



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES THIRD QUARTER RESULTS

TORONTO, CANADA – October 30, 2012 -- Russel Metals Inc. (RUS - TSX) today announced third quarter 2012 earnings of \$23 million, or \$0.37 per share on revenues of \$713 million compared to earnings of \$26 million or \$0.43 per share in the third quarter of 2011. Net earnings for the nine months ended September 30, 2012 were \$78 million or \$1.30 per share compared to earnings of \$90 million or \$1.50 per share for the nine months ended September 30, 2011.

Revenues in our metals service center segment decreased 2% to \$382 million in the third quarter of 2012 compared to the 2011 third quarter on decreased demand levels and pricing. Gross margins in this segment were 20.1% compared to 20.6% in the 2011 third quarter.

Revenues in our energy tubular products segment for the third quarter of 2012 increased 12% to \$249 million compared to the 2011 third quarter due to increased volumes shipped of large diameter line pipe in our U.S. operations and strong demand in our operation servicing the Alberta oil sands. Segment gross margins were down to 13.4% in the 2012 third quarter compared to 14.3% in the 2011 third quarter due to competitive pricing pressure and lower margins experienced on the higher volume line pipe orders. The strong activity in these operations resulted in operating profits for the 2012 third quarter increasing by 5% to \$16 million.

Revenues in our steel distributors segment decreased 12% in the 2012 third quarter to \$78 million compared to the 2011 third quarter. Gross margins in this segment were down to 13.0% compared to 14.5% experienced in the 2011 third quarter. Domestic steel pricing declined in the quarter due to the state of the world economy.

Brian R. Hedges, President and CEO, commented “All of our segments experienced margin pressure in the third quarter as steel prices declined due to lack of demand. The energy segment was able to produce stronger operating results due to higher volumes; however, our other segments were impacted by industry-wide lower shipments. We continue to outpace industry shipments in our

metals service center operations.”

Mr. Hedges continued, “Our issuance of \$300 million of 6% Senior Notes earlier this year enables the purchase of Apex Distribution for cash. This acquisition is expected to close in November 2012. We believe that Apex Distribution will be immediately accretive to earnings.”

The Board of Directors approved a quarterly dividend of \$0.35 per common share payable December 17, 2012 to shareholders of record as of November 26, 2012.

The Company will be holding an Investor Conference Call on Wednesday, October 31, 2012 at 10:00 a.m. ET to review its 2012 third 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, Wednesday, November 14, 2012. You will be required to enter pass code 1578004 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, Alberta Industrial Metals, 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 has declined 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 third 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		Nine months ended	
	2012	September 30 2011	2012	September 30 2011
Revenues	\$ 712.6	\$ 705.4	\$ 2,234.2	\$ 1,981.7
Cost of materials	589.5	578.0	1,836.7	1,582.2
Employee expenses	50.9	49.6	159.7	152.6
Other operating expenses	31.9	32.9	98.0	95.7
Earnings before interest, finance and provision for income taxes	40.3	44.9	139.8	151.2
Interest expense	9.0	6.7	25.1	20.7
Interest income	(0.5)	(0.4)	(1.5)	(1.5)
Other finance expense	-	0.4	4.8	1.7
Earnings before provision for income taxes	31.8	38.2	111.4	130.3
Provision for income taxes	9.3	12.5	33.0	40.5
Net earnings for the period	\$ 22.5	\$ 25.7	\$ 78.4	\$ 89.8
Basic earnings per common share	\$ 0.37	\$ 0.43	\$ 1.30	\$ 1.50
Diluted earnings per common share	\$ 0.37	\$ 0.43	\$ 1.29	\$ 1.46

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended		Nine months ended	
	2012	September 30 2011	2012	September 30 2011
Net earnings for the period	\$ 22.5	\$ 25.7	\$ 78.4	\$ 89.8
Other comprehensive income (loss), net of tax				
Unrealized foreign exchange (losses) gains on translation of foreign operations	(14.0)	27.3	(12.6)	16.9
Unrealized (losses) gains on items designated as net investment hedges	-	(9.4)	(0.9)	(5.1)
Losses on derivatives designated as cash flow hedges transferred to net earnings in the current period	-	0.2	2.3	0.8
Actuarial losses on pension and similar obligations	(5.9)	-	(9.1)	-
Other comprehensive (loss) income	(19.9)	18.1	(20.3)	12.6
Total comprehensive income	\$ 2.6	\$ 43.8	\$ 58.1	\$ 102.4

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION *(UNAUDITED)*

<i>(in millions of Canadian dollars)</i>	September 30 2012	December 31 2011
ASSETS		
Current		
Cash and cash equivalents	\$ 247.1	\$ 270.7
Accounts receivable	410.3	382.4
Inventories	722.5	645.6
Prepaid expenses	5.3	4.6
Income taxes receivable	5.6	0.5
	1,390.8	1,303.8
Property, Plant and Equipment	228.7	201.3
Deferred Income Tax Assets	7.0	5.3
Other Assets	2.8	3.3
Goodwill and Intangibles	50.2	24.7
	\$ 1,679.5	\$ 1,538.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 350.9	\$ 362.8
Income taxes payable	0.4	17.4
Current portion long-term debt	1.3	1.3
	352.6	381.5
Long-Term Debt	451.4	296.5
Pensions and Benefits	44.3	33.3
Deferred Income Tax Liabilities	2.2	0.4
Provisions	5.1	5.4
Other Non-Current Liabilities	3.6	1.9
	859.2	719.0
Shareholders' Equity		
Common shares	487.1	485.4
Retained earnings	325.0	306.7
Contributed surplus	16.9	15.7
Accumulated other comprehensive loss	(37.4)	(17.1)
Equity component of convertible debenture	28.7	28.7
	820.3	819.4
	\$ 1,679.5	\$ 1,538.4

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW *(UNAUDITED)*

<i>(in millions of Canadian dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2012	2011	2012	2011
Operating activities				
Net earnings for the period	\$ 22.5	\$ 25.7	\$ 78.4	\$ 89.8
Depreciation and amortization	6.3	5.8	18.1	17.7
Deferred income taxes	0.7	1.3	1.0	0.1
Loss on sale of property, plant and equipment	-	0.1	-	-
Stock-based compensation	0.5	0.3	1.5	1.6
Difference between pension expense and amount funded	(0.7)	(0.3)	(1.7)	(1.3)
Debt accretion, amortization and other	1.1	1.5	8.0	4.9
Cash from operating activities before non-cash working capital	30.4	34.4	105.3	112.8
Changes in non-cash working capital items				
Accounts receivable	(20.0)	(41.9)	(21.4)	(90.3)
Inventories	(7.6)	(5.6)	(76.9)	(99.5)
Accounts payable and accrued liabilities	3.5	28.7	(16.9)	55.5
Income tax receivable/payable	(3.2)	4.8	(19.7)	3.8
Other	1.2	1.6	0.5	(0.9)
Change in non-cash working capital	(26.1)	(12.4)	(134.4)	(131.4)
Cash (used in) from operating activities	4.3	22.0	(29.1)	(18.6)
Financing activities				
Issue of common shares	0.5	0.1	1.4	1.3
Dividends on common shares	(21.1)	(18.0)	(60.1)	(51.0)
Issuance of long-term debt (net)	-	-	293.1	-
Repayment of long-term debt	(0.4)	(8.8)	(142.2)	(25.9)
Deferred financing	-	-	-	(0.5)
Cash from (used in) financing activities	(21.0)	(26.7)	92.2	(76.1)
Investing activities				
Purchase of property, plant and equipment	(5.7)	(3.3)	(26.4)	(12.9)
Proceeds on sale of property, plant and equipment	-	-	-	0.7
Purchase of businesses	(0.1)	-	(54.9)	-
Cash used in investing activities	(5.8)	(3.3)	(81.3)	(12.2)
Effect of exchange rates on cash and cash equivalents	(2.5)	7.2	(5.4)	7.1
Decrease in cash and cash equivalents	(25.0)	(0.8)	(23.6)	(99.8)
Cash and cash equivalents, beginning of the period	272.1	224.7	270.7	323.7
Cash and cash equivalents, end of the period	\$ 247.1	\$ 223.9	\$ 247.1	\$ 223.9
Supplemental cash flow information:				
Income taxes paid	\$ 12.5	\$ 6.7	\$ 54.4	\$ 37.9
Interest paid (net)	\$ 1.0	\$ 12.3	\$ 15.1	\$ 25.0

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	-	(60.1)	-	-	-	(60.1)
Net earnings for the period	-	78.4	-	-	-	78.4
Other comprehensive loss for the period	-	-	-	(20.3)	-	(20.3)
Recognition of stock-based compensation	-	-	1.2	-	-	1.2
Stock options exercised	1.7	-	-	-	-	1.7
Balance, September 30, 2012	\$ 487.1	\$ 325.0	\$ 16.9	\$ (37.4)	\$ 28.7	\$ 820.3

<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	-	(51.0)	-	-	-	(51.0)
Net earnings for the period	-	89.8	-	-	-	89.8
Other comprehensive loss 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	\$ 296.3	\$ 15.3	\$ 1.6	\$ 28.7	\$ 827.2