



FOR: **WEBCO INDUSTRIES, INC.**  
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**For Immediate Release**

## **WEBCO INDUSTRIES, INC. REPORTS FISCAL 2021 THIRD QUARTER RESULTS**

SAND SPRINGS, Oklahoma, June 7, 2021 – Webco Industries, Inc. (OTC: WEBC) today reported results for our third quarter of fiscal year 2021, which ended April 30, 2021.

For our third quarter of fiscal year 2021, we had a net income of \$6.5 million, or \$7.32 per diluted share, while in our third quarter of fiscal year 2020, we generated net income of \$0.2 million, or \$0.19 per diluted share. Net sales for the third quarter of fiscal 2021 were \$127.0 million, a 21.2 percent increase from the \$104.8 million of net sales in last year’s third quarter.

For the first nine months of fiscal year 2021, we generated net income of \$6.3 million, or \$7.13 per diluted share, compared to net income of \$5.3 million, or \$5.95 per diluted share, for the same period in fiscal year 2020. Net sales for the first nine months of the current year amounted to \$321.1 million, a 5.5 percent decrease from the \$339.7 million in sales for the same nine-month period of last year.

In the third quarter of fiscal year 2021, we had income from operations of \$8.5 million after depreciation of \$3.4 million. The third fiscal quarter of the prior year generated income from operations of \$0.6 million after depreciation of \$3.3 million. Gross profit for the third quarter of fiscal 2021 was \$18.6 million, or 14.6 percent of net sales, compared to \$9.9 million, or 9.4 percent of net sales, for the third quarter of fiscal year 2020.

Our income from operations for the first nine months of fiscal year 2021 was \$9.0 million, after depreciation expense of \$10.3 million. Income from operations in the first nine-month period of fiscal year 2020 was \$8.7 million, after depreciation expense of \$10.3 million. Gross profit for the first nine months of fiscal 2021 was \$33.2 million, or 10.4 percent of net sales, compared to \$35.2 million, or 10.3 percent of net sales for the same period in fiscal year 2020.

Dana S. Weber, Chief Executive Officer and Board Chair, stated, “Business conditions for our current quarter are significantly different compared to last year’s third fiscal quarter. World steel producers struggled to keep pace with growing demand and various supply constrictions, resulting in a wide-spread short supply of steel. As a result, the cost of our raw materials increased substantially, and steel raw material availability tightened even further. We have worked to pass-



through and stay ahead of these increasing costs by increasing the sales prices where possible. The business environment of the current fiscal quarter compares favorably to that we experienced in our third quarter of fiscal year 2020, during which the pandemic became wide-spread and crude oil prices sank. The extreme winter conditions faced by our Oklahoma facilities in February 2021, adversely affected gas and power supply and limited our operations for a significant part of that weather event, yet the engagement of our employees allowed us to mitigate the overall impact. Our strong balance sheet and liquidity position have positioned us well to successfully navigate and gain strength since the onset of those unforeseen global events. We remain focused on financial strength and flexibility. Our total cash and availability is \$77.5 million, which we believe to be a competitive advantage.”

Selling, general and administrative expenses were \$10.1 million in the third quarter of fiscal 2021 and \$9.3 million in the third quarter of fiscal 2020. SG&A expenses in the third quarter of fiscal year 2021 reflect an increase in costs associated with increased profitability, such as company-wide incentive compensation and variable pay programs. SG&A expenses were \$24.3 million in the first nine months of fiscal year 2021 and \$26.5 million for the first nine-month period of fiscal year 2020. There is less discretionary spending and company-wide incentive compensation in the first nine months of the current year because the first two quarters of fiscal 2021 were impacted by the pandemic and low oil prices, whereas the first nine months of fiscal year 2020 were not significantly affected by the pandemic and low oil prices.

Interest expense was \$0.3 million and \$0.7 million in the third quarter of fiscal years 2021 and 2020, respectively. Interest expense was \$1.0 million and \$2.4 million in the first nine-month periods of the current and prior fiscal years. The differential in interest expense between the periods is primarily due to lower debt levels.

Capital expenditures incurred amounted to \$1.5 million in the third quarter of fiscal year 2021 and \$10.7 million for the first nine months of fiscal year 2021. Our capital investments were largely focused on improving our efficiencies, yields, quality and capabilities.

As of April 30, 2021, we had \$7.1 million in cash, in addition to \$70.4 million of available borrowing under our \$160 million senior revolving credit facility. Availability on the revolver, which had \$32.2 million drawn at April 30, 2021, is subject to advance rates on eligible accounts receivable and inventories. Our term and revolver, as a result of a refinancing following the completion of the current quarter, mature in May 2025. Accounting rules require asset-based debt agreements like our revolver to be classified as a current liability, despite its March 2025 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 April 30,		Nine Months Ended April 30,	
	2021	2020	2021	2020
Net sales	\$ 126,983	\$ 104,798	\$ 321,109	\$ 339,704
Cost of sales	108,390	94,944	287,868	304,553
Gross profit	18,594	9,854	33,241	35,151
Selling, general & administrative expenses	10,095	9,304	24,277	26,468
Income (loss) from operations	8,499	550	8,964	8,683
Interest expense	262	655	968	2,436
Pretax income (loss)	8,238	(105)	7,996	6,247
Provision for (benefit from) income taxes	1,733	(274)	1,690	904
Net income (loss)	\$ 6,504	\$ 169	\$ 6,305	\$ 5,343
Net income (loss) per share:				
Basic	\$ 7.80	\$ 0.21	\$ 7.68	\$ 6.54
Diluted	\$ 7.32	\$ 0.19	\$ 7.13	\$ 5.95
Weighted average common shares outstanding:				
Basic	834,400	813,500	821,200	816,400
Diluted	889,400	886,000	884,100	897,900

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

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2021	2020	2021	2020
Net cash from (used in) operating activities	\$ (4,580)	\$ 5,015	\$ 20,233	\$ 39,112
Depreciation and amortization	\$ 3,383	\$ 3,406	\$ 10,482	\$ 10,461
Cash paid for capital expenditures	\$ 1,478	\$ 2,751	\$ 10,662	\$ 16,074

Notes: Amounts may not sum due to rounding.



**WEBCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except par value - Unaudited)

	April 30, 2021	July 31, 2020
Current assets:		
Cash	\$ 7,149	\$ 4,600
Accounts receivable, net	59,897	41,655
Inventories, net	121,120	135,764
Prepaid expenses	6,680	5,606
Total current assets	194,846	187,624
Property, plant and equipment, net	109,751	110,914
Right of use, finance leases, net	1,615	1,560
Right of use, operating leases, net	24,355	22,137
Other long-term assets	6,235	5,495
Total assets	\$ 336,803	\$ 327,730
Current liabilities:		
Accounts payable	\$ 19,003	\$ 14,453
Accrued liabilities	19,108	14,690
Current portion of long-term debt, net	32,100	41,468
Current portion of finance lease liabilities	568	485
Current portion of operating lease liabilities	4,431	4,835
Total current liabilities	75,210	75,931
Long-term debt, net of current portion	12,000	12,000
Finance lease liabilities, net of current portion	1,079	1,086
Operating lease liabilities, net of current portion	19,863	17,304
Deferred tax liabilities	4,028	4,901
Stockholders' equity:		
Common stock, \$0.01 par value, 12,000,000 shares authorized, 885,200 and 869,300 outstanding respectively	9	9
Additional paid-in capital	52,939	50,874
Retained earnings	171,675	165,624
Total stockholders' equity	224,623	216,507
Total liabilities and stockholders' equity	\$ 336,803	\$ 327,730

Notes: Amounts may not sum due to rounding.