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NCI BUILDING SYSTEMS REPORTS GAIN IN FIRST QUARTER EARNINGS

COMPANY EXPECTS CONTINUED PROFITABILITY AND POTENTIAL FOR LONGER TERM EARNINGS REBOUND

HOUSTON (Feb. 26, 2003) – NCI Building Systems, Inc. (NYSE: NCS), today announced sales for the three months ended February 1, 2003 totaled \$207.9 million compared with \$228.6 million in the year-earlier period. Earnings for the quarter were \$3.8 million, or \$0.20 per diluted share, versus \$3.1 million, or \$0.17 per diluted share, in the year-earlier period before a cumulative change in accounting principle.

“Difficult industry-wide trends have presented persistent challenges to our profitability and growth initiatives over the past 12-18 months,” remarked Johnie Schulte, Jr., President and Chief Executive Officer. “NCI’s strong performance relative to the other firms in the metal construction industry, including this noteworthy first-quarter gain in earnings, highlights the competitive advantages that we have built through our fundamental emphasis on low operating costs, consistently high product quality and superior customer service. We are proud of the employee dedication to these basic operating strategies that enabled us to achieve higher earnings during a quarter that is not seasonally one of our strongest and during this year’s sales decline of 9%. Our commitment as a firm going forward is to maintain close scrutiny of operating costs and use our strong capital position to support an active marketing effort to expand our customer base. Our ability to continue investing in new capacity, modernizing existing facilities and developing innovative products is convincing evidence to present to prospects as just some of the advantages of a strong working relationship with a firm like NCI that can withstand an economic recession of this magnitude and remain a dependable supplier.

A.R. Ginn, Chairman of the Board, remarked, “Although our intent is to offer investors guidance covering NCI’s prospects, we are facing a wide range of possibilities about our future results due to the uncertain economy and the prospect of war. We still consider the current outlook for nonresidential construction to be too variable to support offering a forecast for earnings for all of fiscal 2003. Even the immediate term has considerable risks associated with it, making it difficult for us to quantify an outlook for earnings. Due to the continuing decline in industry conditions and adverse weather, our best guidance at this time is to expect second quarter earnings in the range of \$0.10 to \$0.12 per diluted share. Although this will be below the year-earlier quarterly earnings of \$0.26 per share, we believe our success in achieving sustained

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profitability would mark this as an above-average performance given current industry trends. We do expect some seasonal ramp up in incoming orders that normally develops in our second fiscal half. The degree of improvement remains difficult to quantify, but we believe that NCI will participate fully in whatever upswing develops in nonresidential construction as our fiscal 2003 year unfolds.

“During slowdowns in the past, we have had to accept that the actions we were taking to expand capacity and improve our operating systems were not likely going to be immediately evident in our financial results. We balanced that outlook against the knowledge that our investments would yield meaningful, tangible returns once demand recovered, and the growth of the metal construction industry resumed its long-term path of progress. NCI’s record of profitable growth is the result of many developments, but one of the most significant is the opportunities we have seized when demand was soft to expand our customer base and to find ways of offering more value to our accounts.”

Ginn added, “We are seeking to follow exactly the same approach during this cycle. The construction of a major, new frame plant, which we announced earlier this week, is an excellent example of the investments that we can – and are – making to enhance our industry leadership. While others may be financially constrained from opening a new plant of this size, we are doing what we believe will build market share and will make us better prepared to capture new business once the recovery starts. It is important to note that this new plant will include the latest technology not only to increase efficiency but also to support our safety record. We are forecasting a record year for NCI in safety, a goal that translates directly into operating profitability.

“We are also continuing to manage our balance sheet well and expect to have the benefit of significant cash flow in fiscal 2003. We successfully cut our debt by \$70.2 million in fiscal 2002, following the \$49.8 million reduction achieved in fiscal 2001. During the first fiscal quarter, we repaid an additional \$11.3 million in debt and expect to achieve a further reduction over the balance of the year, thereby enhancing our flexibility for funding the growth and expansion initiatives that meet our criteria.”

NCI Building Systems, Inc. is one of North America's largest integrated manufacturers of metal products for the nonresidential 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)

	For the First Quarter Ended	
	February 1, 2003	February 2, 2002
Sales	\$ 207,864	\$ 228,565
Cost of sales	<u>163,983</u>	<u>183,020</u>
Gross profit	43,881	45,545
Selling, general and administrative expenses	<u>32,377</u>	<u>34,306</u>
Income from operations	11,504	11,239
Interest expense	(5,127)	(6,150)
Other income (expense), net	<u>81</u>	<u>(189)</u>
Income before income taxes and cumulative effect of change in accounting principle	6,458	4,900
Provision for income taxes	<u>2,616</u>	<u>1,810</u>
Income before cumulative effect of change in accounting principle	3,842	3,090
Cumulative effect of change in accounting principle, net of tax	<u>--</u>	<u>(65,087)</u>
Net income (loss)	<u>\$ 3,842</u>	<u>\$ (61,997)</u>
Income (loss) per share:		
Basic:		
Income before cumulative effect of change in accounting principle	\$ 0.21	\$ 0.17
Cumulative effect of change in accounting principle, net of tax	<u>--</u>	<u>(3.56)</u>
Net income (loss)	<u>\$ 0.21</u>	<u>\$ (3.39)</u>
Diluted:		
Income before cumulative effect of change in accounting principle	\$ 0.20	\$ 0.17
Cumulative effect of change in accounting principle, net of tax	<u>--</u>	<u>(3.54)</u>
Net income (loss)	<u>\$ 0.20</u>	<u>\$ (3.37)</u>
Average shares outstanding:		
Basic	18,694	18,303
Diluted	<u>18,932</u>	<u>18,400</u>
Decrease in sales	(9.1)%	
Increase in diluted earnings per share before cumulative effect of change in accounting principle	17.6%	
Gross profit percentage	21.1%	19.9%
Operating expense percentage	15.6%	15.0%
Operating income percentage	5.5%	4.9%

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

	February 1, 2003	February 2, 2002
ASSETS		
Cash	\$ 6,563	\$ 4,376
Accounts receivable, net	80,174	91,264
Inventories	73,214	73,532
Deferred taxes	7,448	5,884
Prepays	<u>8,171</u>	<u>7,038</u>
Total current assets	<u>175,570</u>	<u>182,094</u>
Property, net	203,558	220,543
Excess of cash over fair value of acquired net assets	318,247	319,909
Other assets	<u>10,983</u>	<u>13,470</u>
Total assets	<u>\$ 708,358</u>	<u>\$ 736,016</u>
LIABILITIES		
Current portion of long-term debt	\$ 6,250	\$ 47,500
Accounts payable	49,581	60,950
Accrued expenses	<u>44,117</u>	<u>38,682</u>
Total current liabilities	<u>99,948</u>	<u>147,132</u>
Long-term debt, noncurrent portion	279,788	297,900
Deferred income taxes	20,405	21,386
Equity	<u>308,217</u>	<u>269,598</u>
	<u>\$ 708,358</u>	<u>\$ 736,016</u>

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

	For the First Quarter Ended	
	February 1,	February 2,
	2003	2002
Net income (loss)	\$ 3,842	\$ (61,997)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Cumulative effect of change in accounting principle, net of tax	--	65,087
Depreciation and amortization	5,926	6,311
Gain on sale of fixed assets	(3)	--
Provision for doubtful accounts	292	874
Deferred income tax provision	--	(15)
Decrease in current assets	7,679	13,291
Decrease in current liabilities	<u>(6,177)</u>	<u>(16,688)</u>
Net cash provided by operating activities	11,559	6,863
Cash flows from investing activities:		
Capital expenditures	(3,880)	(1,795)
Other	<u>(74)</u>	<u>7</u>
Net cash used in investing activities	(3,954)	(1,788)
Cash flows from financing activities:		
Proceeds from stock option exercises	690	276
Net payments on revolving lines of credit	(9,700)	(10,850)
Payments on long-term debt	<u>(1,562)</u>	<u>(11,250)</u>
Net cash used in financing activities	(10,572)	(21,824)
Net decrease in cash	(2,967)	(16,749)
Cash at beginning of period	<u>9,530</u>	<u>21,125</u>
Cash at end of period	<u>\$ 6,563</u>	<u>\$ 4,376</u>