



# **SIFCO** **INDUSTRIES, INC.**

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**Contact:** Frank Cappello

## **NEWS RELEASE**

SIFCO Industries, Inc. is engaged in the production and sale of a variety of metalworking processes, services and products produced primarily to the specific design requirements of its customers. The processes and services include forging, heat-treating, coating, welding, machining and selective electrochemical finishing. The products include forged components, machined forged components and other machined metal components, remanufactured component parts for aerospace turbine engines, and selective electrochemical finishing solutions and equipment. The Company's operations are conducted in three business segments: (1) Aerospace Component Manufacturing Group, (2) Turbine Components Services and Repair Group, and (3) Applied Surface Concepts Group.

970 East 64<sup>th</sup> Street • Cleveland, OH 44103 • Phone: (216) 881-8600 • Fax: (216) 432-6281  
Or visit our home page: [www.sifco.com](http://www.sifco.com)

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### **SIFCO Industries, Inc. Announces Fiscal 2007 Income from Continuing Operations of \$1.66 per Share**

SIFCO Industries, Inc. today announced financial results for its fiscal 2007 fourth quarter, which ended September 30, 2007. Income from continuing operations for the fourth quarter of fiscal 2007 was \$2.3 million, or \$0.43 per diluted share, compared with net loss from continuing operations of \$1.1 million, or \$0.22 per diluted share, for the comparable fiscal 2006 period. Net income for the fourth quarter of fiscal 2007 was \$2.2 million, or \$0.40 per diluted share, compared with a net loss of \$0.3 million, or \$0.05 per diluted share, for the comparable fiscal 2006 period.

Net sales from continuing operations increased 27.1% in the fourth quarter of fiscal 2007 to \$22.6 million compared with \$17.8 million for the same period a year ago. In the fourth quarter of fiscal 2007:

- Aerospace Component Manufacturing Group net sales increased by \$4.3 million, or 37.8%, to \$15.5 million, compared with \$11.2 million for the comparable 2006 period;
- Turbine Components Services and Repair Group net sales increased by \$0.3 million, or 8.6%, to \$3.5 million, compared with \$3.3 million for the comparable 2006 period; and
- Applied Surface Concepts Group net sales increased by \$0.3 million, or 8.5%, to \$3.5 million, compared with \$3.3 million for the comparable 2006 period.

Income from continuing operations for the year ended September 30, 2007 was \$8.8 million, or \$1.66 per diluted share, compared with a net loss of \$0.1 million, or \$0.01 per diluted share, for the comparable fiscal 2006 period. Net income for the year ended September 30, 2007 was \$6.7 million, or \$1.27 per diluted share, compared with net income of \$1.0 million, or \$0.18 per diluted share, for the comparable fiscal 2006 period.

Net sales from continuing operations increased 27.2% for the year ended September 30, 2007 to \$87.3 million, compared with \$68.6 million for the comparable fiscal 2006 period. In the year ended September 30, 2007:

- Aerospace Component Manufacturing Group net sales increased by \$16.1 million, or 36.5%, to \$60.0 million, compared with \$43.9 million for the comparable fiscal 2006 period;
- Turbine Component Services and Repair Group net sales increased by \$0.6 million, or 4.9%, to \$12.9 million, compared with \$12.3 million for the comparable fiscal 2006 period; and
- Applied Surface Concepts Group net sales increased by \$2.0 million, or 16.2%, to \$14.3 million, compared with \$12.3 million for the comparable fiscal 2006 period.

#### **Forward-Looking Language**

Certain statements contained in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to financial results and plans for future business development activities, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, economic conditions, competition and other uncertainties detailed from time to time in the Company's Securities and Exchange Commission filings.

The Company's Form 10-K for the year ended September 30, 2007 can be accessed through its website: [www.sifco.com](http://www.sifco.com), or on the U. S. Securities and Exchange Commission's website: [www.sec.gov](http://www.sec.gov).

## Consolidated Condensed Statements of Operations

|  | <b>Fourth Quarter Ended<br/>September 30,</b> |                 | <b>Year Ended<br/>September 30,</b> |               |
|--|---|-----------------|-------------------------------------|---------------|
|  | <b>2007</b>                                   | <b>2006</b>     | <b>2007</b>                         | <b>2006</b>   |
| Net sales-----   | \$ 22,577                                     | \$ 17,769       | \$ 87,255                           | \$ 68,606     |
| Cost of goods sold-----  | 16,717  | 16,005          | 65,835                              | 57,662        |
| Selling, general and administrative expenses-----                            | 2,751   | 2,922           | 11,173                              | 11,106        |
| Loss (gain) on disposal of operating assets-----                             | <u>(1)</u>                                    | <u>2</u>        | <u>(137)</u>                        | <u>89</u>     |
| Operating income (loss)-----   | 3,110   | (1,160)         | 10,384                              | (251)         |
| Interest expense, net-----   | 59  | 20              | 163                                 | 25            |
| Foreign currency exchange loss (gain), net-----                              | (6)   | (2)             | (20)                                | 6             |
| Other income, net-----   | <u>(5)</u>                                    | <u>(42)</u>     | <u>(14)</u>                         | <u>(247)</u>  |
| Income from continuing operations before income tax provision (benefit)----- | 3,062   | (1,136)         | 10,255                              | (35)          |
| Income tax provision (benefit)-----  | <u>753</u>                                    | <u>(6)</u>      | <u>1,483</u>                        | <u>14</u>     |
| Income (loss) from continuing operations-----                                | 2,309   | (1,130)         | 8,772                               | (49)          |
| Income (loss) from discontinued operations, net of tax-----                  | <u>(147)</u>                                  | <u>858</u>      | <u>(2,044)</u>                      | <u>1,009</u>  |
| Net income (loss)-----   | <u>\$ 2,162</u>                               | <u>\$ (272)</u> | <u>\$ 6,728</u>                     | <u>\$ 960</u> |
|  |   |                 |                                     |               |
| Income (loss) per share from continuing operations:                          |   |                 |                                     |               |
| Basic-----   | \$ 0.44                                       | \$ (0.22)       | \$ 1.67                             | \$ (0.01)     |
| Diluted-----   | \$ 0.43                                       | \$ (0.22)       | \$ 1.66                             | \$ (0.01)     |
| Income (loss) per share from discontinued operations, net of tax:            |   |                 |                                     |               |
| Basic-----   | \$ (0.03)                                     | \$ 0.16         | \$ (0.39)                           | \$ 0.19       |
| Diluted-----   | \$ (0.03)                                     | \$ 0.16         | \$ (0.39)                           | \$ 0.19       |
| Net income (loss) per share:   |   |                 |                                     |               |
| Basic-----   | \$ 0.41                                       | \$ (0.05)       | \$ 1.28                             | \$ 0.18       |
| Diluted-----   | \$ 0.40                                       | \$ (0.05)       | \$ 1.27                             | \$ 0.18       |
| Weighted average number of common shares (basic)-----                        | 5,277   | 5,222           | 5,246                               | 5,222         |
| Weighted average number of common shares (diluted)-----                      | 5,339   | 5,228           | 5,286                               | 5,227         |

## Business Segment Reporting

|  | <b>Fourth Quarter Ended<br/>September 30,</b> |                   | <b>Year Ended<br/>September 30,</b> |                  |
|--|---|-------------------|-------------------------------------|------------------|
|  | <b>2007</b>                                   | <b>2006</b>       | <b>2007</b>                         | <b>2006</b>      |
| <b>Net sales</b>   |   |                   |                                     |                  |
| Aerospace Component Manufacturing-----                               | \$ 15,499                                     | \$ 11,249         | \$ 59,993                           | \$ 43,941        |
| Turbine Component Services and Repair-----                           | 3,543   | 3,261             | 12,942                              | 12,340           |
| Applied Surface Concepts-----  | <u>3,535</u>                                  | <u>3,259</u>      | <u>14,320</u>                       | <u>12,325</u>    |
| Consolidated net sales-----  | <u>\$ 22,577</u>                              | <u>\$ 17,769</u>  | <u>\$ 87,255</u>                    | <u>\$ 68,606</u> |
| <b>Operating income (loss)</b>                                       |   |                   |                                     |                  |
| Aerospace Component Manufacturing-----                               | 3,201   | (742)             | 10,338                              | 1,673            |
| Turbine Component Services and Repair-----                           | 323   | 187               | 704                                 | 246              |
| Applied Surface Concepts-----  | 91  | (185)             | 1,030                               | (559)            |
| Corporate unallocated expenses-----                                  | <u>(505)</u>                                  | <u>(420)</u>      | <u>(1,688)</u>                      | <u>(1,611)</u>   |
| Consolidated operating income (loss) from continuing operations----- | <u>\$ 3,110</u>                               | <u>\$ (1,160)</u> | <u>\$ 10,384</u>                    | <u>\$ (251)</u>  |