



FOR: **WEBCO INDUSTRIES, INC.**
CONTACT: Mike Howard
Chief Financial Officer
(918) 241-1094
mhoward@webcotube.com

For Immediate Release

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2021 SECOND QUARTER RESULTS

SAND SPRINGS, Oklahoma, March 16, 2021 – Webco Industries, Inc. (OTC: WEBC) today reported results for our second quarter of fiscal year 2021, which ended January 31, 2021.

For our second quarter of fiscal year 2021, we had a net loss of less than \$0.1 million, or a loss of \$0.05 per diluted share, while in our second quarter of fiscal year 2020, we generated net income of \$2.0 million, or \$2.23 per diluted share. Net sales for the second quarter of fiscal 2021 were \$94.3 million, a 16.1 percent decrease from the \$112.4 million of net sales in last year's second quarter.

For the first six months of fiscal year 2021, we generated a net loss of \$0.2 million, or a loss of \$0.24 per diluted share, compared to net income of \$5.2 million, or \$5.70 per diluted share, for the same period in fiscal year 2020. Net sales for the first six months of the current year amounted to \$194.1 million, a 17.4 percent decrease from the \$234.9 million in sales for the same six-month period of last year.

In the second quarter of fiscal year 2021, we had income from operations of \$0.3 million after depreciation of \$3.5 million. The second fiscal quarter of the prior year generated income from operations of \$3.3 million after depreciation of \$3.5 million. Gross profit for the second quarter of fiscal 2021 was \$7.4 million, or 7.8 percent of net sales, compared to \$11.7 million, or 10.4 percent of net sales, for the second quarter of fiscal year 2020.

Our income from operations for the first six months of fiscal year 2021 was \$0.5 million, after depreciation expense of \$7.0 million. Income from operations in the first six-month period of fiscal year 2020 was \$8.1 million, after depreciation expense of \$6.9 million. Gross profit for the first half of fiscal 2021 was \$14.6 million, or 7.6 percent of net sales, compared to \$25.3 million, or 10.8 percent of net sales for the same period in fiscal year 2020.

Dana S. Weber, Chief Executive Officer and Chairwoman, stated, "Our second quarter of fiscal year 2020 was the last full quarter prior to wide scale COVID-19 outbreak and declining oil prices. The pandemic onset initially affected all our businesses; however, our non-energy related business has recovered to pre-pandemic levels. Our revenue levels remain below pre-pandemic



levels because of lower energy-related business levels. We have continued our efforts, which we began two years ago, to reduce our debt and increase our liquidity. Over that period, we have reduced our outstanding long-term debt by \$86.4 million, to a balance of \$32.7 million, and increased our combined cash and availability to \$71.9 million, which we believe is a competitive advantage.”

Selling, general and administrative expenses were \$7.1 million in the second quarter of fiscal 2021 and \$8.4 million in the second quarter of fiscal 2020. SG&A expenses were \$14.2 million in the first half of fiscal year 2021 and \$17.2 million for the first six-month period of fiscal year 2020. SG&A expenses thus far in fiscal year 2021 reflect discretionary spending reductions and lower costs associated with decreased profitability, such as company-wide incentive compensation and variable pay programs.

Interest expense was \$0.3 million and \$0.8 million in the second quarter of fiscal years 2021 and 2020, respectively. Interest expense was \$0.7 million and \$1.7 million in the first six-month periods of the current and prior fiscal years. The differential in interest expense between the periods is due to a combination of lower debt levels and lower interest rates.

Capital expenditures incurred amounted to \$5.1 million in the second quarter of fiscal year 2021 and was \$9.2 million for the first six months of fiscal year 2021. Our capital investments were largely focused on improving our efficiencies, yields, quality and capabilities.

As of January 31, 2021, we had \$5.4 million in cash, in addition to \$66.5 million of available borrowing under our \$160 million senior revolving credit facility, which had \$20.7 million drawn. Availability on the revolver is subject to advance rates on eligible accounts receivable and inventories. Our term and revolver mature in March 2022. Accounting rules require asset-based debt agreements like our revolver to be classified as a current liability, despite its March 2022 maturity.

Webco’s stock repurchase program authorizes the purchase of up to \$10 million of our outstanding common stock, in private or open market transactions. While we have not purchased shares since the onset of the pandemic, we will evaluate further share purchase opportunities based on the circumstances at that time. The repurchase plan may be extended, suspended or discontinued at any time, without notice, at the Board’s discretion.

Webco’s mission is to continuously build on our strengths as we create a vibrant company for the ages. We leverage on our core values of trust and teamwork, continuously building strength, agility and innovation. We focus on practices that support our brand, such that we are 100% engaged every day to build a forever kind of company for our Trusted Teammates,



customers, business partners, investors and community. We provide high-quality carbon steel, stainless steel and other metal specialty tubing products designed to industry and customer specifications. We have five tube production facilities in Oklahoma and Pennsylvania and eight value-added facilities in Oklahoma, Illinois, Michigan, Pennsylvania and Texas, 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," "believe," "can," "consider," "expects," "forever," "hopes," "intends," "plans," "projects," "pursue," "should," "wishes," "would," or similar words may 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; low hydrocarbon prices; competition from foreign imports, including any impacts associated with dumping or the strength of the U.S. dollar; political or policy environments that are unfriendly to industrial or energy-related businesses; changes in manufacturing technology; banking environment, including availability of adequate financing; worldwide and domestic monetary policy; changes in tax rates and regulation; regulatory and permitting requirements, including, but not limited to, environmental, workforce, healthcare, safety and national security; changes in import / export tariff or restrictions; volatility in raw material cost and availability; volatility in natural gas and power cost and availability; problems associated with product development efforts; the cost and availability of manufacturing supplies, including process gasses; appraised values of inventories that can impact available borrowing under the Company's credit facility; declaration of material adverse change by a lender; industry capacity; domestic competition; loss of, or reductions in, purchases by significant customers and customer work stoppages; work stoppages by critical suppliers; labor unrest; conditions, including acts of God, that require more costly transportation of raw materials; accidents, equipment failures and insured or uninsured casualties; third-party product liability claims; flood, tornado, winter storms, and other natural disasters; customer or supplier bankruptcy; customer or supplier declarations of force majeure; customer or supplier breach of contract; insurance cost and availability; lack of insurance coverage for floods; the cost associated with providing healthcare benefits to employees; customer claims; supplier quality or delivery problems;



technical and data processing capabilities; cyberattack on our information technology infrastructure; world, domestic or regional health crisis; and our ability to repurchase the Company's stock. The Company assumes no obligation to publicly update any 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 January 31, | | Six Months Ended January 31, | |
|--|-----------------------------------|------------|---------------------------------|------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net sales | \$ 94,326 | \$ 112,418 | \$ 194,126 | \$ 234,906 |
| Cost of sales | 86,952 | 100,684 | 179,478 | 209,609 |
| Gross profit | 7,373 | 11,733 | 14,648 | 25,297 |
| Selling, general & administrative expenses | 7,117 | 8,410 | 14,183 | 17,165 |
| Income (loss) from operations | 256 | 3,323 | 465 | 8,133 |
| Interest expense | 310 | 810 | 707 | 1,716 |
| (Gain) loss on interest contracts | - | (3) | - | 65 |
| Pretax income (loss) | (54) | 2,516 | (242) | 6,352 |
| Provision for (benefit from) income taxes | (11) | 505 | (43) | 1,178 |
| Net income (loss) | \$ (43) | \$ 2,011 | \$ (199) | \$ 5,174 |
| Net income (loss) per share: | | | | |
| Basic | \$ (0.05) | \$ 2.47 | \$ (0.24) | \$ 6.33 |
| Diluted | \$ (0.05) | \$ 2.23 | \$ (0.24) | \$ 5.70 |
| Weighted average common shares outstanding: | | | | |
| Basic | 815,100 | 813,200 | 814,600 | 817,900 |
| Diluted | 815,100 | 902,900 | 814,600 | 908,000 |

WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW DATA
(Dollars in thousands - Unaudited)

| | Three Months Ended January 31, | | Six Months Ended January 31, | |
|--|-----------------------------------|-----------|---------------------------------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Net cash from (used in) operating activities | \$ 12,220 | \$ 23,037 | \$ 24,813 | \$ 34,096 |
| Depreciation and amortization | \$ 3,519 | \$ 3,535 | \$ 7,100 | \$ 7,055 |
| Cash paid for capital expenditures | \$ 5,075 | \$ 8,212 | \$ 9,184 | \$ 13,324 |

Notes: Amounts may not sum due to rounding.



WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value - Unaudited)

| | January 31, 2021 | July 31, 2020 |
|---|---------------------|------------------|
| Current assets: | | |
| Cash | \$ 5,429 | \$ 4,600 |
| Accounts receivable, net | 45,035 | 41,655 |
| Inventories, net | 114,854 | 135,764 |
| Prepaid expenses | 2,389 | 5,606 |
| Total current assets | 167,706 | 187,624 |
| Property, plant and equipment, net | 113,123 | 110,914 |
| Right of use, finance leases, net | 1,670 | 1,560 |
| Right of use, operating leases, net | 24,197 | 22,137 |
| Other long-term assets | 6,092 | 5,495 |
| Total assets | \$ 312,788 | \$ 327,730 |
| Current liabilities: | | |
| Accounts payable | \$ 16,427 | \$ 14,453 |
| Accrued liabilities | 17,071 | 14,690 |
| Current portion of long-term debt, net | 20,697 | 41,468 |
| Current portion of finance lease liabilities | 556 | 485 |
| Current portion of operating lease liabilities | 4,883 | 4,835 |
| Total current liabilities | 59,635 | 75,931 |
| Long-term debt, net of current portion | 12,000 | 12,000 |
| Finance lease liabilities, net of current portion | 1,141 | 1,086 |
| Operating lease liabilities, net of current portion | 19,319 | 17,304 |
| Deferred tax liabilities | 3,610 | 4,901 |
| Stockholders' equity: | | |
| Common stock, \$0.01 par value, 12,000,000 shares authorized, 869,700 and 869,300 outstanding respectively | 9 | 9 |
| Additional paid-in capital | 51,653 | 50,874 |
| Retained earnings | 165,422 | 165,624 |
| Total stockholders' equity | 217,084 | 216,507 |
| Total liabilities and stockholders' equity | \$ 312,788 | \$ 327,730 |

Notes: Amounts may not sum due to rounding.