

CASTLE A M & CO

FORM 8-K (Current report filing)

Filed 01/17/13 for the Period Ending 01/16/13

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: **January 16, 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 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 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.

On January 16, 2013, A. M. Castle & Co. (the “Company”) issued a press release announcing a plan of restructuring expected to reduce costs and improve operating performance. The press release is attached hereto as Exhibit 99.1 and is incorporated in this Item 7.01 by reference.

The Company will present via live webcast a review of the restructuring plan on Thursday, January 17, 2013, at 11:00 a.m. ET. Copies of the slides containing supplemental information to be used as part of the webcast 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 for 20 days following the web cast by calling 888-286-8010 or 617-801-6888 (international) and using access code 92693731.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release dated January 16, 2013.
99.2	Slide Presentation for Webcast to be held on January 17, 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, 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.

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.

January 17, 2013

A. M. CASTLE & CO.

By: /s/ Robert J. Perna
Robert J. Perna
Vice President, General Counsel & Secretary

EXHIBIT INDEX

Exhibit Number	Description	Page Number
99.1	Press Release dated January 16, 2013.	EX-1-
99.2	Slide Presentation for Webcast to be held on January 17, 2013.	EX-4-



A.M. CASTLE & CO.

1420 Kensington Road
Suite 220
Oak Brook, IL 60523
P: (847) 349-2510
F: (847) 241-8171

For Further Information:

—————AT THE COMPANY—————

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

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

—————AT EDELMAN—————

Analyst Contact:
Geoffrey Mogilner
(312) 233-1271
Email: geoffrey.mogilner@edelman.com

Media Contact:
Alex Jeffrey
(312) 240-2724
Email: alex.jeffrey@edelman.com

FOR IMMEDIATE RELEASE
4:00 P.M. EST, JANUARY 16, 2013

A. M. CASTLE & CO. ANNOUNCES PLAN TO REDUCE COSTS AND IMPROVE OPERATING PERFORMANCE

- *Restructuring actions expected to result in \$33 million of annual operating profit improvement, including approximately \$21 million of structural operating cost reductions and \$12 million of gross margin enhancements*
- *Company's continuous improvement program to realize additional on-going efficiencies*
- *Broad, performance-enhancing plan includes organizational restructuring to increase flexibility and sharpen focus on needs of customers in three vertical markets*
- *Positions Company for greater long-term growth in revenue and increased shareholder value*

OAK BROOK, IL – January 16, 2013 – 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 announced restructuring actions, including an organizational restructuring, warehouse realignments and performance improvement programs. The measures are expected to improve annualized operating profit by \$33 million once fully implemented in 2013.

“This broad, performance-enhancing plan will enable us to better serve our customers by organizing our operations around them and their needs,” said Scott Dolan, president and CEO. “Our goals are to simplify how we do business, optimize inventory levels, reduce waste, and improve on-time performance, which we expect will help us increase revenue while reducing costs. It is a critical step in improving our operating results, positioning Castle for greater long-term growth and creating increased value for our shareholders.”

The Company’s restructuring program for its metals business comprises streamlining its commercial unit and operations structure, realigning its branch fulfillment network, and implementing a continuous improvement program across the enterprise.

Organizational Restructuring

The organizational restructuring will eliminate the current decentralized commercial unit structure. Instead of three independent commercial units that include sales, operations, procurement and other support functions, Castle will centralize the support functions, and dedicate three vertical sales teams. Those sales teams will each be led by a vice president and will provide specialized expertise to customers in Castle Metals' Aerospace, Oil & Gas, and Industrial markets.

The vertical market sales structure will better position the Company to develop topline revenue growth by focusing on customers and their global metals needs, while eliminating the redundancies of the commercial unit structure. Castle Metals will create a new position of Chief Commercial Officer, who will oversee the vertical sales team, leveraging best practices across industries and executing the go-to-market strategy for the Company as a whole. The Company is implementing several changes to its 2013 compensation programs to align with the new operating plans, including a new sales incentive plan.

The Company is centralizing the management of its operations. Functional groups for procurement, operations, human resources, finance and information technology from the former Commercial Units will be consolidated to provide centralized operational support for the vertical sales teams.

Facility Realignment

As part of its branch fulfillment network realignment, the Company plans to consolidate five warehouse facilities into the existing network. The Company currently operates 30 metals segment branches in North America, Europe and Asia, which include warehousing, sales, product processing and other operations. Castle will maintain local sales offices to continue serving customers in the markets in which it plans to close warehouses.

Performance Improvement

Performance improvement efforts will include implementing a continuous performance improvement program focused on direct and indirect sourcing, transportation, strategic pricing initiatives, back office functions, and optimizing inventory investment.

The restructuring actions are expected to generate \$20 million of operating profit improvement in calendar year 2013 excluding related charges. The total pre-tax charge associated with these actions is expected to be approximately \$10 million, which will be incurred in 2013, resulting in \$10 million of anticipated operating profit improvement for 2013. These actions are expected to result in \$33 million of annualized ongoing operating profit improvement. The restructuring will reduce the Company's workforce by about 10 percent.

In implementing its restructuring plan, the Company aims to achieve the following results:

- Improve operating margins, with a goal of 10 percent operating profit during normal market conditions.
- Reduce operating expenses as a percentage of sales to less than 20 percent by the end of 2014.
- Reduce Days Sales Inventory (DSI) to less than 150 by the end of 2013 and 120 by the end of 2014.
- Continue to improve on-time delivery performance.

"We believe that the operating and financial targets that we have established are achievable, and we believe that the three end-markets we target offer attractive long-term growth potential. By delivering value-add solutions to our customers, we plan to grow our share of business with them. Our entire organization will be focused on implementing this plan," Dolan said.

Dolan added, "In terms of sales activity and recent market trends, we experienced softness in demand that was greater than anticipated during the fourth quarter, as well as lower activity levels due to extended seasonal shutdowns. In addition, the monthly Purchasing Managers Index (PMI) trends for the fourth quarter were consistent with third quarter levels, including a November 2012 reading that was below the 50.0 expansion level."

Dolan concluded, "We are forecasting that the overall business conditions we experienced in the fourth quarter will continue, and we believe strongly that the actions we are taking will position the Company to operate successfully through all market cycles."

Conference Call Thursday, January 17

The Company will be hosting a conference call with securities analysts at 11:00 a.m. EST on Thursday, January 17, to review the restructuring plan. A live broadcast and a complete replay of this call can be accessed through a link on the investor relations page of the Company's website at <http://www.amcastle.com/investors/default.aspx>. If you are unable to connect to the Internet, you can access the call via telephone at 866-362-4666 (outside the U.S. by calling 617-597-5313) using access code 72033221.

A. M. Castle's presentation and supplemental slides which provide additional information regarding today's announcements will be available on A. M. Castle's investor relations website prior to the live broadcast. An archived version of the conference call webcast will be available for replay for 20 days by calling 888-286-8010 or 617-801-6888 (international) and citing code 92693731.

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 includes the non-GAAP financial measure of adjusted operating profit. Estimated restructuring and related charges associated with the actions described in this release were excluded from the calculation of the Company's projected operating profit improvement for calendar year 2013. 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 noted in this release, 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 adjustments noted in this release, 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.

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, 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, 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.



A. M. Castle & Co. Operations Realignment Plan

January 2013

NYSE: CAS

A.M. Castle & Co.

EX-4



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," "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, 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.



Market Focus

- Reinforce sales focus in targeted end-markets to drive revenue growth
- Realign our supply chain and procurement functions to enhance purchasing leverage and deliver customer solutions

Operating Efficiency and Cost Reduction

- Realign our facility footprint to improve on-time delivery and drive operating efficiencies
- Restructure back office and administrative functions to reduce complexity and lower costs



Our Plans for Growth | Goals and Actions

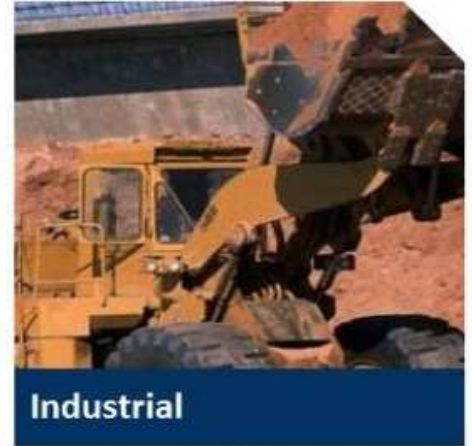
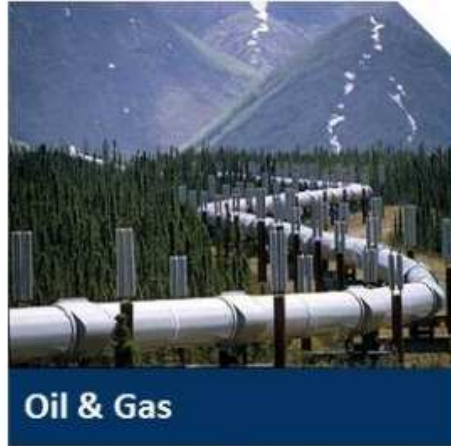
Goals	Action Steps	IMPACT
Vertical sales teams	<ul style="list-style-type: none">• Replace Commercial Units with sales teams focused on our three end markets – Aerospace, Industrial, and Oil & Gas• Implement enhanced sales incentive program	Untether sales team , bring sales team closer to customer, operations better coordinated and more cost efficient
Operating functions	<ul style="list-style-type: none">• Assign new group leadership over operations and procurement• Implement Continuous Improvement program for consistency and improved on-time delivery	Leverage purchasing power and optimize overall inventory carrying levels
Realign facility footprint	<ul style="list-style-type: none">• Planned consolidation of five metals facilities into existing network	Reorganize and improve select operating functions and enable better service to customers
Corporate streamlining	<ul style="list-style-type: none">• Restructure back office and shared services functions to eliminate redundancies and focus on continuous improvement	Reduce overall cost of these services

Timing: With the exception of certain branch consolidation activity, the restructuring actions will be substantially completed in Q1 2013.



New Vertical Sales and Support Structure

Vertical sales teams and consolidated support functions to drive better service to customers, greater flexibility and improved coordination.



Centralized Sales Support and Procurement Team



Profit Improvement Goal

\$33 million of identified run-rate improvements 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
\$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 \$10M of pre-tax charges will be incurred for severance, facility shut-down costs and related items.

Those charges will be taken primarily in Q1 and Q2 of 2013.



Organizational Objectives

Customer Centric



**More focused
than ever on
the customer**

Nimble Business



**Faster
and easier
to do
business with**

Highly Competitive



**Highly
competitive
in our end
markets**

Engaged Employees



**Earn a reputation
for employees
who share ideas,
best practices
and process
improvements**

Path to sales and earnings growth.



Financial and Operating Targets



Lower Operating Expenses

20% operating expenses* by 2014
(*percentage of sales)



On-Time Delivery

Continue to improve **on-time delivery**



Lower Days Sales in Inventory

<150 days by 2013
120 days by 2014



Higher Operating Profits

10% operating profit in normal market conditions

Commitment to increasing shareholder value.



Thank You

NYSE: CAS

A.M. Castle & Co.

EX-12-