

FOR: **WEBCO INDUSTRIES, INC.**

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**For Immediate Release**

**WEBCO INDUSTRIES, INC. REPORTS FISCAL 2012 SECOND  
QUARTER RESULTS**

SAND SPRINGS, Oklahoma, March 6, 2012 – Webco Industries, Inc. (OTC: WEBC) today reported results for its fiscal 2012 second quarter ended January 31, 2012.

For its fiscal 2012 second quarter, the Company reported net income of \$3.3 million, or \$4.25 per diluted share, compared to net income of \$5.2 million, or \$6.75 per diluted share, for the same quarter in fiscal 2011. Net sales for the second quarter of fiscal 2012 were \$126.8 million, a 13.4 percent increase over the \$111.9 million of sales in last year's second quarter. The current quarter results include a \$1.8 million non-cash pre-tax loss related to an interest swap contract, whereas the prior year same quarter included a \$1.4 million non-cash pre-tax gain on interest swap contracts.

For the first six months of fiscal year 2012, the Company generated net income of \$6.1 million, or \$7.89 per diluted share, compared to net income of \$11.4, or \$14.73 per diluted share, for the same period in fiscal 2011. Net sales for the first six months of the current year amounted to \$256.4 million, a 19.1 percent increase over the \$215.2 million in sales for the same six-month period of last year. Results for the first six months of the current year include a \$3.7 million non-cash pre-tax loss related to an interest swap contract, whereas the prior year same six-month period included a \$1.1 million non-cash pre-tax gain on interest swap contracts.

Gross profit for the second quarter of fiscal 2012 was \$14.2 million, or 11.2 percent of net sales, compared to \$16.4 million, or 14.6 percent of net sales, for the second quarter of fiscal 2011. Gross profit for the first six months of fiscal 2012 was \$27.2 million, or 10.6 percent of net sales, compared to \$32.1 million, or 14.9 percent of net sales, in the same six-month period in 2011. The gross profit percentages decreased because of facility start-up and product development costs.

Dana S. Weber, Chief Executive Officer, commented, "Our new facility project is on schedule and budget. We plan to continue to deploy capital in pursuit of organic growth opportunities that are consistent with our long-term niche strategy."

Selling, general and administrative expenses in the second quarter of fiscal 2012 were \$6.2 million, compared to \$8.0 million in the second quarter of the prior year. SG&A costs in the first six-months of fiscal 2012 decreased to \$11.6 million, from the \$13.7 million reported for the same six-month period in 2011. The decrease in SG&A costs resulted from a \$1.0 million bad debt charge that affected the prior year periods and current period reductions in company-wide incentive compensation as a result of lower profitability.

Interest expense was \$1.0 million in each of the current year second quarter and prior year second quarter. Interest expense totaled \$2.3 million in the first six-month period in fiscal 2012 and \$2.0 million in the comparable period in fiscal 2011. The Company is party to an arrangement that swaps the variable interest rate for \$75 million of the Company's debt to a fixed rate through December 2017. Monthly swap settlements are included in interest expense. The Company records the interest swap contract at fair value and non-cash changes in value are reported in Gains or Losses on Interest Contracts.

Capital expenditures incurred amounted to \$14.4 million for the second quarter of fiscal 2012 and \$20.1 million for the first six months of fiscal 2012. The Company is constructing a new manufacturing facility in Oklahoma that will broaden technical capabilities, enhance quality and increase capacity for carbon steel tubing. The new facility is expected to be capable of production in the fourth quarter of fiscal year 2012. Capital spending in fiscal 2012 is expected to be in the range of \$40 to \$45 million.

Webco is a manufacturer and value added distributor of high-quality carbon steel, stainless steel and other metal tubular products designed to industry and customer specifications. Webco's tubing products consist primarily of pressure tubing and specialty tubing for use in durable and capital goods. Webco's long-term strategy involves the pursuit of niche markets within the metal tubing industry through the deployment of leading-edge manufacturing and information technology. Webco has seven production facilities in Oklahoma and Pennsylvania and five value-added distribution facilities in Oklahoma, Texas, Illinois and Michigan, serving more than 1,500 customers globally.

*Forward-looking statements: Certain statements in this release, including, but not limited to, those preceded by or predicated upon the words "anticipates," "appears," "believes," "can," "considering," "expects," "hopes," "plans," "projects," "pursue," "should," "would," or similar words constitute "forward-looking statements." Such forward-looking statements involve*

*known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company, or industry results, to differ materially from any future results, performance or achievements expressed or implied herein. Such risks, uncertainties and factors include the factors discussed above and, among others: general economic and business conditions, including the continuing global recession and disruptions in the global credit markets, competition from imports, changes in manufacturing technology, banking environment, including availability of adequate financing, monetary policy, raw material costs and availability, industry capacity, domestic competition, loss of significant customers and customer work stoppages, customer claims, technical and data processing capabilities, and insurance costs and availability. The Company assumes no obligation to update publicly such forward-looking statements, whether as a result of new information, future events or otherwise.*

- TABLES FOLLOW -

**WEBCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended January 31,		Six Months Ended January 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net sales	\$ 126,833	\$ 111,894	\$ 256,442	\$ 215,240
Cost of sales	<u>112,624</u>	<u>95,507</u>	<u>229,235</u>	<u>183,111</u>
Gross profit	14,210	16,387	27,208	32,129
Selling, general & administrative	<u>6,154</u>	<u>7,957</u>	<u>11,572</u>	<u>13,724</u>
Income from operations	8,056	8,430	15,635	18,405
Interest expense	999	1,032	2,251	2,024
Unrealized (gain) loss on interest contracts	<u>1,802</u>	<u>(1,437)</u>	<u>3,707</u>	<u>(1,062)</u>
Income before income taxes	5,255	8,835	9,677	17,443
Income tax expense	<u>1,943</u>	<u>3,610</u>	<u>3,546</u>	<u>6,067</u>
Net income	<u>\$ 3,311</u>	<u>\$ 5,225</u>	<u>\$ 6,131</u>	<u>\$ 11,376</u>
Net income per common share:				
Basic	<u>\$ 4.32</u>	<u>\$ 6.81</u>	<u>\$ 8.01</u>	<u>\$ 14.82</u>
Diluted	<u>\$ 4.25</u>	<u>\$ 6.75</u>	<u>\$ 7.89</u>	<u>\$ 14.73</u>
Weighted average common shares outstanding:				
Basic	<u>766,500</u>	<u>767,000</u>	<u>765,700</u>	<u>768,000</u>
Diluted	<u>778,300</u>	<u>773,000</u>	<u>777,300</u>	<u>772,000</u>

Totals may not foot due to rounding.

**WEBCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET HIGHLIGHTS**

(Dollars in thousands)

(Unaudited)

	January 31, <u>2012</u>	July 31, <u>2011</u>
Accounts receivable, net	\$ 60,602	\$ 73,411
Inventories, net	128,677	147,925
Other current assets	<u>14,885</u>	<u>15,484</u>
Total current assets	204,164	236,820
Net property, plant and equipment	96,894	81,710
Other long-term assets	<u>2,745</u>	<u>5,074</u>
Total assets	\$ <u>303,803</u>	\$ <u>323,604</u>
Other current liabilities	\$ 43,246	\$ 57,020
Current portion of long-term debt	<u>85,252</u>	<u>96,521</u>
Total current liabilities	128,499	153,541
Long-term debt	16,890	18,643
Deferred income tax liability	14,795	14,593
Total equity	<u>143,619</u>	<u>136,827</u>
Total liabilities and equity	\$ <u>303,803</u>	\$ <u>323,604</u>

**CASH FLOW DATA**

(Dollars in thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	January 31,		January 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net cash provided by (used in)				
operating activities	\$ <u>10,602</u>	\$ <u>17,109</u>	\$ <u>30,796</u>	\$ <u>16,359</u>
Depreciation and amortization	\$ <u>2,674</u>	\$ <u>2,166</u>	\$ <u>5,123</u>	\$ <u>4,217</u>
Cash paid for capital expenditures	\$ <u>14,047</u>	\$ <u>4,711</u>	\$ <u>20,423</u>	\$ <u>7,797</u>

Totals may not foot due to rounding.