

May 6, 2015



# A-Mark Precious Metals Reports Fiscal Third Quarter 2015 Results

SANTA MONICA, Calif., May 6, 2015 (GLOBE NEWSWIRE) --[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, 2015.

## Fiscal Q3 2015 Overview

- Revenues totaled \$1.62 billion, up 6% from the prior quarter and up 3% from the same year-ago quarter.
- Construction of the company's new Las Vegas logistics center remained on schedule to open this summer.
- Net income totaled \$1.7 million or \$0.24 per diluted share, unchanged from last quarter, and a decline from \$2.1 million or \$0.28 per diluted share in the year-ago quarter, due to lower premium spreads on primary products, offset by a lower estimated effective tax rate.
- Initiated quarterly cash dividend, paying \$0.05 per share to stockholders of record as of March 12, 2015.

## Fiscal Q3 2015 Financial Results

Revenues increased 6% to \$1.62 billion from \$1.54 billion in the prior quarter, and increased 3% from \$1.58 billion from the same year-ago quarter. The sequential improvement was due primarily to an increase in gold ounces sold offset by lower silver ounces sold. The year-over-year improvement was due primarily to an increase in the total number of silver ounces sold.

Gross profit decreased 22% to \$5.6 million (0.35% of revenues) from \$7.2 million (0.47% of revenues) in the prior quarter, and decreased 26% from \$7.6 million (0.48% of revenues) in the same year-ago quarter. The decreases in gross profit were due to lower premium spreads on primary products.

Selling, general and administrative expenses decreased 14% to \$4.1 million compared to \$4.8 million in the prior quarter, and decreased 6% from \$4.4 million in the same year-ago quarter. The decreases were primarily due to lower accrued performance-based expenses, partially offset by higher operational costs related to the operation of logistics services, as well as administrative expenses associated with being a public company, including the addition of key personnel and legal and accounting fees and expenses.

Net income totaled \$1.7 million or \$0.24 per diluted share, unchanged from \$1.7 million or \$0.24 per diluted share in the prior quarter, and down 20% from \$2.1 million or \$0.28 per diluted share in the same year-ago quarter. The year-over-year decrease was due to lower

gross margins related to lower commodity price volatility, offset by a lower estimated effective tax rate related to changes in state apportionment and a reduction in uncertain tax positions.

### **Fiscal Nine Months 2015 Financial Results**

Revenues were \$4.62 billion, an improvement from \$4.57 billion in the same period last year. The improvement was due to an increase in the total number of silver ounces sold, partially offset by a slight decrease in the sale of gold ounces, as well as the decrease of commodity prices for both gold and silver.

Gross profit declined 17% to \$18.5 million (0.40% of revenue) from \$22.5 million (0.49% of revenue) in the same year-ago period. The decrease reflected the lower premium spreads on the company's primary products, offset by sales of higher margin value-added products.

Selling, general and administrative expenses increased 4% to \$13.1 million from \$12.5 million in the same year-ago period. The increase was primarily due to higher operational costs related to the operation of logistics services as well as costs associated with being a public company, partially offset by lower accrued performance-based bonuses.

Net income totaled \$4.5 million or \$0.64 per diluted share, a decrease of 33% compared to \$6.7 million or \$0.87 per diluted share in the same period last year. The decrease was primarily due lower gross margins related to lower commodity price volatility, offset by a lower estimated effective tax rate related to changes in state apportionment and a reduction in uncertain tax positions.

### **Management Commentary**

"The fiscal third quarter represents our sixth consecutive quarter of profitability since becoming a publicly-traded company in March of 2014," said A-Mark CEO, Greg Roberts. "The increase in revenue during the quarter was driven by higher precious metal trading volume, and to some extent, the expansion of our market share."

"Given that our net income has historically been a factor of industrywide precious metal price volatility, the recent lower levels of volatility have impacted premium spreads and the resulting gross margins. We continue to be focused on pursuing business development initiatives where we have more direct influence over our profitability. This includes expanding our value-added service offerings, and particularly the opening of our new Las Vegas logistics facility, which is expected to provide substantial operational cost savings, along with the ability to offer customers higher margin services that provide some components of recurring revenue."

"The construction of the Las Vegas facility is part of a larger capital allocation strategy that now includes a quarterly cash dividend. The initiation of the dividend demonstrates our board of directors' confidence in our balance sheet and future cash flows, and its commitment to maximizing shareholder value."

### **Conference Call**

A-Mark will hold a conference call today (May 6, 2015) 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: 1-877-407-0789

International number: 1-201-689-8562

Conference ID: 13607990

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 1-949-574-3860.

A replay of the call will be available after 7:30 p.m. Eastern time on the same day through May 20, 2015.

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

International replay number: 1-858-384-5517

Conference ID: 13607990

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

|                        | <b>March 31,</b> | <b>June 30,</b> |
|------------------------|------------------|-----------------|
|                        | <b>2015</b>      | <b>2014</b>     |
| <b>ASSETS</b>          |                  |                 |
| Current assets:        |                  |                 |
| Cash                   | \$ 16,201        | \$ 13,193       |
| Receivables, net       | 107,781          | 102,824         |
| <br>                   |                  |                 |
| Inventories:           |                  |                 |
| Inventories            | 138,458          | 150,944         |
| Restricted inventories | 48,114           | 24,610          |
|                        | <u>186,572</u>   | <u>175,554</u>  |

|  |                |                |
|--|----------------|----------------|
| Income tax receivable                      | 5,643          | —              |
| Income taxes receivable from Former Parent | 4,017          | 3,139          |
| Prepaid expenses and other assets          | <u>2,481</u>   | <u>613</u>     |
| <b>Total current assets</b>                | <b>322,695</b> | <b>295,323</b> |

|                                   |                          |                          |
|-----------------------------------|--------------------------|--------------------------|
| Property and equipment, net       | 1,375                    | 1,678                    |
| Goodwill                          | 4,884                    | 4,884                    |
| Intangibles, net                  | 2,465                    | 2,753                    |
| Deferred tax assets - non-current | 357                      | —                        |
| Long-term receivable              | 700                      | —                        |
| Long-term investments             | <u>1,611</u>             | <u>500</u>               |
| <b>Total assets</b>               | <b><u>\$ 334,087</u></b> | <b><u>\$ 305,138</u></b> |

#### LIABILITIES AND STOCKHOLDERS' EQUITY

|                                  |                       |                       |
|----------------------------------|-----------------------|-----------------------|
| Current liabilities:             |                       |                       |
| Lines of credit                  | \$ 132,800            | \$ 135,200            |
| Liability on borrowed metals     | 6,495                 | 8,709                 |
| Product financing arrangement    | 48,114                | 24,610                |
| Accounts payable                 | 87,331                | 77,426                |
| Accrued liabilities              | 4,475                 | 6,070                 |
| Income taxes payable             | —                     | 2,178                 |
| Deferred tax liability – current | <u>1,100</u>          | <u>1,456</u>          |
| <b>Total current liabilities</b> | <b>280,315</b>        | <b>255,649</b>        |
| Deferred tax liabilities         | <u>—</u>              | <u>33</u>             |
| <b>Total liabilities</b>         | <b><u>280,315</u></b> | <b><u>255,682</u></b> |

Commitments and contingencies

Stockholders' equity:

|  |                          |                          |
|--|--------------------------|--------------------------|
| Preferred stock, \$0.01 par value, authorized 10,000,000 shares; issued and outstanding: none as of March 31, 2015 and June 30, 2014                       | —                        | —                        |
| Common Stock, par value \$0.01; 40,000,000 authorized; 6,962,742 and 6,962,742 issued and outstanding as of March 31, 2015 and June 30, 2014, respectively | 70                       | 70                       |
| Additional paid-in capital   | 22,497                   | 22,317                   |
| Retaining earnings   | <u>31,205</u>            | <u>27,069</u>            |
| <b>Total stockholders' equity</b>  | <b><u>53,772</u></b>     | <b><u>49,456</u></b>     |
| <b>Total liabilities and stockholders' equity</b>  | <b><u>\$ 334,087</u></b> | <b><u>\$ 305,138</u></b> |

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

|  | Three Months Ended |                  | Nine Months Ended |                  |
|--|--------------------|------------------|-------------------|------------------|
|  | March 31, 2015     | March 31, 2014   | March 31, 2015    | March 31, 2014   |
| Revenues                                     | \$ 1,624,495       | \$ 1,581,590     | \$ 4,616,832      | \$ 4,566,306     |
| Cost of sales                                | 1,618,871          | 1,574,010        | 4,598,285         | 4,543,825        |
| Gross profit                                 | 5,624              | 7,580            | 18,547            | 22,481           |
| Selling, general and administrative expenses | (4,089)            | (4,352)          | (13,062)          | (12,503)         |
| Interest income                              | 1,607              | 1,349            | 4,482             | 4,171            |
| Interest expense                             | (1,157)            | (1,002)          | (3,189)           | (2,879)          |
| Unrealized losses on foreign exchange        | (123)              | (60)             | (207)             | —                |
| Net income before provision for income taxes | 1,862              | 3,515            | 6,571             | 11,270           |
| Provision for income taxes                   | (177)              | (1,419)          | (2,086)           | (4,560)          |
| Net income                                   | <u>\$ 1,685</u>    | <u>\$ 2,096</u>  | <u>\$ 4,485</u>   | <u>\$ 6,710</u>  |
| <b>Basic and diluted income per share:</b>   |                    |                  |                   |                  |
| Basic - net income                           | <u>\$ 0.24</u>     | <u>\$ 0.28</u>   | <u>\$ 0.64</u>    | <u>\$ 0.87</u>   |
| Diluted - net income                         | <u>\$ 0.24</u>     | <u>\$ 0.28</u>   | <u>\$ 0.64</u>    | <u>\$ 0.87</u>   |
| <b>Weighted average shares outstanding:</b>  |                    |                  |                   |                  |
| Basic  | <u>6,962,742</u>   | <u>7,449,050</u> | <u>6,962,742</u>  | <u>7,702,529</u> |
| Diluted                                      | <u>7,061,600</u>   | <u>7,515,351</u> | <u>7,061,700</u>  | <u>7,748,717</u> |

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

|   | Nine Months Ended March 31, |          |
|---|-----------------------------|----------|
|   | 2015                        | 2014     |
| <b>Cash flows from operating activities:</b>  |                             |          |
| Net Income  | \$ 4,485                    | \$ 6,710 |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: |                             |          |
| Depreciation and amortization   | 678                         | 681      |
| Deferred income taxes   | (747)                       | —        |
| Interest added to principal of secured loans  | (181)                       | —        |
| Share-based compensation  | 180                         | 110      |
| Changes in assets and liabilities:  |                             |          |
| Receivables   | (278)                       | 28,710   |
| Secured loans to Former Parent  | 538                         | —        |
| Income tax receivables  | (5,643)                     | —        |
| Inventories   | (11,018)                    | (31,423) |

|   |                         |                        |
|---|-------------------------|------------------------|
| Prepaid expenses and other current assets                     | (1,868)                 | (452)                  |
| Accounts payable  | 9,905                   | (25,964)               |
| Liabilities on borrowed metals                                | (2,214)                 | (11,497)               |
| Accrued liabilities   | (1,595)                 | (697)                  |
| Receivable from/ payables to Former Parent                    | (877)                   | (4,229)                |
| Income taxes payable  | <u>(2,178)</u>          | <u>—</u>               |
| <b>Net cash used in operating activities</b>                  | <b><u>(10,813)</u></b>  | <b><u>(38,051)</u></b> |
| <b>Cash flows from investing activities:</b>                  |                         |                        |
| Capital expenditures for property and equipment               | (87)                    | (721)                  |
| Purchase of cost method investment                            | (1,111)                 | (500)                  |
| Secured loans, net  | <u>(5,736)</u>          | <u>(350)</u>           |
| <b>Net cash used in investing activities</b>                  | <b><u>(6,934)</u></b>   | <b><u>(1,571)</u></b>  |
| <b>Cash flows from financing activities:</b>                  |                         |                        |
| Product financing arrangement, net                            | 23,504                  | 11,130                 |
| Dividends paid  | (349)                   | (10,000)               |
| Borrowings under lines of credit, net                         | <u>(2,400)</u>          | <u>24,800</u>          |
| <b>Net cash provided by financing activities</b>              | <b><u>20,755</u></b>    | <b><u>25,930</u></b>   |
| <br>  |                         |                        |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>3,008</b>            | <b>(13,692)</b>        |
| <b>Cash and cash equivalents, beginning of period</b>         | <b><u>13,193</u></b>    | <b><u>21,565</u></b>   |
| <b>Cash and cash equivalents, end of period</b>               | <b><u>\$ 16,201</u></b> | <b><u>\$ 7,873</u></b> |
| <b>Supplemental disclosures of cash flow information:</b>     |                         |                        |
| <b>Cash paid during the period for:</b>                       |                         |                        |
| Interest expense  | <u>\$ 3,038</u>         | <u>\$ 2,698</u>        |
| Income taxes  | <u>\$ 11,751</u>        | <u>\$ 7,667</u>        |
| <b>Non-cash investing and financing activities:</b>           |                         |                        |
| Obligation to repurchase common stock                         | <u>—</u>                | <u>\$ 2,198</u>        |
| Interest added to principal of secured loans                  | <u>\$ 181</u>           | <u>—</u>               |
| Secured loans received in satisfaction of customer receivable | <u>—</u>                | <u>\$ 12,800</u>       |

## RESULTS OF OPERATIONS

### Overview of Results of Operations for the Three Months Ended March 31, 2015 and 2014

#### *Condensed Consolidated Results of Operations*

The operating results of our business for the three months ended March 31, 2015 and 2014 are as follows:

in thousands, except per share data

| Three Months Ended March 31,                 | 2015            |               | 2014            |               | \$                      | %                       |
|--|-----------------|---------------|-----------------|---------------|-------------------------|-------------------------|
|  | \$              | % of revenue  | \$              | % of revenue  |                         |                         |
|  |                 |               |                 |               | Increase/<br>(decrease) | Increase/<br>(decrease) |
| Revenue                                      | \$ 1,624,495    | 100.000%      | \$ 1,581,590    | 100.000%      | \$ 42,905               | 2.7%                    |
| Gross profit                                 | 5,624           | 0.346%        | 7,580           | 0.479%        | \$ (1,956)              | (25.8)%                 |
| Selling, general and administrative expenses | (4,089)         | (0.252)%      | (4,352)         | (0.275)%      | \$ (263)                | (6.0)%                  |
| Interest income                              | 1,607           | 0.099%        | 1,349           | 0.085%        | \$ 258                  | 19.1%                   |
| Interest expense                             | (1,157)         | (0.071)%      | (1,002)         | (0.063)%      | \$ 155                  | 15.5%                   |
| Unrealized losses on foreign exchange        | (123)           | (0.008)%      | (60)            | (0.004)%      | \$ 63                   | NM                      |
| Net income before provision for income taxes | 1,862           | 0.115%        | 3,515           | 0.222%        | \$ (1,653)              | (47.0)%                 |
| Provision for income taxes                   | (177)           | (0.011)%      | (1,419)         | (0.090)%      | \$ (1,242)              | (87.5)%                 |
| Net income                                   | <u>\$ 1,685</u> | <u>0.104%</u> | <u>\$ 2,096</u> | <u>0.133%</u> | \$ (411)                | (19.6)%                 |

**Per Share Data:**

|         |                |    |                |    |           |         |
|---------|----------------|----|----------------|----|-----------|---------|
| Basic   | <u>\$ 0.24</u> | NA | <u>\$ 0.28</u> | NA | \$ (0.04) | (14.3)% |
| Diluted | <u>\$ 0.24</u> | NA | <u>\$ 0.28</u> | NA | \$ (0.04) | (14.3)% |

## Overview of Results of Operations for the Nine Months Ended March 31, 2015 and 2014

### Condensed Consolidated Results of Operations

The operating results of our business for the nine months ended March 31, 2015 and 2014 are as follows:

in thousands, except per share data

| Nine Months Ended March 31,                  | 2015            |               | 2014            |               | \$                      | %                       |
|--|-----------------|---------------|-----------------|---------------|-------------------------|-------------------------|
|  | \$              | % of revenue  | \$              | % of revenue  |                         |                         |
|  |                 |               |                 |               | Increase/<br>(decrease) | Increase/<br>(decrease) |
| Revenue                                      | \$ 4,616,832    | 100.000%      | \$ 4,566,306    | 100.000%      | \$ 50,526               | 1.1%                    |
| Gross profit                                 | 18,547          | 0.402%        | 22,481          | 0.492%        | \$ (3,934)              | (17.5)%                 |
| Selling, general and administrative expenses | (13,062)        | (0.283)%      | (12,503)        | (0.274)%      | \$ 559                  | 4.5%                    |
| Interest income                              | 4,482           | 0.097%        | 4,171           | 0.091%        | \$ 311                  | 7.5%                    |
| Interest expense                             | (3,189)         | (0.069)%      | (2,879)         | (0.063)%      | \$ 310                  | 10.8%                   |
| Unrealized losses on foreign exchange        | (207)           | (0.005)%      | —               | —%            | \$ 207                  | NM                      |
| Net income before provision for income taxes | 6,571           | 0.142%        | 11,270          | 0.247%        | \$ (4,699)              | (41.7)%                 |
| Provision for income taxes                   | (2,086)         | (0.045)%      | (4,560)         | (0.100)%      | \$ (2,474)              | (54.3)%                 |
| Net income                                   | <u>\$ 4,485</u> | <u>0.097%</u> | <u>\$ 6,710</u> | <u>0.147%</u> | \$ (2,225)              | (33.2)%                 |

**Per Share Data:**

|         |                |    |                |    |           |         |
|---------|----------------|----|----------------|----|-----------|---------|
| Basic   | <u>\$ 0.64</u> | NA | <u>\$ 0.87</u> | NA | \$ (0.23) | (26.4)% |
| Diluted | <u>\$ 0.64</u> | NA | <u>\$ 0.87</u> | NA | \$ (0.23) | (26.4)% |

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**Source: A-Mark Precious Metals**