

FOR: **WEBCO INDUSTRIES, INC.**

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For Immediate Release

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2016 FIRST QUARTER RESULTS

SAND SPRINGS, Oklahoma, November 20, 2015 – Webco Industries, Inc. (OTC: WEBC) today reported results for its fiscal 2016 first quarter ended October 31, 2015.

For its fiscal 2016 first quarter, the Company reported a net loss of \$1.2 million, or a loss of \$1.47 per diluted share, compared to net income of \$0.3 million, or \$0.36 per diluted share, for the first quarter in fiscal 2015. Net sales for the first quarter of fiscal 2016 were \$92.3 million, a 13.0 percent decrease from the \$106.1 million of sales in last year's first quarter. The current quarter includes a \$0.4 million non-cash loss related to the Company's interest swap contract, whereas the prior year first quarter includes a \$0.6 million non-cash loss related to the interest swap contract.

In the first quarter of fiscal year 2016, the Company had loss from operations of \$0.9 million, including depreciation of \$3.0 million. Income from operations in the first fiscal quarter of the prior year was \$2.0 million, with depreciation amounting to \$2.9 million. Gross profit for the first quarter of fiscal 2016 was \$5.0 million, or 5.4 percent of net sales, compared to \$8.4 million, or 7.9 percent of net sales, for the first quarter of fiscal 2015.

Dana S. Weber, Chief Executive Officer, commented, "The low price of oil and strength of the dollar are both negative conditions for our industry and many of our customers. Further, continuing declines in the cost of raw materials, which have not completely worked their way through our inventories, along with declines in energy and industrial demand which have resulted in lower selling prices, have negatively impacted short-term margins. We have worked to align our expenses and working capital to the current environment. Over the last nine months, we have reduced our inventories by \$44.1 million and our debt by \$28.3 million."

Selling, general and administrative expenses were \$5.8 million in the first quarter of fiscal 2016 and \$6.4 million in the first quarter of fiscal 2015. The decline in SG&A results from expense reduction efforts.

Interest expense was \$0.7 million in the first quarter of fiscal year 2016 and \$0.9 million in the first quarter of fiscal 2015. The decline in interest expense reflects lower debt levels. 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 as unrealized gains or losses on interest contracts. Monthly cash swap settlements are included in interest expense. Changes in market expectations for future interest rates, such as treasury yields, can cause significant fluctuations in the mark to market valuation of our interest rate swap and therefore volatility in the unrealized gain or loss on interest contracts.

At October 31, 2015, the Company had \$5.3 million in cash in addition to \$26.1 million of available borrowing under its senior revolving credit facility.

Capital expenditures incurred amounted to \$3.0 million in the first fiscal quarter of fiscal 2016. The capital investments we are making are focused on improving efficiencies, yields and quality rather than plant capacities.

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 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," "available," "believes," "can," "considering," "expects," "hopes," "intended," "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, changes in tax rates and regulation,

raw material costs and availability, appraised values of inventories which can also impact available borrowing under the Company's credit facility, industry capacity, domestic competition, loss of or reductions in purchases by 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 October 31,	
	<u>2015</u>	<u>2014</u>
Net sales	\$ 92,281	\$ 106,110
Cost of sales	<u>87,320</u>	<u>97,706</u>
Gross profit	4,961	8,403
Selling, general & administrative	<u>5,821</u>	<u>6,411</u>
Income (loss) from operations	(860)	1,992
Interest expense	712	885
(Gain) loss on interest contracts	<u>374</u>	<u>622</u>
Income (loss) before income taxes	(1,947)	485
Income tax expense (benefit)	<u>(755)</u>	<u>195</u>
Net income (loss)	\$ <u>(1,191)</u>	\$ <u>290</u>
Net income (loss) per common share:		
Basic	\$ <u>(1.47)</u>	\$ <u>0.36</u>
Diluted	\$ <u>(1.47)</u>	\$ <u>0.36</u>
Weighted average common shares outstanding:		
Basic	<u>807,700</u>	<u>805,000</u>
Diluted	<u>807,700</u>	<u>810,000</u>

Note: Amounts may not sum due to rounding.

WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET HIGHLIGHTS

(Dollars in thousands, except par value)

(Unaudited)

	October 31, <u>2015</u>	July 31, <u>2015</u>
Cash	\$ 5,292	\$ 6,900
Accounts receivable, net	43,588	40,885
Inventories, net	123,031	139,191
Other current assets	<u>10,813</u>	<u>8,466</u>
Total current assets	182,724	195,443
Property, plant and equipment, net	91,173	91,226
Other long-term assets	<u>1,496</u>	<u>2,505</u>
Total assets	\$ <u>275,394</u>	\$ <u>289,174</u>
Other current liabilities	\$ 26,571	\$ 27,443
Current portion of long-term debt	<u>58,411</u>	<u>69,959</u>
Total current liabilities	84,981	97,402
Long-term debt	12,000	12,000
Deferred income tax liability	17,043	17,561
Total equity (807,700 common shares, par value \$0.01, outstanding at October 31, 2015)	<u>161,370</u>	<u>162,211</u>
Total liabilities and equity	\$ <u>275,394</u>	\$ <u>289,174</u>

CASH FLOW DATA

(Dollars in thousands)

(Unaudited)

	Three Months Ended October 31, <u>2015</u>	<u>2014</u>
Net cash provided by (used in) operating activities	\$ <u>10,269</u>	\$ <u>(5,919)</u>
Depreciation and amortization	\$ <u>2,994</u>	\$ <u>2,944</u>
Cash paid for capital expenditures	\$ <u>2,809</u>	\$ <u>3,621</u>

Note: Amounts may not sum due to rounding.