



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES THIRD QUARTER RESULTS

TORONTO, CANADA – November 7, 2013 -- Russel Metals Inc. (RUS - TSX) today announced third quarter 2013 earnings of \$19 million, or \$0.31 per share on revenues of \$797 million. These results compare to earnings of \$23 million or \$0.37 per share on revenues of \$713 million in the same quarter last year and the second quarter 2013 earnings of \$0.33 per share. The 2013 third quarter results include a pre-tax impairment charge of \$5 million relating to our Thunder Bay Terminals operation and pre-tax income due to a reduction in the projected earnout payment associated with the Apex Distribution acquisition of \$4 million.

Revenues in our metals service center segment slipped 4% to \$367 million in the third quarter of 2013 compared to the 2012 third quarter due to lower pricing. Demand at the metals service centers increased by 6% over the 2012 third quarter. Gross margins at our metals service centers in the 2013 third quarter were \$1 million lower than the same quarter last year reflecting lower steel prices. The 2013 third quarter metals service center operating profits were \$20 million compared to \$23 million in the 2012 third quarter.

Revenues in our energy products segment for the third quarter of 2013 increased 42% or \$104 million to \$353 million compared to the 2012 third quarter, primarily due to the acquisition of Apex Distribution. On a same store basis, our energy products segment revenues were up 10%. Operating profit was consistent with the 2012 third quarter as the strong results from Apex Distribution were offset by inventory charges at our other energy products operations. Since 2009, there have been changes in the energy industry caused by significant increases in horizontal drilling and developments in fracking. Conventional vertical drilling activity has remained low due to low natural gas prices. Our operations have done a good job of shifting their traditional product mix used in conventional vertical wells to the higher grades of pipe and high strength couplings associated with the increased horizontal drilling. The market for conventional gas drilling pipe products remains depressed and consequently our energy products

segment sold slow moving inventory at a loss of \$2 million and also recorded increased inventory reserves of \$6 million.

Revenues in our steel distributors segment decreased by 6% to \$74 million in the 2013 third quarter compared to the 2012 third quarter due to lower demand and pricing levels. Operating profits for the third quarter of 2013 decreased to \$5 million from \$6 million for the 2012 third quarter. The continued low steel pricing environment in North America has made our customers reluctant to take inventory positions. Our steel distributors segment has correspondingly reduced their activity until there is evidence of sustained upward movement in pricing.

In the third quarter, we recorded an asset impairment charge of \$5 million relating to our Thunder Bay Terminals operation due to revenue declines from lower coal and potash shipments in 2013. We do not foresee any meaningful improvements in the future operating results at that operation. Also in the third quarter, we recorded finance income related to a reduction of the expected earnout payment associated with the Apex Distribution acquisition of \$4 million. Softer results in 2013 and a delay in the closing of an anticipated acquisition reduced the fair value of this contingent liability. For the 2013 year to date, this reduction in the anticipated earnout payment was offset by the imputed interest charge on the earnout.

Brian R. Hedges, President and CEO, commented “The business environment continues to be uneven, challenging and the future direction uncertain. The steel market is showing a modest recovery in terms of volumes shipped but the steel mills continue to run at suboptimal levels. The energy activity in the U.S. is down from last year based on rig counts however the number of wells remains at healthy levels. Growth in North American tube mill capacity, which will come on stream over the next two years for both line pipe and OCTG, will lead to an oversupply of product based on current activity.”

Mr. Hedges further commented, “Our 2013 results have been enhanced by the Apex Distribution acquisition in late 2012. In the 2013 third quarter, we completed two small acquisitions adding four field stores to the Apex Distribution network. We expect to complete a more substantial acquisition to add to the Apex Distribution operations in the next couple of months.”

The Board of Directors approved a quarterly dividend of \$0.35 per common share payable December 16, 2013 to shareholders of record as of November 27, 2013.

The Company will be holding an Investor Conference Call on Friday November 8, 2013 at 10:00 a.m. ET to review its 2013 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, Friday November 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, 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 third 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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For further information, contact:

Marion E. Britton, C.P.A., C.A.

Executive Vice President and

Chief Financial Officer

Russel Metals Inc.

(905) 819-7407

E-mail: info@russelmetals.com

Website: www.russelmetals.com

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

	Quarters ended September 30		Nine months ended September 30	
	2013	2012 (restated)	2013	2012 (restated)
<i>(in millions of Canadian dollars, except per share data)</i>				
Revenues	\$ 796.8	\$ 712.6	\$ 2,376.7	\$ 2,234.2
Cost of materials	656.5	589.5	1,955.2	1,836.7
Employee expenses	63.2	51.0	184.0	160.5
Other operating expenses	40.6	31.9	119.3	98.0
Asset impairment	5.2	-	5.2	-
Earnings before interest, finance expense and provision for income taxes	31.3	40.2	113.0	139.0
Interest expense	9.1	9.0	27.1	25.1
Interest income	(0.3)	(0.5)	(0.4)	(1.5)
Other finance (income) expense	(2.8)	-	0.3	4.8
Earnings before provision for income taxes	25.3	31.7	86.0	110.6
Provision for income taxes	6.4	9.3	25.5	32.8
Net earnings for the period	\$ 18.9	\$ 22.4	\$ 60.5	\$ 77.8
Net earnings attributed to:				
Equity holders	\$ 18.9	\$ 22.4	\$ 60.4	\$ 77.8
Non-controlling interest	-	-	0.1	-
	\$ 18.9	\$ 22.4	\$ 60.5	\$ 77.8
Basic earnings per common share	\$ 0.31	\$ 0.37	\$ 1.00	\$ 1.29
Diluted earnings per common share	\$ 0.31	\$ 0.37	\$ 0.99	\$ 1.28

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Quarters ended September 30		Nine months ended September 30	
	2013	2012 (restated)	2013	2012 (restated)
<i>(in millions of Canadian dollars)</i>				
Net earnings for the period	\$ 18.9	\$ 22.4	\$ 60.5	\$ 77.8
Other comprehensive income (loss), net of tax Items that may be reclassified to earnings				
Unrealized foreign exchange (losses) gains on translation of foreign operations	(7.9)	(14.0)	11.1	(12.6)
Unrealized losses on items designated as net investment hedges	-	-	-	(0.9)
Losses on derivatives designated as cash flow hedges transferred to net earnings in the current period	-	-	-	2.3
Total items that may be reclassified to earnings	(7.9)	(14.0)	11.1	(11.2)
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations	1.4	(5.8)	6.8	(8.5)
Other comprehensive (loss) income	(6.5)	(19.8)	17.9	(19.7)
Total comprehensive income	\$ 12.4	\$ 2.6	\$ 78.4	\$ 58.1

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	September 30 2013	December 31 2012 (restated)
<i>(in millions of Canadian dollars)</i>		
ASSETS		
Current		
Cash	\$ 139.1	\$ 115.1
Accounts receivable	460.6	456.2
Inventories	733.9	764.0
Prepaid expenses	8.3	7.1
Income taxes receivable	9.1	7.7
	1,351.0	1,350.1
Property, Plant and Equipment	236.3	241.8
Deferred Income Tax Assets	4.1	4.6
Financial and Other Assets	7.4	6.5
Goodwill and Intangibles	193.4	192.1
	\$ 1,792.2	\$ 1,795.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 14.5	\$ 14.3
Accounts payable and accrued liabilities	365.3	396.5
Current portion long-term debt	1.4	2.2
	381.2	413.0
Long-Term Debt	456.2	453.6
Pensions and Benefits	30.3	38.7
Deferred Income Tax Liabilities	20.3	20.5
Provisions and Other Non-Current Liabilities	41.6	39.9
	929.6	965.7
Shareholders' Equity		
Common shares	508.1	487.9
Retained earnings	308.6	305.3
Contributed surplus	15.9	17.3
Accumulated other comprehensive loss	(0.1)	(11.2)
Equity component of convertible debenture	28.7	28.7
Total Shareholders' Equity Attributable to Equity Holders	861.2	828.0
Non-controlling interest	1.4	1.4
Total Shareholders' Equity	862.6	829.4
Total Liabilities and Shareholders' Equity	\$ 1,792.2	\$ 1,795.1

CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW (UNAUDITED)

	Quarters ended September 30		Nine months ended September 30	
	2013	2012 (restated)	2013	2012 (restated)
<i>(in millions of Canadian dollars)</i>				
Operating activities				
Net earnings for the period	\$ 18.9	\$ 22.4	\$ 60.5	\$ 77.8
Depreciation and amortization	8.8	6.3	25.2	18.1
Deferred income taxes	(3.5)	0.7	(4.1)	1.0
Loss (gain) on sale of property, plant and equipment	0.1	-	(0.5)	-
Stock-based compensation	0.7	0.5	1.9	1.5
Difference between pension expense and amount funded	0.2	(0.6)	0.8	(1.1)
Asset impairment	5.2	-	5.2	-
Debt accretion, amortization and other	(1.8)	1.1	3.4	8.0
Cash from operating activities before non-cash working capital	28.6	30.4	92.4	105.3
Changes in non-cash working capital items				
Accounts receivable	(42.4)	(20.0)	1.6	(21.4)
Inventories	35.7	(7.6)	41.7	(76.9)
Accounts payable and accrued liabilities	(0.8)	3.5	(35.0)	(16.9)
Income tax receivable/payable	(2.5)	(3.2)	-	(19.7)
Other	1.2	1.2	(1.2)	0.5
Change in non-cash working capital	(8.8)	(26.1)	7.1	(134.4)
Cash from (used in) operating activities	19.8	4.3	99.5	(29.1)
Financing activities				
Decrease in bank borrowings	(6.7)	-	(0.3)	-
Issue of common shares	0.3	0.5	16.8	1.4
Dividends on common shares	(21.3)	(21.1)	(63.9)	(60.1)
Issuance of long-term debt (net)	0.8	-	0.8	293.1
Repayment of long-term debt	(0.8)	(0.4)	(2.0)	(142.2)
Deferred financing	(1.3)	-	(1.3)	-
Cash (used in) from financing activities	(29.0)	(21.0)	(49.9)	92.2
Investing activities				
Purchase of property, plant and equipment	(5.6)	(5.7)	(19.6)	(26.4)
Proceeds on sale of property, plant and equipment	-	-	2.3	-
Purchase of business	(10.5)	(0.1)	(10.5)	(54.9)
Cash used in investing activities	(16.1)	(5.8)	(27.8)	(81.3)
Effect of exchange rates on cash and cash equivalents	3.8	(2.5)	2.2	(5.4)
(Decrease) increase in cash and cash equivalents	(21.5)	(25.0)	24.0	(23.6)
Cash and cash equivalents, beginning of the period	160.6	272.1	115.1	270.7
Cash and cash equivalents, end of the period	\$ 139.1	\$ 247.1	\$ 139.1	\$ 247.1
Supplemental cash flow information:				
Income taxes paid	\$ 12.4	\$ 12.5	\$ 30.4	\$ 54.4
Interest paid (net)	\$ 7.4	\$ 1.0	\$ 25.9	\$ 15.1

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
Change during the period	-	-	-	-	-	(0.1)	(0.1)
Payment of dividends	-	(63.9)	-	-	-	-	(63.9)
Net earnings for the period	-	60.4	-	-	-	0.1	60.5
Other comprehensive income (loss) for the period	-	-	-	17.9	-	-	17.9
Recognition of stock-based compensation	-	-	(1.4)	-	-	-	(1.4)
Stock options exercised	20.1	-	-	-	-	-	20.1
Conversion of debentures	0.1	-	-	-	-	-	0.1
Transfer of net actuarial gains on defined benefit plans	-	6.8	-	(6.8)	-	-	-
Balance, September 30, 2013	\$ 508.1	\$ 308.6	\$ 15.9	\$ (0.1)	\$ 28.7	\$ 1.4	\$ 862.6

<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	-	(60.1)	-	-	-	-	(60.1)
Net earnings for the period	-	77.8	-	-	-	-	77.8
Other comprehensive income (loss) for the period	-	-	-	(19.7)	-	-	(19.7)
Recognition of stock-based compensation	-	-	1.2	-	-	-	1.2
Stock options exercised	1.7	-	-	-	-	-	1.7
Transfer of net actuarial losses on defined benefit plans	-	(8.9)	-	8.9	-	-	-
Balance, September 30, 2012	\$ 487.1	\$ 315.5	\$ 16.9	\$ (27.9)	\$ 28.7	\$ -	\$ 820.3

<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