



NEWS RELEASE

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BAYOU STEEL CORPORATION

FOR IMMEDIATE RELEASE

BAYOU STEEL CORPORATION ANNOUNCES FIRST QUARTER RESULTS

LaPlace, Louisiana (February 13, 2001) --- Bayou Steel Corporation (AMEX:BYX) reported a consolidated net loss of \$8.7 million or \$0.67 per share on net sales of \$34.9 million for its first quarter of fiscal 2001. This compares with net income of \$0.7 million or \$0.05 per share on net sales of \$52.4 million for the same period of fiscal 2000.

“A crisis in the steel industry developed in the latter half of last year as foreign dumped steel undermined the industry reducing selling prices and shipments to lows not seen by Bayou in over seven years,” stated President and Chief Operating Officer Jerry Pitts. “It was simply a poor quarter -- our shipments and margins were adversely affected by severe weather in the Northeast and Midwest, record high energy cost, and excess inventories held by many of our customers and competitors. The lack of United States government intervention to stem the very high level of imports has only intensified otherwise tough market conditions and deepened the damage to our industry. In the past six months, our average selling price declined almost \$50 per ton, while our primary raw material cost, steel scrap, decreased only \$16 per ton. Compounding the impact of the market squeeze is the skyrocketing price of natural gas and power,” Pitts continued. Compared to the first quarter of last year natural gas and power cost increased 102% and 50%, respectively, increasing operating cost by nearly \$2 million in the first quarter of fiscal 2001.

Pitts stated, “We have implemented numerous cost reduction initiatives during the last six months and have progressed quite favorably with our operational effectiveness program designed to increase productivity while significantly reducing cost. Market challenges including aggressive domestic competition and a potential slowing economy required us to reduce operations and cut cost wherever possible to deal with rising inventories and financial losses. The cost reduction measures undertaken by Bayou may not be evident given the loss for the quarter. However, we have experienced an increase in productivity -- particularly in our Louisiana rolling mill and shipping areas -- in addition to achieving near record low natural gas consumption in the rolling mill in spite of running at a reduced operating mode. Given natural gas prices, this has resulted in significant savings. This is a credit to our employees who continue to perform admirably in the face of adversity.”

Concerning the near term, Pitts said, “Our outlook is that the second quarter should be similar to the first. Energy prices are not expected to provide relief to operating cost and aggressive domestic pricing along with high customer inventories will continue to squeeze margins and volume. However, a small price increase was announced effective the end of January which appears to be accepted by the market. Backlog has risen steadily during the quarter as we approach the spring when orders typically increase due to construction activity. Although there may be some signs that the second half of 2001 will improve, we remain cautious and, accordingly, continue the aggressive cash management program adopted in the latter part of fiscal 2000. We have liquidity with \$8 million in cash and our availability in inventories and receivables.”

As for underlying demand, Pitts commented, "Though there has definitely been a reduction in the apparent consumption of our products most recently, the present market situation is a result of service centers increasing inventories to record highs with cheap imports only to see serious price deterioration caused by the aggressive reaction of domestic mills. The initial reluctance of some mills to curb production has obviously caused a supply demand imbalance and made it very difficult for mills to reduce inventories sufficiently to justify increasing their modes of operations to more efficient levels. Bayou's reduced operating modes have been successful in managing inventory levels and we are optimistic that shipments will improve as the service centers work down their high inventory levels and construction activities pick up."

This release contains various "forward-looking" statements which represent the Company's expectation or belief concerning future events. The Company cautions that a number of important factors could, individually or in the aggregate, cause actual results to differ materially from those included in the forward-looking statements including, without limitation, the following: changes in the price of supplies, power, natural gas, or purchased billets; changes in the selling price of the Company's finished products or the purchase price of steel scrap; changes in demand due to imports or a general economic downturn; cost overruns or start-up problems with capital expenditures; weather conditions in the market area of the finished product distribution; unplanned equipment outages; realization of cost benefits from internal operational enhancements initiatives; projections concerning future financial performance; and changing laws affecting labor, employee benefit costs and environmental and other governmental regulations. Any forward looking statements contained in this document speak only as of the date hereof, and the Company disclaims any intent or obligation to update such forward looking statements.

Bayou Steel Corporation operates a steel minimill and a stocking warehouse on the Mississippi River in LaPlace, Louisiana which produces merchant bar and light structural steel products. Its wholly-owned subsidiary, Bayou Steel Corporation (Tennessee), produces merchant bar and bar shapes, and consists of a rolling mill and warehousing operation. The Company also operates three stocking locations along the inland waterway system near Pittsburgh, Chicago, and Tulsa where its products are inventoried. Bayou Steel's customers include steel service centers, distributors, original equipment manufacturers and fabricators.

FINANCIAL HIGHLIGHTS

(In Thousands, Except Per Share Data, Shipments and Selling Price)

	(Unaudited)	
	Quarter Ended	
	December 31,	
	<u>2000</u>	<u>1999</u>
Net sales	\$ 34,903	\$ 52,387
Gross margin	(4,482)	5,335
Operating margin	(6,137)	3,519
Income (loss) before income tax	(8,651)	1,091
Provision for income tax	<u>—</u>	<u>382</u>
Net income (loss)	\$ (8,651)	\$ 709
Net income (loss) per share	\$ (0.67)	\$ 0.05
Shipment tons	121,500	161,554
Average selling price per ton	\$ 283	\$ 318