



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES SOLID FIRST QUARTER RESULTS

TORONTO, CANADA – May 3, 2012 -- Russel Metals Inc. (RUS - TSX) today announced first quarter 2012 earnings of \$33 million, or \$0.55 per share on revenues of \$803 million. These results matched the earnings of \$33 million or \$0.55 per share on revenues of \$658 million in the same quarter last year and are above the fourth quarter 2011 earnings of \$0.47 per share.

Revenues in our metals service center segment increased 18% to \$428 million in the first quarter of 2012 compared to the 2011 first quarter on stronger demand levels. Our gross margins improved from the 2011 fourth quarter and operating profit as a percentage of revenues improved to 7.5% in the 2012 first quarter from 5.7% in the fourth quarter last year.

Brian R. Hedges, President and CEO, commented “Operating profit for the first quarter in our metals service center segment was generated by strong demand levels unlike the comparable first quarter of 2011, which experienced inventory holding gains. The growth in the first quarter reflects a continued healthy recovery in the industrial segment of the North American economy. In Canada, the western provinces were buoyed by high oil prices, which led to a stronger recovery in the west compared to the eastern provinces.”

Revenues in our energy tubular products segment for the first quarter of 2012 increased 23% to \$275 million compared to the 2011 first quarter. Increased volume as a result of large linepipe orders improved the operating profits to \$19 million. These large orders have lower gross margin percentages and consequently our operating profits as a percentage of revenues declined to 6.9% from 7.9% reported in the first quarter of 2011. The second quarter is historically the weakest quarter for this segment as spring breakup impacts Canadian shipments.

Strong demand was also experienced in our steel distributors segment, which had a 42% increase in 2012 first quarter revenues to \$99 million from the 2011 first quarter. Operating profits for the first

quarter of 2012 increased by \$1 million to \$10 million from the 2011 first quarter.

Mr. Hedges further commented, “Both of our operations in this segment positioned themselves well during the fourth quarter of 2011 which generated strong operating profits of 9.8% in the first quarter of 2012. This is a strong performance in a market experiencing tighter gross profit margins due to softening domestic steel prices.”

During April 2012, the market for Canadian denominated high yield bonds strengthened due to a shortage of issuers and we were able to take advantage of this window to strengthen our capital structure. We issued \$300 million of Canadian dollar ten year senior notes at a 6% interest rate.

Marion E. Britton, Vice President and Chief Financial Officer stated, “We are extremely pleased with our capital structure and the timing could not have been better as the number of acquisition opportunities in the marketplace has escalated in 2012. Our recently announced purchase of Siemens Laserworks allows us to increase our plate processing capabilities by acquiring a leading laser facility in the prairie region.”

The Board of Directors approved an increase of 17% in our quarterly dividend to \$0.35 per common share payable June 15, 2012 to shareholders of record as of May 30, 2012.

The Company will be holding an Investor Conference Call on Friday, May 4, 2012 at 9:00 a.m. ET to review its 2012 first quarter results. 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, Friday, May 18, 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, Siemens Laserworks, 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 will remain at current levels 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 during the first quarter of 2012. 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 March 31	
	2012	2011
Revenues	\$ 802.9	\$ 657.7
Cost of materials	659.0	519.3
Employee expenses	57.9	54.6
Other operating expenses	32.9	29.6
Earnings before interest, finance and provision for income taxes	53.1	54.2
Interest expense	6.7	7.1
Interest income	(0.4)	(0.6)
Other finance expense	0.4	0.4
Earnings before provision for income taxes	46.4	47.3
Provision for income taxes	13.3	14.3
Net earnings for the period	\$ 33.1	\$ 33.0
Basic earnings per common share	\$ 0.55	\$ 0.55
Diluted earnings per common share	\$ 0.53	\$ 0.53

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2012	2011
Net earnings for the period	\$ 33.1	\$ 33.0
Other comprehensive income (loss), net of tax		
Unrealized foreign exchange losses on translation of foreign operations	(6.7)	(8.0)
Unrealized gains on items designated as net investment hedges	2.1	3.3
Losses on derivatives designated as cash flow hedges transferred to net earnings in the current period	0.3	0.3
Actuarial losses on pension and similar obligations	(2.2)	-
Other comprehensive loss	(6.5)	(4.4)
Total comprehensive income	\$ 26.6	\$ 28.6

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(UNAUDITED)*

<i>(in millions of Canadian dollars)</i>	March 31 2012	December 31 2011
ASSETS		
Current		
Cash and cash equivalents	\$ 160.3	\$ 270.7
Accounts receivable	451.6	382.4
Inventories	692.1	645.6
Prepaid expenses	4.4	4.6
Income taxes receivable	1.4	0.5
	1,309.8	1,303.8
Property, Plant and Equipment	206.9	201.3
Deferred Income Tax Assets	5.0	5.3
Other Assets	3.1	3.3
Goodwill and Intangibles	24.3	24.7
	\$ 1,549.1	\$ 1,538.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 374.7	\$ 362.8
Income taxes payable	4.6	17.4
Current portion long-term debt	1.3	1.3
	380.6	381.5
Long-Term Debt	294.6	296.5
Pensions and Benefits	36.1	33.3
Deferred Income Tax Liabilities	0.6	0.4
Provisions	5.3	5.4
Other Non-Current Liabilities	2.9	1.9
	720.1	719.0
Shareholders' Equity		
Common shares	486.0	485.4
Retained earnings	321.8	306.7
Contributed surplus	16.1	15.7
Accumulated other comprehensive loss	(23.6)	(17.1)
Equity component of convertible debenture	28.7	28.7
	829.0	819.4
	\$ 1,549.1	\$ 1,538.4

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW *(UNAUDITED)*

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2012	2011
Operating activities		
Net earnings for the period	\$ 33.1	\$ 33.0
Depreciation and amortization	5.7	6.0
Deferred income taxes	0.6	(0.5)
Gain on sale of property, plant and equipment	-	(0.1)
Stock-based compensation	0.5	0.9
Difference between pension expense and amount funded	(0.2)	(0.6)
Debt accretion, amortization and other	1.4	1.3
Cash from operating activities before non-cash working capital	41.1	40.0
Changes in non-cash working capital items		
Accounts receivable	(71.0)	(81.5)
Inventories	(49.7)	(8.2)
Accounts payable and accrued liabilities	13.5	35.3
Income tax receivable/payable	(11.5)	(3.3)
Other	0.1	(2.0)
Change in non-cash working capital	(118.6)	(59.7)
Cash used in operating activities	(77.5)	(19.7)
Financing activities		
Issue of common shares	0.5	0.9
Dividends on common shares	(18.0)	(16.5)
Repayment of long-term debt	(0.3)	(0.3)
Cash used in financing activities	(17.8)	(15.9)
Investing activities		
Purchase of property, plant and equipment	(11.9)	(4.4)
Proceeds on sale of property, plant and equipment	-	0.7
Cash used in investing activities	(11.9)	(3.7)
Effect of exchange rates on cash and cash equivalents	(3.2)	1.7
Decrease in cash and cash equivalents	(110.4)	(37.6)
Cash and cash equivalents, beginning of the period	270.7	323.7
Cash and cash equivalents, end of the period	\$ 160.3	\$ 286.1
Supplemental cash flow information:		
Income taxes paid	\$ 26.4	\$ 18.3
Interest paid (net)	\$ 5.0	\$ 12.2

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(UNAUDITED)*

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Loss	Equity Component of Convertible Debentures	Total
Balance, December 31, 2011	\$ 485.4	\$ 306.7	\$ 15.7	\$ (17.1)	\$ 28.7	\$ 819.4
Payment of dividends	-	(18.0)	-	-	-	(18.0)
Net earnings for the period	-	33.1	-	-	-	33.1
Other comprehensive loss for the period	-	-	-	(6.5)	-	(6.5)
Recognition of stock-based compensation	-	-	0.4	-	-	0.4
Stock options exercised	0.6	-	-	-	-	0.6
Balance, March 31, 2012	\$ 486.0	\$ 321.8	\$ 16.1	\$ (23.6)	\$ 28.7	\$ 829.0

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Loss	Equity Component of Convertible Debentures	Total
Balance, December 31, 2010	\$ 483.7	\$ 257.5	\$ 13.9	\$ (11.0)	\$ 28.7	\$ 772.8
Payment of dividends	-	(16.5)	-	-	-	(16.5)
Net earnings for the period	-	33.0	-	-	-	33.0
Other comprehensive loss for the period	-	-	-	(4.4)	-	(4.4)
Recognition of stock-based compensation	-	-	0.7	-	-	0.7
Stock options exercised	1.2	-	-	-	-	1.2
Balance, March 31, 2011	\$ 484.9	\$ 274.0	\$ 14.6	\$ (15.4)	\$ 28.7	\$ 786.8