



# A.M. CASTLE & CO.

1420 Kensington Road  
Suite 220  
Oak Brook, IL 60523  
P: (847) 455-7111  
F: (847) 241-8171

## For Further Information:

Scott F. Stephens  
Vice President - Finance & CFO  
(847) 349-2577  
Email: sstephens@amcastle.com

Traded: NYSE (CAS)  
Member: S&P SmallCap 600 Index

**FOR IMMEDIATE RELEASE**  
**TUESDAY, FEBRUARY 26, 2013**

## **A. M. CASTLE & CO. REPORTS FOURTH QUARTER AND FULL YEAR 2012 RESULTS** **ANNOUNCES RECORD DATE AND ANNUAL SHAREHOLDER MEETING DATE**

**OAK BROOK, IL, FEBRUARY 26<sup>th</sup>** – **A. M. Castle & Co. (NYSE: CAS)** (“the Company”), a global distributor of specialty metal and plastic products, value-added services and supply chain solutions, today reported financial results for the fourth quarter and full year ended December 31, 2012.

Consolidated net sales were \$274.0 million for the three months ended December 31, 2012, compared to \$282.2 million in the fourth quarter of 2011. Reported net loss for the quarter was \$5.6 million, or a loss of \$0.24 per diluted share, compared to a net loss of \$12.0 million, or a loss of \$0.52 per diluted share, in the prior year quarter. Adjusted non-GAAP net loss, as reconciled below, was \$5.4 million, or a loss of \$0.24 per diluted share, for the fourth quarter of 2012 compared to adjusted non-GAAP net income of \$1.3 million, or \$0.05 per diluted share, in the prior year quarter.

The Company’s reported EBITDA was \$8.8 million, or 3.2% of net sales, in the fourth quarter of 2012, compared to \$3.9 million, or 1.4% of net sales, in the fourth quarter of 2011.

“As the overall market conditions deteriorated throughout the fourth quarter, we implemented additional measures to lower our costs in order to better position the Company heading into 2013 and minimize the loss for the quarter. In addition, even with the challenging demand environment during the fourth quarter, we surpassed our second half of 2012 inventory reduction goal of \$50 million. Inventory levels declined over \$65 million, on a replacement cost basis, during the second half of 2012,” said Scott Dolan, president and CEO of A. M. Castle & Co.

In the Metals segment, fourth quarter 2012 net sales of \$242.3 million were \$10.6 million, or 4.2% lower than last year. Metals segment tons sold per day, excluding Tube Supply, for the fourth quarter of 2012 were down 16.3% from the fourth quarter of 2011. Sequentially, tons sold per day, were 9.0% lower than the third quarter of 2012 as virtually all key end-use markets experienced softer demand due to extended customer shutdowns and weaker conditions in the overall economy compared to the third quarter.

In the Plastics segment, fourth quarter 2012 net sales of \$31.7 million were \$2.5 million, or 8.6% higher than the prior year period, primarily due to increased volume in the automotive sector. Sequentially, fourth quarter net sales were the same as third quarter 2012 net sales of \$31.6 million, while sales per workday in the fourth quarter were 2.0% higher than third quarter levels.

Equity in earnings of the Company’s joint venture was \$1.1 million in the fourth quarter of 2012, which was \$1.6 million less than the same period last year and \$0.2 million less than the third quarter of this year.

For the full year 2012, consolidated net sales were \$1,270.4 million, compared to 2011 net sales of \$1,132.4 million. Net loss for the full year 2012 was \$9.7 million, or a loss of \$0.42 per diluted share, compared to a net loss of \$1.8 million, or a loss of \$0.08 per diluted share in 2011. Adjusted non-GAAP net income, as reconciled in the table below, was \$6.3 million, or \$0.26 per diluted share, for the year ended December 31, 2012, compared to \$12.4 million, or \$0.53 per diluted share, for 2011. Consolidated 2012 cost of materials include a LIFO charge of \$1.1 million compared to \$16.0 million in 2011.

The Company's reported EBITDA was \$74.2 million, or 5.8% of net sales, in 2012, compared to \$37.4 million, or 3.3% of net sales, in 2011.

For the full year 2012, Metals segment sales of \$1,143.9 million were \$129.8 million, or 12.8% higher than \$1,014.1 million in 2011. Tons sold per day, excluding Tube Supply, decreased 3.9% from 2011 as gains in oil and gas were offset by weakness in the industrial business. For the full year 2012, Plastics segment sales of \$126.5 million were \$8.3 million, or 7.0% higher than 2011, reflecting stronger demand in the automotive sector.

The Company's debt-to-capital ratio was 46.8% at December 31, 2012, compared to 50.2% at December 31, 2011. Total debt outstanding, net of unamortized discount, was \$297.1 million at December 31, 2012 and \$314.9 million at December 31, 2011. The cash and cash equivalents balance at year-end 2012 was \$21.6 million compared to \$20.0 million at the end of the third quarter and the outstanding balance under the revolving credit facilities was \$40.0 million at December 31, 2012 compared to \$47.8 million at the end of the third quarter. Refer to the 'Total Debt' table below for details related to the Company's outstanding debt obligations.

As previously communicated, the Company has targeted \$33 million of annual operating income improvement as part of the plan announced in January of this year. The Company expects to realize \$20 million of the targeted \$33 million annual operating income improvements during 2013. The Company estimates \$10 million of pre-tax charges associated with the plan, which will be incurred primarily in the first and second quarters of 2013, resulting in a net \$10 million operating income improvement after the impact of the restructuring charges.

"We remain cautious heading into 2013 based on sentiments from many of our customers and a weaker overall economic outlook compared to early 2012. We will continue to focus on working capital management, maintaining strong gross material margins and executing the plan to reduce costs, improve operating performance and customer service that we announced in January. We have executed the initial steps of our improvement plan as scheduled," Dolan concluded.

#### **Webcast Information**

Management will hold a conference call at 11:00 a.m. ET today to review the Company's results for the fourth quarter and discuss business conditions and outlook. The call can be accessed via the Internet live or as a replay. Those who would like to listen to the call may access the webcast through a link on the investor relations page of the Company's website at <http://www.amcastle.com/investors/default.aspx>. A supplemental presentation accompanying the webcast can also be accessed at the link provided.

An archived version of the conference call webcast will be available for replay at the link above approximately three hours following its conclusion, and will remain available until the next earnings conference call. A replay of the conference call will also be available by calling (888) 843-7419 or (630) 652-3042 and citing code 7758691.

#### **Annual Meeting Date, Time and Location**

A. M. Castle & Co. will hold its annual meeting of shareholders on April 25, 2013 at 10:00 a.m. Central Time. The meeting will be held at the Company headquarters in Oak Brook, Illinois. Holders of common shares of record at the close of business on March 1, 2013 are entitled to notice of and to vote at the annual meeting.

#### **About A. M. Castle & Co.**

Founded in 1890, A. M. Castle & Co. is a global distributor of specialty metal and plastic products and supply chain services, principally serving the producer durable equipment, oil and gas, commercial aircraft, heavy equipment, industrial goods, construction equipment, retail, marine and automotive sectors of the global economy. Its customer base includes many Fortune 500 companies as well as thousands of medium and smaller-sized firms spread across a variety of industries. Within its metals business, it specializes in the distribution of alloy and stainless steels; nickel alloys; aluminum and carbon. Through its wholly-owned subsidiary, Total Plastics, Inc., the Company also distributes a broad range of value-added industrial plastics. Together, Castle and its affiliated companies operate out of more than 60 locations throughout North America, Europe and Asia. Its common stock is traded on the New York Stock Exchange under the ticker symbol "CAS".

**Regulation G Disclosure**

This release and the financial statements included in this release include non-GAAP financial measures. The non-GAAP financial information should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. However, we believe that non-GAAP reporting, giving effect to the adjustments shown in the reconciliation contained in this release and in the attached financial statements, provides meaningful information and therefore we use it to supplement our GAAP reporting and guidance. Management often uses this information to assess and measure the performance of our business. We have chosen to provide this supplemental information to investors, analysts and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the reconciliations and to assist with period-over-period comparisons of such operations. The exclusion of the charges indicated herein from the non-GAAP financial measures presented does not indicate an expectation by the Company that similar charges will not be incurred in subsequent periods.

In addition, the Company believes that the use and presentation of EBITDA, which is defined by the Company as income before provision for income taxes plus depreciation and amortization, and interest expense, less interest income, is widely used by the investment community for evaluation purposes and provides the investors, analysts and other interested parties with additional information in analyzing the Company's operating results. Adjusted non-GAAP net income and adjusted EBITDA, which are defined as reported net income and EBITDA adjusted for non-cash items and items which are not considered by management to be indicative of the underlying results, are presented as the Company believes the information is important to provide investors, analysts and other interested parties additional information about the Company's financial performance. Management uses EBITDA, adjusted non-GAAP net income and adjusted EBITDA to evaluate the performance of the business.

**Cautionary Statement on Risks Associated with Forward Looking Statements**

Information provided and statements contained in this release that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements only speak as of the date of this release and the Company assumes no obligation to update the information included in this release. Such forward-looking statements include information concerning our possible or assumed future results of operations, including descriptions of our business strategy. These statements often include words such as "believe," "expect," "anticipate," "intend," "predict," "plan," or similar expressions. These statements are not guarantees of performance or results, and they involve risks, uncertainties, and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, there are many factors that could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements, including those risk factors identified in Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and quarterly reports for fiscal 2012. All future written and oral forward-looking statements by us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. Except for our ongoing obligations to disclose material information as required by the federal securities laws, we do not have any obligations or intention to release publicly any revisions to any forward-looking statements to reflect events or circumstances in the future or to reflect the occurrence of unanticipated events.

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

*(Dollars in thousands, except per share data)*

*Unaudited*

|  | <b>For the Three<br/>Months Ended<br/>December 31,</b> |             | <b>For the Twelve<br/>Months Ended<br/>December 31,</b> |              |
|--|--|-------------|---|--------------|
|  | <b>2012</b>  | <b>2011</b> | <b>2012</b>   | <b>2011</b>  |
|  | Net sales  | \$ 274,021  | \$ 282,150  | \$ 1,270,368 |
| Costs and expenses:  |  |             |   |              |
| Cost of materials (exclusive of depreciation and amortization)   | 204,624  | 214,021     | 927,287   | 845,609      |
| Warehouse, processing and delivery expense                       | 34,362   | 32,806      | 148,256   | 134,898      |
| Sales, general, and administrative expense                       | 27,388   | 34,148      | 127,813   | 126,193      |
| Depreciation and amortization expense                            | 6,517  | 5,553       | 25,867  | 20,472       |
| Operating income   | 1,130  | (4,378)     | 41,145  | 5,194        |
| Interest expense, net  | (10,653)   | (6,336)     | (41,090)  | (9,663)      |
| Interest expense - unrealized loss on debt conversion option     | —  | (3,991)     | (15,597)  | (3,991)      |
| Loss on extinguishment of debt                                   | —  | (6,153)     | —   | (6,153)      |
| Loss before income taxes and equity in earnings of joint venture | (9,523)  | (20,858)    | (15,542)  | (14,613)     |
| Income taxes   | 2,755  | 6,126       | (1,430)   | 1,126        |
| Loss before equity in earnings of joint venture                  | (6,768)  | (14,732)    | (16,972)  | (13,487)     |
| Equity in earnings of joint venture                              | 1,125  | 2,769       | 7,224   | 11,727       |
| Net loss   | \$ (5,643)   | \$ (11,963) | \$ (9,748)  | \$ (1,760)   |
| Basic loss per share   | \$ (0.24)  | \$ (0.52)   | \$ (0.42)   | \$ (0.08)    |
| Diluted loss per share   | \$ (0.24)  | \$ (0.52)   | \$ (0.42)   | \$ (0.08)    |
| EBITDA *   | \$ 8,772   | \$ 3,944    | \$ 74,236   | \$ 37,393    |

*\*Earnings before interest, taxes, and depreciation and amortization*

| <b>Reconciliation of adjusted EBITDA to net loss:</b>        | <b>For the Three<br/>Months Ended<br/>December 31,</b> |             | <b>For the Twelve<br/>Months Ended<br/>December 31,</b> |             |
|--|--|-------------|---|-------------|
|  | <b>2012</b>  | <b>2011</b> | <b>2012</b>   | <b>2011</b> |
|  | Net loss   | \$ (5,643)  | \$ (11,963)   | \$ (9,748)  |
| Depreciation and amortization expense                        | 6,517  | 5,553       | 25,867  | 20,472      |
| Interest expense, net  | 10,653   | 6,336       | 41,090  | 9,663       |
| Interest expense - unrealized loss on debt conversion option | —  | 3,991       | 15,597  | 3,991       |
| Loss on extinguishment of debt                               | —  | 6,153       | —   | 6,153       |
| Income taxes   | (2,755)  | (6,126)     | 1,430   | (1,126)     |
| EBITDA   | 8,772  | 3,944       | 74,236  | 37,393      |
| Non-GAAP net income adjustments (a)                          | 355  | 4,119       | 713   | 5,690       |
| Adjusted EBITDA  | \$ 9,127   | \$ 8,063    | \$ 74,949   | \$ 43,083   |

(a) Non-GAAP net income adjustments relate to CEO transition costs, unrealized (gains) losses for commodity hedges, Tube Supply net income and Tube Supply acquisition costs for the 2011 periods. Refer to 'Reconciliation of 2012 adjusted net (loss) income to reported net loss' table below.

**CONDENSED CONSOLIDATED BALANCE SHEETS***(Dollars in thousands, except par value data)**Unaudited***ASSETS**

## Current assets

|   | <b>As of</b>                 |                              |
|---|------------------------------|------------------------------|
|   | <b>December 31,<br/>2012</b> | <b>December 31,<br/>2011</b> |
| Cash and cash equivalents   | \$ 21,607                    | \$ 30,524                    |
| Accounts receivable, less allowances of \$3,529 and \$3,584   | 138,311                      | 181,036                      |
| Inventories, principally on last-in, first-out basis (replacement cost higher by \$139,940 and \$138,882) | 303,772                      | 272,039                      |
| Prepaid expenses and other current assets   | 15,092                       | 10,382                       |
| Income tax receivable   | 7,596                        | 8,287                        |
| Total current assets  | <u>486,378</u>               | <u>502,268</u>               |
| Investment in joint venture   | 38,854                       | 36,460                       |
| Goodwill  | 70,300                       | 69,901                       |
| Intangible assets   | 82,477                       | 93,813                       |
| Prepaid pension cost  | 12,891                       | 15,956                       |
| Other assets  | 18,266                       | 21,784                       |
| Property, plant and equipment   |                              |                              |
| Land  | 5,195                        | 5,194                        |
| Building  | 52,884                       | 52,434                       |
| Machinery and equipment   | 178,664                      | 172,833                      |
| Property, plant and equipment, at cost  | <u>236,743</u>               | <u>230,461</u>               |
| Less - accumulated depreciation   | <u>(157,103)</u>             | <u>(148,320)</u>             |
| Property, plant and equipment, net  | <u>79,640</u>                | <u>82,141</u>                |
| Total assets  | <u>\$ 788,806</u>            | <u>\$ 822,323</u>            |

**LIABILITIES AND STOCKHOLDERS' EQUITY**

## Current liabilities

|   |                   |                   |
|---|-------------------|-------------------|
| Accounts payable  | \$ 67,990         | \$ 116,874        |
| Accrued liabilities   | 36,564            | 33,828            |
| Income taxes payable  | 1,563             | 1,884             |
| Current portion of long-term debt   | 415               | 192               |
| Short-term debt   | 500               | 500               |
| Total current liabilities   | <u>107,032</u>    | <u>153,278</u>    |
| Long-term debt, less current portion  | 296,154           | 314,240           |
| Deferred income taxes   | 32,350            | 25,650            |
| Other non-current liabilities   | 5,279             | 7,252             |
| Pension and post retirement benefit obligations   | 10,651            | 9,624             |
| Commitments and contingencies   |                   |                   |
| Stockholders' equity  |                   |                   |
| Preferred stock, \$0.01 par value - 9,988 shares authorized (including 400 Series B Junior Preferred \$0.00 par value shares); no shares issued and outstanding at December 31, 2012 and December 31, 2011                    | —                 | —                 |
| Common stock, \$0.01 par value - 60,000 shares authorized and 23,211 shares issued and 23,152 outstanding at December 31, 2012; 30,000 shares authorized and 23,159 shares issued and 23,010 outstanding at December 31, 2011 | 232               | 232               |
| Additional paid-in capital  | 219,619           | 184,596           |
| Retained earnings   | 139,239           | 148,987           |
| Accumulated other comprehensive loss  | (21,071)          | (19,824)          |
| Treasury stock, at cost - 59 shares at December 31, 2012 and 149 shares at December 31, 2011  | <u>(679)</u>      | <u>(1,712)</u>    |
| Total stockholders' equity  | <u>337,340</u>    | <u>312,279</u>    |
| Total liabilities and stockholders' equity  | <u>\$ 788,806</u> | <u>\$ 822,323</u> |

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

Unaudited

|  | Years Ended December 31, |            |
|--|--------------------------|------------|
|  | 2012                     | 2011       |
| Operating activities:  |                          |            |
| Net loss   | \$ (9,748)               | \$ (1,760) |
| Adjustments to reconcile net loss to net cash from (used in) operating activities: |                          |            |
| Depreciation and amortization  | 25,867                   | 20,472     |
| Amortization of deferred gain  | (1,619)                  | (503)      |
| Amortization of deferred financing costs and debt discount                         | 6,232                    | 1,662      |
| Loss on sale of fixed assets   | 354                      | 120        |
| Unrealized loss on debt conversion option  | 15,597                   | 3,991      |
| Unrealized losses on commodity hedges  | 163                      | 2,331      |
| Equity in earnings of joint venture  | (7,224)                  | (11,727)   |
| Dividends from joint venture   | 4,729                    | 3,117      |
| Deferred tax (benefit) provision   | (1,284)                  | (3,333)    |
| Share-based compensation expense   | 2,277                    | 4,349      |
| Excess tax benefits from share-based payment arrangements                          | (90)                     | (301)      |
| Increase (decrease) from changes in, net of acquisition:                           |                          |            |
| Accounts receivable  | 44,570                   | (26,446)   |
| Inventories  | (29,340)                 | (39,435)   |
| Prepaid expenses and other current assets  | (2,397)                  | (3,408)    |
| Other assets   | (480)                    | 188        |
| Prepaid pension costs  | (2,863)                  | (2,412)    |
| Accounts payable   | (42,560)                 | 9,910      |
| Accrued payroll and employee benefits  | (2,974)                  | (2,470)    |
| Income taxes payable and receivable  | 454                      | (820)      |
| Accrued liabilities  | 4,514                    | (184)      |
| Postretirement benefit obligations and other liabilities                           | 1,173                    | 371        |
| Net cash from (used in) operating activities                                       | 5,351                    | (46,288)   |
| Investing activities:  |                          |            |
| Acquisition/Investment of businesses, net of cash acquired                         | (6,472)                  | (174,244)  |
| Capital expenditures   | (11,121)                 | (11,744)   |
| Proceeds from sale of fixed assets   | 153                      | 226        |
| Insurance proceeds   | —                        | 573        |
| Net cash used in investing activities  | (17,440)                 | (185,189)  |
| Financing activities:  |                          |            |
| Short-term (repayments) borrowings, net  | (27)                     | 653        |
| Net (repayments) borrowings on previously existing revolving lines of credit       | —                        | (26,403)   |
| Proceeds from long-term debt, including new revolving credit facility              | 767,090                  | 320,476    |
| Repayments of long-term debt, including new revolving credit facility              | (762,887)                | (53,212)   |
| Payment of debt issue costs  | (1,503)                  | (16,633)   |
| Exercise of stock options  | 146                      | 356        |
| Excess tax benefits from share-based payment arrangements                          | 90                       | 301        |
| Net cash from (used in) financing activities                                       | 2,909                    | 225,538    |
| Effect of exchange rate changes on cash and cash equivalents                       | 263                      | (253)      |
| Net (decrease) increase in cash and cash equivalents                               | (8,917)                  | (6,192)    |
| Cash and cash equivalents—beginning of year  | 30,524                   | 36,716     |
| Cash and cash equivalents—end of year  | \$ 21,607                | \$ 30,524  |

**Reconciliation of 2012 adjusted net (loss) income to reported net loss for the period ended December 31:***(Dollars in thousands, except per share data)*

| <i>Unaudited</i>                                  | <b>For the Three<br/>Months Ended<br/>2012</b> | <b>For the Three<br/>Months Ended<br/>2011</b> | <b>For the Twelve<br/>Months Ended<br/>2012</b> | <b>For the Twelve<br/>Months Ended<br/>2011</b> |
|---|--|--|---|---|
| Net loss, as reported                             | \$ (5,643)                                     | \$ (11,963)                                    | \$ (9,748)                                      | \$ (1,760)                                      |
| Unrealized loss on debt conversion option         | —  | 3,991  | 15,597  | 3,991   |
| Debt refinancing charges                          | —  | 9,528  | —   | 9,528   |
| Interest charges on new debt                      | — <sup>1</sup>                                 | 1,838  | — <sup>1</sup>                                  | 1,838   |
| Tube Supply acquisition costs                     | —  | 4,260  | —   | 4,260   |
| Tube Supply net income                            | — <sup>1</sup>                                 | (901)  | — <sup>1</sup>                                  | (901)   |
| CEO transition costs, net                         | —  | —  | 550   | —   |
| Unrealized losses on commodity hedges             | 355  | 760  | 163   | 2,331   |
| Tax effect of adjustments                         | (136)  | (6,259)  | (273)   | (6,860)   |
| Adjusted non-GAAP net (loss) income               | <u>\$ (5,424)</u>                              | <u>\$ 1,254</u> <sup>2</sup>                   | <u>\$ 6,289</u>                                 | <u>\$ 12,427</u> <sup>2</sup>                   |
| Adjusted non-GAAP basic (loss) income per share   | <u>\$ (0.24)</u>                               | <u>\$ 0.05</u>                                 | <u>\$ 0.27</u>                                  | <u>\$ 0.54</u>                                  |
| Adjusted non-GAAP diluted (loss) income per share | (0.24)   | 0.05   | 0.26  | 0.53  |

(1) Amounts were not included as the three and twelve months ended 2012 results reflect activity for the full period compared to 16 days during the 2011 periods presented.

(2) Amounts differ from previously reported 2011 'Adjusted non-GAAP net income' due to the inclusion of the adjustment for unrealized losses on commodity hedges.

**TOTAL DEBT***(Dollars in thousands)**Unaudited*

|  | <u>December 31,<br/>2012</u> | <u>December 31,<br/>2011</u> |
|--|------------------------------|------------------------------|
| <b>SHORT-TERM DEBT</b>   |                              |                              |
| Foreign  | \$ 500                       | \$ 500                       |
| Total short-term debt  | <u>500</u>                   | <u>500</u>                   |
| <b>LONG-TERM DEBT</b>  |                              |                              |
| 12.75% Senior Secured Notes due December 15, 2016                                  | 225,000                      | 225,000                      |
| 7.0% Convertible Notes due December 15, 2017                                       | 57,500                       | 57,500                       |
| Revolving Credit Facility due December 15, 2015                                    | 39,500                       | 35,500                       |
| Other, primarily capital leases  | 1,400                        | 244                          |
| Total long-term debt   | <u>323,400</u>               | <u>318,244</u>               |
| Plus: derivative liability for conversion feature associated with convertible debt | —                            | 26,440                       |
| Less: unamortized discount   | (26,831)                     | (30,252)                     |
| Less: current portion  | (415)                        | (192)                        |
| Total long-term portion  | <u>296,154</u>               | <u>314,240</u>               |
| <b>TOTAL DEBT</b>  | <u><u>\$ 297,069</u></u>     | <u><u>\$ 314,932</u></u>     |