

CASTLE A M & CO

FORM 8-K (Current report filing)

Filed 04/30/13 for the Period Ending 04/25/13

Address	1420 KENSINGTON ROAD SUITE 220 OAK BROOK, IL 60523
Telephone	8474557111
CIK	0000018172
Symbol	CAS
SIC Code	5051 - Metals Service Centers and Offices
Industry	Misc. Fabricated Products
Sector	Basic Materials
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report: **April 25, 2013**
(Date of earliest event reported)

A. M. CASTLE & CO.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation)

1-5415
(Commission File Number)

36-0879160
(IRS Employer Identification No.)

1420 Kensington Road, Suite 220
Oak Brook, IL 60523
(Address of principal executive offices)

Registrant's telephone number including area code: **(847) 455-7111**

Not Applicable

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13 e-4(c) under the Exchange Act (17 CFR 240.13 e-4(c))

Item 2.02 Results of Operations and Financial Condition.

In accordance with General Instruction B.2 to Form 8-K, the following information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

The information regarding the results of operations and financial condition of A. M. Castle & Co. (the “Company”) for the first quarter ended March 31, 2013, responsive to this Item 2.02, and contained in Exhibit 99.1 filed herewith, is incorporated into this Item 2.02 by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective April 29, 2013, Mr. Blain Tiffany ceased serving in his position as Chief Commercial Officer of A. M. Castle & Co. (the “Company”). Mr. Scott Dolan, the Company’s President and Chief Executive Officer, has assumed direct responsibility for commercial operations until a new Chief Commercial Officer is designated. Mr. Tiffany will remain an employee of the Company until June 1, 2013, to support the leadership transition, at which time his employment will terminate.

In connection with his separation of employment, the Company entered into a compensatory arrangement with Mr. Tiffany, which, in pertinent part, provides for: (i) a cash payment to Mr. Tiffany of \$148,750, upon his separation of employment; (ii) Mr. Tiffany to continue participation in the Company’s 2013 Short Term Incentive Plan (“STIP”), with payout, if any, subject to achievement by the Company of the applicable performance measures for the calendar year, pro-rated for the number of days during the calendar year that Mr. Tiffany was employed by the Company prior to his date of separation; (iii) Mr. Tiffany to continue participation in the Company’s 2011-2013 Long Term Compensation Plan (“LTCP”) with respect to his outstanding performance based share units (“PSUs”), with payout, if any, subject to achievement by the Company of the applicable performance measures for such period, pro-rated for the number of days during the performance period that Mr. Tiffany was employed by the Company prior to his date of separation; (iv) a cash payment to Mr. Tiffany of his retention bonus of \$62,500 upon its scheduled vesting on June 1, 2013; (v) the right to exercise vested stock options for up to three months following Mr. Tiffany’s separation of employment; (vi) continued use of a Company-owned automobile for up to five months following Mr. Tiffany’s separation of employment; and (vii) extension of Mr. Tiffany’s health insurance benefits for up to twelve months following his separation of employment. All payments are in lieu of any amounts which may be due to Mr. Tiffany under his Severance Agreement, dated December 22, 2010 (“Severance Agreement”), and are contingent upon a release by Mr. Tiffany of any and all claims against the Company. Mr. Tiffany is also subject to certain non-competition, non-disclosure and non-solicitation obligations, as described in his Severance Agreement.

Item 5.07 Submission of Matters to a Vote of Security Holders.

The Company held its Annual Meeting on April 25, 2013. The final voting results of the Proposals submitted to a vote of the shareholders are set forth below:

Proposal 1: The following nominees were elected to the Board of Directors to serve a one-year term expiring at the 2014 annual meeting of stockholders or until their successors are duly elected and qualified. There were no abstentions with respect to this matter. The results of the voting for the election of directors were as follows:

<u>Nominee</u>	<u>Votes For</u>	<u>Votes Withheld</u>	<u>Broker Non-Votes</u>
Brian P. Anderson	13,013,504	3,116,561	3,012,772
Scott J. Dolan	15,964,043	166,022	3,012,772
Reuben S. Donnelley	13,362,224	2,767,841	3,012,772
Ann M. Drake	13,354,375	2,775,690	3,012,772
Patrick J. Herbert, III	13,012,848	3,117,217	3,012,772
Terrence J. Keating	13,364,821	2,765,244	3,012,772
James D. Kelly	13,021,850	3,108,215	3,012,772
Pamela Forbes Lieberman	13,036,010	3,094,055	3,012,772
Gary A. Masse	13,362,821	2,767,244	3,012,772
John McCartney	13,346,936	2,783,129	3,012,772

Proposal 2: The Company's shareholders approved an amendment to the 2008 A.M. Castle & Co. Omnibus Incentive Plan (the "Plan") to increase the share reserve by 600,000 shares. The results of the voting were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstained</u>	<u>Broker Non-Votes</u>
11,991,352	3,949,475	189,238	3,012,772

Proposal 3: The Company's shareholders approved the advisory vote on executive compensation. The results of the voting were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstained</u>	<u>Broker Non-Votes</u>
15,734,760	296,791	98,514	3,012,772

Proposal 4: The Company's shareholders approved the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2013. There were no broker non-votes with respect to this matter. The results of the voting were as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstained</u>
19,097,333	40,366	5,138

Item 7.01 Regulation FD Disclosure.

In accordance with General Instruction B.2 to Form 8-K, the following information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

A. M. Castle & Co. (the "Company"), a global distributor of specialty metal and plastic products, value-added services and supply chain solutions, will present via live web cast its fiscal 2013 first quarter financial results on Tuesday, April 30, 2013 at 11:00 a.m. ET. Copies of the slides containing financial and operating information to be used as part of the web cast are attached as Exhibit 99.2 to this Current Report and are incorporated by reference herein.

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>. 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 and (630) 652-3042 and citing code 7874949.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following documents are filed herewith:

Exhibit

<u>Number</u>	<u>Description</u>
99.1	Press Release, dated April 30, 2013.
99.2	Slide Presentation for First Quarter Financial Results webcast to be held on April 30, 2013.

Cautionary Statement on Risks Associated with Forward Looking Statements

Information provided and statements contained in this report 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 report and the Company assumes no obligation to update the information included in this report. Such forward-looking statements include, but are not limited to, statements concerning our possible or assumed future results of operations, and our expectations and estimates relating to restructuring activities, including restructuring charges and timing of cash payments related thereto, and operational flexibility, savings, and efficiencies from such restructuring actions. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “aim,” “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. For a further description of these risk factors, see the risk factors identified in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and quarterly reports for fiscal 2013. 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.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

A. M. CASTLE & CO.

April 30, 2013

By: /s/ Robert J. Perna

Robert J. Perna

Vice President, General Counsel & Secretary

EXHIBIT INDEX

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A.M. CASTLE & CO.

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For Further Information:

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

FOR IMMEDIATE RELEASE TUESDAY, APRIL 30, 2013

A. M. CASTLE & CO. REPORTS 2013 FIRST QUARTER RESULTS; RESTRUCTURING EFFORTS ON TRACK WITH GENERATION OF \$32.6 MILLION IN OPERATING CASH FLOW FOR THE QUARTER

OAK BROOK, IL, APRIL 30th – 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 first quarter ended March 31, 2013 .

Consolidated net sales were \$292.7 million for the three months ended March 31, 2013 , compared to \$362.9 million in the first quarter of 2012 . Reported net loss for the quarter was \$10.6 million, or a loss of \$0.46 per diluted share, compared to a net loss of \$4.3 million, or a loss of \$0.19 per diluted share, in the prior year quarter. Adjusted non-GAAP net loss, as reconciled below, was \$8.1 million, or a loss of \$0.35 per diluted share, for the first quarter of 2013 compared to adjusted non-GAAP net income of \$6.8 million, or \$0.28 per diluted share, in the prior year quarter.

The Company’s reported EBITDA, as defined and reconciled in the financial statement table below, was \$4.8 million, or 1.6% of net sales, in the first quarter of 2013 , compared to \$28.2 million, or 7.8% of net sales, in the first quarter of 2012. Adjusted EBITDA was \$8.8 million, or 3.0% of net sales, in the first quarter of 2013 , compared to \$27.8 million, or 7.7% of net sales, in the first quarter of 2012. Net cash generated from operations was \$32.6 million for the quarter.

“The markets were a bit softer than we had anticipated during the first quarter. Our key priorities are intently focused around our announced restructuring efforts. During the first quarter, our team made significant progress toward our goals to improve operating efficiency, improve customer satisfaction and reduce costs,” said Scott Dolan, president and CEO of A. M. Castle & Co.

In the Metals segment, first quarter 2013 net sales of \$258.4 million were 19.6% lower, on a per-day basis, than last year and 6.6% higher on a per-day basis than the fourth quarter of 2012. Metals segment tons sold per day for the first quarter of 2013 were down 20.0% from the first quarter of 2012 as virtually all of the Company's key end-use markets experienced softer demand due to weaker conditions in the overall economy compared to the first quarter of 2012.

In the Plastics segment, first quarter 2013 net sales of \$34.3 million were \$3.3 million, or 10.7% higher than the prior year period as automotive sector volumes remained strong. Strong performance in the life science and marine businesses also contributed to the year-over-year increase in sales. Sequentially, first quarter Plastics segment net sales were \$2.6 million, or 8.2% higher than the fourth quarter of 2012 net sales.

Gross material margins as reported for the first quarter of 2013 were 25.0% and included the charges of \$1.3 million for commodity hedges, \$0.8 million of restructuring charges and \$0.7 million of LIFO expense.

Operating expenses excluding \$2.2 million of restructuring charges were \$72.0 million in the first quarter of 2013 compared to \$80.8 million a year ago. In addition to reduced costs associated with lower sales volumes, restructuring activities announced in January began to positively impact our cost levels in the first quarter as did the continuation of improvement activities implemented in 2012. Operating costs declined monthly throughout the first quarter.

Equity in earnings of the Company's joint venture was \$1.5 million in the first quarter of 2013, which was \$1.5 million less than the same period last year and \$0.3 million higher than the fourth quarter of 2012.

The Company's debt-to-capital ratio was 44.9% at March 31, 2013, compared to 46.8% at December 31, 2012. Total debt outstanding, net of unamortized discount, was \$266.7 million at March 31, 2013 and \$297.1 million at December 31, 2012. The cash and cash equivalents balance at March 31, 2013 was \$21.4 million compared to \$21.6 million at December 31, 2012 and the outstanding balance under the revolving credit facilities was \$8.8 million at March 31, 2013 compared to \$40.0 million at December 31, 2012. Refer to the 'Total Debt' table below for details related to the Company's outstanding debt obligations.

"Although the first quarter was challenging from a top-line sales and gross material margin perspective, we proceeded as planned with our restructuring efforts announced in January and made significant progress toward our goals to improve our operating efficiency, improve customer satisfaction and reduce our costs. The plant consolidation activities are ahead of schedule and the restructuring charges for the first quarter are in line with budget. The Company also continued to focus on inventory reduction efforts during the first quarter of 2013. Inventory levels declined by over \$33 million, on a replacement cost basis, which resulted in positive cash generated from operations of \$32.6 million for the quarter," continued Dolan.

As previously communicated, the Company has targeted \$33 million of annual operating income improvement as part of the restructuring 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, of which \$3.0 million were incurred during the first quarter of 2013.

"Our team remains focused on transforming A. M. Castle into a more profitable enterprise, a Company that can grow and succeed as our key end-use markets recover. As we move forward with an increased focus on revenue growth and market penetration, I will be taking over direct responsibility for the commercial teams, effective immediately. Blain Tiffany will be stepping down as chief commercial officer and will be leaving the Company to pursue other opportunities. I would like to thank Blain for his efforts and leadership over his twelve year career at Castle and I look forward to becoming more closely involved with our commercial activities," said Dolan.

"Although we are cautious about the market outlook near-term, we are optimistic about our ability to generate significant operating cash flow this quarter and around our long-term opportunities to build upon the improvements of the past several quarters," concluded Dolan.

Webcast Information

Management will hold a conference call at 11:00 a.m. ET today to review the Company's results for the first 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 and (630) 652-3042 and citing code 7874949.

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 50 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, 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***For the Three Months Ended****March 31,**

	2013	2012
Net sales	\$ 292,714	\$ 362,916
Costs and expenses:		
Cost of materials (exclusive of depreciation and amortization)	219,431	263,967
Warehouse, processing and delivery expense	35,584	38,526
Sales, general, and administrative expense	29,876	35,654
Restructuring charges	2,225	—
Depreciation and amortization expense	6,571	6,613
Operating (loss) income	(973)	18,156
Interest expense, net	(10,188)	(10,193)
Interest expense - unrealized loss on debt conversion option	—	(11,340)
Other income (expense)	(2,299)	442
Loss before income taxes and equity in earnings of joint venture	(13,460)	(2,935)
Income taxes	1,369	(4,373)
Loss before equity in earnings of joint venture	(12,091)	(7,308)
Equity in earnings of joint venture	1,469	3,008
Net loss	\$ (10,622)	\$ (4,300)
Basic loss per share	\$ (0.46)	\$ (0.19)
Diluted loss per share	\$ (0.46)	\$ (0.19)
EBITDA *	\$ 4,768	\$ 28,219

*Earnings before interest, taxes, and depreciation and amortization. See reconciliation to net loss below.

Reconciliation of EBITDA and of adjusted EBITDA to net loss:

	2013	2012
Net loss	\$ (10,622)	\$ (4,300)
Depreciation and amortization expense	6,571	6,613
Interest expense, net	10,188	10,193
Interest expense - unrealized loss on debt conversion option	—	11,340
Income taxes	(1,369)	4,373
EBITDA	4,768	28,219
Non-GAAP net income adjustments (a)	4,012	(434)
Adjusted EBITDA	\$ 8,780	\$ 27,785

(a) Non-GAAP net income adjustments relate to restructuring charges for the 2013 period and unrealized (gains) losses for commodity hedges for both periods presented. Refer to 'Reconciliation of First Quarter Adjusted Non-GAAP Net (Loss) Income to Reported Net Loss' table below.

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

Current assets

	As of	
	March 31, 2013	December 31, 2012
Cash and cash equivalents	\$ 21,370	\$ 21,607
Accounts receivable, less allowances of \$3,269 and \$3,529	163,469	138,311
Inventories, principally on last-in, first-out basis (replacement cost higher by \$140,303 and \$139,940)	270,256	303,772
Prepaid expenses and other current assets	15,711	15,092
Income tax receivable	8,108	7,596
Total current assets	478,914	486,378
Investment in joint venture	37,632	38,854
Goodwill	70,007	70,300
Intangible assets	79,102	82,477
Prepaid pension cost	13,544	12,891
Other assets	18,444	18,266
Property, plant and equipment		
Land	4,920	5,195
Building	52,880	52,884
Machinery and equipment	179,201	178,664
Property, plant and equipment, at cost	237,001	236,743
Less - accumulated depreciation	(159,852)	(157,103)
Property, plant and equipment, net	77,149	79,640
Total assets	<u>\$ 774,792</u>	<u>\$ 788,806</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable	\$ 88,572	\$ 67,990
Accrued liabilities	43,096	36,564
Income taxes payable	649	1,563
Current portion of long-term debt	399	415
Short-term debt	500	500
Total current liabilities	133,216	107,032
Long-term debt, less current portion	265,761	296,154
Deferred income taxes	31,799	32,350
Other non-current liabilities	5,765	5,279
Pension and post retirement benefit obligations	10,743	10,651

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 March 31, 2013 and December 31, 2012	—	—
Common stock, \$0.01 par value - 60,000 shares authorized and 23,411 shares issued and 23,266 outstanding at March 31, 2013 and 23,211 shares issued and 23,152 outstanding at December 31, 2012	234	232
Additional paid-in capital	221,518	219,619
Retained earnings	128,617	139,239
Accumulated other comprehensive loss	(20,693)	(21,071)
Treasury stock, at cost - 145 shares at March 31, 2013 and 59 shares at December 31, 2012	(2,168)	(679)
Total stockholders' equity	327,508	337,340
Total liabilities and stockholders' equity	<u>\$ 774,792</u>	<u>\$ 788,806</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

Unaudited

	For the Three Months Ended	
	March 31,	
	2013	2012
Operating activities:		
Net loss	\$ (10,622)	\$ (4,300)
Adjustments to reconcile net loss to net cash from (used in) operating activities:		
Depreciation and amortization	6,571	6,613
Amortization of deferred gain	(390)	(62)
Amortization of deferred financing costs and debt discount	1,710	1,512
Gain on sale of fixed assets	(189)	—
Unrealized loss on debt conversion option	—	11,340
Unrealized losses (gains) on commodity hedges	1,031	(434)
Equity in earnings of joint venture	(1,469)	(3,008)
Dividends from joint venture	2,692	678
Deferred tax benefit	(417)	(1,024)
Share-based compensation expense	311	1,445
Excess tax benefits from share-based payment arrangements	(242)	—
Increase (decrease) from changes in, net of acquisition:		
Accounts receivable	(25,763)	(15,476)
Inventories	32,272	(60,734)
Prepaid expenses and other current assets	(395)	(4,198)
Other assets	55	(875)
Prepaid pension costs	(1,219)	(452)
Accounts payable	23,344	28,983
Income taxes payable and receivable	(1,218)	5,789
Accrued liabilities	6,299	9,670
Postretirement benefit obligations and other liabilities	224	173
Net cash from (used in) operating activities	32,585	(24,360)
Investing activities:		
Capital expenditures	(1,881)	(3,124)
Proceeds from sale of fixed assets	468	—
Net cash used in investing activities	(1,413)	(3,124)
Financing activities:		
Proceeds from long-term debt	106,500	150,228
Repayments of long-term debt	(137,869)	(135,405)
Payment of debt issue costs	—	(1,313)
Exercise of stock options	409	—
Excess tax benefits from share-based payment arrangements	242	—
Net cash from (used in) financing activities	(30,718)	13,510
Effect of exchange rate changes on cash and cash equivalents	(691)	4
Net (decrease) increase in cash and cash equivalents	(237)	(13,970)
Cash and cash equivalents—beginning of year	21,607	30,524
Cash and cash equivalents—end of year	\$ 21,370	\$ 16,554

Reconciliation of First Quarter Adjusted Non-GAAP Net (Loss) Income to Reported Net Loss for the Three Months Ended March 31:

(Dollars in thousands, except per share data)

Unaudited

	2013	2012
Net loss, as reported	\$ (10,622)	\$ (4,300)
Restructuring charges	2,982	—
Unrealized loss on debt conversion option	—	11,340
Unrealized losses (gains) on commodity hedges	1,031	(434)
Tax effect of adjustments	(1,492)	166
Adjusted non-GAAP net (loss) income	<u>\$ (8,101)</u>	<u>\$ 6,772</u> ¹
Adjusted non-GAAP basic (loss) income per share	\$ (0.35)	\$ 0.29
Adjusted non-GAAP diluted (loss) income per share	(0.35)	0.28

(1) Amount differs from previously reported first quarter 2012 '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>March 31, 2013</u>	<u>December 31, 2012</u>
SHORT-TERM DEBT		
Foreign	\$ 500	\$ 500
Total short-term debt	500	500
LONG-TERM DEBT		
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	8,250	39,500
Other, primarily capital leases	1,299	1,400
Total long-term debt	292,049	323,400
Less: unamortized discount	(25,889)	(26,831)
Less: current portion	(399)	(415)
Total long-term portion	265,761	296,154
TOTAL DEBT	<u>\$ 266,660</u>	<u>\$ 297,069</u>



A. M. Castle & Co. Supplement: Q1 2013 Earnings Conference Call

April 30, 2013

NYSE: CAS

A.M. Castle & Co.



Forward Looking Statements

Information provided and statements contained in this presentation 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, but are not limited to, statements concerning our possible or assumed future results of operations, and our expectations and estimates relating to restructuring activities, including restructuring charges and timing of cash payments related thereto, and operational flexibility, savings, and efficiencies from such restructuring actions. These statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “goal,” “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. For a further description of these risk factors, see the risk factors identified in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 31, 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.



Regulation G & Other Cautionary Notes

This presentation includes non-GAAP financial measures to assist the reader in understanding our business. 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 U. S. GAAP (“GAAP”). However, we believe that non-GAAP reporting, giving effect to the adjustments shown in the reconciliation contained in the appendix to this presentation, provides meaningful information and therefore we use it to supplement our GAAP 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/benefit 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. EBITDA should not be considered as an alternative to net income or any other item calculated in accordance with U.S. GAAP, or as an indicator of operating performance. Our definition of EBITDA used here may differ from that used by other companies. 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.



Regulation G & Other Cautionary Notes

The financial information herein contains information generated from audited financial statements and unaudited information and has been prepared by management in good faith and based on data currently available to the Company.



Goals	Action Steps	April Update
Vertical sales teams	<ul style="list-style-type: none">• Replace Commercial Units with sales teams focused on our three end markets – Aerospace, Industrial, and Oil & Gas• Implement enhanced sales incentive program	<ul style="list-style-type: none">• Reorganized sales teams around the targeted vertical end markets• Implemented new sales incentive plan for 2013
Operating functions	<ul style="list-style-type: none">• Assign new group leadership over operations and sourcing• Implement Continuous Improvement program for consistency and improved on-time delivery	<ul style="list-style-type: none">• Hired VP Strategic Sourcing, effective February• Named Interim VP Operations and announced re-organized operations team
Realign facility footprint	<ul style="list-style-type: none">• Planned consolidation of five metals facilities into existing network	<ul style="list-style-type: none">• Implementing transition plans for 5 warehouses to be consolidated in 1H2013• Transition plans are ahead of schedule
Corporate streamlining	<ul style="list-style-type: none">• Restructure back office and shared services functions to eliminate redundancies and focus on continuous improvement	<ul style="list-style-type: none">• Executed initial plans to streamline corporate functions

Timing: Branch consolidation activity expected to be completed in Q2 2013.



Profit Improvement Goal April Update

\$33 million of identified run-rate improvements planned to be implemented in 2013.

\$10M	Branch realignment	<ul style="list-style-type: none">• Plan to consolidate five branches into existing network in 1H 2013• Consolidate selected operations functions	April Update <ul style="list-style-type: none">• Initial improvement estimates and time frames remain on track and as planned.
\$5M	Corporate streamlining	<ul style="list-style-type: none">• Centralize activities in Finance, HR, and IT• Reorganize marketing and sales management structures	
\$6M	Strategic sourcing	<ul style="list-style-type: none">• Continue to leverage purchasing opportunities in non-metal costs such as transportation, freight, and outside services	
\$12M	Gross margin enhancement	<ul style="list-style-type: none">• Leverage metal sourcing and strategic pricing opportunities	

→ **Total profit improvement goal: \$33 million**

– Approximately \$3 million of pre-tax charges were incurred in Q1 and the remaining \$7 million are expected to be incurred in Q2 of 2013 for lease extrication and other facility consolidation costs.



Selected Results – Q1 2013

SELECTED CONSOLIDATED RESULTS (\$ are in Millions, except per share)	Three Months Ended March 31		Change
	2013	2012	
<i>Unaudited</i>			
Net Sales	\$ 292.7	\$ 362.9	(19.3)%
<i>Metals</i>	\$ 258.4	\$ 331.9	(22.1)%
<i>Plastics</i>	\$ 34.3	\$ 31.0	10.6%
Gross Material Margins	25.0%	27.3%	
Operating Expenses	\$ 74.3	\$ 80.8	8.0%
Operating Expense Margin	25.4%	22.3%	
Operating Income	\$ (1.0)	\$ 18.2	(105.5)%
Operating Income Margin	(0.3)%	5.0%	
Interest Expense, net	\$ 10.2	\$ 21.5	52.6%
Effective Tax Rate	10.2%	149.0%	
EBITDA ¹	\$ 4.8	\$ 28.2	(83.0)%
EBITDA Margin	1.6%	7.8%	
Net Loss, as Reported	\$ (10.6)	\$ (4.3)	(146.5)%
Net Loss per diluted share, as Reported	\$ (0.46)	\$ (0.19)	(142.1)%
Adjusted Non-GAAP Net (Loss) Income ²	\$ (8.1)	\$ 6.8	(219.1)%
Adjusted Non-GAAP Net (Loss) Income per diluted share ²	\$ (0.35)	\$ 0.28	(225.0)%

¹ Earnings before interest, taxes and depreciation and amortization. Non-GAAP information. Refer to reconciliation in the Appendix.

² Non-GAAP net income adjustments relate to unrealized (gains) losses on commodity hedges, restructuring charges and unrealized loss on debt conversion option. Refer to reconciliation in the Appendix.



Liquidity and Balance Sheet

SELECTED CONSOLIDATED RESULTS (\$ are in Millions, except per share and Days)	3 Months Ended March 31,	
	2013	2012
<i>Unaudited</i>		
Cash From (Used in) Operations	\$ 32.6	\$ (24.4)
Cash Paid for CapEx	\$ (1.9)	\$ (3.1)
Avg Days Sales in Inventory	173.4	155.1
Avg Receivables Days Outstanding	50.5	47.8

SELECTED CONSOLIDATED RESULTS (\$ are in Millions)	As of	As of
	March 31, 2013	December 31, 2012
<i>Unaudited</i>		
Total Debt (net of unamortized discounts) ¹	\$ 266.7	\$ 297.1
Cash and Cash Equivalents	21.4	21.6
Total Debt less Cash and Cash Equivalents ("Net Debt")	\$ 245.3	\$ 275.5
Net Debt to Total Capital	41.3%	43.4%

¹ Includes balance of \$8.8 million and \$40 million under the revolving credit facilities at March 31, 2013 and December 31, 2012, respectively.





SEC Regulation G Non-GAAP Reconciliation

Reconciliation of First Quarter Adjusted Non-GAAP Net (Loss) Income to Reported Net Loss for the Three Months Ended March 31: <i>(\$ are in millions, except per share data)</i> <i>Unaudited</i>	2013	2012
Net Loss, as reported	\$ (10.6)	\$ (4.3)
Unrealized loss on Debt Conversion Option	—	11.3
Restructuring Charges	3.0	—
Unrealized Losses (Gains) on Commodity Hedges	1.0	(0.4)
Tax Effect of Adjustments	(1.5)	0.2
Adjusted Non-GAAP Net (Loss) Income	\$ (8.1)	\$ 6.8
Adjusted Non-GAAP Basic (loss) Income Per Share	\$ (0.35)	\$ 0.29
Adjusted Non-GAAP Diluted (Loss) Income Per Share	(0.35)	0.28

¹ Amounts differ from previously reported first quarter 2012 'Adjusted non-GAAP net income' due to the inclusion of the adjustment for unrealized (gains) losses on commodity hedges.



Non-GAAP Reconciliation

Reconciliation of Adjusted EBITDA to Net Loss <i>(\$ are in millions, except per share data)</i> <i>Unaudited</i>	For the Three Months Ended March 31,	
	2013	2012
Net Loss	\$ (10.6)	\$ (4.3)
Depreciation and Amortization Expense	6.6	6.6
Interest Expense, Net	10.2	10.2
Interest Expense – Unrealized Loss on Debt Conversion Option	—	11.3
Income Taxes	(1.4)	4.4
EBITDA	4.8	28.2
Non-GAAP Net Income Adjustments ¹	4.0	(0.4)
Adjusted EBITDA	\$ 8.8	\$ 27.8

¹ Non-GAAP net income adjustments relate to unrealized (gains) losses for commodity hedges and restructuring charges.



Thank You

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