



JLK Reports Third Quarter Results; Performance in Line With Expectations

April 19, 2000

LATROBE, Pa., April 19 /PRNewswire/ -- JLK Direct Distribution Inc. (NYSE: JLK) reported net income for the third quarter ended March 31, 2000 of \$6.3 million or \$0.26 per share, compared to \$6.4 million or \$0.26 per share last year. For the first nine months, net income was \$14.7 million or \$0.60 per share compared to \$15.3 million or \$0.62 per share last year.

President and Chief Executive Officer Richard J. Orwig said, "I am pleased that we again met our earnings commitment. We had organic sales growth this quarter and experienced improvement in both our gross margins and operating margins. We were able to maintain our earnings and profit margins while implementing our new business system and developing our e-commerce initiatives. We do not want to sacrifice earnings for growth."

Sales for the quarter were \$133.5 million, flat with last year, excluding the sales of the Strong Tool Co. steel mill business, which was divested in the March 1999 quarter. Sales for the first nine months were \$371.6 million compared to \$390.5 million last year, excluding the divestiture.

Mr. Orwig commented, "We have completed the implementation of our ERP system for our Full Service Supply operations and we have refocused our energies on growing this business. While there are always problems and disruptions when converting to a new business system, I am pleased that we completed the installation in a very effective manner, and compared to industry norms, we moved quickly up the learning curve. The launch of our on-line catalog -- the most sophisticated and user-friendly of its kind in the metalworking distribution industry -- was extremely well executed. We continue to aggressively move ahead on our e-commerce initiatives, which will strengthen our competitiveness, while our operational improvements will give us earnings leverage -- a powerful combination. Our future plans include the integration of our on-line catalog and customer order process into our advanced business system. This will provide value-added features for our customers and improve our operational effectiveness in a win-win business proposition. The combination of ongoing improvement in our end markets, a return to order ramp-up in Full Service Supply, continuing cost discipline, the launch of our on-line catalog and other growth initiatives will drive future performance."

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 nine months ended March 31, 2000, and 1999 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	Nine Months Ended
	March 31,	March 31,

Operations:	2000	1999	2000	1999
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Net sales	\$133,524	\$138,306	\$371,568	\$403,803
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Cost of goods sold	90,537	94,240	251,989	273,950
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Gross profit	42,987	44,066	119,579	129,853
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Operating expenses	32,624	33,382	95,148	103,818
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Operating income	10,363	10,684	24,431	26,035
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Interest expense (income) and other	(16)	127	59	742
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Income before provision for income taxes	10,379	10,557	24,372	25,293
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Provision for income taxes	4,100	4,200	9,627	10,000
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Net income	\$6,279	\$6,357	\$14,745	\$15,293
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Per Share Data:

Diluted earnings per share	\$0.26	\$0.26	\$0.60	\$0.62
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Diluted average shares outstanding	24,516	24,510	24,511	24,515
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SOURCE: JLK Direct Distribution Inc.

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