



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES THIRD QUARTER RESULTS

TORONTO, CANADA – November 3, 2011 -- Russel Metals Inc. (RUS - TSX) today announced third quarter 2011 earnings of \$26 million, or \$0.43 per share on revenues of \$705 million. Our comparative third quarter 2010 results were earnings of \$8 million or \$0.14 per share on revenues of \$583 million. Net earnings for the nine months ended September 30, 2011 more than doubled to \$90 million, or \$1.50 per share on revenues of \$2.0 billion compared to net earnings of \$42 million or \$0.71 per share on revenues of \$1.6 billion for the same period in 2010.

Brian R. Hedges, President and CEO, stated “Currently, demand is holding up and our profitability is healthy. Gross margin pressure due to lower steel prices will continue but at manageable levels, which is consistent with what our industry experiences over the cycle. We have less visibility on where the market is trending than usual, so we continue to keep inventory levels lean and cautiously evaluate growth opportunities. ”

Revenues in our metals service centers increased 24% to \$390 million for the third quarter of 2011 compared to the third quarter of 2010. Operating profits in our metals service centers of \$24 million significantly exceeded our 2010 operating profits of \$14 million. Operating profits improved due to stronger demand and higher steel prices compared to the same period in 2010.

Revenues in the energy tubular product segment increased 19% to \$223 million for the third quarter of 2011 compared to the 2010 third quarter. Increased volumes at all operations reflect drilling activity in both Canada and the U.S. above levels experienced in the third quarter of 2010. The segment reported operating profits of \$15 million for the third quarter of 2011, 5% greater than the 2010 third quarter.

Our steel distributor segment had a 19% increase in revenues for the third quarter of 2011 to \$90 million. Operating profits increased 59% to \$8 million, for the third quarter of 2011 over the 2010

third quarter, a result of stronger margins due to rising prices and volume increases.

The Board of Directors approved a quarterly dividend of \$0.30 per common share payable December 15, 2011 to shareholders of record as of November 29, 2011.

The Company will be holding an Investor Conference Call on Friday November 4, 2011 at 9:00 a.m. ET to review its third 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, Friday November 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 Energy Tubulars, 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 third 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.

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CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Revenues	\$ 705.4	\$ 582.5	\$ 1,981.7	\$ 1,615.9
Cost of materials	578.0	476.0	1,582.2	1,305.3
Employee expenses	49.6	45.6	152.6	132.4
Other operating expenses	32.9	30.9	95.7	87.2
Earnings before the following	44.9	30.0	151.2	91.0
Interest expense	6.7	7.9	20.7	22.1
Interest income	(0.4)	(0.5)	(1.5)	(1.1)
Finance expense convertible debentures	-	8.2	-	9.3
Other finance expense (income), net	0.4	-	1.7	(1.5)
Earnings before income taxes	38.2	14.4	130.3	62.2
Provision for income taxes	(12.5)	(6.2)	(40.5)	(20.1)
Net earnings for the period	\$ 25.7	\$ 8.2	\$ 89.8	\$ 42.1
Basic earnings per common share	\$ 0.43	\$ 0.14	\$ 1.50	\$ 0.71
Diluted earnings per common share	\$ 0.43	\$ 0.14	\$ 1.46	\$ 0.71

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Net earnings for the period	\$ 25.7	\$ 8.2	\$ 89.8	\$ 42.1
Other comprehensive income (loss)				
Unrealized foreign exchange gains (losses) on translation of foreign operations	27.3	(10.2)	16.9	(5.4)
Unrealized (losses) gains on items designated as net investment hedges	(9.4)	4.4	(5.1)	3.6
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	0.2	0.3	0.8	(0.1)
Other comprehensive income (loss)	18.1	(5.5)	12.6	(4.4)
Total comprehensive income	\$ 43.8	\$ 2.7	\$ 102.4	\$ 37.7

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	September 30 2011	December 31 2010
ASSETS		
Current		
Cash and cash equivalents	\$ 223.9	\$ 323.7
Accounts receivable	396.4	301.4
Inventories	652.8	544.1
Prepaid expenses	3.9	3.0
Income taxes receivable	1.8	2.8
	1,278.8	1,175.0
Property, Plant and Equipment	202.7	205.2
Deferred Income Tax Assets	4.8	7.1
Pensions and Benefits	0.7	0.7
Other Assets	3.4	3.8
Goodwill and Intangibles	25.2	24.9
	\$ 1,515.6	\$ 1,416.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 341.1	\$ 272.8
Income taxes payable	15.2	14.4
Current portion long-term debt	1.3	1.2
	357.6	288.4
Long-Term Debt	302.0	318.5
Pensions and Benefits	16.7	17.9
Provision	5.4	5.6
Deferred Income Tax Liabilities	4.6	7.0
Other Non-Current Liabilities	2.1	6.5
	688.4	643.9
Shareholders' Equity		
Common shares	485.3	483.7
Retained earnings	296.3	257.5
Contributed surplus	15.3	13.9
Accumulated other comprehensive income (loss)	1.6	(11.0)
Equity component of convertible debenture	28.7	28.7
	827.2	772.8
	\$ 1,515.6	\$ 1,416.7

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Operating activities				
Net earnings for the period	\$ 25.7	\$ 8.2	\$ 89.8	\$ 42.1
Depreciation and amortization	5.8	6.3	17.7	18.9
Deferred income taxes	1.3	0.3	0.1	2.1
Loss (gain) on investment and sale of property, plant and equipment	0.1	1.4	-	(0.1)
Stock-based compensation	0.3	0.4	1.6	1.1
Loss on derivatives	-	8.6	-	10.0
Difference between pension expense and amount funded	(0.3)	(0.1)	(1.3)	(0.3)
Debt accretion, amortization and other	1.5	1.3	4.9	2.8
Cash from operating activities before non-cash working capital	34.4	26.4	112.8	76.6
Changes in non-cash working capital items				
Accounts receivable	(41.9)	(37.7)	(90.3)	(98.5)
Inventories	(5.6)	(12.3)	(99.5)	(31.0)
Accounts payable and accrued liabilities	28.7	33.5	55.5	49.2
Current income taxes receivable/ payable	4.8	54.7	3.8	58.3
Other	1.6	1.1	(0.9)	0.9
Change in non-cash working capital	(12.4)	39.3	(131.4)	(21.1)
Cash from (used in) operating activities	22.0	65.7	(18.6)	55.5
Financing activities				
Issue of common shares	0.1	0.1	1.3	0.1
Dividends on common shares	(18.0)	(15.0)	(51.0)	(44.8)
Repayment of long-term debt	(8.8)	(0.3)	(25.9)	(8.8)
Deferred financing	-	-	(0.5)	(0.7)
Swap termination	-	-	-	(35.2)
Cash used in financing activities	(26.7)	(15.2)	(76.1)	(89.4)
Investing activities				
Purchase of property, plant and equipment	(3.3)	(4.7)	(12.9)	(8.1)
Proceeds on sale of property, plant and equipment	-	0.2	0.7	0.5
Proceeds on sale of investment	-	-	-	6.0
Cash used in investing activities	(3.3)	(4.5)	(12.2)	(1.6)
Effect of exchange rates on cash and cash equivalents	7.2	(12.0)	7.1	(6.3)
(Decrease) increase in cash and cash equivalents	(0.8)	34.0	(99.8)	(41.8)
Cash and cash equivalents, beginning of the period	224.7	283.8	323.7	359.6
Cash and cash equivalents, end of the period	\$ 223.9	\$ 317.8	\$ 223.9	\$ 317.8
Supplemental cash flow information:				
Income taxes paid	\$ 6.7	\$ 39.4	\$ 37.9	\$ 34.4
Interest paid	\$ 12.3	\$ 12.7	\$ 25.0	\$ 26.2

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	-	-	(51.0)	-	-	(51.0)
Net earnings for the period	-	-	89.8	-	-	89.8
Other comprehensive income for the period	-	-	-	-	12.6	12.6
Recognition of stock-based compensation	-	1.4	-	-	-	1.4
Stock options exercised	1.6	-	-	-	-	1.6
Balance, September 30, 2011	\$ 485.3	\$ 15.3	\$ 296.3	\$ 28.7	\$ 1.6	\$ 827.2

<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	-	-	(44.8)	-	-	(44.8)
Net earnings for the period	-	-	42.1	-	-	42.1
Other comprehensive income for the period	-	-	-	-	(4.4)	(4.4)
Recognition of stock-based compensation	0.2	1.0	-	-	-	1.2
Balance, September 30, 2010	\$ 479.1	\$ 14.2	\$ 257.2	\$ -	\$ (5.5)	\$ 745.0