

WORTHINGTON INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share amounts)

	Three Months Ended	
	August 31,	
	2018	2017
Net sales	\$ 988,107	\$ 848,237
Cost of goods sold	845,110	715,459
Gross margin	142,997	132,778
Selling, general and administrative expense	90,641	88,249
Impairment of long-lived assets	2,381	-
Restructuring and other expense (income), net	(936)	2,304
Operating income	50,911	42,225
Other income (expense):		
Miscellaneous income, net	265	348
Interest expense	(9,728)	(8,807)
Equity in net income of unconsolidated affiliates	30,008	27,306
Earnings before income taxes	71,456	61,072
Income tax expense	14,498	12,998
Net earnings	56,958	48,074
Net earnings attributable to noncontrolling interests	2,016	2,540
Net earnings attributable to controlling interest	\$ 54,942	\$ 45,534
<u>Basic</u>		
Average common shares outstanding	58,731	62,444
Earnings per share attributable to controlling interest	\$ 0.94	\$ 0.73
<u>Diluted</u>		
Average common shares outstanding	60,621	64,590
Earnings per share attributable to controlling interest	\$ 0.91	\$ 0.70
Common shares outstanding at end of period	58,389	62,144
Cash dividends declared per share	\$ 0.23	\$ 0.21

WORTHINGTON INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	<u>August 31,</u> <u>2018</u>	<u>May 31,</u> <u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 96,843	\$ 121,967
Receivables, less allowances of \$622 and \$632 at August 31, 2018 and May 31, 2018, respectively	564,612	572,689
Inventories:		
Raw materials	270,126	237,471
Work in process	120,722	122,977
Finished products	103,268	93,579
Total inventories	494,116	454,027
Income taxes receivable	6,349	1,650
Assets held for sale	7,655	30,655
Prepaid expenses and other current assets	60,846	60,134
Total current assets	1,230,421	1,241,122
Investments in unconsolidated affiliates	221,144	216,010
Goodwill	344,467	345,183
Other intangible assets, net of accumulated amortization of \$79,077 and \$74,922 at August 31, 2018 and May 31, 2018, respectively	209,602	214,026
Other assets	20,478	20,476
Property, plant and equipment:		
Land	24,193	24,229
Buildings and improvements	302,153	300,542
Machinery and equipment	1,040,410	1,030,720
Construction in progress	39,463	32,282
Total property, plant and equipment	1,406,219	1,387,773
Less: accumulated depreciation	822,156	802,803
Total property, plant and equipment, net	584,063	584,970
Total assets	<u>\$ 2,610,175</u>	<u>\$ 2,621,787</u>
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 478,205	\$ 473,485
Accrued compensation, contributions to employee benefit plans and related taxes	66,055	96,487
Dividends payable	14,584	13,731
Other accrued items	59,383	57,125
Income taxes payable	2,042	4,593
Current maturities of long-term debt	1,327	1,474
Total current liabilities	621,596	646,895
Other liabilities	71,225	74,237
Distributions in excess of investment in unconsolidated affiliate	52,133	55,198
Long-term debt	748,731	748,894
Deferred income taxes, net	79,116	60,188
Total liabilities	1,572,801	1,585,412
Shareholders' equity - controlling interest	919,519	918,769
Noncontrolling interests	117,855	117,606
Total equity	1,037,374	1,036,375
Total liabilities and equity	<u>\$ 2,610,175</u>	<u>\$ 2,621,787</u>

WORTHINGTON INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended	
	August 31,	
	2018	2017
Operating activities:		
Net earnings	\$ 56,958	\$ 48,074
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	24,493	25,365
Impairment of long-lived assets	2,381	-
Provision for deferred income taxes	18,934	7,934
Bad debt (income) expense	221	(62)
Equity in net income of unconsolidated affiliates, net of distributions	(10,019)	(7,755)
Net loss on assets	2,715	1,425
Stock-based compensation	3,156	3,407
Changes in assets and liabilities, net of impact of acquisitions:		
Receivables	13,409	62,678
Inventories	(43,337)	(34,696)
Prepaid expenses and other current assets	(8,419)	1,143
Other assets	(66)	(350)
Accounts payable and accrued expenses	(28,785)	(26,791)
Other liabilities	(1,196)	2,983
Net cash provided by operating activities	30,445	83,355
Investing activities:		
Investment in property, plant and equipment	(19,434)	(18,013)
Acquisitions, net of cash acquired	-	(284,505)
Proceeds from sale of assets	20,277	427
Net cash provided (used) by investing activities	843	(302,091)
Financing activities:		
Net proceeds from short-term borrowings, net of issuance costs	-	298
Proceeds from long-term debt, net of issuance costs	-	198,279
Principal payments on long-term debt	(430)	(219)
Payments for issuance of common shares, net of tax withholdings	(4,091)	(3,274)
Payments to noncontrolling interests	(2,320)	(720)
Repurchase of common shares	(36,852)	(45,076)
Dividends paid	(12,719)	(12,778)
Net cash provided (used) by financing activities	(56,412)	136,510
Decrease in cash and cash equivalents	(25,124)	(82,226)
Cash and cash equivalents at beginning of period	121,967	278,081
Cash and cash equivalents at end of period	\$ 96,843	\$ 195,855

WORTHINGTON INDUSTRIES, INC.
SUPPLEMENTAL DATA
(In thousands, except volume)

This supplemental information is provided to assist in the analysis of the results of operations.

	Three Months Ended	
	August 31,	
	2018	2017
Volume:		
Steel Processing (tons)	983,090	968,330
Pressure Cylinders (units)	21,799,098	20,441,276
Net sales:		
Steel Processing	\$ 660,487	\$ 543,491
Pressure Cylinders	300,353	269,811
Engineered Cabs	27,252	31,946
Other	15	2,989
Total net sales	<u>\$ 988,107</u>	<u>\$ 848,237</u>
Material cost:		
Steel Processing	\$ 478,087	\$ 379,220
Pressure Cylinders	138,744	120,631
Engineered Cabs	12,311	14,217
Selling, general and administrative expense:		
Steel Processing	\$ 40,037	\$ 36,528
Pressure Cylinders	46,773	45,468
Engineered Cabs	4,462	4,269
Other	(631)	1,984
Total selling, general and administrative expense	<u>\$ 90,641</u>	<u>\$ 88,249</u>
Operating income (loss):		
Steel Processing	\$ 39,660	\$ 32,872
Pressure Cylinders	14,733	10,458
Engineered Cabs	(4,311)	(361)
Other	829	(744)
Total operating income	<u>\$ 50,911</u>	<u>\$ 42,225</u>
Equity income (loss) by unconsolidated affiliate:		
WAVE	\$ 22,008	\$ 22,228
ClarkDietrich	3,474	707
Serviacero Worthington	3,617	2,974
ArtiFlex	751	1,483
Other	158	(86)
Total equity income	<u>\$ 30,008</u>	<u>\$ 27,306</u>

WORTHINGTON INDUSTRIES, INC.
SUPPLEMENTAL DATA
(In thousands, except volume)

The following provides detail of Pressure Cylinders volume and net sales by principal class of products.

	Three Months Ended August 31,	
	2018	2017
Volume (units):		
Consumer products	17,728,978	16,354,427
Industrial products	4,069,496	4,086,146
Oil & gas equipment	624	703
Total Pressure Cylinders	<u>21,799,098</u>	<u>20,441,276</u>
Net sales:		
Consumer products	\$ 116,823	\$ 108,681
Industrial products	152,847	136,693
Oil & gas equipment	30,683	24,437
Total Pressure Cylinders	<u>\$ 300,353</u>	<u>\$ 269,811</u>

The following provides detail of impairment of long-lived assets and restructuring and other expense (income), net included in operating income by segment.

	Three Months Ended August 31,	
	2018	2017
Impairment of long-lived assets:		
Steel Processing	\$ -	\$ -
Pressure Cylinders	2,381	-
Engineered Cabs	-	-
Other	-	-
Total impairment of long-lived assets	<u>\$ 2,381</u>	<u>\$ -</u>
Restructuring and other expense (income), net:		
Steel Processing	\$ (9)	\$ 279
Pressure Cylinders	(927)	1,877
Engineered Cabs	-	4
Other	-	144
Total restructuring and other expense (income), net	<u>\$ (936)</u>	<u>\$ 2,304</u>