U.S. Department of Labor **Employment and Training Administration** **OMB No. 1205-0342** **Expires: 11/30/2009**

Petition for Trade Adjustment Assistance (TAA)

Section 1. Petitioner Information

Provide petitioner information below. Three workers from the same job location completing this Petition Form must fill in all three columns. Other petitioners need only fill in the Petitioner 1 column. A union official completing this petition form should provide the name of the Union.

		Petitioner 1	*Petitioner 2*	*Petitioner 3*
a)	Name	Kari Schneider-Hille		
b)	Title	Human Resources Manufacturing Manager		
c)	Street Address	4909 International Way		
	City	Portland		
	State, Zip	OR, 97222		
d)	Phone – Main	503.653.4587		
e)	Phone – Alternate	503.653.8881		
f)	E-mail	kari.schneider-hille@blount.com		
g)	Worker Separation Date	August 2013		

h) Petitioner Type: (please check one) Three Workers ☐ Company Official ■ Union Official ☐ (Union Name ______________) State Workforce Office ☐ One-Stop Operator/Partner ☐ Other Authorized Representative ☐

i) Describe the worker group on whose behalf this petition is being filed: ______________

Section 2. Workers' Firm / Public Agency Information

Provide information on the firm or public agency employing the worker group. Complete items (a) – (h) regarding the employing firm or public agency. If the workers are doing work at a location that is different than the worker's employer (e.g., the petitioning workers are employed by a staffing agency but work at a manufacturing firm), also complete items (i) – (m) regarding the firm or public agency at which the workers perform their jobs.

NOTE: Workers completing this Petition Form must provide information for the location where they work. All other petitioner types may apply on behalf of more than one location. State offices and One-Stop Operators/Partners may file for workers at multiple locations of a firm within their State. If you choose to file on behalf of workers at more than one location, please attach additional sheets as necessary.

Employer (Firm or Public Agency)

a)	Name of Firm / Public Agency	Blount International
b)	Street Address	4909 SE International Way
	City	Portland
	State, Zip	Oregon 97222
c)	Phone	503.653.8881
d)	Website (if known)	blount.com
e)	Describe the article produced or service supplied by this firm or public agency	Saw chain bars and rims
f)	How many workers have been or may be separated (if known)?	Approximately 25
g)	Is the firm or any part of the firm closing (if known)? If yes, when?	Yes, Portland Area Forestry Manufacturing Facility Consolidation

If the workers work at a location that is different from that listed in item a) and b), then fill out items h) through m) for that location:

h)	Name of Firm / Public Agency	
i)	Street Address	
	City	
	State, Zip	
j)	Phone	
k)	Describe the article produced or service supplied by this firm or public agency	
l)	How many workers have been or may be separated (if known)?	
m)	Is the firm or any part of the firm closing (if known)? If yes, when?	

U.S. Department of Labor **Employment and Training Administration** **OMB No. 1205-0342 Expires: 11/30/2009**

Petition for Trade Adjustment Assistance (TAA)

Section 3. Trade Effects on Separations

1. To the best of your knowledge, provide reasons why you believe that separations that have occurred or may be threatened at the workers' firm or public agency are due to foreign trade. (Example: Production has been / is being shifted to a foreign country, services are being outsourced to a foreign country, increased imports of articles or services, loss of business with a TAA-certified firm.)

Some production is shifting to our facility in Fuzhou, China, as well as reduced production volumes responding to lower market demand.

2. If you possess any additional information or documents that you believe may assist in the determination of whether the worker group is eligible for TAA benefits, submit it as an attachment to the Petition Form. Check the box below if you have attached any additional information or supporting documents.

[x] I have attached additional information or supporting documents.

3. Provide contact information for two company officials. Either separately or together, these officials should be familiar with all of the following: employment, job functions, and sales or production at each job location.

		Official 1	Official 2
a)	Name	Julie Hugo	Kari Schneider-Hille
b)	Title	Training Coordinator	Human Resources Manufacturing Manager
c)	Phone – Work	503.653.4511	503.653.4587
d)	Phone – Alternate	503.653.8881	503.653.8881
e)	Fax	503.653.4494	503.653.4494
f)	E-mail	julie.hugo@blount.com	kari.schneider-hille@blount.com

Section 4. Affirmation of Information

The information you provide on this petition form will be used for the purposes of determining worker group eligibility and providing notice to petitioners, workers, and the general public that the petition has been filed and whether the worker group is eligible. Knowingly falsifying any information on this Petition Form is a Federal offense (18 USC § 1001) and a violation of the Trade Act (19 USC § 2316). For this petition to be valid, each of the petitioners listed in Question 1 must sign below, and the Petition Form must be dated. By signing below, you agree to the following statements:

"I declare that to the best of my knowledge and belief the information I have provided is true, correct, and complete."

a)	Signature	Julie Hugo	Kari Schneider-Hille	
b)	Name (Print)	Julie Hugo	Kari Schneider-Hille	
c)	Date of Petition	8/23/13		

The Petition Form will be made available for public inspection and copying under the Freedom of Information Act, as amended (5 USC § 552), Executive Order 12600, and 29 CFR Part 70, upon written request to the U.S. Department of Labor.

INTERNATIONAL

Print Page Close Window

News Release

Blount Announces Second Quarter 2013 Results

- Second quarter 2013 sales declined eight percent from 2012
- Operating income declined by $4.6 million
- Company to consolidate two Portland, Oregon manufacturing facilities
- Company to amend 2012 Form 10-K

PORTLAND, Ore., Aug. 7, 2013 /PRNewswire/ -- Blount International, Inc. (NYSE: BLT) ("Blount" or "Company") today announced results for the second quarter ended June 30, 2013.

Results for the Quarter Ended June 30, 2013

Sales in the second quarter were $220.4 million, an eight percent decrease versus the second quarter of 2012. Operating income for the second quarter of 2013 was $19.3 million compared to $23.8 million in the prior year, which included $1.7 million of facility closure and restructuring charges. Second quarter net income was $9.3 million, or $0.19 per diluted share, compared to $13.1 million, or $0.26 per diluted share, in the second quarter of 2012.

"In the second quarter, we continued to be challenged by difficult economic conditions, as all of our major markets were soft compared to last year," stated Josh Collins, Blount's Chairman and CEO. "However, during the quarter, we improved free cash flow and reduced net debt and working capital by actively managing our balance sheet and expenses."

Mr. Collins continued, "In an effort to further improve operational efficiencies, we are consolidating the saw chain plant purchased with the 2008 acquisition of Carlton Company into our larger Portland-based saw chain manufacturing facility. We expect to complete this consolidation by the middle of the fourth quarter."

Segment Results

Blount operates primarily in two business segments – the Forestry, Lawn, and Garden ("FLAG") segment and the Farm, Ranch, and Agriculture ("FRAG") segment. The Company reports separate results for the FLAG and FRAG segments. Blount's Concrete Cutting and Finishing ("CCF") business is included in "Corporate and Other."

Forestry, Lawn, and Garden

The FLAG segment reported second quarter 2013 sales of $150.8 million, a nine percent decrease from the second quarter of 2012. Unit volume decreases drove the largest decline in sales, with average pricing and foreign exchange fluctuations extending the impact. Sales volumes declined in all major

Acquisition accounting(1)	0.5				
Second Quarter 2013	**$20.7**	**13.7%**	**$6.7**	**$27.4**	**18.2%**

(1) Represents change in acquisition accounting impact for all FLAG business units

The effects of unfavorable volume, average pricing, product mix, and the overall cost profile were partially offset by lower steel costs. Segment costs were driven higher mostly due to unabsorbed manufacturing and supply chain fixed costs related to lower production and shipping volumes. A reduction in SG&A expense, mainly in the areas of training, travel, and advertising, partially offset the margin decline from mix and reduced efficiency.

Farm, Ranch, and Agriculture

The FRAG segment reported second quarter 2013 sales of $62.7 million, a decrease of $3.6 million from the second quarter of 2012 on reduced sales volumes of agriculture attachments and tractor parts driven by the late spring and late start to the growing season, partially offset by improved average pricing. The change in segment sales for the comparable second quarter periods is illustrated below.

Change In FRAG Segment Sales

(In millions; amounts may not sum due to rounding)	Sales	Change
Second Quarter 2012	**$66.3**	
Increase / (Decrease)		
Foreign Exchange	(0.0)	(0.1)%
	66.3	(0.1)%
Unit Volume	(4.1)	(6.1)%
Selling Price / Mix	0.5	0.7 %
Second Quarter 2013	**$62.7**	**(5.5)%**

Segment backlog was $16.3 million at June 30, 2013, compared to $19.9 million at June 30, 2012. Backlog has decreased primarily due to improved throughput of SpeeCo products in the Company's Kansas City, Missouri distribution and assembly center.

The FRAG segment had $6.4 million of Adjusted EBITDA in the second quarter of 2013. FRAG segment contribution to operating income was $2.0 million after $1.2 million of depreciation expense, $3.2 million of non-cash amortization of acquired intangible assets from purchase accounting, and $2.1 million of allocated shared services expenses. The change in the second quarter 2013 contribution to operating income compared to the second quarter of 2012 is presented below.

Change In FRAG Segment Contribution to Operating Income and Adjusted EBITDA

(In millions; amounts may not sum due to rounding)

	Contribution to	Percent of Segment Sales	Depreciation, Amortization, and	Adjusted EBITDA	Percent of Segment Sales

manufacturing headcount of approximately 200 positions, and annual cost savings of between $6 million and $8 million. The Company expects to incur expenses of $9 million to $10 million over the course of the third and fourth quarters of 2013 to consolidate the manufacturing operations, of which approximately $4 million to $5 million are cash transition costs including severance and moving expenses and approximately $5 million represents non-cash charges for accelerated depreciation on equipment to be idled and a write-down of land and building carrying value. Operating cost savings of between $0 and $2 million are expected in 2013, dependent on the timing of completion of the manufacturing consolidation.

Material Weaknesses

The Company will be amending its Annual Report on Form 10-K for 2012 as well as its Quarterly Report on Form 10-Q for the first quarter of 2013 to reflect a conclusion by the Company's management that internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DCP") were not effective as of December 31, 2012, and that DCP was not effective as of March 31, 2013. The Company's management did not make any conclusion with regard to the effectiveness of ICFR as of March 31, 2013, as that assessment is only performed as of year end, in keeping with the rules of the Securities and Exchange Commission ("SEC"). Management of the Company as well as our independent registered public accounting firm, PricewaterhouseCoopers LLP ("PwC"), re-evaluated our ICFR after a routine inspection by the Public Company Accounting Oversight Board ("PCAOB") of PwC, which included a review by the PCAOB of PwC's independent audit of our 2012 financial statements. After re-evaluating our ICFR related to the information systems at our Woods/TISCO subsidiary and ICFR related to our accounting for indefinite-lived intangible assets in 2012, the Company's management concluded that material weaknesses existed in those areas and that therefore ICFR and DCP were not effective as of December 31, 2012. Similarly, management has concluded that because those same material weaknesses had not yet been remediated by March 31, 2013, our DCP continued to be ineffective as of that date. Our Annual Report on Form 10-K for 2012 and our Quarterly Report on Form 10-Q for the first quarter 2013 will be amended to reflect those conclusions.

The Company is in the process of remediating the identified deficiencies in ICFR and expects to have that work completed by the end of 2013, although there can be no assurance we will accomplish that goal.

In light of the material weaknesses identified when our ICFR were re-evaluated, the Company and PwC are in the process of also re-evaluating the Company's 2012 accounting for goodwill and other indefinite-lived intangible assets recorded in connection with the business acquisitions made in 2010 and 2011. We will not file our Quarterly Report on Form 10-Q for the second quarter 2013 with the SEC until that re-evaluation is completed and therefore anticipate that our filing of that Form 10-Q will be delayed beyond the required filing deadline of August 9, 2013. Following that re-evaluation, it is possible that we may conclude that a restatement of our financial statements for the year ended December 31, 2012 is necessary to reflect an impairment of goodwill. Any potential restatement is expected to be limited to a non-cash charge to operating income in the fourth quarter of 2012, with no associated impact on fourth quarter 2012 Sales, Cash or Adjusted EBITDA. Further, no impact is expected on previously reported First Quarter 2013 Sales, Cash, Operating Income, Net Income or Adjusted EBITDA amounts or guidance for the rest of 2013 on those items as a result of any potential restatement of our 2012 financial statements.

expectation for sales assumes FLAG segment sales are down between 1% and 5%, and that FRAG segment sales grow between 5% and 8% – both compared to 2012 levels. In 2013, operating income is expected to experience headwind from foreign currency exchange rates of between $2 million and $3 million, and steel costs are expected to have up to an overall $3 million favorable impact for the year compared to 2012. The 2013 operating income outlook includes non-cash charges of between $16.5 million and $18.5 million related to acquisition accounting. Free cash flow in 2013 is expected to range between $40 million and $50 million, after approximately $35 million to $40 million of capital expenditures. Net interest expense is expected to be between $18 million and $19 million in 2013, and the effective income tax rate for continuing operations is expected to be between 35 percent and 38 percent in 2013.

A comparison of key operating indicators for 2011 pro forma results, 2012 actual results, and the 2013 outlook mid-point is provided in the table below.

(In millions)	2011 Pro-Forma	2012 Actual	2013 Outlook Mid-Point
Sales	$975.5	$927.7	$930.0
Operating Income	110.0	79.3	71.0
Adjusted EBITDA	168.7	136.4	135.0
Free Cash Flow	47.9	(0.5)	45.0
Net Capital Expenditures	41.6	51.7	37.5
Net Debt at Period End	468.2	466.5	429.0
Net Debt/Adjusted EBITDA	2.8x	3.4x	3.2x

Adjusted EBITDA and Free Cash Flow are non-GAAP measures and are reconciled to Operating Income and Cash Flow from Operations in the attached financial data table.

Blount is a global manufacturer and marketer of replacement parts, equipment, and accessories for consumers and professionals operating primarily in two market segments: Forestry, Lawn, and Garden ("FLAG"); and Farm, Ranch, and Agriculture ("FRAG"). Blount also sells products in the construction markets and is the market leader in manufacturing saw chain and guide bars for chain saws. Blount has a global manufacturing and distribution footprint and sells its products in more than 115 countries around the world. Blount markets its products primarily under the OREGON®, Carlton®, Woods®, TISCO, SpeeCo®, and ICS® brands. For more information about Blount, please visit our website at http://www.blount.com.

"Forward looking statements" in this release, including without limitation Blount's "outlook," "expectations," "beliefs," "plans," "indications," "estimates," "anticipations," "guidance" and their variants, as defined by the Private Securities Litigation Reform Act of 1995, are based upon available information and upon assumptions that Blount believes are reasonable; however, these forward looking statements involve certain risks and should not be considered indicative of actual results that Blount may achieve in the future. In particular, among other things, guidance given in this release is expressly based upon certain assumptions concerning market conditions, foreign currency exchange rates, and raw

BLOUNT INTERNATIONAL

Print Page Close Window

News Release

Blount Announces First Quarter 2013 Results

- First quarter 2013 sales were up three percent from 2012
- Operating income increased four percent from 2012, excluding prior year restructuring
- 2013 full-year sales and profit guidance maintained

PORTLAND, Ore., May 7, 2013 /PRNewswire/ -- Blount International, Inc. (NYSE: BLT) ("Blount" or "Company") today announced results for the first quarter ended March 31, 2013.

Results for the Quarter Ended March 31, 2013

Sales in the first quarter were $232.6 million, a three percent increase from the first quarter of 2012. Operating income for the first quarter of 2013 was $19.1 million compared to $13.6 million in the prior year, which included $4.9 million of facility closure and restructuring charges. First quarter net income was $9.3 million, or $0.19 per diluted share, compared to $5.9 million, or $0.12 per diluted share, in the first quarter of 2012.

"With the first quarter behind us, we have a clearer view of 2013," stated Josh Collins, Blount's Chairman and CEO. "At this point, business conditions remain very similar to 2012, and the challenges of current global economic conditions continue to weigh on our results, particularly in Europe."

Mr. Collins continued, "Our focus will continue to be on execution, enhancing our operations through our Continuous Improvement program and other initiatives, and managing for the long-term while balancing our business and investments with the current market conditions."

Segment Results

Blount operates primarily in two business segments -- the Forestry, Lawn, and Garden ("FLAG") segment and the Farm, Ranch, and Agriculture ("FRAG") segment. The Company reports separate results for the FLAG and FRAG segments. Blount's Concrete Cutting and Finishing ("CCF") business is included in "Corporate and Other."

Forestry, Lawn, and Garden

The FLAG segment reported first quarter 2013 sales of $165.1 million, a two percent increase from the first quarter of 2012. When excluding the impact of foreign exchange rate changes, sales increased approximately three percent. Sales volume increases more than offset the impact of currency and a reduction in average prices tied to unfavorable product and channel mix. Sales volumes increased in North America and Asia, but were partially offset by sales volume declines in Europe, Russia, and South America. The change in segment sales for the comparable first quarter periods is illustrated below.

BLOUNT
INTERNATIONAL

Print Page Close Window

News Release

Blount Announces Fourth Quarter 2012 Results and Provides Full Year 2013 Guidance

- Fourth quarter 2012 sales of $230 million
- Fourth quarter 2012 FLAG sales increased two percent, excluding currency impacts, compared to fourth quarter 2011
- 2013 full year sales growth of zero to five percent expected

PORTLAND, Ore., March 7, 2013 /PRNewswire/ -- Blount International, Inc. (NYSE: BLT) ("Blount" or "Company") today announced results for the fourth quarter ended December 31, 2012, and provided its 2013 full year sales and operating income outlook.

Results for the Quarter Ended December 31, 2012

Sales in the fourth quarter were $229.6 million, a three percent decrease from the fourth quarter of 2011. Operating income for the fourth quarter of 2012 was $19.4 million compared to $21.4 million in the prior year. Fourth quarter net income was $9.0 million, or $0.18 per diluted share, compared to $9.5 million, or $0.19 per diluted share, in the fourth quarter of 2011.

Full year 2012 sales were $927.7 million, a 12 percent increase from 2011. Full year 2012 sales declined five percent when excluding sales generated from acquired businesses. Operating income for 2012 was $79.3 million compared to $98.0 million in 2011, and 2012 net income was $39.6 million ($0.79 per diluted share) compared to $49.7 million ($1.01 per diluted share) in 2011.

"As we have discussed over the past few quarters, the integration of the businesses we acquired over the previous two years was a significant focus last year," stated Josh Collins, Blount's Chairman and Chief Executive Officer. "During 2012, our European and North American markets experienced slowing demand, driven by economic uncertainty and weather-induced, slower buying patterns by our customers. We anticipate a modest overall increase in customer demand in 2013."

Mr. Collins continued, "Over the last year, we had many achievements that our overall profitability does not reflect. For example, we invested in our infrastructure to position the Company for future growth through the expansion of our Fuzhou, China, facility and consolidation of our North American assembly and distribution operations. Although these moves came at a substantial cost, we believe the heavy lifting is behind us. Our focus in 2013 will include additional work in expanding the Fuzhou capacity and other efforts to satisfy customer demand, as well as methodically completing the integration of Woods, TISCO, PBL, and KOX."

Segment Results

Blount operates primarily in two business segments – the Forestry, Lawn, and Garden ("FLAG") segment and the Farm, Ranch, and Agriculture ("FRAG") segment. The Company reports separate results for the FLAG and FRAG segments. Blount's Concrete Cutting and Finishing ("CCF") business is included in "Corporate and Other."

Forestry, Lawn, and Garden

The FLAG segment reported fourth quarter 2012 sales of $165.9 million, a slight increase from the fourth quarter of 2011. When excluding the impact of foreign exchange rate changes, sales increased approximately two percent compared to the fourth quarter of 2011. Sales volumes more than offset the impact of currency rates and a slight reduction in average prices. Average pricing declined slightly due to an unfavorable product and customer mix of sales in the fourth quarter. Volumes

While steel costs have declined consistent with the broader market and the timing of our sell through of inventory, the benefit was more than offset by cost/mix, average pricing, and currency impacts. Cost/mix spending was higher as a result of slowing production in most of the FLAG product lines in response to soft market conditions and higher inventory levels in the last half of 2012. FLAG production volumes for the fourth quarter of 2012 were at approximately 82 percent of capacity, compared to 93 percent in the fourth quarter of 2011, resulting in unfavorable plant efficiency and related cost absorption. Partially offsetting the increase in product costs was a reduction in SG&A expense, mainly in the areas of travel, professional fees, and advertising. Foreign currency exchange rates contributed to the decline in contribution to operating income mostly as a result of the stronger U.S. Dollar versus the Euro, which resulted in lower U.S. Dollar equivalent sales and profit. The U.S. Dollar-Euro impact was partially offset by a weaker Brazilian Real driving lower manufacturing and overhead costs in the Brazilian operations.

Farm, Ranch, and Agriculture

The FRAG segment reported fourth quarter 2012 sales of $57.2 million. Fourth quarter 2012 sales decreased $8.5 million from the fourth quarter of 2011 mainly on softer sales in the Woods business, along with lower average selling prices in the SpeeCo business unit. Tractor attachment and log splitter sales were the primary driver of the decline as seasonally higher temperatures and drought conditions in the U.S. in the last half of 2012 depressed sales of both product lines. The change in segment sales for the comparable fourth quarter periods is illustrated below.

Change in FRAG Segment Sales

(U.S. Dollars in millions; amounts may not sum due to rounding)	Sales	Change
Fourth quarter 2011	$65.8	
Increase / (Decrease)		
Foreign Exchange	(0.1)	(0.2)%
	65.7	(0.2)%
Unit Volume	(7.7)	(11.6)%
Selling Price / Mix	(0.8)	(1.2) %
Fourth quarter 2012	$57.2	(13.0)%

Segment backlog was $31.5 million at December 31, 2012, compared to the $30.8 million at December 31, 2011.

Segment contribution to operating income and Adjusted EBITDA was a $3.9 million loss and income of $0.2 million, respectively, for the fourth quarter of 2012. A reconciliation of the fourth quarter 2012 contribution to operating income compared to the fourth quarter of 2011 is presented below.

Change in FRAG Segment Contribution to Operating Income and Adjusted EBITDA

(U.S. Dollars in millions; amounts may not sum due to rounding)

	Contribution to Operating Income	Percent of Segment Sales	Depreciation, Amortization, and Other	Adjusted EBITDA	Percent of Segment Sales
Fourth quarter 2011	$(0.6)	(1.0)%	$6.8	$6.2	9.6%
Increase / (Decrease)					
Steel Costs	0.3				
Foreign Exchange	0.1				
	(0.3)	(0.4)%			
Unit Volume	(2.2)				
Selling Price / Mix	(0.8)				
Costs / Mix	(3.2)				
	(6.4)	(11.2)%			

offset by $2.1 million of decreased capital equipment spending. Cash from operating activities declined primarily as a result of a decline in net income in the fourth quarter of 2012 compared to the fourth quarter of 2011, and net capital expenditures were smaller in the fourth quarter of 2012 than the fourth quarter of 2011 as spending related to the Fuzhou, China expansion slowed somewhat between phases of that project. The Company defines free cash flow as cash flows from operating activities less net capital spending. The ratio of net debt to pro forma last-twelve-months ("LTM") Adjusted EBITDA was 3.4x as of December 31, 2012, which increased from 2.8x at December 31, 2011. The increase in leverage from the end of 2011 is primarily the result of reduced 2012 profitability.

2013 Financial Outlook

The Company's fiscal year 2013 outlook for sales is estimated to range between $930 million and $980 million, and operating income to range between $88 million and $98 million. Our expectation for sales assumes growth in FLAG segment sales of zero to four percent, and growth in FRAG segment sales of one to six percent, both compared to 2012 levels. In 2013, operating income is expected to experience headwind from foreign currency exchange rates of between $1 million and $2 million and steel prices are expected to remain approximately stable compared to 2012 with no significant impact on a full year basis compared to 2012. The 2013 operating income outlook includes non-cash charges of approximately $14 million related to acquisition accounting. Free cash flow in 2013 is expected to range between $40 million and $50 million, after approximately $45 million to $50 million of capital expenditures. Net interest expense is expected to be between $17 million and $18 million in 2013, and the effective income tax rate for continuing operations is expected to be between 35 percent and 38 percent in 2013.

A comparison of key operating indicators for 2011 pro forma results, 2012 actual results and the 2013 outlook mid-point, is provided in the table below.

(U.S. Dollars in millions)	2011 Pro-Forma	2012 Actual	2013 Outlook Mid-Point
Sales	$975.5	$927.7	$955.0
Operating Income	110.0	79.3	93.0
Adjusted EBITDA	166.7	136.4	145.0
			45.0
Free Cash Flow	47.9	(0.5)	
Net Capital Expenditures	41.6	51.7	47.5
Net Debt at Period End	466.2	466.5	421.5
Net Debt/Adjusted EBITDA	2.8x	3.4x	2.9x

Adjusted EBITDA and Free Cash Flow are non-GAAP measures and are reconciled to Operating Income and Cash Flow from Operations in the attached financial data table.

Blount is a global manufacturer and marketer of replacement parts, equipment, and accessories for consumers and professionals operating primarily in two market segments: Forestry, Lawn, and Garden ("FLAG"); and Farm, Ranch, and Agriculture ("FRAG"). Blount also sells products in the construction markets and is the market leader in manufacturing saw chain and guide bars for chain saws. Blount has a global manufacturing and distribution footprint and sells its products in more than 115 countries around the world. Blount markets its products primarily under the OREGON®, Carlton®, Woods®, TISCO, SpeeCo®, and ICS® brands. For more information about Blount, please visit our website at http://www.blount.com.

"Forward looking statements" in this release, including without limitation Blount's "outlook," "expectations," "beliefs," "plans," "indications," "estimates," "anticipations," "guidance" and their variants, as defined by the Private Securities Litigation Reform Act of 1995, are based upon available information and upon assumptions that Blount believes are reasonable; however, these forward looking statements involve certain risks and should not be considered indicative of actual results that Blount may achieve in the future. In particular, among other things, guidance given in this release is

Inventories		149,825		174,816
Other current assets		57,430		39,795
Property, plant, and equipment, net		155,872		177,702
Other non-current assets		344,997		334,267
Total Assets	$	884,207	$	905,291
Liabilities:				
Current maturities of long-term debt	$	20,348	$	15,072
Other current liabilities		127,130		126,060
Long-term debt, net of current maturities		510,014		501,685
Other long-term liabilities		157,250		150,992
Total liabilities		814,742		793,809
Stockholders' equity		69,465		111,482
Total Liabilities and Stockholders' Equity	$	884,207	$	905,291
Net debt (Current maturities plus Long-term debt less Cash and cash equivalents)	$	468,244	$	466,490

Sales and Adjusted EBITDA *(Amounts may not sum due to rounding)* Three Months Ended December 31,	Forestry, Lawn and Garden		Farm, Ranch, and Agriculture		Corporate and Other		Total Company	
(Amounts in thousands)	2011 Actual	2012 Actual	2011 Actual	2012 Actual	2011 Actual	2012 Actual	2011 Actual	2012 Actual
Total sales	$ 165,584	$ 165,854	$ 65,756	$ 57,211	$ 5,175	$ 6,496	$ 236,515	$ 229,561
Operating income	26,327	26,217	(647)	(3,875)	(4,320)	(2,930)	$ 21,360	$ 19,412
Depreciation	5,729	5,933	1,436	1,143	43	104	7,208	7,180
Amortization / purchase accounting	1,311	761	5,427	2,892	-	-	6,738	3,653
Stock compensation	-	-	-	-	1,421	1,367	1,421	1,367
Facility closure and restructuring charges	-	-	-	-	-	-	-	-
Inventory and asset impairment charges	-	-	-	-	-	-	-	-
Expense associated	-	-	-	-	433	-	433	-

Facility closure and restructuring charges	-	-	6,989
Inventory and asset impairment charges	491	491	-
Expense associated with business acquisitions	4,383	4,383	-
Other	535	535	-
Adjusted EBITDA	$ 146,928	$ 168,729	$ 136,444

1) 2011 Pro Forma Information Includes KOX, PBL and Woods results as if acquired January 1, 2011.

SOURCE Blount International, Inc.

David Dugan, Director, Corporate Communications and Investor Relations, +1-503-653-4692

BLOUNT INTERNATIONAL

Print Page Close Window

News Release

Blount Announces First Quarter 2013 Results

- First quarter 2013 sales were up three percent from 2012
- Operating income increased four percent from 2012, excluding prior year restructuring
- 2013 full-year sales and profit guidance maintained

PORTLAND, Ore., May 7, 2013 /PRNewswire/ -- Blount International, Inc. (NYSE: BLT) ("Blount" or "Company") today announced results for the first quarter ended March 31, 2013.

Results for the Quarter Ended March 31, 2013

Sales in the first quarter were $232.6 million, a three percent increase from the first quarter of 2012. Operating income for the first quarter of 2013 was $19.1 million compared to $13.6 million in the prior year, which included $4.9 million of facility closure and restructuring charges. First quarter net income was $9.3 million, or $0.19 per diluted share, compared to $5.9 million, or $0.12 per diluted share, in the first quarter of 2012.

"With the first quarter behind us, we have a clearer view of 2013," stated Josh Collins, Blount's Chairman and CEO. "At this point, business conditions remain very similar to 2012, and the challenges of current global economic conditions continue to weigh on our results, particularly in Europe."

Mr. Collins continued, "Our focus will continue to be on execution, enhancing our operations through our Continuous Improvement program and other initiatives, and managing for the long-term while balancing our business and investments with the current market conditions."

Segment Results

Blount operates primarily in two business segments – the Forestry, Lawn, and Garden ("FLAG") segment and the Farm, Ranch, and Agriculture ("FRAG") segment. The Company reports separate results for the FLAG and FRAG segments. Blount's Concrete Cutting and Finishing ("CCF") business is included in "Corporate and Other."

Forestry, Lawn, and Garden

The FLAG segment reported first quarter 2013 sales of $165.1 million, a two percent increase from the first quarter of 2012. When excluding the impact of foreign exchange rate changes, sales increased approximately three percent. Sales volume increases more than offset the impact of currency and a reduction in average prices tied to unfavorable product and channel mix. Sales volumes increased in North America and Asia, but were partially offset by sales volume declines in Europe, Russia, and South America. The change in segment sales for the comparable first quarter periods is illustrated below.

BLOUNT
INTERNATIONAL

Print Page Close Window

News Release

Blount Announces Second Quarter 2013 Results

- Second quarter 2013 sales declined eight percent from 2012
- Operating income declined by $4.6 million
- Company to consolidate two Portland, Oregon manufacturing facilities
- Company to amend 2012 Form 10-K

PORTLAND, Ore., Aug. 7, 2013 /PRNewswire/ -- Blount International, Inc. (NYSE: BLT) ("Blount" or "Company") today announced results for the second quarter ended June 30, 2013.

Results for the Quarter Ended June 30, 2013

Sales in the second quarter were $220.4 million, an eight percent decrease versus the second quarter of 2012. Operating income for the second quarter of 2013 was $19.3 million compared to $23.8 million in the prior year, which included $1.7 million of facility closure and restructuring charges. Second quarter net income was $9.3 million, or $0.19 per diluted share, compared to $13.1 million, or $0.26 per diluted share, in the second quarter of 2012.

"In the second quarter, we continued to be challenged by difficult economic conditions, as all of our major markets were soft compared to last year," stated Josh Collins, Blount's Chairman and CEO. "However, during the quarter, we improved free cash flow and reduced net debt and working capital by actively managing our balance sheet and expenses."

Mr. Collins continued, "In an effort to further improve operational efficiencies, we are consolidating the saw chain plant purchased with the 2008 acquisition of Carlton Company into our larger Portland-based saw chain manufacturing facility. We expect to complete this consolidation by the middle of the fourth quarter."

Segment Results

Blount operates primarily in two business segments – the Forestry, Lawn, and Garden ("FLAG") segment and the Farm, Ranch, and Agriculture ("FRAG") segment. The Company reports separate results for the FLAG and FRAG segments. Blount's Concrete Cutting and Finishing ("CCF") business is included in "Corporate and Other."

Forestry, Lawn, and Garden

The FLAG segment reported second quarter 2013 sales of $150.8 million, a nine percent decrease from the second quarter of 2012. Unit volume decreases drove the largest decline in sales, with average pricing and foreign exchange fluctuations extending the impact. Sales volumes declined in all major geographies, primarily as a result of a delayed start of spring in North America as well as continued economic uncertainty in Europe. Additionally, sales were down on softer demand and excess distribution channel inventory in Asia for the quarter, although Asia is flat on a year to date basis versus the prior year. Average pricing was lower in the quarter as a result of promotions in select markets and channel mix. The change in segment sales for the comparable second quarter periods is illustrated below.

Change In FLAG Segment Sales

(In millions; amounts may not sum due to rounding)	Sales	Change
Second quarter 2012	$166.3	
Increase / (Decrease)		
Foreign Exchange	(1.3)	(0.8)%
	164.9	(0.8)%
Unit Volume	(13.4)	(8.1)%
Selling Price / Mix	(0.8)	(0.5)%
Second quarter 2013	$150.8	(9.3)%

Segment backlog was $156.3 million at June 30, 2013, a decrease of nine percent from $170.8 million at June 30, 2012. The reduction in backlog relates primarily to a reduction in backorders as FLAG distribution operations have improved on-time delivery performance.

Segment contribution to operating income and Earnings Before Interest, Taxes, Depreciation, Amortization and certain charges ("Adjusted EBITDA") were $20.7 million and $27.4 million , respectively, (after $6.7 million of allocated shared services expenses) for the second quarter of 2013. Segment contribution to operating income and Adjusted EBITDA declined by $8.6 million and $8.7 million, respectively, for the second quarter of 2013 versus 2012. The change in FLAG contribution to operating income for the comparable second quarter periods is presented below.

Change In FLAG Segment Contribution to Operating Income and Adjusted EBITDA

(In millions; amounts may not sum due to rounding)

	Contribution to Operating Income	Percent of Segment Sales	Depreciation, Amortization, and Other	Adjusted EBITDA	Percent of Segment Sales
Second Quarter 2012	$29.3	17.6%	$6.8	$36.1	21.7%
Increase / (Decrease)					
Steel Costs	1.5				
Foreign Exchange	(0.2)				
	30.5	18.5%			
Unit Volume	(4.4)				
Selling Price / Mix	(0.8)				
Costs / Mix	(5.2)				
	20.2	13.4%			

Acquisition accounting[1]	0.5				
Second Quarter 2013	**$20.7**	**13.7%**	**$6.7**	**$27.4**	**18.2%**

(1) Represents change in acquisition accounting impact for all FLAG business units

The effects of unfavorable volume, average pricing, product mix, and the overall cost profile were partially offset by lower steel costs. Segment costs were driven higher mostly due to unabsorbed manufacturing and supply chain fixed costs related to lower production and shipping volumes. A reduction in SG&A expense, mainly in the areas of training, travel, and advertising, partially offset the margin decline from mix and reduced efficiency.

Farm, Ranch, and Agriculture

The FRAG segment reported second quarter 2013 sales of $62.7 million, a decrease of $3.6 million from the second quarter of 2012 on reduced sales volumes of agriculture attachments and tractor parts driven by the late spring and late start to the growing season, partially offset by improved average pricing. The change in segment sales for the comparable second quarter periods is illustrated below.

Change in FRAG Segment Sales

(In millions; amounts may not sum due to rounding)	**Sales**	**Change**
Second Quarter 2012	**$66.3**	
Increase / (Decrease)		
Foreign Exchange	(0.0)	(0.1)%
	66.3	(0.1)%
Unit Volume	(4.1)	(6.1)%
Selling Price / Mix	0.5	0.7 %
Second Quarter 2013	**$62.7**	**(5.5)%**

Segment backlog was $16.3 million at June 30, 2013, compared to $19.9 million at June 30, 2012. Backlog has decreased primarily due to improved throughput of SpeeCo products in the Company's Kansas City, Missouri distribution and assembly center.

The FRAG segment had $6.4 million of Adjusted EBITDA in the second quarter of 2013. FRAG segment contribution to operating income was $2.0 million after $1.2 million of depreciation expense, $3.2 million of non-cash amortization of acquired intangible assets from purchase accounting, and $2.1 million of allocated shared services expenses. The change in the second quarter 2013 contribution to operating income compared to the second quarter of 2012 is presented below.

Change in FRAG Segment Contribution to Operating Income and Adjusted EBITDA

(In millions; amounts may not sum due to rounding)

	Contribution to	**Percent of Segment Sales**	**Depreciation, Amortization, and**	**Adjusted EBITDA**	**Percent of Segment Sales**

	Operating Income		Other		
Second Quarter 2012	$(0.9)	(1.4)%	$4.3	$3.4	5.1%
Increase / (Decrease)					
Steel Costs	0.3				
Foreign Exchange	0.0				
	(0.6)	(1.0)%			
Unit Volume	(1.4)				
Selling Price / Mix	0.5				
Costs / Mix	3.6				
	1.9	3.1%			
Acquisition accounting(1)	0.1				
Second Quarter 2013	$2.0	3.2%	$4.4	$6.4	10.3%

(1) Represents change in acquisition accounting impact for all FRAG business units

Segment costs improved significantly over the prior year quarter. Expedited shipping costs in the prior year of $2.2 million along with $2.6 million of prior year expense related to product quality issues were not repeated in the second quarter of 2013. The improvement in segment costs was partially offset by increased manufacturing costs at Woods due to reduced plant efficiency and absorption of fixed costs on lower production levels compared to 2012. Additionally, average selling prices increased, mostly in the Woods and TISCO businesses, as a result of normal annual price increases.

Corporate and Other

Corporate and Other generated net expense of $3.4 million in the second quarter of 2013 compared to net expense of $4.5 million in the second quarter of 2012. The improvement in Corporate and Other results was mostly due to the absence of $1.7 million of facility closure and restructuring costs incurred in the second quarter of 2012, partially offset by increased SG&A spending in the CCF business. The Company's CCF business, included in Corporate and Other, recognized increased sales in the second quarter of eight percent from last year's second quarter. The increase in CCF sales was driven by the result of increased sales of PowerGrit® ductile iron saw chain and related chain saws, which are gaining increased acceptance in the marketplace as a time efficient alternative to traditional methods of cutting ductile iron pipe.

Restructuring

The Company announced yesterday that it is consolidating its saw chain manufacturing facilities in Portland, Oregon into one location to further improve operating efficiencies. As part of the consolidation, saw chain manufacturing will be discontinued at the former Carlton Company facility acquired in 2008. The Carlton® brand continues to be a strong forestry brand for the Company and will continue to be sold worldwide. Manufacturing for Carlton products will be consolidated into an existing Portland FLAG facility as well as FLAG production facilities in China, Brazil, and Canada. The Company expects to achieve more timely delivery by manufacturing closer to its customers, an overall net reduction in global FLAG manufacturing headcount of approximately 200 positions, and annual cost savings of between $6 million and $8 million. The Company expects to incur expenses of $9 million to $10 million over the course of the third and fourth quarters of 2013 to consolidate the manufacturing operations, of which approximately $4 million to $5 million are cash transition costs including severance and moving expenses and approximately $5 million represents non-cash charges for accelerated depreciation on equipment to be idled and a write-down of land and building carrying value. Operating cost savings of between $0 and $2 million are expected in 2013, dependent on the timing of completion of the manufacturing consolidation.

Material Weaknesses

The Company will be amending its Annual Report on Form 10-K for 2012 as well as its Quarterly Report on Form 10-Q for the first quarter of 2013 to reflect a conclusion by the Company's management that internal control over financial reporting ("ICFR") and disclosure controls and procedures ("DCP") were not effective as of December 31, 2012, and that DCP was not effective as of March 31, 2013. The Company's management did not make any conclusion with regard to the effectiveness of ICFR as of March 31, 2013, as that assessment is only performed as of year end, in keeping with the rules of the Securities and Exchange Commission ("SEC"). Management of the Company as well as our independent registered public accounting firm, PricewaterhouseCoopers LLP ("PwC"), re-evaluated our ICFR after a routine inspection by the Public Company Accounting Oversight Board ("PCAOB") of PwC, which included a review by the PCAOB of PwC's independent audit of our 2012 financial statements. After re-evaluating our ICFR related to the information systems at our Woods/TISCO subsidiary and ICFR related to our accounting for indefinite-lived intangible assets in 2012, the Company's management concluded that material weaknesses existed in those areas and that therefore ICFR and DCP were not effective as of December 31, 2012. Similarly, management has concluded that because those same material weaknesses had not yet been remediated by March 31, 2013, our DCP continued to be ineffective as of that date. Our Annual Report on Form 10-K for 2012 and our Quarterly Report on Form 10-Q for the first quarter 2013 will be amended to reflect those conclusions.

The Company is in the process of remediating the identified deficiencies in ICFR and expects to have that work completed by the end of 2013, although there can be no assurance we will accomplish that goal.

In light of the material weaknesses identified when our ICFR were re-evaluated, the Company and PwC are in the process of also re-evaluating the Company's 2012 accounting for goodwill and other indefinite-lived intangible assets recorded in connection with the business acquisitions made in 2010 and 2011. We will not file our Quarterly Report on Form 10-Q for the second quarter 2013 with the SEC until that re-evaluation is completed and therefore anticipate that our filing of that Form 10-Q will be delayed beyond the required filing deadline of August 9, 2013. Following that re-evaluation, it is possible that we may conclude that a restatement of our financial statements for the year ended December 31, 2012 is necessary to reflect an impairment of goodwill. Any potential restatement is expected to be limited to a non-cash charge to operating income in the fourth quarter of 2012, with no associated impact on fourth quarter 2012 Sales, Cash or Adjusted EBITDA. Further, no impact is expected on previously reported First Quarter 2013 Sales, Cash, Operating Income, Net Income or Adjusted EBITDA amounts or guidance for the rest of 2013 on those items as a result of any potential restatement of our 2012 financial statements.

Net Income

Second quarter 2013 net income declined due to lower overall operating income compared to 2012. Additionally, the impact of higher average borrowing rates increased net interest expense by approximately $0.3 million, and the Company's income tax expense rate was lower than the prior year quarter. Finally, other expense increased by approximately $1.1 million reflecting unfavorable effects of foreign currency exchange rate movements on non-operating assets. The change in net income for the second quarter of 2013 compared to the second quarter of 2012 is summarized in the table below.

Change in Consolidated Net Income

(In millions, except per share data; amounts may not sum due to rounding)	Pre-tax Income	Income Tax Effect	Net Income	Diluted Earnings per Share
Second Quarter 2012 Results	$19.7	$6.6	$13.1	$0.26
Change due to:				
Decreased operating income excluding acquisition accounting	(5.2)	(1.7)	(3.5)	(0.07)
Acquisition accounting	0.6	0.2	0.4	0.01
Increased net interest expense	(0.3)	(0.1)	(0.2)	–
Change in other expense	(1.1)	(0.4)	(0.7)	(0.01)
Change in income tax rate	n/a	(0.2)	0.2	–
Second Quarter 2013 Results	$13.7	$4.4	$9.3	$0.19

Cash Flow and Debt

As of June 30, 2013, the Company had net debt of $460.5 million, a decrease of $6.0 million from December 31, 2012 and a decrease of $13.1 million compared to June 30, 2012. Free cash flow of $15.9 million was generated in the second quarter of 2013 compared to $5.7 million in the prior year second quarter. Most of the increased free cash generation was driven by a reduction in capital spending. Net working capital decreased by approximately $2.6 million compared to a $0.4 million growth in the second quarter of 2012. Working capital benefited from accounts receivable collection in the second quarter of 2013 compared to 2012 along with controlled inventory growth in the second quarter of 2013 versus a significant increase in the second quarter of 2012. Capital spending in the second quarter of 2013 was smaller than the second quarter of 2012 by $8.0 million as capacity additions were lower in China this year. The major capital expenditures associated with the China saw chain facility expansion were incurred in 2012. The Company defines free cash flow as cash flows from operating activities less net capital spending.

The ratio of net debt to last-twelve-months ("LTM") Adjusted EBITDA was 3.5x as of June 30, 2013, a small increase from 3.4x at December 31, 2012, and flat compared to March 31, 2013. The increase in leverage from the end of 2012 is primarily the result of lower Adjusted EBITDA for the LTM period ended June 30, 2013.

2013 Financial Outlook

The Company has updated its fiscal year 2013 outlook. Sales are expected to range between $915 million and $945 million, and operating income to range between $66.0 million and $76.0 million. Our expectation for sales assumes FLAG segment sales are down between 1% and 5%, and that FRAG segment sales grow between 5% and 8% – both compared to 2012 levels. In 2013, operating income is expected to experience headwind from foreign currency exchange rates of between $2 million and $3 million, and steel costs are expected to have up to an overall $3 million favorable impact for the year compared to 2012. The 2013 operating income outlook includes non-cash charges of between $16.5 million and $18.5 million related to acquisition accounting. Free cash flow in 2013 is expected to range between $40 million and $50 million, after approximately $35 million to $40 million of capital expenditures. Net interest expense is expected to be between $18 million and $19 million in 2013, and the effective income tax rate for continuing operations is expected to be between 35 percent and 38 percent in 2013.

A comparison of key operating indicators for 2011 pro forma results, 2012 actual results, and the 2013 outlook mid-point is provided in the table below.

(In millions)	2011 Pro-Forma	2012 Actual	2013 Outlook Mid-Point
Sales	$975.5	$927.7	$930.0
Operating Income	110.0	79.3	71.0
Adjusted EBITDA	168.7	136.4	135.0
Free Cash Flow	47.9	(0.5)	45.0
Net Capital Expenditures	41.6	51.7	37.5
Net Debt at Period End	468.2	466.5	429.0
Net Debt/Adjusted EBITDA	2.8x	3.4x	3.2x

Adjusted EBITDA and Free Cash Flow are non-GAAP measures and are reconciled to Operating Income and Cash Flow from Operations in the attached financial data table.

Blount is a global manufacturer and marketer of replacement parts, equipment, and accessories for consumers and professionals operating primarily in two market segments: Forestry, Lawn, and Garden ("FLAG"); and Farm, Ranch, and Agriculture ("FRAG"). Blount also sells products in the construction markets and is the market leader in manufacturing saw chain and guide bars for chain saws. Blount has a global manufacturing and distribution footprint and sells its products in more than 115 countries around the world. Blount markets its products primarily under the OREGON®, Carlton®, Woods®, TISCO, SpeeCo®, and ICS® brands. For more information about Blount, please visit our website at http://www.blount.com.

"Forward looking statements" in this release, including without limitation Blount's "outlook," "expectations," "beliefs," "plans," "indications," "estimates," "anticipations," "guidance" and their variants, as defined by the Private Securities Litigation Reform Act of 1995, are based upon available information and upon assumptions that Blount believes are reasonable; however, these forward looking statements involve certain risks and should not be considered indicative of actual results that Blount may achieve in the future. In particular, among other things, guidance given in this release is expressly based upon certain assumptions concerning market conditions, foreign currency exchange rates, and raw material costs, especially with respect to the price of steel, the presumed relationship between backlog and future sales trends and certain income tax matters, as well as being subject to the uncertainty of the current global economic situation. To the extent that these assumptions are not realized going forward, or other unforeseen factors arise, actual results for the periods subsequent to the date of this announcement may differ materially.

SOURCE Blount International, Inc.

David Dugan, Director, Corporate Communications and Investor Relations, +1-503-653-4692