

# NEWS

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## OLYMPIC STEEL REPORTS 2003 SECOND QUARTER AND FIRST HALF RESULTS

Cleveland, Ohio -- (July 31, 2003) Olympic Steel, Inc., (Nasdaq: ZEUS), a national steel service center, today announced its financial results for the second quarter and six months ended June 30, 2003.

Tons sold for the second quarter of 2003 decreased 11.5% to 279 thousand from 315 thousand. Net sales decreased 6.8% to \$113.4 million from \$121.7 million in the second quarter of 2002. For the first half of 2003, tons sold decreased 12.3% to 548 thousand from 624 thousand, and net sales decreased 1.6% to \$228.3 million from \$232.0 million.

Net loss for the second quarter totaled \$554 thousand or \$.06 per share, compared to a net loss of \$618 thousand or \$.06 per share for the second quarter of 2002. Net loss for the first half of 2003 was \$1.0 million or \$.11 per share, compared to a net loss of \$2.5 million, or \$.26 per share in the first half of 2002. Results in 2002 included losses from the Company's discontinued Tubing operation and the cumulative effect of a change in accounting principle for goodwill.

"Our second quarter financial performance was similar to our first quarter, with weak customer demand for flat-rolled steel continuing to pressure gross margins and earnings," stated Michael D. Siegal, Chairman and Chief Executive Officer. "We continue to aggressively manage our expenses. First half employment costs are down 11%, and financing costs are down \$1.4 million or 40% compared to the first six months of 2002. We also reduced our inventory and debt in the first half, while increasing our unused borrowing availability. Market conditions are not expected to improve in the second half, which is further impacted by seasonal slowdowns and customer plant shutdowns in July and December. We expect our results to begin to include the favorable impact of an improved inventory position, a lower expense base, and our continued efforts to capture greater sales volume," concluded Mr. Siegal.

A simulcast and replay of Olympic Steel's second quarter conference call may be accessed at the Company's web site. The simulcast will begin at approximately 10:00 a.m. Eastern Time today and a replay of the call will be available through August 8, 2003.

Founded in 1954, Olympic Steel is a North American steel service center that is experienced in the specialized processing and distribution of large volumes of flat-rolled carbon and stainless steel products. Headquartered in Cleveland, Ohio, the Company operates 12 distribution and processing facilities and participates in two joint ventures in Michigan. For further information about Olympic Steel, Inc., 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 business, economic and political conditions; competitive factors such as the availability and pricing of steel and fluctuations in customer demand; layoffs or work stoppages by the Company's, suppliers', or customers' personnel; equipment installation delays or malfunctions; customer, supplier, and competitor consolidation or insolvency; and the Company's ability to realize improved profitability by reducing its inventory and expenses and increasing its sales volume. 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)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
<b><u>SUMMARY RESULTS OF OPERATIONS:</u></b>	(unaudited)		(unaudited)	
Net sales	\$113,401	\$121,713	\$228,281	\$231,952
Operating income	146	4,217	525	6,487
Income (loss) from continuing operations before income taxes and cumulative effect of a change in accounting principle	(816)	2,884	(1,614)	3,619
Income (loss) from continuing operations before cumulative effect of a change in accounting principle	(554)	1,773	(1,033)	2,225
Loss from discontinued operations, net of income taxes	-	(2,391)	-	(2,641)
Cumulative effect of a change in accounting principle, net of income taxes	-	-	-	(2,117)
Net loss	<u>\$ (554)</u>	<u>\$ (618)</u>	<u>\$ (1,033)</u>	<u>\$ (2,533)</u>
Basic and diluted net income (loss) per share:				
Income (loss) from continuing operations	\$ (0.06)	\$ 0.19	\$ (0.11)	\$ 0.24
Loss from discontinued operations	-	(0.25)	-	(0.28)
Cumulative effect of a change in accounting principle	-	-	-	(0.22)
Net loss per share	<u>\$ (0.06)</u>	<u>\$ (0.06)</u>	<u>\$ (0.11)</u>	<u>\$ (0.26)</u>
			<b>June 30,</b>	<b>December 31,</b>
	<b>2003</b>	<b>2002</b>	<b>2002</b>	
	(unaudited)			
<b><u>SUMMARY BALANCE SHEET DATA:</u></b>				
Accounts receivable, net	\$ 59,260	\$ 59,937	\$ 48,877	
Inventories	86,599	75,962	101,837	
Net property and equipment	93,347	103,092	97,323	
Total assets	249,826	251,834	262,911	
Current liabilities	33,480	37,407	43,962	
Total debt	102,567	99,630	106,793	
Shareholders' equity	114,465	116,597	115,495	
Shareholders' equity per share	11.87	12.10	11.98	
Debt-to-equity ratio	.90 to 1	.85 to 1	.92 to 1	
			<b>Six Months Ended</b>	
			<b>June 30,</b>	
	<b>2003</b>	<b>2002</b>		
	(unaudited)			
<b><u>OTHER DATA:</u></b>				
Capital expenditures	237	1,477		
EBITDA (a)	4,735	10,771		

(a) Defined as operating income plus depreciation.

**Certain 2002 amounts have been reclassified to conform to the 2003 presentation.**

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**OLYMPICSTEEL**  
**RESULTS OF OPERATIONS**

(in thousands, except per share and tonnage data)

	<u>Three Months Ended June 30,</u>				<u>Six Months Ended June 30,</u>			
	<u>2003</u>		<u>2002</u>		<u>2003</u>		<u>2002</u>	
	(unaudited)				(unaudited)			
Tons sold								
Direct	233,912		273,734		463,413		542,459	
Toll	44,802		41,305		84,236		81,672	
	278,714		315,039		547,649		624,131	
% change	(11.5%)		13.5%		(12.3%)		11.8%	
Net sales	\$ 113,401		\$ 121,713		\$ 228,281		\$ 231,952	
% change	(6.8%)		15.1%		(1.6%)		5.8%	
Cost of materials sold	89,430		90,159		180,417		172,253	
Gross profit	23,971	21.1%	31,554	25.9%	47,864	21.0%	59,699	25.7%
Operating expenses								
Warehouse and processing	8,147	7.2%	9,767	8.0%	16,135	7.1%	18,696	8.1%
Administrative and general	5,752	5.1%	6,160	5.1%	11,560	5.1%	12,348	5.3%
Distribution	3,990	3.5%	4,744	3.9%	7,754	3.4%	9,032	3.9%
Selling	2,834	2.5%	3,476	2.9%	5,588	2.4%	6,769	2.9%
Occupancy	979	0.9%	1,044	0.9%	2,092	0.9%	2,083	0.9%
Depreciation	2,123	1.9%	2,146	1.8%	4,210	1.8%	4,284	1.8%
Total operating expenses	23,825	21.0%	27,337	22.5%	47,339	20.7%	53,212	22.9%
Operating income	146	0.1%	4,217	3.5%	525	0.2%	6,487	2.8%
Income (loss) from joint ventures	19		501		(10)		693	
Income before financing costs and income taxes	165		4,718		515		7,180	
Interest and other expense on debt	981	0.9%	1,834	1.5%	2,129	0.9%	3,561	1.5%
Income (loss) from continuing operations before income taxes and cumulative effect of a change in accounting principle	(816)	(0.7%)	2,884	2.4%	(1,614)	(0.7%)	3,619	1.6%
Income tax benefit (provision)	262	32.1%	(1,111)	38.5%	581	36.0%	(1,394)	38.5%
Income (loss) from continuing operations before cumulative effect of a change in accounting principle	(554)		1,773		(1,033)		2,225	
Discontinued operations:								
Loss from discontinued tube operation, net of 38.5% income tax benefit	-		(792)		-		(1,042)	
Loss on disposition of discontinued tube operation, net of 38.5% income tax benefit	-		(1,599)		-		(1,599)	
Loss before cumulative effect of a change in accounting principle	(554)		(618)		(1,033)		(416)	
Cumulative effect of a change in accounting principle, net of 38.0% income tax benefit	-		-		-		(2,117)	
Net loss	\$ (554)		\$ (618)		\$ (1,033)		\$ (2,533)	
Basic and diluted net income (loss) per share:								
Income (loss) from continuing operations	\$ (0.06)		\$ 0.19		\$ (0.11)		\$ 0.24	
Loss from discontinued operations	-		(0.25)		-		(0.28)	
Cumulative effect of a change in accounting principle	-		-		-		(0.22)	
Net loss per share	\$ (0.06)		\$ (0.06)		\$ (0.11)		\$ (0.26)	
Weighted average shares outstanding	9,645		9,635		9,644		9,633	

**Certain 2002 amounts have been reclassified to conform to the 2003 presentation with no effect on net loss.**

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