1 million during the three and nine months ended July 31, 2018 due to a change in allocation methodology during the fourth quarter of 2018.

**QUANEX BUILDING PRODUCTS CORPORATION**  
**SALES ANALYSIS**

*(In thousands)*  
*(Unaudited)*

|   | <b>Three Months Ended</b> |                          | <b>Nine Months Ended</b> |                          |
|---|---------------------------|--------------------------|--------------------------|--------------------------|
|   | <u><b>July 31,</b></u>    | <u><b>July 31,</b></u>   | <u><b>July 31,</b></u>   | <u><b>July 31,</b></u>   |
|   | <u><b>2019</b></u>        | <u><b>2018</b></u>       | <u><b>2019</b></u>       | <u><b>2018</b></u>       |
| <b>NA Fenestration:</b>                   |                           |                          |                          |                          |
| United States - fenestration              | \$ 119,481                | \$ 112,914               | \$ 312,509               | \$ 297,700               |
| International - fenestration              | 7,172                     | 11,851                   | 23,474                   | 27,758                   |
| United States - non-fenestration          | 3,982                     | 4,675                    | 12,290                   | 13,518                   |
| International - non-fenestration          | 5,624                     | 3,957                    | 12,381                   | 11,304                   |
|   | <u>\$ 136,259</u>         | <u>\$ 133,397</u>        | <u>\$ 360,654</u>        | <u>\$ 350,280</u>        |
| <b>EU Fenestration <sup>(1)</sup>:</b>    |                           |                          |                          |                          |
| International - fenestration              | \$ 36,342                 | \$ 34,881                | \$ 102,038               | \$ 97,597                |
| International - non-fenestration          | 7,984                     | 7,780                    | 19,165                   | 17,884                   |
|   | <u>\$ 44,326</u>          | <u>\$ 42,661</u>         | <u>\$ 121,203</u>        | <u>\$ 115,481</u>        |
| <b>NA Cabinet Components:</b>             |                           |                          |                          |                          |
| United States - fenestration              | \$ 3,561                  | \$ 3,650                 | \$ 9,909                 | \$ 10,500                |
| United States - non-fenestration          | 54,512                    | 60,843                   | 163,694                  | 171,547                  |
| International - non-fenestration          | 616                       | 621                      | 1,774                    | 1,658                    |
|   | <u>\$ 58,689</u>          | <u>\$ 65,114</u>         | <u>\$ 175,377</u>        | <u>\$ 183,705</u>        |
| <b>Unallocated Corporate &amp; Other:</b> |                           |                          |                          |                          |
| Eliminations                              | \$ (813)                  | \$ (1,351)               | \$ (3,762)               | \$ (3,767)               |
|   | <u>\$ (813)</u>           | <u>\$ (1,351)</u>        | <u>\$ (3,762)</u>        | <u>\$ (3,767)</u>        |
| <b>Net Sales</b>                          | <u><u>\$ 238,461</u></u>  | <u><u>\$ 239,821</u></u> | <u><u>\$ 653,472</u></u> | <u><u>\$ 645,699</u></u> |

(1) Reflects reductions of \$2.1 million and \$6.5 million in revenue associated with foreign currency exchange rate impacts for the three and nine months ended July 31, 2019.