

Quanex Building Products Corporation Fiscal Third Quarter 2009 Results

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Company Experienced Healthy Pickup in Seasonal Demand

\$0.22 Diluted EPS from Continuing Operations

\$100 Million Cash and Equivalents Balance

Raised Guidance for the Fiscal Fourth Quarter

HOUSTON, Sept. 1, 2009 (GLOBE NEWSWIRE) -- Quanex Building Products Corporation (NYSE:NX) today reported fiscal third quarter 2009 results for the period ending July 31. With net sales of \$164.0 million, Quanex reported income from continuing operations of \$8.1 million, which included \$2.3 million of LIFO income primarily associated with its Aluminum Sheet Products group. Earnings from continuing operations were \$0.22 per diluted share, which included \$0.04 per diluted share of LIFO income. The Company reported that a better than expected pickup in seasonal demand at its two operating groups, Engineered Products and Aluminum Sheet Products, together with an improved aluminum spread (sales less material costs), bolstered financial results.

Quarterly Highlights

- * Net sales were \$164.0 million.
- * Operating income was \$12.4 million.
- * Cash and equivalents totaled \$99.9 million.
- * Capital expenditures were \$12.8 million.
- * Cash provided by operating activities was \$32.6 million for the nine months.

Quarterly Commentary

ENGINEERED PRODUCTS (in millions)

	3rd qtr 2009	3rd qtr 2008
Net sales	\$ 93.4	\$ 115.3
Operating income	\$ 11.2	\$ 12.6

Engineered Products is focused on providing leading OEM window and door customers with value-added fenestration components, products, and systems. Key market drivers are U.S. residential housing starts and remodeling activity.

"The U.S. residential housing market dropped 42% in our third quarter compared to a year ago, while residential remodeling activity was estimated to be off about 15%," said David D. Petratis, president and chief executive officer of Quanex Building Products. "The Engineered Products segment outperformed the market with third quarter sales down 19% from the year ago period, and we believe some key OEM window and door customers picked up market share. Our sales improved throughout the quarter as the much awaited seasonal pick-up in residential building activity finally arrived, and that demand was better than we had originally forecasted. The segment's operating income was a respectable \$11.2 million, the result of higher volumes and continuing to operate the businesses in a very lean manner. While we expect this seasonal improvement to benefit Engineered Products' fourth quarter operating results, we remain cautious about the health of the overall market as both new and existing home inventories remain at high levels. As we have done all year, we will continue to size our business and inventories at conservative levels."

ALUMINUM SHEET PRODUCTS (in millions)

	3rd qtr 2009	3rd qtr 2008
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Net sales	-----	-----
	\$ 74.3	\$ 130.5
Operating income	\$ 3.5	\$ 12.1
Shipped pounds	65	74

Aluminum Sheet Products is a leading provider of common alloy aluminum sheet products for the building & construction, transportation and other consumer durable markets. Key market drivers are U.S. residential housing starts and remodeling activity.

"London Metal Exchange (LME) aluminum prices in the quarter finally showed meaningful improvement after hitting an inflation adjusted low of \$0.57 per pound during the second quarter, climbing back to over \$0.80 per pound by the end of the third quarter. Our aluminum spread had a significant recovery in the third quarter too, up 56% compared to the second quarter. However, spread is still off 26% from the third quarter last year," Petratis said. "We shipped 65 million pounds of finished aluminum sheet in the quarter, down only 12% from the year ago quarter, and up an impressive 49% from the second quarter. Healthy seasonal demand, customers' selectively restocking inventory and our taking advantage of some short lead time sales opportunities contributed to the improved shipments. For the segment's fourth quarter, we expect to report even higher shipments with spread essentially unchanged from the third quarter."

Cash Position

"At quarter end, we had a cash balance of \$100 million," Petratis said. "Generating healthy cash flows while limiting our spending remain top priorities for us. Cash from operations for the nine months ended fiscal 2009 was \$32.6 million."

Business Outlook

"We believe that high unemployment, large inventories of homes for sale, shaky consumer confidence and troubling rates of home foreclosures will continue to negatively impact our outlook for the next twelve months. However, on a more optimistic note, we do believe that both new home construction and remodeling activity have finally bottomed. Because we are uncertain as to how long our end markets will remain at today's depressed levels, we will continue to operate our businesses with minimal levels of materials and reduced staffs," said Petratis. "This uncertainty carries through to our inability to precisely estimate segment operating income for our fourth quarter. At this time, we expect Engineered Products to report \$8 million to \$10 million of pre-tax income, and Aluminum Sheet Products to report \$4 million to \$6 million of pre-tax income in the fourth quarter. These estimates exclude corporate expenses. For Quanex Building Products, we continue to expect a loss for fiscal 2009, excluding impairment charges and LIFO amounts."

Non-GAAP Financial Measures

Income from Continuing Operations Excluding LIFO

Income from continuing operations excluding LIFO is a non-GAAP financial measure. The Company believes this non-GAAP financial measure provides a consistent basis for comparison between quarters and enhances the understanding of the performance of its operations.

Set forth below is a reconciliation of reported income from continuing operations and reported diluted earnings per share from continuing operations to income from continuing operations excluding LIFO and diluted earnings per share from continuing operations excluding LIFO. We believe these non-GAAP financial measures provide a consistent basis for comparison between quarters, and enhance the understanding of the performance of our operations as they are not influenced by certain costs incurred during the periods that are believed to be special and related to specific, infrequent items. The Company does not intend for this information to be considered in isolation or as a substitute for other measures prepared in accordance with GAAP.

(in millions except diluted EPS)	Three months ended July 31,			
	2009		2008	
	Income	Diluted EPS	Income	Diluted EPS
Income (loss) from continuing operations, as reported	\$ 8.1	\$ 0.22	\$ 8.8	\$ 0.24
LIFO charge (income)	(1.4)	(0.04)	3.3	0.08
Income (loss) from continuing operations, excluding LIFO	\$ 6.7	\$ 0.18	\$ 12.1	\$ 0.32
Diluted weighted average common shares outstanding (in thousands)	37,581		37,509	

Dividend Declared

The Board of Directors declared a quarterly cash dividend of \$0.03 per share on the Company's common stock, payable September 30, 2009, to shareholders of record on September 15, 2009.

Corporate Profile

Quanex Building Products Corporation is an industry-leading manufacturer of engineered materials, components and systems serving the U.S. residential window and door markets. It is an ROIC-driven company that grows shareholder returns through a combination of organic growth via new products and programs, and strategic acquisitions.

The Quanex Building Products Corporation logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=1117>

Financial Statistics as of 07/31/09

Book value per common share: \$10.89; Total debt to capitalization: 0.6%; Actual number of common shares outstanding: 37,650,312.

Definitions

Book value per common share -- calculated as total stockholders' equity as of balance sheet date divided by actual number of common shares outstanding;

Total debt to capitalization -- calculated as the sum of both the current and long term portion of debt, as of balance sheet date, divided by the sum of both the current and long term portion of debt plus total stockholders' equity as of balance sheet date;

Statements that use the words "expect," "should," "believe," "will," "might," or similar words reflecting future expectations or beliefs are forward-looking statements. The statements found 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 10-K filing on December 18, 2008, under the Securities Exchange Act of 1934, in particular the section titled, "Private Securities Litigation Reform Act" contained therein.

For additional information, visit the Company's website at www.quanex.com.

QUANEX BUILDING PRODUCTS CORPORATION
INDUSTRY SEGMENT INFORMATION
(In thousands)
(Unaudited)

Three months ended July 31,			Nine months ended July 31,	
2009	2008		2009	2008
Net Sales:				
\$ 93,352	\$ 115,261	Engineered Products	\$ 223,419	\$ 295,031
74,254	130,540	Aluminum Sheet	175,419	340,889
-----	-----	Products	-----	-----
167,606	245,801	Building Products	398,838	635,920
(3,629)	(5,463)	Eliminations	(8,767)	(13,332)
-----	-----		-----	-----
\$ 163,977	\$ 240,338	Net Sales	\$ 390,071	\$ 622,588
=====	=====		=====	=====
Operating Income*:				
\$ 11,229	\$ 12,590	Engineered Products	\$(156,521)	\$ 19,781
3,467	12,110	Aluminum Sheet	(36,295)	27,695
-----	-----	Products	-----	-----
14,696	24,700	Building Products	(192,816)	47,476
(2,267)	(10,328)	Corporate and Other	(7,535)	(50,493)
-----	-----		-----	-----
\$ 12,429	\$ 14,372	Operating Income	\$(200,351)	\$ (3,017)
=====	=====	(Loss)	=====	=====

* Operating income reflects non-cash impairment charge of \$182,562:

Nine Months Ended July 31, 2009	
----- (In thousands)	
Engineered Products	\$ (162,173)
Aluminum Sheet Products	(20,389)

Total impairment loss	\$ (182,562)
	=====

QUANEX BUILDING PRODUCTS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

Three months ended

Nine months ended

July 31,			July 31,	
2009	2008		2009	2008
\$ 163,977	\$ 240,338	Net sales	\$ 390,071	\$ 622,588
		Cost of sales		
		(exclusive of items		
		shown separately		
129,009	200,443	below)	340,060	518,296
		Selling, general and		
		administrative		
14,532	17,002	expense	43,159	80,682
		Impairment of goodwill		
--	--	and intangibles	182,562	--
		Depreciation and		
8,007	8,521	amortization	24,641	26,627
		Operating income		
12,429	14,372	(loss)	(200,351)	(3,017)
(129)	(118)	Interest expense	(360)	(356)
28	326	Other, net	327	4,876
		Income (loss) from		
		continuing operations		
12,328	14,580	before income taxes	(200,384)	1,503
		Income tax benefit		
(4,191)	(5,762)	(expense)	47,962	(609)
		Income (loss) from		
		continuing operations	(152,422)	894
		Income (loss) from		
		discontinued		
		operations, net of		
--	--	taxes	--	5,675
\$ 8,137	\$ 8,818	Net income (loss)	\$(152,422)	\$ 6,569
=====	=====		=====	=====
		Basic earnings per		
		common share:		
		Earnings (loss) from		
		continuing		
\$ 0.22	\$ 0.24	operations	\$ (4.08)	\$ 0.02
		Income (loss) from		
		discontinued		
\$ --	\$ --	operations	\$ --	\$ 0.16
		Basic earnings (loss)		
\$ 0.22	\$ 0.24	per common share	\$ (4.08)	\$ 0.18
		Diluted earnings per		
		common share:		
		Earnings (loss) from		
		continuing		
\$ 0.22	\$ 0.24	operations	\$ (4.08)	\$ 0.02
		Income (loss) from		
		discontinued		
\$ --	\$ --	operations	\$ --	\$ 0.15
		Diluted earnings		
\$ 0.22	\$ 0.24	(loss) per share	\$ (4.08)	\$ 0.17

Weighted average common

		shares outstanding:		
37,335	37,333	Basic	37,334	37,255
37,581	37,509	Diluted	37,334	38,896

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

July 31, 2009		October 31, 2008

	Assets	
\$ 99,896	Cash and equivalents	\$ 67,413
71,354	Accounts receivable, net	101,211
40,107	Inventories, net	63,848
8,904	Deferred income taxes	10,932
5,299	Other current assets	6,239

225,560	Total current assets	249,643
146,584	Property, plant and equipment, net	157,389
54,699	Deferred income taxes	3,875
25,189	Goodwill	196,338
48,112	Intangible assets, net	62,476
10,088	Other assets	11,126

\$ 510,232	Total assets	\$ 680,847
=====		
	Liabilities and stockholders' equity	
\$ 54,041	Accounts payable	\$ 79,512
26,621	Accrued liabilities	38,316
323	Current maturities of long-term debt	363

80,985	Total current liabilities	118,191
1,945	Long-term debt	2,188
1,960	Non-current environmental reserves	2,485
15,471	Other liabilities	10,155

100,361	Total liabilities	133,019
409,871	Total stockholders' equity	547,828

\$ 510,232	Total liabilities and stockholders' equity	\$ 680,847
=====		

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

	Nine months ended July 31,	
	2009	2008
	-----	-----
Operating activities:		
Net income (loss)	\$ (152,422)	\$ 6,569
Income from discontinued operations	--	(5,675)
	-----	-----
Net income from continuing operations	(152,422)	894
Adjustments to reconcile net income (loss) to cash provided by operating activities:		

Depreciation and amortization	24,692	26,648
Impairment of goodwill and intangibles	182,562	--
Deferred income taxes	(30,496)	2,891
Stock-based compensation	2,328	25,504
	-----	-----
	26,664	55,937
Changes in assets and liabilities, net of effects from acquisitions, dispositions and the Separation:		
Decrease (Increase) in accounts receivable	28,112	(19,147)
Decrease (Increase) in inventory	23,749	(6,337)
Decrease (Increase) in other current assets	(105)	820
Increase (Decrease) in accounts payable	(25,506)	3,461
Increase (Decrease) in accrued liabilities	(6,864)	(1,840)
Increase (Decrease) in income taxes	(18,900)	3,774
Other, net	5,473	(2,741)
	-----	-----
Cash provided by (used for) operating activities from continuing operations	32,623	33,927
Cash provided by (used for) operating activities from discontinued operations	--	25,127
	-----	-----
Cash provided by (used for) operating activities	32,623	59,054
	-----	-----
Investing activities:		
Capital expenditures, net of retirements	(12,813)	(11,529)
Proceeds from property insurance claims settlement	1,000	--
Other, net	--	(23)
	-----	-----
Cash provided by (used for) investing activities from continuing operations	(11,813)	(11,552)
Cash provided by (used for) investing activities from discontinued operations	--	34,113
	-----	-----
Cash provided by (used for) investing activities	(11,813)	22,561
	-----	-----
Financing activities:		
Repayments of long-term debt	(361)	(1,464)
Common dividends paid	(3,390)	(1,128)
Funding from Separation	15,401	32,735
Other, net	(10)	(293)
	-----	-----
Cash provided by (used for) financing activities from continuing operations	11,640	29,850
Cash provided by (used for) financing activities from discontinued operations	--	(46,183)
	-----	-----
Cash provided by (used for) financing activities	11,640	(16,333)
	-----	-----
Effect of exchange rate changes on cash and equivalents	33	(71)
LESS: (Increase) Decrease in cash and equivalents from discontinued		

operations	--	(13,057)
	-----	-----
Increase (Decrease) in cash and equivalents from continuing operations	32,483	52,154
Beginning of period cash and equivalents	67,413	1,778
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End of period cash and equivalents	\$ 99,896	\$ 53,932
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