



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES FIRST QUARTER RESULTS

TORONTO, CANADA – May 2, 2013 -- Russel Metals Inc. (RUS - TSX) today announced first quarter 2013 earnings of \$22 million, or \$0.36 per share on revenues of \$822 million. These results compare to the earnings of \$33 million or \$0.55 per share on revenues of \$803 million in the same quarter last year and are above the fourth quarter 2012 earnings of \$0.34 per share.

Revenues in our metals service center segment decreased 16% to \$359 million in the first quarter of 2013 compared to the 2012 first quarter due to lower demand levels. Gross margins at metals service centers improved from the 2012 fourth quarter and were slightly lower than the same quarter last year reflecting the levelling off of steel prices. Operating profit as a percentage of revenues was consistent with the fourth quarter last year at 5.0%.

Revenues in our energy products segment for the first quarter of 2013 increased 42% or \$114 million to \$389 million compared to the 2012 first quarter, aided by the Apex Distribution revenues which were \$118 million in the first quarter. Gross margins at energy products improved from both the 2012 fourth and first quarters to 15.3% from 13.1% and 13.7% respectively due to stronger operating margins at Apex Distribution. Operating profit as a percentage of revenues was 6.3%.

Revenues in our steel distributors segment decreased by 26% to \$74 million in the 2013 first quarter compared to the 2012 first quarter due to lower demand levels. Operating profits for the first quarter of 2012 decreased to \$5 million from \$10 million for the 2012 first quarter.

Brian R. Hedges, President and CEO, commented “The volume decline experienced throughout

the service center industry was also felt by Russel Metals. The decline in volume in the first quarter impacted most sectors and was exacerbated by fewer working days in 2013 due to the timing of the Easter holidays and inclement weather following the relatively mild weather experienced in 2012. The drop in Canada was more severe than the US and reflects the impact on the Canadian economy of the energy slowdown in Alberta for both the oil sands and conventional gas drilling activities. The gross margins in service center are stabilizing, which is positive. In the energy sector, excluding Apex Distribution, pricing pressures continue and gross margins on pipe products declined further in the first quarter. We do not see any meaningful improvement in volumes at this time and the energy sector will improve should the XL pipeline to the Gulf be approved.”

Mr. Hedges further commented, “The performance of Apex Distribution was the bright spot in the first quarter and validated our strategic acquisition of this operation. Apex Distribution has maintained a more stable earnings pattern despite the slowdown in the Western Canada energy sector. One of our goals in acquiring Apex Distribution was to reduce the volatility of our energy products segment and this was demonstrated in the first quarter.”

The Board of Directors approved a quarterly dividend of \$0.35 per common share payable June 14, 2013 to shareholders of record as of May 24, 2013.

The Company will be holding an Investor Conference Call on Friday, May 3, 2013 at 10:00 a.m. ET to review its 2013 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 17, 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 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 at similar levels with what we experienced during the latter half of 2012 and the first quarter of 2013. 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)

	Quarters ended March 31	
	2013	2012 (restated)
<i>(in millions of Canadian dollars, except per share data)</i>		
Revenues	\$ 821.8	\$ 802.9
Cost of materials	677.9	659.0
Employee expenses	62.5	58.2
Other operating expenses	39.9	32.9
Earnings before interest, finance and provision for income taxes	41.5	52.8
Interest expense	8.8	6.7
Interest income	(0.1)	(0.4)
Other finance expense	1.6	0.4
Earnings before provision for income taxes	31.2	46.1
Provision for income taxes	9.5	13.2
Net earnings for the period	\$ 21.7	\$ 32.9
Net earnings attributed to:		
Equity holders	\$ 21.6	\$ 32.9
Non-controlling interest	0.1	-
	\$ 21.7	\$ 32.9
Basic earnings per common share	\$ 0.36	\$ 0.55
Diluted earnings per common share	\$ 0.36	\$ 0.53

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Quarters ended March 31	
	2013	2012 (restated)
<i>(in millions of Canadian dollars)</i>		
Net earnings for the period	\$ 21.7	\$ 32.9
Other comprehensive income (loss), net of tax		
Items that may be reclassified to earnings		
Unrealized foreign exchange gains (losses) on translation of foreign operations	6.9	(6.7)
Unrealized gains on items designated as net investment hedges	-	2.1
Losses on derivatives designated as cash flow hedges transferred to net earnings in the current period	-	0.3
Total items that may be reclassified to earnings	6.9	(4.3)
Items that may not be reclassified to earnings		
Actuarial gains (losses) on pension and similar obligations	0.5	(2.0)
Other comprehensive income (loss)	7.4	(6.3)
Total comprehensive income	\$ 29.1	\$ 26.6

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	March 31 2013	December 31 2012 (restated)
ASSETS		
Current		
Cash	\$ 137.8	\$ 115.1
Accounts receivable	472.4	456.2
Inventories	772.3	764.0
Prepaid expenses	8.7	7.1
Income taxes receivable	9.4	7.7
	1,400.6	1,350.1
Property, Plant and Equipment	241.7	241.8
Deferred Income Tax Assets	3.9	4.6
Financial and Other Assets	6.5	6.5
Goodwill and Intangibles	191.8	192.1
	\$ 1,844.5	\$ 1,795.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 24.8	\$ 14.3
Accounts payable and accrued liabilities	409.3	396.5
Income taxes payable	1.3	-
Current portion long-term debt	2.1	2.2
	437.5	413.0
Long-Term Debt	454.5	453.6
Pensions and Benefits	38.0	38.7
Deferred Income Tax Liabilities	20.1	20.5
Provisions and Other Non-Current Liabilities	41.1	39.9
	991.2	965.7
Shareholders' Equity		
Common shares	506.4	487.9
Retained earnings	306.1	305.3
Contributed surplus	14.9	17.3
Accumulated other comprehensive loss	(4.3)	(11.2)
Equity component of convertible debenture	28.7	28.7
Total Shareholders' Equity Attributable to Equity Holders	851.8	828.0
Non-controlling interest	1.5	1.4
Total Shareholders' Equity	853.3	829.4
Total Liabilities and Shareholders' Equity	\$ 1,844.5	\$ 1,795.1

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2013	2012 (restated)
Operating activities		
Net earnings for the period	\$ 21.7	\$ 32.9
Depreciation and amortization	8.2	5.7
Deferred income taxes	(0.6)	0.6
Gain on sale of property, plant and equipment	(0.2)	-
Stock-based compensation	0.6	0.5
Difference between pension expense and amount funded	0.1	(0.2)
Debt accretion, amortization and other	2.6	1.4
Cash from operating activities before non-cash working capital	32.4	40.9
Changes in non-cash working capital items		
Accounts receivable	(14.1)	(71.0)
Inventories	(3.8)	(49.7)
Accounts payable and accrued liabilities	11.1	13.5
Income tax receivable/payable	0.3	(11.5)
Other	(1.1)	0.1
Change in non-cash working capital	(7.6)	(118.6)
Cash from (used in) operating activities	24.8	(77.7)
Financing activities		
Increase in bank borrowings	10.0	-
Issue of common shares	15.5	0.5
Dividends on common shares	(21.3)	(18.0)
Repayment of long-term debt	(0.3)	(0.3)
Cash from (used in) financing activities	3.9	(17.8)
Investing activities		
Purchase of property, plant and equipment	(6.6)	(11.9)
Proceeds on sale of property, plant and equipment	0.4	-
Cash used in investing activities	(6.2)	(11.9)
Effect of exchange rates on cash and cash equivalents	0.2	(3.0)
Increase (decrease) in cash and cash equivalents	22.7	(110.4)
Cash and cash equivalents, beginning of the period	115.1	270.7
Cash and cash equivalents, end of the period	\$ 137.8	\$ 160.3
Supplemental cash flow information:		
Income taxes paid	\$ 10.5	\$ 26.4
Interest paid (net)	\$ 1.1	\$ 5.0

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	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	-	(21.3)	-	-	-	-	(21.3)
Net earnings for the period	-	21.6	-	-	-	0.1	21.7
Other comprehensive income (loss) for the period	-	-	-	7.4	-	-	7.4
Recognition of stock-based compensation	-	-	(2.4)	-	-	-	(2.4)
Stock options exercised	18.5	-	-	-	-	-	18.5
Transfer of net actuarial gains (losses) on defined benefit plans	-	0.5	-	(0.5)	-	-	-
Balance, March 31, 2013	\$ 506.4	\$ 306.1	\$ 14.9	\$ (4.3)	\$ 28.7	\$ 1.5	\$ 853.3

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings (restated)	Contributed Surplus	Accumulated Other Comprehensive 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	-	(18.0)	-	-	-	-	(18.0)
Net earnings for the period	-	32.9	-	-	-	-	32.9
Other comprehensive income (loss) for the period	-	-	-	(6.3)	-	-	(6.3)
Recognition of stock-based compensation	-	-	0.4	-	-	-	0.4
Stock options exercised	0.6	-	-	-	-	-	0.6
Transfer of net actuarial gains (losses) on defined benefit plans	-	(2.0)	-	2.0	-	-	-
Balance, March 31, 2012	\$ 486.0	\$ 319.6	\$ 16.1	\$ (21.4)	\$ 28.7	\$ -	\$ 829.0

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings (restated)	Contributed Surplus	Accumulated Other Comprehensive 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 gains (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