

Quanex Building Products Announces Fourth Quarter and Fiscal Year 2017 Results

Over \$45 Million of Bank Debt Paid Down in 2017 Growth and Margin Expansion Expected in 2018

HOUSTON, TEXAS – December 11, 2017 - [Quanex Building Products Corporation](#) (NYSE:NX) (“Quanex” or the “Company”) today announced its results for the quarter and fiscal year ended October 31, 2017.

Bill Griffiths, Chairman, President and Chief Executive Officer, commented, “Fiscal 2017 was a year with a lot of moving parts related to eliminating low margin business from the portfolio, consolidating facilities and redeploying assets; however, we are now well positioned for growth and margin expansion in 2018. The hurricanes that hit Texas and Florida in August and September created some softness and inefficiencies during the fourth quarter, mostly in our North American Cabinet Components segment, but we anticipate incremental demand for our products in the coming months and years as rebuilding efforts continue. Looking past the noise, the underlying growth rate for our legacy fenestration business in the U.S. was 6.1% in fiscal 2017, which is more than double Ducker’s latest window shipment estimate of 2.9% growth for the twelve months ended September 30, 2017. Free cash flow continued to be strong in fiscal 2017, which allowed us to repay more than \$45 million of bank debt. Looking ahead, we will continue to focus on generating cash and deleveraging the balance sheet.”

Fourth Quarter and Fiscal Year 2017 Results Summary

Quanex reported the following selected financial results:

| | Three Months Ended October 31, | | Twelve Months Ended October 31, | |
|----------------------|--------------------------------|---------|---------------------------------|----------|
| | 2017 | 2016 | 2017 | 2016 |
| Net Sales | \$233.0 | \$249.2 | \$866.6 | \$928.2 |
| Net Income (loss) | \$10.7 | \$5.4 | \$18.7 | (\$1.9) |
| Diluted EPS | \$0.31 | \$0.16 | \$0.54 | (\$0.05) |
| Adjusted Net Income | \$13.1 | \$15.7 | \$27.0 | \$27.7 |
| Adjusted Diluted EPS | \$0.37 | \$0.45 | \$0.77 | \$0.82 |
| Adjusted EBITDA | \$33.3 | \$34.6 | \$99.0 | \$110.3 |

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

The decreases in net sales were largely driven by the Company’s decision to exit business that does not meet its financial objectives. (See Sales Analysis table for additional information)

The decreases in adjusted earnings were primarily attributable to lower volumes and short-term inefficiencies related to transitioning away from less profitable business throughout the year coupled with the impact of hurricanes in the U.S. during the fourth quarter. (See Non-GAAP Terminology Definitions and Disclaimers section, Non-GAAP Financial Measure Disclosure table and Selected Segment Data table for additional information)

As of October 31, 2017, Quanex's leverage ratio of Net Debt to LTM Adjusted EBITDA was 2.3x. The Company remains focused on generating Free Cash Flow to pay down debt and expects to end fiscal 2018 with a leverage ratio below 2.0x. (See Non-GAAP Terminology Definitions and Disclaimers section for additional information)

Business Update

Quanex divested its non-core wood flooring business, Owens Flooring, on October 31, 2017. Owens Flooring contributed \$9.4 million of revenue and net income of less than \$0.1 million, excluding the loss on the sale of the plant, in fiscal 2017.

Outlook

Bill Griffiths, Chairman, President and Chief Executive Officer, stated, "We continue to be encouraged by the macro indicators that impact our business and believe this housing cycle has several years to run at low-to-mid single-digit growth rates for Quanex as a whole. In fact, after adjusting for the foreign exchange impact, the divestiture of the wood flooring business and other business we consciously shed, the consolidated business grew at 4.4% in 2017. We anticipate a similar growth rate in 2018. As a result, we expect to generate net sales of \$890 million to \$900 million and Adjusted EBITDA* of \$103 million to \$108 million."

*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.

Conference Call and Webcast Information

The Company has scheduled a conference call for Tuesday, December 12, 2017, 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 5996538, 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 December 19, 2017. To access the replay dial (855) 859-2056 for domestic callers and (404) 537-3406 for international callers, in both cases referencing conference passcode 5996538.

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.

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, gain/loss on the sale of fixed assets, one-time employee benefit adjustment, restructuring charges, adjustments related to accelerated depreciation and amortization for restructured PP&E and intangible assets, interest expense adjustments related to the write off of deferred loan costs, unamortized original issuance discount and prepayment call premium related to debt refinance, 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, gain/loss on the sale of fixed assets, one-time employee benefit adjustment and restructuring charges) are non-GAAP financial measures that the Company uses to measure operational performance and assist with financial decision-making. 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 Quanex believes is useful to investors and financial analysts in evaluating the Company's leverage. In addition, with certain limited adjustments, this leverage ratio is the basis for a key covenant in Quanex's credit agreement. Free Cash Flow is a non-GAAP measure calculated using cash provided by operating activities less capital expenditures. Quanex believes that the presented non-GAAP measures provide a consistent basis for comparison between periods, and will assist investors in understanding the Company'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. Quanex 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, 2016, 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 INCOME (LOSS)

(In thousands, except per share data)
(Unaudited)

| | Three Months Ended October 31, | | Twelve Months Ended October 31, | |
|---|--------------------------------|------------------------|---------------------------------|--------------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net sales | \$ 232,959 | \$ 249,171 | \$ 866,555 | \$ 928,184 |
| Cost of sales | 178,325 | 188,168 | 672,162 | 710,644 |
| Selling, general and administrative | 23,142 | 26,480 | 97,981 | 114,910 |
| Restructuring charges | 1,467 | 529 | 4,550 | 529 |
| Depreciation and amortization | 13,794 | 13,387 | 57,495 | 53,146 |
| Asset impairment charges | - | 12,602 | - | 12,602 |
| Operating income | <u>16,231</u> | <u>8,005</u> | <u>34,367</u> | <u>36,353</u> |
| Interest expense | (2,469) | (2,174) | (9,595) | (36,498) |
| Other, net | <u>158</u> | <u>(1,443)</u> | <u>730</u> | <u>(5,479)</u> |
| Income (loss) before income taxes | 13,920 | 4,388 | 25,502 | (5,624) |
| Income tax (expense) benefit | <u>(3,188)</u> | <u>1,043</u> | <u>(6,819)</u> | <u>3,765</u> |
| Net income (loss) | <u><u>\$ 10,732</u></u> | <u><u>\$ 5,431</u></u> | <u><u>\$ 18,683</u></u> | <u><u>\$ (1,859)</u></u> |
| | | | | |
| Income (loss) per common share, basic | \$ 0.31 | \$ 0.16 | \$ 0.55 | \$ (0.05) |
| Income (loss) per common share, diluted | \$ 0.31 | \$ 0.16 | \$ 0.54 | \$ (0.05) |
| | | | | |
| Weighted average common shares outstanding: | | | | |
| Basic | 34,493 | 33,953 | 34,230 | 33,876 |
| Diluted | 35,169 | 34,536 | 34,837 | 33,876 |
| | | | | |
| Cash dividends per share | \$ 0.04 | \$ 0.04 | \$ 0.16 | \$ 0.16 |

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)
(Unaudited)

| | October 31, 2017 | October 31, 2016 |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 17,455 | \$ 25,526 |
| Accounts receivable, net | 79,411 | 83,625 |
| Inventories, net | 87,529 | 84,335 |
| Prepaid and other current assets | 7,406 | 10,488 |
| Total current assets | 191,801 | 203,974 |
| Property, plant and equipment, net | 211,131 | 198,497 |
| Goodwill | 222,194 | 217,035 |
| Intangible assets, net | 139,778 | 154,180 |
| Other assets | 8,975 | 6,667 |
| Total assets | \$ 773,879 | \$ 780,353 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 44,150 | \$ 47,781 |
| Accrued liabilities | 38,871 | 55,101 |
| Income taxes payable | 2,192 | 732 |
| Current maturities of long-term debt | 21,242 | 10,520 |
| Total current liabilities | 106,455 | 114,134 |
| Long-term debt | 218,184 | 259,011 |
| Deferred pension and postretirement benefits | 4,433 | 8,167 |
| Deferred income taxes | 21,960 | 18,322 |
| Other liabilities | 16,000 | 12,888 |
| Total liabilities | 367,032 | 412,522 |
| Stockholders' equity: | | |
| Common stock | 375 | 376 |
| Additional paid-in-capital | 255,719 | 254,540 |
| Retained earnings | 225,704 | 214,047 |
| Accumulated other comprehensive loss | (25,076) | (38,765) |
| Treasury stock at cost | (49,875) | (62,367) |
| Total stockholders' equity | 406,847 | 367,831 |
| Total liabilities and stockholders' equity | \$ 773,879 | \$ 780,353 |

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(In thousands)
(Unaudited)

| | Twelve Months Ended October 31, | |
|---|--|-------------|
| | 2017 | 2016 |
| Operating activities: | | |
| Net income (loss) | \$ 18,683 | \$ (1,859) |
| Adjustments to reconcile net income (loss)' to cash provided by operating activities: | | |
| Depreciation and amortization | 57,495 | 53,146 |
| Stock-based compensation | 5,189 | 6,089 |
| Deferred income tax | (112) | (8,469) |
| Excess tax benefit from share-based compensation | (248) | (136) |
| Loss (gain) on the disposition of capital assets | 1,528 | (20) |
| Charge for deferred loan costs and debt discount | - | 16,022 |
| Asset impairment charge | - | 12,602 |
| Gain on involuntary conversion | - | - |
| Other, net | 1,741 | 339 |
| Changes in assets and liabilities, net of effects from acquisitions: | | |
| Decrease in accounts receivable | 5,378 | 796 |
| (Increase) decrease in inventory | (3,240) | 5,346 |
| Increase in other current assets | 186 | 2,503 |
| Decrease in accounts payable | (4,893) | (2,273) |
| (Decrease) increase in accrued liabilities | (8,497) | 1,246 |
| Increase (decrease) in income taxes | 4,670 | (365) |
| (Decrease) increase in deferred pension and postretirement benefits | (271) | 588 |
| Increase in other long-term liabilities | 1,382 | 956 |
| Other, net | (437) | (93) |
| Cash provided by operating activities | 78,554 | 86,418 |
| Investing activities: | | |
| Acquisitions, net of cash acquired | (8,497) | (245,904) |
| Capital expenditures | (34,564) | (37,243) |
| Proceeds from disposition of capital assets | 1,937 | 1,044 |
| Cash used for investing activities | (41,124) | (282,103) |
| Financing activities: | | |
| Borrowings under credit facilities | 53,500 | 634,800 |
| Repayments of credit facility borrowings | (98,875) | (422,875) |
| Debt issuance costs | - | (11,435) |
| Repayments of other long-term debt | (2,722) | (2,185) |
| Common stock dividends paid | (5,516) | (5,470) |
| Issuance of common stock | 7,953 | 3,400 |
| Excess tax benefit from share-based compensation | 248 | 136 |
| Cash (used for) provided by financing activities | (45,412) | 196,371 |
| Effect of exchange rate changes on cash and cash equivalents | (89) | 1,715 |
| (Decrease) increase in cash and cash equivalents | (8,071) | 2,401 |
| Cash and cash equivalents at beginning of period | 25,526 | 23,125 |
| Cash and cash equivalents at end of period | \$ 17,455 | \$ 25,526 |

QUANEX BUILDING PRODUCTS CORPORATION
NON-GAAP FINANCIAL MEASURE DISCLOSURE
(In thousands, except per share data)
(Unaudited)

| | Three Months Ended October 31, 2017 | | Three Months Ended October 31, 2016 | | Twelve Months Ended October 31, 2017 | | Twelve Months Ended October 31, 2016 | |
|---|--|------------------------|--|-------------------------|---|------------------------|---|-------------------------|
| | Net Income | Diluted EPS | Net Income | Diluted EPS | Net Income | Diluted EPS | Net Income | Diluted EPS |
| Reconciliation of Adjusted Net Income and Adjusted EPS | | | | | | | | |
| Net income (loss) as reported | \$ 10,732 | \$ 0.31 | \$ 5,431 | \$ 0.16 | \$ 18,683 | \$ 0.54 | \$ (1,859) | \$ (0.05) |
| Reconciling items from below | 2,337 | 0.06 | 10,214 | 0.29 | 8,303 | 0.23 | 29,551 | 0.87 |
| Adjusted Net Income and Adjusted EPS | <u>\$ 13,069</u> | <u>\$ 0.37</u> | <u>\$ 15,645</u> | <u>\$ 0.45</u> | <u>\$ 26,986</u> | <u>\$ 0.77</u> | <u>\$ 27,692</u> | <u>\$ 0.82</u> |
| Reconciliation of Adjusted EBITDA | | | | | | | | |
| | | | | | | | | |
| Net income (loss) as reported | \$ 10,732 | | \$ 5,431 | | \$ 18,683 | | \$ (1,859) | |
| Income tax (expense) benefit | 3,188 | | (1,043) | | 6,819 | | (3,765) | |
| Other, net | (158) | | 1,443 | | (730) | | 5,479 | |
| Interest expense | 2,469 | | 2,174 | | 9,595 | | 36,498 | |
| Depreciation and amortization | 13,794 | | 13,387 | | 57,495 | | 53,146 | |
| EBITDA | 30,025 | | 21,392 | | 91,862 | | 89,499 | |
| Reconciling items from below | 3,263 | | 13,164 | | 7,156 | | 20,790 | |
| Adjusted EBITDA | <u>\$ 33,288</u> | | <u>\$ 34,556</u> | | <u>\$ 99,018</u> | | <u>\$ 110,289</u> | |
| Reconciling Items | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Net sales | \$ 232,959 | \$ - | \$ 249,171 | \$ - | \$ 866,555 | \$ - | \$ 928,184 | \$ - |
| Cost of sales | 178,325 | - | 188,168 | (32) ⁽¹⁾ | 672,162 | (104) ⁽¹⁾ | 710,644 | (2,671) ⁽¹⁾ |
| Selling, general and administrative | 23,142 | (1,796) ⁽²⁾ | 26,480 | (1) ⁽²⁾ | 97,981 | (2,502) ⁽²⁾ | 114,910 | (4,988) ⁽²⁾ |
| Restructuring charges | 1,467 | (1,467) ⁽³⁾ | 529 | (529) ⁽³⁾ | 4,550 | (4,550) ⁽³⁾ | 529 | (529) ⁽³⁾ |
| EBITDA | 30,025 | 3,263 | 33,994 | 562 | 91,862 | 7,156 | 102,101 | 8,188 |
| Asset impairment charges | - | - | 12,602 | (12,602) ⁽⁴⁾ | - | - | 12,602 | (12,602) ⁽⁴⁾ |
| Depreciation and amortization | 13,794 | (731) ⁽⁵⁾ | 13,387 | (1,295) ⁽⁵⁾ | 57,495 | (6,233) ⁽⁴⁾ | 53,146 | (1,295) ⁽⁵⁾ |
| Operating income (loss) | 16,231 | 3,994 | 8,005 | 14,459 | 34,367 | 13,389 | 36,353 | 22,085 |
| Interest expense | (2,469) | - | (2,174) | - | (9,595) | - | (36,498) | 16,677 ⁽⁵⁾ |
| Other, net | 158 | (111) ⁽⁶⁾ | (1,443) | 1,501 ⁽⁶⁾ | 730 | (625) ⁽⁶⁾ | (5,479) | 5,380 ⁽⁶⁾ |
| Income (loss) before income taxes | 13,920 | 3,883 | 4,388 | 15,960 | 25,502 | 12,764 | (5,624) | 44,142 |
| Income tax (expense) benefit | (3,188) | (1,546) ⁽⁷⁾ | 1,043 | (5,746) ⁽⁷⁾ | (6,819) | (4,461) ⁽⁷⁾ | 3,765 | (14,591) ⁽⁷⁾ |
| Net income (loss) | <u>\$ 10,732</u> | <u>\$ 2,337</u> | <u>\$ 5,431</u> | <u>\$ 10,214</u> | <u>\$ 18,683</u> | <u>\$ 8,303</u> | <u>\$ (1,859)</u> | <u>\$ 29,551</u> |
| Diluted earnings (loss) per share | \$ 0.31 | | \$ 0.16 | | \$ 0.54 | | \$ (0.05) | |

(1) Relates solely to purchase price accounting inventory step-up impact from HL Plastics acquisition.
(2) Acquisition related transaction costs, and the loss on the sale of plant in 4Q17.
(3) Restructuring charges relate to the closure of several manufacturing plant facilities.
(4) Impairment of goodwill at United States vinyl business in 2016.
(5) Accelerated depreciation and amortization for restructured PP&E and intangible assets.
(6) Foreign currency transaction (gains) losses.
(7) Impact on a with and without basis.

QUANEX BUILDING PRODUCTS CORPORATION
SEGMENT RECONCILIATION
(In thousands)
(Unaudited)

The following tables reconcile the Company's segment presentation to account for the transfer of operating facilities from the North American Engineered Components segment to the Cabinet Components segment, as previously reported in our earnings release for the three-months and twelve-months ended October 31, 2016, to the current presentation:

| | <u>NA Engineered Components</u> | <u>EU Engineered Components</u> | <u>NA Cabinet Components</u> | <u>Unallocated Corp & Other</u> | <u>Total</u> |
|---|-------------------------------------|-------------------------------------|----------------------------------|---|------------------|
| Three months ended October 31, 2016 | | | | | |
| As previously reported | | | | | |
| Net sales | \$ 154,000 | \$ 39,953 | \$ 56,485 | \$ (1,267) | \$ 249,171 |
| Cost of sales | 111,491 | 27,754 | 49,844 | (921) | 188,168 |
| Selling, general and administrative | 16,548 | 5,817 | 2,554 | 1,561 | 26,480 |
| Restructuring costs | 387 | - | 142 | - | 529 |
| Depreciation and amortization | 8,874 | 2,148 | 2,239 | 126 | 13,387 |
| Asset impairment charges | 12,602 | - | - | - | 12,602 |
| Operating income (loss) | <u>\$ 4,098</u> | <u>\$ 4,234</u> | <u>\$ 1,706</u> | <u>\$ (2,033)</u> | <u>\$ 8,005</u> |
| Reclassification | | | | | |
| Net sales | \$ (6,007) | \$ - | \$ 6,598 | \$ (591) | \$ - |
| Cost of sales | (4,329) | - | 4,920 | (591) | - |
| Selling, general and administrative | (237) | - | 194 | 43 | - |
| Restructuring costs | - | - | - | - | - |
| Depreciation and amortization | (131) | - | 131 | - | - |
| Asset impairment charges | - | - | - | - | - |
| Operating income (loss) | <u>\$ (1,310)</u> | <u>\$ -</u> | <u>\$ 1,353</u> | <u>\$ (43)</u> | <u>\$ -</u> |
| Current presentation | | | | | |
| Net sales | \$ 147,993 | \$ 39,953 | \$ 63,083 | \$ (1,858) | \$ 249,171 |
| Cost of sales | 107,162 | 27,754 | 54,764 | (1,512) | 188,168 |
| Selling, general and administrative | 16,311 | 5,817 | 2,748 | 1,604 | 26,480 |
| Restructuring costs | 387 | - | 142 | - | 529 |
| Depreciation and amortization | 8,743 | 2,148 | 2,370 | 126 | 13,387 |
| Asset impairment charges | 12,602 | - | - | - | 12,602 |
| Operating income (loss) | <u>\$ 2,788</u> | <u>\$ 4,234</u> | <u>\$ 3,059</u> | <u>\$ (2,076)</u> | <u>\$ 8,005</u> |
| Twelve months ended October 31, 2016 | | | | | |
| As previously reported | | | | | |
| Net sales | \$ 560,029 | \$ 150,203 | \$ 223,391 | \$ (5,439) | \$ 928,184 |
| Cost of sales | 415,925 | 104,452 | 193,560 | (3,293) | 710,644 |
| Selling, general and administrative | 62,934 | 23,187 | 14,920 | 13,869 | 114,910 |
| Restructuring costs | 387 | - | 142 | - | 529 |
| Depreciation and amortization | 30,298 | 9,339 | 12,948 | 561 | 53,146 |
| Asset impairment charges | 12,602 | - | - | - | 12,602 |
| Operating income (loss) | <u>\$ 37,883</u> | <u>\$ 13,225</u> | <u>\$ 1,821</u> | <u>\$ (16,576)</u> | <u>\$ 36,353</u> |
| Reclassification | | | | | |
| Net sales | \$ (21,780) | \$ - | \$ 24,728 | \$ (2,948) | \$ - |
| Cost of sales | (16,770) | - | 19,718 | (2,948) | - |
| Selling, general and administrative | (851) | - | 851 | - | - |
| Restructuring costs | - | - | - | - | - |
| Depreciation and amortization | (505) | - | 505 | - | - |
| Asset impairment charges | - | - | - | - | - |
| Operating income (loss) | <u>\$ (3,654)</u> | <u>\$ -</u> | <u>\$ 3,654</u> | <u>\$ -</u> | <u>\$ -</u> |
| Current presentation | | | | | |
| Net sales | \$ 538,249 | \$ 150,203 | \$ 248,119 | \$ (8,387) | \$ 928,184 |
| Cost of sales | 399,155 | 104,452 | 213,278 | (6,241) | 710,644 |
| Selling, general and administrative | 62,083 | 23,187 | 15,771 | 13,869 | 114,910 |
| Restructuring costs | 387 | - | 142 | - | 529 |
| Depreciation and amortization | 29,793 | 9,339 | 13,453 | 561 | 53,146 |
| Asset impairment charges | 12,602 | - | - | - | 12,602 |
| Operating income (loss) | <u>\$ 34,229</u> | <u>\$ 13,225</u> | <u>\$ 5,475</u> | <u>\$ (16,576)</u> | <u>\$ 36,353</u> |

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 Engineered Components | EU Engineered Components | NA Cabinet Components | Unallocated Corp & Other | Total |
|--|-----------------------------|-----------------------------|--------------------------|-----------------------------|-------------------|
| Three months ended October 31, 2017 | | | | | |
| Net sales | \$ 131,380 | \$ 41,830 | \$ 61,110 | \$ (1,361) | \$ 232,959 |
| Cost of sales | 97,523 | 29,572 | 52,214 | (984) | 178,325 |
| Selling, general and administrative | 14,076 | 5,449 | 3,887 | (270) | 23,142 |
| Restructuring charges | 1,357 | - | 110 | - | 1,467 |
| Depreciation and amortization | 7,932 | 2,080 | 3,650 | 132 | 13,794 |
| Operating income (loss) | 10,492 | 4,729 | 1,249 | (239) | 16,231 |
| Depreciation and amortization | 7,932 | 2,080 | 3,650 | 132 | 13,794 |
| EBITDA | 18,424 | 6,809 | 4,899 | (107) | 30,025 |
| Transaction related costs | - | - | - | 169 | 169 |
| Loss on sale of plant | 1,627 | - | - | - | 1,627 |
| Restructuring charges | 1,357 | - | 110 | - | 1,467 |
| Adjusted EBITDA | <u>\$ 21,408</u> | <u>\$ 6,809</u> | <u>\$ 5,009</u> | <u>\$ 62</u> | <u>\$ 33,288</u> |
| Adjusted EBITDA Margin % | 16.3% | 16.3% | 8.2% | | 14.3% |
| Three months ended October 31, 2016 | | | | | |
| Net sales | \$ 147,993 | \$ 39,953 | \$ 63,083 | \$ (1,858) | \$ 249,171 |
| Cost of sales | 107,162 | 27,754 | 54,764 | (1,512) | 188,168 |
| Selling, general and administrative | 16,311 | 5,817 | 2,748 | 1,604 | 26,480 |
| Restructuring charges | 387 | - | 142 | - | 529 |
| Depreciation and amortization | 8,743 | 2,148 | 2,370 | 126 | 13,387 |
| Asset impairment charges | 12,602 | - | - | - | 12,602 |
| Operating income (loss) | 2,788 | 4,234 | 3,059 | (2,076) | 8,005 |
| Depreciation and amortization | 8,743 | 2,148 | 2,370 | 126 | 13,387 |
| EBITDA | 11,531 | 6,382 | 5,429 | (1,950) | 21,392 |
| Transaction related costs | - | - | - | 1 | 1 |
| Restructuring charges | 387 | - | 142 | - | 529 |
| Asset impairment charges | 12,602 | - | - | - | 12,602 |
| PPA-Inventory Step-up | - | 32 | - | - | 32 |
| Adjusted EBITDA | <u>\$ 24,520</u> | <u>\$ 6,414</u> | <u>\$ 5,571</u> | <u>\$ (1,949)</u> | <u>\$ 34,556</u> |
| Adjusted EBITDA Margin % | 16.6% | 16.1% | 8.8% | | 13.9% |
| Twelve months ended October 31, 2017 | | | | | |
| Net sales | \$ 474,878 | \$ 147,963 | \$ 248,808 | \$ (5,094) | \$ 866,555 |
| Cost of sales | 357,806 | 104,876 | 213,257 | (3,777) | 672,162 |
| Selling, general and administrative | 52,889 | 20,581 | 16,626 | 7,885 | 97,981 |
| Restructuring charges | 3,564 | - | 986 | - | 4,550 |
| Depreciation and amortization | 34,308 | 8,833 | 13,811 | 543 | 57,495 |
| Operating income (loss) | 26,311 | 13,673 | 4,128 | (9,745) | 34,367 |
| Depreciation and amortization | 34,308 | 8,833 | 13,811 | 543 | 57,495 |
| EBITDA | 60,619 | 22,506 | 17,939 | (9,202) | 91,862 |
| Transaction related costs | - | - | - | 497 | 497 |
| Mexico restructuring, loss on disposal of fixed assets | - | - | 190 | - | 190 |
| One-time employee benefit adjustment | - | - | 188 | - | 188 |
| PPA-Inventory Step-up | - | 104 | - | - | 104 |
| Loss on sale of plant | 1,627 | - | - | - | 1,627 |
| Restructuring charges | 3,564 | - | 986 | - | 4,550 |
| Asset impairment charges | - | - | - | - | - |
| Adjusted EBITDA | <u>\$ 65,810</u> | <u>\$ 22,610</u> | <u>\$ 19,303</u> | <u>\$ (8,705)</u> | <u>\$ 99,018</u> |
| Adjusted EBITDA Margin % | 13.9% | 15.3% | 7.8% | | 11.4% |
| Twelve months ended October 31, 2016 | | | | | |
| Net sales | \$ 538,249 | \$ 150,203 | \$ 248,119 | \$ (8,387) | \$ 928,184 |
| Cost of sales | 399,155 | 104,452 | 213,278 | (6,241) | 710,644 |
| Selling, general and administrative | 62,083 | 23,187 | 15,771 | 13,869 | 114,910 |
| Restructuring charges | 387 | - | 142 | - | 529 |
| Depreciation and amortization | 29,793 | 9,339 | 13,453 | 561 | 53,146 |
| Asset impairment charges | 12,602 | - | - | - | 12,602 |
| Operating income (loss) | 34,229 | 13,225 | 5,475 | (16,576) | 36,353 |
| Depreciation and amortization | 29,793 | 9,339 | 13,453 | 561 | 53,146 |
| EBITDA | 64,022 | 22,564 | 18,928 | (16,015) | 89,499 |
| Transaction related costs | - | - | - | 4,988 | 4,988 |
| Restructuring charges | 387 | - | 142 | - | 529 |
| Asset impairment charges | 12,602 | - | - | - | 12,602 |
| PPA-Inventory Step-up | - | 384 | 2,287 | - | 2,671 |
| Adjusted EBITDA | <u>\$ 77,011</u> | <u>\$ 22,948</u> | <u>\$ 21,357</u> | <u>\$ (11,027)</u> | <u>\$ 110,289</u> |
| Adjusted EBITDA Margin % | 14.3% | 15.3% | 8.6% | | 11.9% |

QUANEX BUILDING PRODUCTS CORPORATION
SALES ANALYSIS
(In thousands)
(Unaudited)

| | Three Months Ended | | Twelve Months Ended | |
|---|-------------------------|--|-------------------------|--|
| | <u>October 31, 2017</u> | <u>October 31, 2016</u> ⁽¹⁾ | <u>October 31, 2017</u> | <u>October 31, 2016</u> ⁽¹⁾ |
| NA Engineered Components: | | | | |
| United States - fenestration ⁽²⁾ | \$ 110,659 | \$ 124,670 | \$ 399,694 | \$ 444,571 |
| International - fenestration | 9,334 | 9,530 | 34,279 | 38,439 |
| United States - non-fenestration | 5,673 | 8,677 | 25,263 | 36,986 |
| International - non-fenestration | 5,714 | 5,116 | 15,642 | 18,253 |
| | <u>\$ 131,380</u> | <u>\$ 147,993</u> | <u>\$ 474,878</u> | <u>\$ 538,249</u> |
| EU Engineered Components ⁽³⁾: | | | | |
| United States - fenestration | \$ - | \$ 159 | \$ 303 | \$ 412 |
| International - fenestration | 37,015 | 35,283 | 129,140 | 134,631 |
| International - non-fenestration | 4,815 | 4,511 | 18,520 | 15,160 |
| | <u>\$ 41,830</u> | <u>\$ 39,953</u> | <u>\$ 147,963</u> | <u>\$ 150,203</u> |
| NA Cabinet Components: | | | | |
| United States - fenestration | \$ 5,597 | \$ 3,008 | \$ 17,083 | \$ 21,779 |
| United States - non-fenestration ⁽⁴⁾ | 54,977 | 59,431 | 229,550 | 223,664 |
| International - non-fenestration | 536 | 644 | 2,175 | 2,676 |
| | <u>\$ 61,110</u> | <u>\$ 63,083</u> | <u>\$ 248,808</u> | <u>\$ 248,119</u> |
| Unallocated Corporate & Other: | | | | |
| Eliminations | \$ (1,361) | \$ (1,858) | \$ (5,094) | \$ (8,387) |
| | <u>\$ (1,361)</u> | <u>\$ (1,858)</u> | <u>\$ (5,094)</u> | <u>\$ (8,387)</u> |
| Net Sales | <u>\$ 232,959</u> | <u>\$ 249,171</u> | <u>\$ 866,555</u> | <u>\$ 928,184</u> |

(1) Updated to reflect transfer of operating facilities from NA Engineered Components to NA Cabinet Components. See Reconciliation for additional details.

(2) Reflects the loss of revenue associated with eliminated products of \$14.5 million and \$67.9 million for the three-months and twelve-months ended October 31, 2017,

(3) Reflects a gain of \$1.0 million, and a loss \$10.7 million in revenue associated with foreign currency impacts for the three-months and twelve-months ended October 31, 2017, respectively.

(4) Reflects the loss of revenue associated with eliminated products of \$2.0 million and \$10.3 million for the three-months and twelve-months ended October 31, 2017, respectively.