



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES 2012 ANNUAL AND FOURTH QUARTER RESULTS

TORONTO, CANADA – February 12, 2013 -- Russel Metals Inc. (TSX: RUS) today announced fourth quarter 2012 earnings of \$20 million, or \$0.34 per share on revenues of \$766 million. These results compare with our 2011 fourth quarter earnings per share of \$0.47 on revenues of \$712 million.

Our fourth quarter earnings include the operating income of Apex Distribution which contributed \$6 million in operating income from the date of its acquisition on November 8, 2012. This positive contribution to our energy products segment earnings was muted by the inventory write-downs of \$4 million taken in the period by certain of our other energy operations due to price declines in pipe products. The operating earnings for the segment improved to \$18 million in the quarter from \$17 million in the fourth quarter of 2011.

Operating profits in the fourth quarter of 2012 for our metals service centers were \$17 million down from \$21 million in the fourth quarter of 2011. Results were impacted by an industry-wide drop in volumes in November and December beyond expected seasonality. Gross margins improved slightly in the 2012 fourth quarter as a result of steel mills attempting to raise prices. In September 2012, the unionized employees at our Boucherville, Quebec operation took strike action and this work stoppage was resolved on February 7, 2013. The strike has reduced our operating income by approximately \$2 million in the quarter.

Our steel distributor segment fourth quarter operating profits decreased to \$7 million from \$11 million in the fourth quarter of 2011 due to soft demand and tightening margins. Gross margins improved slightly to 13.2% from 13.0% in the 2012 third quarter consistent with our metals service center operations.

Net earnings for the fourth quarter were also negatively impacted by \$2 million due to non-cash charges, including the amortization of intangibles, and transaction costs related to the Apex Distribution acquisition.

For the year, our earnings were \$99 million or \$1.64 per share on revenues of \$3.0 billion versus 2011 earnings of \$118 million or \$1.97 per share on revenues of \$2.7 billion.

Brian R. Hedges, President and CEO, said: “2012 was an exciting year as we made three acquisitions, highlighted by the purchase of Apex Distribution. Through these acquisitions we believe that we have strengthened the Company’s ability to generate earnings over the cycle and we are well positioned to reap the benefits in 2013 and beyond. During the fourth quarter we experienced a weakness in demand in all segments; however, our metals service centers outperformed the industry shipment volumes reported by the Metals Service Center Institute. The stabilization of gross margins in the fourth quarter and the recent upward price movement by the mills should lead to higher margins in 2013. We look forward to the expected materialization of a full year’s benefits relating to the acquisitions we made in 2012.”

The Board of Directors approved a quarterly dividend of \$0.35 per common share payable March 15, 2013 to shareholders of record as of February 28, 2013.

The Company will be holding an Investor Conference Call on Wednesday February 13, 2013 at 10:00 a.m. ET to review its fourth quarter and annual results for 2012. 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 February 27, 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.

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 are stable 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 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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CONSOLIDATED STATEMENTS OF EARNINGS

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended December 31		Years ended December 31	
	2012	2011	2012	2011
Revenues	\$ 765.9	\$ 711.6	\$ 3,000.1	\$ 2,693.3
Cost of materials	640.1	585.8	2,476.8	2,168.0
Employee expenses	55.6	49.7	215.3	202.3
Other operating expenses	33.8	29.8	131.8	125.5
Earnings before interest, finance and income taxes	36.4	46.3	176.2	197.5
Interest expense	9.1	6.8	34.2	27.5
Interest income	(0.2)	(0.5)	(1.7)	(2.0)
Other finance expense	0.8	0.9	5.6	2.6
Earnings before income taxes	26.7	39.1	138.1	169.4
Provision for income taxes	6.3	10.6	39.3	51.1
Net earnings for the period	\$ 20.4	\$ 28.5	\$ 98.8	\$ 118.3
Basic earnings per common share	\$ 0.34	\$ 0.47	\$ 1.64	\$ 1.97
Diluted earnings per common share	\$ 0.34	\$ 0.46	\$ 1.64	\$ 1.92

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2012	2011	2012	2011
Net earnings for the period	\$ 20.4	\$ 28.5	\$ 98.8	\$ 118.3
Other comprehensive income (loss) net of tax				
Unrealized foreign exchange (losses) gains on translation of foreign operations	4.1	(7.8)	(8.5)	9.1
Unrealized (losses) gains on items designated as net investment hedges	-	2.6	(0.9)	(2.5)
Losses on derivatives designated as cash flow hedges transferred to net earnings during the year	-	0.3	2.3	1.1
Actuarial (losses) gains on pension and similar obligations	3.1	(13.8)	(6.0)	(13.8)
Other comprehensive income (loss)	7.2	(18.7)	(13.1)	(6.1)
Total comprehensive income	\$ 27.6	\$ 9.8	\$ 85.7	\$ 112.2

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in millions of Canadian dollars)</i>	December 31 2012	December 31 2011
ASSETS		
Current		
Cash and cash equivalents	\$ 115.1	\$ 270.7
Accounts receivable	456.2	382.4
Inventories	764.0	645.6
Prepaid expenses	7.1	4.6
Income taxes receivable	7.7	0.5
	1,350.1	1,303.8
Property, Plant and Equipment	241.8	201.3
Deferred Income Tax Assets	4.6	5.3
Other Assets	6.5	3.3
Goodwill and Intangibles	192.1	24.7
	\$ 1,795.1	\$ 1,538.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 14.3	\$ -
Accounts payable and accrued liabilities	396.5	362.8
Income taxes payable	-	17.4
Current portion long-term debt	2.2	1.3
	413.0	381.5
Long-Term Debt	453.6	296.5
Pensions and Benefits	38.7	33.3
Deferred Income Tax Liabilities	20.5	0.4
Provisions and Other Non-Current Liabilities	39.9	7.3
	965.7	719.0
Shareholders' Equity		
Common shares	487.9	485.4
Retained earnings	324.3	306.7
Contributed surplus	17.3	15.7
Accumulated other comprehensive loss	(30.2)	(17.1)
Equity component of convertible debenture	28.7	28.7
Total Shareholders' Equity Attributable to Equity Holders	828.0	819.4
Non-controlling interest	1.4	-
Total Shareholders' Equity	829.4	819.4
Total Liabilities and Shareholders' Equity	\$ 1,795.1	\$ 1,538.4

CONSOLIDATED STATEMENTS OF CASHFLOW

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2012	2011	2012	2011
Operating activities				
Net earnings for the period	\$ 20.4	\$ 28.5	\$ 98.8	\$ 118.3
Depreciation and amortization	7.4	5.8	25.5	23.5
Deferred income taxes	0.3	(0.3)	1.3	(0.2)
(Gain) loss on sale of property, plant and equipment	(1.2)	0.1	(1.2)	0.1
Stock-based compensation	0.6	0.5	2.1	2.1
Difference between pension expense and amount funded	(1.4)	(1.3)	(3.1)	(2.6)
Debt accretion, amortization and other	1.7	1.5	9.7	6.4
Cash from operating activities before non-cash working capital	27.8	34.8	133.1	147.6
Changes in non-cash working capital items				
Accounts receivable	46.8	11.7	25.4	(78.6)
Inventories	48.4	2.0	(28.5)	(97.5)
Accounts payable and accrued liabilities	(17.4)	23.5	(34.3)	79.0
Income taxes receivable/ payable	0.1	3.4	(19.6)	7.2
Other	(0.6)	(0.6)	(0.1)	(1.5)
Change in non-cash working capital	77.3	40.0	(57.1)	(91.4)
Cash from operating activities	105.1	74.8	76.0	56.2
Financing activities				
Increase in bank borrowings	14.6	-	14.6	-
Issue of common shares	0.6	0.1	2.0	1.4
Dividends on common shares	(21.1)	(18.1)	(81.2)	(69.1)
Issuance of long-term debt	-	-	300.0	-
Repayment of long-term debt	(0.3)	(3.4)	(142.4)	(29.3)
Deferred financing	-	(0.1)	(7.0)	(0.6)
Cash from (used in) financing activities	(6.2)	(21.5)	86.0	(97.6)
Investing activities				
Purchase of property, plant and equipment	(7.3)	(5.2)	(33.7)	(18.1)
Proceeds on sale of property, plant and equipment	1.8	0.1	1.8	0.8
Purchase of business	(226.4)	-	(281.3)	-
Cash used in investing activities	(231.9)	(5.1)	(313.2)	(17.3)
Effect of exchange rates on cash and cash equivalents	1.0	(1.4)	(4.4)	5.7
Increase (Decrease) in cash and cash equivalents	(132.0)	46.8	(155.6)	(53.0)
Cash and cash equivalents, beginning of the period	247.1	223.9	270.7	323.7
Cash and cash equivalents, end of the year	\$ 115.1	\$ 270.7	\$ 115.1	\$ 270.7
Supplemental cash flow information:				
Income taxes paid	\$ 5.6	\$ 7.9	\$ 60.0	\$ 45.8
Interest paid (net)	\$ 16.1	\$ 0.5	\$ 31.2	\$ 25.5

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Loss	Equity Component of Convertible Debentures	Non Controlling Interest	Total
Balance, January 1, 2012	\$ 485.4	\$ 306.7	\$ 15.7	\$ (17.1)	\$ 28.7	\$ -	\$ 819.4
Acquired during the year	-	-	-	-	-	1.4	1.4
Payment of dividends	-	(81.2)	-	-	-	-	(81.2)
Net earnings for the year	-	98.8	-	-	-	-	98.8
Other comprehensive loss for the year	-	-	-	(13.1)	-	-	(13.1)
Recognition of stock-based compensation	-	-	1.6	-	-	-	1.6
Stock options exercised	2.5	-	-	-	-	-	2.5
Balance, December 31, 2012	\$ 487.9	\$ 324.3	\$ 17.3	\$ (30.2)	\$ 28.7	\$ 1.4	\$ 829.4

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Loss	Equity Component of Convertible Debentures	Non Controlling Interest	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