

September 26, 2014



# A-Mark Precious Metals Reports Fiscal Fourth Quarter and Full Year 2014 Results

SANTA MONICA, Calif., Sept. 26, 2014 (GLOBE NEWSWIRE) --**A-Mark Precious Metals, Inc.** (Nasdaq:AMRK), a full-service precious metals trading company, reported results for its fiscal fourth quarter and full year ended June 30, 2014.

## Fiscal Q4 2014 Highlights Compared to the Same Year-ago Quarter

- Fourth quarter and full year revenues decline due to market conditions
- Fourth quarter gross profit margin returns to normal level versus prior year volatility-caused spike
- Full year gross profit margin increases versus prior year
- Demand for Company's higher margin value-added products continues to increase
- New Las Vegas logistics center under development to enhance customer service

## Fiscal Q4 2014 Financial Results

Revenue totaled \$1.41 billion compared to \$2.10 billion in the same year-ago quarter. The decrease reflects lower market volatility and commodity gold prices compared to unusually high volatility in Q4 2013, as well as a decrease in the volume of gold ounces sold compared to the same period last year. The decrease was partially offset by an increase in the sales volume of silver ounces.

Gross profit was \$5.0 million or 0.35% of revenue, compared to \$11.5 million or 0.55% of revenue in the year-ago quarter. Gross profit in the year-ago quarter was unusually high due to a rapid decrease in precious metals prices and related supply constraints in silver products that together created higher product premium spreads.

General and administrative expenses were \$3.1 million, a decrease from \$4.0 million in the same year-ago quarter. The decrease reflects lower performance based compensation partially offset by higher public company costs.

Net income totaled \$1.5 million or \$0.21 per diluted share compared \$5.7 million or \$0.74 per diluted share in the same year-ago quarter. The decrease was primarily due to lower revenues and gross margins resulting from substantially lower levels of volatility in fiscal 2014 as compared to fiscal 2013.

## Fiscal 2014 Financial Results

Revenue was \$5.98 billion compared to \$7.25 billion in fiscal 2013. The decrease was primarily due to the decline in volatility and the commodity price for gold and silver, as well as a decrease in the volume of gold ounces sold compared to fiscal 2013. The decreases were partially offset by an increase in the volume of silver ounces sold in fiscal 2014.

Gross profit was \$27.4 million or 0.46% of revenue in fiscal 2014, compared to \$30.3 million or 0.42% of revenue in fiscal 2013. The decrease in gross profit reflected the decline in revenue for the period. The higher gross margin percentage reflects the increased demand for A-Mark's value-added products, as well as sales of higher margin unique bullion products to retail distributors.

General and administrative expenses increased to \$15.6 million from \$14.1 million in fiscal 2013. The increase was primarily due to the addition of logistics services costs, as well as higher administrative expenses, including new costs associated with being a public company.

Net income totaled \$8.3 million or \$1.09 per diluted share, compared \$12.5 million or \$1.59 per diluted share in fiscal 2013, with the decrease due to the decline in revenue and offset by higher gross margins.

### **Management Commentary**

"Our performance in the fiscal fourth quarter and full year demonstrated our ability to deliver significant profit even in a market environment with low volatility," said A-Mark CEO Greg Roberts. "This underscores the uniqueness of our business model, which provides a steady stream of revenue and profitability, with opportunities for additional profits from market volatility, trading volumes and the eventual increase in interest rates.

"These low volatility trends are continuing to impact our performance in the first quarter of fiscal 2015. However, we continue to focus on building capacity to capitalize on periods of higher volatility as well as focus on strategic initiatives to enhance our baseline performance."

"During Q4, we made strong progress in strengthening the higher margin segments of our business, including significant growth in loan activity by our CFC financing subsidiary, as well as realizing increased consumer demand for our value-added products," added Roberts. "Along those lines, we added six new value-added products to our pipeline for fiscal 2015, bringing our total pipeline to over 30 programs, up from approximately 10 programs a year ago.

"We recently finalized plans to build our first wholly owned and operated logistics center, and we expect to break ground on the project this fall in Las Vegas. The logistics center will allow us to offer our clients the full spectrum of turnkey services at one location, including shipping, vault storage and on premise financing. We expect the capabilities of the center to expand our customer relationships and increase retention, leading to more predictable revenue growth and improved gross margins."

### **Conference Call**

A-Mark will hold a conference call September 29, 2014 to discuss these financial results. The company's CEO, Greg Roberts, and executive vice president and COO, Thor Gjerdrum, will host the call starting at 4:30 p.m. Eastern time (1:30 p.m. Pacific time). A question and answer session will follow management's presentation.

To participate, please dial the appropriate number at least five minutes prior to the start time

and ask for the A-Mark Precious Metals conference call.

U.S. dial-in number: 1-888-337-8198

International number: 1-719-457-2689

Conference ID: 6203286

The conference call will be broadcast simultaneously and available for replay via the Investor Information section of A-Mark's website at [www.amark.com](http://www.amark.com). For the webcast, please access the link at least 15 minutes prior the call in order to register and install any necessary audio software. If you have any difficulty connecting with the conference call or webcast, please contact Liolios Group at (949) 574-3860.

A replay of the call will be available after 7:30 p.m. Eastern time on the same day through October 13, 2014.

Toll-free replay number: 1-877-870-5176

International replay number: 1-858-384-5517

Conference ID: 6203286

### **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 Cautions 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) and include the following: our inability to execute our growth strategy; our inability to maintain the security of customer or company information; the impact of complying with laws and regulations relating to our trading and financing operations; changes in our liquidity and capital requirements; changes in the political or economic environments of the countries in which we do business; the loss of key management or trading personnel; our exposure to commodity price risks, concentration of credit risk, and the risks of default of our counterparties; the demand nature of our credit facility; the possible loss of a key government distributorship arrangement; potential losses in connection with our financing operations; the inability of our historical financial statements to be indicative of our future performance; the impact of increased costs associated with being a public company; our inability to maintain effective internal controls as a public company; our inability or determination not to pay dividends; low trading volume of our capital stock due to limited liquidity or a lack of analyst coverage; and the ability of our principal shareholders to exert substantial control over us or prevent a change of control.

More information about factors that could affect the company's business and financial results 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.**  
**CONSOLIDATED BALANCE SHEETS**  
(amounts in thousands, except share data)

	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 13,193	\$ 21,565
Receivables, net	102,824	109,947
Inventories:		
Inventories	150,944	123,824
Restricted inventories	<u>24,610</u>	<u>38,554</u>
	<u>175,554</u>	<u>162,378</u>
Deferred tax assets	—	5,993
Income taxes receivable from Former Parent	3,139	—
Prepaid expenses and other assets	<u>613</u>	<u>487</u>
<b>Total current assets</b>	295,323	300,370

Property and equipment, net	1,678	1,213
Goodwill	4,884	4,884
Intangibles, net	2,753	3,141
Investments	500	—
<b>Total assets</b>	<b>\$ 305,138</b>	<b>\$ 309,608</b>

#### LIABILITIES, AND STOCKHOLDERS' EQUITY

##### Current liabilities:

Lines of credit	\$ 135,200	\$ 95,000
Liability on borrowed metals	8,709	20,117
Product financing arrangement	24,610	38,554
Accounts payable	77,426	86,010
Accrued liabilities	6,070	6,601
Payable to Former Parent	—	1,015
Income taxes payable to Former Parent	—	8,505
Income taxes payable	2,178	—
Deferred tax liability - current	1,456	—
<b>Total current liabilities</b>	<b>255,649</b>	<b>255,802</b>
Deferred tax liabilities	33	552
<b>Total liabilities</b>	<b>255,682</b>	<b>256,354</b>

##### Commitments and contingencies

##### Stockholders' equity:

Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of June 30, 2014 and June 30, 2013	—	—
Common Stock, par value \$0.01; 40,000,000 authorized; 6,962,742 and 7,402,664 issued and outstanding as of June 30, 2014 and June 30, 2013, respectively	70	74
Additional paid-in capital	22,317	24,370
Retaining earnings	27,069	28,810
<b>Total stockholders' equity</b>	<b>49,456</b>	<b>53,254</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 305,138</b>	<b>\$ 309,608</b>

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

Years Ended June 30,	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues	\$ 5,979,354	\$ 7,247,717	\$ 7,782,340
Cost of sales	<u>5,951,913</u>	<u>7,217,370</u>	<u>7,755,900</u>
Gross profit	27,441	30,347	26,440
Selling, general and administrative expenses	(15,570)	(14,120)	(15,563)
Interest income	5,592	7,793	12,225
Interest expense	(3,926)	(3,484)	(4,248)
Unrealized gains (losses) on foreign exchange	<u>(6)</u>	<u>30</u>	<u>62</u>
Net income before provision for income taxes	13,531	20,566	18,916
Provision for income taxes	<u>(5,272)</u>	<u>(8,052)</u>	<u>(8,342)</u>
Net income	<u>\$ 8,259</u>	<u>\$ 12,514</u>	<u>\$ 10,574</u>

**Basic and diluted income per share:**

Basic - net income	<u>\$ 1.10</u>	<u>\$ 1.61</u>	<u>\$ 1.29</u>
Diluted - net income	<u>\$ 1.09</u>	<u>\$ 1.59</u>	<u>\$ 1.29</u>

**Weighted average shares outstanding:**

Basic	<u>7,530,300</u>	<u>7,787,250</u>	<u>8,169,750</u>
Diluted	<u>7,590,400</u>	<u>7,858,500</u>	<u>8,216,250</u>

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

Years Ended June 30,	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities:</b>			
Net Income	\$ 8,259	\$ 12,514	\$ 10,574
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	934	826	727
Deferred income taxes	6,930	11,091	(17,268)
Interest added to principal of secured loans	(476)	—	—
Provision for doubtful accounts	—	(700)	1,016
Share-based compensation	194	169	137
Changes in assets and liabilities:			
Receivables	14,282	18,138	(35,804)
Secured loans to Former Parent	(2,562)	—	—
Inventories	(13,176)	(18,914)	29,840
Prepaid expenses and other current assets	(126)	57	(258)

Accounts payable	(8,584)	(4,509)	9,814
Liabilities on borrowed metals	(11,408)	(6,959)	15,693
Accrued liabilities	(531)	169	580
Receivable from/ payables to Former Parent	(12,659)	(13,088)	10,342
Income taxes payables	2,178	—	—
<b>Net cash (used in) provided by operating activities</b>	<b>(16,745)</b>	<b>(1,206)</b>	<b>25,393</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures for property and equipment	(1,011)	(480)	(568)
Purchase of cost method investment	(500)	—	—
Secured loans acquired	(4,196)	—	—
Principal collections on secured loans acquired	75	—	—
<b>Net cash used in investing activities</b>	<b>(5,632)</b>	<b>(480)</b>	<b>(568)</b>
<b>Cash flows from financing activities:</b>			
Product financing arrangement, net	(13,944)	22,978	15,576
Dividends paid to Former Parent	(10,000)	(15,000)	—
Borrowings (repayments) under lines of credit, net	40,200	4,000	(38,500)
Retirement of repurchased Afinsa and Auctentia common stock and interest in A-Mark Precious Metals, Inc.	(2,198)	—	—
Contribution from non-controlling interest	—	—	(5)
Repurchase and retirement of restricted stock for payroll taxes	(53)	—	—
<b>Net cash provided by (used in) financing activities</b>	<b>14,005</b>	<b>11,978</b>	<b>(22,929)</b>
<b>Net (decrease)increase in cash and cash equivalents</b>	<b>(8,372)</b>	<b>10,292</b>	<b>1,896</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>21,565</b>	<b>11,273</b>	<b>9,377</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 13,193</b>	<b>\$ 21,565</b>	<b>\$ 11,273</b>
<b>Supplemental disclosures of cash flow information:</b>			
<b>Cash paid during the period for:</b>			
Interest expense	\$ 3,908	\$ 3,505	\$ 4,248
Income taxes	\$ 7,667	\$ 10,100	\$ 13,785
<b>Non-cash investing and financing activities:</b>			
Interest added to principal of secured loans	\$ 476	\$ —	\$ —
Secured loans received in satisfaction of customer receivable	\$ 12,800	\$ —	\$ —

### ***Results of Operations Three Months Ended June 30, 2014 compared to 2013***

The operating results of our business for the three months ended June 30, 2014 and 2013 are as follows:

in thousands, except per share data

Quarters Ended June 30,	2014		2013		\$	%
		% of		% of	Increase/	Increase/
	\$	revenue	\$	revenue	(decrease)	(decrease)
Revenue	\$ 1,413,048	100.0%	\$ 2,097,639	100.0%	\$ (684,591)	(32.6)%
Gross profit	4,960	0.4%	11,475	0.5%	(6,515)	(56.8)%
General and administrative expenses	(3,067)	(0.2)%	(4,048)	(0.2)%	(981)	(24.2)%
Interest income	1,421	0.1%	1,702	0.1%	(281)	(16.5)%
Interest expense	(1,047)	(0.1)%	(835)	—%	212	25.4%
Unrealized gains (losses) on foreign exchange	(6)	—%	54	—%	(60)	NM
Net income before provision for income taxes	2,261	0.2%	8,348	0.4%	(6,087)	(72.9)%
Provision for income taxes	(712)	(0.1)%	(2,615)	(0.1)%	(1,903)	(72.8)%
Net income	<u>\$ 1,549</u>	<u>0.1%</u>	<u>\$ 5,733</u>	<u>0.3%</u>	<u>\$ (4,184)</u>	<u>(73.0)%</u>
<b>Per Share Data:</b>						
Basic	<u>\$ 0.21</u>	NA	<u>\$ 0.75</u>	NA	<u>\$ (0.54)</u>	<u>(72.0)%</u>
Diluted	<u>\$ 0.21</u>	NA	<u>\$ 0.74</u>	NA	<u>\$ (0.53)</u>	<u>(71.6)%</u>

### Results of Operations fiscal year 2014 compared to 2013

The operating results of our business for the years ended June 30, 2014 and 2013 are as follows:

in thousands, except per share data

Years Ended June 30,	2014		2013		\$	%
		% of		% of	Increase/	Increase/
	\$	revenue	\$	revenue	(decrease)	(decrease)
Revenue	\$ 5,979,354	100.0%	\$ 7,247,717	100.0%	\$ (1,268,363)	(17.5)%
Gross profit	27,441	0.5%	30,347	0.4%	(2,906)	(9.6)%
Selling, general and administrative expenses	(15,570)	(0.3)%	(14,120)	(0.2)%	1,450	10.3%
Interest income	5,592	0.1%	7,793	0.1%	(2,201)	(28.2)%
Interest expense	(3,926)	(0.1)%	(3,484)	—%	442	12.7%
Unrealized gains (losses) on foreign exchange	(6)	—%	30	—%	(36)	NM
Net income before provision for income taxes	13,531	0.2%	20,566	0.3%	(7,035)	(34.2)%
Provision for income taxes	(5,272)	(0.1)%	(8,052)	(0.1)%	(2,780)	(34.5)%
Net income	<u>\$ 8,259</u>	<u>0.1%</u>	<u>\$ 12,514</u>	<u>0.2%</u>	<u>\$ (4,255)</u>	<u>(34.0)%</u>
<b>Per Share Data:</b>						
Basic	<u>\$ 1.10</u>	NA	<u>\$ 1.61</u>	NA	<u>\$ (0.51)</u>	<u>(31.7)%</u>
Diluted	<u>\$ 1.09</u>	NA	<u>\$ 1.59</u>	NA	<u>\$ (0.50)</u>	<u>(31.4)%</u>

NM Not meaningful.

NA Not applicable.

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**Source: A-Mark Precious Metals**