Russel Metals

INFORMATION PACKAGE

FOR

INVESTOR CONFERENCE CALL

FEBRUARY 19, 2015

INFORMATION PACKAGE FOR INVESTOR CONFERENCE CALL February 19, 2015

I N D E X

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain statements made on this conference call constitute forward-looking statements or information within the meaning of applicable securities laws, including statements as to our outlook, future events or our future performance. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by us, inherently involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

Our actual results could differ materially from those anticipated in our forward-looking statements including as a result of the risk factors described below, in our MD&A and in our Annual Information Form.

While we believe that the expectations reflected in our forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct, and our forward-looking statements included in this call should not be unduly relied upon. These statements speak only as of the date of this call and, except as required by law, we do not assume any obligation to update our forward-looking statements

Risk Factors - We are subject to a number of risks and uncertainties which could have a material adverse effect on our future profitability and financial position, including the risks and uncertainties listed below, which are important factors in our business and the metals distribution industry. Such risks and uncertainties include, but are not limited to: the current economic climate; volatility in metal prices; volatility in oil and natural gas prices; cyclicality of the metals industry and the industries that purchase our products; lack of credit availability that may limit the ability of our customers to obtain credit or expand their businesses; significant competition that could reduce our market share; any interruption in sources of metals supply; the integration of future acquisitions, including successfully adapting to a public company control environment and retaining key acquisition management personnel; failure to renegotiate any of our collective agreements and work stoppages; disruption in our customer or suppliers' operations due to labour disruptions or the existence of events or circumstances that cause a force majeure; environmental liabilities; environmental concerns or changes in government regulations in general, and those related to oil sands production, shale fracking or oil distribution in particular; changes in government regulations relating to workplace safety and worker health; product claims from customers, currency exchange risk, particularly between the Canadian and U.S. dollar; the failure of our key computer-based systems, including our enterprise resource and planning systems; the failure to implement new technologies; the loss of key individuals; the inability to access affordable financing, capital or insurance; interest rate risk; dilution; and change of control.

NOTES

In this Information Package we use certain financial measures that do not comply with Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other issuers, for example EBIT and EBITDA and Other Information in the Financial Summary. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with Canadian GAAP. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies.

Definitions

Adjusted EBIT and EBITDA – EBIT and EBITDA adjusted to exclude the 2014 asset impairment of $9.9 million, 2013 asset impairment of $5.2 million, 2010 inventory reversal of $1.9 million and plant closure costs of $2.6 million.

Basic Earnings Per Common Share - Earnings divided by Average common shares outstanding in period.

Book Value Per Share - Equity value divided by ending common shares outstanding.

Debt as % of Capitalization - Total interest bearing debt excluding cash divided by common shareholders' equity plus interest bearing debt excluding cash.

Dividend Per Share - The current quarterly dividend annualized.

Dividend Yield - The dividend per share divided by the period end common share price.

Earnings Multiple - Period ending common share price divided by basic earnings per common share.

EBIT - Earnings from operations before deduction of interest and income taxes.

EBITDA - Earnings from operations before deduction of interest, income taxes, depreciation and amortization.

Free Cash Flow - Cash from operating activities before change in working capital less capital expenditures.

Interest Bearing Debt to EBITDA - Total interest bearing debt excluding cash on hand divided by EBITDA.

Market Capitalization - Outstanding common shares times market price of a common share at period end.

Net Assets Employed - Assets less liabilities excluding debt and cash.

Return on Capital Employed - EBIT for period annualized over net assets employed.

Russel Metals

COMMENTS RE MARKET CONDITIONS FEBRUARY 2015

1. Metal Service Center tons for Q4 and Year up 5% over 2013.
   Consistently outperformed MSCI numbers.

2. World steel market remains out of balance for supply vs demand, resulting in price pressure.

3. Oil price and rig counts down from year end and prior year.
   Announced capital spending reductions.
   Competition pressure will reduce margins.

4. Economic uncertainty will impact demand in all segments in 2015.

HIGHLIGHTS
2014 FOURTH QUARTER & YEAR END RESULTS

1. QTR-4 2014 - Earnings $31 million, EPS $0.50
   QTR-4 2013 - Earnings $23 million, EPS $0.37
   QTR-3 2014 - Earnings $33 million, EPS $0.54

2. Year ended December 31, 2014 - Earnings $124 million, EPS $2.01
   Year ended December 31, 2013 - Earnings $83 million, EPS $1.37

3. 2014 was one of our best years on record.

4. Free Cash Flow
   (cash from operations before working capital changes less capital expenditures)
   Year ended December 31, 2014 - $125 million or $2.04 per share
   Year ended December 31, 2013 - $92 million or $1.51 per share

5. 2014 Return on Equity – 13%

6. Cash and cash equivalents, net borrowings - $29 million

Russel Metals Inc.

FINANCIAL HIGHLIGHTS

	2014	2013	2012	2011	2010
	<------Years ended				------>
OPERATING RESULTS (millions)					
Revenues	**$3,869.3**	$3,187.8	$3,000.1	$2,693.3	$2,178.0
Net earnings	**123.6**	83.3	97.9 (2)	118.3	57.3
EBIT	**217.0**	146.0	175.3 (2)	197.5	110.8
Adjusted EBIT (Note)	**226.9** (1)	151.2 (1)	175.3 (2)	197.5	111.5 (1)
Adjusted EBIT as a % of revenue	**5.9%**	4.7%	5.8%	7.3%	5.1%
Adjusted EBITDA (Note)	**261.7**	184.8 (1)	200.8	221.0	136.8 (1)
EBITDA as a % of revenue	**6.8%**	5.8%	6.7%	8.2%	6.3%
Basic earnings per common share ($)	**$2.01**	$1.37	$1.63 (2)	$1.97	$0.96
BALANCE SHEET INFORMATION (millions)					
Metals					
Accounts receivable	**$566.6**	$455.9	$455.6	$381.7	$300.5
Inventories	**930.8**	766.3	764.0	645.6	544.1
Prepaid expenses and other assets	**11.6**	5.9	7.1	4.3	2.9
Accounts payable and accruals	**(486.0)**	(383.7)	(381.5)	(343.6)	(259.8)
Net working capital - Metals	**1,023.0**	844.4	845.2	688.0	587.7
Fixed assets	**249.8**	228.4	225.3	184.1	187.2
Goodwill and intangibles	**214.3**	218.7	192.1	24.7	24.9
Net assets employed in metals operations	**1,487.1**	1,291.5	1,262.6	896.8	799.8
Other operating assets	**1.5**	10.1	16.0	17.1	17.6
Net income tax assets (liabilities)	**(23.4)**	(11.3)	(8.2)	(12.0)	(11.5)
Pension and benefit assets (liabilities)	**(26.1)**	(23.1)	(38.7)	(33.3)	(17.2)
Other corporate assets and liabilities	**(42.3)**	(42.6)	(47.3)	(22.1)	(11.9)
Total net assets employed	**$1,396.8**	$1,224.6	$1,184.4	$846.5	$776.8
CAPITALIZATION (millions)					
Bank indebtedness, net of (cash)	**($29.2)**	($116.2)	($100.8)	($270.7)	($323.7)
Long-term debt (incl. current portion)	**461.0**	458.4	455.8	297.8	319.7
Total interest bearing debt, net of (cash)	**431.8**	342.2	355.0	27.1	(4.0)
Market capitalization	**1,597.4**	1,913.1	1,662.2	1,346.8	1,373.5
Total firm value	**$2,029.2**	$2,255.3	$2,017.2	$1,373.9	$1,369.5
OTHER INFORMATION (Notes)					
Shareholders' equity (millions)	**$965.0**	$882.4	$829.4	$819.4	$772.8
Book value per share ($)	**$15.65**	$14.48	$13.78	$13.64	$12.88
Free cash flow (millions)	**$124.8**	$91.9	$99.4	$129.5	$85.7
Capital expenditures (millions)	**$48.2**	$27.2	$33.7	$18.1	$11.6
Depreciation and amortization (millions)	**$34.8**	$33.6	$25.5	$23.5	$25.3
Earnings multiple	**12.9**	22.9	16.9	11.4	23.9
Firm value as a multiple of EBIT	**8.9**	14.9	11.5	7.0	12.3 (1)
Firm value as a multiple of EBITDA	**7.8**	12.2	10.0	6.2	10.0 (1)
Interest bearing debt/EBITDA	**1.8**	2.5	2.3	1.3	2.3 (1)
Debt as a % of capitalization	**32%**	34%	35%	27%	29%
Market capitalization as a % of book value	**166%**	217%	200%	164%	178%
Return on equity	**13%**	9%	12%	14%	7%
Return on capital employed	**16%**	12%	15%	23%	14% (1)
COMMON SHARE INFORMATION					
Ending outstanding common shares	**61,674,228**	60,946,393	60,204,636	60,071,698	59,978,173
Average outstanding common shares	**61,321,767**	60,780,520	60,128,534	60,043,222	59,717,629
Dividend yield	**5.9%**	4.5%	5.1%	5.4%	4.8%
Dividend per share	**$1.52**	$1.40	$1.40	$1.20	$1.10
Dividends paid as a % of free cash flow	**72%**	**93%**	**82%**	**53%**	**70%**
Share price - High	**$37.63**	$31.62	$28.97	$27.75	$23.94
Share price - Low	**$25.07**	$23.23	$22.52	$18.90	$16.25
Share price - Ending	**$25.90**	$31.39	$27.61	$22.42	$22.90

Notes:

(1) Adjusted EBIT and EBITDA excludes the asset impairment charge in 2014 of $9.9 million, 2013 of $5.2 million and the inventory reversal of $1.9 million and plant closure costs of $2.6 million in 2010.

(2) Restated due to adoption of IAS 19 (Amended 2011)

(3) This chart includes certain financial measures that are not prescribed by Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other companies, for example EBIT and EBITDA and Other Information. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies. This terminology is defined on the inside back cover of our Annual Report. See financial statements for GAAP earnings.

CONSOLIDATED STATEMENTS OF EARNINGS

(in millions of Canadian dollars, except per share data)	Quarters ended December 31 2014	Quarters ended December 31 2013	Years ended December 31 2014	Years ended December 31 2013
Revenues	**$ 1,013.2**	$ 811.1	**$ 3,869.3**	$ 3,187.8
Cost of materials	**838.3**	669.4	**3,166.0**	2,624.6
Employee expenses	**72.6**	64.8	**287.8**	248.8
Other operating expenses	**49.4**	43.9	**189.3**	163.2
Asset impairment	**9.9**	-	**9.9**	5.2
Gain on sale of business	**(0.7)**	-	**(0.7)**	-
Earnings before interest, finance expense and provision for income taxes	**43.7**	33.0	**217.0**	146.0
Interest expense	**9.5**	8.9	**36.9**	36.0
Interest income	**-**	-	**-**	(0.4)
Other finance expense (income)	**(6.2)**	(5.0)	**4.1**	(4.7)
Earnings before provision for income taxes	**40.4**	29.1	**176.0**	115.1
Provision for income taxes	**9.3**	6.3	**52.4**	31.8
Net earnings for the period	**$ 31.1**	$ 22.8	**$ 123.6**	$ 83.3
Net earnings attributed to:				
Equity holders	**$ 31.1**	$ 22.8	**$ 123.5**	$ 83.2
Non-controlling interest	**-**	-	**0.1**	0.1
	$ 31.1	$ 22.8	**$ 123.6**	$ 83.3
Basic earnings per common share	**$ 0.50**	$ 0.37	**$ 2.01**	$ 1.37
Diluted earnings per common share	**$ 0.49**	$ 0.37	**$ 1.95**	$ 1.37

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)	Quarters ended December 31 2014	Quarters ended December 31 2013	Years ended December 31 2014	Years ended December 31 2013
Net earnings for the period	**$ 31.1**	$ 22.8	**$ 123.6**	$ 83.3
Other comprehensive income				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains on translation of foreign operations	**14.7**	12.1	**35.1**	23.2
Items that may not be reclassified to earnings				
Actuarial (losses) gains on pension and similar obligations	**2.0**	4.5	**(4.5)**	11.3
Other comprehensive income	**16.7**	16.6	**30.6**	34.5
Total comprehensive income	**$ 47.8**	$ 39.4	**$ 154.2**	$ 117.8

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars)	**December 31 2014**	December 31 2013
ASSETS		
Current		
Cash and cash equivalents	**$ 53.4**	$ 116.2
Accounts receivable	**569.3**	456.2
Inventories	**930.8**	766.3
Prepaid expenses	**11.6**	5.9
Income taxes receivable	**2.8**	6.3
	1,567.9	1,350.9
Property, Plant and Equipment	**249.8**	238.9
Deferred Income Tax Assets	**4.9**	3.0
Pensions and Benefits Assets	**-**	0.2
Financial and Other Assets	**5.9**	6.1
Goodwill and Intangibles	**214.3**	218.7
	$ 2,042.8	$ 1,817.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$ 24.2**	$ -
Accounts payable and accrued liabilities	**500.4**	384.1
Income taxes payable	**14.1**	0.2
Current portion long-term debt	**0.5**	1.2
	539.2	385.5
Long-Term Debt	**460.5**	457.2
Pensions and Benefits	**26.1**	23.3
Deferred Income Tax Liabilities	**17.0**	20.5
Provisions and Other Non-Current Liabilities	**35.0**	48.9
	1,077.8	935.4
Shareholders' Equity		
Common shares	**531.2**	509.5
Retained earnings	**344.0**	314.6
Contributed surplus	**14.1**	16.2
Accumulated other comprehensive income	**47.1**	12.0
Equity component of convertible debenture	**28.6**	28.7
Total Shareholders' Equity Attributable to Equity Holders	**965.0**	881.0
Non-controlling interest	**-**	1.4
Total Shareholders' Equity	**965.0**	882.4
Total Liabilities and Shareholders' Equity	**$ 2,042.8**	$ 1,817.8

CONSOLIDATED STATEMENTS OF CASHFLOW

(in millions of Canadian dollars)	Quarters ended December 31 **2014**	Quarters ended December 31 2013	Years ended December 31 **2014**	Years ended December 31 2013
Operating activities				
Net earnings for the period	**$ 31.1**	$ 22.8	**$ 123.6**	$ 83.3
Depreciation and amortization	**8.8**	8.4	**34.8**	33.6
Deferred income taxes	**(2.8)**	(0.3)	**(3.0)**	(4.4)
Loss (gain) on sale of property, plant and equipment	**0.3**	0.1	**1.0**	(0.4)
Gain on sale of business	**(0.7)**	-	**(0.7)**	-
Stock based compensation	**0.4**	0.5	**1.6**	2.4
Difference between pension expense and amount funded	**(2.5)**	(0.9)	**(3.2)**	(0.1)
Asset impairment	**9.9**	-	**9.9**	5.2
Debt accretion, amortization and other	**1.3**	1.2	**4.9**	4.3
Change in fair value of contingent consideration	**(6.2)**	(5.0)	**4.1**	(4.7)
Cash from operating activities before non-cash working capital	**39.6**	26.8	**173.0**	119.2
Changes in non-cash working capital items				
Accounts receivable	**57.1**	17.1	**(106.6)**	18.7
Inventories	**(50.6)**	(19.4)	**(146.4)**	22.3
Accounts payable and accrued liabilities	**(17.4)**	13.1	**96.5**	(21.9)
Income taxes receivable/ payable	**2.4**	2.2	**17.2**	2.2
Other	**(2.0)**	2.4	**(5.6)**	1.2
Change in non-cash working capital	**(10.5)**	15.4	**(144.9)**	22.5
Cash from operating activities	**29.1**	42.2	**28.1**	141.7
Financing activities				
Increase (decrease) in bank borrowings	**24.2**	(14.0)	**24.2**	(14.3)
Issue of common shares	**0.5**	1.2	**17.4**	18.0
Dividends on common shares	**(23.5)**	(21.3)	**(89.6)**	(85.2)
Issuance of long-term debt	**-**	0.2	**-**	1.0
Repayment of long-term debt	**-**	(0.8)	**(0.9)**	(2.8)
Deferred financing	**-**	-	**-**	(1.3)
Cash (used in) from financing activities	**1.2**	(34.7)	**(48.9)**	(84.6)
Investing activities				
Purchase of property, plant and equipment	**(11.0)**	(7.6)	**(48.2)**	(27.2)
Proceeds on sale of property, plant and equipment	**0.6**	0.3	**1.7**	2.6
Purchase of business	**(0.9)**	(32.1)	**(1.6)**	(42.6)
Proceeds on sale of business	**2.3**	-	**2.3**	-
Payment of contingent consideration	**-**	-	**(4.1)**	-
Cash used in investing activities	**(9.0)**	(39.4)	**(49.9)**	(67.2)
Effect of exchange rates on cash and cash equivalents	**4.5**	9.0	**7.9**	11.2
(Decrease) increase in cash and cash equivalents	**25.8**	(22.9)	**(62.8)**	1.1
Cash and cash equivalents, beginning of the period	**27.6**	139.1	**116.2**	115.1
Cash and cash equivalents, end of the year	**$ 53.4**	$ 116.2	**$ 53.4**	$ 116.2
Supplemental cash flow information:				
Income taxes paid	**$ 9.8**	$ 4.3	**$ 37.6**	$ 34.7
Interest paid (net)	**$ 10.5**	$ 10.1	**$ 36.8**	$ 36.0

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Equity Component of Convertible Debentures	Non Controlling Interest	Total
Balance, January 1, 2014	$ 509.5	$ 314.6	$ 16.2	$ 12.0	$ 28.7	$ 1.4	$ 882.4
Changed during the year	-	-	-	-	-	(0.1)	(0.1)
Payment of dividends	-	(89.6)	-	-	-	-	(89.6)
Net earnings for the year	-	123.5	-	-	-	0.1	123.6
Other comprehensive income for the year	-	-	-	30.6	-	-	30.6
Recognition of stock-based compensation	-	-	1.6	-	-	-	1.6
Stock options exercised	21.2	-	(3.7)	-	-	-	17.5
Conversion of debentures	0.5	-	-	-	(0.1)	-	0.4
Sale of business	-	-	-	-	-	(1.4)	(1.4)
Transfer of net actuarial losses on defined benefit plans	-	(4.5)	-	4.5	-	-	-
Balance, December 31, 2014	**$ 531.2**	**$ 344.0**	**$ 14.1**	**$ 47.1**	**$ 28.6**	**$ -**	**$ 965.0**

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Equity Component of Convertible Debentures	Non Controlling Interest	Total
Balance, January 1, 2013	$ 487.9	$ 305.3	$ 17.3	$ (11.2)	$ 28.7	$ 1.4	$ 829.4
Changed during the year	-	-	-	-	-	(0.1)	(0.1)
Payment of dividends	-	(85.2)	-	-	-	-	(85.2)
Net earnings for the year	-	83.2	-	-	-	0.1	83.3
Other comprehensive income for the year	-	-	-	34.5	-	-	34.5
Recognition of stock-based compensation	-	-	2.4	-	-	-	2.4
Stock options exercised	21.5	-	(3.5)	-	-	-	18.0
Conversion of debentures	0.1	-	-	-	-	-	0.1
Transfer of net actuarial gains on defined benefit plans	-	11.3	-	(11.3)	-	-	-
Balance, December 31, 2013	$ 509.5	$ 314.6	$ 16.2	$ 12.0	$ 28.7	$ 1.4	$ 882.4

RUSSEL METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2014

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Russel Metals Inc. and its subsidiaries provides information to assist readers of our audited Consolidated Financial Statements for the year ended December 31, 2014, including the notes thereto and should be read in conjunction with these financial statements. All dollar references in our financial statements and in this report are in Canadian dollars unless otherwise stated.

Additional information related to Russel Metals Inc., including our Annual Information Form, may be obtained from SEDAR at www.sedar.com or on our website at www.russelmetals.com.

Unless otherwise stated, the discussion and analysis contained in this MD&A are as of February 18, 2015.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements or information within the meaning of applicable securities laws, including statements as to our future capital expenditures, our outlook, the availability of future financing and our ability to pay dividends. Forward-looking statements relate to future events or our future performance. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by us, inherently involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including the factors described below.

We are subject to a number of risks and uncertainties which could have a material adverse effect on our future profitability and financial position, including the risks and uncertainties listed below, which are important factors in our business and the metals distribution industry. Such risks and uncertainties include, but are not limited to: the current economic climate; volatility in metal prices; volatility in oil and natural gas prices; cyclicality of the metals industry and the industries that purchase our products; lack of credit availability that may limit the ability of our customers to obtain credit or expand their businesses; significant competition that could reduce our market share; the interruption in sources of metals supply; the integration of future acquisitions, including successfully adapting to a public company control environment and retaining key acquisition management personnel; failure to renegotiate any of our collective agreements and work stoppages; disruption in our customer or suppliers' operations due to labour disruptions or the existence of events or circumstances that cause a force majeure; environmental liabilities; environmental concerns or changes in government regulations in general, and those related to oil sands production, shale fracking or oil distribution in particular; changes in government regulations relating to workplace safety and worker health; product claims from customers, currency exchange risk, particularly between the Canadian and U.S. dollar; the failure of our key computer-based systems, including our enterprise resource and planning systems; the failure to implement new technologies; the loss of key individuals; the inability to access affordable financing, capital or insurance; interest rate risk; dilution; and change of control.

While we believe that the expectations reflected in our forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct, and our forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A and, except as required by law, we do not assume any obligation to update our forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements including as a result of the risk factors described above and under the heading "Risk" later in this MD&A, and in our filings with securities regulatory authorities which are available on SEDAR at www.sedar.com. Specific reference is made to our most recent Annual Information Form for a further discussion of some of the factors underlying our forward-looking statements.

NON-GAAP MEASURES

This MD&A includes a number of measures that are not prescribed by Canadian generally accepted accounting principles ("GAAP") and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and other interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. The measures we use are specifically defined where they are first used in this report.

While we believe that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

OVERVIEW

We are one of the largest metals distribution companies in North America. We conduct business primarily in three metals distribution segments: metals service centers, energy products, and steel distributors.

Our earnings for 2014 were $124 million compared to $83 million in 2013. Earnings per share were $2.01 for 2014 compared to $1.37 for 2013. Our return on equity was 13%.

Our earnings increase was driven by an increase in revenues in all segments. Revenues increased in our metals service centers segment by 12%, in our energy products segment by 24% and in our steel distributors segment by 56% for the year ended 2014 compared to 2013. Stronger gross margins and cost containment resulted in a 50% increase in operating profits; more than double the rate of revenue increase.

SUMMARIZED FINANCIAL INFORMATION

The table discloses selected information related to revenues, earnings and common share information over the last three years.

2014

(in millions, except per share data and volumes)	Quarters Ended				**Year Ended**
	Mar. 31	June 30	Sept. 30	Dec. 31	**Dec. 31**
Revenues	$ 924.0	$ 893.3	$ 1,038.8	$ 1,013.2	**$ 3,869.3**
Earnings from operations	53.5	56.4	63.4	53.6	**226.9**
Net earnings	29.0	30.5	33.0	31.1	**123.6**
Basic earnings per common share	$ 0.47	$ 0.50	$ 0.54	$ 0.50	**$ 2.01**
Diluted earnings per common share	$ 0.46	$ 0.48	$ 0.52	$ 0.49	**$ 1.95**
Total assets	$ 1,883.9	$ 1,900.1	$ 2,019.8	$ 2,042.8	**$ 2,042.8**
Non-current financial liabilities	$ 489.6	$ 490.0	$ 493.5	$ 487.8	**$ 487.8**
Dividends paid	$ 0.35	$ 0.35	$ 0.38	$ 0.38	**$ 1.46**
Market price of common shares					
High	$ 31.50	$ 34.43	$ 37.63	$ 35.11	**$ 37.63**
Low	$ 27.78	$ 29.90	$ 33.50	$ 25.07	**$ 25.07**
Shares outstanding end of quarter	61,026,590	61,414,260	61,632,896	61,674,228	**61,674,228**
Average shares outstanding	60,966,768	61,159,759	61,497,827	61,653,232	**61,321,767**
Number of common shares traded	9,008,334	9,379,761	10,266,671	18,618,067	**47,272,833**

2013

(in millions, except per share data and volumes)	Quarters Ended Mar. 31	June 30	Sept. 30	Dec. 31	Year Ended Dec. 31
Revenues	$ 821.8	$ 758.1	$ 796.8	$ 811.1	$ 3,187.8
Earnings from operations	41.5	40.2	36.5	33.0	151.2
Net earnings	21.7	19.9	18.9	22.8	83.3
Basic earnings per common share	$ 0.36	$ 0.33	$ 0.31	$ 0.37	$ 1.37
Diluted earnings per common share	$ 0.36	$ 0.33	$ 0.31	$ 0.37	$ 1.37
Total assets	$ 1,844.5	$ 1,809.1	$ 1,792.2	$ 1,817.8	$ 1,817.8
Non-current financial liabilities	$ 486.1	$ 488.0	$ 490.3	$ 497.5	$ 497.5
Dividends paid	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 1.40
Market price of common shares					
High	$ 29.59	$ 29.47	$ 28.25	$ 31.62	$ 31.62
Low	$ 27.86	$ 23.23	$ 23.91	$ 25.81	$ 23.23
Shares outstanding end of quarter	60,818,240	60,866,902	60,890,252	60,946,393	60,946,393
Average shares outstanding	60,490,430	60,844,045	60,872,628	60,909,358	60,780,520
Number of common shares traded	9,940,048	12,806,749	7,978,646	9,523,684	40,249,127

2012

(in millions, except per share data and volumes)	Quarters Ended Mar. 31	June 30	Sept. 30	Dec. 31	Year Ended Dec. 31
Revenues	$ 802.9	$ 718.7	$ 712.6	$ 765.9	$ 3,000.1
Earnings from operations	52.8	46.0	40.2	36.0	175.0
Net earnings	32.9	22.5	22.4	20.1	97.9
Basic earnings per common share	$ 0.55	$ 0.37	$ 0.37	$ 0.34	$ 1.63
Diluted earnings per common share	$ 0.53	$ 0.37	$ 0.37	$ 0.34	$ 1.62
Total assets	$ 1,549.1	$ 1,689.3	$ 1,679.5	$ 1,795.1	$ 1,795.1
Non-current financial liabilities	$ 294.6	$ 450.8	$ 451.5	$ 484.6	$ 484.6
Dividends paid	$ 0.30	$ 0.35	$ 0.35	$ 0.35	$ 1.35
Market price of common shares					
High	$ 27.95	$ 27.92	$ 28.20	$ 28.97	$ 28.97
Low	$ 22.52	$ 23.61	$ 23.73	$ 25.90	$ 22.52
Shares outstanding end of quarter	60,102,823	60,129,973	60,155,948	60,204,636	60,204,636
Average shares outstanding	60,080,755	60,089,859	60,139,308	60,181,444	60,128,534
Number of common shares traded	14,759,969	9,475,372	10,831,800	10,378,377	45,445,518

RESULTS OF OPERATIONS

The following table provides operating profits before interest, other finance expense or income, asset impairment and income taxes. The corporate expenses included are not allocated to specific operating segments. Gross margins (revenue minus cost of sales) as a percentage of revenues for the operating segments are also shown below. The table shows the segments as they are reported to management and are consistent with the segment reporting in our consolidated financial statements.

(in millions, except percentages)	**2014**	2013	2014 change as a % of 2013
Segment Revenues			
Metals service centers	**$ 1,630.4**	$ 1,455.6	**12%**
Energy products	**1,792.1**	1,442.8	**24%**
Steel distributors	**441.0**	283.2	**56%**
Other	**5.8**	6.2	
	$ 3,869.3	$ 3,187.8	**21%**
Segment Operating Profits			
Metals service centers	**$ 82.1**	$ 71.7	**15%**
Energy products	**124.0**	79.3	**56%**
Steel distributors	**38.2**	19.0	**101%**
Corporate expenses	**(18.2)**	(17.8)	**(1%)**
Other	**0.8**	(1.0)	
Operating profits	**$ 226.9**	$ 151.2	**50%**
Segment Gross Margin as a % of Revenues			
Metals service centers	**20.5%**	20.5%	
Energy products	**16.8%**	15.4%	
Steel distributors	**14.2%**	12.5%	
Total operations	**18.2%**	17.7%	
Segment Operating Profit as a % of Revenues			
Metals service centers	**5.0%**	4.9%	
Energy products	**6.9%**	5.5%	
Steel distributors	**8.7%**	6.7%	
Total operations	**5.9%**	4.7%	

METALS SERVICE CENTERS

a) Description of operations

We provide processing and distribution services to a broad base of approximately 38,000 end users through a network of 52 Canadian locations and 13 U.S. locations. Our metals service centers carry a broad line of products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. We purchase these products primarily from steel producers in North America and process and package them in accordance with end user specifications. We service all major geographic regions of Canada and the Southeastern and Midwestern regions in the United States. Within Canada, our service centers operate under the names Russel Metals, Métaux Russel, A.J. Forsyth, Acier Leroux, Acier Loubier, Alberta Industrial Metals, B&T Steel, Leroux Steel, Mégantic Métal, Russel Metals Specialty Products, Métaux Russel Produits Spécialisés, McCabe Steel, Siemens Laserworks and York-Ennis. Our U.S. service centers operate under the names Russel Metals Williams Bahcall, JMS Russel Metals, Norton Metals and Baldwin International.

b) Factors affecting results

The following is a general discussion of the significant factors affecting our metals service centers results. More specific information on how these factors impacted 2014 and 2013 is found in the section that follows.

Steel prices fluctuate significantly throughout the steel cycle. Steel prices are influenced by overall international demand, trade sanctions, iron ore prices, scrap steel prices and product availability. Volatile metal prices cause fluctuations in our operating results. Steel prices increased during the first half of 2014, plateaued in the 2014 third quarter and began to soften at the end of 2014.

Supply side management, practiced by steel producers in North America, and international supply and demand, which impact steel imports, affects product availability. Trade sanctions are initiated either by steel mills or by government agencies in North America.

Our operating results are affected by the inherent risk of the cyclicality of the metals industry and the industries that purchase our products. Demand for our product is significantly affected by economic cycles. Revenues and operating profits fluctuate with the level of general business activity in the markets served. We are most impacted by the manufacturing, resource including oil and gas, and construction segments of the North American economy.

Canadian service centers, which represent the majority of our metals service center operations, have operations in all regions of Canada and are affected by general regional economic conditions. Our large market share and diverse customer base of approximately 19,000 Canadian customers mean that our results tend to mirror the performance of the regional economies of Canada. Our U.S. operations, which also have approximately 19,000 customers, are impacted by the local economic conditions in the regions that they serve.

Our Canadian operations can be affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar has a short-term impact on inventory prices.

The decline in the Canadian dollar in 2014 versus 2013 increased revenues and profits for our U.S. operations translated to Canadian dollars. Revenues and profits of our U.S. operations reported for 2014 were converted at $1.1047 per US$1 compared to $1.0301 per US$1 for 2013. The exchange rate at December 31, 2014 used to translate the balance sheet was $1.1601 per US$1 versus $1.0636 per US$1 at December 31, 2013.

c) Metals service centers segment results -- 2014 compared to 2013

Revenues for 2014 increased 12% to $1.6 billion compared to 2013 revenues of $1.5 billion. Tons shipped in the metals service centers segment in 2014 were approximately 5% higher than 2013. The average selling price of metal for 2014 was approximately 7% higher than the average selling price for 2013. The increase in tons shipped was primarily generated by higher volumes in Alberta and at our U.S. operations. In both our results and the Metals Service Center Institute industry statistics the U.S. market was stronger than the Canadian market. Based on these industry statistics, our growth exceeded the industry as we continued to capture market share.

Gross margin as a percentage of revenues was consistent at 20.5% for both 2014 and 2013. Gross margin dollars for 2014 were $35 million higher than 2013 due to stronger revenues.

Our average revenue per invoice for 2014 was approximately $1,788 compared to $1,635 for 2013, reflecting higher selling prices. We handled approximately 3,648 transactions per day in 2014 compared to 3,562 per day for 2013, an increase of 2%.

Operating expenses as a percentage of revenues were consistent with 2013. Operating expenses for 2014 increased $25 million or 11%, from 2013, mainly related to the increase in activity, the increase caused by foreign exchange on translation of our U.S. metals service centers and variable compensation due to stronger results.

Metals service centers operating profits for 2014 of $82 million compares to $72 million for 2013 and reflects the improved market conditions.

ENERGY PRODUCTS

a) Description of operations

We distribute oil country tubular goods (OCTG), line pipe, tubes, valves and fittings, primarily to the energy industry in Western Canada and the United States. A significant portion of our business units are clustered in Alberta and Saskatchewan, Canada, and in the U.S., in Colorado and Texas. A large portion of our inventories are located in third party yards ready for distribution to customers throughout North America. In addition, we operate from 55 Canadian and 22 U.S. facilities mainly to support our valve and fitting operations. The majority of these facilities are oil field stores which form the Apex Distribution network. We purchase our products from the pipe division of North American steel mills, independent manufacturers of pipe, valves and fittings, international steel mills and other distributors. Our energy products segment operates under the names Apex Distribution, Apex Monarch, Apex Remington, Comco Pipe and Supply Company, Fedmet Tubulars, Triumph Tubular & Supply, Pioneer Pipe and Spartan Energy Tubulars.

b) Factors affecting results

The following is a general discussion of the factors affecting our energy products segment operations. More specific information on how these factors impacted 2014 and 2013 is found in the section that follows.

The price of natural gas and oil can impact rig count and drilling activities, particularly in Western Canada. Rig activity affects demand for our products. The price of oil and gas for most of 2014 resulted in stronger rig activity in 2014 compared to 2013. Oil and gas prices started to fall at the end of the third quarter of 2014 and continued to fall into 2015 leading to lower rig counts. This severe drop in the price of oil has caused our energy product customers to announce reductions in their projects for 2015 which will result in reduced demand for our products in 2015. Fracking technology, applied to horizontal drilling, enables producers to economically drill in oil and gas-rich shale fields and remains the focus of our OCTG sales efforts; however, fracking has a greater risk of environmental concerns and changes in government regulations.

Prices for pipe products are influenced by overall demand, trade sanctions and product availability. Trade sanctions are initiated either by steel mills or by government agencies in North America. Both the Canadian and U.S. governments have imposed duties on certain Chinese pipe, which remain in effect and reduce imports of these products. The U.S. government has initiated reviews of pipe from a number of other countries and in July 2014 announced additional duties. Prices of valves and fittings are not as sensitive to steel price fluctuations because they are highly engineered value-added products.

Our Canadian operations can be affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar impacts the cost of inventory and cost of sales.

Drilling related to oil and natural gas in Western Canada historically peaks during the period from October to March.

c) Energy products segment results -- 2014 compared to 2013

Revenues in our energy products segment increased to $1.8 billion for 2014, an increase of 24%, compared to 2013 due to strong activity in the sector. Revenues from our Canadian operations servicing oil and gas drilling activity increased 50% compared to 2013 due to increased activity. Our other operations in this segment were also up a combined 15%.

Gross margin as a percentage of revenue was 16.8% for 2014 compared to 15.4% in 2013 due to higher margins at most of our energy products operations, partially offset by increased inventory obsolescence provisions of $13 million. Margins improved due to increased revenues at our operations selling valves and fittings which have higher margins than our pipe operations.

Operating expense as a percentage of revenue was 10% for 2014 and 2013. Operating expenses increased 23% compared to 2013 due to increased activity, higher variable compensation and the increase caused by foreign exchange on translation of our U.S. operations.

This segment generated a 56% increase in operating profit to $124 million for 2014 compared to $79 million for 2013, mainly related to volume increases in our Alberta based operations.

STEEL DISTRIBUTORS

a) Description of operations

Our steel distributors act as master distributors selling steel in large volumes to other steel service centers and equipment manufacturers mainly on an "as is" basis. Our U.S. operation has a cut-to-length facility in Houston, Texas where it processes coil for its customers. Our steel distributors source their steel both domestically and off shore.

The main steel products sourced by this segment are structural beam, plate, coils, pipe and tubing; however, product volumes vary based on the economy and trade actions in North America. Our steel distributors operate under the names Wirth Steel and Sunbelt Group. Arrow Steel, a division of Sunbelt Group, processes coils.

b) Factors affecting results

The following is a general discussion of the significant factors affecting our steel distributors. More specific information on how these factors impacted 2014 and 2013 is found in the section that follows.

Steel prices are influenced by overall demand, trade sanctions and product availability both domestically and worldwide. Trade sanctions are initiated either by steel mills or government agencies in North America. Non-trade related sanctions may also be initiated by governments on countries where our suppliers are located. Trade actions currently exist on plate and pipe from specified countries. Steel imports are affected both by mill capacity by product line in North America, as well as international supply and demand. In addition, these factors significantly affect product availability in North America. The increase in economic activity in the metals service center sector in 2014 led to increased activity at steel distributors.

Demand for steel that is sourced off shore fluctuates significantly and is mainly driven by price and product availability in North America. Our steel distributors have a significant number of customers who buy product from them on a periodic basis which can result in large fluctuations in revenues reported from period to period.

Our Canadian operations source product outside of Canada that is priced in U.S. dollars and may be subject to movement in the Canadian dollar.

c) Steel distributors segment results -- 2014 compared to 2013

Steel distributors revenues increased 56% to $441 million for 2014 compared to $283 million in 2013 due to higher volumes and prices. The increase related to stronger demand in North America, higher steel prices and more competitively priced off shore product offerings.

Gross margin as a percentage of revenues improved to 14.2% for 2014 compared to 12.5% for 2013.

Operating expenses as a percentage of revenues was 6% for 2014 and 2013. Operating expenses for 2014 were $8 million higher than 2013 as a result of higher variable compensation and the increase caused by foreign exchange on translation of our U.S. operations.

Operating profits for 2014 doubled to $38 million compared to $19 million in 2013, reflecting higher volumes and selling prices.

CORPORATE EXPENSES -- 2014 COMPARED TO 2013

Corporate expenses were $18 million in 2014 and 2013 and improved as a percentage of revenues. The higher performance based bonuses in 2014 were offset by lower stock based compensation as a result of share price declines in the fourth quarter of 2014.

CONSOLIDATED RESULTS -- 2014 COMPARED TO 2013

Operating profits were $227 million in 2014, 50% higher than the $151 million in 2013. Volume and price increases in all three segments was the most significant factor in the increase in operating profits.

ASSET IMPAIRMENT

During 2014 we recorded a $10 million asset impairment charge related to our bulk handling terminal in Thunder Bay, Ontario. In 2013, we had recorded an asset impairment charge of $5 million. The 2013 impairment charge related to volume declines and in 2014 we recorded an additional impairment due to higher than expected future maintenance costs. During the third quarter of 2014 we received a positive outcome to our property tax appeal resulting in non-recurring income of $1 million.

INTEREST EXPENSE AND INCOME

Net interest expense was $37 million for 2014 compared to $36 million for 2013.

OTHER FINANCE EXPENSE AND INCOME

Other finance expense was $4 million for 2014 compared to income of $5 million for 2013. Other finance expense or income relates to the change in fair value of the contingent consideration due to imputed interest and change in the expected payouts associated with the Apex Distribution and Apex Monarch acquisitions. The change in the estimated future payments related to an increase in the 2014 payment due to stronger results recorded in 2014 offset by a decrease in the expected future payments due to lower projected earnings in the Apex Group in 2015 and beyond. This decrease is due to lower projected future activity at its customer base caused by oil price declines.

The following table shows the components of other finance income and expense:

(millions)	**2014**	2013
Imputed interest	**$ 7**	$ 6
Change in expected future payments	**(3)**	(11)
	$ 4	$ (5)

INCOME TAXES

We recorded a provision for income taxes of $52 million in 2014 compared to $32 million for 2013. Our effective income tax rate for 2014 was 29.8% compared to 27.6% for 2013. Higher earnings in the U.S. which has higher tax rates and the change in fair value of the contingent consideration which is not tax effected resulted in an increase in our effective tax rate in 2014 compared to 2013.

NET EARNINGS

Net earnings for 2014 were $124 million compared to $83 million in 2013. Basic earnings per share for 2014 were $2.01 per share compared to $1.37 per share in 2013.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for 2014 was 61,321,767 compared to 60,780,520 for 2013. The weighted average number of common shares outstanding has increased as a result of the exercise of options. Common shares outstanding at December 31, 2014 and February 18, 2015 were 61,674,228.

We paid common share dividends of $90 million or $1.46 per share in 2014 compared to $85 million or $1.40 per share in 2013.

We have $174 million of 7.75% Convertible Unsecured Subordinated Debentures outstanding which mature on September 30, 2016. Each debenture is convertible into common shares at the option of the holder at any time on or prior to the business day immediately preceding (i) the maturity date, or (ii) the date specified for redemption of the Convertible Debentures, at a conversion price of $25.75 per share being a conversion rate of 38.8350 common shares per $1,000 principal amount of Convertible Debentures. During the year ended December 31, 2014, Convertible Debentures having a principal amount of $0.5 million were converted into 19,840 common shares.

We have $300 million 6.0% Senior Notes due April 19, 2022. The indenture for our Senior Notes has restrictions related to the payment of quarterly dividends in excess of $0.35 per share. We currently have a basket of approximately $245 million available for restricted payments, which is adjusted for 50% of our net earnings or losses on a quarterly basis. This basket would be available for increased dividend payments.

Under our syndicated bank facility, the payment of dividends is subject to excess borrowing base availability of not less than four times the declared dividend. We do not believe this requirement will restrict our ability to pay dividends as our borrowing base, which is based on percentages of accounts receivable and inventories, has traditionally been in excess of our borrowings plus four times the current dividend. In addition, we believe we would be able to finance our short-term cash requirements with alternate financing structures and pay the dividend.

EBITDA

The following table shows the reconciliation of net earnings to adjusted EBITDA:

(millions)	**2014**	2013
Net earnings	**$ 123.6**	$ 83.3
Provision for income taxes	**52.4**	31.8
Interest and finance expense, net	**41.0**	30.9
Asset impairment charges	**9.9**	5.2
Adjusted earnings before interest, finance and income taxes (adjusted EBIT)	**226.9**	151.2
Depreciation and amortization	**34.8**	33.6
Adjusted earnings before interest, finance, income taxes, depreciation and amortization (adjusted EBITDA)	**$ 261.7**	$ 184.8

We believe that adjusted EBITDA, a non-GAAP measure, may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. The items excluded in determining adjusted EBITDA are significant in assessing our operating results and liquidity. Therefore, adjusted EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with GAAP.

CAPITAL EXPENDITURES

Capital expenditures were $48 million in 2014 compared to $27 million in 2013. During 2014, $13 million was expended to purchase land for the expansion of our Edmonton, Alberta metals service center facilities and $6 million on new processing equipment. Depreciation expense was $28 million in 2014 compared to $27 million in 2013. We expect capital expenditures to exceed depreciation in the short term due to the purchase of additional processing equipment and the relocation and expansion of service center locations.

LIQUIDITY

At December 31, 2014, we had net cash defined as, cash less bank indebtedness, of $29 million compared to $116 million at December 31, 2013.

We generated $173 million from operations during 2014 and utilized $145 million for working capital to support our growth as well as $48 million for capital expenditures and $90 million for dividends to shareholders.

To support revenue levels we experience significant swings in working capital which impact cash flow. Our recent strong revenue growth has resulted in increased working capital requirements. Inventory and accounts receivable represent a large percentage of our total assets employed and vary throughout each cycle. Accounts receivable and inventory comprise our largest liquidity risks. Our customers are impacted by the economic climate and thus it is possible to experience additional bad debts and increased days outstanding for accounts receivable, which may affect the timing of collections.

Total assets were $2.0 billion at December 31, 2014 compared to $1.8 billion at December 31, 2013. At December 31, 2014 current assets excluding cash represented 77% of our total assets excluding cash versus 73% at December 31, 2013.

Increases in inventory utilized cash of $146 million in 2014. This inventory increase was primarily a result of increased activity at our metals service centers and steel distributors in support of increased activity for the quarter. Inventories represented 46% of our total assets at December 31, 2014 and compared to 42% at December 31, 2013.

Inventory by Segment *(millions)*	**Dec. 31 2014**	Sept. 30 2014	June 30 2014	Mar. 31 2014	Dec. 31 2013
Metals service centers	**$ 329**	$ 301	$ 265	$ 275	$ 259
Energy products	**437**	418	455	412	433
Steel distributors	**165**	153	142	86	74
Total	**$ 931**	$ 872	$ 862	$ 773	$ 766

Inventory Turns *(quarters ended)*	**Dec. 31 2014**	Sept. 30 2014	June 30 2014	Mar. 31 2014	Dec. 31 2013
Metals service centers	**4.0**	4.4	5.0	4.5	4.3
Energy products	**3.7**	4.0	2.6	3.6	3.0
Steel distributors	**2.6**	2.7	2.6	3.5	3.3
Total	**3.6**	3.9	3.3	3.9	3.5

At December 31, 2014, our metals service centers had higher inventory tons priced at higher values compared to December 31, 2013. Lower fourth quarter revenues and timing of purchases resulted in a decline in turns from September 30, 2014.

Our energy products operations had higher inventory at the end of 2014 due to strong sales relating to the higher level of activity in the Canadian oil patch. A combination of lower inventory and strong revenues improved turns compared to December 31, 2013.

At December 31, 2014, our steel distributors segment had doubled its inventory levels compared to December 31, 2013 as strong demand led to increased purchases. We expect these levels to decrease during 2015.

Accounts receivable utilized cash of $107 million due to increased revenues in 2014. Accounts receivable represented 28% of our total assets at December 31, 2014 compared to 25% of our total assets at December 31, 2013.

During 2014, we made income tax payments of $38 million compared to $35 million for 2013.

The balances disclosed in our consolidated cash flow statements are adjusted to remove the non-cash component related to foreign exchange rate fluctuations impacting inventory, accounts receivable, accounts payable and income tax balances of our U.S. operations.

FREE CASH FLOW

(millions)	**2014**	2013
Cash from operating activities before non-cash working capital	**$ 173.0**	$ 119.2
Purchase of property, plant and equipment	**(48.2)**	(27.2)
	$ 124.8	$ 92.0

We believe that free cash flow may be useful in assessing our ability to pay dividends, reduce outstanding debt and fund working capital growth. Free cash flow is a non-GAAP measure regularly used by investors and analysts to evaluate companies.

CASH, DEBT AND CREDIT FACILITIES

As at December 31 (millions)	**2014**	2013
Long-term debt		
6.0% $300 million Senior Notes due April 19, 2022	**$ 295**	$ 294
7.75% $174 million Convertible Debentures due September 30, 2016	**165**	161
Finance leases obligations, maturing 2014 to 2017	**1**	3
	461	458
Current portion	**(1)**	(1)
	$ 460	$ 457

Our Convertible Debentures have been split between debt and equity. The debt allocated to equity is accreted as a charge through interest expense over the life of the debentures. The amount allocated to equity represented the valuation of the holders' option to convert the Convertible Debentures into common shares. If the Convertible Debentures were to be converted to equity at redemption or maturity it would result in 6,770,757 common shares being issued.

Cash and Bank Credit Facilities As at December 31, 2014 (millions)	Russel Metals Facility	U.S. Subsidiary Facility	Total
Bank loans	$ (32)	$ -	$ (32)
Cash net of outstanding cheques	45	16	61
Net cash	13	16	29
Letters of credit	(43)	(26)	(69)
	$ (30)	$ (10)	$ (40)
Facilities			
Borrowings and letters of credit	$ 275	$ 46	$ 321
Letters of credit	50	-	50
Facilities availability	$ 325	$ 46	$ 371
Available line based on borrowing base	$ 325	$ 46	$ 371

We have a credit facility with a syndicate of Canadian and U.S. banks totaling $325 million which expires June 24, 2017. The syndicated facility consists of availability of $275 million under Tranche I to be utilized for borrowings and letters of credit, and $50 million under Tranche II to be utilized only for letters of credit. Letters of credit are issued under Tranche II first and additional needs are issued under Tranche I. The borrowings and letters of credit are available on a revolving basis, up to an amount equal to the sum of specified percentages of our eligible accounts receivable and inventories, to a maximum of $325 million. As of December 31, 2014, we were entitled to borrow and issue letters of credit totaling $325 million under this facility. At December 31, 2014, we had $32 million in borrowings and $43 million of letters of credit outstanding. At December 31, 2013 we had no borrowings and letters of credit of $24 million.

One of our U.S. subsidiaries has their own bank facility. The maximum borrowings under this facility, including letters of credit, are US$40 million. At December 31, 2014, our U.S. subsidiary had no borrowings under this facility and had letters of credit of US$23 million. At December 31, 2013, this subsidiary had no borrowings under this facility and had letters of credit of US$4 million.

At December 31, 2014, we were in compliance with all of our financial covenants.

With our cash, cash equivalents and our bank facilities we have access to approximately $315 million of cash based on our December 31, 2014 balances. The use of our bank facilities has been predominantly to fund working capital requirements, acquisitions and trade letters of credit for inventory purchases. These lines may be used to support increased working capital needs when volumes and steel prices increase.

CONTRACTUAL OBLIGATIONS

As at December 31, 2014, we were contractually obligated to make payments as per the following table:

	Payments due in				
Contractual Obligations (millions)	2015	2016 and 2017	2018 and 2019	2020 and thereafter	Total
Accounts payable	$ 500	$ -	$ -	$ -	$ 500
Debt	-	174	-	300	474
Long-term debt interest	32	50	36	46	164
Finance lease obligations	-	1	-	-	1
Operating leases	25	42	23	31	121
Total	$ 557	$ 267	$ 59	$ 377	$ 1,260

As part of the purchase consideration for Apex Distribution and Apex Monarch we agreed to pay additional cash consideration during the five years ending 2017 and 2018, respectively, based on earnings before interest and taxes and return on net assets. During the first quarter of 2014 we paid $4 million in satisfaction of the Apex Distribution obligation for 2013. The obligation was increased by $4 million in 2014 related to the change in fair value due to the net of imputed interest of $7 million and a decrease in the expected payment of $3 million. The fair value of the contingent consideration was $44 million at December 31, 2014 and 2013. The amount is reviewed quarterly and adjusted through income for increases or decreases in the liability.

We have obligations related to multiple defined benefit pension plans in Canada, as disclosed in Note 16 of our 2014 consolidated financial statements. During 2014, we contributed $7 million to these plans. We expect to contribute approximately $7 million to these plans during 2015. The defined benefit obligations reported in the consolidated financial statements use different assumptions than the going concern actuarial valuations prepared for funding. In addition, the actuarial valuations provide a solvency valuation, which is a valuation assuming the plan is wound up at the valuation date. Our reported funding obligations would increase by $6 million on a solvency basis and thus additional funding could be required based on solvency if the plans were wound up. We estimate the impact of a 0.25% change in the discount rate on the solvency obligation would be approximately $5 million.

We have disclosed our obligations related to environmental litigation, regulatory actions and remediation in our Annual Information Form under the heading "Environmental Regulation". These obligations relate to previously divested or discontinued operations and do not relate to the metals distribution business.

OFF-BALANCE SHEET ARRANGEMENTS

Our off-balance sheet arrangements consist of the letters of credit disclosed in the bank credit facilities table and operating lease obligations disclosed in the contractual obligations table.

ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to make estimates and judgements that affect the reported amounts. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventory net realizable value and obsolescence, useful lives of fixed assets, asset impairment, fair values, income taxes, pensions and benefits obligations, guarantees, decommissioning liabilities, contingencies, contingent consideration, litigation and assigned values on net assets acquired. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Our most significant assets are accounts receivable and inventories.

Accounts Receivable

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of our customers to make required payments. Assessments are based on aging of receivables, legal issues (bankruptcy status), past collection experience, current financials, credit agency reports and the experience of our credit personnel. Accounts receivable which we determine to be uncollectible are reserved in the period in which the determination is made. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Our reserve for bad debts at December 31, 2014 approximates our reserve at December 31, 2013. Bad debt expense for 2014 as a percentage of revenue approximates that of 2013.

Inventories

We review our inventories to ensure that the cost of inventories is not in excess of its estimated net realizable value and for obsolete and slow moving product. Inventory reserves or write-downs are recorded when cost exceeds the estimated selling price less cost to sell and when product is determined to be slow moving or obsolete. The inventory reserve level at December 31, 2014 approximated the level at December 31, 2013.

Other areas involving significant estimates and judgements include:

Income Taxes

We believe that we have adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases requires significant judgement in interpreting tax rules and regulations, which are constantly changing. Our tax filings are also subject to audits, which could materially change the amount of current and future income tax assets and liabilities. Any change would be recorded as a charge or reduction in income tax expense.

Business Combinations

For each acquisition we review the fair value of assets acquired. Where we deem it appropriate, we hire outside business valuators to assist in the assessment of the fair value of property, plant, equipment, intangibles and contingent consideration of acquired businesses. The assessment of fair values for contingent consideration is completed quarterly and requires significant judgement.

Contingent Liabilities

Provisions for claims and potential claims are determined on a case by case basis. We recognize contingent loss provisions when it is determined that a loss is probable and when we are able to reasonably estimate the loss. This determination takes significant judgement and actual cash outflows might be materially different from estimates. In addition, we may receive claims in the future that could have a material impact on our financial results.

The Company and certain of its subsidiaries have been named defendants in a number of legal actions. Although the outcome of these legal actions cannot be determined, management intends to defend all such legal actions and has recorded provisions, as required, based on its best estimate of the potential losses. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on the Company's financial position, cash flows or operations.

The Company and the manufacturer of certain energy products have received notice of a customer claim relating to product that was distributed by the Company between 2010 and 2012. The customer alleges that the product was defective and that the manufacturer did not meet the specifications for the goods distributed by the Company. The Company is currently evaluating the claim but has not been provided with information to make a reliable estimate of any potential liability and consequently no provision has been recorded. The Company intends to vigorously defend against this claim and to assert its rights against the manufacturer.

Employee Benefit Plans

Our actuaries perform a valuation, at least every three years, for each defined benefit plan to determine the actuarial present value of the benefits. The valuation uses management's assumptions for the interest rate, rate of compensation increase, rate of increase in government benefits and expected average remaining years of service of employees. While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect employee benefit obligations and future net benefit plan cost. We account for differences between actual and assumed results by recognizing differences in benefit obligations and plan performance immediately in other comprehensive income.

We had approximately $106 million in plan assets at December 31, 2014, which is an increase of approximately $12 million from December 31, 2013. The discount rate used on the employee benefit plan obligation for December 31, 2014 was 4% which is 0.75% lower than the interest rate at December 31, 2013 resulting in an increase in our accrued benefit obligation of $15 million.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The purpose of internal controls over financial reporting as defined by the Canadian Securities Administrators is to provide reasonable assurance that:

(i) financial statements prepared for external purposes are in accordance with the Company's generally accepted accounting principles,
(ii) transactions are recorded as necessary to permit the preparation of financial statements, and records are maintained in reasonable detail,
(iii) receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors, and
(iv) unauthorized acquisitions, uses or dispositions of the Company's assets that could have a material effect on the financial statements will be prevented or detected in order to prevent material error in financial statements.

The President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer have caused management and other employees to design and document our disclosure controls and procedures and our internal controls over financial reporting. An evaluation of the design and operating effectiveness of the disclosure controls and internal controls over financial reporting was conducted as at December 31, 2014. The design and evaluation of internal controls was completed using the framework and criteria established in "Internal Control - Integrated Framework" (the "2013 Framework") issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation, we have concluded that our disclosure controls and procedures and our internal controls over financial reporting were effective to provide reasonable assurance that information related to our consolidated results and decisions to be made on those results were appropriate.

VISION AND STRATEGY

The metals distribution business is a segment of a mature, cyclical industry. The use of service centers by both manufacturers and end users has grown over the last decade.

We strive to deal with the cyclical nature of the business by operating with the lowest possible net assets throughout the course of a cycle. This intensive asset management reduces borrowings and therefore interest expense in declining periods in the economic cycle. This in turn creates higher, more stable returns on net assets over a cycle. Our conservative management approach creates relatively stronger trough earnings but could cause potential peak earnings to be somewhat muted. Management believes that this strategy will result in higher profits throughout a cycle and we will have average earnings over the full range of the cycle in the top deciles of the industry.

Growth from selective acquisitions is also part of our strategy. We focus on investment opportunities in metals businesses that have strong market niches or provide mass to our existing operations. New acquisitions could be either major stand-alone operations or ones that complement our existing operations. We made acquisitions in both 2013 and 2014. We continue to review opportunities for acquisitions.

We believe that the steel-based pricing cycle will continue to be short and volatile, and a management structure and philosophy that allows the fastest reaction to changes that affect the industry will be the most successful. We will continue to invest in our business systems to enable faster reaction times to changing business conditions. In addition, management believes the high level of service and flexibility provided by service centers will enable this distribution channel to capture an increasing percentage of the total metal revenues to end users, allowing for increased growth within the sector.

RISK

The timing and extent of future price changes from steel producers and their impact on us cannot be predicted with any certainty due to the inherent cyclical nature of the steel industry and modest capacity utilization rates for North American steel producers.

Our acquisitions between 2012 and 2014 increased our exposure to the Western Canadian oil and gas segment. We believe that this continues to be an area of growth long term; however, our exposure to the cyclicality of oil and gas pricing has increased. Management believes the acquisition in the oil field operations of Apex Distribution provides a more stable stream of revenues and earnings for the energy products segment. Our Annual Information Form includes a summary of risks related to our business.

FOURTH QUARTER RESULTS

The following table provides operating profit before interest, taxes and other income or expense in a format consistent with our annual results.

(millions, except percentages)	Quarters Ended December 31		2014 change as a % of 2013
	2014	2013	
Segment Revenues			
Metals service centers	**$ 402.6**	$ 351.9	14%
Energy products	**484.1**	387.3	25%
Steel distributors	**124.9**	70.4	77%
Other	**1.6**	1.5	
	$ 1,013.2	$ 811.1	25%
Segment Operating Profits			
Metals service centers	**$ 13.4**	$ 13.4	- %
Energy products	**31.5**	21.5	46%
Steel distributors	**11.5**	4.3	167%
Corporate expenses	**(2.9)**	(5.5)	47%
Other	**0.1**	(0.7)	
Operating profits	**$ 53.6**	$ 33.0	62%
Segment Gross Margin as a % of Revenues			
Metals service centers	**19.2%**	20.2%	
Energy products	**16.1%**	15.5%	
Steel distributors	**14.7%**	12.4%	
Total operations	**17.3%**	17.5%	
Segment Operating Profit as a % of Revenues			
Metals service centers	**3.3%**	3.8%	
Energy products	**6.5%**	5.6%	
Steel distributors	**9.2%**	6.1%	
Total operations	**5.3%**	4.1%	

Revenue increases in the fourth quarter were consistent with the revenue increases throughout 2014. Operating profits of $54 million for the fourth quarter 2014 were 62% higher compared to the fourth quarter of 2013. Tons shipped in the fourth quarter of 2014 for metals service centers were approximately 5% higher than for the fourth quarter of 2013 and selling prices were 10% higher than the fourth quarter of 2013. Gross margin as a percentage of revenues declined from 20.2% for the fourth quarter of 2013 to 19.2% for the fourth quarter of 2014. Inventory costs rose faster than we were able to increase selling prices. The energy products segment had strong volumes and gross margins which resulted in operating profits improving 46%. Steel distributors operating profits more than doubled reflecting higher volumes and selling prices.

During the fourth quarter of 2014 we recorded finance income of $6 million related to contingent consideration on the Apex Distribution and Apex Monarch acquisitions based on fair value adjustment for future payments due to anticipated reduced earnings caused by declining oil prices. Also during the fourth quarter we recorded an asset impairment charge of $10 million on our Thunder Bay Terminals operation due to a reduction in expected future cash flows. Earnings per share for the fourth quarter of 2014 was $0.50 compared to $0.37 for the fourth quarter of 2013 and $0.54 for the third quarter of 2014.

OUTLOOK

We believe the current oil price levels, reductions in rig counts and announced capital spending reductions will significantly impact our energy sector business. We believe the addition of Apex Distribution with their heavier concentration on repair and maintenance-based energy business will provide a more stable revenue and earnings stream compared to our historical results in the energy products segment. We believe that current off shore supply imbalances will cause continued downward pressure on steel prices in the first half of 2015. We believe there is a lower risk of a severe drop in metal prices in 2015 compared to 2009, as metal prices in the current environment are much lower compared to 2008. It is difficult to predict how all of these factors will impact our results.

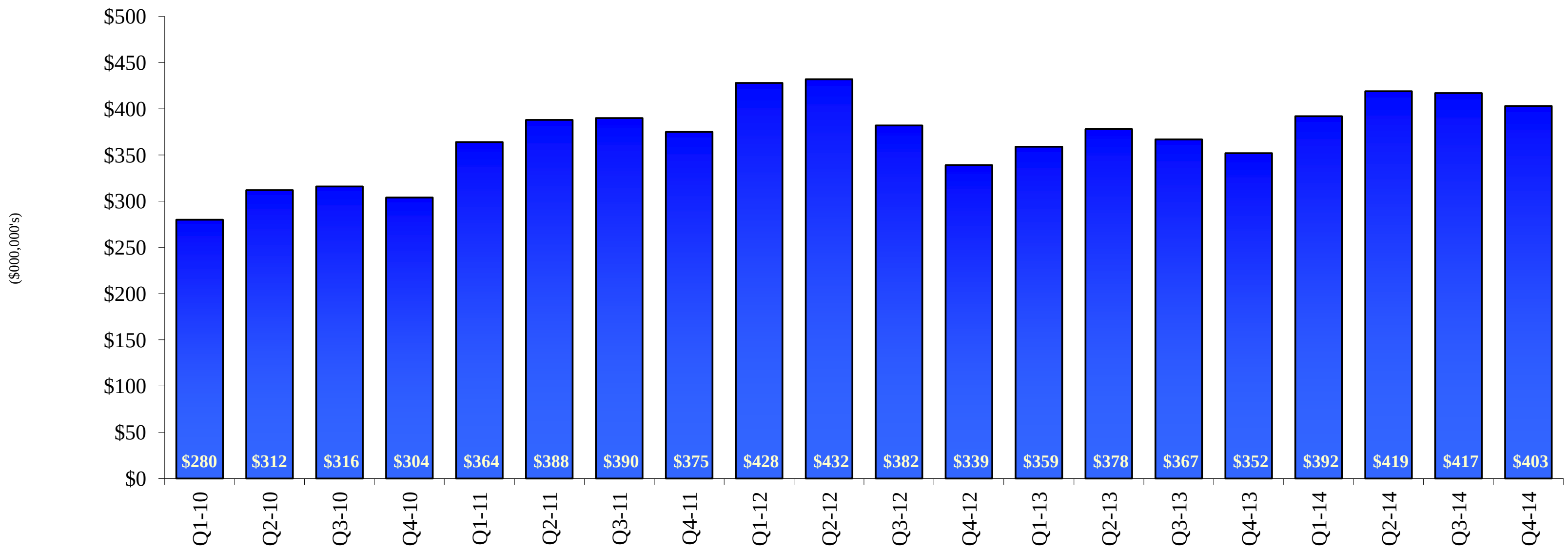
RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

($ millions)	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
METALS SERVICE CENTERS																				
Revenue	402.6	416.9	419.4	391.5	351.9	366.9	377.8	359.0	338.5	382.3	432.3	428.0	375.1	390.4	387.9	363.8	304.3	315.7	312.2	280.0
Cost of goods sold	325.2	332.7	331.6	306.7	280.7	290.9	300.9	284.1	270.2	305.3	344.0	337.8	299.8	310.1	296.1	272.8	243.4	249.3	241.9	217.1
Operating expenses	64.0	62.1	62.4	63.6	57.8	56.2	56.4	56.9	51.4	54.5	57.7	58.1	54.0	56.1	58.4	54.7	48.0	50.4	50.8	47.8
EBIT	**13.4**	**22.1**	**25.4**	**21.2**	**13.4**	**19.8**	**20.5**	**18.0**	**16.9**	**22.5**	**30.6**	**32.1**	**21.3**	**24.2**	**33.4**	**36.3**	**12.9**	**16.0**	**19.5**	**15.1**
Depreciation & amortization	6.1	5.8	5.7	5.6	5.6	5.8	5.4	5.7	5.5	5.5	5.3	4.8	4.9	4.8	4.9	5.0	5.1	5.2	5.1	5.2
EBITDA	**19.5**	**27.9**	**31.1**	**26.8**	**19.0**	**25.6**	**25.9**	**23.7**	**22.4**	**28.0**	**35.9**	**36.9**	**26.2**	**29.0**	**38.3**	**41.3**	**18.0**	**21.2**	**24.6**	**20.3**
Cost of goods sold	80.8%	79.8%	79.1%	78.3%	79.8%	79.3%	79.6%	79.1%	79.8%	79.9%	79.6%	78.9%	79.9%	79.4%	76.3%	75.0%	80.0%	79.0%	77.5%	77.5%
Operating expenses	15.9%	14.9%	14.9%	16.2%	16.4%	15.3%	14.9%	15.8%	15.2%	14.3%	13.3%	13.6%	14.4%	14.4%	15.1%	15.0%	15.8%	16.0%	16.3%	17.1%
Depreciation & amortization	1.5%	1.4%	1.4%	1.4%	1.6%	1.6%	1.4%	1.6%	1.6%	1.4%	1.2%	1.1%	1.3%	1.2%	1.3%	1.4%	1.7%	1.6%	1.6%	1.9%
EBIT	3.3%	5.3%	6.1%	5.4%	3.8%	5.4%	5.4%	5.0%	5.0%	5.9%	7.1%	7.5%	5.7%	6.2%	8.6%	10.0%	4.2%	5.1%	6.2%	5.4%
EBITDA	4.8%	6.7%	7.4%	6.8%	5.4%	7.0%	6.9%	6.6%	6.6%	7.3%	8.3%	8.6%	7.0%	7.4%	9.9%	11.4%	5.9%	6.7%	7.9%	7.3%
ENERGY PRODUCTS																				
Revenue	484.1	497.2	365.7	445.1	387.3	353.4	312.9	389.2	344.4	249.3	191.7	274.8	233.5	223.3	145.4	224.0	193.1	187.4	129.2	194.6
Cost of goods sold	406.3	418.1	297.8	369.3	327.1	300.4	263.3	329.5	299.3	216.0	165.0	237.1	200.7	191.4	121.9	190.2	163.5	160.8	109.0	171.6
Operating expenses	46.3	46.4	40.8	43.1	38.7	36.7	32.6	35.2	27.1	17.5	16.2	18.8	15.9	16.8	12.9	16.0	13.0	12.1	11.4	11.8
EBIT	**31.5**	**32.7**	**27.1**	**32.7**	**21.5**	**16.3**	**17.0**	**24.5**	**18.0**	**15.8**	**10.5**	**18.9**	**16.9**	**15.1**	**10.6**	**17.8**	**16.6**	**14.5**	**8.8**	**11.2**
Depreciation & amortization	2.6	2.8	2.6	2.6	2.5	2.4	2.2	2.3	1.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5
EBITDA	**34.1**	**35.5**	**29.7**	**35.3**	**24.0**	**18.7**	**19.2**	**26.8**	**19.5**	**16.3**	**10.9**	**19.3**	**17.3**	**15.5**	**11.0**	**18.2**	**17.0**	**14.9**	**9.2**	**11.7**
Cost of goods sold	83.9%	84.1%	81.4%	83.0%	84.5%	85.0%	84.1%	84.7%	86.9%	86.6%	86.1%	86.3%	86.0%	85.7%	83.8%	84.9%	84.7%	85.8%	84.4%	88.2%
Operating expenses	9.6%	9.3%	11.2%	9.7%	10.0%	10.4%	10.4%	9.0%	7.9%	7.0%	8.5%	6.8%	6.8%	7.5%	8.9%	7.1%	6.7%	6.5%	8.8%	6.1%
Depreciation & amortization	0.5%	0.6%	0.7%	0.6%	0.6%	0.7%	0.7%	0.6%	0.4%	0.2%	0.2%	0.1%	0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	0.3%	0.3%
EBIT	6.5%	6.6%	7.4%	7.3%	5.6%	4.6%	5.4%	6.3%	5.2%	6.3%	5.5%	6.9%	7.2%	6.8%	7.3%	7.9%	8.6%	7.7%	6.8%	5.8%
EBITDA	7.0%	7.1%	8.1%	7.9%	6.2%	5.3%	6.1%	6.9%	5.7%	6.5%	5.7%	7.0%	7.4%	6.9%	7.6%	8.1%	8.8%	8.0%	7.1%	6.0%
STEEL DISTRIBUTORS																				
Revenue	124.9	122.5	106.3	87.3	70.4	74.1	65.1	73.6	81.3	78.4	92.0	99.4	101.0	89.5	82.6	69.8	61.1	75.5	61.3	49.9
Cost of goods sold	106.6	104.1	91.7	75.8	61.7	65.3	56.5	64.3	70.6	68.2	79.2	84.1	85.2	76.5	67.1	56.2	52.0	66.0	49.9	42.3
Operating expenses	6.8	6.6	6.0	5.2	4.4	3.9	3.6	4.5	4.1	4.3	4.7	5.6	4.7	4.9	5.1	4.8	4.3	4.5	4.7	3.2
EBIT	**11.5**	**11.8**	**8.6**	**6.3**	**4.3**	**4.9**	**5.0**	**4.8**	**6.6**	**5.9**	**8.1**	**9.7**	**11.1**	**8.1**	**10.4**	**8.8**	**4.8**	**5.0**	**6.7**	**4.4**
Depreciation & amortization	0.2	0.1	0.1	0.1	0.1	0.1	0.1		0.1	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
EBITDA	**11.7**	**11.9**	**8.7**	**6.4**	**4.4**	**5.0**	**5.1**	**4.8**	**6.7**	**5.9**	**8.1**	**9.8**	**11.2**	**8.2**	**10.5**	**8.9**	**4.9**	**5.1**	**6.8**	**4.5**
Cost of goods sold	85.3%	85.0%	86.3%	86.8%	87.6%	88.1%	86.8%	87.4%	86.8%	87.0%	86.1%	84.6%	84.4%	85.5%	81.2%	80.5%	85.1%	87.4%	81.4%	84.8%
Operating expenses	5.4%	5.4%	5.6%	6.0%	6.3%	5.3%	5.5%	6.1%	5.0%	5.5%	5.1%	5.6%	4.7%	5.5%	6.2%	6.9%	7.0%	6.0%	7.7%	6.4%
Depreciation & amortization	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.2%
EBIT	9.2%	9.6%	8.1%	7.2%	6.1%	6.6%	7.7%	6.5%	8.1%	7.5%	8.8%	9.8%	11.0%	9.1%	12.6%	12.6%	7.9%	6.6%	10.9%	8.8%
EBITDA	9.4%	9.7%	8.2%	7.3%	6.2%	6.7%	7.8%	6.5%	8.2%	7.5%	8.8%	9.9%	11.1%	9.2%	12.7%	12.8%	8.0%	6.8%	11.1%	9.0%
TBTL																				
Revenue	1.6	2.2	1.9	0.1	1.5	2.4	2.3		1.7	2.6	2.7	0.7	2.0	2.2	2.7	0.1	3.0	3.3	3.4	1.4
Cost of goods sold	0.1	-	-	(0.1)	(0.1)	0.1	-	-	-	-	-	-	0.1	-	(0.2)	0.1	-	-	-	-
Operating expenses	1.4	0.5	1.4	1.7	2.3	1.6	1.8	1.5	2.6	1.7	1.5	1.4	1.5	1.6	1.7	1.7	1.3	1.7	1.9	1.9
EBIT	**0.1**	**1.7**	**0.5**	**(1.5)**	**(0.7)**	**0.7**	**0.5**	**(1.5)**	**(0.9)**	**0.9**	**1.2**	**(0.7)**	**0.4**	**0.6**	**1.2**	**(1.7)**	**1.7**	**1.6**	**1.5**	**(0.5)**
Depreciation & amortization	-	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.3	0.2
EBITDA	**0.1**	**1.8**	**0.6**	**(1.3)**	**(0.6)**	**0.9**	**0.8**	**(1.3)**	**(0.7)**	**1.1**	**1.5**	**(0.5)**	**0.7**	**0.8**	**1.5**	**(1.5)**	**1.9**	**1.8**	**1.8**	**(0.3)**
CORPORATE																				
Expenses	2.9	4.9	5.1	5.1	5.3	5.0	2.6	4.3	4.1	4.7	3.9	6.7	3.3	2.8	3.3	6.7	3.7	3.6	3.3	3.6
Depreciation & amortization	-	-	0.1	0.1	0.2	0.2	0.2		0.1	0.1	0.1	0.2	0.1	0.3	0.2	0.3	0.4	0.4	0.3	0.3
EBIT	**(2.9)**	**(4.9)**	**(5.2)**	**(5.2)**	**(5.5)**	**(5.2)**	**(2.8)**	**(4.3)**	**(4.2)**	**(4.8)**	**(4.0)**	**(6.9)**	**(3.4)**	**(3.1)**	**(3.5)**	**(7.0)**	**(4.1)**	**(4.0)**	**(3.6)**	**(3.9)**
EBITDA	**(2.9)**	**(4.9)**	**(5.1)**	**(5.1)**	**(5.3)**	**(5.0)**	**(2.6)**	**(4.3)**	**(4.1)**	**(4.7)**	**(3.9)**	**(6.7)**	**(3.3)**	**(2.8)**	**(3.3)**	**(6.7)**	**(3.7)**	**(3.6)**	**(3.3)**	**(3.6)**
Expenses	0.3%	0.5%	0.6%	0.6%	0.7%	0.6%	0.3%	0.5%	0.5%	0.7%	0.5%	0.8%	0.5%	0.4%	0.5%	1.0%	0.7%	0.6%	0.7%	0.7%
Depreciation & amortization	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Operating EBIT	**$ 53.6**	**$ 63.4**	**$ 56.4**	**$ 53.5**	**$ 33.0**	**$ 36.5**	**$ 40.2**	**$ 41.5**	**$ 36.4**	**$ 40.3**	**$ 46.4**	**$ 53.1**	**$ 46.3**	**$ 44.9**	**$ 52.1**	**$ 54.2**	**$ 31.9**	**$ 33.1**	**$ 32.9**	**$ 26.3**
Operating EBITDA	**$ 62.5**	**$ 72.2**	**$ 65.0**	**$ 62.1**	**$ 41.5**	**$ 45.2**	**$ 48.4**	**$ 49.7**	**$ 43.8**	**$ 46.6**	**$ 52.5**	**$ 58.8**	**$ 52.1**	**$ 50.7**	**$ 58.0**	**$ 60.2**	**$ 38.1**	**$ 39.4**	**$ 39.1**	**$ 32.6**
Operating EBIT	5.3%	6.1%	6.3%	5.8%	4.1%	4.6%	5.3%	5.0%	4.8%	5.7%	6.5%	6.6%	6.5%	6.4%	8.4%	8.2%	5.7%	5.7%	6.5%	5.0%
Operating EBITDA	6.2%	7.0%	7.3%	6.7%	5.1%	5.7%	6.4%	6.0%	5.7%	6.5%	7.3%	7.3%	7.3%	7.2%	9.4%	9.2%	6.8%	6.8%	7.7%	6.2%

SUMMARY
RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

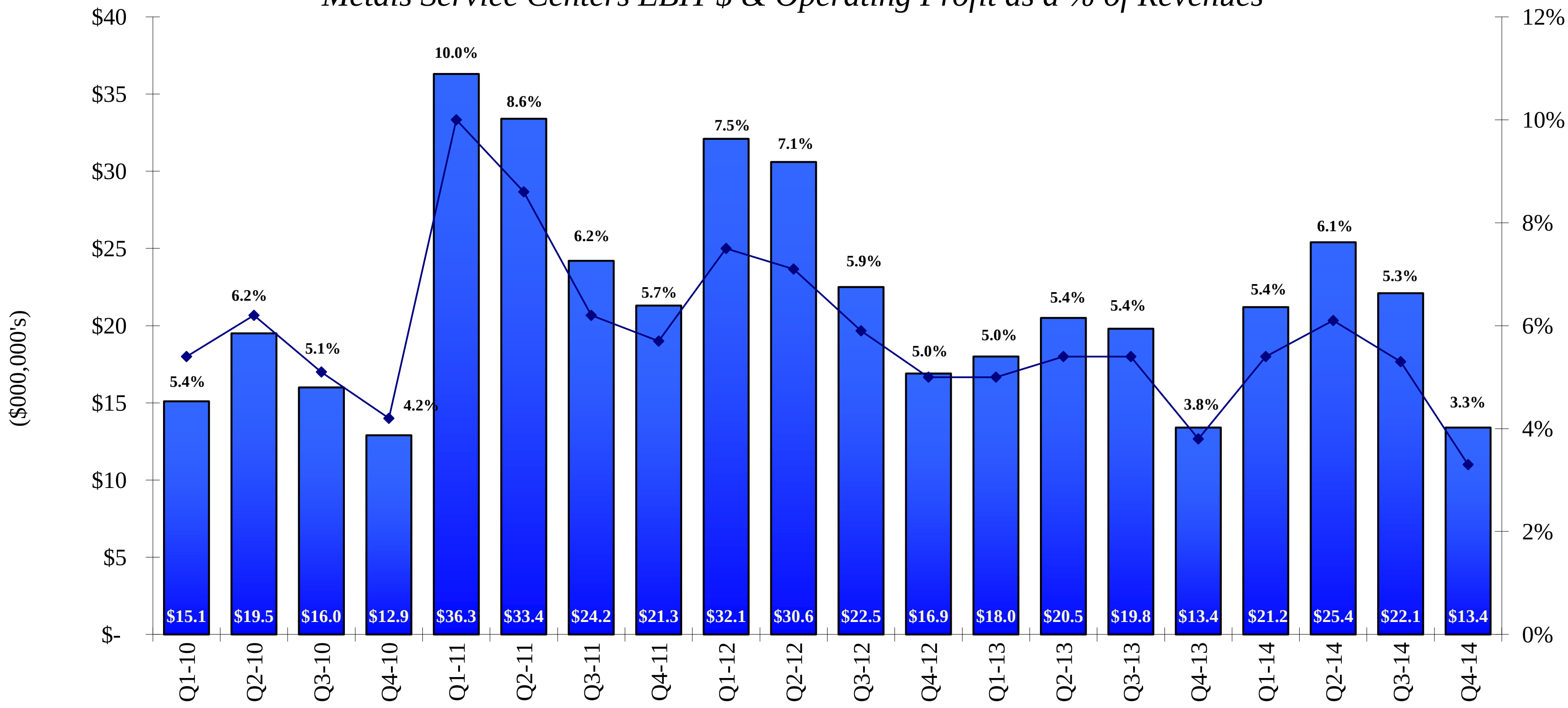
($ millions)	**Q4 2014**	**Q3 2014**	**Q2 2014**	**Q1 2014**	**Q4 2013**	**Q3 2013**	**Q2 2013**	**Q1 2013**	**Q4 2012**	**Q3 2012**	**Q2 2012**	**Q1 2012**	**Q4 2011**	**Q3 2011**	**Q2 2011**	**Q1 2011**	**Q4 2010**	**Q3 2010**	**Q2 2010**	**Q1 2010**
Quarter ended:																				
Revenue	1,013.2	1,038.8	893.3	924.0	811.1	796.8	758.1	821.8	765.9	712.6	718.7	802.9	711.6	705.4	618.6	657.7	561.5	581.9	506.1	525.9
Cost of goods sold	838.2	854.9	721.1	751.7	669.4	656.7	620.7	677.9	640.1	589.5	588.2	659.0	585.8	578.0	484.9	519.3	458.9	476.1	400.8	431.0
Operating expenses	118.5	115.6	110.6	113.6	103.2	98.4	94.4	98.1	85.2	78.0	80.1	83.9	76.1	79.4	78.1	77.2	66.6	68.7	68.8	64.7
Corp. Expenses	2.9	4.9	5.2	5.2	5.5	5.2	2.8	4.3	4.2	4.8	4.0	6.9	3.4	3.1	3.5	7.0	4.1	4.0	3.6	3.9
Operating EBIT	**53.6**	**63.4**	**56.4**	**53.5**	**33.0**	**36.5**	**40.2**	**41.5**	**36.4**	**40.3**	**46.4**	**53.1**	**46.3**	**44.9**	**52.1**	**54.2**	**31.9**	**33.1**	**32.9**	**26.3**
Depreciation & amortization	8.9	8.8	8.6	8.6	8.5	8.7	8.2	8.2	7.4	6.3	6.1	5.7	5.8	5.8	5.9	6.0	6.2	6.3	6.2	6.3
Operating EBITDA	**62.5**	**72.2**	**65.0**	**62.1**	**41.5**	**45.2**	**48.4**	**49.7**	**43.8**	**46.6**	**52.5**	**58.8**	**52.1**	**50.7**	**58.0**	**60.2**	**38.1**	**39.4**	**39.1**	**32.6**
Gain on sale of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	**53.6**	**63.4**	**56.4**	**53.5**	**33.0**	**36.5**	**40.2**	**41.5**	**36.4**	**40.3**	**46.4**	**53.1**	**46.3**	**44.9**	**52.1**	**54.2**	**31.9**	**33.1**	**32.9**	**26.3**
EBITDA	**62.5**	**72.2**	**65.0**	**62.1**	**41.5**	**45.2**	**48.4**	**49.7**	**43.8**	**46.6**	**52.5**	**58.8**	**52.1**	**50.7**	**58.0**	**60.2**	**38.1**	**39.4**	**39.1**	**32.6**
Twelve months ended:																				
Revenue	3,869.3	3,667.2	3,425.2	3,290.0	3,187.8	3,142.6	3,058.4	3,019.0	3,000.1	2,945.8	2,938.6	2,838.5	2,693.3	2,543.2	2,419.7	2,307.2	2,175.4	2,046.6	1,899.0	1,855.4
Cost of goods sold	3,165.9	2,997.1	2,798.9	2,698.5	2,624.7	2,595.4	2,528.2	2,495.7	2,476.8	2,422.5	2,411.0	2,307.7	2,168.0	2,041.1	1,939.2	1,855.1	1,766.8	1,671.6	1,544.2	1,527.8
Operating expenses	476.5	463.8	446.9	428.3	411.9	392.6	371.8	358.7	347.1	337.2	336.9	334.4	327.8	319.0	309.2	300.0	284.4	274.9	262.6	256.3
Operating EBIT	**226.9**	**206.3**	**179.4**	**163.2**	**151.2**	**154.6**	**158.4**	**164.6**	**176.2**	**186.1**	**190.7**	**196.4**	**197.5**	**183.1**	**171.3**	**152.1**	**124.2**	**100.1**	**92.2**	**71.3**
Gain on sale of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4.3)
EBIT	**226.9**	**206.3**	**179.4**	**163.2**	**151.2**	**154.6**	**158.4**	**164.6**	**176.2**	**186.1**	**190.7**	**196.4**	**197.5**	**183.1**	**171.3**	**152.1**	**124.2**	**100.1**	**92.2**	**75.6**
Depreciation & amortization	34.9	34.5	34.4	34.0	33.6	32.5	30.1	28.0	25.5	23.9	23.4	23.2	23.5	23.9	24.4	24.7	25.0	24.9	25.2	25.5
EBITDA	**261.8**	**240.8**	**213.8**	**197.2**	**184.8**	**187.1**	**188.5**	**192.6**	**201.7**	**210.0**	**214.1**	**219.6**	**221.0**	**207.0**	**195.7**	**176.8**	**149.2**	**125.0**	**117.4**	**101.1**

RUSSEL METALS INC.
Metals Service Centers Revenues

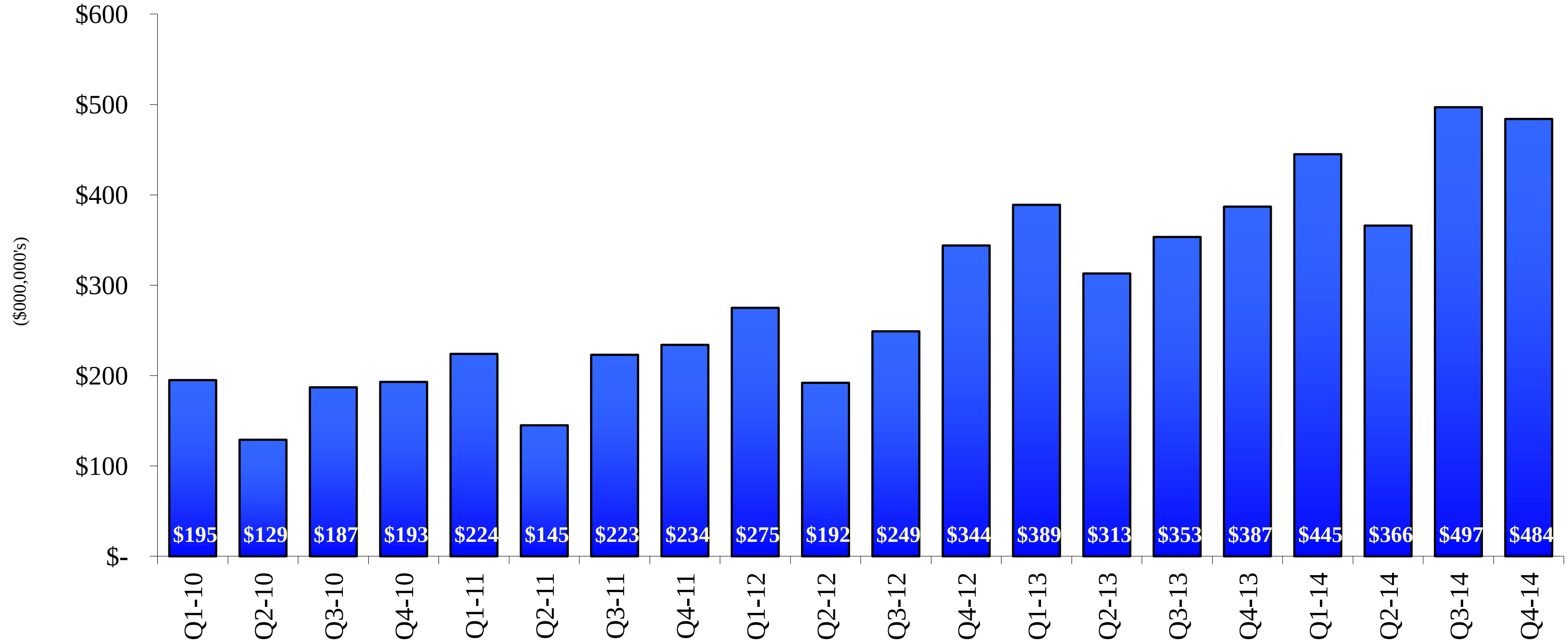


RUSSEL METALS INC.

Metals Service Centers EBIT $ & Operating Profit as a % of Revenues

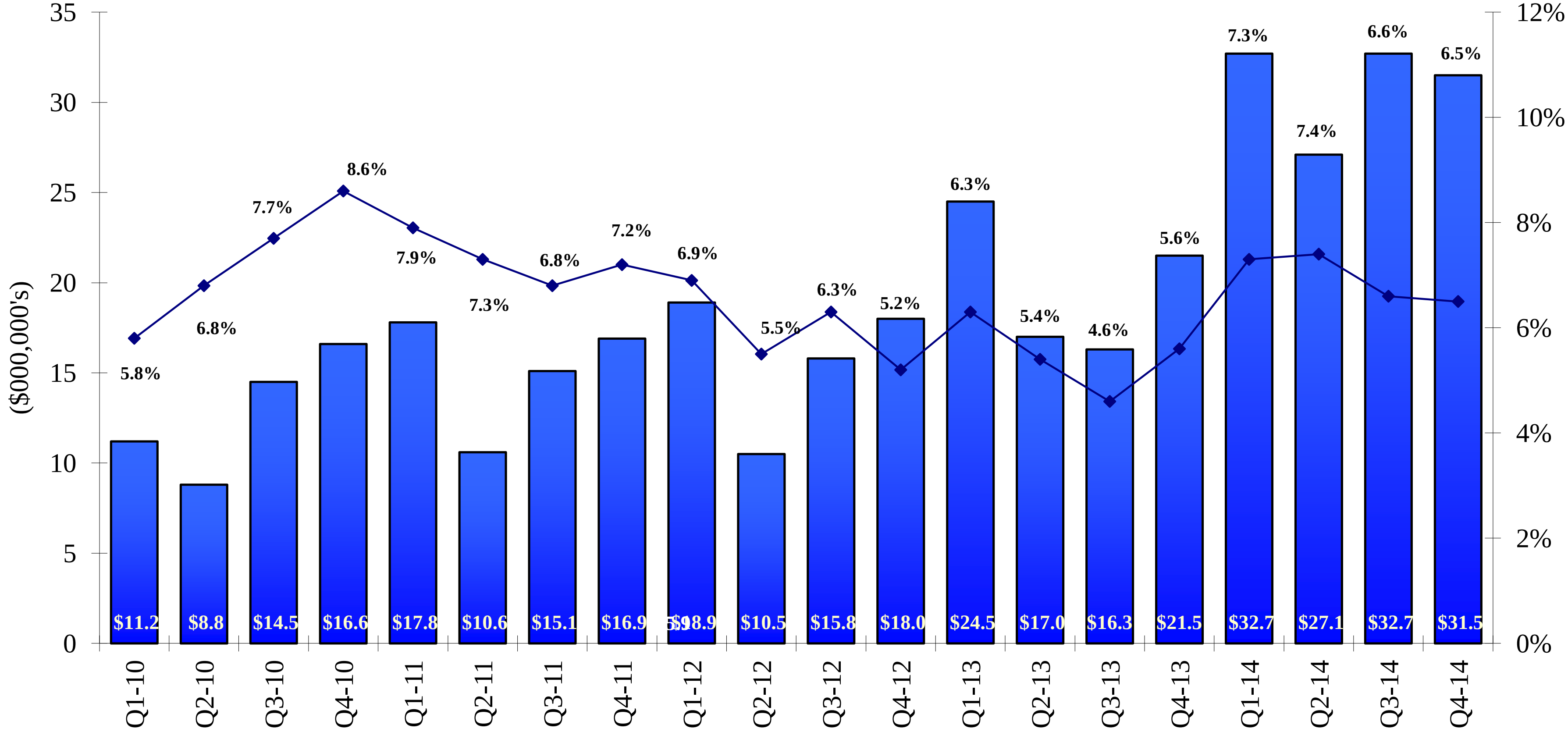


RUSSEL METALS INC.
Energy Products Revenues

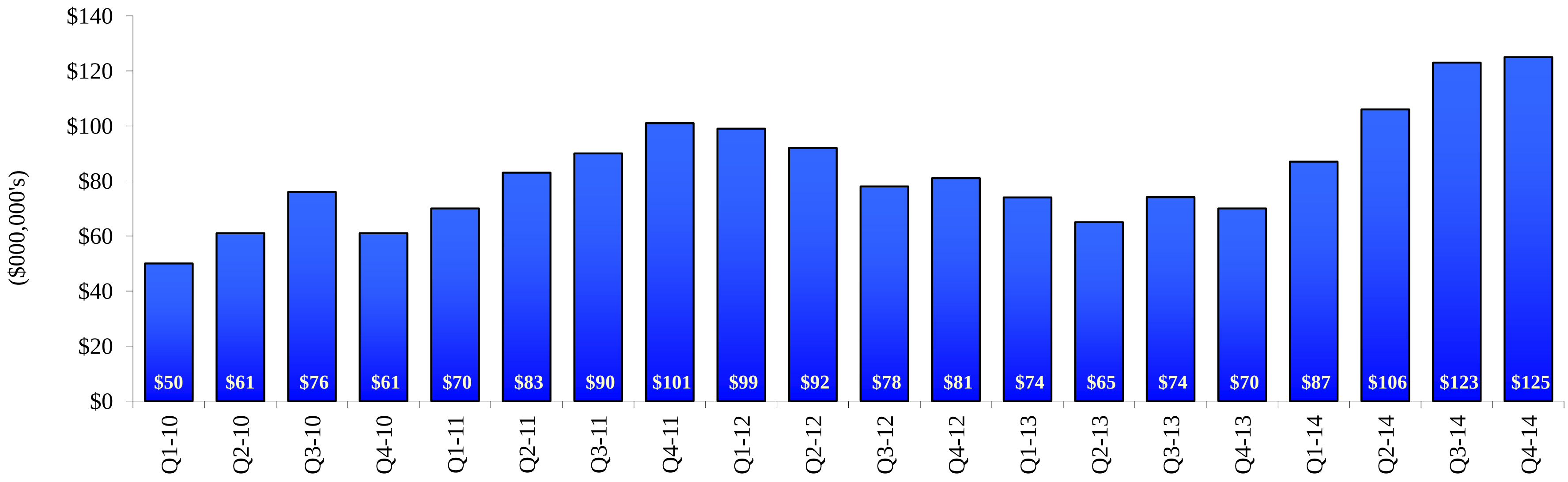


RUSSEL METALS INC.

Energy Products EBIT $ & Operating Profit as a % of Revenues

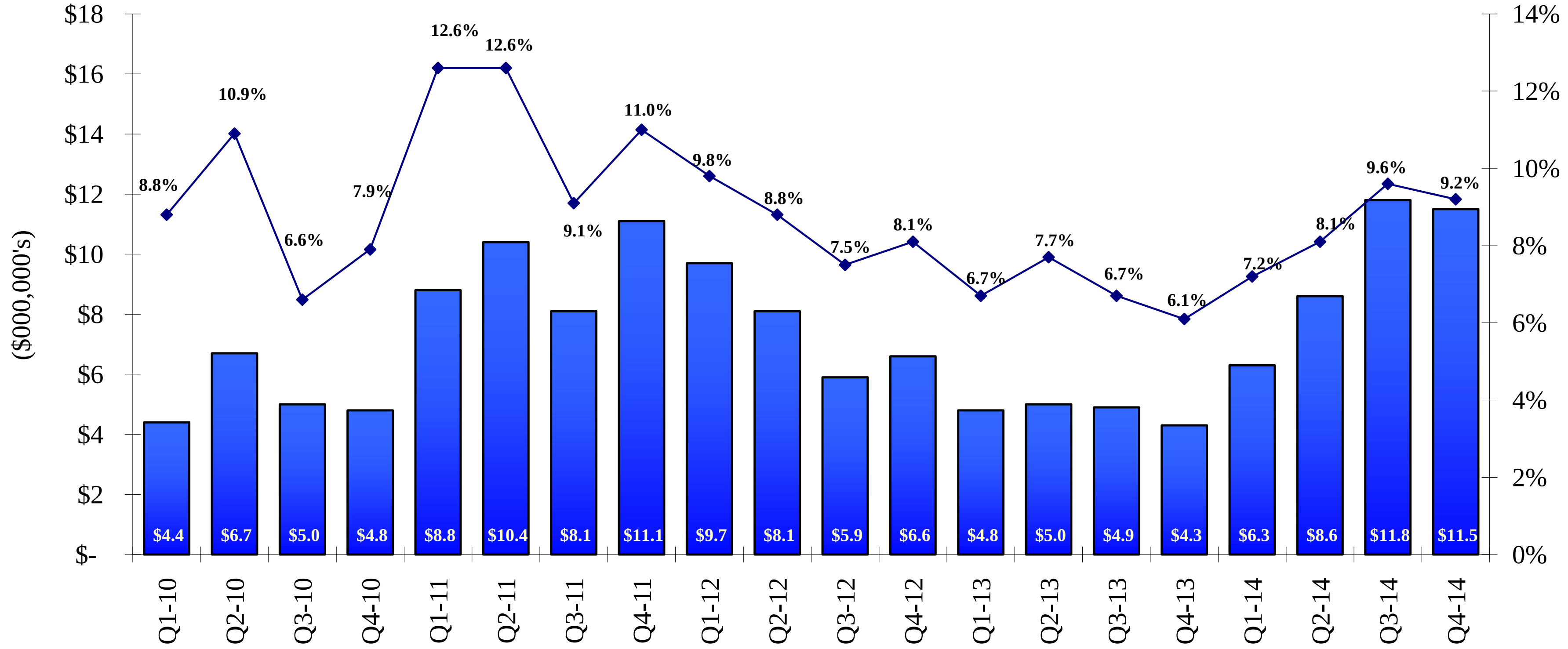


RUSSEL METALS INC.
Steel Distributors Revenues



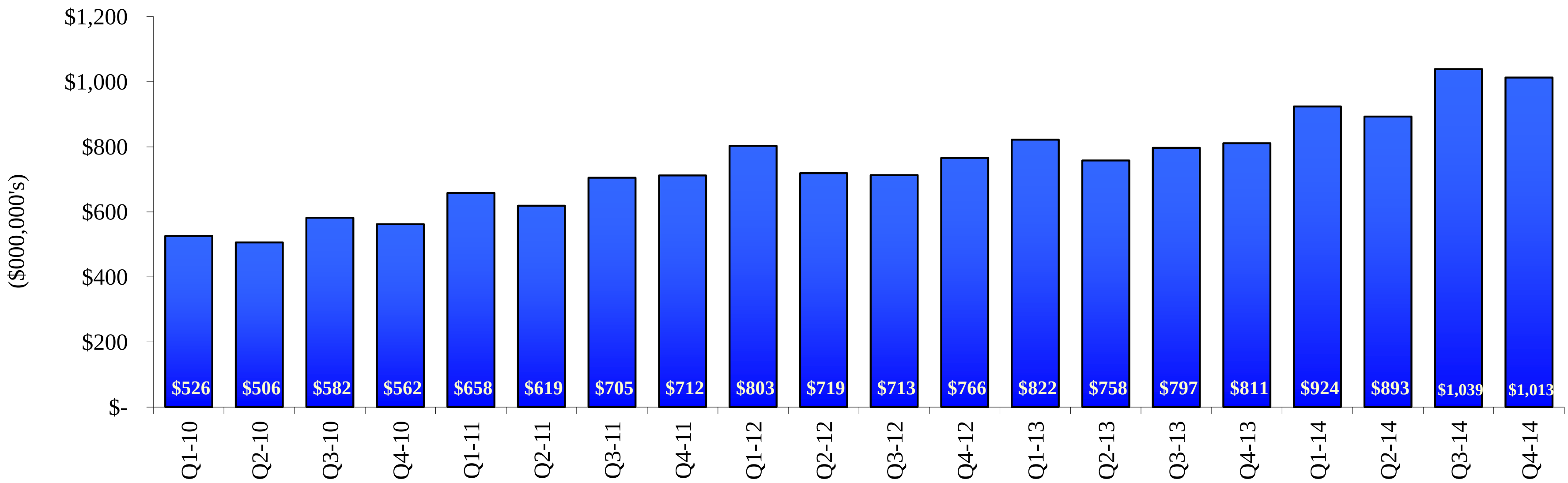
RUSSEL METALS INC.

Steel Distributors EBIT $ & Operating Profit as a % of Revenues



RUSSEL METALS INC.

Total Revenues



RUSSEL METALS INC.

Total Operating EBIT $ & Operating EBIT as a % of Revenues