



**NCI BUILDING SYSTEMS REPORTS FISCAL 2002 NET EARNINGS OF \$1.72 PER SHARE, UP FROM \$0.91 PER DILUTED SHARE IN FISCAL 2001  
FOURTH QUARTER EARNINGS EXCEED EARLIER PROJECTIONS**

**HOUSTON -- (Dec. 11, 2002) --** NCI Building Systems, Inc. (NYSE: NCS), today announced an increase in earnings to \$32.1 million, or \$1.72 per diluted share, for its fiscal year ended Nov. 2, 2002, up from \$16.5 million, or \$0.91 per diluted share, in fiscal 2001. Sales for fiscal 2002 totaled \$953.4 million compared with \$954.9 million for fiscal 2001. NCI also announced that its earnings for the fourth fiscal quarter were above the guidance previously provided by the Company. Earnings for the quarter increased to \$11.6 million, or \$0.62 per diluted share, from \$5.3 million, or \$0.29 per diluted share, in the year-earlier quarter.

The above earnings for the fourth quarter and fiscal year ended Nov. 2, 2002 exclude an extraordinary charge of \$0.04 per share related to financing costs from the Company's early retirement of debt. During fiscal 2002 NCI adopted the required new SFAS 142 accounting standard related to amortization of goodwill. This change required a non-cash charge for the cumulative effect of SFAS 142 that led to a net loss for fiscal 2002 of \$33.8 million, or \$1.81 per diluted share. The elimination of amortization of goodwill as a result of SFAS 142 added \$0.60 per diluted share to earnings for fiscal 2002.

Johnie Schulte, Jr., President and Chief Executive Officer, remarked, "NCI achieved a noteworthy increase in earnings in fiscal 2002, a period in which most other companies in the metal construction industry showed declines or were forced by financial difficulties to make serious cutbacks in their operations and services. NCI's fundamental operating advantages, that equip us to provide meaningful value to our customers, enabled us to achieve sustained profitability during this extremely difficult period for the metal construction industry. We started fiscal 2002 with indications that the recession in the commercial building industry was going to persist. That indeed proved to be the case even after we entered the spring when the seasonal factors that typically provide a stimulus for an increased pace of construction were not sufficient to reverse the slide in the industry figures. Various trade reports estimate that spending on non-residential construction declined at least 10% in 2002. As one of the steepest drops in more than three decades, this slide in construction activity led to losses for some participants and to serious financial problems for many others. We believe this cyclical downturn will prove temporary, but the immediate outlook continues to be characterized by delays in orders and a general reluctance by contractors to start on new, planned projects. We have used this pause in the long-term growth of the metal construction industry not only to solidify our relationships with customers but also to expand our account base. We are pleased with the results of our sales programs that highlight the breadth of our product line, our proven ability to deliver innovative building solutions and the financial strength that has helped us form working relationships with leading builders throughout the nation. We are confident that these efforts to broaden our marketing platform will position us well to resume our established record of profitable growth."

A.R. Ginn, Chairman of the Board, remarked, "An important factor that contributed to our strong performance relative to competitors is our cultural focus on containing operating expenses. We have the advantage of larger fabrication facilities serving satellite centers that can provide fast, reliable deliveries to their markets. During fiscal 2002 we recognized the opportunity to rationalize our capacity further and are very pleased with the additional savings that are accruing from the actions we took to shift resources to achieve even higher economies of scale. We also took advantage of our financial position to open a new plant in an attractive market where we are starting to increase our penetration. This expansion against the backdrop of plant closures and operational cutbacks by others underscores our enthusiasm for the metal construction industry and the edge we have because of our strong balance sheet.

“One of our key strategic goals for fiscal 2002 was to use our positive cash flow to reduce our debt further, while still funding the projects necessary to support future operations. We successfully cut our debt by \$70.2 million in fiscal 2002, following the \$49.8 million reduction achieved in fiscal 2001. We should generate at least \$50 million in free cash flow during fiscal 2003, adding to our balance sheet options and flexibility to seize opportunities that offer long-term potential. For the first fiscal quarter of 2003, we believe it will be difficult to show much, if any, improvement in sales; but estimate that the success of our efforts to improve efficiency will lead to a gain of at least 20% in earnings per diluted share compared with \$0.17 per diluted share in the first quarter of fiscal 2002. The uncertainty of the outlook for general construction spending, and upside leverage in our operating structure, makes it difficult to provide specific guidance for earnings for all of fiscal 2003 at this time. We remain positive about NCI’s potential beyond fiscal 2003. Assuming a sustained recovery in non-residential construction, we believe that our success in maintaining a low-cost operating structure should enable us eventually to achieve record annual earnings, exceeding the earnings of \$2.39 per diluted share we attained as recently as three years ago.”

NCI Building Systems, Inc. is one of North America's largest integrated manufacturers of metal products for the non-residential building industry. The Company operates manufacturing and distribution facilities located in 16 states and Mexico.

Some statements contained in this release are “forward-looking” statements, as defined in the Private Securities Litigation Reform Act of 1995. Actual performance of the Company may differ from that projected in such statements as a result of factors such as industry cyclicality and seasonality, adverse weather conditions, fluctuations in customer demand and order patterns, raw material pricing, competitive activity and pricing pressure and general economic conditions affecting the construction industry. Investors should refer to statements regularly filed by the Company in its annual report to the Securities and Exchange Commission on Form 10-K, its quarterly reports to the SEC on Form 10-Q and its current reports to the SEC on Form 8-K and other filings with the SEC for a discussion of factors which could affect the Company’s operations and forward-looking statements made in this communication. The Company expressly disclaims any obligation to release publicly any updates or revisions to these forward-looking statements to reflect any changes in expectations.

**NCI BUILDING SYSTEMS, INC.**  
**STATEMENTS OF INCOME**  
(Unaudited)

(In thousands, except per share data)

	<b>For the Forth Quarter</b>		<b>For the Year End</b>	
	<b>Nov 2, 2002</b>	<b>Oct 31, 2001</b>	<b>Nov 2, 2002</b>	<b>Oct 31, 2001</b>
Sales	\$ 253,816	\$ 271,017	\$ 953,442	\$ 954,877
Cost of sales	<u>193,430</u>	<u>213,493</u>	<u>740,577</u>	<u>741,674</u>
Gross profit	60,386	57,524	212,865	213,203
Selling, general and administrative expenses	36,698	33,679	140,641	133,331
Restructuring charge	--	2,815	--	2,815
Goodwill amortization	<u>--</u>	<u>3,092</u>	<u>--</u>	<u>12,232</u>
Operating income	23,688	17,938	72,224	64,825
Interest expense	(4,745)	(6,739)	(21,591)	(33,090)
Other income (expense), net	<u>(206)</u>	<u>199</u>	<u>1,459</u>	<u>951</u>

Income before income taxes, and extraordinary loss and cumulative effect of change in accounting principle	18,737	11,398	52,092	32,686
Provision for income taxes	<u>7,092</u>	<u>6,059</u>	<u>19,970</u>	<u>16,151</u>
Income before extraordinary loss and cumulative effect of change in accounting principle	11,645	5,339	32,122	16,535
Extraordinary loss on debt refinancing, net of tax	(808)	--	(808)	--
Cumulative effect of change in accounting principle, net of tax	<u>--</u>	<u>--</u>	<u>(65,087)</u>	<u>--</u>
Net income (loss)	<u>\$ 10,837</u>	<u>\$ 5,339</u>	<u>\$ (33,773)</u>	<u>\$ 16,535</u>
Income per common and common equivalent share:				
Basic:				
Income before extraordinary loss and cumulative effect of change in accounting principle	\$ 0.62	\$ 0.29	\$ 1.74	\$ 0.91
Extraordinary loss on debt refinancing, net of tax	(0.04)	--	(0.04)	--
Cumulative effect of change in accounting principle, net of tax	<u>--</u>	<u>--</u>	<u>(3.52)</u>	<u>--</u>
Net income (loss)	<u>\$ 0.58</u>	<u>\$ 0.29</u>	<u>\$ (1.82)</u>	<u>\$ 0.91</u>
Diluted:				
Income before extraordinary loss and cumulative effect of change in accounting principle	\$ 0.62	\$ 0.29	\$ 1.72	\$ 0.91
Extraordinary loss on debt refinancing, net of tax	(0.04)	--	(0.04)	--
Cumulative effect of change in accounting principle, net of tax	<u>--</u>	<u>--</u>	<u>(3.49)</u>	<u>--</u>
Net income (loss)	<u>\$ 0.58</u>	<u>\$ 0.29</u>	<u>\$ (1.81)</u>	<u>\$ 0.91</u>

Average shares outstanding				
Basic	18,644	18,237	18,512	18,075
Diluted	18,809	18,308	18,692	18,265
Decrease in sales	(6.3)%		(0.2)%	
Increase in diluted earnings per share (before extraordinary loss on debt refinancing and cumulative effect of change in accounting principle)	113.8%		89.0%	
Gross profit percentage	23.8%	21.2%	22.3%	22.3%
Operating expenses percentage	14.5%	13.6%	14.8%	15.2%
Operating income percentage	9.3%	6.6%	7.6%	6.8%

Note: The required adoption of SFAS 142 for accounting for goodwill effective November 1, 2001 increased net income by \$2.8 million, or \$0.15 per diluted share, and \$11.2 million, or \$0.60 per diluted share, for the quarter and year ended Nov. 2, 2002, respectively. The change had no impact on cash flow from operations.

**NCI BUILDING SYSTEMS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(In thousands)

	<b>Nov. 2,</b>	<b>Oct. 31,</b>
	<b><u>2002</u></b>	<b><u>2001</u></b>
<b>ASSETS</b>		
Cash	\$ 9,530	\$ 21,125
Accounts receivable	94,956	107,981
Inventory	68,445	72,464

Excess of cash over fair value of acquired net assets	318,247	387,268
Other assets	<u>11,177</u>	<u>13,944</u>
Total assets	<u>\$ 721,265</u>	<u>\$ 838,812</u>
<b>LIABILITIES</b>		
Current portion long-term debt	\$ 6,250	\$ 46,250
Accounts payable	49,012	72,426
Accrued compensation and benefits	22,418	11,897
Other accrued expenses	<u>28,671</u>	<u>32,973</u>
Total current liabilities	<u>106,351</u>	<u>163,546</u>
Long-term debt, non-current portion	291,050	321,250
Deferred income tax	20,405	23,673
Shareholders' equity:		
Common stock	186	186
Additional paid-in capital	97,904	95,649
Retained earnings	205,688	239,461
Treasury stock	<u>(319)</u>	<u>(4,953)</u>
Total shareholders' equity	<u>303,459</u>	<u>330,343</u>
Total liabilities and shareholders' equity	<u>\$ 721,265</u>	<u>\$ 838,812</u>

**NCI BUILDING SYSTEMS, INC.**  
**STATEMENT OF CONDENSED CASH FLOWS**  
(In thousands)  
(Unaudited)

	<b>Year Ended</b>	
	<b>Nov. 2, 2002</b>	<b>Oct. 31, 2001</b>
Cash flows from operating activities:		
Net income (loss)	\$ (33,773)	\$ 16,535
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Extraordinary loss on debt refinancing, net of tax	808	--
Cumulative effect of change in accounting principle net of tax	65,087	--

Depreciation and amortization	24,928	36,646
(Gain) loss on sale of fixed assets	(782)	166
Restructuring charge	--	2,815
Provision for doubtful accounts	2,743	2,396
Deferred income tax provision (benefit)	140	(799)
Change in working capital:		
Current assets	13,725	27,163
Current liabilities	<u>(13,119)</u>	<u>( 3,228)</u>
Net cash provided by operating activities	<u>59,757</u>	<u>81,694</u>
Cash flow from investing activities:		
Proceeds from sale of fixed assets	5,788	103
Proceeds from sale of joint venture	--	4,000
Capital expenditures	(9,175)	(15,026)
Acquisition of Midland Metals, Inc.	--	(5,521)
Other	<u>(521)</u>	<u>145</u>
Net cash used in investing activities	<u>(3,908)</u>	<u>(16,299)</u>
Cash flows from financing activities:		
Proceeds from stock options exercised	2,931	3,020
Net payments on revolving lines of credit	(77,350)	(6,938)
Borrowings on long-term debt	125,000	--
Payments on long-term debt	(117,850)	(42,442)
Purchase of treasury stock	<u>(175)</u>	<u>(909)</u>
Net cash used in financing activities	<u>(67,444)</u>	<u>(47,269)</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (11,595)</u>	<u>\$ 18,126</u>
Cash at beginning of period	<u>21,125</u>	<u>2,999</u>
Cash at end of period	<u>\$ 9,530</u>	<u>\$ ,21,125</u>