



# NEWS RELEASE

Financial: Richard J. Gonzalez, CFO-BSC  
Phone: (985) 652-4900 Fax: (985) 652-0485  
E-Mail Address: [fna@bayousteel.com](mailto:fna@bayousteel.com)  
Web Page: <http://www.bayousteel.com>  
PO Box 5000, LaPlace LA 70069-1156

## **BAYOU STEEL CORPORATION OR IMMEDIATE RELEASE**

### **BAYOU STEEL CORPORATION ANNOUNCES STRONG RESULTS FOR FISCAL 2005**

LaPlace, Louisiana (January 13, 2006) --- Bayou Steel Corporation today reported its financial results for fiscal 2005.

The Company reported net income of \$19.3 million or \$9.46 per fully diluted share for the fiscal year ending September 30, 2005.

Sales for fiscal 2005 were \$271.7 million while sales for fiscal 2004 were \$240.8 million. The increase in sales was due to an \$83 per ton or a 19.0% increase in the selling price which was partially offset by a 5.5% decrease in shipments. The selling price increase has generally been related to the sharply escalating prices for scrap and the increasing prices for alloys and fuel during fiscal 2005. The Company was successful during the period in passing through several price increases for its products offsetting its higher costs of scrap, alloys, and energy.

Jerry Pitts, President and CEO of the Company, commented "Overall, our fiscal 2005 performance was solid, in spite of a variety of challenges including higher natural gas and electricity prices and disruptions in production and shipments directly caused by the hurricanes which battered the Central Gulf Coast Region. Our solid earnings and cash flow performance reflect the continuation of favorable steel market demand, pricing, margins, and improved operating performance. Inventories at steel service centers, our principal customer group, have declined to their lowest level in seven years resulting in stronger order bookings and greater backlog for our products. We are optimistic that shipments will remain strong and that market fundamentals will remain favorable in fiscal 2006."

Mr. Pitts continued, "I am especially proud of the way our employees' performed after hurricane Katrina devastated Louisiana. Our dedicated employees, many of whom suffered significant personal property damage, re-started operations within a week. Everyone worked tirelessly to satisfy customer demand despite the personal, logistical and operational issues caused by the hurricane."

Mr. Pitts concluded, "Our scrap processing division continues to procure and prepare scrap metal at very attractive prices relative to purchasing prepared scrap on the open market. We have opened another scrap processing facility in New Orleans and are pleased with its progress. We will be collecting and processing both ferrous and nonferrous scrap metal. The New Orleans and LaPlace scrap facilities continue to benefit from the availability of scrap metal in the Gulf coast area due to the hurricane. Near term, we expect our scrap processing activities to continue to contribute to strong margins."

Bayou Steel emerged from bankruptcy on February 18, 2004. Financial statements for periods after February 18, 2004, related to the Company that emerged from bankruptcy (the "Company"), are not directly comparable to periods prior to February 18, 2004 (the "Predecessor Company"). Fiscal 2004 reflects both the Company's and Predecessor Company's results, rendering the traditional comparison of net income with fiscal 2005 less useful.

Bayou Steel invites you to visit its web site, [www.bayousteel.com](http://www.bayousteel.com), to view its third quarter fiscal 2005 report.

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.

**BAYOU STEEL CORPORATION**  
**FINANCIAL HIGHLIGHTS**  
**(Audited)**

	Successor Company		Predecessor Company
	Year Ended September 30, 2005	Period from February 18, 2004 through September 30, 2004	Period from October 1, 2003 through February 17, 2004
<b>INCOME STATEMENT:</b>			
Net Sales .....	\$ 271,719,962	\$ 158,866,455	\$ 81,909,905
Depreciation .....	811,796	23,455	3,395,408
Reorganization Expense.....	—	—	1,688,540
Gross Margin .....	47,380,495	29,221,597	1,274,419
Operating Income (Loss) .....	35,559,087	24,177,385	(3,180,467)
Interest and Other Expense on Debt.....	4,031,927	2,213,235	378,141
Gain on Reorganization and Fresh-Start Adjustments, Net.....	—	—	19,499,698
Income before Taxes .....	31,632,414	22,707,800	16,044,079
Net Income .....	19,284,040	13,845,127	16,044,079
Net Income per Share - Basic .....	9.64	6.92	1.24
Net Income per Share - Diluted .....	9.46	6.86	1.24
EBITDA <sup>(1)</sup> .....	36,370,883	24,200,840	214,941
<b>Successor Company</b>			
<b>BALANCE SHEET:</b>			
Working Capital .....	\$ 63,399,515	\$ 50,735,508	
Notes Due 2011 .....	30,000,000	30,000,000	
Credit Facility .....	—	10,831,501	
Other Post Reorganization Obligations.....	610,923	1,416,759	
Stockholders' Equity .....	44,434,996	22,926,719	

<sup>(1)</sup> The Company defines EBITDA as Operating Income plus Depreciation. Includes Reorganization Expenses in all periods presented.