



# NEWS RELEASE

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## BAYOU STEEL CORPORATION

### *FOR IMMEDIATE RELEASE*

#### **BAYOU STEEL CORPORATION REPORTS** **SECOND QUARTER EARNINGS**

LaPlace, Louisiana (April 27, 2000) --- Bayou Steel Corporation (AMEX:BYX) reported consolidated net income of \$0.1 million on sales of \$55.5 million for the second fiscal quarter. For the six months ended March 31, 2000, the Company reported net income of \$0.8 million on sales of \$107.9 million. The quarterly and six month results compare with \$1.0 million on sales of \$49.9 million, and \$3.6 million on sales of \$97.3 million, respectively, in the prior fiscal year.

Bayou Steel posted a 5% increase in shipments over the second quarter of fiscal 1999 and a 12% increase over the first six months of last year, evidence that the demand for its products remains strong. Selling prices have also been steadily increasing from the depressed levels of fiscal 1999 when a flood of imports battered prices and volumes. Additionally, the Tennessee rolling mill achieved record low conversion cost and record production levels marking gains of 11% and 50%, respectively, over the second fiscal quarter last year.

“We have realized our third consecutive quarter of increased selling prices, continuing the recovery from the depressed pricing environment experienced last year,” President and Chief Operating Officer Jerry Pitts said. “We continue to see strong demand, with solid forward bookings at favorable prices -- though we remain concerned with the level of imports that directly compete with our product line,” he added.

Selling prices increased 6% from the second quarter of fiscal 1999. “These improving trends, however, are not without a downside. Raw material costs, specifically steel scrap, have rebounded faster than selling prices, resulting in a significant margin squeeze during the second quarter. It is typical of the steel industry that movements in scrap prices will precede changes in selling prices. We believe that our competition is experiencing a similar margin squeeze,” Pitts continued. “This margin squeeze adversely impacted operating profit by almost \$1.0 million during the quarter. With scrap prices stabilizing and selling prices tracking the recent upward trend of scrap, we anticipate better margins,” added Pitts.

The Louisiana rolling mill resumed full operations in April completing the Company’s return to capacity operations at all facilities. “We are beginning to experience some of the productivity benefits of our capital spending in the Louisiana melt shop as production improved almost 25,000 tons over the second quarter of last fiscal year,” Pitts commented. “Although we have experienced some of the productivity enhancements expected when we embarked on the melt shop capital program, we are not pleased with the duration of the learning curve as production cost was almost 6% above the prior year quarter. At the beginning of this quarter, we utilized our back up furnace for twelve days while we rectified design flaws in the primary furnace superstructure, which was upgraded as part of the capital program completed last year. The design problems have been major contributors to our learning curve issue. We believe that the action taken will resolve the problems and gets us back on track,” Pitts continued.

The Company continues to enjoy a strong cash position with \$28 million invested in high-quality, short-term instruments as of April 26th. "Our invested cash together with our untapped \$50 million line of credit gives us almost \$80 million in liquidity. With current assets exceeding current liabilities by \$108 million or more than five to one, we remain highly liquid, enhancing our ability to take advantage of potential growth opportunities both internally and externally. We remain focused on improving our competitive position by evaluating the potential for expanding our scrap procurement and processing functions and our strategic electronic data interchange and vendor managed inventory relationships. We continue to be bullish on our capabilities with this technology in creating value for both customers and Bayou," Pitts concluded.

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; 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)**

	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>March 31,</b>		<b>March 31,</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
Net sales	\$ 55,467	\$ 49,888	\$ 107,853	\$ 97,303
Gross margin	4,260	5,919	9,595	13,934
Operating profit	2,474	4,009	5,993	10,387
Income before income tax	157	1,590	1,248	5,575
Provision for income tax *	<u>55</u>	<u>557</u>	<u>437</u>	<u>1,951</u>
Net income	\$ 102	\$ 1,033	\$ 811	\$ 3,624
Earnings before interest, taxes, depreciation & amortization (EBITDA)	\$ 5,493	\$ 6,143	\$ 11,808	\$ 15,057
Basic earnings per share	0.01	0.08	0.06	0.28
Shape shipment tons	164,607	156,853	326,160	292,396
Average selling price per ton	\$ 333	\$ 315	\$ 326	\$ 328

\* Income taxes are primarily noncash due to the Company's net operating loss carryforward position.