

CASTLE A M & CO

FORM 8-K (Current report filing)

Filed 05/06/11 for the Period Ending 05/06/11

Address	3400 N WOLF RD FRANKLIN PARK, IL 60131
Telephone	7084557111
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: **May 6, 2011**
(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.)

**3400 North Wolf Road
Franklin Park, Illinois 60131**
(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))
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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, 2011, responsive to this Item 2.02, and contained in Exhibit 99.1 filed herewith, is incorporated to this Item 2.02 by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	A. M. Castle & Co. Press Release, dated May 6, 2011

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 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, 2010. 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.

May 6, 2011

A. M. CASTLE & CO.

By: /s/ Robert J. Perna _____

Robert J. Perna

Vice President, General Counsel & Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>	<u>Page Number</u>
99.1	A. M. Castle & Co. Press Release, dated May 6, 2011	EX-1



A. M. CASTLE & CO.

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For Further Information:

----- AT THE COMPANY-----

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

-----AT ASHTON PARTNERS-----

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FOR IMMEDIATE RELEASE
FRIDAY, MAY 6, 2011

A. M. CASTLE & CO. REPORTS 2011 FIRST QUARTER RESULTS

FRANKLIN PARK, IL , MAY 6th – A. M. Castle & Co. (NYSE: CAS) , 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, 2011.

Consolidated net sales were \$272.8 million for the three-months ended March 31, 2011, compared to \$223.0 million in the first quarter of 2010. Net income for the quarter was \$2.7 million, or \$0.12 per diluted share, as compared to a net loss of \$4.6 million, or \$0.20 loss per diluted share, in the prior year quarter.

For the first quarter of 2011, sales in the Company's Metals segment were \$244.6 million or \$44.9 and 22.5% higher than last year. Metals segment tons sold per day for the first quarter of 2011 were up 17.7% from the first quarter of 2010 and 12.3% sequentially higher than the fourth quarter of 2010.

In the Plastics segment, first quarter 2011 sales of \$28.2 million were \$4.9 million or 21.0% higher than the prior year, reflecting improved demand across virtually all end-use markets.

"Sales volume was strong for the quarter, reflecting continued improvement in demand within several key end-use markets including oil and gas, mining and heavy equipment and general industrial markets. Sales growth gained momentum throughout the quarter with March volume per day growing 8.9% from January, making March our strongest volume month on a per day basis since January of 2009. Consolidated gross profit margins also increased sequentially each month, resulting in a gross profit margin of 26.2% for the first quarter of 2011," stated Michael Goldberg, President and CEO of A. M. Castle.

“Our continued focus on working capital initiatives resulted in a 20-day reduction in our days sales in inventory and nearly a 5-day reduction in our receivables days sales outstanding sequentially from the fourth quarter of 2010 to the first quarter of 2011,” Goldberg continued.

The Company’s debt-to-capital ratio was 18.0% as of March 31, 2011, compared to 18.1% at year-end 2010. Total debt was \$69.9 million at March 31, 2011, compared to \$69.1 million at year-end 2010. Interest expense during the first quarter of 2011 was \$1.0 million, or \$0.3 million lower than the prior year period due to reduced borrowings of \$13.4 million from the first quarter of 2010. In addition, the Company’s cash and cash equivalent balances increased from \$36.7 million at December 31, 2010 to \$43.8 million at March 31, 2011.

“We expect underlying demand to continue to improve during the second quarter. At this point in time, pricing for most of our products appears stable at recent levels. Therefore, we expect further sequential sales growth and increased profitability during the second quarter and we are optimistic about our opportunities to expand our share of the market as the economic recovery progresses,” Goldberg concluded.

Webcast Information

Management will hold a conference call at 11:00 a.m. ET today to review the Company’s results for the three month period ended March 31, 2011 and to 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 <http://www.amcastle.com>.

An archived version of the conference call webcast will be accessible for replay on the above website until the next earnings conference call. A replay of the conference call will also be available for seven days by calling 303-590-3030 (international) or 800-406-7325 and citing code 4435546.

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 approximately 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 the attached financial statements, 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 operating segments. 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 provide an additional measure of performance.

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.

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, 2010. 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,	
	2011	2010
Net sales	\$ 272,788	\$ 222,996
Costs and expenses:		
Cost of materials (exclusive of depreciation and amortization)	201,428	169,043
Warehouse, processing and delivery expense	33,142	28,904
Sales, general, and administrative expense	31,121	26,942
Depreciation and amortization expense	4,999	5,150
Operating income (loss)	<u>2,098</u>	<u>(7,043)</u>
Interest expense, net	(986)	(1,293)
Income (loss) before income taxes and equity in earnings of joint venture	<u>1,112</u>	<u>(8,336)</u>
Income taxes	<u>(1,268)</u>	<u>2,848</u>
Loss before equity in earnings of joint venture	(156)	(5,488)
Equity in earnings of joint venture	2,859	866
Net income (loss)	<u>\$ 2,703</u>	<u>\$ (4,622)</u>
Basic income (loss) per share	<u>\$ 0.12</u>	<u>\$ (0.20)</u>
Diluted income (loss) per share	<u>\$ 0.12</u>	<u>\$ (0.20)</u>
EBITDA *	<u>\$ 9,956</u>	<u>\$ (1,027)</u>

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

	For the Three Months Ended March 31,	
	2011	2010
Reconciliation of EBITDA to net income:		
Net income (loss)	\$ 2,703	\$ (4,622)
Depreciation and amortization expense	4,999	5,150
Interest expense, net	986	1,293
Income taxes	1,268	(2,848)
EBITDA	<u>\$ 9,956</u>	<u>\$ (1,027)</u>

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

Current assets

	As of	
	March 31, 2011	December 31, 2010
Cash and cash equivalents	\$ 43,829	\$ 36,716
Accounts receivable, less allowances of \$3,675 and \$3,848	158,269	128,365
Inventories, principally on last-in, first-out basis (replacement cost higher by \$125,472 and \$122,340)	143,670	130,917
Prepaid expenses and other current assets	8,253	6,832
Income tax receivable	1,847	8,192
Total current assets	<u>355,868</u>	<u>311,022</u>
Investment in joint venture	30,330	27,879
Goodwill	50,130	50,110
Intangible assets	39,797	41,427
Prepaid pension cost	19,172	18,580
Other assets	3,736	3,619
Property, plant and equipment		
Land	5,197	5,195
Building	52,412	52,277
Machinery and equipment	173,728	182,178
Property, plant and equipment, at cost	<u>231,337</u>	<u>239,650</u>
Less - accumulated depreciation	<u>(155,699)</u>	<u>(162,935)</u>
Property, plant and equipment, net	75,638	76,715
Total assets	<u>\$ 574,671</u>	<u>\$ 529,352</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable	\$ 116,457	\$ 71,764
Accrued liabilities	25,333	31,320
Income taxes payable	4,232	2,357
Deferred income taxes	2,216	2,461
Current portion of long-term debt	7,993	8,012
Total current liabilities	<u>156,231</u>	<u>115,914</u>
Long-term debt, less current portion	61,860	61,127
Deferred income taxes	26,114	26,754
Other non-current liabilities	3,348	3,390
Pension and post retirement benefit obligations	8,820	8,708
Commitments and contingencies		

Stockholders' equity

Preferred stock, \$0.01 par value - 10,000 shares authorized; no shares issued and outstanding at March 31, 2011 and December 31, 2010	-	-
Common stock, \$0.01 par value - 30,000 shares authorized; 23,149 shares issued and 22,980 outstanding at March 31, 2011 and 23,149 shares issued and 22,986 outstanding at December 31, 2010	231	231
Additional paid-in capital	181,427	180,519
Retained earnings	153,450	150,747
Accumulated other comprehensive loss	(14,483)	(15,812)
Treasury stock, at cost - 169 shares at March 31, 2011 and 163 shares at December 31, 2010	<u>(2,327)</u>	<u>(2,226)</u>
Total stockholders' equity	<u>318,298</u>	<u>313,459</u>
Total liabilities and stockholders' equity	<u>\$ 574,671</u>	<u>\$ 529,352</u>