FOR: **WEBCO INDUSTRIES, INC.**

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For Immediate Release

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2016 FOURTH QUARTER RESULTS

SAND SPRINGS, Oklahoma, September 27, 2016 – Webco Industries, Inc. (OTC: WEBC) today reported results for our fourth fiscal quarter and fiscal year ended July 31, 2016.

For our fiscal 2016 fourth quarter, we incurred a net loss of $0.6 million, or a loss of $0.73 per diluted share, compared to net income of $1.2 million, or $1.42 per diluted share, for the fourth quarter in fiscal 2015. Net sales for the fourth quarter of fiscal 2016 were $84.0 million, a 15.1 percent decrease from the $99.0 million of sales in last year's fourth quarter. The current quarter includes a non-cash loss of $0.2 million related to our interest swap contract, whereas the prior year fourth quarter includes a $0.2 million non-cash gain related to the interest swap contract. The tax rate for the quarter resulted from the permanent adjustment of certain non-deductible expense estimates.

For fiscal year 2016, we generated a net loss of $3.2 million, or $3.92 per diluted share, compared to a net income of $0.9 million, or $1.15 per diluted share, for fiscal year 2015. Net sales for the current year amounted to $330.3 million, a 20.2 percent decrease from the $414.1 million in sales last year. Results for the current year include a $0.9 million non-cash loss related to the interest swap contract, whereas the prior year contained a $1.2 million non-cash loss on the contract.

In the fourth quarter of fiscal year 2016, we generated income from operations of $0.7 million, after depreciation of $3.1 million. Income from operations in the fourth fiscal quarter of the prior year was $1.4 million, after depreciation amounting to $3.0 million. Gross profit for the fourth quarter of fiscal 2016 was $6.7 million, or 8.0 percent of net sales, compared to $7.0 million, or 7.1 percent of net sales, for the fourth quarter of fiscal 2015.

We had a loss from operations for fiscal year 2016 of $0.9 million, after depreciation expense of $11.9 million, while income from operations for the same period in fiscal 2015 was $4.9 million, after depreciation expense of $12.0 million. Gross profit for fiscal year 2016 was

$22.4 million, or 6.8 percent of net sales, compared to $29.0 million, or 7.0 percent of net sales for the same period in fiscal year 2015.

Dana S. Weber, Chief Executive Officer, commented, “The industrial economy, plagued by the impacts of low oil prices, commodity volatility, a strong U.S. dollar and foreign competition, has continued to be difficult for almost all domestic metal tube manufacturers. Webco was successful in purging high cost inventories over the course of fiscal year 2016. The market price for steel sheet coil began increasing in late spring 2016, largely due to tariffs on sheet coil, and the tubing industry has attempted to raise sales prices in response, despite continued dumping by foreign competitors. Expense and working capital management continue to be priorities in this lower demand environment.”

Selling, general and administrative expenses were $6.0 million in the fourth quarter of fiscal 2016 and $5.6 million in the fourth quarter of fiscal 2015. Selling, general and administrative charges were $23.3 million in the current fiscal year, a decrease from the $24.1 million in such expenses in fiscal 2015.

Interest expense was $0.7 million in the fourth quarter of fiscal year 2016 and $0.8 million in the fourth quarter of fiscal 2015. Interest expense decreased to $2.6 million in fiscal year 2016 from $3.2 million in the same period in fiscal year 2015. The decline in interest expense reflects lower debt levels.

We are party to an arrangement that swaps the variable interest rate for $50 million of our debt to a fixed rate through December 2019. We record the interest swap contract at fair value on our balance sheet and non-cash changes in value are reported as unrealized gains or losses on interest contracts. The non-cash income and charges from adjusting the interest swap contract value to market value create volatility in our income statement; however, they have no bearing on cash flow for the quarter because the actual monthly cash swap payments are reflected in interest expense, and therefore earnings.

At July 31, 2016, we had $6.3 million in cash in addition to $24.5 million of available borrowing under our senior revolving credit facility, which had $43.5 million drawn. The revolver has a $120 million cap with availability subject to advance rates on eligible accounts receivable and inventories.

Capital expenditures incurred amounted to $4.9 million in the fourth fiscal quarter of fiscal 2016 and amounted to $13.3 million for the full fiscal year. Our fiscal 2016 capital investments were focused on improving efficiencies, yields and quality.

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. Our tubing

products consist primarily of pressure tubing, including heat exchanger and boiler 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. We have six 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, reduced oil prices, competition from imports, including any impacts associated with the strength of the U.S. dollar, 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 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, and insurance costs and availability. The Company assumes no obligation to update publicly such forward-looking statements.

- TABLES FOLLOW -

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

	Three Months Ended July 31,		Fiscal Year Ended July 31,	
	2016	2015	2016	2015
Net sales	$ 84,046	$ 99,004	$ 330,325	$ 414,067
Cost of sales	77,307	91,992	307,899	385,095
Gross profit	6,738	7,011	22,426	28,972
Selling, general & administrative	6,031	5,620	23,302	24,104
Income (loss) from operations	707	1,392	(876)	4,868
Interest expense	678	798	2,572	3,244
Unrealized (gain) loss on interest contracts	207	(158)	930	1,232
Income (loss) before income taxes	(178)	751	(4,378)	391
Income tax expense (benefit)	414	(400)	(1,206)	(542)
Net income (loss)	$ (591)	$ 1,151	$ (3,173)	$ 933
Net income (loss) per common share:				
Basic	$ (0.73)	$ 1.42	$ (3.92)	$ 1.16
Diluted	$ (0.73)	$ 1.42	$ (3.92)	$ 1.15
Weighted average common shares outstanding:				
Basic	812,900	808,100	810,200	806,900
Diluted	812,900	809,400	810,200	809,700

Note: Amounts may not sum due to rounding.

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

	July 31, 2016	July 31, 2015
Cash	$ 6,261	$ 6,900
Accounts receivable, net	39,871	40,885
Inventories, net	113,354	139,191
Other current assets	9,804	8,466
Total current assets	169,289	195,443
Property, plant and equipment, net	92,575	91,226
Other long-term assets	1,299	2,505
Total assets	$ 263,164	$ 289,174
Other current liabilities	$ 30,166	$ 27,443
Current portion of long-term debt	43,367	69,959
Total current liabilities	73,533	97,402
Long-term debt	12,000	12,000
Deferred income tax liability	17,009	17,561
Total equity (812,900 common shares, par value $0.01, outstanding at July 31, 2016)	160,622	162,211
Total liabilities and equity	$ 263,164	$ 289,174

CASH FLOW DATA
(Dollars in thousands)
(Unaudited)

	Three Months Ended July 31,		Fiscal Year Ended July 31,	
	2016	2015	2016	2015
Net cash provided by (used in) operating activities	$ (3,869)	$ 14,670	$ 36,081	$ 23,911
Depreciation and amortization	$ 3,148	$ 3,081	$ 12,064	$ 12,204
Cash paid for capital expenditures	$ 4,865	$ 2,702	$ 13,049	$ 8,723

Note: Amounts may not sum due to rounding.