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

For Immediate Release

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2020 FIRST QUARTER RESULTS

SAND SPRINGS, Oklahoma, December 9, 2019 – Webco Industries, Inc. (OTC: WEBC) today reported results for our first quarter of fiscal year 2020, which ended October 31, 2019.

For our first quarter of fiscal year 2020, we generated net income of $3.2 million, or $3.46 per diluted share, while in our first quarter of fiscal year 2019, we generated net income of $9.8 million, or $10.47 per diluted share. Net sales for the first quarter of fiscal 2020 were $122.5 million, a 10.6 percent decrease from the $137.0 million of net sales in last year's first quarter. Significant declines in carbon steel sheet coil cost from the first quarter of fiscal year 2019 to the first quarter of fiscal year 2020 negatively affected sales comparisons between the quarters and liquidating higher cost steel from inventories adversely affected margins during the current first quarter.

In the first quarter of fiscal year 2020, we generated income from operations of $4.8 million, after depreciation of $3.5 million. The first fiscal quarter of the prior year generated income from operations of $13.9 million, after depreciation of $3.3 million. Gross profit for the first quarter of fiscal 2020 was $13.6 million, or 11.1 percent of net sales, compared to $24.2 million, or 17.6 percent of net sales, for the first quarter of fiscal 2019. Declines in the price of carbon steel sheet coil suppressed margins in the first quarter as we liquidated higher cost steel.

Dana S. Weber, Chief Executive Officer and Chairwoman, commented, "The current industrial economy is slower than we have experienced over the last two years. In addition, carbon steel sheet coil prices decreased substantially over the course of fiscal year 2019, resulting in industry-wide inventory reductions, margin pressure from liquidating higher priced inventories and decreasing sales prices. Despite those headwinds, our thoroughly engaged workforce has put us in a favorable position. In order to enhance our agility, we have worked hard to reduce our debt, which declined $21.7 million in fiscal year 2019, and another $6.0 million in the first quarter of fiscal year 2020. We continued to benefit from our process and product innovations and investing in our people and compelling technologies, both of which we consider core strengths."

Selling, general and administrative expenses were $8.8 million in the first quarter of fiscal 2020 and $10.3 million in the first quarter of fiscal 2019. SG&A expenses for fiscal year 2020 reflect lower costs associated with decreased profitability, such as company-wide incentive compensation and variable pay programs.

Interest expense was $0.9 million and $1.3 million in the first quarters of fiscal years 2020 and 2019, respectively. The differential in interest expense between the quarterly periods is primarily due to lower average debt levels.

We are party to an arrangement that swaps the variable interest rate for $50 million of our debt to a fixed rate. The arrangement terminates in 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. Actual monthly cash swap receipts or payments are reflected in interest expense.

At October 31, 2019, we had $6.2 million in cash, in addition to $41.5 million of available borrowing under our $160 million senior revolving credit facility, which had $82.8 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 current classification of a revolver, irrespective of maturity, when the agreement contains both a lock-box arrangement and a subjective acceleration clause. Because our revolver contains both provisions, it is shown as a current obligation on our balance sheet, despite its March 2022 maturity.

In the first quarter of fiscal year 2020, we adopted the new accounting standards for reporting leases and, upon that implementation, recorded right of use assets and related lease liabilities for outstanding lease obligations. The accounting rules generally require us to record a right of use asset and lease liability for the present value of the future payments we will make on new, modified or renewed leases, which previously would not have been recorded on the balance sheet. The right of use asset is amortized over the life of the lease and the liability is reduced as payments are made on the obligations. The adoption of this accounting rule has not had a material impact on our statement of operations.

Capital expenditures incurred amounted to $2.7 million in the first quarter of fiscal year 2020. Our capital investments were largely focused on improving our efficiencies, yields, quality and capabilities.

The Company's Board of Directors previously established authority of up to $10 million for a stock repurchase program, under which the Company is authorized to purchase its outstanding common stock, in private or open market transactions. The Board approved authority expires October 31, 2022. In the first quarter of fiscal 2020, the Company acquired 5,600 shares. The Company acquired 18,393 and 15,500 shares in fiscal years 2019 and 2018, respectively. Stock repurchases are subject to our ability to identify shares available for repurchase, the willingness of shareholders to pursue a sale of their shares to the Company, price and other market considerations, including that we do not know the identity of a significant number of our shareholders. Further, debt covenants may restrict the amount and timing of future stock repurchases the Company may wish to pursue, if any. There is no guarantee as to the number or dollar value of shares the Company may wish to, or be able to, repurchase. The repurchase plan may be extended, suspended or discontinued at any time, without notice, at the Company'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," "believes," "can," "consider," "expects," "forever," "hopes," "intended," "plans," "projects," "pursue," "should," "wishes," "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, lack of insurance coverage for floods, 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 October 31, 2019	Three Months Ended October 31, 2018
Net sales	$ 122,489	$ 137,002
Cost of sales	108,925	112,809
Gross profit	13,564	24,192
Selling, general & administrative	8,754	10,306
Income (loss) from operations	4,810	13,887
Interest expense	906	1,337
(Gain) loss on interest contracts	68	3
Income (loss) before income taxes	3,836	12,547
Income tax expense (benefit)	673	2,796
Net income (loss)	$ 3,163	$ 9,751
Net income (loss) per common share:		
Basic	$ 3.85	$ 12.03
Diluted	$ 3.46	$ 10.47
Weighted average common shares outstanding:		
Basic	822,600	810,500
Diluted	913,100	931,800

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, 2019	July 31, 2019
Cash	$ 6,243	$ 7,140
Accounts receivable, net	55,641	59,358
Inventories, net	168,781	176,418
Other current assets	11,823	11,649
Total current assets	242,489	254,565
Property, plant and equipment, net	111,525	112,501
Leased assets, net	11,321	-
Other long-term assets	3,894	3,943
Total assets	$ 369,228	$ 371,009
Other current liabilities	$ 37,801	$ 46,373
Current portion of long-term debt, net	82,536	88,558
Current portion of lease liabilities	4,040	68
Total current liabilities	124,377	134,999
Long-term debt	12,000	12,000
Long-term portion of lease liabilities	7,283	178
Deferred tax liability	7,792	8,677
Total equity (887,800 common shares, par value $0.01, outstanding at October 31, 2019)	217,776	215,155
Total liabilities and equity	$ 369,228	$ 371,009

CASH FLOW DATA
(Dollars in thousands, Unaudited)

	Three Months Ended October 31, 2019	2018
Net cash provided by (used in) operating activities	$ 11,059	$ 1,434
Depreciation and amortization	$ 3,520	$ 3,404
Cash paid for capital expenditures	$ 5,111	$ 5,324

Note: Amounts may not sum due to rounding.