

FOR: **WEBCO INDUSTRIES, INC.**

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For Immediate Release

**WEBCO INDUSTRIES, INC. REPORTS FISCAL 2017 FOURTH
QUARTER RESULTS**

SAND SPRINGS, Oklahoma, September 21, 2017 – Webco Industries, Inc. (OTC: WEBC) today reported results for our fourth quarter of fiscal year 2017, ended July 31, 2017.

For our fourth quarter of fiscal year 2017, we generated net income of \$1.4 million, or \$1.55 per diluted share, compared to a net loss of \$0.6 million, or a loss of \$0.73 per diluted share, for the fourth quarter in fiscal 2016. Net sales for the fourth quarter of fiscal 2017 were \$106.6 million, a 26.8 percent increase from the \$84.0 million of sales in last year's fourth quarter. The current quarter includes a negligible non-cash loss related to our interest swap contract, whereas the prior year fourth quarter includes a \$0.2 million non-cash loss related to the interest swap contract.

For fiscal year 2017, we generated net income of \$5.6 million, or \$6.45 per diluted share, compared to a net loss of \$3.2 million, or a loss of \$3.92 per diluted share, for the same period in fiscal 2016. Net sales for the current fiscal year amounted to \$384.9 million, a 16.5 percent increase over the \$330.3 million last fiscal year. Results for the current fiscal year include a \$1.5 million non-cash gain related to the interest swap contract, whereas the prior year contained a \$0.9 million non-cash loss on the contract.

In the fourth quarter of fiscal year 2017, we generated income from operations of \$3.0 million, after depreciation of \$3.0 million. The fourth fiscal quarter of the prior year generated income from operations of \$0.7 million, after depreciation amounting to \$3.1 million. Gross profit for the fourth quarter of fiscal 2017 was \$10.2 million, or 9.6 percent of net sales, compared to \$6.7 million, or 8.0 percent of net sales, for the fourth quarter of fiscal 2016.

Our income from operations for fiscal year 2017 was \$8.9 million, after depreciation expense of \$11.5 million, while we generated a loss from operations for the same period in fiscal 2016 of \$0.9 million, after depreciation expense of \$11.9 million. Gross profit for fiscal 2017 was \$34.6 million, or 9.0 percent of net sales, compared to \$22.4 million, or 6.8 percent of net sales for the same period in fiscal year 2016.

Dana S. Weber, Chief Executive Officer, commented, “Manufacturing in the United States continues to be under great pressure from the high costs required to produce goods in the U.S. and unfair dumping of low price foreign products. Our current year improvement is, in large part, a testament to the hard work and dedication of our engaged workforce. We are hopeful that the trade case involving certain steel tubular products will reduce low market price pressures associated with foreign importers from the countries named in the case. Our shipment volumes are up in certain product groups relative to the same period last year, although demand is still diminished from a historical standpoint, largely in the energy related products. We have been investing in our core strengths, including quality, efficiency, yield improvement and capabilities.”

Selling, general and administrative expenses were \$7.2 million in the fourth quarter of fiscal 2017 and \$6.0 million in the fourth quarter of fiscal 2016. Selling, general and administrative charges were \$25.7 million in the current fiscal year, an increase over the \$23.3 million in such expenses in the same period of fiscal 2016. The increase in SG&A reflects increased costs associated with increased business levels, such as company-wide incentive compensation and variable pay programs.

Interest expense was \$0.6 million and \$0.7 million, respectively, in each of the fourth quarters of fiscal years 2017 and 2016. Interest expense was \$2.5 million in fiscal year 2017 and \$2.6 million in fiscal year 2016. During the third quarter of fiscal year 2017, we amended our senior credit facility to extend the maturity an additional five years, until March 2022.

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, 2017, we had \$7.2 million in cash, in addition to \$27 million of available borrowing under our senior revolving credit facility, which had \$67.9 million drawn. The amended revolver continues to have a \$120 million cap with availability primarily subject to advance rates on eligible accounts receivable and inventories.

Capital expenditures incurred amounted to \$3.4 million in the fourth fiscal quarter and \$16.8 million for fiscal year 2017. Our fiscal 2017 capital investments were largely focused on improving our efficiencies, yields, quality and capabilities.

The first quarter fiscal 2017 adoption of a change in balance sheet presentation of deferred taxes has resulted in current deferred tax assets being netted against long-term deferred income tax liabilities, and presented as a single element on our balance sheet; however, since we changed for future presentation only, our July 31, 2016, balance sheet was not changed.

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 five tube production facilities in Oklahoma and Pennsylvania and six value-added 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 foreign imports, including any impacts associated with dumping or 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.

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,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net sales	\$ 106,608	\$ 84,046	\$ 384,886	\$ 330,325
Cost of sales	<u>96,409</u>	<u>77,307</u>	<u>350,299</u>	<u>307,899</u>
Gross profit	10,199	6,738	34,587	22,426
Selling, general & administrative	<u>7,170</u>	<u>6,031</u>	<u>25,678</u>	<u>23,302</u>
Income (loss) from operations	3,029	707	8,909	(876)
Interest expense	633	678	2,494	2,572
Unrealized (gain) loss on interest contracts	<u>3</u>	<u>207</u>	<u>(1,459)</u>	<u>930</u>
Income (loss) before income taxes	2,393	(178)	7,873	(4,378)
Income tax expense (benefit)	<u>963</u>	<u>414</u>	<u>2,251</u>	<u>(1,206)</u>
Net income (loss)	\$ <u>1,430</u>	\$ <u>(591)</u>	\$ <u>5,622</u>	\$ <u>(3,173)</u>
Net income (loss) per common share:				
Basic	\$ <u>1.75</u>	\$ <u>(0.73)</u>	\$ <u>6.90</u>	\$ <u>(3.92)</u>
Diluted	\$ <u>1.55</u>	\$ <u>(0.73)</u>	\$ <u>6.45</u>	\$ <u>(3.92)</u>
Weighted average common shares outstanding:				
Basic	<u>816,700</u>	<u>812,900</u>	<u>814,900</u>	<u>810,200</u>
Diluted	<u>922,000</u>	<u>812,900</u>	<u>871,700</u>	<u>810,200</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)

	<u>July 31,</u> <u>2017</u>	<u>July 31,</u> <u>2016</u>
Cash	\$ 7,189	\$ 6,261
Accounts receivable, net	52,988	39,871
Inventories, net	124,533	113,354
Other current assets	<u>5,491</u>	<u>9,804</u>
Total current assets	190,202	169,289
Property, plant and equipment, net	97,208	92,575
Other long-term assets	<u>4,750</u>	<u>1,299</u>
Total assets	\$ <u>292,159</u>	\$ <u>263,164</u>
Other current liabilities	\$ 31,355	\$ 30,166
Current portion of long-term debt	<u>67,876</u>	<u>43,367</u>
Total current liabilities	99,232	73,533
Long-term debt	12,000	12,000
Deferred income tax liability	12,772	17,009
Total equity (891,600 common shares, par value \$0.01, outstanding at July 31, 2017)	<u>168,156</u>	<u>160,622</u>
Total liabilities and equity	\$ <u>292,159</u>	\$ <u>263,164</u>

Note: Prior amounts have not been changed to conform to current deferred tax presentation.

CASH FLOW DATA

(Dollars in thousands)

(Unaudited)

	Three Months Ended		Fiscal Year Ended	
	July 31,		July 31,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net cash provided by (used in)				
operating activities	\$ <u>(2,452)</u>	\$ <u>(3,869)</u>	\$ <u>(2,192)</u>	\$ <u>36,081</u>
Depreciation and amortization	\$ <u>3,036</u>	\$ <u>3,148</u>	\$ <u>11,726</u>	\$ <u>12,064</u>
Cash paid for capital expenditures	\$ <u>3,210</u>	\$ <u>4,865</u>	\$ <u>16,134</u>	\$ <u>13,049</u>

Note: Amounts may not sum due to rounding.