

# NEWS RELEASE

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## OLYMPIC STEEL REPORTS RECORD SALES AND NET INCOME FOR THIRD QUARTER AND NINE MONTHS OF 2004

Cleveland, Ohio -- (October 19, 2004) Olympic Steel, Inc., (Nasdaq: ZEUS), a national steel service center, today announced record financial results for the third quarter and nine months ended September 30, 2004.

Net sales for the third quarter of 2004 increased 110.7% to \$244.1 million from \$115.9 million in the third quarter a year ago. Tons sold increased 7.2% to 323 thousand from 302 thousand in the third quarter of 2003. Third quarter 2004 net income was the highest quarterly results in Company history, totaling \$18.6 million, or \$1.80 per diluted share, compared to a net loss of \$115 thousand, or \$(0.01) per diluted share for last year's third quarter.

For the first nine months of 2004, net sales increased 90.0% to \$653.9 million from \$344.1 million in the prior year period. Tons sold increased 23.9% to 1.05 million from 849 thousand in the first nine months of 2003. Net income for the first nine months of 2004 was \$47.9 million or \$4.70 per diluted share, compared to a net loss of \$1.1 million, or \$(0.12) per diluted share in the first nine months of 2003.

"We are again pleased to report record net income and sales," stated Michael D. Siegal, Chairman and Chief Executive Officer. "Our strong focus on balance sheet management has resulted in a decrease in debt during 2004. At the same time, we have invested an additional \$52 million in accounts receivable and \$55 million in inventory, while improving our days sales in inventory and accounts receivable on a year over year basis. At September 30, 2004, we had approximately \$48 million in availability within our increased \$110 million bank credit facility."

"The continued strong global steel environment, along with the increasing domestic industrial economy, particularly the energy, transportation, farm and construction equipment markets, has also contributed to our strong financial results. With increasing global steel demand, rising energy, transportation and raw material costs, and a more disciplined supply universe, our outlook remains favorable for the fourth quarter and early 2005," concluded Mr. Siegal.

Founded in 1954, Olympic Steel is a leading U.S. steel service center focused on the direct sale and distribution of large volumes of processed carbon, coated and stainless flat-rolled sheet, coil and plate steel products. Headquartered in Cleveland, Ohio, the Company operates 12 facilities and participates in two joint ventures. For further information about Olympic Steel, Inc., visit the Company's web site at <http://www.olysteel.com>.

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. 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, economic and political conditions; competitive factors such as the availability and pricing of steel and fluctuations in customer demand; the ability of customers to maintain their credit availability in periods of escalating prices; layoffs or work stoppages by the Company's, suppliers', or customers' personnel; equipment installation delays or malfunctions; the successes of the Company's efforts and initiatives to increase sales volumes, improve cash flows and reduce debt, maintain or improve inventory turns and reduce costs; and customer, supplier, and competitor consolidation or insolvency. Please refer to the Company's Securities and Exchange Commission filings for further information.

**OLYMPICSTEEL**  
**SELECTED FINANCIAL INFORMATION**

(in thousands, except per share data and ratios)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	(unaudited)		(unaudited)	
<b><u>SUMMARY RESULTS OF OPERATIONS:</u></b>				
Net sales	\$ 244,142	\$ 115,850	\$ 653,948	\$ 344,131
Operating income	31,581	1,491	82,163	2,016
Income (loss) before income taxes	30,570	(146)	78,879	(1,760)
Net income (loss)	<u>\$ 18,572</u>	<u>\$ (115)</u>	<u>\$ 47,919</u>	<u>\$ (1,148)</u>
Earnings per share:				
Net income (loss) per share - basic	\$ 1.88	\$ (0.01)	\$ 4.89	\$ (0.12)
Net income (loss) per share - diluted	\$ 1.80	\$ (0.01)	\$ 4.70	\$ (0.12)

	<b>September 30,</b>		<b>December 31,</b>
	<b>2004</b>		<b>2003</b>
	(unaudited)		(unaudited)
<b><u>SUMMARY BALANCE SHEET DATA:</u></b>			
Accounts receivable, net	\$ 108,349	\$ 65,925	\$ 56,501
Inventories	147,857	82,230	92,775
Net property and equipment	85,304	91,603	89,782
Total assets	350,494	246,909	249,002
Current liabilities	89,152	35,487	42,574
Total debt	93,297	100,437	97,797
Shareholders' equity	163,419	114,346	112,236
Shareholders' equity per share	16.40	11.85	11.63
Debt-to-equity ratio	.57 to 1	.88 to 1	.87 to 1

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2004</b>	<b>2003</b>
	(unaudited)	
<b><u>OTHER DATA:</u></b>		
Capital expenditures	1,698	549
EBITDA (a)	88,796	8,263

(a) Defined as operating income plus depreciation plus asset impairment charge.

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**OLYMPIC STEEL**  
**RESULTS OF OPERATIONS**

(in thousands, except per share and tonnage data)

	<u>Three Months Ended September 30,</u>				<u>Nine Months Ended September 30,</u>			
	<u>2004</u>		<u>2003</u>		<u>2004</u>		<u>2003</u>	
	(unaudited)				(unaudited)			
Tons sold								
Direct	283,098		253,337		906,166		716,750	
Toll	40,332		48,422		146,477		132,658	
	323,430		301,759		1,052,643		849,408	
% change	7.2%		8.7%		23.9%		(5.8%)	
Net sales	\$ 244,142		\$ 115,850		\$ 653,948		\$ 344,131	
% change	110.7%		(0.5%)		90.0%		(1.2%)	
Cost of materials sold	178,576		90,845		464,369		271,262	
Gross profit	65,566	26.9%	25,005	21.6%	189,579	29.0%	72,869	21.2%
Operating expenses								
Warehouse and processing	10,142	4.2%	8,072	7.0%	32,451	5.0%	24,207	7.0%
Administrative and general	11,703	4.8%	5,697	4.9%	34,740	5.3%	17,257	5.0%
Distribution	4,482	1.8%	4,211	3.6%	14,264	2.2%	11,965	3.5%
Selling	4,331	1.8%	2,613	2.3%	15,411	2.4%	8,201	2.4%
Occupancy	1,328	0.5%	884	0.8%	3,917	0.6%	2,976	0.9%
Depreciation	1,999	0.8%	2,037	1.8%	6,146	0.9%	6,247	1.8%
Asset impairment charge	-	0.0%	-	0.0%	487	0.1%	-	0.0%
Total operating expenses	33,985	13.9%	23,514	20.3%	107,416	16.4%	70,853	20.6%
Operating income	31,581	12.9%	1,491	1.3%	82,163	12.6%	2,016	0.6%
Income (loss) from joint ventures	58		(644)		230		(654)	
Income before financing costs and income taxes	31,639		847		82,393		1,362	
Interest and other expense on debt	1,069	0.4%	993	0.9%	3,514	0.5%	3,122	0.9%
Income (loss) before income taxes	30,570	12.5%	(146)	(0.1%)	78,879	12.1%	(1,760)	(0.5%)
Income tax provision (benefit)	11,998	39.2%	(31)	21.2%	30,960	39.2%	(612)	34.8%
Net income (loss)	\$ 18,572		\$ (115)		\$ 47,919		\$ (1,148)	
Earnings per share:								
Net income (loss) per share - basic	\$ 1.88		\$ (0.01)		\$ 4.89		\$ (0.12)	
Weighted average shares outstanding - basic	9,904		9,646		9,791		9,645	
Net income (loss) per share - diluted	\$ 1.80		\$ (0.01)		\$ 4.70		\$ (0.12)	
Weighted average shares outstanding - diluted	10,341		9,646		10,195		9,645	

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