



## Lawson Products, Inc. Reports Record Sales and Higher Net Income for 2004

February 16, 2005

DES PLAINES, Ill., Feb 16, 2005 /PRNewswire-FirstCall via COMTEX/ -- Lawson Products, Inc. (Nasdaq: LAWS) reported 2004 net income of \$21.4 million, or \$2.27 per share (fully diluted), up 33.5% from \$1.70 per share in 2003. Net sales for 2004 were a record \$419.7 million, an increase of 7.9% over 2003.

Lawson's operating income increased by 35.5% in 2004, as operating expenses increased at a much slower rate than the overall sales growth rate achieved for the year. Effective cost management provided significant operating income leverage on Lawson's sales growth, resulting in improved operating income as a percentage of sales at 7.3% in 2004 compared to 5.8% in 2003.

"The Company's 2004 operating results demonstrate the operating leverage of our businesses, resulting in substantial earnings growth. In addition, Lawson's balance sheet continues its long history of excellence, with no long-term debt and approximately \$29.0 million of cash and cash equivalents at December 31, 2004," said Robert J. Washlow, Chairman of the Board and CEO.

Fourth quarter and year-end 2004 pre-tax earnings include the impact of \$1.7 million and \$2.6 million, respectively, for expenses related to stock appreciation rights. Those expenses reflect the accounting for the impact of the 51.8% increase in Lawson's common stock price from \$33.07 at December 31, 2003 to \$50.19 at December 31, 2004. Fourth quarter operating income increased 30.1% over last year to \$4.2 million, driven by 10.9% quarterly sales growth over the prior year despite the increased expense for stock appreciation rights.

Net sales by business segment compared to the prior year periods are presented below:

(Millions \$)	Fourth Quarter			Year End December 31, 2004		
	2004	2003	% Change	2004	2003	% Change
MRO	\$87.0	\$79.2	9.8%	\$337.9	\$321.0	5.3%
OEM	20.2	17.4	16.1%	81.8	68.1	20.1%
Total	\$107.2	\$96.6	10.9%	\$419.7	\$389.1	7.9%

In the fourth quarter, sales in the Maintenance, Repair and Operations (MRO) segment grew by 9.8% and sales in the Original Equipment Manufacture (OEM) segment grew by 16.1%. In addition to enhanced account penetration and the development of new customers throughout 2004, both business segments benefited from an improved business climate.

"We are encouraged by the execution of our sales and marketing strategies, and intend to continue building on the positive momentum experienced as we moved through 2004," stated Washlow.

During 2004, the Company repurchased 249,236 shares of its common stock. As of the date of this release, the Company is authorized to repurchase up to 447,306 additional shares under the current share repurchase authorization.

Lawson Products is an international seller and distributor of systems, services and products to the industrial, commercial, governmental and institutional maintenance, repair and replacement marketplaces. The Company also manufactures, sells and distributes production and specialized component parts and services to the original equipment marketplace, including the automotive, appliance, aerospace, construction and transportation industries. Lawson Products, Inc. - The Single Source of Supply keeping businesses running at the Lowest Overall Cost.

This press release, including Mr. Washlow's comments, may contain historical information and forward-looking statements and opinions. Statements looking forward in time are included in this press release pursuant to the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The factors that could cause actual results to differ materially from those described in the forward-looking statements include increased competition, seasonality, effectiveness of our sales and marketing programs, or an economic downturn.

### Lawson Products, Inc and Subsidiaries

#### Condensed Consolidated Summary of Operations

	Fourth Quarter		Year End December 31	
	(unaudited)		(unaudited)	
	2004	2003	2004	2003
Net Sales	\$107,171,700	\$96,606,857	\$419,652,464	\$389,091,462
Gross Profit	65,925,076	60,413,444	263,681,455	247,967,329
Operating Expenses	61,680,661	57,151,469	232,870,229	225,226,545
Operating Income	4,244,415	3,261,975	30,811,226	22,740,784
Income before				
Taxes	5,136,660	4,077,678	33,437,921	24,892,104
Provision for				

Income Taxes (a)	1,141,000	145,000	12,013,000	8,696,000
Net Income	\$3,995,660	\$3,932,678	\$21,424,921	\$16,196,104
Net Income per share of Common Stock				
Basic	\$0.43	\$0.41	\$2.28	\$1.71
Diluted	\$0.43	\$0.41	\$2.27	\$1.70

Weighted Average

Shares Outstanding

Basic	9,318,487	9,492,586	9,409,855	9,491,726
Diluted	9,343,404	9,519,033	9,429,796	9,510,865

(a) In the fourth quarter of 2004, income tax expense was favorably impacted approximately \$560,000 for tax-exempt income related to executive life insurance and charitable contributions of inventory. Income tax expense for the fourth quarter of 2003 included a \$2,157,000 reduction to reflect the partial utilization of a capital loss carry-back.

Lawson Products, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets

(unaudited)

December 31, December 31,  
2004 2003

Current Assets:

Cash and Cash Equivalents	\$28,871,594	\$23,555,050
Receivables, Net	52,129,231	47,971,828
Inventories, Net	65,686,622	59,816,669
Other Current Assets	11,289,142	13,413,844
Total Current Assets	157,976,589	144,757,391
Property, Plant and Equipment, Net	42,452,261	44,904,865
Other Assets, Net	60,120,733	57,279,356
Total Assets	\$260,549,583	\$246,941,612
Current Liabilities	\$42,947,151	\$36,877,569
Long Term Debt	---	1,572,643
Other Noncurrent Liabilities	37,270,975	35,141,265
Stockholders' Equity	180,331,457	173,350,135
Total Liabilities and Equity	\$260,549,583	\$246,941,612

SOURCE Lawson Products, Inc.

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