



RUSSEL METALS AND MARUBENI-ITOCHU TO MERGE THEIR CANADIAN OCTG/LINE PIPE BUSINESSES

- **COMPLEMENTARY BUSINESSES TO CREATE GREATER SCALE AND BROADEN PRODUCT MIX**
- **RUSSEL METALS TO REALIZE \$138 MILLION OF CASH PROCEEDS AND RETAIN A 50% EQUITY INTEREST**

FOR IMMEDIATE RELEASE

TORONTO, CANADA – April 14, 2021 -- Russel Metals Inc. (TSX: RUS) announces that it has entered into an agreement with Marubeni-Itochu Tubulars America Inc. ("MITI"), whereby Russel Metals and MITI will combine their respective Canadian OCTG/line pipe businesses. In conjunction with the combination, Russel Metals will receive a substantial portion of its contributed net asset value in cash proceeds, in addition to retaining a 50% equity interest in the combined venture.

Currently, Russel Metals operates its Canadian OCTG/line pipe business through its wholly owned subsidiary Triumph Tubular & Supply Ltd. ("Triumph"), and MITI operates its Canadian OCTG/line pipe business through its wholly owned subsidiary Hallmark Tubulars Ltd. ("Hallmark"). The combined business of Triumph and Hallmark will operate under a newly incorporated company, named TriMark Tubulars Ltd. ("TriMark").

Over the past several years, the macro business conditions for the OCTG/line pipe industry have changed substantially as a result of a challenging energy market as well as the disintermediation of distributors by certain direct-to-market manufacturers. As a result, this combination will create a business that has the necessary economies of scale, including a diverse product offering and business platform to efficiently and effectively serve its customers.

John Reid, President and CEO of Russel Metals commented, "Over the past nine months, we have been strategically focused on both rationalizing the operations and reducing the capital deployed in our OCTG/line pipe businesses. This transaction provides an opportunity to substantially repatriate capital for deployment in other value enhancing opportunities, but also retain an ongoing interest and participate in the future success of the combined business. We would like to thank the Triumph team for their tremendous efforts in repositioning the business over the past year, and we look forward to working with MITI on a shared vision for TriMark".

Transaction Overview

Russel Metals will contribute net assets with a book value of approximately \$111 million, subject to adjustments, primarily comprised of Triumph's inventories less its accounts payables. As consideration, Russel Metals shall receive: (i) cash of approximately \$79 million, subject to closing working capital adjustments; (ii) preferred shares with a face value of \$32 million and an annual dividend rate of 7%; and (iii) a 50% equity interest in TriMark. In addition, Russel Metals will retain Triumph's accounts receivables which totaled \$59 million at March 31, 2021, which when combined with the closing cash consideration of \$79 million will result in a near term cash realization of approximately \$138 million. For the year ended December 31, 2020, Triumph generated revenues of \$165 million and an operating loss of \$3 million. For the three years ended December 31, 2020, Triumph generated average annual revenues of \$267 million and an average annual operating profit of \$10 million.

A \$175 million committed bank facility for TriMark has been obtained from a syndicate of banks, jointly led by the Royal Bank of Canada and Bank of Montreal. The facility is a 3-year asset based loan with typical borrowing base parameters and financial covenants. The bank facility is non-recourse to Russel Metals and MITI.

The transaction is subject to customary regulatory and closing conditions and is expected to close in the second or third quarter of 2021.

About Russel Metals

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three segments: metals service centers, energy products and steel distributors. Its network of metals service centers carries an extensive line of metal products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel, aluminum and other non-ferrous specialty metals. Its energy products operations carry a specialized product line focused on the needs of energy industry customers. Its steel distributors operations act as master distributors selling steel in large volumes to other steel service centers and large equipment manufacturers mainly on an "as is" basis.

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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 relating to, among other things, the anticipated benefits of the transaction, the timing and anticipated receipt of necessary approvals and satisfaction of conditions to close the transaction and there can be no assurance that the proposed transaction will occur, or that it will occur on the exact terms contemplated in this press release. Forward-looking statements are often, but not always, identified by the use of words such as "expect", "may", "will", "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.

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.

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