



Encore Wire Corporation
1329 Millwood Road
McKinney, Texas 75069
972-562-9473

PRESS RELEASE

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Contact: Frank J. Bilban
Vice President & CFO

For Immediate Release

ENCORE WIRE REPORTS FIRST QUARTER RESULTS

MCKINNEY, TX - Encore Wire Corporation (NASDAQ Global Select: WIRE) today announced results for the first quarter of 2013.

Net sales for the quarter ended March 31, 2013 were \$265.4 million compared to \$280.5 million during the first quarter of 2012. The average selling price of wire per copper pound sold dropped 5.3% in the first quarter of 2013 versus the first quarter of 2012, accounting for most of the decline in sales dollars. Copper unit volume, measured in pounds of copper contained in the wire sold, decreased 3.1% in the first quarter of 2013 versus the first quarter of 2012. Aluminum building wire sales constituted 5.7% of net sales dollars for the first quarter of 2013 versus 2.9% in the first quarter of 2012. Net income for the first quarter of 2013 was \$6.4 million versus \$6.7 million in the first quarter of 2012. Fully diluted net income per common share was \$0.31 in the first quarter of 2013 versus \$0.29 in the first quarter of 2012. The earnings per share results in the first quarter of 2013 reflect the Company's repurchase of 2,774,250 shares of its common stock in May of 2012.

On a sequential quarter comparison, net sales for the first quarter of 2013 were \$265.4 million versus \$258.0 million during the fourth quarter of 2012. Net income for the first quarter of 2013 was \$6.4 million versus \$5.2 million in the fourth quarter of 2012. Fully diluted net income per common share was \$0.31 in the first quarter of 2013 versus \$0.25 in the fourth quarter of 2012. Copper unit volumes increased 3.1% in the first quarter of 2013 versus the fourth quarter of 2012, while aluminum unit volumes increased 11.9%.

Commenting on the results, Daniel L. Jones, President and Chief Executive Officer of Encore Wire Corporation, said, "The first quarter of this year was another fairly steady volume quarter, considering the time of the year and the current economic and construction industry environment. We believe our expansion of product offerings over the last six years to our existing customer base has been critical to maintaining and perhaps boosting our market share. The results in the first quarter of 2013 were mildly improved versus the first and fourth quarters of 2012. Building wire prices and margins were fairly stable during the quarter, following the pattern of stability in copper prices. Volumes were also comparable to the prior periods and may have been held down somewhat by lingering winter weather in the first quarter of 2013.

Our new aluminum building wire plant began to produce wire in the fourth quarter of 2012. The last of the equipment is being delivered and installation should be completed in the second quarter of 2013. We expanded our distribution of aluminum wire to all of our sales reps and customers in the first quarter and expect to see sales of these products gradually increase over the course of 2013. We continue to strive to lead or follow industry price increases to achieve profit growth. We produced these results in this difficult environment due to our low cost business model and aggressive cost control in all facets of our operation. We believe our superior order fill rates continue to enhance our competitive position, as our electrical distributor customers are holding lean inventories in the field.

We continue to maintain our strong balance sheet. We have no long term debt, and our revolving line of credit is paid down to zero. In addition, we had \$32.7 million in cash as of March 31, 2013. We also declared another quarterly cash dividend during the past quarter.

We understand that this is a cyclical industry and therefore we designed and manage our cost structure and balance sheet accordingly. Our low cost structure and strong balance sheet have enabled us to withstand difficult periods in the past, and we believe we will emerge stronger than most when market conditions improve. We thank our employees and associates for their outstanding effort and our shareholders for their continued support during these challenging times.”

Encore Wire Corporation manufactures a broad range of copper electrical wire for interior wiring in homes, apartments, manufactured housing and commercial and industrial buildings. The matters discussed in this news release, other than the historical financial information, including statements about the copper pricing environment, profitability and shareholder value, may include forward-looking statements that involve risks and uncertainties, including fluctuations in the price of copper and other raw materials, the impact of competitive pricing and other risks detailed from time to time in the Company’s reports filed with the Securities and Exchange Commission. Actual results may vary materially from those anticipated.

Additional Disclosures:

The term “EBITDA” is used by the Company in presentations, quarterly conference calls and other instances as appropriate. EBITDA is defined as net income before interest, income taxes, depreciation and amortization. The Company presents EBITDA because it is a required component of financial ratios reported by the Company to the Company’s banks, and is also frequently used by securities analysts, investors and other interested parties, in addition to and not in lieu of Generally Accepted Accounting Principles (GAAP) results to compare to the performance of other companies who also publish this information. Financial analysts frequently ask for EBITDA when it has not been presented. EBITDA is not a measurement of financial performance under GAAP and should not be considered an alternative to net income as an indicator of the Company’s operating performance or any other measure of performance derived in accordance with GAAP. The Company has reconciled EBITDA with net income for fiscal years 1996 to 2012 on previous Form 8-K filings with the Securities and Exchange Commission. EBITDA for each period pertinent to this press release is calculated and reconciled to net income as follows:

| \$’s in 000’s | 3 Months Ended March 31, | |
|-------------------------------|--------------------------|------------------|
| | 2013 | 2012 |
| Net Income | \$ 6,395 | \$ 6,694 |
| Income Tax Expense | 2,776 | 2,710 |
| Interest Expense | 62 | 78 |
| Depreciation and Amortization | 3,352 | 3,610 |
| EBITDA | <u>\$ 12,585</u> | <u>\$ 13,092</u> |

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Condensed Consolidated Balance Sheets
(In Thousands)
(Unaudited)

| | March 31, 2013 | December 31, 2012 |
|---|---------------------------|------------------------------|
| | <u> </u> | <u> </u> |
| ASSETS | | |
| Current Assets | | |
| Cash | \$ 32,744 | \$ 33,883 |
| Receivables, net | 212,790 | 197,980 |
| Inventories | 54,368 | 63,656 |
| Prepaid Expenses and Other | 7,785 | 11,331 |
| Total Current Assets | <u>307,687</u> | <u>306,850</u> |
| Property, Plant and Equipment, net | 164,186 | 164,924 |
| Other Assets | <u>725</u> | <u>693</u> |
| Total Assets | <u>\$ 472,598</u> | <u>\$ 472,467</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts Payable | \$ 23,834 | \$ 20,112 |
| Accrued Liabilities and Other | 15,973 | 25,245 |
| Total Current Liabilities | <u>39,807</u> | <u>45,357</u> |
| Long Term Liabilities | | |
| Non-Current Deferred Income Taxes | <u>16,450</u> | <u>16,946</u> |
| Total Long Term Liabilities | <u>16,450</u> | <u>16,946</u> |
| Total Liabilities | 56,257 | 62,303 |
| Stockholders' Equity | | |
| Common Stock | 266 | 266 |
| Additional Paid in Capital | 48,493 | 48,298 |
| Treasury Stock | (88,134) | (88,134) |
| Retained Earnings | 455,716 | 449,734 |
| Total Stockholders' Equity | <u>416,341</u> | <u>410,164</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 472,598</u> | <u>\$ 472,467</u> |

Encore Wire Corporation
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Condensed Consolidated Statements of Income
(In Thousands, Except per Share Data)
(Unaudited)

| | Quarter Ended March 31, | | | |
|---|--------------------------------|--------------|-----------------|--------------|
| | 2013 | | 2012 | |
| Net Sales | \$265,351 | 100.0% | \$280,466 | 100.0% |
| Cost of Sales | <u>241,050</u> | <u>90.8%</u> | <u>256,005</u> | <u>91.3%</u> |
| Gross Profit | 24,301 | 9.2% | 24,461 | 8.7% |
| Selling, General and Administrative Expenses | <u>15,147</u> | <u>5.7%</u> | <u>15,077</u> | <u>5.4%</u> |
| Operating Income | 9,154 | 3.4% | 9,384 | 3.3% |
| Net Interest & Other Expense | <u>(17)</u> | <u>0.0%</u> | <u>(20)</u> | <u>0.0%</u> |
| Income before Income Taxes | 9,171 | 3.5% | 9,404 | 3.4% |
| Income Taxes | <u>2,776</u> | <u>1.0%</u> | <u>2,710</u> | <u>1.0%</u> |
| Net Income | <u>\$ 6,395</u> | <u>2.4%</u> | <u>\$ 6,694</u> | <u>2.4%</u> |
| Basic Earnings Per Share | <u>\$ 0.31</u> | | <u>\$ 0.29</u> | |
| Diluted Earnings Per Share | <u>\$ 0.31</u> | | <u>\$ 0.29</u> | |
| Weighted Average Number of Common and Common Equivalent Shares Outstanding: | | | | |
| -Basic | <u>20,664</u> | | <u>23,427</u> | |
| -Diluted | <u>20,733</u> | | <u>23,477</u> | |
| Dividends Declared per Share | <u>\$ 0.02</u> | | <u>\$ 0.02</u> | |