FOR: **WEBCO INDUSTRIES, INC.**

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For Immediate Release

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2018 SECOND QUARTER RESULTS

SAND SPRINGS, Oklahoma, February 27, 2018 – Webco Industries, Inc. (OTC: WEBC) today reported results for our second quarter of fiscal year 2018, ended January 31, 2018.

For our second quarter of fiscal year 2018, we generated net income of $8.4 million, or $9.15 per diluted share, compared to a net income of $2.2 million, or $2.61 per diluted share, for the second quarter in fiscal 2017. Net sales for the second quarter of fiscal 2018 were $111.0 million, a 21.1 percent increase from the $91.6 million of sales in last year's second quarter. The current quarter includes a $0.4 million non-cash gain related to our interest swap contract, whereas the prior year second quarter includes a $0.9 million non-cash gain related to the interest swap contract. In addition, the current quarter includes a $4.3 million non-cash deferred income tax benefit and a $1.1 million current income tax benefit, both resulting from the tax rate reduction contained in the Tax Cuts and Jobs Act of 2017. Selling, General and Administrative costs also include $1.3 million for one-time special cash bonuses the Company is paying to its non-executive employees based on the tax cut.

For the first six months of fiscal year 2018, we generated net income of $11.5 million, or $12.47 per diluted share, compared to net income of $2.9 million, or $3.48 per diluted share, for the same period in fiscal 2017. Net sales for the first six months of the current year amounted to $225.2 million, a 25.2 percent increase over the $180.0 million in sales for the same six-month period of last year. Results for the first six months of the current year include a $0.7 million non-cash gain related to the interest swap contract, whereas the prior year same six-month period contained a $1.3 million non-cash gain on the contract. As indicated above, the first six-month period of fiscal year 2018 contains both the income tax benefits resulting from the federal tax rate reduction and a $1.3 million charge for special tax cut bonuses for employees.

In the second quarter of fiscal year 2018, we generated income from operations of $4.5 million, after depreciation of $3.0 million and $1.3 million in employee special tax cut bonuses.

The second fiscal quarter of the prior year generated income from operations of $1.8 million, after depreciation amounting to $2.8 million. Gross profit for the second quarter of fiscal 2018 was $12.9 million, or 11.6 percent of net sales, compared to $7.6 million, or 8.3 percent of net sales, for the second quarter of fiscal 2017.

Dana S. Weber, Chief Executive Officer, commented, “Our second fiscal quarter has historically been our worst, so we are pleased with the results we were able to generate with the continued hard work and dedication of our engaged workforce. Volumes are improved in most product groups, due to a better domestic industrial economy, consequences of the April 2017 trade case covering certain cold drawn mechanical tubing and benefits being generated by product innovation and new business development efforts. The Tax Cuts and Jobs Act resulted in a $4.3 million non-cash income tax benefit and $1.1 million current income tax benefit in the quarter, representing the impact of lower federal income tax rates. We are sharing some of the benefit from lower corporate income tax rates with our employees in the form of a one-time special bonus, because we win together, just like we have faced adversity in the past together. Increasing raw material costs, especially with respect to carbon steel, have added to the impact of higher volumes, causing our sales and working capital to grow. Raw material costs have increased due to higher domestic demand for steel, as well as potential tariffs and quotas on “steel” under the current Section 232 Investigation by the US government. We have been investing in our core strengths, including quality, efficiency, yield improvement and capabilities.”

Selling, general and administrative expenses were $8.4 million in the second quarter of fiscal 2018 and $5.8 million in the second quarter of fiscal 2017. The increase in SG&A reflects increased costs associated with increased business levels, such as company-wide incentive compensation and variable pay programs. In addition, the one-time $1.3 million in special tax cut bonuses paid to employees impacted the second quarter and first-six months of fiscal year 2018.

Interest expense was $0.8 million and $0.7 million, respectively, in each of the second quarters of fiscal years 2018 and 2017.

We are party to an arrangement that swaps the variable interest rate for $50 million of our debt to a fixed rate through December 2019. We record the interest swap contract at fair value on our balance sheet and non-cash changes in value are reported as unrealized gains or losses on interest contracts. The non-cash income and charges from adjusting the interest swap contract value to market value create volatility in our income statement; however, they have no bearing on cash flow for the quarter because the actual monthly cash swap payments are reflected in interest expense, and therefore earnings.

At January 31, 2018, we had $6.8 million in cash, in addition to $33.4 million of available borrowing under our senior revolving credit facility, which had $77.8 million drawn. The amended revolver continues to have a $120 million cap with availability primarily subject to advance rates on eligible accounts receivable and inventories.

Capital expenditures incurred amounted to $5.0 million in the second fiscal quarter and $6.9 for the first six-months of fiscal year 2018. Our second quarter fiscal 2018 capital investments were largely focused on improving our efficiencies, yields, quality and capabilities.

Webco's mission is to create a vibrant company for the ages. We leverage on core values of trust and teamwork, continuously building strength, agility and innovation. We focus on practices that support our brand, such that we are 100% engaged every day to build a forever kind of company for our teammates, customers, business partners and community. We manufacture and distribute high-quality carbon steel, stainless steel and other metal tubular products designed to industry and customer specifications. We have five tube production facilities in Oklahoma and Pennsylvania and six value-added facilities in Oklahoma, Texas, Illinois and Michigan, serving 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," "available," "believes," "can," "considering," "expects," "hopes," "intended," "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 any global economic downturn, reduced oil prices, competition from foreign imports, including any impacts associated with dumping or the strength of the U.S. dollar, changes in manufacturing technology, banking environment, including availability of adequate financing, monetary policy, changes in tax rates and regulation, raw material costs and availability, appraised values of inventories which can impact available borrowing under the Company's credit facility, industry capacity, domestic competition, loss of or reductions in purchases by significant customers and customer work stoppages, the costs associated with providing healthcare benefits to employees, customer claims, technical and data processing capabilities, and insurance costs and availability. The Company assumes no obligation to update publicly such forward-looking statements.

- 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,	
	2018	2017	2018	2017
Net sales	$ 110,967	$ 91,621	$ 225,237	$ 179,962
Cost of sales	98,040	84,037	198,420	164,468
Gross profit	12,927	7,584	26,817	15,494
Selling, general & administrative	8,401	5,753	16,550	12,159
Income (loss) from operations	4,526	1,831	10,266	3,335
Interest expense	789	643	1,570	1,320
Unrealized (gain) loss on interest contracts	(444)	(856)	(687)	(1,314)
Income (loss) before income taxes	4,182	2,045	9,383	3,329
Income tax expense (benefit)	(4,246)	(142)	(2,088)	427
Net income (loss)	$ 8,428	$ 2,186	$ 11,472	$ 2,901
Net income (loss) per common share:				
Basic	$ 10.36	$ 2.69	$ 14.09	$ 3.57
Diluted	$ 9.15	$ 2.61	$ 12.47	$ 3.48
Weighted average common shares outstanding:				
Basic	813,600	813,500	814,300	813,200
Diluted	921,300	837,900	920,100	833,100

Note: Amounts may not sum due to rounding.

WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET HIGHLIGHTS
(Dollars in thousands, except par value)
(Unaudited)

	January 31, 2018	July 31, 2017
Cash	$ 6,808	$ 7,189
Accounts receivable, net	55,526	52,988
Inventories, net	144,887	124,533
Other current assets	2,868	5,491
Total current assets	210,089	190,202
Property, plant and equipment, net	98,095	97,208
Other long-term assets	5,440	4,750
Total assets	$ 313,625	$ 292,159
Other current liabilities	$ 36,386	$ 31,355
Current portion of long-term debt	77,782	67,876
Total current liabilities	114,168	99,232
Long-term debt	12,000	12,000
Deferred income tax liability	7,092	12,772
Total equity (890,200 common shares, par value $0.01, outstanding at January 31, 2018)	180,364	168,156
Total liabilities and equity	$ 313,625	$ 292,159

CASH FLOW DATA
(Dollars in thousands)
(Unaudited)

	Three Months Ended January 31, 2018	Three Months Ended January 31, 2017	Six Months Ended January 31, 2018	Six Months Ended January 31, 2017
Net cash provided by (used in) operating activities	$ (4,251)	$ 7,805	$ (1,785)	$ 6,246
Depreciation and amortization	$ 3,029	$ 2,888	$ 6,113	$ 5,820
Cash paid for capital expenditures	$ 5,055	$ 4,972	$ 7,549	$ 7,271

Note: Amounts may not sum due to rounding.