



# NEWS RELEASE

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## BAYOU STEEL CORPORATION

### *FOR IMMEDIATE RELEASE*

#### **BAYOU STEEL CORPORATION REPORTS** **FISCAL 2001 RESULTS**

LaPlace, Louisiana (December 5, 2001) --- Bayou Steel Corporation (AMEX:BYX) reported a loss of \$7.5 million on sales of \$34.3 million for the fourth quarter of fiscal 2001. For the year ended September 30, 2001, the Company reported a loss of \$34.1 million on sales of \$140.4 million. The quarterly and annual results compare with a loss of \$6.5 million on sales of \$45.4 million, and a loss of \$5.6 million on sales of \$202.5 million in the prior year respective periods.

Bayou Steel President and Chief Operating Officer Jerry Pitts said, "Earnings in fiscal year 2001 have been most disappointing. The sluggish economy and high levels of imports have triggered sharp declines in shipments and selling prices. Record high natural gas and electricity prices compounded an already difficult situation." In fiscal year 2001, shipments and the average selling price declined 125,000 tons and \$40 per ton, respectively, while fuel prices increased over 35% compared to last year.

Though overshadowed by imports, energy prices, and the economy, Bayou Steel did make significant improvements in its operations. The Louisiana facility achieved record high productivity and yield along with major cost reductions; the Tennessee rolling mill is now improving in yield, productivity, and reliability as a result of the \$7 million of capital recently installed. "These cost reduction and efficiency improvements have served to mitigate potentially increased losses which could have followed the 24% decrease in sales from the fourth quarter of 2000 to 2001," Pitts said.

In both the third and fourth fiscal quarters, the Company reduced operating losses despite declining shipments and stagnant prices. Pitts continued, "This is a result of our aggressive cost reduction and productivity enhancement initiatives designed to improve our operating cost position and for the short term achieve operating cash breakeven. Conversion cost in the fourth quarter was the lowest all year while the selling price was the highest due to increased emphasis of higher margin products."

Pitts commented on the Company's outlook, "Our domestic economy joined the ongoing general global economic slowdown in 2001 and deteriorated even further after the tragedy of September 11, 2001. We have experienced and could face continued pressure on selling prices as certain competitor mills contend for the ever fleeting increased market share. These questionable actions may bring additional challenges as we enter the traditionally slower winter months of November through January."

“Our scrap processing division, Mississippi River Recycling, will focus on increasing its production in order to improve metal margin. Bayou Steel will continue over the next few quarters to add new products to its product line in order to increase revenue and capacity utilization while lowering fixed cost. We have the personnel, technology, and culture in place to continue our gains in cost efficiency while improving our sales performance in order to capitalize on an eventually improving market. With the liquidity provided under our line of credit, over \$40 million available as of September 30, we believe that Bayou Steel is positioned to emerge from these extraordinary conditions with greater earnings potential,” 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. 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 manufactures light structural and merchant bar products in LaPlace, Louisiana and Harriman, Tennessee. The Company also operates three stocking locations along the inland waterway system near Pittsburgh, Chicago, and Tulsa.

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

	(Unaudited)			
	Three Months Ended September 30,		Year Ended September 30,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Net sales	\$ 34,291	\$ 45,399	\$ 140,446	\$ 202,498
Gross margin	(2,884)	(2,928)	(16,453)	10,890
Operating margin	(4,587)	(4,647)	(23,291)	3,839
Net loss	\$ (7,455)	\$ (6,505)	\$ (34,119)	\$ (5,577)
Net loss per share	(0.58)	(0.50)	(2.65)	(0.43)
Shape shipment tons	123,085	151,258	499,065	623,583
Average selling price per ton	\$ 284	\$ 295	\$ 280	\$ 320

	As of September 30,	
	<u>2001</u>	<u>2000</u>
Working Capital	\$ 63,393	\$ 98,107
Debt to Equity	1.9 to 1	1.2 to 1
Liquidity <sup>(1)</sup>	\$ 41,000	\$ 57,400

<sup>(1)</sup> Liquidity is defined as cash plus availability under the line of credit facility.