



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES SECOND QUARTER RESULTS

TORONTO, CANADA – August 12, 2014 -- Russel Metals Inc. (RUS - TSX) today announced second quarter 2014 earnings of \$31 million or \$0.50 per share on revenues of \$893 million reflecting strong operating margins in all segments. These results compare to earnings of \$20 million or \$0.33 per share on revenues of \$758 million in the same quarter last year and first quarter earnings of \$29 million or \$0.47 per share on revenues of \$924 million.

Revenues in our metals service center segment increased 11% to \$419 million in the second quarter of 2014 compared to the 2013 second quarter due to stronger demand and higher steel prices. Gross margins at metals service centers improved to 20.9% from 20.4% in the same quarter last year reflecting increased steel prices. Operating profit as a percentage of revenues at 6.1% was up from 5.4% in the same quarter last year reflecting the improved volumes and prices in the quarter.

Revenues in our energy products segment for the second quarter of 2014 increased 17% to \$366 million compared to the 2013 second quarter led by significant increases in our operations servicing oil and gas drilling in Western Canada. Gross margins in our energy products segment improved from both the 2014 first quarter and the 2013 second quarter to 18.6% from 17.0% and 15.9% respectively primarily due to product mix. Operating profit as a percentage of revenues was 7.4% compared to 5.4% in the same quarter of 2013. Strong oil and gas prices have led to increased drilling activity in the energy products segment during 2014.

Apex Distribution and Apex Monarch, our recent acquisitions in the energy products segment, both experienced stronger than expected results in the 2014 first half and we expensed an

additional \$2 million to provide for an increase in the potential future payments for these acquisitions under our contractual earnout obligations.

Revenues in our steel distributors segment increased by 63% to \$106 million in the 2014 second quarter compared to the 2013 second quarter due to stronger demand and higher pricing. Operating profits for the second quarter of 2014 increased to \$9.0 million from \$5.0 million for the 2013 second quarter.

Brian R. Hedges, President and CEO, commented “Our revenues, gross margins and operating profits improved in all three of our business segments versus last year. We have benefited from the strengthening economy in the United States and Western Canada. Our investments over the last three years in acquisitions, process improvements, new facilities and processing equipment have allowed us to strengthen and grow our market share. Both our return on net assets and return on equity have improved validating our internally focused business model. This quarter we were able to increase our dividend 9% to \$0.38 per share and distribute a larger portion of the earnings we have achieved to our shareholders.”

Mr. Hedges further commented, “In addition, during the quarter we continued our evaluation of an ERP software solution, a project that was previously announced in February this year. The analysis we are undertaking has been very valuable and has resulted in a detailed definition of our needs and ERP system requirements. We have expensed our total costs to date of \$2 million on the project and expect to complete the evaluation during the second half of 2014.”

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable September 15, 2014 to shareholders of record as of August 26, 2014.

The Company will be holding an Investor Conference Call on Wednesday, August 13, 2014 at 9:00 a.m. ET to review its 2014 second quarter results. The dial-in telephone numbers for the call are 416-764-8688 (Toronto and International callers) and 1-888-390-0546 (U.S. and Canada). Please dial in 10 minutes prior to the call to ensure that you get a line.

A replay of the call will be available at 416-764-8677 (Toronto and International callers) and 1-888-390-0541 (U.S. and Canada) until midnight, Monday September 1, 2014. You will be required to enter pass code 307355 in order to access the call.

Additional supplemental financial information is available in our investor conference call package located on our website at www.russelmetals.com.

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three metals distribution segments: metals service centers, energy products and steel distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Loubier, Alberta Industrial Metals, Apex Distribution, Apex Monarch, Apex Remington, Arrow Steel Processors, B&T Steel, Baldwin International, Comco Pipe and Supply, Fedmet Tubulars, JMS Russel Metals, Leroux Steel, McCabe Steel, Mégantic Métal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec, Norton Metals, Pioneer Pipe, Russel Metals Specialty Products, Russel Metals Williams Bahcall, Siemens Laserworks, Spartan Energy Tubulars, Sunbelt Group, Triumph Tubular & Supply, Wirth Steel and York-Ennis.

Cautionary Statement on Forward-Looking Information

Certain statements contained in this press release 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 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; cyclical nature 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; 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 press release should not be unduly relied upon. These statements speak only as of the date of this press release 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" in our 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.

If you would like to **unsubscribe** from receiving Press Releases, you may do so by emailing info@russelmetals.com; or by calling our Investor Relations Line: 905-816-5178.

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CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Revenues	\$ 893.3	\$ 758.1	\$ 1,817.3	\$ 1,579.9
Cost of materials	721.1	620.8	1,472.8	1,298.7
Employee expenses	70.4	58.3	141.9	120.8
Other operating expenses	45.4	38.8	92.7	78.7
Earnings before interest, finance expense and provision for income taxes	56.4	40.2	109.9	81.7
Interest expense	9.1	9.2	18.1	18.0
Interest income	-	-	-	(0.1)
Other finance expense	3.0	1.5	4.8	3.1
Earnings before provision for income taxes	44.3	29.5	87.0	60.7
Provision for income taxes	13.8	9.6	27.5	19.1
Net earnings for the period	\$ 30.5	\$ 19.9	\$ 59.5	\$ 41.6
Net earnings attributed to:				
Equity holders	\$ 30.5	\$ 19.9	\$ 59.5	\$ 41.5
Non-controlling interest	-	-	-	0.1
	\$ 30.5	\$ 19.9	\$ 59.5	\$ 41.6
Basic earnings per common share	\$ 0.50	\$ 0.33	\$ 0.97	\$ 0.69
Diluted earnings per common share	\$ 0.48	\$ 0.33	\$ 0.95	\$ 0.68

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Net earnings for the period	\$ 30.5	\$ 19.9	\$ 59.5	\$ 41.6
Other comprehensive income (loss), net of tax				
Items that may be reclassified to earnings				
Unrealized foreign exchange (losses) gains on translation foreign operations	(13.5)	12.1	1.0	19.0
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations, net of taxes	1.4	4.9	(2.7)	5.4
Other comprehensive (loss) income	(12.1)	17.0	(1.7)	24.4
Total comprehensive income	\$ 18.4	\$ 36.9	\$ 57.8	\$ 66.0

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	June 30 2014	December 31 2013
ASSETS		
Current		
Cash and cash equivalents	\$ 52.2	\$ 116.2
Accounts receivable	511.5	456.2
Inventories	861.5	766.3
Prepaid expenses	10.3	5.9
Income taxes receivable	1.4	6.3
	1,436.9	1,350.9
Property, Plant and Equipment	239.2	238.9
Deferred Income Tax Assets	2.3	3.0
Pension and Benefits	0.3	0.2
Financial and Other Assets	6.0	6.1
Goodwill and Intangibles	215.4	218.7
	\$ 1,900.1	\$ 1,817.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 444.8	\$ 384.1
Income taxes payable	0.9	0.2
Current portion long-term debt	1.0	1.2
	446.7	385.5
Long-Term Debt	459.3	457.2
Pensions and Benefits	26.7	23.3
Deferred Income Tax Liabilities	19.3	20.5
Provisions and Other Non-Current Liabilities	38.7	48.9
	990.7	935.4
Shareholders' Equity		
Common shares	523.1	509.5
Retained earnings	328.6	314.6
Contributed surplus	14.7	16.2
Accumulated other comprehensive income	13.0	12.0
Equity component of convertible debentures	28.7	28.7
Total Shareholders' Equity Attributable to Equity Holders	908.1	881.0
Non-controlling interest	1.3	1.4
Total Shareholders' Equity	909.4	882.4
Total Liabilities and Shareholders' Equity	\$ 1,900.1	\$ 1,817.8

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Operating activities				
Net earnings for the period	\$ 30.5	\$ 19.9	\$ 59.5	\$ 41.6
Depreciation and amortization	8.6	8.2	17.2	16.4
Deferred income taxes	(1.3)	-	(0.5)	(0.6)
Loss (gain) on sale of property, plant and equipment	-	(0.4)	1.0	(0.6)
Stock-based compensation	0.4	0.6	0.8	1.2
Difference between pension expense and amount funded	(0.4)	0.5	(0.4)	0.6
Debt accretion, amortization and other	1.2	1.1	2.4	2.1
Change in fair value of contingent consideration	3.0	1.5	4.8	3.1
Cash from operating activities before non-cash working capital	42.0	31.4	84.8	63.8
Changes in non-cash working capital items				
Accounts receivable	34.7	58.1	(55.2)	44.0
Inventories	(95.6)	9.8	(94.4)	6.0
Accounts payable and accrued liabilities	6.8	(45.3)	54.7	(34.2)
Income tax receivable/payable	(2.9)	2.2	6.7	2.5
Other	(1.2)	(1.3)	(4.4)	(2.4)
Change in non-cash working capital	(58.2)	23.5	(92.6)	15.9
Cash (used in) from operating activities	(16.2)	54.9	(7.8)	79.7
Financing activities				
Increase in bank borrowings	-	(3.6)	-	6.4
Issue of common shares	9.6	1.0	11.3	16.5
Dividends on common shares	(21.5)	(21.3)	(42.8)	(42.6)
Repayment of long-term debt	(0.2)	(0.9)	(0.5)	(1.2)
Cash used in financing activities	(12.1)	(24.8)	(32.0)	(20.9)
Investing activities				
Purchase of property, plant and equipment	(10.6)	(7.4)	(15.5)	(14.0)
Proceeds on sale of property, plant and equipment	0.4	1.9	0.6	2.3
Payment of contingent consideration	-	-	(4.1)	-
Cash used in investing activities	(10.2)	(5.5)	(19.0)	(11.7)
Effect of exchange rates	4.4	(1.8)	(5.2)	(1.6)
(Decrease) increase in cash and cash equivalents	(34.1)	22.8	(64.0)	45.5
Cash and cash equivalents, beginning of the period	86.3	137.8	116.2	115.1
Cash and cash equivalents, end of the period	\$ 52.2	\$ 160.6	\$ 52.2	\$ 160.6
Supplemental cash flow information:				
Income taxes paid	\$ 17.7	\$ 7.5	\$ 21.0	\$ 18.0
Interest paid (net)	\$ 9.9	\$ 17.4	\$ 18.0	\$ 18.5

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	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 loss for the period	-	-	-	(1.7)	-	-	(1.7)
Recognition of stock-based compensation	-	-	0.8	-	-	-	0.8
Stock 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

<i>(in millions of Canadian dollars)</i>	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
Payment of dividends	-	(42.6)	-	-	-	-	(42.6)
Net earnings for the period	-	41.6	-	-	-	-	41.6
Other comprehensive income for the period	-	-	-	24.4	-	-	24.4
Recognition of stock-based compensation	-	-	1.2	-	-	-	1.2
Stock options exercised	19.7	-	(3.2)	-	-	-	16.5
Conversion of debentures	0.1	-	-	-	-	-	0.1
Transfer of net actuarial gains on defined benefit plans	-	5.4	-	(5.4)	-	-	-
Balance, June 30, 2013	\$ 507.7	\$ 309.7	\$ 15.3	\$ 7.8	\$ 28.7	\$ 1.4	\$ 870.6