



JLK Reports Second-Quarter Results

January 24, 2000

LATROBE, Pa., Jan. 24 /PRNewswire/ -- JLK Direct Distribution Inc. (NYSE: JLK) reported net income for the second quarter ended December 31, 1999 of \$4.3 million or \$0.18 per share, compared to \$5.2 million or \$0.21 per share last year. For the first six months, net income was \$8.5 million or \$0.35 per share compared to \$8.9 million or \$0.36 per share in the first half of last year.

President and Chief Executive Officer Richard J. Orwig said, "I am pleased that we were able to meet our earnings commitment through reduced costs and operational improvements. Although market conditions continue to be tough, we are beginning to see signs of increased activity in our served markets. This trend is consistent with our expectations for continually improving order rates in the coming months."

Sales for the quarter were \$119.7 million, down ten percent from \$133.7 million in the comparable quarter last year, reflecting the continuing slowdown in industrial demand. Sales for the first six months were \$238.0 million, down ten percent from \$265.5 million in the first half of last year. Excluding sales of the Strong Tool Co. steel mill business, which was divested in the March 1999 quarter, sales were down seven percent for both the quarter and the six months.

Mr. Orwig commented, "We launched our website last summer which included an E-Order pad to enable customers to place orders online. Customer response has been outstanding and has exceeded our expectations. This spring, we plan to add our online catalog with all 145,000 SKUs and a highly sophisticated search engine. This summer, we expect to fully integrate the online catalog and customer order process into the e-commerce module of our new state-of-the-art management information system which is specifically designed for distribution companies. This will enable customers to use the Internet to seamlessly place orders, check inventory for price and availability, get quotes, and check the status of existing orders. We plan to supplement these basic features with complementary value-added online services which we believe the market will find extremely attractive. These e-commerce initiatives will strengthen our competitive position in the marketplace and improve our internal operational effectiveness. In addition, they will give us a strong platform to capitalize on other e-commerce strategic opportunities as they develop."

JLK sells a broad range of metalworking consumables and related products, including a full line of cutting tools, carbide and other metalworking inserts, abrasives, drills, machine tool accessories and other industrial supplies. The company markets to the needs of the small- and medium-sized customers through its direct marketing catalog and showroom programs and serves medium- and large-sized industrial manufacturers through integrated industrial supply programs and distributor-based direct field sales.

This release contains "forward-looking statements" as defined by Section 21E of the Securities Exchange Act of 1934. Actual results may differ materially from those expressed or implied in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the extent that the economic conditions in the United States and, to a lesser extent, Europe are not sustained, risks associated with integrating businesses, demands on management resources and competition. The company undertakes no obligation to publicly release any revisions to forward-looking statements to reflect events or circumstances occurring after the date hereof.

FINANCIAL HIGHLIGHTS

Consolidated financial highlights for JLK Direct Distribution Inc. (NYSE: JLK) for the quarter and six months ended December 31, 1999, and 1998 are shown in the following tables (in thousands, except per share amounts). All fiscal year data is subject to year-end (June 30) adjustment and audit by independent public accountants.

Consolidated Statements of Income

	Quarter Ended December 31,		Six Months Ended December 31,	
Operations:	1999	1998	1999	1998
Net sales	\$119,729	\$133,735	\$238,044	\$265,497
Cost of goods sold	81,715	90,738	161,452	179,710
Gross profit	38,014	42,997	76,592	85,787
Operating expenses	30,925	34,060	62,524	70,436
Operating income	7,089	8,937	14,068	15,351
Interest expense (income) and other	(42)	325	75	615

Income before provision for income taxes	7,131	8,612	13,993	14,736
Provision for income taxes	2,819	3,400	5,527	5,800
Net income	\$ 4,312	\$ 5,212	\$ 8,466	\$ 8,936
Per Share Data:				
Diluted earnings per share	\$ 0.18	\$ 0.21	\$ 0.35	\$ 0.36
Diluted average shares outstanding	24,510	24,510	24,510	24,510

SOURCE JLK Direct Distribution Inc.

CONTACT: Mary C. Stanutz, Manager, Investor Relations, of JLK Direct Distribution, 724-539-5638