

# **NEWS**

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## **Olympic Steel Reports 2001 Annual and Fourth Quarter Results**

Cleveland, Ohio -- (February 14, 2002) Olympic Steel, Inc., (Nasdaq: ZEUS), a leading national steel service center, today announced fourth quarter and year end results for 2001. Tons sold for the fourth quarter of 2001 decreased 5.1% to 262 thousand and net sales decreased 17.9% to \$93.7 million from \$114.2 million in 2000. Net loss for the fourth quarter was \$1.9 million, or \$0.19 per share, compared to a net loss of \$6.8 million, or \$.73 per share for last year's fourth quarter. Operating loss totaled \$1.3 million, compared to an operating loss of \$7.0 million for the prior period. The 2000 results included a fourth quarter non-recurring pretax charge of \$3.6 million.

Tons sold for 2001 decreased 9.2% to 1.1 million, and net sales decreased 20.0% to \$416.3 million from \$520.4 million in 2000. Net loss for 2001 totaled \$3.6 million, or \$.38 per share, compared to a net loss of \$8.7 million, or \$.90 per share for 2000. Operating income totaled \$1.6 million, compared to an operating loss of \$1.5 million for last year.

"The steel market in 2001 was considered one of the most taxing periods in the history of the steel industry. While our fourth quarter sales and earnings reflected these challenging economic conditions, 2001 was also a year of accomplishments for Olympic Steel and we are encouraged by our achievements in this difficult environment," stated Michael D. Siegal, Chairman and Chief Executive Officer.

"We took timely and decisive action by reducing our work force and reducing our operating expenses by over 10%. Our cash flow management resulted in a debt reduction of \$31.5 million. In June, we completed a three-year refinancing package to secure our future liquidity. Our inventory turns are the highest in our history at approximately five turns per year. We believe that we are well positioned to take advantage of opportunities as the marketplace recovers," concluded Mr. Siegal.

Founded in 1954, Olympic Steel is a leading North American steel service center that is experienced in the specialized processing and distribution of flat-rolled carbon and stainless steel products, as well as tubular steel products. Headquartered in Cleveland, Ohio, the Company has approximately 900 employees in 14 locations serving nine geographic markets. For further information about Olympic Steel, Inc., visit the Company's web site at <http://www.olysteel.com>.

Forward-looking statements in this release are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Such risks and uncertainties include, but are not limited to, general business and economic conditions; competitive factors such as the availability and pricing of steel and fluctuations in demand; the Company and its joint ventures' ability to continue to manage its assets, reduce costs, and generate positive cash flows; layoffs or work stoppages by the Company's suppliers' or customers' personnel; and equipment malfunctions. Please refer to the Company's Securities and Exchange Commission filings for further information.

**OLYMPICSTEEL**  
**SUMMARY FINANCIAL INFORMATION**

(in thousands, except per share and tonnage data)

	<u>Three Months Ended December 31,</u>				<u>Twelve Months Ended December 31,</u>			
	<u>2001</u>		<u>2000</u>		<u>2001</u>		<u>2000</u>	
	(unaudited)				(audited)			
<b>SUMMARY</b>								
Net sales	\$ 93,697		\$114,162		\$ 416,294		\$ 520,359	
Operating income (loss)	(1,267)	(1.4%)	(7,024)	(6.2%)	1,633	0.4%	(1,512)	(0.3%)
Net loss	\$ (1,863)		\$ (6,816)		\$ (3,648)		\$ (8,721)	
Basic and diluted net loss per share	<u>\$ (0.19)</u>		<u>\$ (0.73)</u>		<u>\$ (0.38)</u>		<u>\$ (0.90)</u>	
<b>DETAILS</b>								
Tons sold								
Direct	228,400		242,029		961,330		1,037,442	
Toll	<u>33,819</u>		<u>34,336</u>		<u>131,044</u>		<u>165,255</u>	
	262,219		276,365		1,092,374		1,202,697	
% change	<u>(5.1%)</u>		<u>(17.2%)</u>		<u>(9.2%)</u>		<u>(5.5%)</u>	
Net sales	\$ 93,697		\$114,162		\$ 416,294		\$ 520,359	
% change	(17.9%)		(16.8%)		(20.0%)		(1.0%)	
Cost of sales	<u>71,306</u>		<u>92,662</u>		<u>316,233</u>		<u>411,624</u>	
Gross margin	22,391	23.9%	21,500	18.8%	100,061	24.0%	108,735	20.9%
Operating expenses								
Warehouse and processing	7,431	7.9%	8,431	7.4%	30,409	7.3%	34,137	6.6%
Administrative and general	5,953	6.4%	6,458	5.7%	25,171	6.0%	27,323	5.3%
Distribution	3,850	4.1%	4,077	3.6%	15,987	3.8%	19,436	3.7%
Selling	2,788	3.0%	4,811	4.2%	12,226	2.9%	14,353	2.8%
Occupancy	988	1.1%	1,160	1.0%	4,551	1.1%	4,598	0.9%
Depreciation and amortization	2,648	2.8%	2,409	2.1%	10,084	2.4%	9,222	1.8%
Asset impairment charge	-	0.0%	1,178	1.0%	-	0.0%	1,178	0.2%
Total operating expenses	23,658	25.2%	28,524	25.0%	98,428	23.6%	110,247	21.2%
Operating income (loss)	(1,267)	(1.4%)	(7,024)	(6.2%)	1,633	0.4%	(1,512)	(0.3%)
Income (loss) from OLP joint venture	32		(442)		(192)		(1,358)	
Income (loss) from TSP joint venture	<u>22</u>		<u>(50)</u>		<u>32</u>		<u>(67)</u>	
Income (loss) before financing costs and taxes	(1,213)		(7,516)		1,473		(2,937)	
Interest expense	1,815		1,391		6,144		6,258	
Receivable securitization expense	<u>-</u>		<u>940</u>		<u>1,260</u>		<u>3,724</u>	
Financing costs	1,815	1.9%	2,331	2.0%	7,404	1.8%	9,982	1.9%
Loss before taxes	(3,028)	(3.2%)	(9,847)	(8.6%)	(5,931)	(1.4%)	(12,919)	(2.5%)
Income taxes	<u>(1,165)</u>	38.5%	<u>(3,031)</u>	30.8%	<u>(2,283)</u>	38.5%	<u>(4,198)</u>	32.5%
Net loss	<u>\$ (1,863)</u>		<u>\$ (6,816)</u>		<u>\$ (3,648)</u>		<u>\$ (8,721)</u>	
Basic and diluted net loss per share	<u>\$ (0.19)</u>		<u>\$ (0.73)</u>		<u>\$ (0.38)</u>		<u>\$ (0.90)</u>	
Weighted average shares outstanding	<u>9,631</u>		<u>9,331</u>		<u>9,588</u>		<u>9,677</u>	

**It is the Company's policy not to make quarterly or annual sales or earnings projections for external use and not to endorse any analyst's sales or earnings estimates.**

**OLYMPICSTEEL**  
**SUMMARY OTHER FINANCIAL INFORMATION**

(in thousands, except ratios)

	<b>December 31,</b>	
	<b>2001</b>	<b>2000</b>
	(audited)	
Accounts receivable (a)	\$ 38,754	\$ 5,260
Inventories	72,287	89,404
Net property and equipment	111,111	117,573
Total assets (a)	235,415	224,929
Current liabilities	32,455	32,672
Total debt (a)	84,499	68,009
Shareholders' equity	121,272	124,920
Shareholders' equity per share	12.59	13.39
Debt-to-equity ratio (a)	.70 to 1	.54 to 1

	<b>Twelve Months Ended</b>	
	<b>December 31,</b>	
	<b>2001</b>	<b>2000</b>
	(audited)	
Change in working capital (a)	\$ 13,649	\$ (30,100)
Capital expenditures, net	2,635	5,451
EBITDA (b)	11,717	8,888

(a) 2000 amounts and ratio reflect \$48,000 of accounts receivable sold under the Company's then existing accounts receivable securitization program.

(b) Excludes the impact of the \$1,178 asset impairment charge in 2000.

**Note: Certain 2000 amounts have been reclassified to conform to the 2001 presentation.**

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