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PRESENTATION

Operator

Thank you for standing by and welcome to the A.M. Castle & Co. third quarter 2010 earnings conference call. (Operator Instructions). As a reminder this conference call is being recorded today, Friday, November 5, 2010. I would now like to turn the conference over to Uzman Ahmed --

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Uzman Ahmed - *A.M. Castle & Company - IR*

Thank you. Good morning everyone, and thank you joining us on today's call. for A.M. Castle & Company's 2010 third quarter conference call. -- if anyone still need one please call my office at 312 opinion 553-6731 and we'll send you one immediately following the conference call. With us from the management of Castle this morning are -- and Scott Stephens -- as a reminder this call is being recorded. Certain information relating to projections of the company's results that will be discussed during today's call may be characterized as forward-looking under the Private Securities Litigation Reform Act of 1995. Those statements are based on current expectations and assumptions that are subject to a number of factors that could cause actual results to differ materially.

Additional information concerning these factors is maintained in the risk factors section of the Company's most recent 10-K and other reports and filings with the SEC, and also in the caution care statement contained in today's release. The company does not undertake any duty to update any forward-looking statements. This presentation also includes certain non-GAAP financial measures in an of the to provide additional information to investors. All non-GAAP measures have been reconciled to their related GAAP measures in accordance with SEC rules. You will find the reconciliation in the financial information attached to today's release, which is available on the company's website at www.amcastle.com under the investor's tab and in the form 8-K submitted to the SEC. With that, I'll turn the call over to Mike Goldberg. Go ahead, Mike.

Mike Goldberg - *A.M. Castle & Company - President, CEO*

Thank you. Good morning, everyone. Thanks for joining us on today's call. I'll start with a recap of our first quarter highlights and comment on the current business environment, share our outlook for the fourth quarter and beyond, and after that Scott will speak to our third quarter and year-to-date results in greater detail, and then we'll, obviously, have the Q and A session. As you have seen from the press release, our third quarter consolidated net sales were $244.9 million or 33.1% higher than the third quarter of last year. The company reported net income of $ .1 million for the quarter or break even on an earnings per share basis compared to a net loss of $6.3 million or $0.28 loss per diluted share in the third quarter of 2009.

Third quarter net sales in our metals segment rose by 34.7% to $218 million, compared to $161.8 million for the same period last year primarily driven by stronger sales volumes as tons sold per day were up 30.5% from the comparable period last year. The largest sales increases were in our alloy and alloy and carbon bar products, primarily reflecting continued improvements in our general industrial and our oil and gas markets. Sequentially third quarter metals tons sold to date were up 1.6% versus the second quarter. Net sales for our plastics segment were $26.9 million, an increase of $4.7 million or 21.2% over the third quarter of 2009. So as we look back upon the third quarter, it was a real study in contrasts. As you remember from the last call, we started 2010 with four consecutive months of growth.

Then business activity slowed at the end of the second quarter, and we recorded sequential declines in volumes in May and June. The decline continued in July, and in fact July matched January as the weakest of the month of 2010 from a volume perspective. After July we saw business activity pick up again, and the metals business daily volumes increased sequentially from July to August and from August to September, and our September volumes were actually the best that we've recorded thus far in 2010, the best since February of 2009.

Somewhat difficult to explain all the ups and downs, but we think that the lack of inventory in the manufacturing supply chain is the likely cause of this variability of demand. From a product volume perspective, the market for carbon and alloy bar showed the most strength in the third quarter, lead times from suppliers continues to extend. The mills are seeing strong order books, and most of the key bar markets are forecasting better results into 2011. Stainless bar has not been as strong but there are pockets within the specialty grades where lead times are extending as well.

Pricing in the general marketplace increased slightly in the third quarter, and we saw increases in carbon and alloy bar and mill pricing, whereas plate remained stable. Scrap surcharges rose a bit in the third quarter, but we expect it to drop in the fourth. Nickel pricing moved higher throughout the quarter. Third quarter gross margins were consistent sequentially with the second quarter. The market remains highly competitive, particularly in aerospace where aluminum heat treated plate is still in oversupply and will likely remain so for at least the first half of 2011. Our plastics business also saw sequential improvement in volumes in August and September, and, in fact, our plastics backlog in September was the strongest since late 2008.

In general, customers remain cautiously optimistic. Few customers are predicting rapid or significant mid-term growth but most expect 2011 to be better than 2010. With that said, we expect our business to grow moderately next year. Destocking has ended except in aerospace, but most customers continue to purchase only to fill immediate needs and not hedge for the future. Now, I'll make some specific end market comments. First, I'll talk about our general industrial business. Overall, we saw a strong third quarter pickup for long products and a modest recovery for plate compared to the second quarter. Customer inventories seem to be back in balance.

Looking at specific markets, heavy equipment continues to improve. The construction equipment business is stronger, especially in Earth-moving equipment. Demand from the semiconductor industry is increasing and was a positive impact of stainless aluminum plate consumption in the third quarter. Underlying demand appeared to be improving in the heavy truck and mining end markets. And in the UK business remains strong in the nuclear segment. The outlook for crane and lift segment, which serves commercial construction and municipal projects remains weak.

Next I'll move to oil and gas, another market where we have seen a pickup from second quarter levels. Customer sentiment continues to be very positive, and business activity is the strongest it's been since early 2009. Customer inventory levels are currently low, and lead times have expanded for many products. The prices have risen slightly with more significant price increases expected in 2011. Now onto aerospace. In the commercial aircraft business the airlines are seeing a pickup in demand and better conditions to upgrade their fleets.

Passenger and cargo traffic has now surpassed the pre-recession levels of early '08. Numerous production rate increases have been announced over the past several months in response to these improving market conditions. Although we have not yet seen any direct significant impact on activity levels, we believe that our presence across a broad range of commercial platforms will benefit Castle as the aerospace recovery continues.

The business in general aviation sector is improving but remains slow and severely overstocked. Our defense-related aerospace business remains relatively strong and comp projections still call for a slow ramp up of the F-35 joint strike fighter program reaching full scale production in 2016.

Lead time for heat-treated aluminum plate remains short and capacity continues to exceed demand. Aluminum continues to be over inventoried and industry sources expect destocking to continue into next year. As a result, the market's extremely competitive and gross margin recovery to historical levels will continue to be a challenge for the near-term. Aerospace demand for non-aluminum products, nickel, titanium and alloy, is strong, and the supply chain appears in good shape.

Finally, a few words about our plastics business. Activity has been relatively good with particular strength in the office furniture and semiconductor markets. Automotive remains strong. General industrial markets there are also improving. Moving on to make a few additional comments on our critical business developments, throughout 2010 we've continued a tight focus on inventory reduction. As of September 30 we are ahead of our plan on our turnover improvement. Our core plate oil, and gas and plastics business has returned to historical inventory levels, and aerospace is one area with a continued overhang, but our team is continuing to make progress in bringing inventories back in line. And by early 2011 we expect our overall DSI number to be approaching historical levels. Also in the quarter, we're very pleased to report that we have a new contract with the United Steel Workers that covers our Chicago, Cleveland and Kansas City plants. And this contract goes through September of 2014. We continue to make good progress on safety. Year-to-date through September we've had just the four recordable safety incidents resulting in lost time, versus nine for the same period of last year.

Activities seem to be picking up on the M&A front. Our strong balance sheet, low debt level position, positions us well to explore various strategic acquisitions. So we continue to look for those opportunities to increase our investment in the complementary products and services for our targeted end markets on a global basis. Before I hand things over to Scott, I'd like to make a few comments about our outlook for the fourth quarter and beyond. The fourth quarter is traditionally our slowest quarter due to fewer shipping days and various customer shutdowns. We expect underlying demand in Q4 to be similar to Q3 levels, but the reduction in total actual shipping days in Q4 will have an impact. So as a result, we expect to see overall sales revenue to decline somewhat for Q4. As we think about 2011, we and everyone else are still looking for that catalyst that will spark significant revenue growth. In the absence of that catalyst, most experts predict continued slow and modest growth. So looking at the macroeconomic data, GDP is expected to grow 2.9% in 2011, up from 2.4% in 2010, and overall, industrial production is expected to grow 4.1% next year.

So while these numbers are not as strong as past recoveries, they do show that the recovery still has a lot to go and a lot of life left in it. Year-to-date through the third quarter we experienced a 12% revenue lift compared to 2009. As we said earlier, we believe that this economic recovery will continue at a modest pace into next year. And at this point we would expect next year's revenue growth to be similar to what we have seen this year. In this environment we will continue to focus on managing our costs, balance sheet, and our capital deployment. Longer term we remain very optimistic about opportunities for growth in our key markets, not only in 2011 but well beyond. So I'll turn things over to Scott now to give you a more detailed review of the numbers.

Scott Stephens - *A.M. Castle and Company - VP Finance, CFO*

Thank you, Mike. Good morning, everyone. I'll start with a summary of our third quarter and year-to-date financial comparisons and then provide some commentary on our balance sheet and cash results through September 30. Consolidated third quarter sales of $244.9 million were $16.9 million or 33.1% higher than the third quarter of last year. In the metals segment we reported third quarter sales of $218 million, which was $56.2 million or 34.7% higher than last year. Overall tons sold per day were up 35.5% versus the prior year. Sequentially, third quarter metal segment sales revenue was 2.2% higher than the second quarter on a 1.6% sequential increase and quarterly volume. On a year-to-date basis, metal sales are now up 11.3% through September, and tons shipped are up 11%. We talked often about the late cycle nature of most of our customers' businesses and the impact that has on Castle's revenue cycle lagging the trends of the general industrial economy and PMI. This lag cycle is evident in our quarter year-over-year metals volume trends for 2010 where Q1 volumes were down 10.9% versus prior year, Q2 volume was up 20.6% over prior year, and now Q3 was up 30.5% over Q3 2009. On the plastics side, Q3 2010 net sales were $26.9 million which was 21.2% higher than the third quarter of 2009.

Consolidated gross margin rate for the third quarter was 25.7% of sale, as compared to the prior year period of 25.2%, and comparable to the 25.7% in the second quarter of this year. We had anticipated continued recovery for Q3, which would have provided for margin improvement opportunities. But as it turned out, Q3 activity was only slightly better than Q2 by 1.6% overall, and as a result our gross margins remain consistent as well. Company recorded $2 million of LIPO expense in the third quarter, comparable to $2 million recorded in Q1 and $3 million in Q2. Third quarter consolidated operating expenses were $63.2 million, which was $8.2 million or 14.9% higher than last year, primarily due to higher shipping levels this year. Compared to Q3 2009, warehouse and delivery costs accounted for $4.8 million of the increase and $3.6 million was due to selling and G&A cost increases.

Most of the cost increases we have seen are related to higher shipping volumes as Q3 metals activity was up 30.5% year-over-year. Other factors contributing to higher costs in 2010 include 401(k) benefit reinstatements and the elimination of furloughs and work restrictions that had existed in Q3 2009. We recently announced a consolidation of facilities in our metals segment. During the fourth quarter this year we will relocate our Arlington, Texas facility into our Dallas location. We're also in the process of consolidating facilities in the UK. If all plan moves are completed by year end, we expect to record a Q4 charge to earnings of $1.5 million, which includes non cash lease extrication costs and moving expenses. These moves will result in annual operating cost savings of approximately $2 million beginning in Q1 2011. Including these facility consolidation charges, Q4 total operating expenses should be comparable to Q3. Consolidated operating loss for the quarter was $.2 million compared to a prior year loss of $8.7 million.

EBITDA was $6.5 million in Q3 compared to an EBITDA loss of $3.3 million in the prior year and comparable to $7.1 million in Q2 of this year. Joint venture equity income was $1.7 million for the quarter, compared to $.2 million in the same period last year. Interest expense of $1.4 million for the quarter was $100,000 lower than the prior period. Net income for Q3 was $.1 million or break even on an EPS basis compared to a net loss of $6.3 million or $0.28 per share in the prior year quarter. Now I'll briefly go through the nine-month comparative results where consolidated net sales for year-to-date September were$708.1 million, which is $76.8 million or 12.2% higher than the first nine months of 2009.

Consolidated gross margin rate for the first nine months was 25.2% of sales, compared to 26.4% in the prior year period. Year-to-date 2010 consolidated operating expenses were $185.5 million, which is $4.6 million of 2.5% higher than last year. Consolidated operating loss for the first nine months of 2010 was $6.9 million, versus a prior year operating loss of $14.5 million. EBITDA was $12.5 million for the first nine months of 2010, versus $1.7 million for the prior year. Joint venture equity income was $4 million for the first nine months of 2010 versus $100,000 for the same period in 2009. Interest expense was $3.9 million for the first nine months of 2010, or $900,000 lower than the prior year period.

Net loss for the first nine months of 2010 was $4.1 million or $0.18 per diluted share, compared to a prior year loss of $11.4 million or $0.50 loss per diluted share. Now, on to the balance sheet and working capital. During the third quarter, inventory decreased by approximately $7 million and our day sales and inventory remain constant at 142 days at the end of Q3, the same as Q2. Inventory turn rates have returned to near normal in most of our businesses except aerospace. We expect the over supply situation in heat-treated aluminum plate to begin moderating in 2011.

Year-to-date September 2010 accounts receivable DSO was 49.2 days, compared to 53.8 in the prior-year period. Our bad debt write offs remain at low levels, under $300,000 for Q3 and approximately $900,000 for year-to-date September 2010. Net debt for Q3 2010 remains unchanged from the end of Q2 at $59.4 million, which represents total debt outstanding of $87.6 million, less cash and cash equivalents of $28.2 million. This results in a net debt to capital ratio of 15.8% at September 30, 2010. Capital expenditures in the third quarter were $1.8 million, and year-to-date capital expenditures through September were $5.1 million.

We anticipate full year 2010 capital spending to be approximately $6 to $7 million, which will be down from $8.7 million incurred in 2009. And lastly before we open up the call for questions, I'd like to summarize our outlook for the balance of 2010. As Mike discussed earlier, we anticipate end market demand for Q4 to be consistent with Q3. However, as usual the Q4 -- in Q4 the reduction in total effective shipping days, which is estimated to be approximately 5% to 9% lower than Q3, will impact total sales for the fourth quarter. We would expect margins to remain constant at Q3 levels if overall demand remains consistent, which is what we anticipate at this point.

However, the final year end LIPO calculation will be a sensitive factor to our final net profit results for Q4. And in addition, we expect the facility consolidation charges to impact Q4, as we discussed earlier. So with all that said, at this point we'd expect to report a small net loss for the fourth quarter of 2010.

And now, operator, we'll open up the call for questions.

QUESTIONS AND ANSWERS

Operator

Thank you, sir. (Operator Instructions). Our first question comes from the line of Edward Marshall with Sidoti & Company. Please go ahead.

Edwin Marshall - *Sidoti - Analyst*

Good morning and thanks for taking the call.

Mike Goldberg - *A.M. Castle & Company - President, CEO*

Good morning.

Edwin Marshall - *Sidoti - Analyst*

The first question is that just a clarification on the fourth quarter guidance. Does it include the small net loss that you said -- does that include the $1.5 million charge in moving expenses that you're going to be recording?

Scott Stephens - *A.M. Castle and Company - VP Finance, CFO*

It does, yes.

Edwin Marshall - *Sidoti - Analyst*

Okay. So on an adjusted basis, you could be slightly -- okay. That's fine. The September -- you discussed September being your strongest month of the year as far as volumes, I believe is what you said in your prepared remarks. Is there a particular end market that recovered that wasn't as strong, say the first six months of the year and now has stepped up and may be one of your later cycle markets or is it just kind of across the board broad-based improvement?

Mike Goldberg - *A.M. Castle & Company - President, CEO*

We certainly -- the oil and gas market was significantly stronger at the end of the period than it was at the beginning. And that market is one which is -- has significantly turned around through the year. Otherwise, I would say there was a -- just the general industrial markets where we sell a substantial amount of carbon alloy bar and tubing have certainly been the stronger markets that was experienced, and they've maintained that strength. But the market which I would say has changed the most because if you look at say Q1 to Q3, would be the oil and gas markets.

Edwin Marshall - *Sidoti - Analyst*

And what do you think might be driving that? Obviously, what might be driving that? Have you done anything different? Is there any market share gains? Obviously, there's a recovery a little bit in that market, but could you talk to that a little bit?

Mike Goldberg - *A.M. Castle & Company - President, CEO*

I'd like to say we had some market share gains, very tough to know what -- if that's the case. I think the market corrected it's inventory position. So that's -- that made a big difference. We've seen mid counts go up. We've seen the shale drilling go up. We've -- and in the early part of the year we opened up our facility in Lafayette, Louisiana, that's all helped us improve our service to that market.

Edwin Marshall - *Sidoti - Analyst*

Okay. That's good news. The trends that you saw in September, the volume trends, how does it look for October? Or at least how did you trend through October? Was it equally as strong?

Mike Goldberg - *A.M. Castle & Company - President, CEO*

Yeah, we can't pretend not to look what October looks like since it's November. Yes, October looked pretty similar to September, which is kind of a good thing.

Edwin Marshall - *Sidoti - Analyst*

Right. And then finally, the number of base-pricing increases across a lot of the mills. And I'm just wondering what kind of inventory is still left, maybe some of the higher-priced inventory what that can probably do to some of the leverage that you may see in the model, from a margin perspective as we progress it to the end of the year? And then I guess relating to the LIPO catch ups that you talked about in the prepared remarks as well, will that have any impact there? Thanks.

Scott Stephens - *A.M. Castle and Company - VP Finance, CFO*

Okay. Well, two things. On the inventory position, as we've continued to improve and moderate our inventory, we've seen less of a margin headwind throughout this year. So, with the exception of aerospace which we've talked about, our inventory is relatively normal. It's never perfect in terms of aged items. But there's less of a drag today and a margin headwind on our inventory position than there had been throughout this year.

So yes, there'll be more leverage anticipated forward looking than back as far as the inventory position goes. And in terms of LIPO, at this point we anticipate our Q4 LIPO charge to be consistent with the balance of the quarters this year, would look like Q3, at this point. And that's our best guess. As we said, the year-end inventory mix and final inflation numbers that go into LIPO are pretty tricky. But on balance right now we expect a similar LIPO environment in Q4 to what we'd experienced in Q3. And that's what's reflected in our outlook comments at this point.

Edwin Marshall - *Sidoti - Analyst*

Excellent. Thank you guys very much.

Scott Stephens - *A.M. Castle and Company - VP Finance, CFO*

Okay. Thanks.

Operator

Thank you. (Operator Instructions). And our next question comes from the line of Tim Hayes with Davenport & Company. Please go ahead.

Tim Hayes - *Analyst - Davenport*

Good morning.

Scott Stephens - *A.M. Castle and Company - VP Finance, CFO*

Good morning, Tim.

Tim Hayes - *Analyst - Davenport*

Just two quick questions. On the revenue guidance that you provided for 2011, for that growth, how would that split between say volume and pricing? Do you have a feel for that? Or in your assumptions what are you thinking on that?

Scott Stephens - *A.M. Castle and Company - VP Finance, CFO*

It's predominantly volume, Tim. There's a, we'll call it, small single-digit price inflation expected at this point. And that's not inconsistent with what we've seen really this year, including mix for us, by the way. So it's mostly volume. There's a small element of price.

Mark Parr - *Keybanc Capital Markets - Analyst*

Okay. And I missed the LIPO Q3, you said was $2 million. Was that charge or income? I just couldn't quite jot that down fast enough.

QUESTIONS AND ANSWERS

Scott Stephens - *A.M. Castle and Company - VP Finance, CFO*

Expense. That's LIPO charge expense in Q-3, $2 million.

Tim Hayes - *Analyst - Davenport*

Okay. Thank you.

Scott Stephens - *A.M. Castle and Company - VP Finance, CFO*

Thank you.

Operator

Thank you. (Operator Instructions). One moment, please. And our next question comes from the line of Mark Parr with Keybanc Capital Markets. Please go ahead.

Mark Parr - *Keybanc Capital Markets - Analyst*

Hey. Thank you very much. Good morning, guys.

Scott Stephens - *A.M. Castle and Company - VP Finance, CFO*

Good morning, Mark.

Mark Parr - *Keybanc Capital Markets - Analyst*

I was wondering if you could help us a little. I don't think you've given much color on what you expect for gross profit margins in the fourth quarter. Could you talk to us directionally about whether you think they may move up or down from a FIFO basis from the third quarter?

Mike Goldberg - *A.M. Castle & Company - President, CEO*

Yes. We think they'll be fairly consistent with third quarters. Except third quarter was about the same as the second. So at this stage our thoughts are about the same level.

QUESTIONS AND ANSWERS

Mark Parr - *Keybanc Capital Markets - Analyst*

All right. If you were going to handicap a bias in an upward or downward direction which way would you be leaning right now?

QUESTIONS AND ANSWERS

Mike Goldberg - *A.M. Castle & Company - President, CEO*

It depends who I'm talking to. If I'm talking to our employees, I was going to say the price was going to be upwards. No, I think -- I think any bias is going to be relatively small. I think there could be a few hundred points here and there, but I think the range of likely results on a pre LIPO basis is relatively small. I think the bias for 2011 is upwards, as we see-- as we continue to see the markets improve, our inventory situation, the customers' inventory situation, the whole supply chain have been very lean. I think we would -- I would say that our 2011 opportunities is for enhanced kind of pre LIPO margins for next year.

Mark Parr - *Keybanc Capital Markets - Analyst*

Okay. Do you think -- again I'm just trying to put this in perspective, and your -- most of your base business seems to be fairly normalized at this point. The price costs mismatch is pretty okay, with the exception of the aerospace aluminum. And if that was normalized, would it be fair to think about the third quarter as 100 basis points higher from a gross margin perspective or 150? How would you normalize things if you normalized the aerospace business?

Mike Goldberg - *A.M. Castle & Company - President, CEO*

Okay. Again, the easy answer said, the aerospace business is never normal, right? It's either kind of down or up. But those numbers you gave would be pretty consistent with what we would say. Yes, we would -- that's exactly what I would say, about a point and a half for the company would be normal. And if you put that, in that gets us right in our normal range. So we're reporting 25.7, if you add a point and a half that gets us to 27.2. And that would be a -- be right in the middle of the range that we've -- the company's traded at for a number of decades. So that kind of gives us -- as we've kind of gone through the same thinking, that's given us some degree of comfort that the balance of the business is running on a kind of normal commercial basis. We know that the aerospace aluminum side is lagging, and the number that you suggested is a number that we think is the impact and that's what we kind of start to reconcile to pre-recession type of numbers on that basis.

Mark Parr - *Keybanc Capital Markets - Analyst*

Okay. That's really helpful. I just had one final question. You've talked about October being in line with September from a -- I think you're talking about from a daily sales or daily sales perspective. And could you give us a little bit of sense of what does October look like compared to the whole third quarter?

Mike Goldberg - *A.M. Castle & Company - President, CEO*

Again, the comments I made about third quarter, our third quarter was kind of pretty strange in that July --

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Unidentified Speaker

It started off weak and got stronger, right?

Mike Goldberg - *A.M. Castle & Company - President, CEO*

Right. But the summer month, kind of June, July, early August period were surprisingly weak. And then kind of -- as the middle of August and September came along, they were kind of surprisingly strong. And so it ends up -- the average for the third quarter ends up a point and a half more than the second quarter, in terms of volumes. The way that we're thinking about the fourth quarter is a bit of a mirror image. So October will look like September, and then it's always the perennial question of the strength of the business as you go through into the holiday season. The first two weeks in November, there's no reason why that shouldn't be good.

And then once you get towards Thanksgiving and then into December it's always a bit of a crapshoot. I mean, last year we were surprised by the strength of that period, relative strength compared to what preceded it. And it's kind of a tough one to know about how long business keeps going, whether people take extended shutdowns in the end of December. But kind of most probably, our expected case would be that the fourth quarter looks a bit like the third but in reverse, starting off strong and then weakening because of the holidays. And then there's no reason why the new year shouldn't start out kind of back to -- back on a relatively strength -- say a relatively strong basis, relatively kind of strong basis, more at the October-November levels than the December levels. Which is typically what you'd see.

Mark Parr - *Keybanc Capital Markets - Analyst*

Okay. If I could just ask a follow-up here. Do you think -- I mean if you think about your visibility today versus 30 days ago, are things any better than they were 30 days or 60 days ago?

Mike Goldberg - *A.M. Castle & Company - President, CEO*

If they are I can't see them. I think things are -- I wouldn't say that. I don't think they're any worse. But I don't think -- I can't think materially that it's better today than it was at the beginning of September or middle of September. I'd say at this stage it's pretty much the same.

Mark Parr - *Keybanc Capital Markets - Analyst*

Okay. All right. So at least we have a fourth quarter that's starting off stronger than the average for the third quarter, and then depending on how the seasonality plays out we'll just have to see. Okay.

Mike Goldberg - *A.M. Castle & Company - President, CEO*

Yeah, that's right. You've got it.

Mark Parr - *Keybanc Capital Markets - Analyst*

All right, Michael, thank you very much. And hey, congratulations on getting the inventories in shape and the margin really were encouraging. So that's a good sign for your business and for your execution momentum.

Mike Goldberg - *A.M. Castle & Company - President, CEO*

Thanks. And there's been a lot of hard work done by everybody to do that. And I think that's going to position us well as we move into the new year here. So it's a lot of hard work, and we're pleased with what we've done and still more to do.

Mark Parr - *Keybanc Capital Markets - Analyst*

Okay. Terrific. Thank you.

Scott Stephens - *A.M. Castle and Company - VP Finance, CFO*

Thanks, Mark.

Operator

Our next question is a followup question from the line of Edward Marshall with Sidoti & Company. Please go ahead.

Edwin Marshall - *Sidoti - Analyst*

Thanks again. You made some comments to top line growth next year. And in your prepared remarks you discussed the industrial drivers that might be behind it. But I was hoping maybe you could dig a little bit deeper and talk about maybe the bigger variable for the business next year, or maybe your assumptions for aerospace, and with it's respect to the inventory with the heat-treated plate and it's in the market right now. And then what is your assumption for either the sharpness, or lack thereof, of recovery in aerospace next year that could add up side or down side to that estimate that you made?

Mike Goldberg - *A.M. Castle & Company - President, CEO*

I'll kind of look to my CFO here to make sure that he doesn't disagree with me here. I would say there's no down side on the aerospace side. That would be something which we hadn't anticipated. So I think there is an up side. I think it's cautious. The market dynamics themselves are good. And I think that's reflected by, I mentioned it in my remarks, about the non-aluminum participation that we have, titanium, stainless and nickel. That's been going -- that's been going very strongly for us over the last three to five, six months.

And so it all goes in planes whether it's engines, or engine mounts, or landing gears or things like that. So to me that kind of gives us a reflection that market itself is relatively strong. And what's holds us back is the relative weakness in the air framing part and the oversupply of product, which we've been talking now for at least two years. And we actually speak to a lot of people and get a lot of input on this. And as much as we would like to hope and think that that market is correcting itself, there's a ways to go. And it should get better, but at this stage we're not anticipating that it's going to get substantially better in the first half of next year, and our visibility kind of gets a bit foggy after that.

So just to kind of summarize these thoughts, cautiously optimistic about aerospace. The market itself is relatively strong. We participate on multiple platforms in multiple products. And as that aluminum business does correct itself, there's some real good margin up side and there's some good volume up side. Whether we see that substantially in 2011, tough to say. I would say -- I'd be more confident about 2012 than I would the total year of 2011. It will get better. And it's very difficult to know the timing of that.

Edwin Marshall - *Sidoti - Analyst*

Okay. Thank you guys.

Operator

Thank you. And I show no further questions in the queue at this time. I would like to turn the conference back to management for closing remarks.

Mike Goldberg - *A.M. Castle & Company - President, CEO*

Well, once again, thanks for everybody's time and attention. We look forward to a nice holiday season, good business, and we'll speak to you early in the new year with our year end results. So thank you very much.

Operator

Ladies and gentlemen, this concludes the A.M.Castle & Company third quarter 2010 conference call. If you would like to listen to a reply of today's conference please dial 1800-406-7325 or 1-303-590-3030 and enter the access code of 4370997 followed by the # sign. Thank you for your participation. You may now disconnect.
