



# NEWS RELEASE

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## BAYOU STEEL CORPORATION

### *FOR IMMEDIATE RELEASE*

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

LaPlace, Louisiana (April 30, 1999) --- Bayou Steel Corporation (AMEX:BYX) reported consolidated net income of \$1.0 million (\$0.08 basic earnings per share) on sales of \$49.9 million for the second fiscal quarter. For the six months ended March 31, 1999, the Company reported net income of \$3.6 million (\$0.28 basic earnings per share) on sales of \$97.3 million. The quarterly and six month results compare with \$4.2 million on sales of \$65.8 million, and \$8.0 million on sales of \$132.2 million, respectively, in the prior fiscal year.

Unprecedented levels of steel imports resulted in very competitive conditions even though demand for structural and merchant bar products remained good in North America. "Operating profits as a percentage of sales improved over the past year despite pressure from imports," stated President and Chief Operating Officer, Jerry Pitts. "As a direct result of the inventory overhang brought on by the cheap imports, shipments for the quarter and year to date were negatively impacted and our average selling price in March was nearly \$50 per ton lower than a year ago," added Pitts. "Because our operators continued to set productivity records and scrap costs remained low, we were in a position to minimize the adverse impact of these market forces and still turn a profit."

"Steel service centers, Bayou's primary customers, reduced orders from domestic mills in the face of increased inventory relative to shipments. The increased availability of product from domestic mills brought on by foreign dumping of steel was a substantial factor," Pitts said. The Company's shipments were under that of the prior year three and six month periods by 13% and 19%, respectively. "As a result of the reduced shipments, finished product inventory increased to an unacceptable level. To remedy this, we have temporarily shifted from a seven-day work week to five days at our Tennessee and Louisiana rolling mills. We have successfully implemented this short-term operating mode without a single lay off by displacing contractors. During its first month of reduced operations, the Tennessee facility set a new productivity record," Pitts reported.

"Bayou Steel implemented a pro-active plan for operations designed to maximize resources during this dip in the market. A price increase announced by a competitor that takes effect June 1 may be an indicator that the impact of imports is expected to be less than the prior six months. Nevertheless, we remain cautiously optimistic about the remaining six months of our fiscal year," continued Pitts. Bayou is in a strong position with cash on hand of \$26 million and \$50 million available under its credit line. "Year to date, we have spent almost \$10 million on capital programs designed to reduce costs and further improve our long-term competitive position. We are currently commissioning a new ladle furnace. Once start-up is completed, it will add nearly 40,000 tons to our melting capacity and lower operating costs. Our long-term capital program provides sufficient flexibility appropriate for current market conditions while ensuring Bayou Steel's competitiveness," Pitts concluded.

This release contains certain forward-looking statements regarding the outlook for the Company's short-term financial results. Such forward looking statements are subject to risks and uncertainties and actual results could differ

materially from those projected. Such risk and uncertainties include but are not limited to, general business and



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economic conditions; internal and external year 2000 compliance matters; competitive products and pricing, as well as fluctuations in supply (caused by imports) or demand; and potential equipment malfunctions. 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 operates a steel minimill on the Mississippi River in LaPlace, Louisiana which produces 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) Second Quarter		(Unaudited) Six Months Ended	
	March 31,		March 31,	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Net sales	\$ 49,888	\$ 65,836	\$ 97,303	\$ 132,183
Gross profit	5,919	8,430	13,935	16,567
Operating Income	4,009	6,737	10,387	13,334
Income before income tax	1,590	4,915	5,575	9,516
Provision for income tax *	557	104	1,951	197
Net income	1,033	4,811	3,624	9,319
Income available to common shareholders	1,033	4,157	3,624	8,014
Earnings before Interest, Taxes, Depreciation & Amortization (EBITDA)	5,713	8,856	13,999	16,978
Basic Earnings Per Share:				
Before income tax	0.12	0.38	0.43	0.74
Net income	0.08	0.37	0.28	0.72
Available to common shareholders	0.08	0.32	0.28	0.62
Shape shipment tons	156,853	179,448	292,396	362,706
Average selling price per ton	\$ 315	\$ 363	\$ 328	\$ 359

\* Reflects the non-cash impact of an adjustment to an income tax valuation allowance taken in the prior year. Accordingly, the impact of statutory income tax rates is reflected in fiscal 1999 results.