

NEWS



A. M. CASTLE & CO.

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A. M. Castle & Co. Reports Strong First Quarter Results; Announces Strategic Investment in Oracle ERP Platform

FRANKLIN PARK, IL, May 1st – A. M. Castle & Co. (AMEX: CAS), a global distributor of specialty metal and plastic products, value-added services and supply chain solutions, today reported record sales and continued strong financial results for the first quarter ended March 31, 2007.

For the first quarter, consolidated net sales were a record \$375.4 million, an increase of \$96.2 million or 34.4% from the first quarter of 2006. Net income for the quarter was \$15.6 million, or \$0.81 per diluted share, as compared to \$15.8 million or \$0.86 per diluted share in the prior year. First quarter 2007 net income included a \$0.9 million after-tax charge (\$0.04 per diluted share) for the write-off of the Company's prior investment in information technology systems. During the quarter, the Company signed an agreement to purchase Oracle's ERP system in support of its strategic growth initiative.

"As we embark on our bold new direction to become the foremost provider of specialty products, services and specialized supply-chain solutions for targeted industries, we have carefully considered the infrastructure required to successfully execute the strategy," commented Michael Goldberg, President and CEO of A. M. Castle. "The existing systems in our metals business lack the flexibility and functionality needed to support our customers growing requirements on a global scale. The acquisition of Transtar also increased our need for a technology upgrade. Our selection of Oracle, which is at the forefront of global technology solutions, exemplifies our commitment to the

strategy,” Goldberg added. The Company expects to invest \$10 to \$12 million for the system implementation across its metals segment, which is expected to be completed in late 2008.

Metal segment sales were \$346.6 million in the first quarter, an increase of \$95.9 million, or 38.3%, versus the first quarter of 2006. Of the 38.3% increase, the acquisition of Transtar Metals (which was completed on September 5, 2006), contributed 29.0% of the increase in sales and 14.4% was attributable to increased material pricing, offset by a 5.1% decline in volume for the balance of the business. “Excluding Transtar, volumes were off from the corresponding quarter last year, but we should remember from an overall tons sold perspective, the first half of 2006 represented the strongest period of the cycle so far,” stated Goldberg. “In the first quarter of this year, our average daily tons sold, excluding Transtar, were up slightly versus each of the prior three quarters. In addition, our mix continues to change with an increasing proportion of non-ferrous metal product sales driven by strong specialty metal markets. We continued to experience strong demand for specialty metal grade products in the aerospace and oil and gas markets. The balance of the business remains healthy, but is just softer than the exceptional first quarter we experienced last year,” indicated Goldberg. The Company reported record high pricing for nickel during the first quarter of 2007, and experienced price increases in nearly all other metal products compared to the first quarter of 2006.

Plastic segment sales were \$28.8 million in the quarter, an increase of \$0.2 million versus the first quarter of last year. Pricing and volume were essentially flat versus the same period last year.

The Company reported stronger operating cash flows in the first quarter of 2007 as compared to the prior year’s quarter. “From a historical perspective, our first quarter has the highest cash funding requirements of the year,” stated Larry Boik, Vice President and CFO of A.M. Castle. “Given the historical cash trends, we were pleased to bring our debt-to-capital ratio down to 49.4%, which is an improvement versus 51.2% at year-end 2006.”

“Overall business conditions remain good,” stated Goldberg. “In particular, the aerospace and oil and gas markets remain very strong and the Transtar acquisition has proven to be a sound investment and a solid strategic long-term fit for the Company. Pricing has been firm with surcharges for nickel and scrap being at all time highs.”

Also on April 26, 2007, the Company announced a cash dividend of \$0.06 per share to be paid on May 28, 2007 to shareholders of record at close of business on May 14, 2007.

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, 2007. 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 303-590-3000 (international) or 800-405-2236 and citing code 11088867.

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 sector of the 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 core metals business, it specializes in the distribution of alloy and stainless steels; nickel alloys; aluminum and carbon. Through its subsidiary, Total Plastics, Inc., the Company also distributes a broad range of value-added industrial plastics. Together, Castle operates over 65 locations throughout North America and Europe. Its common stock is traded on the American and Chicago Stock Exchange under the ticker symbol "CAS".

Safe Harbor Statement / Regulation G Disclosure

This release may contain forward-looking statements relating to future financial results. Actual results may differ materially as a result of factors over which the Company has no control. These risk factors and additional information are included in the Company's reports on file with the Securities Exchange Commission.

The financial statements included in this release contain a non-GAAP disclosure, EBITDA, which consists of income before provision for income taxes plus depreciation and amortization, and interest expense, less interest income. EBITDA is presented as a supplemental disclosure because this measure is widely used by the investment community for evaluation purposes and provides the

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reader with additional information in analyzing the Company's operating results. EBITDA should not be considered as an alternative to net income or any other item calculated in accordance with U.S. GAAP, or as an indicator of operating performance. Our definition of EBITDA used here may differ from that used by other companies. A reconciliation of EBITDA to net income is provided per U.S. Securities and Exchange Commission requirements.

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)

Unaudited

	For the Three Months Ended March 31,	
	2007	2006
Net sales	\$ 375,351	\$ 279,193
Costs and expenses:		
Cost of materials (exclusive of depreciation)	269,450	196,100
Warehouse, processing and delivery expense	35,570	29,625
Sales, general, and administrative expense	36,394	24,885
Depreciation and amortization expense	4,896	2,444
Operating income	29,041	26,139
Interest expense, net	(4,261)	(1,087)
Income before income taxes and equity earnings of joint venture	24,780	25,052
Income taxes	(9,877)	(10,242)
Net income before equity in earnings of joint venture	14,903	14,810
Equity in earnings of joint venture	932	1,239
Net income	15,835	16,049
Preferred stock dividends	(243)	(242)
Net income applicable to common stock	\$ 15,592	\$ 15,807
Diluted earnings per share	\$ 0.81	\$ 0.86
EBITDA *	\$ 34,869	\$ 29,822

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

Reconciliation of EBITDA to net income:

	For the Three Months Ended March 31,	
	2007	2006
Net income	\$ 15,835	\$ 16,049
Depreciation and amortization expense	4,896	2,444
Interest expense, net	4,261	1,087
Income taxes	9,877	10,242
EBITDA	\$ 34,869	\$ 29,822

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CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

Unaudited

ASSETS

Current assets

Cash and cash equivalents

As of	
March 31, 2007	Dec 31, 2006

\$ 11,453 \$ 9,526

Accounts receivable, less allowances of \$3,268 at March 31, 2007 and \$3,112 at December 31, 2006

189,934 160,999

Inventories (principally on last-in, first-out basis)

(latest cost higher by \$142,984 at March 31, 2007 and \$128,404 at December 31, 2006)

237,525 202,394

Other current assets

10,360 18,743

Total current assets

449,272 391,662

Investment in joint venture

14,152 13,577

Goodwill

101,790 101,783

Intangible assets

64,490 66,169

Prepaid pension cost

5,657 5,681

Other assets

5,955 5,850

Property, plant and equipment, at cost

Land

5,222 5,221

Building

48,927 49,017

Machinery and equipment

144,348 141,090

198,497 195,328

Less - accumulated depreciation

(127,494) (124,930)

71,003 70,398

Total assets

\$ 712,319 \$ 655,120

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable

\$ 152,822 \$ 117,561

Accrued liabilities

30,825 30,152

Income taxes payable

2,748 931

Deferred income taxes - current

15,746 16,339

Short-term debt

125,749 123,261

Current portion of long-term debt

12,844 12,834

Total current liabilities

340,734 301,078

Long-term debt, less current portion

88,338 90,051

Deferred income taxes

34,341 31,782

Deferred gain on sale of assets

5,419 5,666

Pension and postretirement benefit obligations

10,948 10,636

Commitments and contingencies

Stockholders' equity

Preferred stock, \$0.01 par value - 10,000,000 shares authorized; 12,000 shares issued and outstanding

11,239 11,239

Common stock, \$0.01 par value - authorized 30,000,000 shares; issued and outstanding 17,085,091 at March 31, 2007 and 17,085,091 at December 31, 2006

170 170

Additional paid-in capital

70,994 69,775

Retained earnings

175,194 160,625

Accumulated other comprehensive loss

(17,895) (18,504)

Deferred unearned compensation

(1,157) (1,392)

Treasury stock, at cost - 362,114 shares at March 31, 2007 and 362,114 shares at December 31, 2006

(6,006) (6,006)

Total stockholders' equity

232,539 215,907

Total liabilities and stockholders' equity

\$ 712,319 \$ 655,120

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

Unaudited

For the Three Months Ended Mar 31,	
2007	2006

Cash flows from operating activities:

Net income	\$ 15,835	\$ 16,049
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	4,896	2,444
Other non-cash items	3,288	(1,763)
Increase (decrease) from changes, net of acquisitions, in:		
Working capital	(20,581)	(17,390)
Other assets and liabilities	1,048	1,278
Net cash from operating activities	<u>4,486</u>	<u>618</u>

Cash flows from investing activities:

Capital expenditures	(2,179)	(4,999)
Other	367	354
Net cash used in investing activities	<u>(1,812)</u>	<u>(4,645)</u>

Cash flows from financing activities:

Increased (decreased) borrowings	797	(129)
Dividends paid on common shares	(1,023)	(1,004)
Preferred stock dividends	(243)	(242)
Exercise of stock options and other	(21)	647
Net cash used in financing activities	<u>(490)</u>	<u>(728)</u>

Effect of exchange rate changes on cash and cash equivalents	(257)	67
Net (decrease) increase in cash and cash equivalents	1,927	(4,688)

Cash and cash equivalents - beginning of year	<u>\$ 9,526</u>	<u>\$ 37,392</u>
Cash and cash equivalents - end of year	<u>\$ 11,453</u>	<u>\$ 32,704</u>