

March 27, 2014



# A-Mark Precious Metals Reports Fiscal Second Quarter 2014 Results

- **Company reports 25% increase in gross profit in quarter**
- **Margins improve due to favorable change in product mix**

SANTA MONICA, Calif.--(BUSINESS WIRE)-- **A-Mark Precious Metals, Inc. (NASDAQ: AMRK)**, a full-service precious metals trading company, reported results for the 2014 fiscal second quarter ended December 31, 2013.

## Fiscal Q2 2014 Highlights

- Revenue totaled \$1.49 billion
- Gross profit was \$7.8 million
- Net income totaled to \$2.2 million

## Fiscal Q2 2014 Financial Results

Revenue for the three months ended December 31, 2013 was \$1.49 billion compared to \$1.70 billion in the year-ago quarter. The decrease in revenue was primarily due to a decline in commodity prices for gold and silver. A decrease in the volume of gold ounces sold was largely offset by an increase in the volume of silver ounces sold, as well as stronger demand for custom silver products through certain distribution contracts.

Gross profit was \$7.8 million, representing a gross profit margin of 0.5%, an improvement from a gross profit of \$6.3 million or a gross profit margin of 0.4% in the year-ago quarter. Gross profit and profit margin improved as a result of increased sales of custom silver products through certain distribution contracts. Sales to distributors of unique bullion products for marketing to the retail public generate higher margins than the company's ordinary trading activities.

General and administrative (G&A) expenses increased to \$4.5 million from \$3.0 million in the year-ago quarter. The increase was primarily due to higher personnel expenses; specifically recruiting and retention fees related to the addition of key employees. A one-time favorable adjustment in the prior period also contributed to the variance.

Net income totaled \$2.2 million or \$0.29 per diluted share, as compared to \$2.5 million or \$0.32 per diluted share in the year-ago quarter. The decrease in net income was primarily attributable to the increase in G&A.

## Management Commentary

“The 25% increase in gross profit and strong profitability in the quarter reveals the special nature of our business and trading platform, where our topline can be volatile but our bottom line performance is not impacted,” said Greg Roberts, A-Mark’s CEO. “It’s also important to note how our custom products—which had an increasingly positive effect over the last several months—enhance gross margins and profitability, while remaining largely unaffected by short-term fluctuations in commodity prices.”

The company’s stock began trading on the NASDAQ Global Select on March 17, 2014. Management plans to begin hosting regular quarterly conference calls beginning with its fiscal third quarter results ending March 31, 2014, with the date and time to be announced approximately a week prior.

### **About A-Mark Precious Metals**

A-Mark Precious Metals, Inc. is a full-service precious metals trading company and an official distributor for many government mints throughout the world. The company offers gold, silver, platinum and palladium in the form of bars, plates, powder, wafers, grain, ingots and coins. Its Industrial unit services manufacturers and fabricators of products utilizing or incorporating precious metals, while its Coin & Bar unit deals in over 200 coin and bar products in a variety of weights, shapes and sizes for distribution to dealers and other qualified purchasers. The company operates trading centers in Santa Monica, California, and Vienna, Austria, for buying and selling precious metals.

In addition to wholesale and trading activity, A-Mark offers customers a variety of services, including financing, consignment and various customized financial programs. As a U.S. Mint-authorized purchaser of gold, silver and platinum coins, A-Mark purchases bullion products directly from the U.S. Mint for sale to customers. A-Mark also has distributorships with other sovereign mints, including in Australia, Austria, Canada, China, Mexico and South Africa. Customers of A-Mark include mints, manufacturers and fabricators, refiners, coin and metal dealers, banks and other financial institutions, jewelers, investors and collectors. For more information about A-Mark Precious Metals, visit [www.amark.com](http://www.amark.com).

Through its subsidiary Collateral Finance Corporation, a licensed California Finance Lender, the company offers loans collateralized by numismatic and semi-numismatic coins and bullion to coin and metal dealers, investors and collectors. Through its Transcontinental Depository Services subsidiary, it offers a variety of managed storage options for precious metals products to financial institutions, dealers, investors and collectors around the world.

### **Important Causations Regarding Forward-Looking Statements**

Statements in this press release that relate to future plans, objectives, expectations, performance, events and the like are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the Securities Exchange Act of 1934. Future events, risks and uncertainties, individually or in the aggregate, could cause actual results to differ materially from those expressed or implied in these statements. Factors that could cause actual results to differ are identified in the company’s public filings with the Securities and Exchange Commission (SEC). More information about factors that could affect the company’s business and financial results are included in its public filings with the SEC, which are available on the SEC’s website at [www.sec.gov](http://www.sec.gov).

The words "should," "believe," "estimate," "expect," "intend," "anticipate," "foresee," "plan" and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates on which they were made. Additionally, any statements related to future improved performance and estimates of revenues and earnings per share are forward-looking statements. The company undertakes no obligation to publicly update or revise any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

**A-MARK PRECIOUS METALS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2013 AND 2012**  
(in thousands, except for share and per share data)  
(unaudited)

	Three Months Ended December 31, 2013		Three Months Ended December 31, 2012		\$	%
	\$	% of revenue	\$	% of revenue	Increase/ (decrease)	Increase/ (decrease)
<i>in thousands</i>						
Revenue	\$1,488,653	100.0%	\$1,696,781	100.0%	\$(208,128)	(12.3)%
Gross profit	7,834	0.5%	6,254	0.4%	1,580	25.3%
General and administrative expenses	(4,503)	(0.3)%	(2,994)	(0.2)%	1,509	50.4%
Interest income	1,403	0.1%	2,114	0.1%	(711)	(33.6)%
Interest expense	(889)	(0.1)%	(945)	(0.1)%	(56)	(5.9)%
Unrealized gain on foreign exchange	24	—%	48	—%	(24)	NM
Net income before provision for income taxes	3,869	0.3%	4,477	0.3%	(608)	(13.6)%
Provision for income taxes	(1,621)	(0.1)%	(1,991)	(0.1)%	370	(18.6)%
Net income	\$ 2,248	0.2%	\$ 2,486	0.1%	\$ (238)	(9.6)%

NM = Not meaningful.

	Three Months Ended December 31,		Increase/ (decrease)	% of Increase/ (decrease)
	2013	2012		
<i>in whole amounts</i>				
<b>Basic and diluted weighted average income per common share</b>				
Basic - net income <sup>(1)</sup>	\$ 0.29	\$ 0.32	\$ (0.03)	(9.4)%
Diluted - net income <sup>(1)</sup>	\$ 0.29	\$ 0.32	\$ (0.03)	(9.4)%

(1) = Basic and diluted income per share based on historical SGI basic and fully diluted share figures, adjusted on a pro-forma basis of one share of A-Mark stock issued for every four shares of SGI stock held.

**A-MARK PRECIOUS METALS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(amounts in thousands, except share data)  
(unaudited)

	<u>December 31, 2013</u>	<u>June 30, 2013</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 15,015	\$ 21,565
Receivables, net	102,473	109,947
Inventories:		
Inventories	134,523	123,824
Restricted inventories	25,506	38,554
	<u>160,029</u>	<u>162,378</u>
Deferred tax assets	5,993	5,993
Prepaid expenses and other assets	868	487
<b>Total current assets</b>	<u>284,378</u>	<u>300,370</u>
Property and equipment, net	1,226	1,213
Goodwill	4,884	4,884
Intangibles, net	2,949	3,141
<b>Total assets</b>	<u>\$ 293,437</u>	<u>\$309,608</u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Lines of credit	\$ 106,000	\$ 95,000
Liability on borrowed metals	11,226	20,117
Product financing arrangement	25,506	38,554
Accounts payable	84,610	86,010
Accrued liabilities	4,985	6,601
Payable to parent	—	1,015
Income taxes payable to parent	7,615	8,505
<b>Total current liabilities</b>	<u>239,942</u>	<u>255,802</u>
Deferred tax liabilities	552	552
<b>Total liabilities</b>	<u>240,494</u>	<u>256,354</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none at December 31, 2013 and June 30, 2013	—	—
Common Stock, par value \$0.01; 40,000,000 authorized 7,402,664 issued and outstanding at December 31, 2013 and June 30, 2013	74	74
Additional paid-in capital	24,445	24,370
Retaining earnings	28,424	28,810
<b>Total stockholders' equity</b>	<u>52,943</u>	<u>53,254</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 293,437</u>	<u>\$309,608</u>

**A-MARK PRECIOUS METALS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in thousands, except for share and per share data)  
(unaudited)

	Three Months Ended		Six Months Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Revenues	\$ 1,488,653	\$ 1,696,781	\$ 2,984,632	\$ 3,316,596
Cost of sales	1,480,819	1,690,527	2,969,815	3,305,308
Gross profit	<u>7,834</u>	<u>6,254</u>	<u>14,817</u>	<u>11,288</u>
Selling, general and administrative expenses	(4,503)	(2,994)	(8,152)	(6,087)
Interest income	1,403	2,114	2,907	4,166
Interest expense	(889)	(945)	(1,877)	(1,874)
Unrealized gain on foreign exchange	24	48	60	22
Net income before provision for income taxes	<u>3,869</u>	<u>4,477</u>	<u>7,755</u>	<u>7,515</u>
Provision for income taxes	(1,621)	(1,991)	(3,141)	(3,344)
Net income	<u>\$ 2,248</u>	<u>\$ 2,486</u>	<u>\$ 4,614</u>	<u>\$ 4,171</u>
<b>Basic and diluted income per share:</b>				
Basic - net income	<u>\$ 0.29</u>	<u>\$ 0.32</u>	<u>\$ 0.60</u>	<u>\$ 0.53</u>
Diluted - net income	<u>\$ 0.29</u>	<u>\$ 0.32</u>	<u>\$ 0.59</u>	<u>\$ 0.52</u>
<b>Weighted average shares outstanding</b>				
Basic	<u>7,729,181</u>	<u>7,657,119</u>	<u>7,729,401</u>	<u>7,926,459</u>
Diluted	<u>7,885,640</u>	<u>7,708,723</u>	<u>7,886,167</u>	<u>7,978,063</u>

**A-MARK PRECIOUS METALS, INC.**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**  
(in thousands, except for share and per share data)  
(unaudited)

	Common Stock (Shares)	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
<b>Balance, June 30, 2013</b>	<u>7,402,644</u>	<u>\$ 74</u>	<u>\$ 24,370</u>	<u>\$ 28,810</u>	<u>\$ 53,254</u>
Net income	—	—	—	4,614	4,614
Share-based compensation	—	—	75	—	75
Dividend Declared	—	—	—	(5,000)	(5,000)
<b>Balance, December 31, 2013</b>	<u>7,402,644</u>	<u>\$ 74</u>	<u>\$ 24,445</u>	<u>\$ 28,424</u>	<u>\$ 52,943</u>

**A-MARK PRECIOUS METALS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(amounts in thousands)  
(unaudited)

	<b>Six Months Ended</b>	
	<b>December 31, 2013</b>	<b>December 31, 2012</b>
<b>Cash flows from operating activities:</b>		
Net Income	\$ 4,614	\$ 4,171
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	443	398
Provision for doubtful accounts	—	(700)
Share-based compensation	75	37
Changes in assets and liabilities:		
Receivables	7,474	14,800
Inventories	2,349	18,020
Prepaid expenses and other current assets	(381)	(168)
Accounts payable	(1,400)	(2,722)
Liabilities on borrowed metals	(8,891)	8,063
Accrued liabilities	(1,616)	(2,106)
Payable to parent	(1,905)	(2,369)
<b>Net cash provided by operating activities</b>	<u>762</u>	<u>37,424</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures for property and equipment	(264)	(157)
<b>Net cash used in investing activities</b>	<u>(264)</u>	<u>(157)</u>
<b>Cash flows from financing activities:</b>		
Product financing arrangement, net	(13,048)	(10,799)
Dividends paid to parent	(5,000)	(15,000)
Borrowings (repayments) under lines of credit, net	11,000	(11,500)
<b>Net cash used in financing activities</b>	<u>(7,048)</u>	<u>(37,299)</u>
<b>Net decrease in cash and cash equivalents</b>	(6,550)	(32)
<b>Cash and cash equivalents, beginning of period</b>	21,565	11,273
<b>Cash and cash equivalents, end of period</b>	<u>\$ 15,015</u>	<u>\$ 11,241</u>
<b>Supplemental disclosures of cash flow information:</b>		
<b>Cash paid during the period for:</b>		
Interest expense	\$ 1,851	\$ 1,824
Income taxes	<u>\$ 3,925</u>	<u>\$ 4,750</u>

**Company Contact:**

A-Mark Precious Metals, Inc.  
Thor Gjerdrum, EVP & COO  
310-587-1414

[thor@amark.com](mailto:thor@amark.com)

or

**Investor Relations Contact:**

Liolios Group, Inc.  
Matt Glover or Michael Koehler  
949-574-3860

[AMRK@liolios.com](mailto:AMRK@liolios.com)

Source: A-Mark Precious Metals, Inc.