Russel Metals

INFORMATION PACKAGE

FOR

INVESTOR CONFERENCE CALL

AUGUST 13, 2015

Russel Metals

INFORMATION PACKAGE FOR INVESTOR CONFERENCE CALL
August 13, 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; cyber security breach; 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.

COMMENTS RE MARKET CONDITIONS
AUGUST 2015

1. Metals service center tons down 7% in Q2 and 5% ytd compared to 2014.

2. Margin pressure at metals service centers caused by excess inventory in industry and decline in prices. Russel inventory is in line.

3. Rig counts at record lows.

   Competitive pressure caused by lack of demand and excess North American inventory impacting margins.

Russel Metals

HIGHLIGHTS
2015 SECOND QUARTER RESULTS

1. QTR-2 2015 - Earnings $16 million, EPS $0.27
   QTR-2 2014 - Earnings $31 million, EPS $0.50
   QTR-1 2015 - Earnings $19 million, EPS $0.30

2. Six months June 30, 2015 - Earnings $35 million, EPS $0.57
   Six months June 30, 2014 - Earnings $60 million, EPS $0.97

3. Free Cash Flow
   (cash from operations before working capital changes less capital expenditures)
   Six months June 30, 2015 - $37 million or $0.60 per share
   Six months June 30, 2014 - $69 million or $1.13 per share

4. QTR-2 2015 Change in non-cash working capital - $53 million
   Net cash - $3 million

5. Return on Equity – 7 %

6. Dividend of $0.38 per share declared

Russel Metals Inc.

FINANCIAL HIGHLIGHTS

	<---------6 Months--------->		<-----------------------------Years ended----------------------------->			
	June 2015	June 2014	2014	2013	2012	2011
OPERATING RESULTS (millions)						
Revenues	**$1,665.2**	$1,817.3	$3,869.3	$3,187.8	$3,000.1	$2,693.3
Net earnings	**34.9**	59.5	123.6	83.3	97.9 (2)	118.3
EBIT	**67.7**	109.9	217.0	146.0	175.3 (2)	197.5
Adjusted EBIT (Note)	**67.7**	109.9	226.9 (1)	151.2 (1)	175.3 (2)	197.5
Adjusted EBIT as a % of revenue	**4.1%**	6.0%	5.9%	4.7%	5.8%	7.3%
Adjusted EBITDA (Note)	**85.2**	127.1	261.7	184.8 (1)	200.8	221.0
EBITDA as a % of revenue	**5.1%**	7.0%	6.8%	5.8%	6.7%	8.2%
Basic earnings per common share ($)	**$0.57**	$0.97	$2.01	$1.37	$1.63 (2)	$1.97
BALANCE SHEET INFORMATION (millions)						
Metals						
Accounts receivable	**$444.8**	$509.9	$566.6	$455.9	$455.6	$381.7
Inventories	**923.6**	861.5	930.8	766.3	764.0	645.6
Prepaid expenses and other assets	**12.6**	10.3	11.6	5.9	7.1	4.3
Accounts payable and accruals	**(355.7)**	(425.0)	(486.0)	(383.7)	(381.5)	(343.6)
Net working capital - Metals	**1,025.3**	956.7	1,023.0	844.4	845.2	688.0
Fixed assets	**258.1**	229.0	249.8	228.4	225.3	184.1
Goodwill and intangibles	**216.1**	215.4	214.3	218.7	192.1	24.7
Net assets employed in metals operations	**1,499.5**	1,401.1	1,487.1	1,291.5	1,262.6	896.8
Other operating assets	**(0.9)**	10.6	1.5	10.1	16.0	17.1
Net income tax assets (liabilities)	**(6.8)**	(16.5)	(23.4)	(11.3)	(8.2)	(12.0)
Pension and benefit assets (liabilities)	**(24.3)**	(26.4)	(26.1)	(23.1)	(38.7)	(33.3)
Other corporate assets and liabilities	**(19.6)**	(51.3)	(42.3)	(42.6)	(47.3)	(22.1)
Total net assets employed	**$1,447.9**	$1,317.5	$1,396.8	$1,224.6	$1,184.4	$846.5
CAPITALIZATION (millions)						
Bank indebtedness, net of (cash)	**($2.9)**	($52.2)	($29.2)	($116.2)	($100.8)	($270.7)
Long-term debt (incl. current portion)	**463.5**	460.3	461.0	458.4	455.8	297.8
Total interest bearing debt, net of (cash)	**460.6**	408.1	431.8	342.2	355.0	27.1
Market capitalization	**1,402.5**	2,107.1	1,597.4	1,913.1	1,662.2	1,346.8
Total firm value	**$1,863.1**	$2,515.2	$2,029.2	$2,255.3	$2,017.2	$1,373.9
OTHER INFORMATION (Notes)						
Shareholders' equity (millions)	**$987.3**	$909.5	$965.0	$882.4	$829.4	$819.4
Book value per share ($)	**$16.00**	$14.81	$15.65	$14.48	$13.78	$13.64
Free cash flow (millions)	**$36.7**	$69.3	$124.8	$92.0	$99.4	$129.5
Capital expenditures (millions)	**$18.6**	$15.5	$48.2	$27.2	$33.7	$18.1
Depreciation and amortization (millions)	**$17.5**	$17.2	$34.8	$33.6	$25.5	$23.5
Earnings multiple	**19.9**	17.7	12.9	22.9	16.9	11.4
Firm value as a multiple of EBIT	**13.8**	11.4	8.9	14.9	11.5	7.0
Firm value as a multiple of EBITDA	**10.9**	9.9	7.8	12.2	10.0	6.2
Interest bearing debt/EBITDA	**2.7**	1.8	1.8	2.5	2.3	1.3
Debt as a % of capitalization	**32%**	34%	32%	34%	35%	27%
Market capitalization as a % of book value	**142%**	232%	166%	217%	200%	164%
Return on equity	**7%**	13%	13%	9%	12%	14%
Return on capital employed	**9%**	17%	16%	12%	15%	23%
COMMON SHARE INFORMATION						
Ending outstanding common shares	**61,701,628**	61,414,260	61,674,228	60,946,393	60,204,636	60,071,698
Average outstanding common shares	**61,689,952**	61,063,797	61,321,767	60,780,520	60,128,534	60,043,222
Dividend yield	**6.7%**	4.1%	5.9%	4.5%	5.1%	5.4%
Dividend per share	$1.52	$1.40	$1.52	$1.40	$1.40	$1.20
Share price - High	$27.81	$34.43	$37.63	$31.62	$28.97	$27.75
Share price - Low	$22.35	$27.78	$25.07	$23.23	$22.52	$18.90
Share price - Ending	$22.73	$34.31	$25.90	$31.39	$27.61	$22.42

Notes:

(1) Adjusted EBIT and EBITDA excludes the asset impairment charge in 2014 of $9.9 million, 2013 of $5.2 million.

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

(3) This chart includes certain financial measures that are not prescribed by 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.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS *(UNAUDITED)*

(in millions of Canadian dollars, except per share data)	Quarters ended June 30 **2015**	2014	Six months ended June 30 **2015**	2014
Revenues	**$ 761.3**	$ 893.3	**$ 1,665.2**	$ 1,817.3
Cost of materials	**627.7**	721.1	**1,374.2**	1,472.8
Employee expenses	**61.2**	70.4	**133.1**	141.9
Other operating expenses	**41.3**	45.4	**90.2**	92.7
Earnings before interest, finance expense and provision for income taxes	**31.1**	56.4	**67.7**	109.9
Interest expense	**9.6**	9.1	**19.1**	18.1
Other finance (income) expense	**(0.6)**	3.0	**-**	4.8
Earnings before provision for income taxes	**22.1**	44.3	**48.6**	87.0
Provision for income taxes	**5.7**	13.8	**13.7**	27.5
Net earnings for the period	**$ 16.4**	$ 30.5	**$ 34.9**	$ 59.5
Basic earnings per common share	**$ 0.27**	$ 0.50	**$ 0.57**	$ 0.97
Diluted earnings per common share	**$ 0.27**	$ 0.48	**$ 0.57**	$ 0.95

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(UNAUDITED)*

(in millions of Canadian dollars)	Quarters ended June 30 **2015**	2014	Six months ended June 30 **2015**	2014
Net earnings for the period	**$ 16.4**	$ 30.5	**$ 34.9**	$ 59.5
Other comprehensive (loss) income				
Items that may be reclassified to earnings				
Unrealized foreign exchange (losses) gains on translation of foreign operations	**(7.8)**	(13.5)	**32.9**	1.0
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations, net of taxes	**5.1**	1.4	**0.4**	(2.7)
Other comprehensive (loss) income	**(2.7)**	(12.1)	**33.3**	(1.7)
Total comprehensive income	**$ 13.7**	$ 18.4	**$ 68.2**	$ 57.8

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(UNAUDITED)*

(in millions of Canadian dollars)	**June 30 2015**	December 31 2014
ASSETS		
Current		
Cash and cash equivalents	**$ 27.5**	$ 53.4
Accounts receivable	**445.5**	569.3
Inventories	**923.6**	930.8
Prepaid expenses	**12.6**	11.6
Income taxes receivable	**8.4**	2.8
	1,417.6	1,567.9
Property, Plant and Equipment	**258.1**	249.8
Deferred Income Tax Assets	**3.5**	4.9
Financial and Other Assets	**5.9**	5.9
Goodwill and Intangibles	**216.1**	214.3
	$ 1,901.2	$ 2,042.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$ 24.6**	$ 24.2
Accounts payable and accrued liabilities	**354.3**	500.4
Income taxes payable	**0.2**	14.1
Current portion long-term debt	**0.5**	0.5
	379.6	539.2
Long-Term Debt	**463.0**	460.5
Pensions and Benefits	**24.3**	26.1
Deferred Income Tax Liabilities	**18.5**	17.0
Provisions and Other Non-Current Liabilities	**28.5**	35.0
	913.9	1,077.8
Shareholders' Equity		
Common shares	**531.7**	531.2
Retained earnings	**332.4**	344.0
Contributed surplus	**14.6**	14.1
Accumulated other comprehensive income	**80.0**	47.1
Equity component of convertible debentures	**28.6**	28.6
Total Shareholders' Equity	**987.3**	965.0
Total Liabilities and Shareholders' Equity	**$ 1,901.2**	$ 2,042.8

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW *(UNAUDITED)*

(in millions of Canadian dollars)	Quarters ended June 30 **2015**	2014	Six months ended June 30 **2015**	2014
Operating activities				
Net earnings for the period	**$ 16.4**	$ 30.5	**$ 34.9**	$ 59.5
Depreciation and amortization	**8.8**	8.6	**17.5**	17.2
Deferred income taxes	**2.9**	(1.3)	**2.8**	(0.5)
(Gain) loss on sale of property, plant and equipment	**(2.1)**	-	**(2.0)**	1.0
Share-based compensation	**0.3**	0.4	**0.6**	0.8
Difference between pension expense and amount funded	**(0.6)**	(0.4)	**(1.2)**	(0.4)
Debt accretion, amortization and other	**1.3**	1.2	**2.7**	2.4
Change in fair value of contingent consideration	**(0.6)**	3.0	**-**	4.8
Cash from operating activities before non-cash working capital	**26.4**	42.0	**55.3**	84.8
Changes in non-cash working capital items				
Accounts receivable	**58.1**	34.7	**137.7**	(55.2)
Inventories	**55.7**	(95.6)	**43.0**	(94.4)
Accounts payable and accrued liabilities	**(56.8)**	6.8	**(141.5)**	54.7
Income tax receivable/payable	**(1.9)**	(2.9)	**(19.2)**	6.7
Other	**(2.1)**	(1.2)	**(1.1)**	(4.4)
Change in non-cash working capital	**53.0**	(58.2)	**18.9**	(92.6)
Cash from (used in) operating activities	**79.4**	(16.2)	**74.2**	(7.8)
Financing activities				
(Decrease) increase in bank indebtedness	**(7.3)**	-	**0.4**	-
Issue of common shares	**-**	9.6	**0.4**	11.3
Dividends on common shares	**(23.5)**	(21.5)	**(46.9)**	(42.8)
Repayment of long-term debt	**(0.1)**	(0.2)	**(0.2)**	(0.5)
Cash used in financing activities	**(30.9)**	(12.1)	**(46.3)**	(32.0)
Investing activities				
Purchase of property, plant and equipment	**(10.4)**	(10.6)	**(18.6)**	(15.5)
Proceeds on sale of property, plant and equipment	**2.4**	0.4	**2.8**	0.6
Payment of contingent consideration	**-**	-	**(17.5)**	(4.1)
Purchase of business	**(27.3)**	-	**(27.3)**	-
Cash used in investing activities	**(35.3)**	(10.2)	**(60.6)**	(19.0)
Effect of exchange rates on cash and cash equivalents	**(1.6)**	4.4	**6.8**	(5.2)
Increase (decrease) in cash and cash equivalents	**11.6**	(34.1)	**(25.9)**	(64.0)
Cash and cash equivalents, beginning of the period	**15.9**	86.3	**53.4**	116.2
Cash and cash equivalents, end of the period	**$ 27.5**	$ 52.2	**$ 27.5**	$ 52.2

Supplemental cash flow information:				
Income taxes paid	**$ 5.1**	$ 17.7	**$ 30.5**	$ 21.0
Interest paid (net)	**$ 10.7**	$ 9.9	**$ 19.4**	$ 18.0

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(UNAUDITED)*

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Equity Component of Convertible Debentures	Total
Balance, January 1, 2015	$ 531.2	$ 344.0	$ 14.1	$ 47.1	$ 28.6	$ 965.0
Payment of dividends	-	(46.9)	-	-	-	(46.9)
Net earnings for the period	-	34.9	-	-	-	34.9
Other comprehensive income for the period	-	-	-	33.3	-	33.3
Recognition of share-based compensation	-	-	0.6	-	-	0.6
Share options exercised	0.5	-	(0.1)	-	-	0.4
Transfer of net actuarial losses on defined benefit plans	-	0.4	-	(0.4)	-	-
Balance, June 30, 2015	**$ 531.7**	**$ 332.4**	**$ 14.6**	**$ 80.0**	**$ 28.6**	**$ 987.3**

(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
Payment of dividends	-	(42.8)	-	-	-	-	(42.8)
Net earnings for the period	-	59.5	-	-	-	-	59.5
Other comprehensive income for the period	-	-	-	(1.7)	-	-	(1.7)
Recognition of share-based compensation	-	-	0.8	-	-	-	0.8
Share options exercised	13.6	-	(2.3)	-	-	-	11.3
Transfer of net actuarial losses on defined benefit plans	-	(2.7)	-	2.7	-	-	-
Change in non-controlling interest	-	-	-	-	-	(0.1)	(0.1)
Balance, June 30, 2014	$ 523.1	$ 328.6	$ 14.7	$ 13.0	$ 28.7	$ 1.3	$ 909.4

RUSSEL METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2015

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, and should be read in conjunction with, the condensed consolidated financial statements for the six months ended June 30, 2015, including the notes thereto, and the MD&A and the audited consolidated financial statements for the year ended December 31, 2014, including the notes thereto. In the opinion of management, such condensed consolidated financial statements contain all adjustments necessary for a fair presentation of the results for such periods. The results of operations for the periods shown are not necessarily indicative of what our results will be for the full year. 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 August 12, 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; cyber security breach; 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, under the heading "Risks Related to our Business and the Metals Distribution Industry" in our most recent Annual Information Form and otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

This MD&A includes a number of measures that are not prescribed by generally accepted accounting principles (GAAP) and as such may not be comparable to similar measures presented by other companies. Our financial statements are prepared in accordance with International Financial Reporting Standards. 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 a large North American metals distribution company. We conduct business primarily in three metals distribution segments: metals service centers, energy products, and steel distributors.

Our basic earnings per share were $0.27 for the quarter ended June 30, 2015 compared to $0.50 for the second quarter of 2014.

Our earnings were adversely impacted by the continued weakness in oil prices and the corresponding reduction in drilling activity, which resulted in a decrease in revenues in our energy products segment and our Western Canadian service centers. Operating profits were also reduced due to depressed steel prices and excess inventories in the industry causing downward pressure on selling prices.

During the 2015 second quarter we purchased the operating assets of Western Fiberglass Pipe Sales consisting mainly of accounts receivable and inventory for $27 million to form Apex Western Fiberglass Inc. The Apex Western Fiberglass operation will add fiberglass pipe and fittings product lines, design capabilities and technical installation services to the Apex Distribution customer base through two locations in Estevan, Saskatchewan and Red Deer, Alberta.

For the six months ended June 30, 2015, our basic earnings per share was $0.57 compared to $0.97 for the same period in 2014.

RESULTS OF OPERATIONS

The following table provides operating profits before interest, finance expense or income 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 condensed consolidated financial statements.

	Quarters Ended June 30			Six Months Ended June 30		
(in millions, except percentages)	**2015**	2014	change as a % of 2014	**2015**	2014	change as a % of 2014
Segment Revenues						
Metals service centers	**$ 385.2**	$ 419.4	(8%)	**$ 785.6**	$ 810.9	(3%)
Energy products	**268.5**	365.7	(27%)	**653.4**	810.8	(19%)
Steel distributors	**105.5**	106.3	(1%)	**224.0**	193.6	16%
Other	**2.1**	1.9		**2.2**	2.0	
	$ 761.3	$ 893.3	(15%)	**$ 1,665.2**	$ 1,817.3	(8%)
Segment Operating Profits						
Metals service centers	**$ 12.7**	$ 25.4	(50%)	**$ 28.0**	$ 46.6	(40%)
Energy products	**16.0**	27.1	(41%)	**36.7**	59.8	(39%)
Steel distributors	**5.7**	8.6	(34%)	**12.0**	14.9	(20%)
Corporate expenses	**(4.0)**	(5.2)	23%	**(8.3)**	(10.4)	20%
Other	**0.7**	0.5		**(0.7)**	(1.0)	
Operating profits	**$ 31.1**	$ 56.4	(45%)	**$ 67.7**	$ 109.9	(38%)
Segment Gross Margin as a % of Revenues						
Metals service centers	**18.3%**	20.9%		**19.2%**	21.3%	
Energy products	**18.4%**	18.6%		**17.2%**	17.7%	
Steel distributors	**11.0%**	13.7%		**11.5%**	13.5%	
Total operations	**17.6%**	19.3%		**17.5%**	19.0%	
Segment Operating Profit as a % of Revenues						
Metals service centers	**3.3%**	6.1%		**3.6%**	5.7%	
Energy products	**6.0%**	7.4%		**5.6%**	7.4%	
Steel distributors	**5.4%**	8.1%		**5.4%**	7.7%	
Total operations	**4.1%**	6.3%		**4.1%**	6.0%	

QUARTERLY FINANCIAL HIGHLIGHTS

(for the quarters ended)	**Jun 30 2015**	Mar 31 2015	Dec 31 2014	Sep 30 2014	Jun 30 2014	Mar 31 2014	Dec 31 2013	Sep 30 2013
Revenues *($ millions)*	**$ 761**	$ 904	$ 1,013	$ 1,039	$ 893	$ 924	$ 811	$ 797
Operating profits *($ millions)*	**31**	37	54	63	56	54	33	37
Net earnings *($ millions)*	**16**	19	31	33	31	29	23	19
Basic earnings per share *($)*	**0.27**	0.30	0.50	0.54	0.50	0.47	0.37	0.31

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 the second quarter of 2015 and 2014 is found in the sections that follow.

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 softened in the second half of 2014 and the pace of decline accelerated during the first half of 2015. We do not foresee further significant declines for the balance of 2015.

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 the first half of 2015 versus the same period in 2014 increased revenues, expenses and profits for our U.S. operations translated to Canadian dollars. Operating results of our U.S. operations reported for the six months ended June 30, 2015 were converted at $1.2353 per US$1 compared to $1.0970 per US$1 for the same period of 2014. The exchange rate at June 30, 2015 used to translate the balance sheet was $1.2474 per US$1 versus $1.1601 per US$1 at December 31, 2014.

c) Metals service centers segment results -- Three Months Ended June 30, 2015 compared to June 30, 2014

Revenues for the three months ended June 30, 2015 decreased 8% to $385 million compared to the same period in 2014. Tons shipped in the metals service centers segment in the second quarter of 2015 were approximately 7% lower than the second quarter of 2014. The decrease in tons shipped was primarily due to lower volumes caused by slow economic activity in Western Canada. In addition, our U.S. operations experienced reduced demand in the second quarter compared to the second quarter of 2014 and the first quarter of 2015. This reduction was offset by the translation gains due to the appreciation of the U.S. dollar. Based on industry statistics, we believe that our decrease in tons shipped was less than the industry average. Our average selling price was consistent with the average selling price in the same quarter of 2014 and down 4% from the first quarter in 2015.

Gross margin as a percentage of revenues was 18.3% which was lower than the same quarter last year and the first quarter of 2015. Margins were lower as price declines have caused increased competition and narrower margins as industry participants competed for fewer tons in an attempt to reduce their inventory exposure. We anticipate that difficult economic conditions will continue to exert pressure on selling prices but believe margins will improve in subsequent quarters.

Operating expenses for the second quarter of 2015 decreased $5 million or 7% from the second quarter of 2014. The reduction in operating expenses includes a gain on sale of excess land in Ontario of $2 million.

Metals service centers operating profits for the three months ended June 30, 2015 of $13 million were 50% lower than the $25 million for the same period in 2014 and reflect lower demand, primarily in Western Canada, and lower gross margins.

d) Metals service centers segment results -- Six Months Ended June 30, 2015 compared to June 30, 2014

Revenues for the six months ended June 30, 2015 were $786 million compared to $811 million for the same period in 2014. Tons shipped in the metals service centers segment in the six months ended June 30, 2015 were approximately 5% lower than the same period in 2014 as increases in Eastern Canada were offset by lower shipments in Western Canada.

Gross margins as a percentage of revenues was 19.2% for the six months ended June 30, 2015 compared to 21.3% for the same period in 2014 as heightened competition due to weaker demand and declining prices has put pressure on margins.

Operating expenses for the six months ended June 30, 2015 decreased 3% compared to the same period in 2014, mainly related to decreased activity, lower variable compensation, a $2 million gain on the sale of excess land offset by the increase in the translation of foreign exchange on U.S. metals service centers.

Metals service centers operating profit for the six months ended June 30, 2015 decreased to $28 million compared to $47 million for the same period in 2014.

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 Colorado and Texas in the U.S. 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 56 Canadian and 23 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, Apex Western Fiberglass, 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 the second quarter of 2015 and 2014 is found in the sections that follow.

The price of natural gas and oil can impact rig count and drilling activities and rig activity affects demand for our products. We are most impacted by drilling activity in Western Canada as our Canadian operations are a larger portion of our energy products segment. 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 capital projects for 2015 which has resulted, and is expected to continue to result in, reduced demand for the remainder of 2015.

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 which did not reduce the inflow of imported price products mainly due to the strong U.S. dollar. Prices of valves and fittings are not as sensitive to steel price fluctuations because they are highly engineered value-added products.

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

c) *Energy products segment results -- Three Months Ended June 30, 2015 compared to June 30, 2014*

Revenues in our energy products segment decreased 27% to $269 million for the second quarter of 2015 compared to the same period of 2014 due to lower activity throughout the sector. This decrease in revenues was consistent with the industry in both our Canadian and U.S. operations. Revenues from our Canadian operations servicing oil and gas drilling activity decreased 32% compared to the second quarter of 2014. Volumes following spring break up at our Canadian operations were down as customers slowed bringing wells into production.

Gross margin as a percentage of revenues for the three months ended June 30, 2015 was 18.4% compared to 18.6% in the same period in 2014.

Operating expenses were lower than the same quarter last year due to lower activity, but as a percentage of revenues they were 12% versus 11% for the second quarter of 2014.

This segment generated an operating profit of $16 million for the three months ended June 30, 2015 compared to $27 million for the same period in 2014, mainly related to decreased volumes. We believe margins will continue to be under pressure for the balance of 2015.

d) *Energy products segment results -- Six Months Ended June 30, 2015 compared to June 30, 2014*

Revenues decreased 19% to $653 million for the six months ended June 30, 2015 compared to the same period in 2014. Revenues from our Canadian operations servicing oil and gas drilling activity decreased 17% compared to 2014. Our U.S. operations were down 23% compared to 2014 year to date as the U.S. energy market reacted more quickly to the oil price decline.

Gross margin as a percentage of revenues for the six months ended June 30, 2015 was 17.2% compared to 17.7% for the same period in 2014 due to competitive pressures.

Operating expenses decreased 10% compared to 2014 due to decreased activity, offset by the increase in foreign exchange on translation of our U.S. operations.

Operating profit was $37 million for the six months ended June 30, 2015 compared to $60 million for the same period in 2014.

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 the second quarter of 2015 and 2014 is found in the sections that follow.

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. Additional trade actions have been initiated by U.S. mills in the second quarter of 2015. 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.

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 impacted by movement in the Canadian dollar.

c) Steel distributors segment results -- Three Months Ended June 30, 2015 compared to June 30, 2014

Steel distributors revenues of $106 million for the three months ended June 30, 2015 were consistent compared to the same period in 2014 despite the decline in demand for import product due to excess inventory in the distribution channel. In addition, demand in the Houston area remains weak due to the decline in the energy sector. These factors are expected to result in lower volumes for the remainder of 2015.

Gross margin as a percentage of revenues was 11.0% for the three months ended June 30, 2015 compared to 13.7% for the three months ended June 30, 2014. The 2015 gross margins were closer to the historical margins of this segment.

Operating expenses for the second quarter of 2015 were $6 million, consistent with the same period in 2014.

Operating profits for the three months ended June 30, 2015 were $6 million compared to $9 million for the three months ended June 30, 2014 as a result of lower margins.

d) Steel distributors segment results -- Six Months Ended June 30, 2015 compared to June 30, 2014

Revenues for the six months ended June 30, 2015 increased 16% to $224 million compared to the six months ended June 30, 2014 due to strong first quarter 2015 demand.

Gross margin as a percentage of revenues decreased to 11.5% for the six months ended June 30, 2015 compared to 13.5% for the same period in 2014 due to declining steel prices and excess industry inventories resulting in competitive pressures.

Operating expenses were $14 million for the six months ended June 30, 2015 compared to $11 million for the same period in 2014 mainly related to foreign exchange losses on overseas purchases.

Operating profit for the six months ended June 30, 2015 was $12 million compared to $15 million for the six months ended June 30, 2014 mainly as a result of lower gross margins.

CORPORATE EXPENSES -- Three and Six Months Ended June 30, 2015 compared to June 30, 2014

Corporate expenses were $4 million for the three months ended June 30, 2015 compared to $5 million in the second quarter of 2014. For the six months ended June 30, 2015 corporate expenses of $8 million were lower than the $10 million for the six months ended June 30, 2014. Lower performance-based and share-based compensation as a result of lower profitability and share price declines contributed to the reduction in corporate expenses.

CONSOLIDATED RESULTS -- Three and Six Months Ended June 30, 2015 compared to June 30, 2014

Operating profits were $31 million for the three months ended June 30, 2015 compared to $56 million for the three months ended June 30, 2014. For the six months ended June 30, 2015 operating profits were $68 million compared to $110 million in the same period as a result of the decline in both oil prices and steel prices impacting demand and margins.

INTEREST EXPENSE AND INCOME

Net interest expense was $10 million for the three months ended June 30, 2015 compared to $9 million in the same period of 2014. Net interest expense was $19 million for the six months ended June 30, 2015 compared to $18 million for the six months ended June 30, 2014.

OTHER FINANCE EXPENSE AND INCOME

Other finance income was $1 million for the three months ended June 30, 2015 and $nil for the six months ended June 30, 2015. Other finance expense relates to the change in fair value of the contingent consideration associated with the Apex Distribution and Apex Monarch acquisitions. The fair value adjustment of $2 million in the first half of 2015 due to imputed interest on the expected future contingent consideration payments was offset by lower expected future payments of $2 million.

INCOME TAXES

We recorded a provision for income taxes of $6 million for the second quarter of 2015 compared to $14 million for the second quarter of 2014. Our effective income tax rate for the three months ended June 30, 2015 was 25.8% and the six months ended June 30, 2015 was 28.2%. These rates include a one-time expense of $1 million related to increased tax rates in the province of Alberta impacting our deferred tax liability. Our effective income tax rate for the three months ended June 30, 2014 was 31.2% and for the six months ended June 30, 2014 was 31.6%. The change in the effective tax rate was due to non-deductible items such as contingent consideration and capital gains treatment on the sale of land.

NET EARNINGS

Net earnings for the second quarter of 2015 were $16 million compared to $31 million in the second quarter of 2014. Basic earnings per share for the second quarter of 2015 were $0.27 per share compared to $0.50 per share for the first quarter of 2014. Basic earnings per share for the six months ended June 30, 2015 were $0.57 compared to $0.97 for the same period last year.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for the second quarter of 2015 was 61,701,628 compared to 61,159,759 for the second quarter of 2014. The weighted average number of common shares outstanding for the six months ended June 30, 2015 was 61,689,952 compared to 61,063,797 for the six months ended June 30, 2014. As at June 30, 2015 and August 12, 2015 we had 61,701,628 common shares outstanding.

We paid common share dividends of $24 million or $0.38 per share in the second quarter of 2015 compared to $22 million or $0.35 per share in the same period in 2014.

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. On and after September 30, 2015, the Convertible Debentures may, at any time prior to their maturity date, be redeemed at a price equal to their principal amount plus accrued interest.

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 $253 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 to support future dividend payments above $0.35 per share.

Under our $325 million 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 a dividend.

EBITDA

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

(millions)	Quarters Ended June 30		Six Months Ended June 30	
	2015	2014	**2015**	2014
Net earnings	**$ 16.4**	$ 30.5	**$ 34.9**	$ 59.5
Provision for income taxes	**5.7**	13.8	**13.7**	27.5
Interest and finance expense, net	**9.0**	12.1	**19.1**	22.9
Earnings before interest, finance and income taxes (EBIT)	**31.1**	56.4	**67.7**	109.9
Depreciation and amortization	**8.8**	8.6	**17.5**	17.2
Earnings before interest, finance, income taxes, depreciation and amortization (EBITDA)	**$ 39.9**	$ 65.0	**$ 85.2**	$ 127.1

We believe that 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 EBITDA are significant in assessing our operating results and liquidity. Therefore, 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 $19 million for the six months ended June 30, 2015 compared to $16 million in the same period of 2014. Depreciation expense was $14 million for the six months ended June 30, 2015 and 2014. We expect capital expenditures to exceed depreciation in the short term due to the relocation and expansion of service center locations.

LIQUIDITY

At June 30, 2015, we had net cash, defined as cash less bank indebtedness, of $3 million compared to net cash of $29 million at December 31, 2014.

We generated $55 million from operations in the six months ended June 30, 2015 and $19 million from working capital primarily due to cash generated from accounts receivable and inventory. We utilized $19 million for capital expenditures, $47 million for dividends to shareholders and $27 million to acquire the operating assets of Western Fiberglass.

To support revenue levels we experience significant swings in working capital which impact cash flow. Decreased revenues in the first half have resulted in a reduction in working capital requirements specifically in accounts receivable. 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 billion at June 30, 2015 and December 31, 2014. At June 30, 2015 current assets excluding cash represented 74% of our total assets excluding cash versus 76% at December 31, 2014.

Decreases in inventory generated cash of $43 million in the six months ended June 30, 2015 after removing the effects of foreign exchange. This inventory decrease was primarily a result of reduced inventories in metals service centers. Inventory in our steel distributors segment is expected to decline over the next couple of quarters. Inventories represented 49% of our total assets at June 30, 2015 and 46% at December 31, 2014.

Inventory by Segment (millions)	**June 30 2015**	Mar. 31 2015	Dec. 31 2014	Sept. 30 2014	June 30 2014
Metals service centers	**$ 284**	$ 322	$ 329	$ 301	$ 265
Energy products	**470**	445	437	418	455
Steel distributors	**170**	200	165	153	142
Total	**$ 924**	$ 967	$ 931	$ 872	$ 862

Inventory Turns (quarters ended)	**June 30 2015**	Mar. 31 2015	Dec. 31 2014	Sept. 30 2014	June 30 2014
Metals service centers	**4.4**	4.0	4.0	4.4	5.0
Energy products	**1.9**	2.9	3.7	4.0	2.6
Steel distributors	**2.2**	2.1	2.6	2.7	2.6
Total	**2.7**	3.1	3.6	3.9	3.3

At June 30, 2015, our metals service centers had lower inventory tons compared to December 31, 2014 as local metals service center management actively reduced their inventory exposure based on reduced demand.

Our energy products operations had higher inventory at the end of the second quarter of 2015 due to weaker levels of activity in the Canadian oil patch, $17 million due to the acquisition of Apex Western Fiberglass and the effect of a strong U.S. dollar on translation of inventory balances of our U.S. energy operations to Canadian dollars. Energy inventory turns are expected to improve for the balance of the year.

Our steel distributors segment inventory levels peaked in the first quarter of 2015. Reduced import demand and the current pricing environment will lead to lower inventories in this segment as current inventories are delivered to customers.

Accounts receivable generated cash of $138 million in the six months ended June 30, 2015. Accounts receivable represented 23% of our total assets at June 30, 2015 compared to 28% of our total assets at December 31, 2014.

During the six months ended June 30, 2015 we made income tax payments of $31 million, compared to $21 million for the six months ended June 30, 2014, representing final payments on 2014 stronger earnings.

The balances disclosed in our condensed 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)	Quarters Ended June 30 **2015**	2014	Six Months Ended June 30 **2015**	2014
Cash from operating activities before non-cash working capital	**$ 26.4**	$ 42.0	**$ 55.3**	$ 84.8
Purchase of property, plant and equipment	**(10.4)**	(10.6)	**(18.6)**	(15.5)
	$ 16.0	$ 31.4	**$ 36.7**	$ 69.3

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

(millions)	**June 30 2015**	December 31 2014
Long-term debt		
6.0% $300 million Senior Notes due April 19, 2022	**$ 295**	$ 295
7.75% $174 million Convertible Debentures due September 30, 2016	**168**	165
Finance leases obligations, maturing 2015 to 2017	**1**	1
	464	461
Current portion	**(1)**	(1)
	$ 463	$ 460

Our Convertible Debentures have been split between debt and equity. The debt portion 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 June 30, 2015 (millions)	Russel Metals Facility	U.S. Subsidiary Facility	Total
Bank loans	$ (34)	$ -	$ (34)
Cash net of outstanding cheques	35	2	37
Net cash	1	2	3
Letters of credit	(20)	(3)	(23)
	$ (19)	$ (1)	$ (20)
Facilities			
Borrowings and letters of credit	$ 275	$ 50	$ 325
Letters of credit	50	-	50
Facilities availability	$ 325	$ 50	$ 375
Available line based on borrowing base	$ 325	$ 50	$ 375

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 June 30, 2015, we were entitled to borrow and issue letters of credit totaling $325 million under this facility. At June 30, 2015, we had $34 million in borrowings compared to $32 million at December 31, 2014. We had $20 million in letters of credit at June 30, 2015 compared to $43 million at December 31, 2014.

One of our U.S. subsidiaries has an additional bank facility primarily for letters of credit. The maximum borrowings under this facility, including letters of credit, are US$40 million. At June 30, 2015 our U.S. subsidiary had no borrowings under this facility and US$2 million of letters of credit compared to no borrowings and letters of credit of US$23 million at December 31, 2014.

At June 30, 2015, we were in compliance with all of our financial covenants.

With our cash, cash equivalents and our bank facilities we have access to approximately $325 million of cash based on our June 30, 2015 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 June 30, 2015, 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	$ 354	$ -	$ -	$ -	$ 354
Debt	-	174	-	300	474
Long-term debt interest	16	50	36	46	148
Operating leases	12	42	23	31	108
Total	$ 382	$ 266	$ 59	$ 377	$ 1,084

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 quarter ended March 31, 2015 we paid $18 million in satisfaction of these obligations. The obligation was decreased by $1 million in the second quarter of 2015 related to the change in fair value due to imputed interest of $1 million and a decrease in the expected payments of $2 million. The fair value of the contingent consideration was $27 million at June 30, 2015. 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 17 of our 2014 consolidated financial statements. During the six months ended June 30, 2015, we contributed $3 million to these plans. We expect to contribute approximately $4 million to these plans during the remainder of the year. 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 June 30, 2015 was approximately $1 million higher than our reserve at December 31, 2014. Bad debt expense for the six months ended June 30, 2015 as a percentage of revenue was less than 1% and approximates that of 2014.

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 June 30, 2015 was approximately $5 million higher than the level at December 31, 2014.

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 our 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 us 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 us. We are currently evaluating the claim but have not been provided with information to make a reliable estimate of any potential liability and consequently no provision has been recorded. We intend to vigorously defend against this claim and to assert our 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 $109 million in plan assets at June 30, 2015, which is an increase of approximately $3 million from December 31, 2014. The discount rate used on the employee benefit plan obligation for the quarter ended June 30, 2015 was 4.0% which is 0.5% higher than the discount rate at March 31, 2015 but consistent with the discount rate at December 31, 2014.

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. The design of internal controls was completed using the framework and criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

No changes were made in our disclosure controls and procedures of our internal controls over financial reporting during the second quarter of 2015 that have materially affected, or reasonably likely to materially affect, our internal control over financial reporting.

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 2014 and 2015. 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 and historically high import levels.

Our acquisitions between 2014 and 2015 increased our exposure to the Western Canadian oil and gas sector. 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.

OUTLOOK

We expect that the difficult business conditions will continue throughout the balance of 2015 as the energy sector is unlikely to return rigs to service as oil price uncertainty persists.

We believe that inventory levels in our metal service centers have improved and that steel prices will not decline further. We expect gross margins at our metal service centers to improve in the second half of 2015.

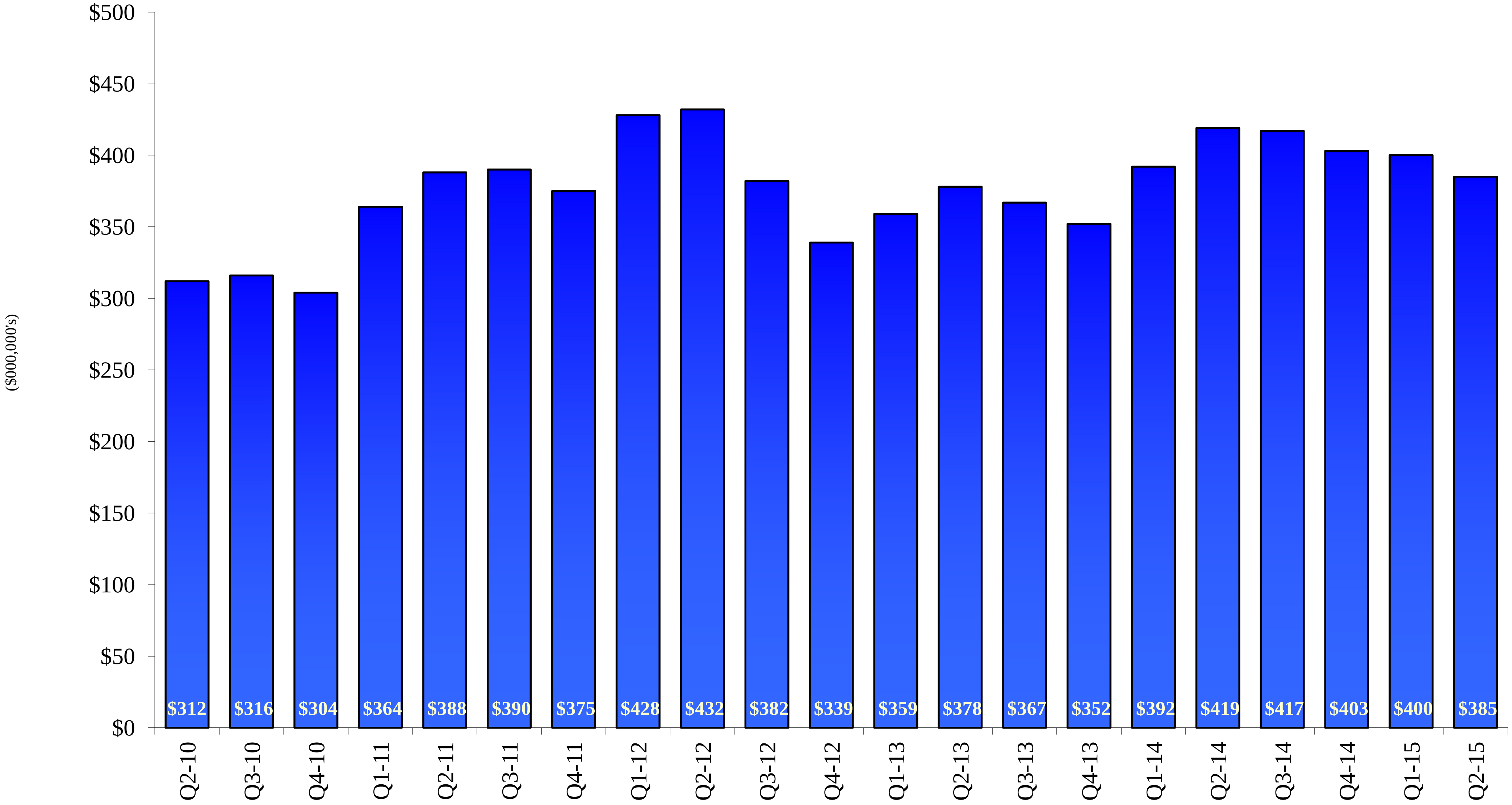
RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS

($ millions)	Q2 2015	Q1 2015	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	385.2	400.4	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	314.6	320.5	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	57.9	64.6	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	**12.7**	**15.3**	**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	6.0	6.0	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	**18.7**	**21.3**	**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	81.7%	80.0%	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	15.0%	16.1%	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	1.6%	1.5%	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%	3.8%	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	4.9%	5.3%	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	268.5	384.9	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	219.2	321.7	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	33.3	42.5	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	**16.0**	**20.7**	**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	2.5	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	**18.6**	**23.2**	**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	81.6%	83.6%	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	12.4%	11.0%	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	1.0%	0.6%	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	6.0%	5.4%	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	6.9%	6.0%	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	105.5	118.5	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	93.9	104.3	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	5.9	7.9	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	**5.7**	**6.3**	**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	0.2	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	**5.9**	**6.4**	**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	89.0%	88.0%	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	5.6%	6.7%	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%	0.2%	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	5.4%	5.3%	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	5.6%	5.4%	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	2.1	0.1	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	1.5	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	**0.7**	**(1.4)**	**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	**0.7**	**(1.4)**	**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	4.0	4.2	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	0.1	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	**(4.0)**	**(4.3)**	**(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	**(4.0)**	**(4.2)**	**(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	0.5%	0.5%	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%	0.0%	0.0%	0.1%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
Operating EBIT	**$ 31.1**	**$ 36.6**	**$ 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	**$ 39.9**	**$ 45.3**	**$ 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	4.1%	4.0%	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	5.2%	5.0%	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

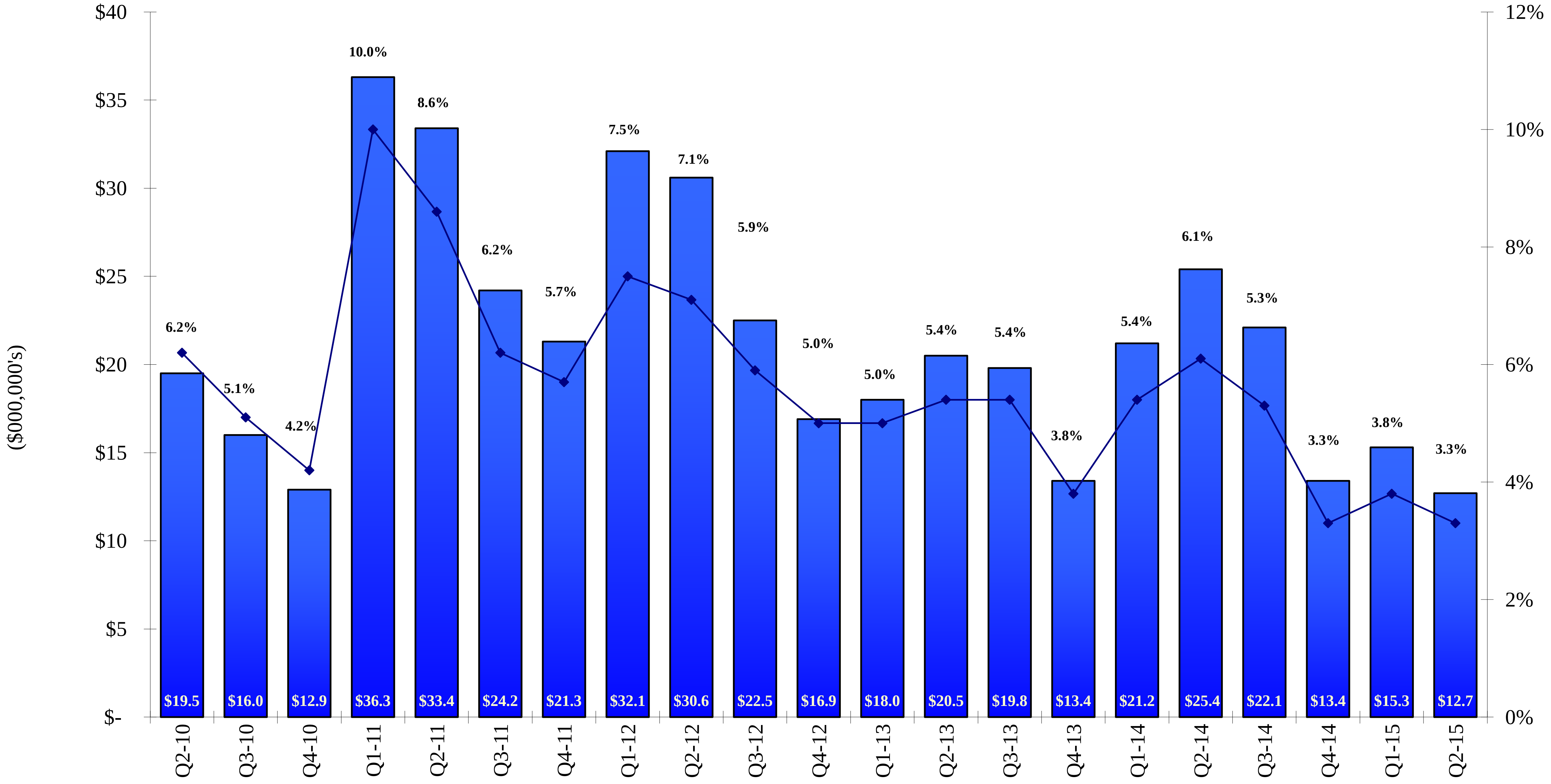
($ millions)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010
Quarter ended:																						
Revenue	761.3	903.9	1,013.2	1,038.8	893.3	924.0	811.1	796.8	758.1	821.8	765.9	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	627.7	746.5	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	98.5	116.5	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	4.0	4.3	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	**31.1**	**36.6**	**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	8.8	8.7	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	**39.9**	**45.3**	**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**
EBIT	**31.0**	**36.6**	**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	**39.8**	**45.3**	**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	3,717.2	3,849.2	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	3,067.3	3,160.7	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	465.2	478.5	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	**184.7**	**210.0**	**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	**184.6**	**210.0**	**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	35.2	35.0	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	**219.8**	**245.0**	**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

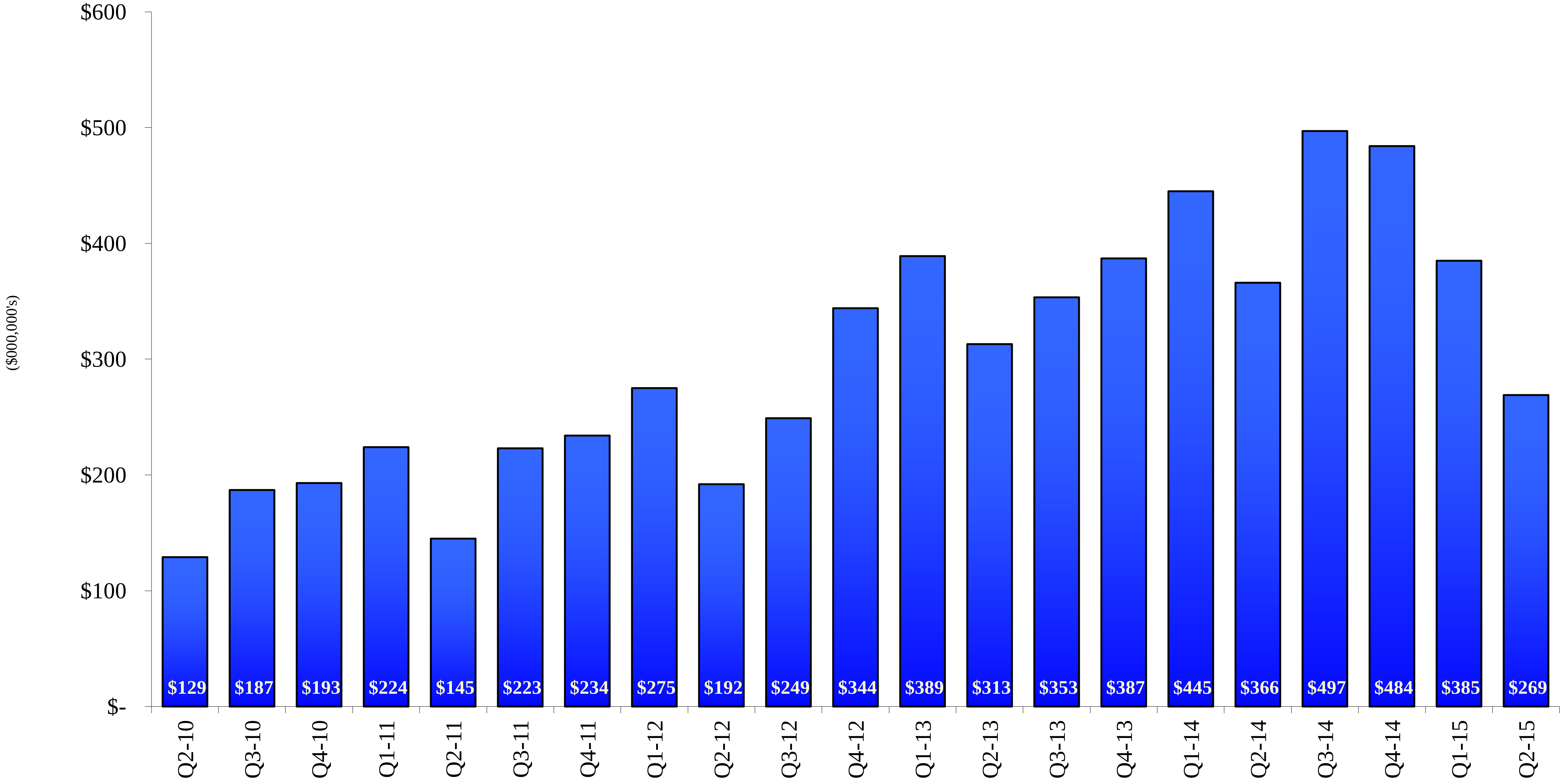


RUSSEL METALS INC.

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

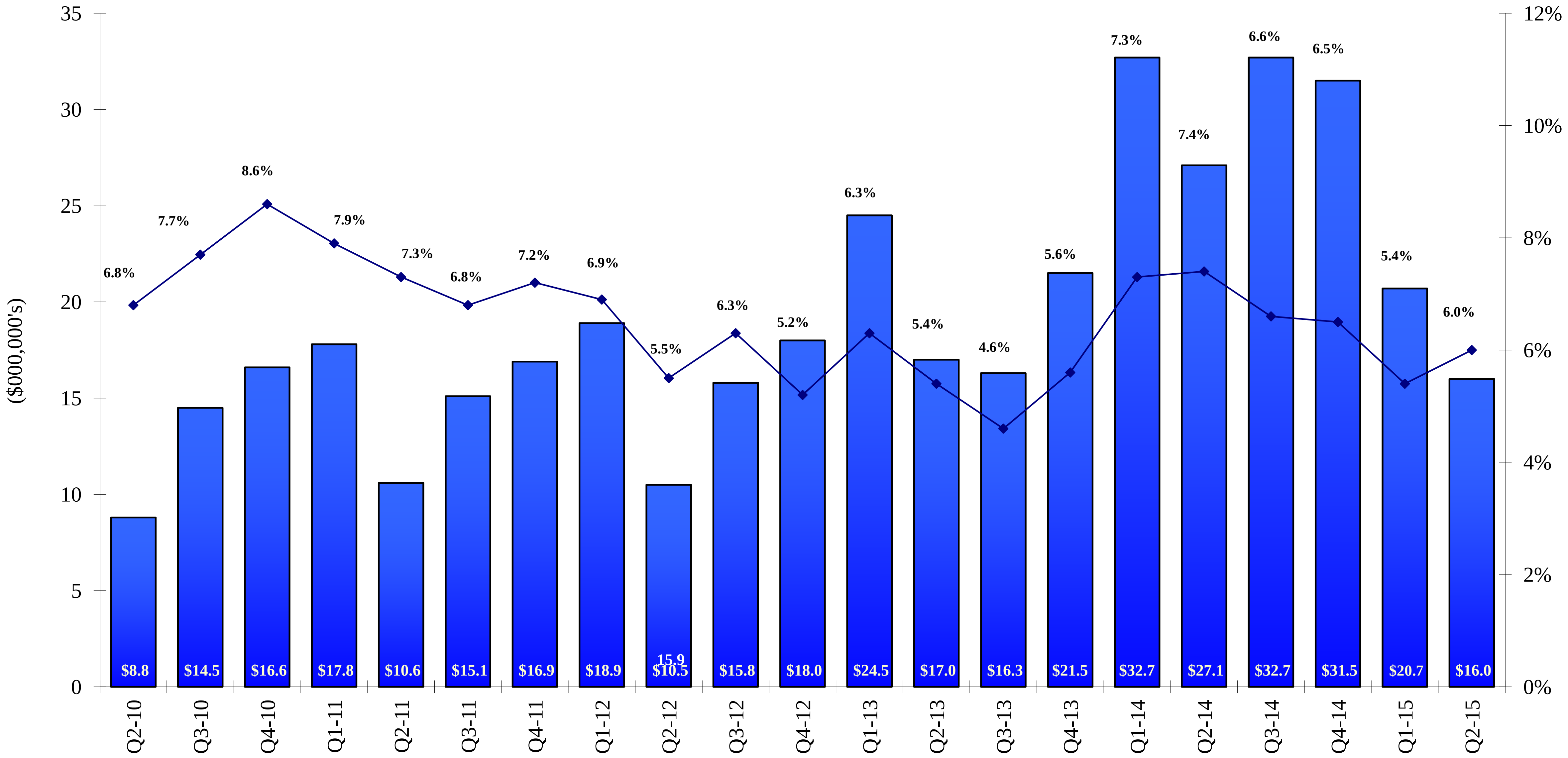


RUSSEL METALS INC.
Energy Products Revenues

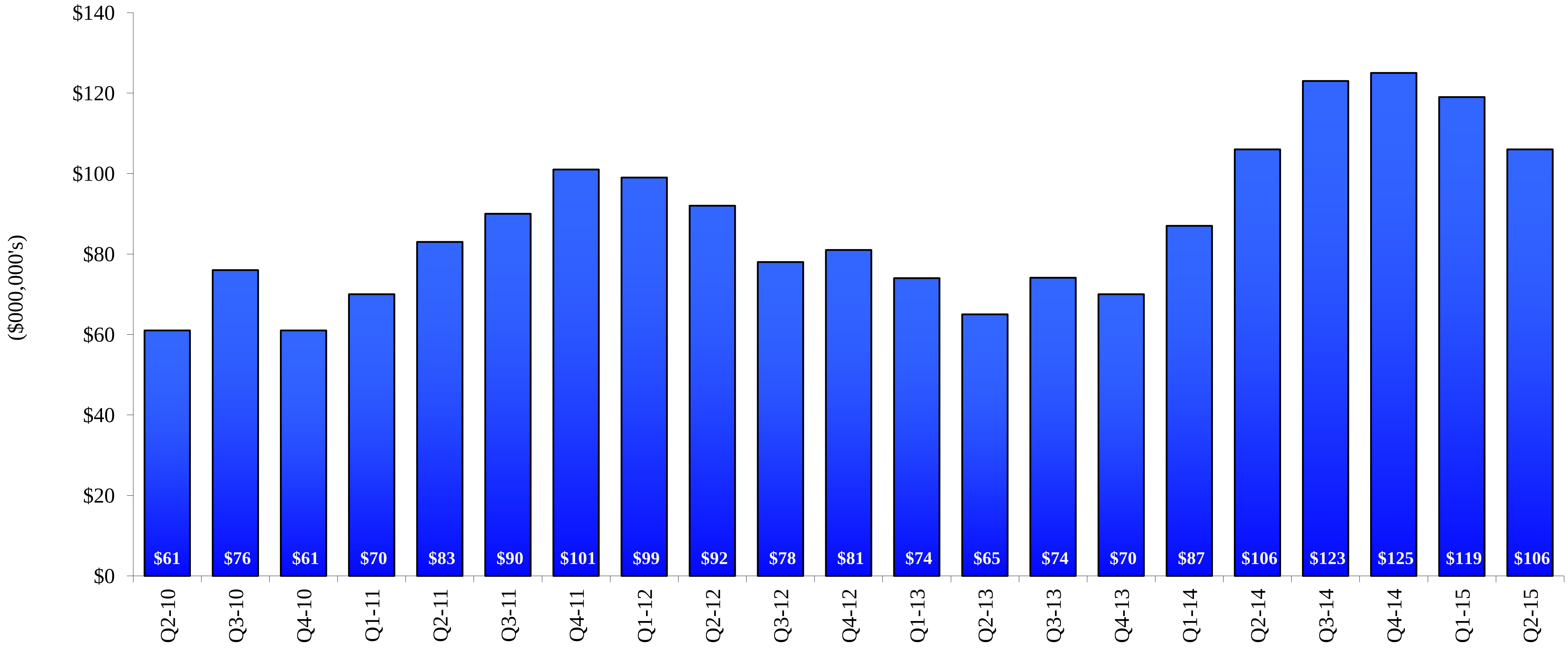


RUSSEL METALS INC.

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

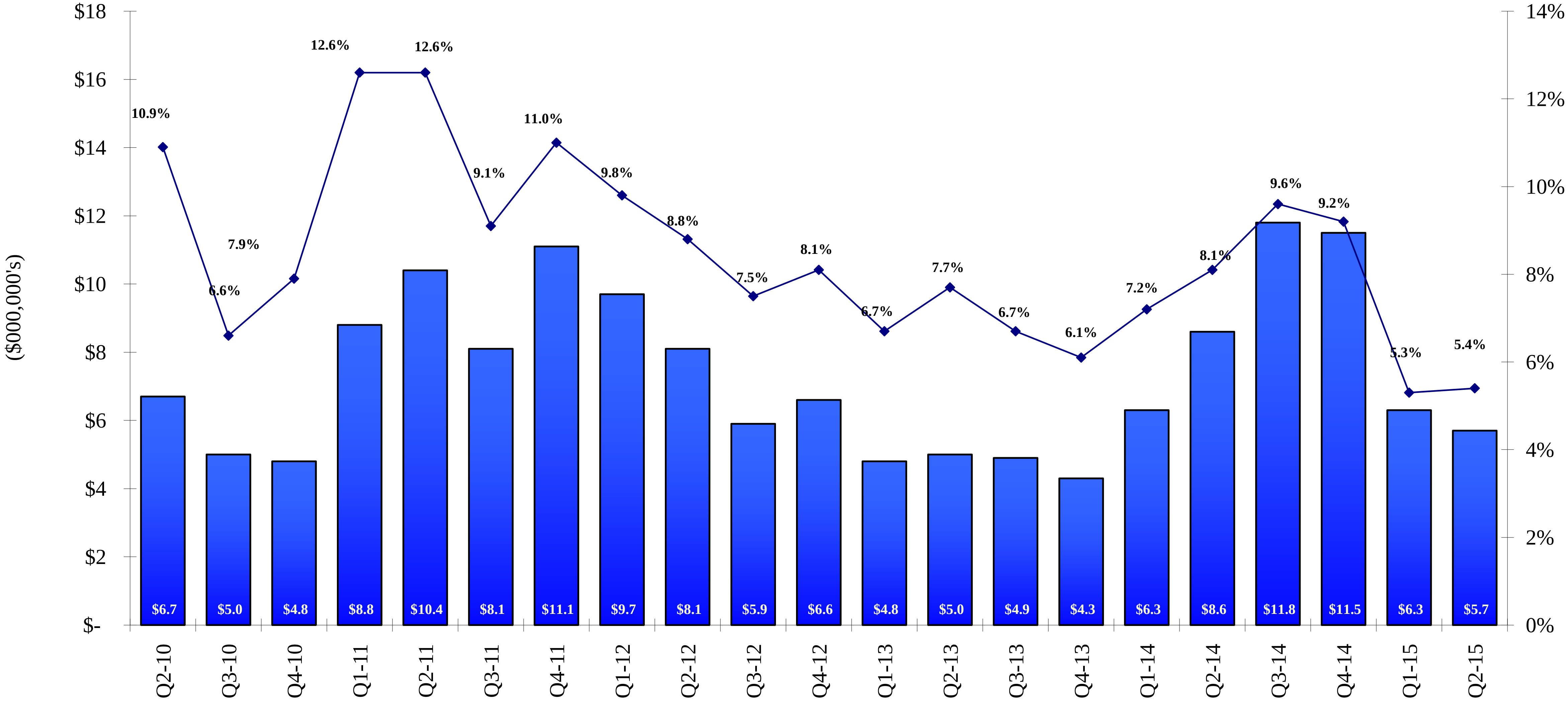


RUSSEL METALS INC.
Steel Distributors Revenues



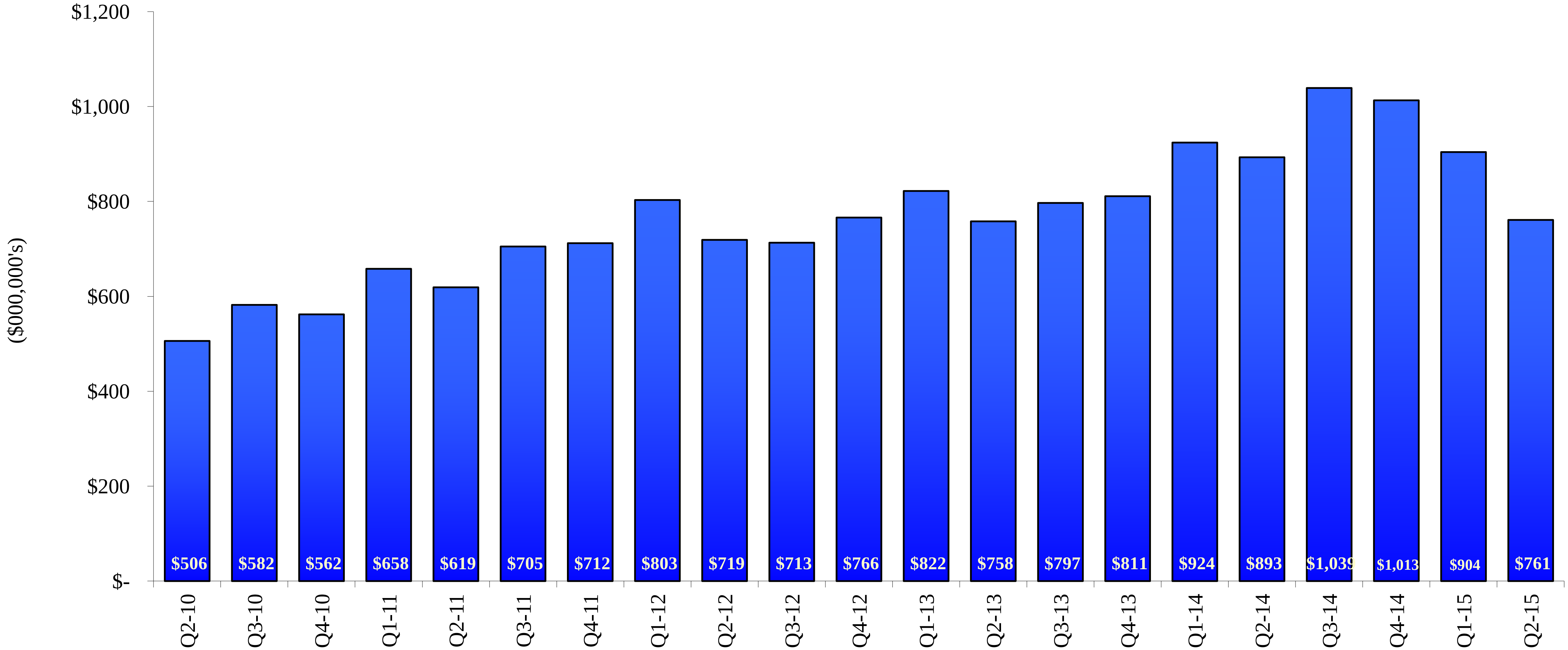
RUSSEL METALS INC.

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