

NEWS RELEASE

Contact: Richard T. Marabito
Chief Financial Officer
Telephone: (216) 292-3800
Fax: (216) 292-3974

OLYMPIC STEEL REPORTS 2005 SECOND QUARTER RESULTS

Cleveland, Ohio -- (July 28, 2005) Olympic Steel, Inc., (Nasdaq: ZEUS), a national steel service center, today announced its financial results for the second quarter and six months ended June 30, 2005.

Net sales for the second quarter of 2005 increased 8.4% to \$241.5 million from \$222.8 million for the second quarter a year ago. Second quarter 2005 net income totaled \$3.0 million, or \$0.29 per diluted share, compared to net income of \$18.5 million, or \$1.82 per diluted share for last year's second quarter. Unfortunately, second quarter results included a \$1.7 million, or \$0.10 per diluted share, bad debt charge related to receivables from two customers that filed for bankruptcy protection in June 2005. Tons sold decreased 7.4% to 319 thousand from 344 thousand in the second quarter of 2004.

For the first half of 2005, net sales increased 28.4% to \$526.0 million from \$409.8 million. Net income for the first half of 2005 was \$12.6 million, or \$1.21 per share, compared to net income of \$29.3 million, or \$2.90 per share in the first half of 2004. Tons sold decreased 7.0% to 678 thousand from 729 thousand in the first half of 2004.

"While the second quarter was challenging from a carbon flat rolled pricing and customer credit perspective, we are pleased with the results of our balance sheet and expense control management. During the last three months, we accelerated our receivable and inventory turnover rates, allowing us to reduce inventory by \$37.3 million and debt by \$37.3 million, a 21% decline in inventory and a 31% decline in debt. We also reduced our second quarter operating expenses by \$8.7 million or 22.5% as compared to the second quarter of 2004. At June 30, 2005, our debt totaled \$82.6 million, or 43% of equity, both lows for Olympic Steel since our IPO in 1994," stated Michael D. Siegal, Chairman and Chief Executive Officer.

"We anticipate some softness to persist in carbon flat rolled pricing during the seasonally slower third quarter. However, we are encouraged to finally see a meaningful drop in the service center industry's June inventory levels, and we anticipate further reductions through July. We believe that the continuation of the inventory correction may allow pricing pressures on carbon steel to subside later this year. We also believe that the currency adjustment by China is a positive development for many of our exporting customers," 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, 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 and global business, economic and political conditions; competitive factors such as the availability and pricing of steel, industry inventory levels, and rapid fluctuations in customer demand and pricing; the cyclicity and volatility within the steel industry; the ability of customers (especially in the automotive industry) to maintain their credit availability; 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; the successes of the Company's joint ventures; the adequacy of our information technology and business system software; 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)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
<u>SUMMARY RESULTS OF OPERATIONS:</u>	(unaudited)		(unaudited)	
Net sales	\$ 241,482	\$ 222,773	\$ 526,040	\$ 409,806
Operating income	5,937	31,747	22,770	50,582
Income before income taxes	4,757	30,814	20,525	48,309
Net income	<u>\$ 3,004</u>	<u>\$ 18,500</u>	<u>\$ 12,623</u>	<u>\$ 29,347</u>
Earnings per share:				
Net income per share - basic	\$ 0.30	\$ 1.89	\$ 1.25	\$ 3.01
Net income per share - diluted	\$ 0.29	\$ 1.82	\$ 1.21	\$ 2.90

	June 30,		December 31,
	2005		2004
	(unaudited)		(unaudited)
<u>SUMMARY BALANCE SHEET DATA:</u>			
Accounts receivable, net	\$ 104,940	\$ 97,606	\$ 93,336
Inventories	143,862	132,510	186,124
Net property and equipment	80,426	86,669	83,571
Total assets	340,710	327,358	374,146
Current liabilities	61,679	89,505	95,688
Total debt	82,630	90,387	96,022
Shareholders' equity	190,834	143,106	176,525
Shareholders' equity per share	18.80	14.51	17.58
Debt-to-equity ratio	.43 to 1	.63 to 1	.54 to 1

	Six Months Ended	
	June 30,	
	2005	2004
<u>OTHER DATA:</u>	(unaudited)	
Capital expenditures	906	1,065
EBITDA (a)	26,818	55,216

(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 June 30,</u>				<u>Six Months Ended June 30,</u>			
	<u>2005</u>		<u>2004</u>		<u>2005</u>		<u>2004</u>	
	(unaudited)				(unaudited)			
Tons sold								
Direct	270,628		292,973		584,516		623,068	
Toll	48,018		51,096		93,983		106,145	
	318,646		344,069		678,499		729,213	
% change	(7.4%)		23.4%		(7.0%)		33.2%	
Net sales	\$ 241,482		\$ 222,773		\$ 526,040		\$ 409,806	
% change	8.4%		96.4%		28.4%		79.5%	
Cost of materials sold	205,483		152,247		440,618		285,793	
Gross profit	35,999	14.9%	70,526	31.7%	85,422	16.2%	124,013	30.3%
Operating expenses								
Warehouse and processing	10,064	4.2%	11,425	5.1%	20,692	3.9%	22,309	5.4%
Administrative and general	7,044	2.9%	13,360	6.0%	16,317	3.1%	23,037	5.6%
Distribution	5,024	2.1%	4,711	2.1%	10,159	1.9%	9,782	2.4%
Selling	4,761	2.0%	5,764	2.6%	8,798	1.7%	11,080	2.7%
Occupancy	1,139	0.5%	1,256	0.6%	2,638	0.5%	2,589	0.6%
Depreciation	2,030	0.8%	2,076	0.9%	4,048	0.8%	4,147	1.0%
Asset impairment charge	-	0.0%	187	0.1%	-	0.0%	487	0.1%
Total operating expenses	30,062	12.4%	38,779	17.4%	62,652	11.9%	73,431	17.9%
Operating income	5,937	2.5%	31,747	14.3%	22,770	4.3%	50,582	12.3%
Income from joint ventures	200		94		443		172	
Income before financing costs and income taxes	6,137		31,841		23,213		50,754	
Interest and other expense on debt	1,380	0.6%	1,027	0.5%	2,688	0.5%	2,445	0.6%
Income before income taxes	4,757	2.0%	30,814	13.8%	20,525	3.9%	48,309	11.8%
Income tax provision	1,753	36.9%	12,314	40.0%	7,902	38.5%	18,962	39.3%
Net income	\$ 3,004		\$ 18,500		\$ 12,623		\$ 29,347	
Earnings per share:								
Net income per share - basic	\$ 0.30		\$ 1.89		\$ 1.25		\$ 3.01	
Weighted average shares outstanding - basic	10,148		9,794		10,114		9,734	
Net income per share - diluted	\$ 0.29		\$ 1.82		\$ 1.21		\$ 2.90	
Weighted average shares outstanding - diluted	10,436		10,182		10,447		10,108	

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