FOR: **WEBCO INDUSTRIES, INC.**

CONTACT: Mike Howard
Chief Financial Officer
(918) 241-1094
mhoward@webcoindustries.com

**For Immediate Release**

# WEBCO INDUSTRIES, INC. REPORTS FISCAL 2015 SECOND QUARTER RESULTS

SAND SPRINGS, Oklahoma, March 3, 2015 – Webco Industries, Inc. (OTC: WEBC) today reported results for its fiscal 2015 second quarter ended January 31, 2015.

For its fiscal 2015 second quarter, the Company reported a net loss of $1.0 million, or $1.27 per diluted share, compared to net income of $0.1 million, or $0.15 per diluted share, for the second quarter in fiscal 2014. Net sales for the second quarter of fiscal 2015 were $106.0 million, a 13.7 percent increase over the $93.2 million of sales in last year's second quarter. The current quarter includes a $1.2 million non-cash loss related to the Company's interest swap contract, whereas the prior year second quarter includes a $0.3 million non-cash gain related to the interest swap contract. The current quarter also includes the impact of planned improvements to major mill equipment that idled tube welding on our largest mill for over a month and the prior year second quarter includes a $1.1 million non-cash loss related to the impairment of manufacturing equipment.

For the first six months of fiscal year 2015, the Company generated a net loss of $0.7 million, or $0.92 per diluted share, compared to a net loss of $0.7 million, or $0.86 per diluted share, for the same period in fiscal 2014. Net sales for the first six months of the current year amounted to $212.1 million, an 8.4 percent increase over the $195.6 million in sales for the same six-month period of last year. Results for the first six months of the current year include a $1.9 million non-cash loss related to the interest swap contract, whereas the prior year same six-month period contained a $0.2 million non-cash loss on the contract. The current fiscal year includes the impact of downtime associated with the planned improvements on our largest weld mill, which consumed over two of the first six months of fiscal 2015. The prior fiscal year's first six-month period included $1.1 million in impairment charges on manufacturing equipment.

In the second quarter of fiscal year 2015, the Company had income from operations of $0.2 million, including depreciation of $3.0 million. Income from operations in the second fiscal quarter of the prior year was $0.8 million, with depreciation amounting to $3.3 million. Gross profit for the second quarter of fiscal 2015 was $6.2 million, or 5.8 percent of net sales, compared to $6.7 million, or 7.2 percent of net sales, for the second quarter of fiscal 2014.

Income from operations for the first six months of fiscal year 2015 was $2.2 million, after depreciation expense of $5.9 million, while income from operations for the same period in fiscal 2014 was $1.0 million, after depreciation expense of $6.8 million. Gross profit for the first six months of fiscal 2015 was $14.6 million, or 6.9 percent of net sales, compared to $12.6 million, or 6.4 percent of net sales for the same period in fiscal year 2014. Income from operations and gross profit for both the current and prior year six month periods are impacted by the planned mill improvements and impairment charges, respectively.

Dana S. Weber, Chief Executive Officer, commented, "In the first six months of fiscal 2015, we shut down our largest mill for over eight weeks, over four weeks of which was during the second fiscal quarter, to make planned improvements that should improve our cost structure and enhance capacity in higher demand environments. We also undertook planned improvements and repairs that periodically idled other manufacturing equipment during the second quarter. Webco chose to complete these projects during the current period as it has historically been the slowest time of the year. While we continue to believe the industrial economy in general is challenging, burdened with lower demand, less favorable product mix and weak spot market pricing, we believe we have seen some recent improvement. We continue to endure significant volatility from our contract that swaps the variable rate on a portion of our debt to a fixed rate. Notwithstanding the non-cash volatility this contract creates in our income statement, our underlying objective of securing what we believe is a low fixed interest rate on a significant portion of our interest bearing debt has been met."

Selling, general and administrative expenses were $5.9 million in the second quarter for each of fiscal 2015 and 2014. Selling, general and administrative charges were $12.4 million in the first six months of the current fiscal year, an increase over the $11.5 million in such expenses in the same period of fiscal 2014.

Interest expense was $0.7 million and $1.0 million in the second quarter of fiscal 2015 and fiscal 2014, respectively. Interest expense decreased to $1.6 million in the first six months of fiscal year 2015 from $2.0 million in the same period in fiscal year 2014. The Company is party to an arrangement that swaps the variable interest rate for $50 million of the Company's debt to a fixed rate through December 2019. The Company records the interest swap contract at fair value and non-cash changes in value are reported in Gains or Losses on Interest Contracts. Monthly swap settlements are included in interest expense.

Capital expenditures incurred or reimbursed amounted to a net negative $0.2 million in the second fiscal quarter ended January 31, 2015, and amounted to $3.3 million for the six month period then ended.

Webco is a manufacturer and value-added distributor of high-quality carbon steel, stainless steel and other metal tubular products designed to industry and customer specifications. Webco's tubing products consist primarily of pressure tubing and specialty tubing for use in durable and capital goods. Webco's long-term strategy involves the pursuit of niche markets within the metal tubing industry through the deployment of leading-edge manufacturing and information technology. Webco has seven production facilities in Oklahoma and Pennsylvania and five value-added distribution facilities in Oklahoma, Texas, Illinois and Michigan, serving customers globally.

*Forward-looking statements: Certain statements in this release, including, but not limited to, those preceded by or predicated upon the words "anticipates," "appears," "believes," “can,” “considering,” "expects," "hopes," "plans," “projects,” “pursue,” "should," "would," or similar words constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company, or industry results, to differ materially from any future results, performance or achievements expressed or implied herein. Such risks, uncertainties and factors include the factors discussed above and, among others: general economic and business conditions, including any global economic downturn or disruptions in the global credit markets or as a result of reduced oil prices, competition from imports, including any impacts associated with the strength of the U.S. dollar to a number of foreign currencies, changes in manufacturing technology, banking environment, including availability of adequate financing, monetary policy, tax rates and regulation, raw material costs and availability, industry capacity, domestic competition, loss of significant customers and customer work stoppages, the costs associated with providing healthcare benefits to employees, customer claims, technical and data processing capabilities, insurance costs and availability and geo-political events. The Company assumes no obligation to update publicly such forward-looking statements, whether as a result of new information, future events or otherwise.*

- TABLES FOLLOW -

**WEBCO INDUSTRIES, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
(Dollars in thousands, except per share data)
(Unaudited)

| | Three Months Ended January 31, | | Six Months Ended January 31, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Net sales | $ 106,001 | $ 93,231 | $ 212,111 | $ 195,601 |
| Cost of sales | 99,842 | 86,502 | 197,548 | 183,005 |
| Gross profit | 6,159 | 6,729 | 14,563 | 12,596 |
| Selling, general & administrative | 5,943 | 5,950 | 12,354 | 11,500 |
| Income from operations | 217 | 779 | 2,209 | 1,096 |
| Interest expense | 696 | 1,004 | 1,581 | 2,022 |
| Unrealized (gain) loss on interest contracts | 1,231 | (329) | 1,853 | 206 |
| Income (loss) before income taxes | (1,710) | 104 | (1,225) | (1,132) |
| Income tax expense (benefit) | (683) | (18) | (488) | (451) |
| Net income (loss) | $ (1,027) | $ 122 | $ (737) | $ (681) |
| Net income (loss) per common share: | | | | |
| Basic | $ (1.27) | $ 0.15 | $ (0.92) | $ (0.86) |
| Diluted | $ (1.27) | $ 0.15 | $ (0.92) | $ (0.86) |
| Weighted average common shares outstanding: | | | | |
| Basic | 806,700 | 789,200 | 805,700 | 789,400 |
| Diluted | 806,700 | 797,600 | 805,700 | 789,400 |

Note: Amounts may not sum due to rounding.

**WEBCO INDUSTRIES, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEET HIGHLIGHTS**
(Dollars in thousands)
(Unaudited)

| | January 31, 2015 | July 31, 2014 |
|---|---|---|
| Cash | $ 5,147 | $ 4,793 |
| Accounts receivable, net | 46,901 | 44,100 |
| Inventories, net | 167,156 | 153,071 |
| Other current assets | 8,348 | 8,131 |
| Total current assets | 227,553 | 210,095 |
| Net property, plant and equipment | 92,890 | 95,904 |
| Other long-term assets | 1,573 | 1,874 |
| Total assets | $ 322,015 | $ 307,873 |
| Other current liabilities | $ 45,621 | $ 36,550 |
| Current portion of long-term debt | 86,755 | 81,405 |
| Total current liabilities | 132,376 | 117,955 |
| Long-term debt | 12,000 | 12,000 |
| Deferred income tax liability | 17,794 | 18,363 |
| Total equity | 159,846 | 159,555 |
| Total liabilities and equity | $ 322,015 | $ 307,873 |

**CASH FLOW DATA**
(Dollars in thousands)
(Unaudited)

| | Three Months Ended January 31, | | Six Months Ended January 31, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Net cash provided by (used in) operating activities | $ (649) | $ 7,167 | $ (6,569) | $ 114 |
| Depreciation and amortization | $ 3,024 | $ 3,425 | $ 5,967 | $ 7,055 |
| Cash paid (refunded) for capital expenditures | $ (504) | $ 2,219 | $ 3,116 | $ 3,919 |

Note: Amounts may not sum due to rounding.