

May 12, 2014



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

SANTA MONICA, Calif.--(BUSINESS WIRE)-- **A-Mark Precious Metals, Inc. (NASDAQ: AMRK)**, a full-service precious metals trading company, reported results for its fiscal third quarter and nine months ended March 31, 2014.

## Fiscal Q3 2014 Highlights

- Revenue totaled \$1.58 billion
- Gross profit was \$7.5 million
- Net income totaled to \$2.1 million
- Physical silver ounce transaction volumes up 10% year-over-year

## Fiscal Q3 2014 Financial Results

Revenue was \$1.58 billion, a decrease of 14% from \$1.83 billion in the same year-ago quarter. The decrease was primarily due to the decline in the commodity price for gold, as well as a decrease in the volume of gold ounces sold, partially offset by an increase in the volume of silver ounces sold during the period.

Gross profit was \$7.5 million (0.48% of revenue) compared to \$7.6 million (0.41% of revenue) in the same year-ago quarter. The gross margin improvement reflects increased demand for A-Mark's value-added products like the Gairsoppa exclusive, as well as other specialized offerings, including storage and logistics services.

General and administrative (G&A) expenses increased to \$4.4 million from \$4.0 million in the same year-ago quarter. The increase was due to higher administrative expenses incurred as a public company, as well as costs associated with the retention of addition key personnel hired to grow the company's European presence, and launch its mine off take product offering.

Net income totaled \$2.1 million or \$0.28 per diluted share compared \$2.6 million or \$0.34 per diluted share in the same year-ago quarter. The decrease was primarily due to the increase in general and administrative costs.

## First Nine Months of Fiscal 2014 Financial Results

Revenue for the nine months ended March 31, 2014 was \$4.57 billion, an 11% decrease from \$5.15 billion in the same year-ago period. The decrease was mainly due to the decline in the commodity price for gold, as well as a decrease in the volume of gold ounces sold, partially offset by an increase in the volume of silver ounces sold.

Gross profit was \$22.4 million (0.49% of revenue), an increase of 19% from \$18.8 million (0.37% of revenue) in the same year-ago period. The increase in gross profit and gross margin reflects the increased demand for value-added products, and sales of higher margin unique bullion products to distributors for marketing to the retail public.

General and administrative (G&A) expenses increased to \$12.5 million from \$10.1 million in the same year-ago period. The increase was due to higher administrative expenses since becoming public, as well as a one-time \$700,000 favorable adjustment in the prior period.

Net income totaled \$6.7 million or \$0.87 per diluted share compared \$6.8 million or \$0.86 per diluted share in the same year-ago period. The increase in diluted earnings per share was due to the retirement of shares in the current nine month period.

## **Management Commentary**

“While revenue in the our third quarter followed the decline in gold commodity prices and ounce volumes, we realized a 16% gain in gross margins driven by increased sales of our value-added precious metal products like the exclusive Gairsoppa program,” said Greg Roberts, A-Mark’s CEO. “Overall, our performance demonstrated our ability to mitigate the effect of short-term fluctuations in commodity prices and deliver favorable gross margins.

“Consumer demand for our value-added products continues to underscore the opportunity for us to further enhance profitability by leveraging our longstanding relationships with the largest sovereign mints. In step with this, we’ve expanded our value-added products pipeline to more than 25 programs, up from 14 programs a year ago.

“Our recently expanded sales team has been actively selling new turn-key service offerings to our existing customer base, including finance, storage and delivery solutions. We expect these complementary services to help increase overall customer retention and drive incremental revenue.”

## **Conference Call**

A-Mark will hold a conference call later today (May 12, 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. 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: (877) 941-2068  
International number: (480) 629-9712  
Conference ID: 4682012

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 May 26, 2014.

Toll-free replay number: (877) 870-5176  
International replay number: (858) 384-5517  
Conference ID: 4682012

### **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) 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.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(amounts in thousands, except share data)  
(unaudited)

	<u>March 31,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 7,873	\$ 21,565
Receivables, net	81,587	109,947
Inventories:		
Inventories	144,117	123,824
Restricted inventories	49,684	38,554
	<u>193,801</u>	<u>162,378</u>
Deferred tax assets	5,993	5,993
Prepaid expenses and other assets	939	487
<b>Total current assets</b>	<u>290,193</u>	<u>300,370</u>
Property and equipment, net	1,541	1,213
Goodwill	4,884	4,884
Intangibles, net	2,853	3,141
Investments	500	—
<b>Total assets</b>	<u>\$299,971</u>	<u>\$309,608</u>
<b>LIABILITIES, AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Lines of credit	\$119,800	\$ 95,000
Liability on borrowed metals	8,620	20,117
Product financing arrangement	49,684	38,554
Accounts payable	62,244	86,010
Accrued liabilities	5,904	6,601
Payable to Former Parent	—	1,015
Income taxes payable to Former Parent	5,291	8,505
<b>Total current liabilities</b>	<u>251,543</u>	<u>255,802</u>
Deferred tax liabilities	552	552
<b>Total liabilities</b>	<u>252,095</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 March 31, 2014 and June 30, 2013	—	—
Common Stock, par value \$0.01; 40,000,000 authorized; 7,402,664 issued and outstanding at March 31, 2014 and June 30, 2013	74	74
Additional paid-in capital	22,282	24,370
Retaining earnings	25,520	28,810
<b>Total stockholders' equity</b>	<u>47,876</u>	<u>53,254</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$299,971</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)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Revenues	\$1,581,547	\$1,833,454	\$4,566,179	\$5,150,050
Cost of sales	<u>1,574,010</u>	<u>1,825,898</u>	<u>4,543,825</u>	<u>5,131,206</u>
Gross profit	7,537	7,556	22,354	18,844
Selling, general and administrative expenses	(4,351)	(3,985)	(12,503)	(10,072)
Interest income	1,391	1,953	4,298	6,119
Interest expense	(1,002)	(775)	(2,879)	(2,649)
Unrealized losses on foreign exchange	<u>(60)</u>	<u>(46)</u>	<u>—</u>	<u>(24)</u>
Net income before provision for income taxes	3,515	4,703	11,270	12,218
Provision for income taxes	<u>(1,419)</u>	<u>(2,093)</u>	<u>(4,560)</u>	<u>(5,437)</u>
Net income	<u>\$ 2,096</u>	<u>\$ 2,610</u>	<u>\$ 6,710</u>	<u>\$ 6,781</u>
<b>Basic and diluted income per share:</b>				
Basic - net income	<u>\$ 0.28</u>	<u>\$ 0.34</u>	<u>\$ 0.87</u>	<u>\$ 0.87</u>
Diluted - net income	<u>\$ 0.28</u>	<u>\$ 0.34</u>	<u>\$ 0.87</u>	<u>\$ 0.86</u>
<b>Weighted average shares outstanding</b>				
Basic	<u>7,449,050</u>	<u>7,660,113</u>	<u>7,702,529</u>	<u>7,838,972</u>
Diluted	<u>7,515,351</u>	<u>7,723,809</u>	<u>7,748,717</u>	<u>7,891,258</u>

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

	<b>Nine Months Ended</b>	
	<b>March 31, 2014</b>	<b>March 31, 2013</b>
<b>Cash flows from operating activities:</b>		
Net Income	\$ 6,710	\$ 6,781
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	681	608
Provision for doubtful accounts	—	(700)
Share-based compensation	110	103
Changes in assets and liabilities:		
Receivables	28,360	41,959
Inventories	(31,423)	29,604
Prepaid expenses and other current assets	(452)	81
Accounts payable	(25,964)	(38,817)
Liabilities on borrowed metals	(11,497)	9,438
Accrued liabilities	(697)	(805)
Payables to Former Parent	(4,229)	(3,327)
<b>Net cash (used in) provided by operating activities</b>	<b>(38,401)</b>	<b>44,925</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures for property and equipment	(721)	(446)
Purchase of cost method investment	(500)	—
<b>Net cash used in investing activities</b>	<b>(1,221)</b>	<b>(446)</b>
<b>Cash flows from financing activities:</b>		
Product financing arrangement, net	11,130	(5,755)
Dividends paid to Former Parent	(10,000)	(15,000)
Borrowings (repayments) under lines of credit, net	24,800	(13,500)
<b>Net cash provided by (used in) financing activities</b>	<b>25,930</b>	<b>(34,255)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(13,692)</b>	<b>10,224</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>21,565</b>	<b>11,273</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,873</b>	<b>\$ 21,497</b>
<b>Supplemental disclosures of cash flow information:</b>		
<b>Cash paid during the period for:</b>		
Interest expense	\$ 2,698	\$ 2,779
Income taxes	\$ 7,667	\$ 7,800
<b>Non-cash investing and financing activities:</b>		
Obligation to repurchase common stock	\$ 2,198	\$ —

The operating results of our business for the three months ended March 31, 2014 and 2013 are as follows:

	Three Months Ended March 31, 2014		Three Months Ended March 31, 2013		\$	%
	\$	% of revenue	\$	% of revenue		
<i>in thousands</i>						
Revenue	\$1,581,547	100.0%	\$1,833,454	100.0%	\$(251,907)	(13.7)%
Gross profit	7,537	0.5%	7,556	0.4%	(19)	(0.3)%
General and administrative expenses	(4,351)	(0.3)%	(3,985)	(0.2)%	366	9.2%
Interest income	1,391	0.1%	1,953	0.1%	(562)	(28.8)%
Interest expense	(1,002)	(0.1)%	(775)	—%	227	29.3%
Unrealized loss on foreign exchange	(60)	—%	(46)	—%	(14)	NM
Net income before provision for income taxes	3,515	0.2%	4,703	0.3%	(1,188)	(25.3)%
Provision for income taxes	(1,419)	(0.1)%	(2,093)	(0.1)%	674	(32.2)%
Net income	\$ 2,096	0.1%	\$ 2,610	0.1%	\$ (514)	(19.7)%

NM = Not meaningful.

	Three Months Ended March 31,		Increase / (decrease)	% of Increase / (decrease)
	2014	2013		
<i>in whole amounts</i>				
<b>Basic and diluted weighted average income per common share</b>				
Basic - net income <sup>(1)</sup>	\$ 0.28	\$ 0.34	\$ (0.06)	(17.6)%
Diluted - net income <sup>(1)</sup>	\$ 0.28	\$ 0.34	\$ (0.06)	(17.6)%

(1) = Basic and diluted income per share was based on historical SGI basic and fully diluted share figures through March 14, 2014, the distribution date. Amounts shown were retroactively adjusted to give effect for the share distribution in connection with the spinoff, on the basis of one share of A-Mark stock issued for every four shares of SGI stock held through the distribution date. Thereafter, basic and diluted income per share was based on the Company's historical basic and fully diluted share figures.

The operating results of our business for the nine months ended March 31, 2014 and 2013 are as follows:

	Nine Months Ended March 31, 2014		Nine Months Ended March 31, 2013		\$	%
	\$	% of revenue	\$	% of revenue		
<i>in thousands</i>						
Revenue	\$4,566,179	100.0%	\$5,150,050	100.0%	\$(583,871)	(11.3)%
Gross profit	22,354	0.5%	18,844	0.4%	3,510	18.6%
General and administrative expenses	(12,503)	(0.3)%	(10,072)	(0.2)%	2,431	24.1%
Interest income	4,298	0.1%	6,119	0.1%	(1,821)	(29.8)%
Interest expense	(2,879)	(0.1)%	(2,649)	(0.1)%	230	8.7%
Unrealized loss on foreign exchange	—	—%	(24)	—%	24	NM
Net income before provision for income taxes	11,270	0.2%	12,218	0.2%	(948)	(7.8)%
Provision for income taxes	(4,560)	(0.1)%	(5,437)	(0.1)%	877	(16.1)%
Net income	\$ 6,710	0.1%	\$ 6,781	0.1%	\$ (71)	(1.0)%

NM = Not meaningful.



<i>in whole amounts</i>	Nine Months Ended March 31,		Increase / (decrease)	% of Increase / (decrease)
	2014	2013		
<b>Basic and diluted weighted average income per common share</b>				
Basic - net income <sup>(1)</sup>	\$ 0.87	\$ 0.87	\$ —	—%
Diluted - net income <sup>(1)</sup>	\$ 0.87	\$ 0.86	\$ 0.01	1.2%

(1) = Basic and diluted income per share was based on historical SGI basic and fully diluted share figures through March 14, 2014, the distribution date. Amounts shown were retroactively adjusted to give effect for the share distribution in connection with the spinoff, on the basis of one share of A-Mark stock issued for every four shares of SGI stock held through the distribution date. Thereafter, basic and diluted income per share was based on the Company's historical basic and fully diluted share figures.

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