



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES STRONG SECOND QUARTER RESULTS

TORONTO, CANADA – August 3, 2011 -- Russel Metals Inc. (RUS - TSX) today announced improved second quarter 2011 earnings of \$31 million, or \$0.52 per share on revenues of \$619 million. Our comparative second quarter 2010 results were earnings of \$25 million or \$0.41 per share on revenues of \$507 million. Net earnings for the six months ended June 30, 2011 improved by 89% to \$64 million, or \$1.07 per share on revenues of \$1.3 billion compared to net earnings of \$34 million or \$0.57 per share on revenues of \$1.0 billion for the same period in 2010.

Brian R. Hedges, President and CEO, stated “In light of some softness in steel pricing, we are very pleased with the second quarter results. Margins in the quarter held up very well in the metals service centers and steel distributors. Results in our energy segment were lower than expected due to the extremely wet conditions in Western Canada, which restricted drilling activities. We expect this segment to have a pick up in the third quarter.”

Revenues in our metals service centers increased 24% to \$388 million for the second quarter of 2011 compared to the second quarter of 2010. Operating profits in our metals service centers of \$33 million significantly exceeded our 2010 operating profits of \$19 million. Operating profits were down slightly from the 2011 first quarter, however, due to declining steel prices and lower margins.

Revenues in the energy tubular product segment increased 12% to \$145 million for the second quarter of 2011 compared to the 2010 second quarter. This segment reported operating profits of \$11 million for the second quarter of 2011, equalling those of 2010. An unusually wet spring in the Canadian oil country delayed the start of the spring drilling season adversely affecting our operations servicing this sector. Our other operating units in this segment experienced improved volumes.

Our steel distributor segment had a 35% increase in revenues for the second quarter of 2011 to \$83 million. Operating profits increased 55% to \$10 million, for the second quarter of 2011 over the 2010 second quarter, a result of stronger margins due to rising prices and volume increases.

“During the quarter, we renewed and extended our syndicated bank facility to 2014 at favourable rates. The extension of our bank facility to a three-year term, positions us to continue to capitalize on growth opportunities during that period” commented Marion Britton, Vice President and CFO.

The Board of Directors approved a 9% increase in our quarterly dividend to \$0.30 per common share payable September 15, 2011 to shareholders of record as of August 29, 2011.

The Company will be holding an Investor Conference Call on Thursday August 4, 2011 at 9:00 a.m. ET to review its second quarter 2011 results. The dial-in telephone numbers for the call are 416-340-8530 (Toronto and International callers) and 1-877-240-9772 (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 905-694-9451 (Toronto and International callers) and 1-800-408-3053 (U.S. and Canada) until midnight, Thursday August 18, 2011. You will be required to enter pass code 5650285 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 tubular products and steel distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Loubier, Acier Richler, 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, Spartan Steel Products, Sunbelt Group, Triumph Tubular & Supply, Wirth Steel and York-Ennis.

Statements contained in this press release or on the related conference call that relate to Russel Metals' beliefs or expectations as to certain future events are not statements of historical fact and are forward-looking statements. Russel Metals cautions readers that there are important factors, risks and uncertainties, including but not limited to economic, competitive and governmental factors affecting Russel Metals' operations, markets, products, services and prices that could cause its actual results,

performance or achievements to be materially different from those forecasted or anticipated in such forward-looking statements.

The forward-looking statements in this document reflect management's current beliefs and are based on information currently available to management. The material assumptions applied in making the forward-looking statements in this document include the following: demand from the manufacturing, resource and construction segments of the Canadian economy have stabilized and these conditions will continue to slowly improve in the foreseeable future; and oil and gas prices, the price of steel and the value of the Canadian dollar relative to the U.S. dollar will be at similar levels with what we experienced at the end of the second quarter of 2011. Although the forward-looking statements contained in this document are based upon what management believes to be reasonable estimates and assumptions, Russel Metals cannot ensure that actual results will not be materially different from those expressed or implied by these forward-looking statements and does not intend to update any forward-looking statement other than required by law.

For further information, contact:

Marion E. Britton, C.A.

Vice President and

Chief Financial Officer

Russel Metals Inc.

(905) 819-7407

E-mail: info@russelmetals.com

Website: www.russelmetals.com

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS *(UNAUDITED)*

| <i>(in millions of Canadian dollars, except per share data)</i> | Quarters ended | | Six months ended | |
|---|----------------|-----------------|------------------|-----------------|
| | 2011 | June 30 2010 | 2011 | June 30 2010 |
| Revenues | \$ 618.6 | \$ 506.6 | \$ 1,276.3 | \$ 1,033.4 |
| Cost of materials | 484.9 | 398.7 | 1,004.2 | 829.3 |
| Employee expenses | 48.4 | 43.9 | 103.0 | 86.8 |
| Other operating expenses | 33.2 | 28.9 | 62.8 | 56.3 |
| Earnings before the following | 52.1 | 35.1 | 106.3 | 61.0 |
| Interest expense | 6.9 | 7.0 | 14.0 | 14.2 |
| Interest income | (0.5) | (0.3) | (1.1) | (0.6) |
| Finance expense (income) convertible | - | (5.8) | - | 1.1 |
| Other finance expense (income), net | 0.9 | - | 1.3 | (1.5) |
| Earnings before income taxes | 44.8 | 34.2 | 92.1 | 47.8 |
| Provision for income taxes | (13.7) | (9.4) | (28.0) | (13.9) |
| Net earnings for the period | \$ 31.1 | \$ 24.8 | \$ 64.1 | \$ 33.9 |
| Basic earnings per common share | \$ 0.52 | \$ 0.41 | \$ 1.07 | \$ 0.57 |
| Diluted earnings per common share | \$ 0.50 | \$ 0.41 | \$ 1.03 | \$ 0.57 |

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

| <i>(in millions of Canadian dollars)</i> | Quarters ended | | Six months ended | |
|--|----------------|-----------------|------------------|-----------------|
| | 2011 | June 30 2010 | 2011 | June 30 2010 |
| Net earnings for the period | \$ 31.1 | \$ 24.8 | \$ 64.1 | \$ 33.9 |
| Other comprehensive income (loss) | | | | |
| Unrealized foreign exchange (losses) gains on translation of foreign operations | (2.4) | 15.0 | (10.4) | 4.8 |
| Unrealized gains (losses) on items designated as net investment hedges | 1.0 | (6.4) | 4.3 | (0.8) |
| Unrealized losses on items designated as cash flow hedges | - | - | - | (2.5) |
| Gains (losses) on derivatives designated as cash flow hedges transferred to net income in the period | 0.3 | 0.3 | 0.6 | (0.4) |
| Other comprehensive (loss) income | (1.1) | 8.9 | (5.5) | 1.1 |
| Total comprehensive income | \$ 30.0 | \$ 33.7 | \$ 58.6 | \$ 35.0 |

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

| <i>(in millions of Canadian dollars)</i> | June 30 2011 | December 31 2010 |
|---|-------------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | \$ 224.7 | \$ 323.7 |
| Accounts receivable | 347.7 | 301.4 |
| Inventories | 632.4 | 544.1 |
| Prepaid expenses | 5.4 | 3.0 |
| Income taxes receivable | 0.8 | 2.8 |
| | 1,211.0 | 1,175.0 |
| Property, Plant and Equipment | 201.7 | 205.2 |
| Deferred Income Tax Assets | 7.4 | 7.1 |
| Pensions and Benefits | 0.7 | 0.7 |
| Other Assets | 3.9 | 3.8 |
| Goodwill and Intangibles | 24.1 | 24.9 |
| | \$ 1,448.8 | \$ 1,416.7 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 306.0 | \$ 272.8 |
| Income taxes payable | 12.4 | 14.4 |
| Current portion long-term debt | 1.2 | 1.2 |
| | 319.6 | 288.4 |
| Long-Term Debt | 298.7 | 318.5 |
| Pensions and Benefits | 17.0 | 17.9 |
| Provision | 5.4 | 5.6 |
| Deferred Income Tax Liabilities | 5.0 | 7.0 |
| Other Non-Current Liabilities | 2.1 | 6.5 |
| | 647.8 | 643.9 |
| Shareholders' Equity | | |
| Common shares | 485.2 | 483.7 |
| Retained earnings | 288.6 | 257.5 |
| Contributed surplus | 15.0 | 13.9 |
| Accumulated other comprehensive (loss) income | (16.5) | (11.0) |
| Equity component of convertible debenture | 28.7 | 28.7 |
| | 801.0 | 772.8 |
| | \$ 1,448.8 | \$ 1,416.7 |

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW (UNAUDITED)

| <i>(in millions of Canadian dollars)</i> | Quarters ended | | Six months ended | |
|---|-----------------|-----------------|------------------|-----------------|
| | 2011 | June 30 2010 | 2011 | June 30 2010 |
| Operating activities | | | | |
| Net earnings for the period | \$ 31.1 | \$ 24.8 | \$ 64.1 | \$ 33.9 |
| Depreciation and amortization | 5.9 | 6.3 | 11.9 | 12.6 |
| Deferred income taxes | (0.7) | - | (1.2) | 1.8 |
| Gain on investment and sale of property, and equipment | - | - | (0.1) | (1.5) |
| Stock-based compensation | 0.4 | 0.5 | 1.3 | 0.7 |
| (Gain) loss on derivatives | - | (5.5) | - | 1.4 |
| Difference between pension expense and amount funded | (0.4) | (0.2) | (1.0) | (0.2) |
| Debt accretion, amortization and other | 2.1 | 0.8 | 3.4 | 1.5 |
| Cash from operating activities before non-cash working capital | 38.4 | 26.7 | 78.4 | 50.2 |
| Changes in non-cash working capital items | | | | |
| Accounts receivable | 33.1 | 14.9 | (48.4) | (60.8) |
| Inventories | (85.1) | (65.4) | (93.3) | (18.7) |
| Accounts payable and accrued liabilities | (9.1) | 6.7 | 26.2 | 15.7 |
| Current income taxes receivable/ payable | 2.3 | 3.6 | (1.0) | 3.6 |
| Other | (0.5) | (0.7) | (2.5) | (0.2) |
| Change in non-cash working capital | (59.3) | (40.9) | (119.0) | (60.4) |
| Cash used in operating activities | (20.9) | (14.2) | (40.6) | (10.2) |
| Financing activities | | | | |
| Issue of common shares | 0.3 | - | 1.2 | - |
| Dividends on common shares | (16.5) | (14.9) | (33.0) | (29.8) |
| Repayment of long-term debt | (16.8) | (8.1) | (17.1) | (8.5) |
| Deferred financing | (0.5) | (0.7) | (0.5) | (0.7) |
| Swap termination | - | - | - | (35.2) |
| Cash used in financing activities | (33.5) | (23.7) | (49.4) | (74.2) |
| Investing activities | | | | |
| Purchase of property, plant and equipment | (5.2) | (2.1) | (9.6) | (3.4) |
| Proceeds on sale of property, plant and equipment | - | 0.3 | 0.7 | 0.3 |
| Proceeds on sale of investment | - | 6.0 | - | 6.0 |
| Cash (used in) from investing activities | (5.2) | 4.2 | (8.9) | 2.9 |
| Effect of exchange rates on cash and cash equivalents | (1.8) | 6.4 | (0.1) | 5.7 |
| Decrease in cash and cash equivalents | (61.4) | (27.3) | (99.0) | (75.8) |
| Cash and cash equivalents, beginning of the period | 286.1 | 311.1 | 323.7 | 359.6 |
| Cash and cash equivalents, end of the period | \$ 224.7 | \$ 283.8 | \$ 224.7 | \$ 283.8 |
| Supplemental cash flow information: | | | | |
| Income taxes paid | \$ 12.9 | \$ 2.3 | \$ 31.2 | \$ 5.0 |
| Interest paid | \$ 0.5 | \$ 0.7 | \$ 12.7 | \$ 13.5 |

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

| <i>(in millions of Canadian dollars)</i> | Common Shares | Contributed Surplus | Retained Earnings | Equity Component of Convertible Debentures | Accumulated Other Comprehensive Income | Total |
|---|-----------------|---------------------|-------------------|--|--|-----------------|
| Balance, January 1, 2011 | \$ 483.7 | \$ 13.9 | \$ 257.5 | \$ 28.7 | \$ (11.0) | \$ 772.8 |
| Payment of dividends | - | - | (33.0) | - | - | (33.0) |
| Net earnings for the period | - | - | 64.1 | - | - | 64.1 |
| Other comprehensive income for the period | - | - | - | - | (5.5) | (5.5) |
| Recognition of stock-based compensation | - | 1.1 | - | - | - | 1.1 |
| Stock options exercised | 1.5 | - | - | - | - | 1.5 |
| Balance, June 30, 2011 | \$ 485.2 | \$ 15.0 | \$ 288.6 | \$ 28.7 | \$ (16.5) | \$ 801.0 |

| <i>(in millions of Canadian dollars)</i> | Common Shares | Contributed Surplus | Retained Earnings | Equity Component of Convertible Debentures | Accumulated Other Comprehensive Income | Total |
|---|-----------------|---------------------|-------------------|--|--|-----------------|
| Balance, January 1, 2010 | \$ 478.9 | \$ 13.2 | \$ 259.9 | \$ - | \$ (1.1) | \$ 750.9 |
| Payment of dividends | - | - | (29.8) | - | - | (29.8) |
| Net earnings for the period | - | - | 33.9 | - | - | 33.9 |
| Other comprehensive income for the period | - | - | - | - | 1.1 | 1.1 |
| Recognition of stock-based compensation | - | 0.8 | - | - | - | 0.8 |
| Balance, June 30, 2010 | \$ 478.9 | \$ 14.0 | \$ 264.0 | \$ - | \$ - | \$ 756.9 |