RUSSEL METALS ANNOUNCES 2023 SECOND QUARTER RESULTS

FOR IMMEDIATE RELEASE

TORONTO, CANADA -- August 10, 2023 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended June 30, 2023.

Revenues of $1.2 Billion and EBITDA[1] of $131 Million
Strong Capital Structure with Liquidity[1] of $837 Million
Repurchased $44 Million of Shares in Q2 - Renewal of NCIB for Up To 6.1 Million Shares
Sale of TriMark Interest will Complete Exit from OCTG/Line Pipe -
Repatriated $375 Million over the Past Three Years

	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Revenues	$ 1,189	$ 1,187	$ 1,362	$ 2,376	$ 2,701
EBITDA[1]	131	116	189	248	342
Net income	85	74	124	159	223
Earnings per share	1.37	1.19	1.96	2.56	3.53
Cash from (used in) working capital	27	(21)	(72)	6	(87)
Dividends paid per common share	0.40	0.38	0.38	0.78	0.76

All amounts are reported in millions of Canadian dollars except per share figures, which are in Canadian dollars.

Non-GAAP Measures and Ratios

We use a number of measures that are not prescribed by International Financial Reporting Standards ("IFRS" or "GAAP") and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and other interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. These non-GAAP measures include EBITDA and Liquidity and are defined below. Refer to Non-GAAP Measures and Ratios on page 2 of our Management Discussion and Analysis.

EBIT - represents net earnings before interest and income taxes.
EBITDA - represents net earnings before interest, income taxes, depreciation and amortization.
Liquidity - represents cash on hand less bank indebtedness plus excess availability under our bank credit facility.

The following table shows the reconciliation of net earnings in accordance with GAAP to EBITDA for 2023 and 2022:

	Three Months Ended			Six Months Ended	
(millions)	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Net earnings	$ 85.0	$ 73.9	$ 124.0	$ 158.9	$ 222.7
Provision for income taxes	26.9	22.3	42.1	49.2	74.0
Interest and finance expense	2.8	3.8	6.6	6.6	13.3
EBIT [1]	114.7	100.0	172.7	214.7	310.0
Depreciation and amortization	16.7	16.4	16.1	33.1	31.9
EBITDA [1]	$ 131.4	$ 116.4	$ 188.8	$ 247.8	$ 341.9
Net earnings per share	$ 1.37	$ 1.19	$ 1.96	$ 2.56	$ 3.53

[1] Defined in Non-GAAP Measures and Ratios

Our basic earnings per share of $1.37 for the quarter ended June 30, 2023, was lower than the $1.96 per share recorded in the second quarter of 2022 but higher than the $1.19 recorded in the 2023 first quarter. For the six months ended June 30, 2023, our basic earnings per share of $2.56 compared to $3.53 for the same period in 2022. Revenues of $1.2 billion were lower than the $1.4 billion experienced in second quarter of 2022 and consistent with the 2023 first quarter. Our gross margins of 23.1% compared to 25.3% in the same quarter of 2022 and 21.9% in the 2023 first quarter.

Our EBITDA for the quarter was $131 million compared to EBITDA of $189 million in the same quarter of 2022 and $116 million in the first quarter of 2023. EBITDA in the second quarter of 2023 was impacted by a $2 million expense related to the non-cash mark-to-market on our stock-based compensation compared to a benefit of $4 million in the 2022 second quarter and a $4 million expense in the 2023 first quarter.

All of our business segments made strong contributions in the 2023 second quarter and resulted in an improvement in our consolidated margins, EBITDA and earnings as compared to the first quarter of 2023. Our metals service centers reported consistent revenues and higher margins in the 2023 second quarter compared to the 2023 first quarter due to higher average prices and consistent demand. Metals service centers generated average price realizations that increased 3% compared to the 2023 first quarter while tons shipped were consistent with both the first quarter of 2023 and the second quarter of 2022. Our energy field stores revenues and margins increased in the 2023 second quarter versus the 2022 second quarter due to a continuation of the favourable trend in energy sector business activity. The seasonally slower second quarter, as compared to the first quarter, was due to road closures from spring break-up in Western Canada and significant wildfire activity. Results at our steel distributors remain strong with a reduction in revenues being offset by an increase in margins, which resulted in comparable operating profits in the second quarter versus the first quarter of 2023.

Market Conditions

The steel price increases that were experienced in the later part of the 2023 first quarter continued in the early part of the 2023 second quarter but moderated down towards the end of the quarter. Inventory in the supply chain remains relatively modest while demand remains active. Our energy field store segment experienced good demand in what is typically a seasonally slow second quarter in Western Canada. On June 30, 2023, the Canadian rig counts were 167 compared to 166 in the 2022 second quarter and the U.S. rig counts were 674 compared to 750 on June 30, 2022.

Capital Investment Growth Initiatives

In the 2023 second quarter, we invested $16 million for capital expenditures, as we focused our spending on facilities modernizations and value-added equipment projects. As part of our facilities modernizations, we recently approved a US$11 million expansion and equipment upgrade project at our Green Bay, Wisconsin location and a US$9 million expansion and equipment upgrade project at our Texarkana, Texas location. Both of these projects are expected to be completed in late 2024. In addition, we are advancing a number of our other potential modernizations and value-added equipment projects in both Canada and the U.S. that should be completed in phases through the back half of 2023 and into 2024 and beyond.

Over the course of the past quarter, we evaluated a number of potential acquisitions, and we continue to explore opportunities to grow our business in ways that would be financially attractive and operationally complementary with our existing business segments. On August 10, 2023, we entered into an agreement to purchase Alliance Supply Ltd., a field store operation in Western Canada that generated 2022 revenues of approximately $23 million. The acquisition of Alliance Supply will become part of our Canadian energy field store business. The transaction is expected to close in the fourth quarter of 2023.

TriMark Joint Venture

In the second quarter of 2023, we received $10 million of dividends from our joint venture ("TriMark"). On July 31, 2023, we entered into an agreement to sell our equity interest in TriMark to our venture partner for approximately $61 million subject to normal closing adjustments. The transaction is expected to close in the third quarter and represents the final step in our staged exit from the OCTG/ line pipe business. In the past two years, we have received $36 million in dividends from TriMark, which when combined with the sale of the retained equity interest for $61 million will equate to a return on investment of over 200%. Over the last three years we have repatriated approximately $375 million in capital from the OCTG/line pipe business.

Returning Capital to Shareholders
We have adopted a flexible approach to returning capital to shareholders through: (i) our ongoing dividend; and (ii) share buy backs.

In May 2023, we announced a 5% increase on our quarterly dividend from $0.38 per share to $0.40 per share. In the second quarter, we paid dividends of $25 million or $0.40 per share. We have declared a dividend of $0.40 per share, payable on September 15, 2023, to shareholders of record at the close of business on August 29, 2023.

In August 2022, we initiated a normal course issuer bid to purchase for cancellation up to 3.2 million of our common shares over 12 months, representing 5% of our issued and outstanding shares. In the 2023 second quarter, we purchased and cancelled 1.2 million shares for total consideration of $44 million. Since August 2022, we purchased and cancelled 2.2 million shares at an average price per share of $32.18, for total consideration of $72 million. Subject to approval from the Toronto Stock Exchange, we intend to renew our normal course issuer bid to purchase for cancellation up to approximately 6.1 million of our common shares representing 10% of our public float over a 12-month period.

Liquidity and Capital Structure
During the 2023 second quarter, we generated $131 million of cash from operating activities and ended the quarter with total available liquidity of $837 million.

Outlook
We expect a continuation of favourable market conditions into the third quarter with demand at our metals service centers and steel distributors to be comparable with the levels experienced in the second quarter, except for the typical slowdown for the Quebec construction holiday and other seasonal factors. The prevailing steel price environment is expected to lead to a moderation of margins in the third quarter. Our energy field stores expect to benefit from stronger sector activity.

Investor Conference Call
The Company will be holding an Investor Conference Call on Friday, August 11, 2023, at 9:00 a.m. ET to review its 2023 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, Friday, August 25, 2023. You will be required to enter pass code 902448# to access the call.

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

About Russel Metals Inc.

Russel Metals is one of the largest metals distribution companies in North America with a growing focus on value-added processing. It carries on business in three segments: metals service centers, energy field stores 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 field stores 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.

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 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 volatility in metal prices; volatility in oil and natural gas prices; cyclicality of the metals industry; capital budgets in the energy industry; pandemics and epidemics; climate change; product claims; significant competition; sources of metals supply; manufacturers selling directly; material substitution; credit risk; currency exchange risk; restrictive debt covenants; asset impairments; the unexpected loss of key individuals; decentralized operating structure; future acquisitions; the failure of our key computer-based systems, labour interruptions; laws and governmental regulations; litigious environment; environmental liabilities; carbon emissions; health and safety laws and regulations; and common share risk.

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 under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form and as otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR+ at www.sedarplus.ca.

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CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

(in millions of Canadian dollars, except per share data)	Three Months Ended June 30 2023	Three Months Ended June 30 2022	Six Months Ended June 30 2023	Six Months Ended June 30 2022
Revenues	$ 1,189.6	$ 1,362.3	$ 2,376.3	$ 2,700.9
Cost of materials	914.2	1,017.8	1,840.6	2,066.1
Employee expenses	105.4	108.6	206.3	209.6
Other operating expenses	61.8	62.9	130.1	120.9
(Earnings) loss from joint venture	(6.5)	0.3	(15.4)	(5.7)
Earnings before interest and provision for income taxes	114.7	172.7	214.7	310.0
Interest expense, net	2.8	6.6	6.6	13.3
Earnings before provision for income taxes	111.9	166.1	208.1	296.7
Provision for income taxes	26.9	42.1	49.2	74.0
Net earnings for the period	$ 85.0	$ 124.0	$ 158.9	$ 222.7
Basic earnings per common share	$ 1.37	$ 1.96	$ 2.56	$ 3.53
Diluted earnings per common share	$ 1.37	$ 1.96	$ 2.56	$ 3.52

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(in millions of Canadian dollars)	Three Months Ended June 30 2023	Three Months Ended June 30 2022	Six Months Ended June 30 2023	Six Months Ended June 30 2022
Net earnings for the period	$ 85.0	$ 124.0	$ 158.9	$ 222.7
Other comprehensive (loss) income				
Items that may be reclassified to earnings				
Unrealized foreign exchange (losses) gains on translation of foreign operations	(19.0)	21.9	(19.7)	11.9
Items that may not be reclassified to earnings				
Actuarial gains on pension and similar obligations, net of taxes	1.6	0.3	1.3	9.1
Other comprehensive (loss) income	(17.4)	22.2	(18.4)	21.0
Total comprehensive income	$ 67.6	$ 146.2	$ 140.5	$ 243.7

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in millions of Canadian dollars)	June 30 2023	December 31 2022
ASSETS		
Current		
Cash and cash equivalents	$ 450.1	$ 363.0
Accounts receivable	582.4	497.9
Inventories	948.4	956.5
Prepaids and other	26.8	35.8
Income taxes receivable	2.1	16.3
	2,009.8	1,869.5
Property, Plant and Equipment	319.7	313.8
Right-of-Use Assets	99.7	102.7
Investment in Joint Venture	48.3	46.6
Deferred Income Tax Assets	1.5	1.2
Pension and Benefits	43.6	42.0
Financial and Other Assets	4.2	4.6
Goodwill and Intangibles	120.3	126.5
	$ 2,647.1	$ 2,506.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 553.1	$ 482.0
Short-term lease obligations	14.8	14.7
Income taxes payable	7.2	4.8
	575.1	501.5
Long-Term Debt	296.6	296.0
Pensions and Benefits	2.0	1.5
Deferred Income Tax Liabilities	16.3	18.4
Long-term Lease Obligations	109.4	112.2
Provisions and Other Non-Current Liabilities	28.7	18.0
	1,028.1	947.6
Shareholders' Equity		
Common shares	564.7	562.4
Retained earnings	923.6	844.6
Contributed surplus	10.3	12.2
Accumulated other comprehensive income	120.4	140.1
Total Shareholders' Equity	1,619.0	1,559.3
Total Liabilities and Shareholders' Equity	$ 2,647.1	$ 2,506.9

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

(in millions of Canadian dollars)	Three Months Ended June 30 2023	Three Months Ended June 30 2022	Six Months Ended June 30 2023	Six Months Ended June 30 2022
Operating activities				
Net earnings for the period	$ 85.0	$ 124.0	$ 158.9	$ 222.7
Depreciation and amortization	16.7	16.1	33.1	31.9
Provision for income taxes	26.9	42.1	49.2	74.0
Interest expense, (net)	2.8	6.6	6.6	13.3
Gain on sale of property, plant and equipment	(0.3)	(2.3)	(0.5)	(2.5)
(Earnings) loss from joint venture	(6.5)	0.3	(15.4)	(5.7)
Share-based compensation	-	-	-	0.1
Difference between pension expense and amount funded	0.6	-	0.6	-
Debt accretion, amortization and other	0.3	0.3	0.6	0.6
Interest paid net, including interest on lease obligations	(2.3)	(6.4)	(6.0)	(12.8)
Cash from operating activities before non-cash working capital	123.2	180.7	227.1	321.6
Changes in non-cash working capital items				
Accounts receivable	18.0	10.7	(87.9)	(104.3)
Inventories	(14.2)	(120.5)	1.0	(39.2)
Accounts payable and accrued liabilities	16.6	49.0	84.1	67.9
Other	6.5	(10.7)	9.0	(11.3)
Change in non-cash working capital	26.9	(71.5)	6.2	(86.9)
Income tax paid, net	(19.4)	(40.3)	(35.3)	(123.2)
Cash from operating activities	130.7	68.9	198.0	111.5
Financing activities				
Issue of common shares	3.2	-	11.8	0.3
Repurchase of common shares	(44.2)	-	(44.2)	-
Dividends on common shares	(24.7)	(24.0)	(48.4)	(48.0)
Deferred financing	-	-	-	(0.1)
Lease obligations	(4.4)	(3.7)	(8.3)	(9.3)
Cash used in financing activities	(70.1)	(27.7)	(89.1)	(57.1)
Investing activities				
Purchase of property, plant and equipment	(15.4)	(7.8)	(29.6)	(16.0)
Proceeds on sale of property, plant and equipment	0.3	2.6	0.6	3.1
Dividends received from joint venture	9.8	-	13.7	-
Sale of business	-	-	-	9.7
Cash used in investing activities	(5.3)	(5.2)	(15.3)	(3.2)
Effect of exchange rates on cash and cash equivalents	(6.3)	4.7	(6.5)	2.6
Increase in cash and cash equivalents	49.0	40.7	87.1	53.8
Cash and cash equivalents, beginning of the period	401.1	146.2	363.0	133.1
Cash and cash equivalents, end of the period	$ 450.1	$ 186.9	$ 450.1	$ 186.9

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2023	$ 562.4	$ 844.6	$ 12.2	$ 140.1	$ 1,559.3
Payment of dividends	-	(48.4)	-	-	(48.4)
Net earnings for the period	-	158.9	-	-	158.9
Other comprehensive loss for the period	-	-	-	(18.4)	(18.4)
Share options exercised	13.7	-	(1.9)	-	11.8
Shares repurchased	(11.4)	(32.8)	-	-	(44.2)
Transfer of net actuarial gains on defined benefit plans	-	1.3	-	(1.3)	-
Balance, June 30, 2023	$ 564.7	$ 923.6	$ 10.3	$ 120.4	$ 1,619.0

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2022	$ 571.0	$ 575.2	$ 12.1	$ 90.0	$ 1,248.3
Payment of dividends	-	(48.0)	-	-	(48.0)
Net earnings for the period	-	222.7	-	-	222.7
Other comprehensive income for the period	-	-	-	21.0	21.0
Recognition of share-based compensation	-	-	0.1	-	0.1
Share options exercised	0.4	-	(0.1)	-	0.3
Transfer of net actuarial gains on defined benefit plans	-	9.1	-	(9.1)	-
Balance, June 30, 2022	$ 571.4	$ 759.0	$ 12.1	$ 101.9	$ 1,444.4