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## Olympic Steel, Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator Instructions.) We will take our first question from Bob Richard with Longbow Research.

#### Bob Richard - Longbow Research

Good morning, and thanks for taking our call.

#### Michael Siegal

Sure, Bob.

#### Bob Richard - Longbow Research

If I could discuss cost real quickly. Freight out, if my maths correct, your cost came down appreciably, which is a good thing to see, especially in this increasing fuel and cost environment. Is that benefits from your trucking assets, or is that scale, or could you illuminate that a little bit?

#### Michael Siegal

I would tell you, Bob, it's predominantly because of the control of bringing ownership into some of the trucks that weren't here previously. So, I mean obviously we're seeing the same escalating costs on fuel everybody else is. But, yeah, I would tell you that bringing a fleet of trucks into the house of Olympic Steel is showing benefits.

#### Bob Richard - Longbow Research

Great. And, warehouse and processing charges come down significantly also on a per ton basis. Is that mostly scaled-based volume? Is that what's driving that?

#### Rick Marabito

Yeah, I mean -- Bob, it's Rick. That would be on a per ton basis. Obviously, our tonnage is up there. And aside from some of the normal compensation year-over-year increases, we've done a nice job in terms of controlling the warehouse and processing costs.

#### Bob Richard - Longbow Research

And my last point, Rick, is the SG&A was up, though, slightly quarter-over-quarter. Any insight on that?

**Rick Marabito**

That's mainly just, as I talked about in my comments, the effect of our higher earnings and the higher performance-based compensation that our employees are based upon. It resides in Admin.

**Bob Richard - Longbow Research**

Okay, guys. Thanks very much, and congratulations on your quarter.

**Michael Siegal**

Thanks, Bob.

**Rick Marabito**

Thanks, Bob.

**Operator**

We will take our next question from Mark Parr with KeyBanc Capital Markets

**Michael Siegal**

Mark.

**Mark Parr - KeyBanc Capital Markets.**

Hey, good morning.

**Michael Siegal**

Hey, Mark.

**Mark Parr - KeyBanc Capital Markets.**

Hey, great quarter.

**Michael Siegal**

Thank you.

**Mark Parr - KeyBanc Capital Markets.**

Michael, I was wondering if you could give us some more color on your debt strategy. And you would think, I mean, we've had a conversation and we had a conversation with others about the increasing value of strong financial condition, and you clearly have that. I guess this is probably as good a time as any to think about maybe using some of that to build market share. You clearly built a little market share in the first quarter. I mean, could you talk a little bit about how you plan on deploying some of

your capital availability over the next several quarters? Where you think the best financial return could be derived from that?

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