

Attention Business/Financial Editors:
Samuel Manu-Tech posts significantly improved earnings

FOURTH QUARTER RESULTS

TORONTO, Feb. 25 /CNW/ - Sales for the year to December 31, 2002 were \$687.8 million, a decrease of \$33.0 million or 4.6% from the \$720.8 million achieved in 2001, while fourth quarter sales, at \$175.8 million were \$14.1 million or 8.7% higher than last year.

Sales of the Packaging segment in the fourth quarter were \$82.1 million which reflects a decrease of 0.5% from last year's \$82.5 million. Excluding the sales from the U.K. unit, which was sold effective November 21, 2001, however, sales were actually up 10.5% with increased sales in both the U.S. and Canada. Metal Processing sales, at \$72.6 million, were up 22.9% in the fourth quarter aided by increases from all units with the biggest increase coming from steel pickling. Distribution sales for the fourth quarter, at \$21.1 million, were up 5.0% with higher sales at the Canadian unit more than offsetting a decline in the U.S.

Net earnings for the year were \$26.9 million or \$0.83 per share which reflects a significant increase compared to the loss last year of \$6.1 million or \$0.18 per share. Net earnings for the fourth quarter were \$6.7 million or \$0.21 per share compared to a net loss last year of \$18.0 million or \$0.54 per share.

Excluding the loss on sale of the European business of \$25.1 million (after tax \$20.4 million) in the fourth quarter of 2001, net earnings in 2002 increased by \$12.6 million or 87.7% for the year and increased by \$4.3 million or 179.1% for the fourth quarter.

For the fourth quarter, the Packaging segment had operating profits of \$3.6 million compared to \$2.8 million last year with all of the increase coming from the Canadian unit.

Operating profits of the Metal Processing segment in the fourth quarter were \$12.0 million which reflects an increase of \$6.1 million or 104.5% over last year's \$5.9 million. Increased profits from steel pickling was the main reason for the increase.

The Distribution segment incurred a loss of \$3.3 million in the quarter compared to a loss of \$2.1 million last year with the majority of the loss coming from the U.S. This has led to a further downsizing of the U.S. unit with the closure of the Los Angeles, California branch late in the year and consolidation of activities in the other branches. Costs related to this closure and downsizing have been reflected in cost of sales, selling and administration in 2002.

Provided economic conditions continue to improve as expected during 2003, the Company expects that earnings will be higher than 2002.

Further details on the results for the year will be included in the annual report to be mailed to all shareholders in late March 2003.

Samuel Manu-Tech Inc. (SMT-TSX) produces and distributes a wide range of steel, plastic and related industrial products and services from locations in Canada and the United States.

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CONSOLIDATED STATEMENTS OF EARNINGS

Twelve Months ended December 31, 2002 (unaudited) and 2001 (audited)
(in thousands of dollars except per share amounts)

4TH QUARTER

TWELVE MONTHS

	2002	2001	2002	2001
NET SALES	\$ 175,778	\$ 161,665	\$ 687,765	\$ 720,817
COSTS (INCOME) AND EXPENSES:				
Cost of sales, selling & administration	158,532	149,307	614,076	660,186
Depreciation and amortization	6,498	7,389	27,809	29,479
Foreign exchange loss (gain)	(10)	(444)	182	(801)
Interest on long-term debt	2,125	2,644	8,786	11,739
Interest on short-term debt	32	-	169	670
Interest income	(10)	(18)	(66)	(142)
	167,167	158,878	650,956	701,131
EARNINGS BEFORE LOSS ON SALE OF EUROPEAN BUSINESS AND INCOME TAXES	8,611	2,787	36,809	19,686
LOSS ON SALE OF EUROPEAN BUSINESS	-	25,102	-	25,102
EARNINGS (LOSS) BEFORE INCOME TAXES	8,611	(22,315)	36,809	(5,416)
INCOME TAXES (RECOVERY):				
Current	1,288	5,302	7,325	9,003
Future	662	(9,604)	2,575	(8,355)
	1,950	(4,302)	9,900	648
NET EARNINGS (LOSS)	\$ 6,661	\$ (18,013)	\$ 26,909	\$ (6,064)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE	\$ 0.21	\$ (0.54)	\$ 0.83	\$ (0.18)

See accompanying notes to consolidated financial statements.

SEGMENTED INFORMATION

Twelve Months ended December 31, 2002 (unaudited) and 2001 (audited)
(in thousands of dollars)

	4TH QUARTER		TWELVE MONTHS	
NET SALES	2002	2001	2002	2001
Packaging	\$ 82,076	\$ 82,467	\$ 334,787	\$ 367,936

Metal Processing	72,604	59,096	267,563	259,702
Distribution	21,098	20,102	85,415	93,179
Consolidated	\$ 175,778	\$ 161,665	\$ 687,765	\$ 720,817

EARNINGS (LOSS) BEFORE INTEREST, INCOME TAXES	4TH QUARTER		TWELVE MONTHS	
	2002	2001	2002	2001
Packaging	\$ 3,601	\$ 2,819	\$ 20,163	\$ 13,166
Metal Processing	11,993	5,865	35,565	26,669
Distribution	(3,273)	(2,060)	(5,244)	(2,677)
Corporate	(1,563)	(1,211)	(4,786)	(5,205)
Loss on sale of European business	-	(25,102)	-	(25,102)
Earnings (Loss) before interest and income taxes	10,758	(19,689)	45,698	6,851
Interest on long-term debt	2,125	2,644	8,786	11,739
Interest on short-term debt	32	-	169	670
Interest income	(10)	(18)	(66)	(142)
Earnings (Loss) before income taxes	\$ 8,611	\$ (22,315)	\$ 36,809	\$ (5,416)

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

December 31, 2002 (unaudited) and 2001 (audited)
(in thousands of dollars)

	Dec. 31, 2002	Dec. 31, 2001
ASSETS		
CURRENT ASSETS:		
Cash and short-term deposits	\$ 4,742	\$ 15,877
Accounts receivable	99,602	85,755
Inventories	125,475	123,906
Prepaid expenses and sundry	3,108	3,318
Future income taxes	8,554	7,966
	241,481	236,822
CAPITAL ASSETS	182,231	197,831
FUTURE INCOME TAXES	9,869	13,230
DEFERRED PENSION COSTS	-	306
INTANGIBLE ASSETS, net of amortization	32,134	34,309

\$ 465,715 \$ 482,498

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Bank indebtedness	\$ 3,771	\$ 11,673
Accounts payable and accrued liabilities	84,815	66,642
Dividends payable	966	984
Income taxes payable	5,884	5,698
Current portion of long-term debt	31,552	12,742

126,988 97,739

LONG-TERM DEBT	88,670	152,086
ACCRUED PENSION OBLIGATION	330	-
POST-RETIREMENT BENEFITS OTHER THAN PENSIONS	2,802	3,459
FUTURE INCOME TAXES	17,809	18,007

236,599 271,291

SHAREHOLDERS' EQUITY:

Capital stock	25,839	26,343
Retained earnings	194,356	175,244
Cumulative translation adjustment	8,921	9,620

229,116 211,207

\$ 465,715 \$ 482,498

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Twelve Months ended December 31, 2002 (unaudited) and 2001 (audited)
(in thousands of dollars)

	2002	2001
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 175,244	\$ 189,552
NET EARNINGS (LOSS)	26,909	(6,064)
DIVIDENDS PAID ON COMMON SHARES	(3,866)	(4,604)
SHARES PURCHASED AND CANCELLED	(3,931)	(3,640)
RETAINED EARNINGS, END OF PERIOD	\$ 194,356	\$ 175,244

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Twelve Months ended December 31, 2002 (unaudited) and 2001 (audited)
(in thousands of dollars)

	4TH QUARTER		TWELVE MONTHS	
	2002	2001	2002	2001
CASH FLOWS FROM (USED IN)				
OPERATING ACTIVITIES:				
Net earnings (loss)	\$ 6,661	\$ (18,013)	\$ 26,909	\$ (6,064)
Items not involving cash:				
Depreciation and amortization	6,498	7,389	27,809	29,479
Loss on sale of European business, net of income taxes	-	20,400	-	20,400
Loss on disposal of capital assets	75	38	80	93
Future income taxes	662	(4,902)	2,575	(3,653)
Decrease (increase) in deferred pension costs	321	(106)	302	(230)
Increase in accrued pension obligation	330	-	330	-
Increase (decrease) in post-retirement benefits other than pensions	95	(148)	(625)	(477)
	14,642	4,658	57,380	39,548
Change in non-cash operating working capital:				
Decrease (increase) in accounts receivable	7,614	16,396	(14,399)	17,363
Decrease (increase) in inventories	(4,413)	2,323	(2,235)	26,240
Decrease (increase) in prepaid expenses and sundry	548	(669)	195	(193)
Increase (decrease) in accounts payable and accrued liabilities	(1,910)	(3,492)	17,936	(11,712)
Increase (decrease) in income taxes payable	(141)	8,240	220	5,529
	16,340	27,456	59,097	76,775
CASH FLOWS FROM (USED IN)				
INVESTING ACTIVITIES:				
Proceeds on sale of capital assets	29	126	181	259
Purchase of capital assets	(3,766)	(4,305)	(11,158)	(30,657)
Proceeds on sale of European business	-	22,747	-	22,747
Business acquisitions	-	-	-	(2,701)
	(3,737)	18,568	(10,977)	(10,352)
CASH FLOWS FROM (USED IN)				
FINANCING ACTIVITIES:				
Purchase of common shares	(1,443)	(67)	(4,435)	(4,248)
Increase in long-term debt	-	3,892	29,654	26,023
Repayment of				

long-term debt	(5,739)	(35,265)	(72,542)	(50,390)
Dividends paid on common shares	(958)	(976)	(3,866)	(4,604)
	(8,140)	(32,416)	(51,189)	(33,219)
EFFECT OF EXCHANGE RATE CHANGES ON CASH POSITION	67	643	(164)	713
INCREASE (DECREASE) IN CASH POSITION, BEGINNING OF PERIOD	4,530	14,251	(3,233)	33,917
CASH POSITION, END OF PERIOD	\$ 971	\$ 4,204	\$ 971	\$ 4,204

Cash position is comprised of cash and short-term deposits, with maturities at the date of purchase of three months or less, less bank indebtedness.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Twelve Months ended December 31, 2002 (unaudited) and 2001 (audited)
(in thousands of dollars except per share amounts)

1. SIGNIFICANT ACCOUNTING POLICIES:

The unaudited consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. These financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended December 31, 2002. All accounting policies and methods of their application used in the interim financial statements are consistent with the Company's annual financial statements except as noted below.

Goodwill and Other Intangible Assets

Effective January 1, 2002, the Company adopted the new recommendations of the CICA with respect to goodwill and other intangible assets on a prospective basis. These recommendations require that goodwill and other intangible assets with indefinite lives ("intangible assets") no longer be amortized but instead be subjected to an annual impairment test to ensure that the carrying value does not exceed their fair value. If impairment of intangible assets is determined, an impairment loss will be recognized and intangible assets will be written down to their fair value. An impairment loss is to be provided when the carrying amount of the intangible asset exceeds its fair value. The application of the new recommendations had the effect of increasing operating profit for the quarter ended December 31, 2002 by \$392 and \$1,573 for the twelve months ended December 31, 2002, which represents goodwill amortization, which would have been provided for under the former recommendations.

In the second quarter, the Company completed the transitional impairment tests for its reporting units and determined that there were no impairments. The Company has determined that none of its intangible assets other than goodwill have indefinite lives, and accordingly, continues to amortize such intangible assets over their estimated useful lives.

For the quarter ended December 31, 2001, amortization of goodwill was \$426, net of taxes of \$86. Had goodwill not been amortized, the basic and diluted loss per share would have decreased by \$0.01 to \$0.53 and the net loss would have been \$17,587. For the twelve months ended December 31, 2001, amortization of goodwill was \$1,631, net of taxes of \$339. Basic and diluted loss per share would have decreased by \$0.05 to \$0.13 had goodwill not been amortized and accordingly, the net loss would have been \$4,433.

Stock-based Compensation and Other Stock-based Payments

Effective January 1, 2002, the Company adopted the new recommendations of the CICA with respect to stock-based compensation and other stock-based payments on a prospective basis. The Company has a fixed stock option plan to which it applies the settlement method of accounting. The new standard permits the Company to continue its existing policy of not recording compensation cost on the grant of stock options to employees. Consideration paid by the employees on the exercise of stock options is recorded as capital stock. If stock options are repurchased, the excess of the consideration paid over the carrying amount of the stock option cancelled is charged to retained earnings. The Company also provides a stock purchase plan to employees, which is non-compensatory.

2. CAPITAL STOCK:

	Dec. 31, 2002	Dec. 31, 2001
Number of common shares outstanding	31,926,145	32,548,745
Number of options outstanding	868,500	691,000

Weighted average number of shares:

	4TH QUARTER		TWELVE MONTHS	
	2002	2001	2002	2001
Basic shares	32,040,278	32,557,995	32,328,853	32,942,975
Effect of dilutive stock options	71,154	-	47,448	-
Diluted shares	32,111,432	32,557,995	32,376,301	32,942,975

During the fourth quarter, the Company issued 177,500 options to certain employees of the Company.

The following table outlines the impact if the compensation cost for the Company's stock options was determined under the fair value based method of accounting for awards granted on or after January 1, 2002. The Company has applied the pro forma disclosure provisions of the new standard to awards granted on or after January 1, 2002.

	4TH QUARTER	TWELVE MONTHS
Net earnings as reported	\$6,661	\$26,909
Pro forma net earnings	6,651	26,899
Pro forma earnings per share	0.21	0.83

The fair value of each option granted was estimated on the date of grant using the Black-Scholes fair value option pricing model with the following assumptions:

	4TH QUARTER	TWELVE MONTHS
Risk-free interest rate	4.43%	4.43%
Dividend yield	3.17%	3.17%
Expected volatility	35.30%	35.30%
Weighted average expected life	5 years	5 years

For the purposes of pro forma disclosures, the weighted average estimated fair value for the 177,500 stock options granted during the quarter ended and year ended December 31, 2002 was \$1.77 and \$1.77 per share respectively, with a total compensation cost of \$314, which is amortized to earnings over the options' vesting period.

3. LONG-TERM DEBT:

On January 18, 2002 the Company redeemed U.S. \$16,800 in senior notes resulting in a gain on extinguishment of Cdn. \$1,518. This gain is included as part of cost of sales, selling and administration on the consolidated statements of earnings and as part of the Corporate segment in the Segmented Information. On the same date the Company drew U.S. \$15,700 against its U.S. \$15,700 non-revolving term facility which is due on maturity on April 28, 2005. At the time of drawing on this unsecured facility, the Company entered into an interest rate swap agreement expiring April 28, 2005, which subjects the Company to a fixed rate of 4.545% on U.S. \$13,000.

4. COMPARATIVE FIGURES:

The comparative figures for 2001 have been reclassified to conform to the financial statement presentation adopted in 2002 with respect to the amortization of goodwill and other intangible assets.

5. SUBSEQUENT EVENT:

The Company has signed a non-binding Letter of Intent with Sekisui Jushi of Japan to form a new strategic joint venture, which will manufacture, sell and distribute polypropylene strapping in North America.

The Company's contribution into the joint venture will amount to an estimated U.S. \$5,300 in exchange for 50% ownership of the joint venture. The joint venture's operations will be proportionately consolidated into the Company's results.

The proposed transaction is subject to a number of preconditions to closing, including completion of detailed due diligence, certain regulatory and Boards of Directors' and other approvals. The agreement is expected to close in the latter half of 2003, and will result in estimated costs of U.S. \$1,700 to cover facility closures, disposal of assets, severance, and other related items.

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(SMT.)

CO: Samuel Manu-Tech Inc.
ST: Ontario
IN: MNG
SU: ERN

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