

Empire Resources Reports Fourth Quarter and Full Year 2011 Results

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Fort Lee, NJ— **Empire Resources, Inc.** (OTCQX: ERSO), a distributor of value added, semi-finished metal products, announced that net sales for the fourth quarter of 2011 were \$136.8 million, an increase of 30% from the fourth quarter of 2010.

Operating income in the fourth quarter of 2011 was \$2.9 million, an increase of 13% from the fourth quarter of 2010.

Net income for the fourth quarter of 2011 was \$0.8 million, or \$0.09 per diluted share. This compares with net income of \$1.3 million, or \$0.13 per diluted share in the fourth quarter of 2010. Diluted shares outstanding in the fourth quarter of 2011 increased to 12,016,000 compared with 9,553,000 in the fourth quarter of 2010.

For full year 2011, net sales increased 11% to \$514.6 million from \$465.0 million in 2010. Net income in 2011 was \$5.0 million, or \$0.46 per diluted share, and included a non-cash non-operating gain of \$0.6 million after taxes, which is attributable to the fair value of the derivative feature of a convertible subordinated note issued in June 2011. In 2010, net income was \$9.1 million, or \$0.97 per diluted share. Diluted shares outstanding in 2011 totaled 10,987,000 compared with 9,435,000 in 2010.

The Company previously reported that the conversion feature of its convertible note is treated as a separate derivative liability, which is marked to market each quarter resulting in non-operating non-cash gains and losses based on the quarterly valuations.

The Company noted that gross profit as a percentage of sales in the fourth quarter of 2011 improved sequentially to 5.4% from 4.5% in the 2011 third quarter.

There was a sequential increase in SG&A expense in the fourth quarter of 2011 that was mainly due to higher legal costs related to a litigation settlement. The fourth quarter 2011 increase in interest expense over the same quarter of 2010 reflects a higher cost of bank debt and the effect of the new subordinated debt financing completed in June 2011.

Nathan Kahn, President and Chief Executive Officer, commented: "Our strong year-over-year sales growth in the fourth quarter reflected increased shipments in North America, while shipments to customers in Australia and in Europe remained level with the same quarter last year. Even though economic recovery has been slow and competition remains intense, we continued to successfully maintain market share in the quarter. We also achieved strong sequential improvement in our gross margin through continued efforts to reduce processing and transportation costs. We have entered 2012 fully focused on growing sales and volume, reducing costs, decreasing inventory and improving our efficiency as part of our broader strategy to build value for shareholders."

Empire Resources, Inc. is a distributor of a wide range of semi-finished metal products to customers in the transportation, automotive, housing, appliance and packaging industries in the U.S., Canada, Brazil, Australia, New Zealand and Europe. It maintains supply contracts with mills in various parts of the world.

This press release contains forward-looking statements. Such statements involve various risks that may cause actual results to differ materially. These risks include, but are not limited to, the ability of the company to grow internally or by acquisition and to integrate acquired businesses, not being able to improve operating margins and efficiencies, changing industry and competitive conditions, and other risks referred to in the Company's publicly available statements and periodic reports.

In thousands, except per share amounts

	Three Months Ended December 31,		Year Ended December 31,	
	2011	2010	2011	2010
Net sales	\$ 136,847	\$ 105,113	\$ 514,633	\$ 465,013
Cost of goods sold	129,518	99,250	490,102	434,785
Gross profit	7,329	5,863	24,531	30,228
Selling, general and administrative expenses	4,439	3,307	13,336	12,031
Operating income before impairment recovery	2,890	2,556	11,195	18,197
Impairment recovery	0	0	0	346
Operating income	2,890	2,556	11,195	18,543
Other income/(expense)				
Change in value of derivative liability	(70)	0	896	0
Interest expense, including amortization of debt discount	(1,521)	(450)	(4,039)	(3,997)
Income before income taxes	1,299	2,106	8,052	14,546
Income taxes	508	854	3,091	5,401
Net income	\$ 791	\$ 1,252	\$ 4,961	\$ 9,145
Weighted average shares outstanding:				
Basic	9,251	9,273	9,255	9,260
Diluted	12,016	9,553	10,987	9,435
Earnings per share:				
Basic	\$0.09	\$0.14	\$0.54	\$0.99
Diluted	\$0.09	\$0.13	\$0.46	\$0.97

Diluted earnings per share give effect to all dilutive outstanding stock options, using the treasury stock method and assumed conversion of subordinated debt, weighted for the period the debt was outstanding. See Note O of the 2011 consolidated financial statements for reconciliation of the numerators and denominators of the basic and diluted earnings per share.

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