



Acme Metals Announces Second Quarter And Six-Month Results

RIVERDALE, Ill., July 24 /PRNewswire/ -- Acme Metals Incorporated (NYSE: AMI) reported a second quarter net loss of \$12.8 million (\$1.10 per share), compared with net income of \$3.2 million (\$.27 per share), reported in the same period last year. The earnings decline primarily reflects an increase in net interest expense associated with the new Compact Strip Production (CSP) facility and continuing start-up costs associated with the new plant and the phaseout of the old facilities.

Consolidated net sales for the quarter just ended was \$123.5 million, down 3 percent from sales of \$127.3 million during the comparable period in 1996, primarily due to lower shipments of hot metal.

For the six month period, Acme posted a net loss of \$28.6 million (\$2.46 per share), compared with net income of \$6.6 million (\$0.57 per share) in the first half of 1996. Consolidated net sales for the six month period were \$248.8 million, down 1.7 percent from sales of \$253.1 million in 1996. The six month decline in sales and earnings was mainly due to the same factors that affected the second quarter.

The company's Steel Fabricating segment turned in record operating income for the quarter and the six month period. Second quarter operating income of \$7.4 million reflected the continuing strong demand across most economic sectors coupled with solid operating performance.

"I'm pleased with the record performance of the fabricating businesses in both the quarter and six months," said Stephen D. Bennett, Acme Metals President and Chief Executive Officer, "And I'm encouraged by the improvement in our steel making operation as we progress with the ongoing commissioning and fine tuning of our new plant."

Included in the Steel Making segment loss of \$16.7 million were cost inefficiencies related to the startup of the new facility and phaseout of the older, redundant operations, as well as increased depreciation, mostly related to the new facility. Operating results also were adversely affected by lower margins reflecting an unfavorable product mix during the startup and scheduled relines of the company's Basic Oxygen Furnaces. Shipments from the new facility, most of which were low- and medium-carbon grades, accounted for 63 percent of the total second quarter shipments.

Bennett went on to say, "We continue to increase the new facility

utilization and have made steady progress in casting and rolling the numerous grades that serve our niche markets. The new CSP plant has produced approximately 95 percent of the grades our customers require. With the June closing of our ingot-based primary and hot strip mills, all steel production is now from the new CSP plant. The ongoing challenge is to improve the performance of the new equipment and refine our operating practices to process all our products on a consistent basis and in larger volumes."

Late in the second quarter, slitting operations began at Acme's new processing joint venture, NACME Steel Processing. The new state-of-the-art custom slitter is designed to handle steel coils produced by the CSP facility.

"We have been looking forward to the startup of the slitter," commented Bennett. "It will improve our ability to shorten our lead times and better serve our customers' requirements."

Looking ahead, Bennett remarked, "Our priority is to bring the new plant up to full production as quickly and smoothly as possible in order to achieve the expected benefits in cost reductions and expanded market opportunities. 1997 will continue to be a year of transition with operating losses in the third quarter as we ramp up the new CSP plant. 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 and Six Months Ended June 29, 1997 and June 30, 1996
(in thousands, except for weighted average shares outstanding
and per share amounts)

	Three Months		Six Months	
	1997	1996	1997	1996
Net sales	\$123,471	\$127,268	\$248,802	\$253,133
Cost of products sold	122,625	113,011	252,273	224,431
Gross margin	846	14,257	(3,471)	28,702
Training and Pre-start-up -- Modernization Project	---	1,686	---	3,151
Selling and administrative expense	10,142	8,644	20,334	17,324
Operating income (loss)	(9,296)	3,927	(23,805)	8,227
Interest expense	(10,025)	(289)	(19,895)	(937)
Interest income	107	1,678	460	3,865
Other-net	(109)	---	(124)	(112)
Income (loss) before income taxes	(19,323)	5,316	(43,364)	11,043
Income tax provision (benefit)	(6,570)	2,126	(14,744)	4,417
Net income (loss)	\$(12,753)	\$ 3,190	\$(28,620)	\$ 6,626

PER COMMON SHARE:				
Net income (loss)	\$ (1.10)	\$0.27	\$ (2.46)	\$0.57
Weighted average shares outstanding	11,631,373	11,622,957	11,628,214	11,619,816

ACME METALS INCORPORATED
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
June 29, 1997 and December 29, 1996
(in thousands)

	1997	1996
ASSETS		
Current assets	\$154,138	\$182,837
Investments and other assets	67,122	62,187
Property, plant and equipment	563,058	560,725
Total assets	\$784,318	\$805,749
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	\$106,031	\$115,940
Long term debt	319,953	310,085
Other long term liabilities	19,420	13,026
Postretirement benefits other than pensions	96,180	93,247
Retirement benefit plans	10,298	12,750
Shareholders' equity	232,436	260,701
Total liabilities and shareholders' equity	\$784,318	\$805,749

UNAUDITED SCHEDULE OF INVESTMENT POSITION
June 29, 1997 and December 29, 1996
(in thousands)

	1997	1996
Cash and cash equivalents	\$ 4,759	\$33,224
Short term investments	---	11,817
Total	\$ 4,759	\$45,041

ACME METALS INCORPORATED
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 29, 1997 and June 30, 1996
(in thousands)

	1997	1996
Net cash (used) provided by operating activities	\$ (27,522)	\$20,151
Purchase of investments	(331)	(22,678)
Sales and/or maturities of investments	12,148	133,346
Capital expenditures	(8,451)	(112,442)
Capital expenditures - other	(7,164)	(8,981)
Net cash used for investing activities	(3,798)	(10,755)

Borrowings under revolving credit agreement	13,500	---
Repayments of revolving credit agreement	(11,000)	---
Issuance of long term debt, net of issuance cost	---	11,102
Other	355	373
Net cash provided by financing activities	2,855	11,475
Net increase (decrease) in cash and cash equivalents	(28,465)	20,871
Cash and cash equivalents at beginning of period	33,224	53,043
Total	\$ 4,759	\$73,914

Note: At the end of the second quarter of 1997 and 1996 accounts payable relating to the Modernization Project totaled \$19.0 million and \$13.3 million, respectively. Due to the non-cash nature of the capital expenditures they have been excluded from this Statement. At December 29, 1996 and December 31, 1995 accrued capital expenditures related to the Modernization Project totaled \$12.0 million and \$18.9 million, respectively.

ACME METALS INCORPORATED
UNAUDITED BUSINESS SEGMENT SALES AND OPERATING RESULTS
For the Three and Six Months Ended June 29, 1997 and June 30, 1996
(in thousands, except for steel shipments)

	Three Months		Six Months	
	1997	1996	1997	1996
Net Sales:				
Steel Making:				
Sales to unaffiliated customers	\$ 49,964	\$ 55,877	\$104,331	\$113,591
Intersegment sales	25,031	30,626	49,785	59,395
Total	74,995	86,503	154,116	172,986
Steel Fabricating:				
Sales to unaffiliated customers	73,507	71,391	144,471	139,542
Intersegment sales	279	277	577	699
Total	73,786	71,668	145,048	140,241
Eliminations	(25,310)	(30,903)	(50,362)	(60,094)
Total	\$123,471	\$127,268	\$248,802	\$253,133
Income (loss) from Operations:				
Steel Making	\$ (16,671)	\$ (2,370)	\$ (36,596)	\$ (2,076)
Steel Fabricating	7,375	6,297	12,791	10,303
Total	\$ (9,296)	\$ 3,927	\$ (23,805)	\$ 8,227
Depreciation:				
Steel Making	\$ 9,071	\$ 2,302	\$ 18,295	\$ 4,643
Steel Fabricating	1,004	969	1,926	1,932
Corporate	3	82	8	163
Total	\$ 10,078	\$ 3,353	\$ 20,229	\$ 6,738
Capital Expenditures:				
Steel Making	\$ 8,215	\$ 52,195	\$ 18,780	\$113,425
Steel Fabricating	1,996	1,390	3,835	2,332
Corporate	8	--	53	10

Total	\$ 10,209	\$ 53,575	\$ 22,668	\$115,767
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Operating Data (in tons)

Steel Production (hot band)	167,413	160,166	359,291	322,541
Steel Shipments (flat roll)	157,761	156,696	322,070	313,117

SOURCE Acme Metals Incorporated

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