

**NEWS RELEASE**

SIFCO Industries, Inc. is engaged in the production and sale of a variety of metalworking processes, services and products produced primarily to the specific design requirements of its customers. The processes and services include both conventional and precision forging, heat-treating, coating, welding, machining and selective plating. The products include both conventional and precision forged components, machined forged parts and other machined metal components, remanufactured component parts for aerospace turbine engines, and selective plating solutions and equipment. The Company's operations are conducted in three business segments: (1) Forged Components Group, (2) Turbine Components Services and Repair Group, and (3) Applied Surface Concepts Group.

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Or visit our home page: [www.sifco.com](http://www.sifco.com)

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**SIFCO Industries, Inc. Announces Fiscal 2012  
Fourth Quarter Financial Results**

SIFCO Industries, Inc. (NYSE MKT: SIF) today announced financial results for its fiscal 2012 fourth quarter, which ended September 30, 2012.

**Fourth quarter**

- Net sales increased 4.2% in the fourth quarter of fiscal 2012 to \$31.6 million, compared with \$30.3 million in the comparable period in fiscal 2011.
- Net income for the fourth quarter of fiscal 2012 was \$1.2 million, or \$0.22 per diluted share, compared with net income of \$2.2 million, or \$0.41 per diluted share in the comparable fiscal 2011 period.
- EBITDA in the fourth quarter of fiscal 2012 was \$3.5 million, or 11.0% of net sales, compared with \$4.9 million, or 16.0% of net sales, in the comparable fiscal 2011 period.
- Adjusted EBITDA in the fourth quarter of fiscal 2012 was \$4.6 million, or 14.6% of net sales, compared with \$5.2 million, or 17.3% of net sales, in the comparable fiscal 2011 period.

**Fiscal Year**

- Net sales increased 16.5% in fiscal 2012 to \$125.1 million, compared with \$107.4 million in fiscal 2011.
- Net income in fiscal 2012 was \$6.5 million, or \$1.22 per diluted share, compared with net income of \$7.4 million, or \$1.40 per diluted share, in fiscal 2011.
- EBITDA in fiscal 2012 was \$16.5 million, or 13.2% of net sales, compared with \$15.7 million, or 14.6% of net sales, in fiscal 2011.
- Adjusted EBITDA in fiscal 2012 was \$19.8 million, or 15.8% of net sales, compared with \$17.2 million, or 16.1% of net sales, in fiscal 2011.

The results for fiscal 2012 include the results of Quality Aluminum Forge, which was acquired on October 28, 2011.

**Non-GAAP Supplemental Information**

Neither EBITDA nor Adjusted EBITDA is a measurement of financial performance under accounting principles generally accepted in the United States of America ("GAAP"). EBITDA and Adjusted EBITDA are presented in this press release as supplemental disclosures to net income and reported results. References to "EBITDA" mean earnings before interest, taxes, depreciation and amortization, and references to "Adjusted EBITDA" mean EBITDA plus, as applicable for each relevant period, certain adjustments as set forth in the reconciliations of net income to EBITDA and Adjusted EBITDA.

The Company presents EBITDA and Adjusted EBITDA because (i) it believes they are useful indicators for evaluating operating performance and liquidity, including the Company's ability to incur and service debt and (ii) it uses EBITDA to evaluate prospective acquisitions. Although the Company uses EBITDA and Adjusted EBITDA for the reasons noted, the use of these non-GAAP financial measures as analytical tools has limitations and, therefore, reviewers of the Company's financial information should not consider them in isolation, or as a substitute for analysis of its results of operations as reported in accordance with GAAP. Some of these limitations are:

- Neither EBITDA nor Adjusted EBITDA reflects the interest expense, or the cash requirements necessary to service interest payments, on indebtedness;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and neither EBITDA nor Adjusted EBITDA reflects any cash requirements for such replacements;
- The omission of the substantial amortization expense associated with the Company's intangible assets further limits the usefulness of EBITDA and Adjusted EBITDA;
- Neither EBITDA nor Adjusted EBITDA includes the payment of taxes, which is a necessary element of operations; and
- Adjusted EBITDA excludes the cash expense the Company has incurred to acquire businesses.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to the Company to invest in the growth of its businesses. Management compensates for these limitations by not viewing EBITDA or Adjusted EBITDA in isolation and specifically by using other GAAP measures, such as net income, net sales and operating profit, to measure operating performance. Neither EBITDA nor Adjusted EBITDA is a measurement of financial performance under GAAP, and neither should be considered as an alternative to net income or cash flow from operations determined in accordance with GAAP. The Company's calculation of EBITDA and Adjusted EBITDA may not be comparable to the calculation of similarly titled measures reported by other companies.

### Forward-Looking Language

Certain statements contained in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to financial results and plans for future business development activities, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, economic conditions, competition and other uncertainties detailed from time to time in the Company's Securities and Exchange Commission filings.

The Company's Form 10-K for the year ended September 30, 2012 can be accessed through its website: [www.sifco.com](http://www.sifco.com), or on the Securities and Exchange Commission's website: [www.sec.gov](http://www.sec.gov).



### Fourth Quarter Ended September 30, 2012 (Amounts in thousands, except per share data)

#### Consolidated Condensed Statements of Operations

	Fourth Quarter		Year Ended	
	Ended September 30,		September 30,	
	2012	2011	2012	2011
Net sales-----	\$ 31,549	\$ 30,282	\$ 125,106	\$ 107,357
Cost of goods sold-----	25,332	22,542	97,025	80,916
Selling, general and administrative expenses-----	3,866	3,752	15,856	13,669
Amortization of intangible assets -----	<u>693</u>	<u>588</u>	<u>2,879</u>	<u>1,917</u>
Operating income-----	1,658	3,400	9,346	10,855
Interest expense, net -----	104	32	438	82
Foreign currency exchange loss (gain), net -----	3	(14)	(25)	5
Other income, net -----	<u>(118)</u>	<u>(118)</u>	<u>(467)</u>	<u>(470)</u>
Income before income tax provision-----	1,669	3,500	9,400	11,238
Income tax provision -----	<u>472</u>	<u>1,316</u>	<u>2,852</u>	<u>3,789</u>
Net income -----	<u>\$ 1,197</u>	<u>\$ 2,184</u>	<u>\$ 6,548</u>	<u>\$ 7,449</u>
Net income per share:				
Basic -----	\$ 0.22	\$ 0.41	\$ 1.23	\$ 1.41
Diluted -----	\$ 0.22	\$ 0.41	\$ 1.22	\$ 1.40
Weighted average number of common shares (basic)-----	5,338	5,293	5,317	5,279
Weighted average number of common shares (diluted)-----	5,381	5,332	5,380	5,317

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**Supplemental Information – Reconciliation of EBITDA and Adjusted EBITDA**

	<b>Fourth Quarter</b>		<b>Year Ended</b>	
	<b>Ended September 30,</b>	<b>2011</b>	<b>September 30,</b>	<b>2011</b>
	<b>2012</b>		<b>2012</b>	<b>2011</b>
Net income -----	\$ 1,197	\$ 2,184	\$ 6,548	\$ 7,449
Adjustments:				
Depreciation and amortization expense -----	1,705	1,320	6,671	4,386
Interest expense, net -----	104	32	438	82
Income tax provision -----	<u>472</u>	<u>1,316</u>	<u>2,852</u>	<u>3,789</u>
EBITDA -----	3,478	4,852	16,509	15,706
Adjustments:				
Inventory purchase accounting adjustments (1) -----	--	--	437	202
Acquisition transaction-related expenses (2) -----	129	110	407	301
Equity compensation expense (3) -----	69	208	892	547
LIFO provision (4) -----	<u>921</u>	<u>78</u>	<u>1,563</u>	<u>479</u>
Adjusted EBITDA -----	<u>\$ 4,597</u>	<u>\$ 5,248</u>	<u>\$ 19,808</u>	<u>\$ 17,235</u>

- (1) Represents accounting adjustments to inventory associated with acquisitions of businesses that were charged to cost of sales when the inventory was sold.
  - (2) Represents transaction-related costs comprising legal, financial and tax due diligence expenses; and valuation services costs that are required to be expensed as incurred.
  - (3) Represents the equity based compensation expense recognized by the Company under its 2007 Long-term Incentive Plan.
  - (4) Represents the increase in the reserve for inventories for which cost is determined using the last-in, first-out (“LIFO”) method.
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