



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES SECOND QUARTER RESULTS

TORONTO, CANADA – August 7, 2013 -- Russel Metals Inc. (RUS - TSX) today announced second quarter 2013 earnings of \$20 million, or \$0.33 per share on revenues of \$758 million. These results compare to earnings of \$23 million or \$0.37 per share on revenues of \$719 million in the same quarter last year and the first quarter 2013 earnings of \$0.36 per share.

Revenues in our metals service center segment slipped 13% to \$378 million in the second quarter of 2013 compared to the 2012 second quarter due to a combination of lower demand levels and pricing. Gross margins at metals service centers in the 2013 second quarter were consistent with the same quarter last year and were slightly lower than the 2013 first quarter reflecting modestly lower steel prices. Operating expenses as a percentage of revenues improved to 14.9% from 15.8% from the first quarter of 2013 mainly due to reduced variable compensation. The 2013 second quarter metals service center operating profits were \$10 million lower than the 2012 second quarter, but improved by \$3 million from the 2013 first quarter.

Revenues in our energy products segment for the second quarter of 2013 increased 63% or \$121 million to \$313 million compared to the 2012 second quarter, primarily due to the acquisition of Apex Distribution. Operating profit improved by \$6 million to \$17 million in the 2013 second quarter versus the same quarter last year due to our acquisition and a strong 2013 second quarter from our Comco Pipe and Supply operation servicing the Canadian oil sands. The weakness that our energy products group traditionally experiences in the second quarter was muted by the Apex Distribution acquisition.

Revenues in our steel distributors segment decreased by 29% to \$65 million in the 2013 second quarter compared to the 2012 second quarter due to lower demand and pricing levels. Operating

profits for the second quarter of 2013 decreased to \$5 million from \$8 million for the 2012 second quarter. Industry wide demand declines and pricing pressures resulted in customers delaying their purchases which adversely affected this segment.

Brian R. Hedges, President and CEO, commented “The weakness in demand levels experienced since the start of 2013 continued in the second quarter. We expect volumes to continue at current levels in our metals service center and steel distributor segments in the second half of 2013. We also believe that we are at or near the bottom of the pricing curve and expect some price improvements in the upcoming quarters. The typical seasonality experienced in our Western Canadian energy products operations in second quarter was extended by the flooding in Western Canada and the year over year drop in North American rig counts. Our energy products segment, however, experienced a strong second quarter with the addition of Apex Distribution and the continued strong performance of Comco Pipe and Supply.”

Mr. Hedges further commented, “We continue to focus on cost reductions and managing inventory levels in all of our segments to generate stronger results as we do not anticipate any meaningful improvement in shipments.”

The Board of Directors approved a quarterly dividend of \$0.35 per common share payable September 16, 2013 to shareholders of record as of August 28, 2013.

The Company will be holding an Investor Conference Call on Thursday, August 8, 2013 at 10:00 a.m. ET to review its 2013 second 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, Thursday, August 22, 2013. You will be required to enter pass code 7908038 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 products and steel distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Loubier, Acier Richler, Alberta Industrial Metals, Apex Distribution, Apex Remington, 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.

Cautionary Statement on Forward-Looking Information

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 remains 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 stable and at similar levels with what we experienced at the end of the 2013 second quarter. 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 June 30		Six months ended June 30	
	2013	2012 (restated)	2013	2012 (restated)
Revenues	\$ 758.1	\$ 718.7	\$ 1,579.9	\$ 1,521.6
Cost of materials	620.8	588.2	1,298.7	1,247.2
Employee expenses	58.3	51.3	120.8	109.5
Other operating expenses	38.8	33.2	78.7	66.1
Earnings before interest, finance expense and provision for income taxes	40.2	46.0	81.7	98.8
Interest expense	9.2	9.4	18.0	16.1
Interest income	-	(0.6)	(0.1)	(1.0)
Other finance expense	1.5	4.4	3.1	4.8
Earnings before provision for income taxes	29.5	32.8	60.7	78.9
Provision for income taxes	9.6	10.3	19.1	23.5
Net earnings for the period	\$ 19.9	\$ 22.5	\$ 41.6	\$ 55.4
Net earnings attributed to:				
Equity holders	\$ 19.9	\$ 22.5	\$ 41.5	\$ 55.4
Non-controlling interest	-	-	0.1	-
	\$ 19.9	\$ 22.5	\$ 41.6	\$ 55.4
Basic earnings per common share	\$ 0.33	\$ 0.37	\$ 0.69	\$ 0.92
Diluted earnings per common share	\$ 0.33	\$ 0.37	\$ 0.68	\$ 0.91

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2013	2012 (restated)	2013	2012 (restated)
Net earnings for the period	\$ 19.9	\$ 22.5	\$ 41.6	\$ 55.4
Other comprehensive income (loss), net of tax				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains on translation of foreign operations	12.1	8.1	19.0	1.4
Unrealized losses on items designated as net investment hedges	-	(3.0)	-	(0.9)
Losses on derivatives designated as cash flow hedges transferred to net earnings in the current period	-	2.0	-	2.3
Total items that may be reclassified to earnings	12.1	7.1	19.0	2.8
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations	4.9	(0.7)	5.4	(2.7)
Other comprehensive income	17.0	6.4	24.4	0.1
Total comprehensive income	\$ 36.9	\$ 28.9	\$ 66.0	\$ 55.5

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	June 30 2013	December 31 2012 (restated)
ASSETS		
Current		
Cash	\$ 160.6	\$ 115.1
Accounts receivable	417.9	456.2
Inventories	770.5	764.0
Prepaid expenses	10.3	7.1
Income taxes receivable	6.7	7.7
	1,366.0	1,350.1
Property, Plant and Equipment	242.3	241.8
Deferred Income Tax Assets	3.5	4.6
Financial and Other Assets	6.4	6.5
Goodwill and Intangibles	190.9	192.1
	\$ 1,809.1	\$ 1,795.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 21.8	\$ 14.3
Accounts payable and accrued liabilities	366.5	396.5
Income taxes payable	1.3	-
Current portion long-term debt	1.7	2.2
	391.3	413.0
Long-Term Debt	455.2	453.6
Pensions and Benefits	31.9	38.7
Deferred Income Tax Liabilities	20.7	20.5
Provisions and Other Non-Current Liabilities	39.4	39.9
	938.5	965.7
Shareholders' Equity		
Common shares	507.7	487.9
Retained earnings	309.7	305.3
Contributed surplus	15.3	17.3
Accumulated other comprehensive income (loss)	7.8	(11.2)
Equity component of convertible debenture	28.7	28.7
Total Shareholders' Equity Attributable to Equity Holders	869.2	828.0
Non-controlling interest	1.4	1.4
Total Shareholders' Equity	870.6	829.4
Total Liabilities and Shareholders' Equity	\$ 1,809.1	\$ 1,795.1

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2013	2012 (restated)	2013	2012 (restated)
Operating activities				
Net earnings for the period	\$ 19.9	\$ 22.5	\$ 41.6	\$ 55.4
Depreciation and amortization	8.2	6.1	16.4	11.8
Deferred income taxes	-	(0.3)	(0.6)	0.3
Gain on sale of property, plant and equipment	(0.4)	-	(0.6)	-
Stock-based compensation	0.6	0.5	1.2	1.0
Difference between pension expense and amount funded	0.5	(0.5)	0.6	(0.5)
Debt accretion, amortization and other	2.6	5.5	5.2	6.9
Cash from operating activities before non-cash working capital	31.4	33.8	63.8	74.9
Changes in non-cash working capital items				
Accounts receivable	58.1	69.6	44.0	(1.4)
Inventories	9.8	(19.6)	6.0	(69.3)
Accounts payable and accrued liabilities	(45.3)	(33.9)	(34.2)	(20.4)
Income tax receivable/payable	2.2	(5.0)	2.5	(16.5)
Other	(1.3)	(0.8)	(2.4)	(0.7)
Change in non-cash working capital	23.5	10.3	15.9	(108.3)
Cash from (used in) operating activities	54.9	44.1	79.7	(33.4)
Financing activities				
Increase (decrease) in bank borrowings	(3.6)	-	6.4	-
Issue of common shares	1.0	0.4	16.5	0.9
Dividends on common shares	(21.3)	(21.0)	(42.6)	(39.0)
Issuance of long-term debt (net)	-	293.1	-	293.1
Repayment of long-term debt	(0.9)	(141.5)	(1.2)	(141.8)
Cash from (used in) financing activities	(24.8)	131.0	(20.9)	113.2
Investing activities				
Purchase of property, plant and equipment	(7.4)	(8.8)	(14.0)	(20.7)
Proceeds on sale of property, plant and equipment	1.9	-	2.3	-
Purchase of business	-	(54.8)	-	(54.8)
Cash used in investing activities	(5.5)	(63.6)	(11.7)	(75.5)
Effect of exchange rates on cash and cash equivalents	(1.8)	0.3	(1.6)	(2.9)
Increase in cash and cash equivalents	22.8	111.8	45.5	1.4
Cash and cash equivalents, beginning of the period	137.8	160.3	115.1	270.7
Cash and cash equivalents, end of the period	\$ 160.6	\$ 272.1	\$ 160.6	\$ 272.1
Supplemental cash flow information:				
Income taxes paid	\$ 7.5	\$ 15.5	\$ 18.0	\$ 41.9
Interest paid (net)	\$ 17.4	\$ 9.1	\$ 18.5	\$ 14.1

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Equity Component of Convertible Debentures	Non- Controlling Interest	Total
Balance, January 1, 2013	\$ 487.9	\$ 305.3	\$ 17.3	\$ (11.2)	\$ 28.7	\$ 1.4	\$ 829.4
Payment of dividends	-	(42.6)	-	-	-	-	(42.6)
Net earnings for the period	-	41.6	-	-	-	-	41.6
Other comprehensive income (loss) for the period	-	-	-	24.4	-	-	24.4
Recognition of stock-based compensation	-	-	(2.0)	-	-	-	(2.0)
Stock options exercised	19.7	-	-	-	-	-	19.7
Conversion of debentures	0.1	-	-	-	-	-	0.1
Transfer of net actuarial gains on defined benefit plans	-	5.4	-	(5.4)	-	-	-
Balance, June 30, 2013	\$ 507.7	\$ 309.7	\$ 15.3	\$ 7.8	\$ 28.7	\$ 1.4	\$ 870.6

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings (restated)	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) (restated)	Equity Component of Convertible Debentures	Non- Controlling Interest	Total (restated)
Balance, January 1, 2012	\$ 485.4	\$ 306.7	\$ 15.7	\$ (17.1)	\$ 28.7	\$ -	\$ 819.4
Payment of dividends	-	(39.0)	-	-	-	-	(39.0)
Net earnings for the period	-	55.4	-	-	-	-	55.4
Other comprehensive income (loss) for the period	-	-	-	0.1	-	-	0.1
Recognition of stock-based compensation	-	-	0.8	-	-	-	0.8
Stock options exercised	1.2	-	-	-	-	-	1.2
Transfer of net actuarial losses on defined benefit plans	-	(2.7)	-	2.7	-	-	-
Balance, June 30, 2012	\$ 486.6	\$ 320.4	\$ 16.5	\$ (14.3)	\$ 28.7	\$ -	\$ 837.9

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings (restated)	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) (restated)	Equity Component of Convertible Debentures	Non- Controlling Interest	Total (restated)
Balance, January 1, 2012	\$ 485.4	\$ 306.7	\$ 15.7	\$ (17.1)	\$ 28.7	\$ -	\$ 819.4
Acquired during the period	-	-	-	-	-	1.4	1.4
Payment of dividends	-	(81.2)	-	-	-	-	(81.2)
Net earnings for the period	-	97.9	-	-	-	-	97.9
Other comprehensive income (loss) for the period	-	-	-	(12.2)	-	-	(12.2)
Recognition of stock-based compensation	-	-	1.6	-	-	-	1.6
Stock options exercised	2.5	-	-	-	-	-	2.5
Transfer of net actuarial losses on defined benefit plans	-	(18.1)	-	18.1	-	-	-
Balance, December 31, 2012	\$ 487.9	\$ 305.3	\$ 17.3	\$ (11.2)	\$ 28.7	\$ 1.4	\$ 829.4