



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES 2013 ANNUAL AND FOURTH QUARTER RESULTS

TORONTO, CANADA – February 19, 2014 -- Russel Metals Inc. (RUS - TSX) today announced fourth quarter 2013 earnings of \$23 million, or \$0.37 per share on revenues of \$811 million. These results compare to earnings of \$20 million or \$0.34 per share on revenues of \$766 million in the same quarter last year and the third quarter 2013 earnings of \$0.31 per share.

Revenues of \$352 million in our metals service center segment were 4% higher than the 2012 fourth quarter due to increased demand offset by lower selling prices. Demand at the metals service centers increased by 9% over the 2012 fourth quarter. Gross margins at our metals service centers in the 2013 fourth quarter were \$3 million higher than the same quarter last year reflecting stronger demand. The 2013 fourth quarter metals service center operating profits were \$13 million compared to \$17 million in the 2012 fourth quarter due to higher pension, delivery and other operating expenses.

Revenues in our energy products segment for the fourth quarter of 2013 increased 12% or \$43 million to \$387 million compared to the 2012 fourth quarter due to the inclusion of a full quarter of operating income of Apex Distribution compared to the 2012 fourth quarter when Apex Distribution was included only from the date of acquisition on November 8, 2012. On a same store basis, revenues in our energy products segment increased 10% over the comparable fourth quarter of 2012. Operating profit increased 19% in the 2013 fourth quarter versus the same quarter last year due to this increase in revenues. We continued to evaluate and reduce our slow moving inventory created by a fundamental change in string design from vertical drilling to horizontal drilling. We have aligned our energy products inventory and emphasis on supplying the horizontal drilling market going forward.

Revenues in our steel distributors segment decreased by 13% to \$70 million in the 2013 fourth quarter compared to the 2012 fourth quarter. The availability of domestic product and low

pricing differential for imported products did not generate the desired returns leading the management of our steel distributors operations to decrease activity.

We recorded finance income of \$5 million in the 2013 fourth quarter and the 2013 year related to a reduction of the expected earnout payment associated with the Apex Distribution offset by an imputed interest charge on the expected future payments.

For the year, our net earnings were \$83 million or \$1.37 per share on revenues of \$3.2 billion compared to \$98 million or \$1.63 per share on revenues of \$3.0 billion in 2012.

Brian R. Hedges, President and CEO, commented “Subsequent to the recession in 2009 we were cautious as the economy remained fragile, however in 2012 and 2013, it was time to proactively look to the future as we grew our footprint with a focus on our energy products segment. In 2013 we fully integrated Apex Distribution into Russel Metals. We continued to invest and build this part of our energy products segment by making three acquisitions in this area, the largest of which was Monarch in Drayton Valley, Alberta. In the U.S., Apex Remington made greenfield investments in the west Texas shale play by opening new field stores. The pipe distribution market in general continued to undergo significant change in the year with the consolidation of distributors, the purchase of distributors by pipe manufacturers and the spin out of distribution arms of competitors into separate companies.”

Mr. Hedges continued “Our energy products segment will continue to be an area of focus in 2014 as new domestic capacity comes online and the consolidation of the distribution channel continues. We do not anticipate a sustained appreciation in natural gas prices and therefore the vertical gas drilling rig counts will remain low as will demand for that type of product. We believe that rig counts associated with horizontal drilling will remain strong and continue to drive our pipe sales for the foreseeable future.”

In respect to the metals service centers segment, Mr. Hedges stated “We accelerated our capital investment in equipment in our service centers and in 2014 we will acquire land for a new consolidated distribution facility in Edmonton, Alberta. We are looking at greenfield sites for new service centers in the southern U.S. Also, the selection process and initial testing of our new computer system is well underway and we expect to invest approximately \$50 million on systems upgrades over the next three to five years.”

The Board of Directors approved a quarterly dividend of \$0.35 per common share payable March 17, 2014 to shareholders of record as of March 5, 2014.

The Company will be holding an Investor Conference Call on Thursday February 20, 2014 at 9:00 a.m. ET to review its 2013 fourth quarter results. The dial-in telephone numbers for the call are 416-764-8688 (Toronto and International callers) and 1-888-390-0546 (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 416-764-8677 (Toronto and International callers) and 1-888-390-0541 (U.S. and Canada) until midnight, Thursday March 6, 2014. You will be required to enter pass code 207889 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 Monarch, 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

Certain statements contained in this press release constitute forward-looking statements or information within the meaning of applicable securities laws, including statements as to our outlook, future events or our future performance. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by us, inherently involve known and unknown risks, uncertainties and other factors that may cause

actual results or events to differ materially from those anticipated in such forward-looking statements, including the factors described below.

We are subject to a number of risks and uncertainties which could have a material adverse effect on our future profitability and financial position, including the risks and uncertainties listed below, which are important factors in our business and the metals distribution industry. Such risks and uncertainties include, but are not limited to: the current economic climate; volatility in metal prices; volatility in oil and natural gas prices; cyclical nature of the metals industry and the industries that purchase our products; lack of credit availability that may limit the ability of our customers to obtain credit or expand their businesses; significant competition that could reduce our market share; any interruption in sources of metals supply; the integration of future acquisitions, including successfully adapting to a public company control environment and retaining key acquisition management personnel; failure to renegotiate any of our collective agreements and work stoppages; disruption in our customer or suppliers' operations due to labour disruptions or the existence of events or circumstances that cause a force majeure; environmental liabilities; environmental concerns or changes in government regulations in general, and those related to oil sands production, shale fracking or oil distribution in particular; changes in government regulations relating to workplace safety and worker health; currency exchange risk, particularly between the Canadian and U.S. dollar; the failure of our key computer-based systems, including our enterprise resource and planning systems; the failure to implement new technologies; the loss of key individuals; the inability to access affordable financing, capital or insurance; interest rate risk; dilution; and change of control.

While we believe that the expectations reflected in our forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct, and our forward-looking statements included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release and, except as required by law, we do not assume any obligation to update our forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements including as a result of the risk factors described above and under the heading "Risk" in our MD&A and in our filings with securities regulatory authorities which are available on SEDAR at www.sedar.com. Specific reference is made to our most recent Annual Information Form for a further discussion of some of the factors underlying our forward-looking statements.

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CONSOLIDATED STATEMENTS OF EARNINGS

	Quarters ended December 31		Years ended December 31	
	2013	2012 (restated)	2013	2012 (restated)
<i>(in millions of Canadian dollars, except per share data)</i>				
Revenues	\$ 811.1	\$ 765.9	\$ 3,187.8	\$ 3,000.1
Cost of materials	669.4	640.1	2,624.6	2,476.8
Employee expenses	64.8	56.0	248.8	216.5
Other operating expenses	43.9	33.8	163.2	131.8
Asset impairment	-	-	5.2	-
Earnings before interest, finance expense and provision for income taxes	33.0	36.0	146.0	175.0
Interest expense	8.9	9.1	36.0	34.2
Interest income	-	(0.2)	(0.4)	(1.7)
Other finance (income) expense	(5.0)	0.8	(4.7)	5.6
Earnings before provision for income taxes	29.1	26.3	115.1	136.9
Provision for income taxes	6.3	6.2	31.8	39.0
Net earnings for the period	\$ 22.8	\$ 20.1	\$ 83.3	\$ 97.9
Net earnings attributed to:				
Equity holders	\$ 22.8	\$ 20.1	\$ 83.2	\$ 97.9
Non-controlling interest	-	-	0.1	-
	\$ 22.8	\$ 20.1	\$ 83.3	\$ 97.9
Basic earnings per common share	\$ 0.37	\$ 0.34	\$ 1.37	\$ 1.63
Diluted earnings per common share	\$ 0.37	\$ 0.34	\$ 1.37	\$ 1.62

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarters ended December 31		Years ended December 31	
	2013	2012 (restated)	2013	2012 (restated)
<i>(in millions of Canadian dollars)</i>				
Net earnings for the period	\$ 22.8	\$ 20.1	\$ 83.3	\$ 97.9
Other comprehensive income (loss) net of tax				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	12.1	4.1	23.2	(8.5)
Unrealized losses on items designated as net investment hedges	-	-	-	(0.9)
Losses on derivatives designated as cash flow hedges transferred to net earnings during the year	-	-	-	2.3
Total items that may be reclassified to earnings	12.1	4.1	23.2	(7.1)
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations	4.5	3.4	11.3	(5.1)
Other comprehensive income (loss)	16.6	7.5	34.5	(12.2)
Total comprehensive income	\$ 39.4	\$ 27.6	\$ 117.8	\$ 85.7

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31 2013	December 31 2012 (restated)
<i>(in millions of Canadian dollars)</i>		
ASSETS		
Current		
Cash and cash equivalents	\$ 116.2	\$ 115.1
Accounts receivable	456.2	456.2
Inventories	766.3	764.0
Prepaid expenses	5.9	7.1
Income taxes receivable	6.3	7.7
	1,350.9	1,350.1
Property, Plant and Equipment	238.9	241.8
Deferred Income Tax Assets	3.0	4.6
Pension and Benefits Assets	0.2	-
Financial and Other Assets	6.1	6.5
Goodwill and Intangibles	218.7	192.1
	\$ 1,817.8	\$ 1,795.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ -	\$ 14.3
Accounts payable and accrued liabilities	384.1	396.5
Income taxes payable	0.2	-
Current portion long-term debt	1.2	2.2
	385.5	413.0
Long-Term Debt	457.2	453.6
Pensions and Benefits	23.3	38.7
Deferred Income Tax Liabilities	20.5	20.5
Provisions and Other Non-Current Liabilities	48.9	39.9
	935.4	965.7
Shareholders' Equity		
Common shares	509.5	487.9
Retained earnings	314.6	305.3
Contributed surplus	16.2	17.3
Accumulated other comprehensive loss	12.0	(11.2)
Equity component of convertible debenture	28.7	28.7
Total Shareholders' Equity Attributable to Equity Holders	881.0	828.0
Non-controlling interest	1.4	1.4
Total Shareholders' Equity	882.4	829.4
Total Liabilities and Shareholders' Equity	\$ 1,817.8	\$ 1,795.1

CONSOLIDATED STATEMENTS OF CASHFLOW

	Quarters ended December 31		Years ended December 31	
	2013	2012 (restated)	2013	2012 (restated)
<i>(in millions of Canadian dollars)</i>				
Operating activities				
Net earnings for the period	\$ 22.8	\$ 20.1	\$ 83.3	\$ 97.9
Depreciation and amortization	8.4	7.4	33.6	25.5
Deferred income taxes	(0.3)	0.3	(4.4)	1.3
Gain on sale of property, plant and equipment	0.1	(1.2)	(0.4)	(1.2)
Stock-based compensation	0.5	0.6	2.4	2.1
Difference between pension expense and amount funded	(0.9)	(1.1)	(0.1)	(2.2)
Asset impairment	-	-	5.2	-
Debt accretion, amortization and other	1.2	1.2	4.3	9.2
Change in fair value of contingent consideration	(5.0)	0.5	(4.7)	0.5
Cash from operating activities before non-cash working capital	26.8	27.8	119.2	133.1
Changes in non-cash working capital items				
Accounts receivable	17.1	46.8	18.7	25.4
Inventories	(19.4)	48.4	22.3	(28.5)
Accounts payable and accrued liabilities	13.1	(17.4)	(21.9)	(34.3)
Income taxes receivable/ payable	2.2	0.1	2.2	(19.6)
Other	2.4	(0.6)	1.2	(0.1)
Change in non-cash working capital	15.4	77.3	22.5	(57.1)
Cash from operating activities	42.2	105.1	141.7	76.0
Financing activities				
Increase in bank borrowings	(14.0)	14.6	(14.3)	14.6
Issue of common shares	1.2	0.6	18.0	2.0
Dividends on common shares	(21.3)	(21.1)	(85.2)	(81.2)
Issuance of long-term debt	0.2	-	1.0	300.0
Repayment of long-term debt	(0.8)	(0.3)	(2.8)	(142.4)
Deferred financing	-	-	(1.3)	(7.0)
Cash (used in) from financing activities	(34.7)	(6.2)	(84.6)	86.0
Investing activities				
Purchase of property, plant and equipment	(7.6)	(7.3)	(27.2)	(33.7)
Proceeds on sale of property, plant and equipment	0.3	1.8	2.6	1.8
Purchase of business	(32.1)	(226.4)	(42.6)	(281.3)
Cash used in investing activities	(39.4)	(231.9)	(67.2)	(313.2)
Effect of exchange rates on cash and cash equivalents	9.0	1.0	11.2	(4.4)
Increase (decrease) in cash and cash equivalents	(22.9)	(132.0)	1.1	(155.6)
Cash and cash equivalents, beginning of the period	139.1	247.1	115.1	270.7
Cash and cash equivalents, end of the year	\$ 116.2	\$ 115.1	\$ 116.2	\$ 115.1
Supplemental cash flow information:				
Income taxes paid	\$ 4.3	\$ 5.6	\$ 34.7	\$ 60.0
Interest paid (net)	\$ 10.1	\$ 16.1	\$ 36.0	\$ 31.2

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<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
Changed during the year	-	-	-	-	-	(0.1)	(0.1)
Payment of dividends	-	(85.2)	-	-	-	-	(85.2)
Net earnings for the year	-	83.2	-	-	-	0.1	83.3
Other comprehensive income for the year	-	-	-	34.5	-	-	34.5
Recognition of stock-based compensation	-	-	(1.1)	-	-	-	(1.1)
Stock options exercised	21.5	-	-	-	-	-	21.5
Conversion of debenture	0.1	-	-	-	-	-	0.1
Transfer of net actuarial gains on defined benefit plans	-	11.3	-	(11.3)	-	-	-
Balance, December 31, 2013	\$ 509.5	\$ 314.6	\$ 16.2	\$ 12.0	\$ 28.7	\$ 1.4	\$ 882.4

<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	\$ 293.7	\$ 15.7	\$ (4.1)	\$ 28.7	\$ -	\$ 819.4
Acquired during the year	-	-	-	-	-	1.4	1.4
Payment of dividends	-	(81.2)	-	-	-	-	(81.2)
Net earnings for the year	-	97.9	-	-	-	-	97.9
Other comprehensive loss for the year	-	-	-	(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	-	(5.1)	-	5.1	-	-	-
Balance, December 31, 2012	\$ 487.9	\$ 305.3	\$ 17.3	\$ (11.2)	\$ 28.7	\$ 1.4	\$ 829.4