



Acme Metals Announces First Quarter Results

RIVERDALE, Ill., April 24 /PRNewswire/ -- Acme Metals Incorporated (NYSE: AMI) reported a first quarter net loss of \$15.9 million (\$1.36 per share), compared with a net income of \$3.4 million (\$0.30 per share), reported in the same period last year. As anticipated, the results reflected the inefficient operations due to the continued commissioning of the new CSP facility and the on-going phase-out of the old facilities. Also affecting the first quarter was an increase in depreciation and net interest expense of \$6.8 million and \$11.0 million respectively, primarily associated with the new Compact Strip Production (CSP) facility that began operations in the fourth quarter 1996.

Consolidated net sales for the quarter just ended were \$125.3 million, essentially flat with sales of \$125.9 million during the comparable period in 1996.

Acme Metals President and Chief Executive Officer Stephen D. Bennett commented, "Our Steel Fabricating Segment posted another solid quarter of operating results, reporting \$5.4 million in operating income versus \$4.0 million last year. All of our fabricating subsidiaries experienced volume gains over the prior period reflecting the continued strength in the economy. Revenues increased 3.9%, as all three subsidiaries realized increased volumes, which helped to offset slightly lower selling prices over the comparable period. We are pleased with the results of our fabricating operations as they continue to reduce costs and improve productivity.

"Acme Packaging Corporation continues with its plan to install the new plastic strapping manufacturing lines later this year. At Alpha Tube Corporation our relocation and consolidation project is also progressing as planned. We look forward to the benefits these projects will bring to the Fabricating Segment."

The Steel Making Segment reported an operating loss of \$19.9 million, versus operating income of \$.3 million last year. This segment incurred approximately \$10 million in cost inefficiencies related to the start-up of the new facility and the phase-out of the older, redundant operations. Depreciation expense, primarily related to the new facility, reduced steel segment operating income by \$6.9 million as compared to the prior year period.

Operating results also reflect an unfavorable product mix which was partially offset by a 5% increase in flat rolled shipments.

As for the Steel Making Segment, Bennett went on to say, "We are continuing with the commissioning and fine tuning of the new equipment. Shipments from the new facility accounted for 37% of our total first quarter shipments, up from 5% in the fourth quarter of 1996.

"I'm encouraged with the way in which the new CSP Plant is producing low- and medium-carbon and high strength, low alloy grades without any serious problems. Importantly, customers who have received our new material are pleased with the overall quality and performance. In the first quarter, more than 50% of our flat rolled production came from the new CSP facility, of which most was low- and medium-carbon grades, compared with 17% in the fourth quarter."

"We have also had successful experience casting and rolling a number of high-carbon and alloy products which serve our other niche-market customers. Our CSP plant is the first to produce these special steels. The challenge remains to continue to develop and produce these grades on a consistent basis and in larger volumes. At this point, I'm confident it's a matter of gaining experience with the new process and equipment, and refining our operating procedures. We are working diligently with our equipment suppliers and customers to complete the commissioning as planned."

Looking ahead, Bennett remarked, "Our priority is to finish the successful transition from our existing operations to the CSP facility, bring the new plant up to full production as quickly and smoothly as possible, and achieve the expected benefits in cost reductions and expanded market opportunities. 1997 will continue to be a year of transition as we operate both facilities during the first half and ramp up production of the new CSP plant throughout the second half. Our goal remains to shutter the ingot production and rolling equipment by mid-1997. We remain confident about the opportunities created by our expanded technological and manufacturing capabilities."

Acme Metals Incorporated, through its operating subsidiaries, is a fully integrated producer of steel, steel strapping and strapping products, welded steel tubing, and auto and light truck jacks. Its common stock is traded on the New York Stock Exchange under the symbol AMI and on the Toronto Stock Exchange under the symbol AMK.

ACME METALS INCORPORATED
 UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
 For the Three Months Ended March 30, 1997 and March 31, 1996
 (in thousands except for weighted average shares outstanding
 and per share amounts)

	First Quarter	
	1997	1996
Net sales	\$125,331	\$125,865
Cost of products sold	129,648	111,420
Gross Margin	(4,317)	14,445
Training and Pre-start-up --		
Modernization and Expansion Project	-	1,465
Selling and administrative expense	10,192	8,680
Operating income (loss)	(14,509)	4,300

Interest expense	(9,870)	(648)
Interest income	353	2,187
Other - net	(15)	(112)
Income (loss) before income taxes	(24,041)	5,727
Income tax (benefit) provision	(8,174)	2,291
Net income (loss)	\$(15,867)	\$3,436
PER COMMON SHARE:		
Net income (loss)	\$(1.36)	\$0.30
Weighted average shares outstanding	11,661,447	11,607,211

ACME METALS INCORPORATED
UNAUDITED CONDENSED CONSOLIDATION BALANCE SHEETS
March 30, 1997 and Dec. 29, 1996
(in thousands)

ASSETS	1997	1996
Current assets	\$158,950	\$182,837
Investments and other assets	66,006	62,187
Property, plant and equipment, net	563,017	560,725
Total assets	\$787,973	\$805,749

LIABILITIES AND SHAREHOLDER'S EQUITY

Current liabilities	\$103,044	\$115,940
Long-term debt	313,723	310,085
Other long-term liabilities	19,095	13,026
Postretirement benefits other than pensions	95,254	\$93,247
Retirement benefit plans	11,668	12,750
Shareholders' equity	245,189	260,701
Total liabilities and shareholders' equity	\$787,973	\$805,749

ACME METALS INCORPORATED
UNAUDITED CONDENSED CONSOLIDATION STATEMENTS OF CASH FLOWS
For the Three Months ended March 30, 1997 and March 31, 1996
(in thousands)

	First Quarter	
	1997	1996
Net cash (used) provided by operating activities	\$(23,865)	\$ 2,993
Purchase of investments	(331)	(19,033)

Sales and/or maturities of investments	6,690	109,865
Capital expenditures -- Modernization and Expansion Project	(4,330)	(43,295)
Capital expenditures -- other	(2,902)	(3,562)
Net cash (used) provided by investing activities	(873)	43,975
Other	355	(1)
Net cash provided (used) by financing activities	355	(1)
Net (decrease) increase in cash and cash equivalents	(24,383)	46,967
Cash and cash equivalents at beginning of period	33,224	53,043
Cash and cash equivalents at end of period	\$8,841	\$100,010

Note: During the first quarters of 1997 and 1996, accounts payable relating to the Modernization and Expansion Project totaled \$17.2 million and \$34.2 million, respectively. At Dec. 29, 1996, and Dec. 31, 1995, accounts payable included similar accruals of \$12.0 million and \$18.9 million, respectively. Due to the non-cash nature of the capital expenditures, they have been excluded from its statement.

UNAUDITED SCHEDULE OF INVESTMENT POSITION
March 30, 1997 and Dec. 29, 1996
(in thousands)

	1997	1996
Cash and cash equivalents	\$8,841	\$33,224
Short-term investments	5,458	11,817
	\$ 14,299	\$ 45,041

ACME METALS INCORPORATED
UNAUDITED BUSINESS SEGMENT SALES AND OPERATING INCOME (LOSS)
For the Three Months Ended March 30, 1997 and March 31, 1996
(in thousands except for steel shipments)

	First Quarter	
	1997	1996
Net sales:		
Steel Making:		
Sales to unaffiliated customers	\$54,367	57,714
Intersegment sales	24,754	28,769
	79,121	86,483
Steel Fabricating:		
Sales to unaffiliated customers	70,964	68,151
Intersegment sales	298	422
	71,262	68,573
Eliminations	(25,052)	(29,191)
Total	\$125,331	\$125,865
Income (loss) from Operations:		
Steel Making	\$(19,925)	294

Steel Fabricating	5,416	4,006
Total	\$ (14,509)	\$4,300
Depreciation:		
Steel Making	\$9,224	\$2,341
Steel Fabricating	922	963
Corporate	5	81
Total	\$10,151	\$3,385
Capital Expenditures:		
Steel Making	\$10,565	\$61,230
Steel Fabricating	1,849	952
Corporate	45	10
Total	\$12,459	\$62,192
Operating Date (in tons)		
Steel Production (hot band)	191,878	162,375
Steel Shipments (flat roll)	164,309	156,421

SOURCE Acme Metals Incorporation

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