



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES STRONG 2011 ANNUAL AND FOURTH QUARTER RESULTS

TORONTO, CANADA – February 15, 2012 -- Russel Metals Inc. (RUS - TSX) today announced fourth quarter 2011 earnings of \$29 million, or \$0.47 per share on revenues of \$712 million. These results reflect a significant improvement from the 2010 fourth quarter earnings per share of \$0.26.

For the year, our earnings more than doubled to \$118 million or \$1.97 per share on revenues of \$2.7 billion from earnings of \$57 million or \$0.96 per share reported for 2010.

Revenues in our metals service center segment increased 23% to \$375 million in the fourth quarter of 2011 compared to the fourth quarter of 2010. The fourth quarter is traditionally a seasonally slower quarter than the third quarter; however, 2011 fourth quarter revenues were down only slightly from the third quarter. Operating profits in the fourth quarter for our metals service centers of \$21 million were almost double our 2010 fourth quarter operating profits of \$12 million.

Revenues in our energy tubular product segment increased 20% to \$234 million in the fourth quarter of 2011 compared to the 2010 fourth quarter and increased 5% over the 2011 third quarter. Strong operating profits continued in the 2011 fourth quarter increasing to \$17 million from the \$15 million profit in the third quarter and matching the 2010 fourth quarter. For energy tubular products the fourth quarter is a historically stronger quarter as the winter drilling season opens in Canada and continues into the first quarter.

Our steel distributor segment had a 65% increase in 2011 fourth quarter revenues to \$101 million from the 2010 fourth quarter. In the fourth quarter of 2011, operating profits more than doubled those reported in the 2010 fourth quarter to \$11 million.

Brian R. Hedges, President and CEO, stated “I am very pleased with our operating results for the fourth quarter. The positive results experienced from the beginning of 2011, continued into the fourth

quarter offsetting the seasonal fourth quarter slowdowns. All of our operations had a stronger year in 2011, which is a tribute to the leadership of our operating divisions and their respective employee groups. This positive momentum has continued into the 2012 first quarter as our order intake is strong and mill price increases appear to be holding.”

The Board of Directors approved a quarterly dividend of \$0.30 per common share payable March 15, 2012 to shareholders of record as of February 29, 2012.

The Company will be holding an Investor Conference Call on Thursday, February 16, 2012 at 9:00 a.m. ET to review its fourth quarter and annual results for 2011. The dial-in telephone numbers for the call are 416-340-2216 (Toronto and International callers) and 1-866-226-1792 (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, March 1, 2012. You will be required to enter pass code 5331872 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 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 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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CONSOLIDATED STATEMENTS OF EARNINGS

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended December 31		Years ended December 31	
	2011	2010	2011	2010
Revenues	\$ 711.6	\$ 562.1	\$ 2,693.3	\$ 2,178.0
Cost of materials	585.8	458.3	2,168.0	1,763.6
Employee expenses	49.7	44.7	202.3	177.1
Other operating expenses	29.8	29.7	125.5	116.9
Earnings before interest, finance and income tax expense	46.3	29.4	197.5	120.4
Interest expense	6.8	7.1	27.5	29.2
Interest income	(0.5)	(0.5)	(2.0)	(1.6)
Finance expense convertible debentures	-	1.8	-	11.1
Other finance expense (income)	0.9	-	2.6	(1.5)
Earnings before income taxes	39.1	21.0	169.4	83.2
Provision for income taxes	10.6	5.8	51.1	25.9
Net earnings for the year	\$ 28.5	\$ 15.2	\$ 118.3	\$ 57.3
Basic earnings per common share	\$ 0.47	\$ 0.26	\$ 1.97	\$ 0.96
Diluted earnings per common share	\$ 0.46	\$ 0.26	\$ 1.92	\$ 0.96

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2011	2010	2011	2010
Net earnings for the year	\$ 28.5	\$ 15.2	\$ 118.3	\$ 57.3
Other comprehensive income (loss) net of tax				
Unrealized foreign exchange gains (losses) on translation of foreign operations	(7.8)	(11.8)	9.1	(17.2)
Reclassification of adjustment for realized foreign exchange gain included in net earnings	-	0.1	-	0.1
Unrealized (losses) gains on items designated as net investment hedges	2.6	5.2	(2.5)	8.8
Unrealized losses on items designated as cash flow hedges	-	-	-	(2.5)
Losses on derivatives designated as cash flow hedges transferred to net earnings during the year	0.3	0.2	1.1	0.1
Actuarial (losses) gains on pension and similar obligations	(13.8)	0.8	(13.8)	0.8
Other comprehensive loss	(18.7)	(5.5)	(6.1)	(9.9)
Total comprehensive income	\$ 9.8	\$ 9.7	\$ 112.2	\$ 47.4

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in millions of Canadian dollars)</i>	December 31 2011	December 31 2010
ASSETS		
Current		
Cash and cash equivalents	\$ 270.7	\$ 323.7
Accounts receivable	382.4	301.4
Inventories	645.6	544.1
Prepaid expenses	4.6	3.0
Income taxes receivable	0.5	2.8
	1,303.8	1,175.0
Property, Plant and Equipment	201.3	205.2
Deferred Income Tax Assets	5.3	7.1
Pensions and Benefits	-	0.7
Other Assets	3.3	3.8
Goodwill and Intangibles	24.7	24.9
	\$ 1,538.4	\$ 1,416.7
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 362.8	\$ 272.8
Income taxes payable	17.4	14.4
Current portion long-term debt	1.3	1.2
	381.5	288.4
Long-Term Debt	296.5	318.5
Pensions and Benefits	33.3	17.9
Deferred Income Tax Liabilities	5.4	7.0
Provisions	0.4	5.6
Other Non-Current Liabilities	1.9	6.5
	719.0	643.9
Shareholders' Equity		
Common shares	485.4	483.7
Retained earnings	306.7	257.5
Contributed surplus	15.7	13.9
Accumulated other comprehensive income (loss)	(17.1)	(11.0)
Equity component of convertible debenture	28.7	28.7
	819.4	772.8
	\$ 1,538.4	\$ 1,416.7

CONSOLIDATED STATEMENTS OF CASHFLOW

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2011	2010	2011	2010
Operating activities				
Net earnings for the period	\$ 28.5	\$ 15.2	\$ 118.3	\$ 57.3
Depreciation and amortization	5.8	6.4	23.5	25.3
Deferred income taxes	(0.3)	(1.5)	(0.2)	0.6
Loss on sale of property, plant and equipment	0.1	0.9	0.1	0.8
Stock-based compensation	0.5	0.4	2.1	1.5
Loss on derivatives	-	1.2	-	11.2
Difference between pension expense and amount funded	(1.3)	(2.8)	(2.6)	(3.1)
Debt accretion, amortization and other	1.5	0.9	6.4	3.7
Cash from operating activities before non-cash working capital	34.8	20.7	147.6	97.3
Changes in non-cash working capital items				
Accounts receivable	11.7	12.2	(78.6)	(86.3)
Inventories	2.0	(3.8)	(97.5)	(34.8)
Accounts payable and accrued liabilities	23.5	(15.9)	79.0	33.3
Current income taxes receivable/ payable	3.4	15.5	7.2	73.8
Other	(0.6)	1.2	(1.5)	2.1
Change in non-cash working capital	40.0	9.2	(91.4)	(11.9)
Cash from operating activities	74.8	29.9	56.2	85.4
Financing activities				
Issue of common shares	0.1	3.9	1.4	4.0
Dividends on common shares	(18.1)	(14.9)	(69.1)	(59.7)
Repayment of long-term debt	(3.4)	(0.4)	(29.3)	(9.2)
Swap termination	-	-	-	(35.2)
Deferred financing	(0.1)	-	(0.6)	(0.7)
Cash used in financing activities	(21.5)	(11.4)	(97.6)	(100.8)
Investing activities				
Purchase of property, plant and equipment	(5.2)	(3.5)	(18.1)	(11.6)
Proceeds on sale of property, plant and equipment	0.1	0.9	0.8	1.4
Proceeds on sale of investment	-	-	-	6.0
Other	-	(0.5)	-	(0.5)
Cash used in investing activities	(5.1)	(3.1)	(17.3)	(4.7)
Effect of exchange rates on cash and cash equivalents	(1.4)	(9.5)	5.7	(15.8)
Increase (decrease) in cash and cash equivalents	46.8	5.9	(53.0)	(35.9)
Cash and cash equivalents, beginning of the year	223.9	317.8	323.7	359.6
Cash and cash equivalents, end of the year	\$ 270.7	\$ 323.7	\$ 270.7	\$ 323.7
Supplemental cash flow information:				
Income taxes paid (received)	\$ 7.9	\$ (71.2)	\$ 45.8	\$ (36.8)
Interest paid (net)	\$ 0.5	\$ -	\$ 25.5	\$ 26.2

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Equity Component of Convertible Debentures	Total
Balance, January 1, 2011	\$ 483.7	\$ 257.5	\$ 13.9	\$ (11.0)	\$ 28.7	\$ 772.8
Payment of dividends	-	(69.1)	-	-	-	(69.1)
Net earnings for the year	-	118.3	-	-	-	118.3
Other comprehensive loss for the year	-	-	-	(6.1)	-	(6.1)
Recognition of stock-based compensation	-	-	1.8	-	-	1.8
Stock options exercised	1.7	-	-	-	-	1.7
Balance, December 31, 2011	\$ 485.4	\$ 306.7	\$ 15.7	\$ (17.1)	\$ 28.7	\$ 819.4

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Equity Component of Convertible Debentures	Total
Balance, January 1, 2010	\$ 478.9	\$ 259.9	\$ 13.2	\$ (1.1)	\$ -	\$ 750.9
Payment of dividends	-	(59.7)	-	-	-	(59.7)
Net earnings for the year	-	57.3	-	-	-	57.3
Other comprehensive loss for the year	-	-	-	(9.9)	-	(9.9)
Recognition of stock-based compensation	-	-	0.7	-	-	0.7
Stock options exercised	4.8	-	-	-	-	4.8
Equity component of convertible debentures	-	-	-	-	28.7	28.7
Balance, December 31, 2010	\$ 483.7	\$ 257.5	\$ 13.9	\$ (11.0)	\$ 28.7	\$ 772.8