



**NEWS**

**FOR IMMEDIATE RELEASE**

**RUSSEL METALS ANNOUNCES FIRST QUARTER RESULTS**

TORONTO, CANADA – May 6, 2014 -- Russel Metals Inc. (RUS - TSX) today announced first quarter 2014 earnings of \$29 million or \$0.47 per share on revenues of \$924 million reflecting strong operating results in all segments. These results compare to earnings of \$22 million or \$0.36 per share on revenues of \$822 million in the same quarter last year and fourth quarter 2013 earnings of \$23 million or \$0.37 per share.

Revenues in our metals service center segment increased 9% to \$392 million in the first quarter of 2014 compared to the 2013 first quarter due to stronger demand and pricing levels. Gross margins at metals service centers improved to 21.7% from 20.9% in the same quarter last year reflecting increased steel prices. Operating profit as a percentage of revenues at 5.4% was up from 5.0% in the same quarter last year.

Revenues in our energy products segment for the first quarter of 2014 increased 14% or \$56 million compared to the 2013 first quarter, to \$445 million led by significant increases in our operations servicing oil and gas drilling in Canada. Gross margins in our energy products segment improved from both the 2013 fourth and first quarters to 17.0% from 15.5% and 15.3% respectively. Operating profit as a percentage of revenues was 7.3% compared to 6.3% in the same quarter of 2013.

Revenues in our steel distributors segment increased by 19% to \$87 million in the 2014 first quarter compared to the 2013 first quarter due to stronger demand and higher pricing. Operating profits for the first quarter of 2014 increased to \$6 million from \$5 million for the 2013 first quarter.

Brian R. Hedges, President and CEO, commented “The economy improved in the quarter and our recent investments in equipment, new locations and acquisitions left us well positioned to capitalize and improve our quarterly operating margins and net income. I am particularly pleased with how well our operators reacted to market changes and optimized our results which led to the improved results in first quarter. In our energy products segment we continue to focus on optimizing our working capital employed and we are starting to see improved inventory turns.”

Mr. Hedges further commented, “We experienced a pickup in the operating profits of all of our business segments led by the energy group which was up 34% in the first quarter. We experienced strong volume increases in our U.S. metals service centers and most of our operations in our energy products segment. Volumes at our Canadian metals service centers were up slightly. We anticipate higher revenues from our steel distribution segment in the second quarter based on current market conditions. Energy products will be affected by the seasonality in the second quarter but the segment is expected to improve over the same period last year.”

The Board of Directors approved a quarterly dividend of \$0.35 per common share payable June 16, 2014 to shareholders of record as of May 26, 2014.

The Company will be holding an Investor Conference Call on Wednesday, May 7, 2014 at 9:00 a.m. ET to review its 2014 first 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, May 22, 2014. You will be required to enter pass code 941154 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](http://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](http://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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## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended March 31	
	2014	2013
<b>Revenues</b>	\$ 924.0	\$ 821.8
Cost of materials	751.7	677.9
Employee expenses	71.5	62.5
Other operating expenses	47.3	39.9
<b>Earnings before interest, finance expense and provision for income taxes</b>	<b>53.5</b>	41.5
Interest expense	9.0	8.8
Interest income	-	(0.1)
Other finance expense	1.8	1.6
<b>Earnings before provision for income taxes</b>	<b>42.7</b>	31.2
Provision for income taxes	13.7	9.5
<b>Net earnings for the period</b>	<b>\$ 29.0</b>	\$ 21.7
<b>Net earnings attributed to:</b>		
Equity holders	\$ 29.0	\$ 21.6
Non-controlling interest	-	0.1
	<b>\$ 29.0</b>	\$ 21.7
<b>Basic earnings per common share</b>	<b>\$ 0.47</b>	\$ 0.36
<b>Diluted earnings per common share</b>	<b>\$ 0.46</b>	\$ 0.36

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2014	2013
<b>Net earnings for the period</b>	<b>\$ 29.0</b>	\$ 21.7
Other comprehensive income (loss), net of tax		
<b>Items that may be reclassified to earnings</b>		
Unrealized foreign exchange gains on translation of foreign operations	14.5	6.9
<b>Items that may not be reclassified to earnings</b>		
Actuarial (losses) gains on pension and similar obligations, net of taxes	(4.1)	0.5
Other comprehensive income	10.4	7.4
<b>Total comprehensive income</b>	<b>\$ 39.4</b>	\$ 29.1

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

<i>(in millions of Canadian dollars)</i>	<b>March 31 2014</b>	December 31 2013
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 86.3	\$ 116.2
Accounts receivable	549.6	456.2
Inventories	773.1	766.3
Prepaid expenses	9.2	5.9
Income taxes receivable	0.7	6.3
	<b>1,418.9</b>	1,350.9
<b>Property, Plant and Equipment</b>	<b>237.7</b>	238.9
<b>Deferred Income Tax Assets</b>	<b>3.6</b>	3.0
<b>Pension and Benefits</b>	<b>-</b>	0.2
<b>Financial and Other Assets</b>	<b>6.0</b>	6.1
<b>Goodwill and Intangibles</b>	<b>217.7</b>	218.7
	<b>\$ 1,883.9</b>	\$ 1,817.8
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 430.7	\$ 384.1
Income taxes payable	5.3	0.2
Current portion long-term debt	1.0	1.2
	<b>437.0</b>	385.5
<b>Long-Term Debt</b>	<b>458.3</b>	457.2
<b>Pensions and Benefits</b>	<b>28.8</b>	23.3
<b>Deferred Income Tax Liabilities</b>	<b>19.0</b>	20.5
<b>Provisions and Other Non-Current Liabilities</b>	<b>38.3</b>	48.9
	<b>981.4</b>	935.4
<b>Shareholders' Equity</b>		
Common shares	511.6	509.5
Retained earnings	318.2	314.6
Contributed surplus	16.2	16.2
Accumulated other comprehensive income	26.5	12.0
Equity component of convertible debentures	28.7	28.7
<b>Total Shareholders' Equity Attributable to Equity Holders</b>	<b>901.2</b>	881.0
Non-controlling interest	1.3	1.4
<b>Total Shareholders' Equity</b>	<b>902.5</b>	882.4
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,883.9</b>	\$ 1,817.8

**CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOW (UNAUDITED)**

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2014	2013
Operating activities		
Net earnings for the period	\$ 29.0	\$ 21.7
Depreciation and amortization	8.6	8.2
Deferred income taxes	0.8	(0.6)
Loss (gain) on sale of property, plant and equipment	1.0	(0.2)
Stock-based compensation	0.4	0.6
Difference between pension expense and amount funded	-	0.1
Debt accretion, amortization and other	1.2	1.0
Change in fair value of contingent consideration	1.8	1.6
<b>Cash from operating activities before non-cash working capital</b>	<b>42.8</b>	32.4
Changes in non-cash working capital items		
Accounts receivable	(89.9)	(14.1)
Inventories	1.2	(3.8)
Accounts payable and accrued liabilities	47.9	11.1
Income tax receivable/payable	9.6	0.3
Other	(3.2)	(1.1)
<b>Change in non-cash working capital</b>	<b>(34.4)</b>	(7.6)
<b>Cash from operating activities</b>	<b>8.4</b>	24.8
Financing activities		
Increase in bank borrowings	-	10.0
Issue of common shares	1.7	15.5
Dividends on common shares	(21.3)	(21.3)
Repayment of long-term debt	(0.3)	(0.3)
<b>Cash (used in) from financing activities</b>	<b>(19.9)</b>	3.9
Investing activities		
Purchase of property, plant and equipment	(4.9)	(6.6)
Proceeds on sale of property, plant and equipment	0.2	0.4
Payment of contingent consideration	(4.1)	-
<b>Cash used in investing activities</b>	<b>(8.8)</b>	(6.2)
<b>Effect of exchange rates</b>	<b>(9.6)</b>	0.2
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(29.9)</b>	22.7
Cash and cash equivalents, beginning of the period	116.2	115.1
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 86.3</b>	<b>\$ 137.8</b>
Supplemental cash flow information:		
Income taxes paid	\$ 3.3	\$ 10.5
Interest paid (net)	\$ 8.1	\$ 1.1

**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
<b>Balance, January 1, 2014</b>	\$ 509.5	\$ 314.6	\$ 16.2	\$ 12.0	\$ 28.7	\$ 1.4	\$ 882.4
Payment of dividends	-	(21.3)	-	-	-	-	(21.3)
Net earnings for the period	-	29.0	-	-	-	-	29.0
Other comprehensive income for the period	-	-	-	10.4	-	-	10.4
Recognition of stock-based compensation	-	-	0.4	-	-	-	0.4
Stock options exercised	2.1	-	(0.4)	-	-	-	1.7
Transfer of net actuarial losses on defined benefit plans	-	(4.1)	-	4.1	-	-	-
Change in non-controlling interest	-	-	-	-	-	(0.1)	(0.1)
<b>Balance, March 31, 2014</b>	\$ 511.6	\$ 318.2	\$ 16.2	\$ 26.5	\$ 28.7	\$ 1.3	\$ 902.5

<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
<b>Balance, January 1, 2013</b>	\$ 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 for the period	-	-	-	7.4	-	-	7.4
Recognition of stock-based compensation	-	-	0.6	-	-	-	0.6
Stock options exercised	18.5	-	(3.0)	-	-	-	15.5
Transfer of net actuarial gains on defined benefit plans	-	0.5	-	(0.5)	-	-	-
<b>Balance, March 31, 2013</b>	\$ 506.4	\$ 306.1	\$ 14.9	\$ (4.3)	\$ 28.7	\$ 1.5	\$ 853.3