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For Immediate Release

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2020 SECOND QUARTER RESULTS

SAND SPRINGS, Oklahoma, February 27, 2020 – Webco Industries, Inc. (OTC: WEBC) today reported results for our second quarter of fiscal year 2020, which ended January 31, 2020.

For our second quarter of fiscal year 2020, we generated net income of $2.0 million, or $2.23 per diluted share, while in our second quarter of fiscal year 2019, we generated net income of $4.9 million, or $5.28 per diluted share. Net sales for the second quarter of fiscal 2020 were $112.4 million, a 17.3 percent decrease from the $135.9 million of net sales in last year's second quarter. Sales comparisons between the quarters were adversely impacted by declines in the price of carbon steel products and lower volumes. Lower carbon steel product prices were primarily caused by significant market reductions in carbon steel sheet coil cost which began in fiscal year 2019. Profitability for the quarter was significantly impacted by liquidating higher cost steel from inventories, which adversely affected margins.

For the first six months of fiscal year 2020, we generated net income of $5.2 million, or $5.70 per diluted share, compared to net income of $14.6 million, or $15.86 per diluted share, for the same period in fiscal year 2019. Net sales for the first six months of the current year amounted to $234.9 million, a 13.9 percent decrease from the $272.9 million in sales for the same six-month period of last year. Sales and net income comparisons were adversely affected by the same lower carbon steel product prices, volume decline and liquidation of higher cost steel from inventories that affected the second quarter comparisons to the prior year.

In the second quarter of fiscal year 2020, we generated income from operations of $3.3 million, after depreciation of $3.5 million. The second fiscal quarter of the prior year generated income from operations of $8.1 million, after depreciation of $3.3 million. Gross profit for the second quarter of fiscal 2020 was $11.7 million, or 10.4 percent of net sales, compared to $18.3 million, or 13.5 percent of net sales, for the second quarter of fiscal year 2019. Declines in the price of carbon steel sheet coil suppressed margins as we liquidated higher cost steel.

Our income from operations for the first six months of fiscal year 2020 was $8.1 million, after depreciation expense of $6.9 million. Income from operations in the first six-month period of fiscal year 2019 was $21.9 million, after depreciation expense of $6.6 million. Gross profit for the first half of fiscal 2020 was $25.3 million, or 10.8 percent of net sales, compared to $42.5 million, or 15.6 percent of net sales for the same period in fiscal year 2019. Declines in the price of carbon steel sheet coil suppressed margins as we liquidated higher cost steel.

Dana S. Weber, Chief Executive Officer and Chairwoman, commented, "The current industrial economy is slower than we have experienced over the last two years. In addition, carbon steel sheet coil prices decreased substantially from the beginning of fiscal year 2019 to today, resulting in industry-wide inventory reductions by our customers, margin pressure from liquidating higher priced inventories and decreasing sales prices. Despite those headwinds, our thoroughly engaged workforce put us in a favorable position, and we continue to operate profitably. In order to enhance our agility, we have reduced our debt, which declined $21.7 million in fiscal year 2019, and another $22.8 million in the first six months of fiscal year 2020. We continued to benefit from our process and product innovations and investing in our people and compelling technologies, all of which we consider core strengths."

Selling, general and administrative expenses were $8.4 million in the second quarter of fiscal 2020 and $10.3 million in the second quarter of fiscal 2019. SG&A expenses were $17.2 million in the first half of fiscal year 2020 and $20.6 million for the first six-month period of fiscal year 2019. SG&A expenses for fiscal year 2020 reflect lower costs associated with decreased profitability, such as company-wide incentive compensation and variable pay programs.

Interest expense was $0.8 million and $1.3 million in the second quarters of fiscal years 2020 and 2019, respectively. Interest expense was $1.7 million and $2.7 million in the first six-month periods of the current and prior fiscal years. The differential in interest expense between the quarterly periods is primarily due to lower average debt levels.

At January 31, 2020, we had $3.4 million in cash, in addition to $54.5 million of available borrowing under our $160 million senior revolving credit facility, which had $66.0 million drawn. Availability on the revolver is subject to advance rates on eligible accounts receivable and inventories. Our term and revolver mature in March 2022. Accounting rules require current classification of a revolver, irrespective of maturity, when the agreement contains both a lock-box arrangement and a subjective acceleration clause. Because our revolver contains both provisions, it is shown as a current obligation on our balance sheet, despite its March 2022 maturity.

In the first quarter of fiscal year 2020, we adopted the new accounting standards for reporting leases and, upon that implementation, recorded right of use assets and related lease liabilities for outstanding lease obligations. The accounting rules generally require us to record a right of use asset and lease liability for the present value of the future payments we will make on new, modified or renewed leases, which previously would not have been recorded on the balance sheet. The right of use asset is amortized over the life of the lease and the liability is reduced as payments are made on the obligations. The adoption of this accounting rule has not had a material impact on our statement of operations.

Capital expenditures incurred amounted to $8.5 million in the second quarter of fiscal year 2020 and $11.2 million fiscal year-to-date. Our capital investments were largely focused on improving our efficiencies, yields, quality and capabilities.

The Company's Board of Directors has maintained a stock repurchase program, under which the Company is authorized to purchase its outstanding common stock, in private or open market transactions. In February 2020, the Board replenished that authority to $10 million. The Board approved authority expires December 31, 2023. Over the first six months of fiscal 2020, the Company acquired 33,165 shares. The Company acquired 21,550 and 18,393 shares in fiscal years 2018 and 2019, respectively. Stock repurchases are subject to our ability to identify shares to repurchase, the willingness of shareholders to pursue a sale of their shares to the Company, price and other market considerations, including that we do not know the identity of a significant number of our shareholders. Further, debt covenants may restrict the amount and timing of future stock repurchases the Company may wish to pursue, if any. There is no guarantee as to the number or dollar value of shares the Company may wish to, or be able to, repurchase in the future. The repurchase plan may be extended, suspended or discontinued at any time, without notice, at the Board's discretion.

Webco's mission is to continuously build on our strengths as we create a vibrant company for the ages. We leverage on our 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 trusted teammates, customers, business partners, investors and community. We provide high-quality carbon steel, stainless steel and other metal specialty tubing products designed to industry and customer specifications. We have five tube production facilities in Oklahoma and Pennsylvania and eight value-added facilities in Oklahoma, Illinois, Michigan, Pennsylvania and Texas, 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," "consider," "expects," "forever," "hopes," "intends," "plans," "projects," "pursue," "should," "wishes," "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; low hydrocarbon 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; worldwide and domestic monetary policy; changes in tax rates and regulation; raw material cost and availability; the cost and availability of manufacturing process supplies, including process gasses; 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; insurance cost and availability; lack of insurance coverage for floods; the cost associated with providing healthcare benefits to employees; customer claims; technical and data processing capabilities; world or domestic health crisis; and our ability to repurchase the Company's stock. 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,	
	2020	2019	2020	2019
Net sales	$ 112,418	$ 135,858	234,906	$ 272,860
Cost of sales	100,684	117,510	209,609	230,319
Gross profit	11,733	18,348	25,297	42,541
Selling, general & administrative	8,410	10,294	17,165	20,600
Income (loss) from operations	3,323	8,054	8,133	21,941
Interest expense	810	1,338	1,716	2,675
Unrealized (gain) loss on interest contracts	(3)	232	65	235
Income (loss) before income taxes	2,516	6,484	6,352	19,031
Income tax expense (benefit)	505	1,607	1,178	4,402
Net income (loss)	$ 2,011	$ 4,878	$ 5,174	$ 14,629
Net income (loss) per common share:				
Basic	$ 2.47	$ 6.00	$ 6.33	$ 18.02
Diluted	$ 2.23	$ 5.28	$ 5.70	$ 15.86
Weighted average common shares outstanding:				
Basic	813,200	813,500	817,900	812,000
Diluted	902,900	924,300	908,000	922,300

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, 2020	July 31, 2019
Cash	$ 3,377	$ 7,140
Accounts receivable, net	54,171	59,358
Inventories, net	156,266	176,418
Other current assets	1,960	11,649
Total current assets	215,774	254,565
Property, plant and equipment, net	116,538	112,501
Leased assets, net	18,141	-
Other long-term assets	4,828	3,943
Total assets	$ 355,281	$ 371,009
Other current liabilities	$ 35,121	$ 46,373
Current portion of long-term debt, net	65,792	88,558
Current portion of lease liabilities	4,771	68
Total current liabilities	105,684	134,999
Long-term debt	12,000	12,000
Long-term portion of lease liabilities	13,375	178
Deferred tax liability	7,653	8,677
Total equity (862,264 common shares, par value $0.01, outstanding at January 31, 2020)	216,569	215,155
Total liabilities and equity	$ 355,281	$ 371,009

CASH FLOW DATA
(Dollars in thousands - Unaudited)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2020	2019	2020	2019
Net cash provided by (used in) operating activities	$ 23,037	$ 14,798	$ 34,096	$ 16,232
Depreciation and amortization	$ 3,535	$ 3,364	$ 7,055	$ 6,768
Cash paid for capital expenditures	$ 8,212	$ 2,709	$ 13,324	$ 8,034

Note: Amounts may not sum due to rounding.