

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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CASTLE A M & CO

CIK: **18172** | IRS No.: **360879160** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-05415** | Film No.: **95536263**
SIC: **5051** Metals service centers & offices

Business Address
3400 N WOLF RD
FRANKLIN PARK IL 60131
7084557111

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the quarterly period ended March 31, 19954

Commission File Number 1-5415

A. M. Castle & Co.
(Exact name of registrant as specified in its charter.)

Delaware 36-0879160
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

3400 North Wolf Road, Franklin Park, Illinois 60131
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone, including area code: 708/455-7111

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange
Act of 1934 during the preceding 12 months (or for such shorter period
that the registrant was required to file such reports), and (2) has been
subject to such filing requirements for the past 90 days

Yes No

Indicate the number of shares outstanding of each of the issuer's
classes of common stock, as of the latest practical date:

Common Stock No Par Value - 11,090,006 shares as of April 30, 1995.

A. M. CASTLE & CO.

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A. M. CASTLE & CO.

CONDENSED BALANCE SHEETS

(Dollars in thousands except per share data)

(unaudited)	Mar. 31 1995	Dec. 31 1994	Mar. 31 1994
Assets			
Cash.	\$ 3,419	\$ 976	\$ 2,770
Accounts receivable, net.	74,282	58,892	55,510
Inventories (principally on last-in, first-out basis.	96,990	98,215	94,068
Total current assets	\$174,691	\$158,083	\$152,348

Prepaid expenses and other assets	12,957	13,854	10,919
Fixed assets, net	42,220	41,190	40,570
Total assets	\$229,868	\$213,127	\$203,837
LIABILITIES AND STOCKHOLDERS' EQUITY			
Accounts payable.	\$ 73,403	\$ 61,282	\$48,054
Accrued liabilities	11,983	14,704	9,598
Income taxes payable.	7,492	2,321	2,946
Current portion of long-term debt	3,768	3,831	5,010
Total current liabilities.	96,646	82,138	65,608
Long-term debt, less current portion.	33,837	38,531	54,903
Deferred income taxes	7,696	7,772	8,034
Post retirement benefit obligations	2,558	2,525	2,528
Stockholders' equity.	89,131	82,161	72,764
Total liabilities and stockholders' equity	\$229,868	\$213,127	\$203,837
SHARES OUTSTANDING.	11,081	11,079	10,964*
BOOK VALUE PER SHARE.	\$ 8.04	\$ 7.42	\$ 6.62*
WORKING CAPITAL	\$ 78,045	\$ 75,945	\$86,740
WORKING CAPITAL PER SHARE	\$ 7.04	\$ 6.85	\$ 7.90*

CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

(Unaudited)
For the Three Months
Ended March 31,

	1995	1994
Cash flows from operating activities:		
Net income.	\$ 8,246	\$ 3,642
Depreciation.	1,092	1,186
Other	1,005	556
Cash provided from operating activities before working capital changes.	10,343	5,384
(Increase) decrease in working capital.	256	(331)
Net cash provided from (used by) operating activities	10,599	5,053
Cash flows from investing activities:		
Capital expenditures, net of sale proceeds.	(2,122)	156
Net cash provided from (used by) investing activities.	(2,122)	156

Cash flows from financing activities:

Long-term borrowings, net	(4,757)	3,546
Dividends paid.	(1,331)	(876)
Other	54	455
Net cash provided from (used by) financing activities.	(6,034)	(3,967)
Net increase (decrease) in cash	2,443	1,242
Cash - beginning of year.	976	1,528
Cash - end of period.	\$ 3,419	\$ 2,770
Supplemental disclosure on cash flow information:		
Cash paid (received) during the period:		
Interest	\$ 1,082	\$ 1,372
Income taxes	\$ 294	\$ 560

A. M. CASTLE & CO.

COMPARATIVE STATEMENTS OF INCOME

(Dollars in thousands, except tonnage and per share data)

(Unaudited)	For the Three Months Ended	
	March 31,	
	1995	1994
Net sales	\$169,056	\$133,848
Cost of material sold . .	121,757	97,501
Gross profit on sales . .	47,299	36,347
Operating expenses. . . .	31,825	28,371
Depreciation expense. . .	1,092	1,186
Interest expense, net . . .	747	874
Total	33,664	30,431
Income before taxes	13,635	5,916
Income Taxes:		
Federal	4,336	1,836
State	1,053	438
	5,389	2,274
Net income.	8,246	3,642
Net income per share. . . .	\$.74	\$.33
Financial Ratios:		
Return on sales	4.88%	2.72%
Asset turnover.	2.94	2.63
Return on assets.	14.35%	7.15%
Leverage factor	2.80	2.93
Return on opening		

stockholders' equity .	40.15%	20.95%
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Other Data:

Cash dividends paid . .	\$ 1,331	\$ 876
Dividends per share . .	.12	.08*

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Average number of shares outstanding.	11,080	10,950*
Tons sold	94,901	86,734

*Restated to reflect a 50% stock dividend.

Inventory determination under the LIFO method can only be made at the end of each fiscal year based on the inventory levels and costs at that time. Accordingly, interim LIFO determinations, including those at March 31, 1995, and March 31, 1994, must necessarily be based on management's estimates of expected year end inventory levels and costs. Since future estimates of inventory levels and costs are subject to certain forces beyond the control of management, interim financial results are subject to fiscal year end LIFO inventory valuations.

Current replacement cost of inventories exceeds book value by \$58.1 million, \$51.7 million, and \$46.0 million at March 31, 1995, December 31, 1994 and March 31, 1994 respectively. Taxes on income would become payable on any realization of this excess from reductions in the level of inventories.

A. M. CASTLE & CO.

Notes to Condensed Financial Statements

1. Condensed Financial Statements

The condensed financial statements included herein are unaudited, except for the balance sheet at December 31, 1994, which is condensed from the audited financial statements at that date. The Company believes that the disclosures are adequate to make the information not misleading; however, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the unaudited statements, included herein, contain all adjustments (consisting of only normal recurring

adjustments) necessary to present fairly the financial position, the cash flows, and the results of operations for the periods then ended. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K. The 1995 interim results reported herein may not necessarily be indicative of the results of operations for the full year 1995.

2. Common Stock and Per Share Information

Net income per share computations are based on the weighted average number of shares of common stock outstanding during the respective periods. On July 28, 1994, the Company declared a 50% stock dividend, which was effected as a 3 for 2 stock split. The additional shares were distributed August 28, 1994 to shareholders of record August 12, 1994. All per share amounts presented have been restated to reflect the effect of the 50% stock dividend.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The first quarter of 1995 was a record quarter for A. M. Castle & Co. Net income of \$8.2 million exceeded the Company's "previous best" of \$4.6 million generated in the second quarter of 1988. A strong economy provided a positive environment for a significant upturn in prices and an increased level of sales activity. Other factors which had a major impact on earnings were an increase in gross margin percentage and continued aggressive management of all expenses.

First quarter 1995 sales totaled a record \$169.1 million, a 26.3% increase over the first quarter of 1994's sales of \$133.8 million. Sales unit volume, expressed in tons sold, increased by 9.4% over

the same period. Favorable pricing and sales mix caused the sales increase in dollars to outpace the increase in tons sold.

Gross margin percentage increased to 28.0% as compared to 27.2% for the first quarter of last year. The Company's margin improvement program has continued to produce favorable results. In terms of dollars, total gross profit increased by almost \$11.0 million over the first quarter of last year. Of this amount, approximately \$5.7 million was due to higher prices, \$3.8 million due to increased physical volume and the balance due to changes in sales mix and cost savings from sourcing arrangements.

Operating expenses were up by approximately \$3.4 million (12.0%) over the comparable period last year. As a percentage of sales, however, first quarter 1995 operating expenses decreased to 18.8% from 21.1% for the first quarter of 1994. The expense increases experienced during the quarter were in volume driven and profit related expense categories. Expenses that increased due to the 9.4% rise in physical volume were warehouse wages, overtime, trucking expenses, commercial freight, and repairs and maintenance. Accruals for incentive and profit sharing expense were up significantly due to our record profits.

Depreciation expense decreased to \$0.1 million (7.9%) as compared to the first quarter of 1994 primarily due to the sale and leaseback of equipment purchased in 1994 and 1993, which had the effect of reducing depreciation expense and increasing rental expense. Rental expense is included in operating expenses, which were discussed above.

Interest expense was down by approximately \$0.1 million due to lower debt levels. Total funded borrowing decreased by \$22.3 million since the first quarter of 1994. The debt reduction served to keep interest expense down even though interest rates have increased due to Federal Reserve rate hikes.

Liquidity and Capital Resources

The Company has managed to control working capital needs despite the upward pressure generated from the continued increase in business activity. Accounts receivable rose by \$18.8 million due to the sharply increased sales volume. Net inventory, however, was only up by \$2.9 million as the Company continued its efforts to hold inventory levels down despite the increased sales volume. Trade payables were up by approximately \$25.3 million as a result of deferred terms negotiated with several vendors. Total bank and long term borrowing decreased by \$22.3 million as compared to the balance at March 31, 1994.

The Company has unused committed and uncommitted lines of bank credit of \$137.0 million as of March 31, 1995 as compared to \$104.2 million as March 31, 1994.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

There are no material legal proceedings other than ordinary routine litigation incidental to the business of the Registrant.

Item 4. Submission of Matters to a Vote of Security Holders

(a) None

Item 6. Exhibits and Reports of Form 8-K

(a) None

(b) No reports on Form 8-K have been filed during the quarter for which this report is filed.

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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 thereunto duly authorized.

A. M. Castle & Co.
(Registrant)

Date: May 5, 1995

By: /ss/ J. A. Podojil
J. A. Podojil
Treasurer/Controller

(Mr. Podojil is the Chief Accounting Officer and has been authorized to sign on behalf of the Registrant).

