



## Houston Wire & Cable Company Reports Record Sales and EPS Results for the First Quarter of 2008

HOUSTON, May 12, 2008 (PRIME NEWSWIRE) -- Houston Wire & Cable Company (Nasdaq:HWCC) (the "Company") announced record sales and earnings per share for the first quarter of 2008.

Selected highlights for the first quarter of 2008 are:

- \* Sales increased 9.4% to a record \$89.4 million from \$81.8 million in 2007
- \* Organic growth accounted for the entire increase in sales
- \* Basic and fully diluted earnings per share (EPS) set a new record high at \$0.37
- \* Operating cash flow of \$7.0 million
- \* Paid quarterly dividend of \$.085 per share
- \* Repurchased 3.9% of its outstanding shares

Sales in the first quarter of 2008 reached a record level of \$89.4 million. The Company achieved a 9.4% increase over last year's record first quarter, which experienced a growth rate of 23.1% over the prior year's first quarter. Internal growth accounted for the entire increase in sales. The Company estimates that sales from its five major growth initiatives, encompassing Emission Controls, Engineering & Construction, Selected Industrials, LifeGuard™ (and other private branded products) and Utility Power Generation, increased approximately 20-25% over the first quarter of 2007, while first quarter sales in its Repair and Replacement sector, also referred to as Maintenance Repair & Operation (MRO), were down moderately, as our Repair and Replacement sector faced a more challenging economy in the first quarter of 2008.

Gross margin of 25.3%, while lower than the comparative year quarter, mainly due to then current market conditions, was in line with prior historical trends.

Operating expenses increased over the prior year by 6.0%, primarily due to the increased investment in our sales force and stock option compensation expense. Operating expenses as a percent of sales were 12.5%, down from 12.9% in 2007 as a result of improved operating leverage.

Operating cash flow was \$7.0 million in 2008, which was lower than the \$7.8 million generated in 2007, but the third consecutive quarter in which the Company generated cash flow at or in excess of \$7 million. Interest expense increased to \$0.5 million in 2008 from \$0.2 million in 2007. This was primarily due to borrowings used to fund the Company's stock repurchase program.

Net income for the first quarter was \$6.7 million compared to \$7.3 million last year, a decrease of 7.7%, as sales increases and improvements in operating leverage did not fully mitigate the decline in gross margin and the higher level of operating expenses.

Basic and diluted EPS for the first quarter of 2008 were \$0.37 compared to \$0.35 in 2007, as the reduction in the number of shares outstanding more than made up for the decrease in net income.

President and CEO, Charles Sorrentino commented, "We were pleased with our sales growth at 9.4% in light of the challenging economy and what appears to be flat to slightly positive industry sales growth. Our five growth initiatives continue to be the engine driving organic sales increases. These growth drivers have been largely responsible for the more than doubling of our annual revenues over the last four years."

"We are starting to benefit from the additional investments made in 2007 in our sales force, product line expansions and new product introductions. Strong operating cash flow at \$7.0 million provided a basis for us to repurchase an additional 3.9% of our outstanding shares in the quarter. Since adopting our buyback program in August 2007, we have purchased a total of 15.0% of the outstanding shares, and at March 31, 2008, the remaining authorization to repurchase shares under the program was \$23.9 million. As previously announced, the Company increased its quarterly dividend rate by 13.3% in the quarter. These actions represent our commitment to shareholders to make every effort to manage capital in the most efficient manner while still

maintaining adequate resources to make acquisitions and fund future organic growth."

"We remain vigilant with respect to the current challenging economic environment and will continue to focus on increasing market share in our targeted end markets which, for the most part, we estimate are growing in spite of the near term economic uncertainty. Congratulations to all of our team members for a great start to 2008."

#### Conference Call

The Company will host a conference call to discuss first quarter results on Monday, May 12th at 10:00 am CT. Hosting the call will be Charles Sorrentino, President and Chief Executive Officer, and Nicol Graham, Vice President and Chief Financial Officer.

This call is being web cast by Thomson/CCBN and can be accessed at <http://ir.houwire.com/phoenix.zhtml?c=197708&p=irol-IRHome>. Institutional investors can access the call at ([www.streetevents.com](http://www.streetevents.com)), a password-protected event management site hosted by Thomson Street Events.

Approximately two hours after the call has been completed, the web cast can be found under the Investor Relations section of the Company's website at [www.houwire.com](http://www.houwire.com). The web cast will be available for 30 days and a replay of the telephone conference will be available until May 19, 2008. Interested parties should use the following replay phone numbers:

Primary Replay Number: (888) 286-8010  
Secondary Replay Number: (617) 801-6888  
Participant Password: 15264269

#### About the Company

With more than 30 years experience in the electrical industry, Houston Wire & Cable Company is one of the largest distributors of specialty wire and cable and related services in the U.S. electrical distribution market. Headquartered in Houston, Texas, HWCC has sales and distribution facilities in Atlanta, Baton Rouge, Charlotte, Chicago, Denver, Houston, Los Angeles, Philadelphia, San Francisco, Seattle and Tampa.

The Houston Wire & Cable Company logo is available at <http://www.primenewswire.com/newsroom/prs/?pkgid=2807>

Standard stock items available for immediate delivery include continuous and interlocked armor, instrumentation, medium voltage, high temperature, portable cord, power cables and private branded products, including LifeGuard™, a low-smoke, zero-halogen cable. HWCC's comprehensive value-added services include same-day shipping, knowledgeable sales staff, inventory management programs, just-in-time delivery, logistics support, customized internet-based ordering capabilities and 24/7/365 service.

#### Forward-Looking Statements

This release contains information about management's view of the Company's future expectations, plans and prospects that constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors which include, but are not limited to, economic downturns and cyclicalities in the markets served, risks associated with inventory, fluctuations in the prices of copper and other commodities, changes in relationships with customers, dependence on third-party manufacturers and suppliers, changes in the terms of vendor rebate programs, loss of key personnel or difficulties recruiting and retaining new qualified personnel, market acceptance of private branded products, success of initiatives to penetrate targeted markets, future capital needs and uncertainty of additional financing, new or changed competitors, other risks and challenges. For a complete discussion of risk factors, please review our Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC on March 17, 2008.

Additionally, the forward-looking statements included in this press release represent the Company's views as of the date of this press release and these views could change. However, while the Company may elect to update these forward-looking statements at some point, the Company specifically disclaims any obligation to do so, other than as required by federal securities laws. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this press release.

Consolidated Balance Sheets  
(In thousands, except share data)

	March 31, 2008	Dec. 31, 2007
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	(unaudited)	
Assets		
Current assets:		
Accounts receivable, net	\$ 55,831	\$ 58,202
Inventories, net	69,554	69,299
Deferred income taxes	1,344	1,054
Prepaid expenses	1,025	832
Income taxes	--	2,004
	-----	-----
Total current assets	127,754	131,391
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Property and equipment, net	3,223	3,234
Goodwill	2,996	2,996
Deferred income taxes	1,513	1,356
Other assets	112	114
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Total assets	\$ 135,598	\$ 139,091
	=====	=====
Liabilities and stockholders' equity		
Current liabilities:		
Book overdraft	\$ 1,889	\$ 3,854
Trade accounts payable	13,676	12,297
Accrued and other current liabilities	11,457	17,263
Income taxes payable	2,529	--
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Total current liabilities	29,551	33,414
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Long term obligations	39,277	34,507
Stockholders' equity:		
Common stock, \$0.001 par value; 100,000,000 shares authorized: 20,988,952 shares issued and 17,858,550 outstanding at March 31, 2008 and 20,988,952 issued and 18,577,727 outstanding at December 31, 2007	21	21
Additional paid-in-capital	54,691	54,131
Retained earnings	62,934	57,846
Treasury stock	(50,876)	(40,828)
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Total stockholders' equity	66,770	71,170
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Total liabilities and stockholders' equity	\$ 135,598	\$ 139,091
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HOUSTON WIRE & CABLE COMPANY  
Consolidated Statements of Income  
(Unaudited)  
(In thousands, except share and per share data)

Three Months Ended

	March 31,	
	2008	2007
Sales	\$ 89,441	\$ 81,788
Cost of sales	66,774	59,179
Gross profit	22,667	22,609
Operating Expenses:		
Salaries and commissions	6,076	5,678
Other operating expenses	4,984	4,766
Depreciation and amortization	127	110
Total operating expenses	11,187	10,554
Operating income	11,480	12,055
Interest expense	541	185
Income before income taxes	10,939	11,870
Income taxes	4,202	4,573
Net income	\$ 6,737	\$ 7,297
Earnings per share:		
Basic	\$ 0.37	\$ 0.35
Diluted	\$ 0.37	\$ 0.35
Weighted average common shares outstanding		
Basic	18,081,809	20,868,027
Diluted	18,121,280	20,996,579
Dividends declared per share	\$ 0.085	\$ --

HOUSTON WIRE & CABLE COMPANY  
Consolidated Statements of Cash Flows  
(Unaudited)  
(In thousands)

	Three Months Ended March 31,	
	2008	2007
Operating activities		
Net income	\$ 6,737	\$ 7,297
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	127	110
Amortization of capitalized loan costs	20	16
Amortization of unearned stock compensation	519	290
Provision for returns and allowances	(11)	(116)
Provision for inventory obsolescence	(6)	16
Deferred income taxes	(447)	(211)

Changes in operating assets and liabilities:		
Accounts receivable	2,382	1,163
Inventories	(249)	(7,468)
Prepaid expenses	(193)	(589)
Other assets	(18)	3
Book overdraft	(1,965)	2,190
Trade accounts payable	1,379	2,793
Accrued and other current liabilities	(5,806)	(1,390)
Income taxes payable/receivable	4,533	3,685
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Net cash provided by operating activities	7,002	7,789
Investing activities		
Expenditures for property, plant, and equipment	(116)	(96)
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Net cash used in investing activities	(116)	(96)
Financing activities		
Borrowings on revolver	91,157	75,494
Payments on revolver	(86,387)	(83,766)
Proceeds from exercise of stock options	18	31
Excess tax benefit for stock options	41	548
Payment of dividends	(1,527)	--
Purchase of treasury stock	(10,188)	--
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Net cash used in financing activities	(6,886)	(7,693)
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Net change in cash	--	--
Cash at beginning of period	--	--
	-----	-----
Cash at end of period	\$ --	\$ --
	=====	=====

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