

NEWS

R E L E A S E

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OLYMPIC STEEL REPORTS 2005 THIRD QUARTER RESULTS

Cleveland, Ohio -- (October 27, 2005) Olympic Steel, Inc., (Nasdaq: ZEUS), a national steel service center, today announced its financial results for the third quarter and nine months ended September 30, 2005.

Net sales for the third quarter of 2005 totaled \$208.4 million, a 14.7% decrease from the \$244.1 million for the third quarter a year ago. Third quarter 2005 net income totaled \$2.2 million, or \$0.21 per diluted share, compared to net income of \$18.6 million, or \$1.80 per diluted share for last year's third quarter. Tons sold decreased 5.5% to 306 thousand from 323 thousand in the third quarter of 2004.

For the first nine months of 2005, net sales increased 12.3% to \$734.4 million from \$653.9 million. Net income for the first nine months of 2005 was \$14.8 million, or \$1.42 per diluted share, compared to net income of \$47.9 million, or \$4.70 per diluted share in the first nine months of 2004. Tons sold decreased 6.5% to 984 thousand from 1.05 million in the first nine months of 2004.

"Our acceleration of inventory and receivables turnover, coupled with consistent profitability and expense control, resulted in a significant reduction in our debt. During the third quarter, we reduced our Total Debt by \$70 million to \$13 million. Olympic Steel now has its strongest balance sheet and capital position since our initial public offering in 1994, with over \$193 million, or \$19.01 per share, of shareholders' equity at September 30, 2005," stated Michael D. Siegal, Chairman and Chief Executive Officer.

"During the third quarter, carbon flat rolled pricing and margin compression reached its low point so far this year. We at Olympic are encouraged by the recent reductions in the steel service center industry's inventory levels as reported by the Metals Service Center Institute, coupled with announced producer price increases for carbon steel throughout the third quarter. Currently, demand appears solid entering the fourth quarter, leading us to believe in strong economic fundamentals for the marketplace. Our repositioned balance sheet is appropriate for these improving market conditions. We also anticipate using our financial position to take advantage of a consolidating service center industry," 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; the availability of transportation and logistical services; 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 operating and financial results 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		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
<u>SUMMARY RESULTS OF OPERATIONS:</u>	(unaudited)		(unaudited)	
Net sales	\$ 208,358	\$ 244,142	\$ 734,398	\$ 653,948
Operating income	4,825	31,581	27,595	82,163
Income before income taxes	3,519	30,570	24,044	78,879
Net income	<u>\$ 2,164</u>	<u>\$ 18,572</u>	<u>\$ 14,787</u>	<u>\$ 47,919</u>
Earnings per share:				
Net income per share - basic	\$ 0.21	\$ 1.88	\$ 1.46	\$ 4.89
Net income per share - diluted	\$ 0.21	\$ 1.80	\$ 1.42	\$ 4.70

	September 30,		December 31,
	2005		2004
	(unaudited)		(unaudited)
<u>SUMMARY BALANCE SHEET DATA:</u>			
Accounts receivable, net	\$ 92,461	\$ 108,349	\$ 93,336
Inventories	103,290	147,857	186,124
Net property and equipment	79,241	85,304	83,571
Total assets	284,647	350,494	374,146
Current liabilities	68,710	89,152	95,688
Total debt	13,012	93,297	96,022
Shareholders' equity	193,013	163,419	176,525
Shareholders' equity per share	19.01	16.40	17.58
Debt-to-equity ratio	.07 to 1	.57 to 1	.54 to 1

	Nine Months Ended	
	September 30,	
	2005	2004
<u>OTHER DATA:</u>	(unaudited)	
Capital expenditures	1,695	1,698
EBITDA (a)	33,603	88,796

(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)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2005		2004		2005		2004	
	(unaudited)				(unaudited)			
Tons sold								
Direct	256,211		283,098		840,727		906,166	
Toll	49,367		40,332		143,350		146,477	
	305,578		323,430		984,077		1,052,643	
% change	(5.5%)		7.2%		(6.5%)		23.9%	
Net sales	\$ 208,358		\$ 244,142		\$ 734,398		\$ 653,948	
% change	(14.7%)		110.7%		12.3%		90.0%	
Costs and expenses								
Cost of materials sold (exclusive of depreciation shown below)	175,056	84.0%	178,576	73.1%	615,674	83.8%	464,369	71.0%
Warehouse and processing	10,266	4.9%	10,142	4.2%	30,958	4.2%	32,451	5.0%
Administrative and general	6,950	3.3%	11,703	4.8%	23,267	3.2%	34,740	5.3%
Distribution	5,279	2.5%	4,482	1.8%	15,438	2.1%	14,264	2.2%
Selling	3,032	1.5%	4,331	1.8%	11,830	1.6%	15,411	2.4%
Occupancy	990	0.5%	1,328	0.5%	3,628	0.5%	3,917	0.6%
Depreciation	1,960	0.9%	1,999	0.8%	6,008	0.8%	6,146	0.9%
Asset impairment charge	-	0.0%	-	0.0%	-	0.0%	487	0.1%
Total costs and expenses	203,533	97.7%	212,561	87.1%	706,803	96.2%	571,785	87.4%
Operating income	4,825	2.3%	31,581	12.9%	27,595	3.8%	82,163	12.6%
Income (loss) from joint ventures	(564)		58		(121)		230	
Income before financing costs and income taxes	4,261		31,639		27,474		82,393	
Interest and other expense on debt	742	0.4%	1,069	0.4%	3,430	0.5%	3,514	0.5%
Income before income taxes	3,519	1.7%	30,570	12.5%	24,044	3.3%	78,879	12.1%
Income tax provision	1,355	38.5%	11,998	39.2%	9,257	38.5%	30,960	39.2%
Net income	\$ 2,164		\$ 18,572		\$ 14,787		\$ 47,919	
Earnings per share:								
Net income per share - basic	\$ 0.21		\$ 1.88		\$ 1.46		\$ 4.89	
Weighted average shares outstanding - basic	10,153		9,904		10,127		9,791	
Net income per share - diluted	\$ 0.21		\$ 1.80		\$ 1.42		\$ 4.70	
Weighted average shares outstanding - diluted	10,445		10,341		10,446		10,195	

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