



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES STRONG 2014 ANNUAL AND FOURTH QUARTER RESULTS

TORONTO, CANADA – February 18, 2015 -- Russel Metals Inc. (RUS - TSX) today announced financial results for fourth quarter and annual 2014.

	Three Months Ended December 31,		Year Ended December 31,	
	2014	2013	2014	2013
Revenues	\$ 1,013	\$ 811	\$ 3,869	\$ 3,188
Adjusted EBIT ¹	\$ 54	\$ 33	\$ 227	\$ 151
Net Income	\$ 31	\$ 23	\$ 124	\$ 83
Earnings per Share	\$ 0.50	\$ 0.37	\$ 2.01	\$ 1.37
Free Cash Flow	\$ 29	\$ 19	\$ 125	\$ 92
Dividends paid ²	\$ 0.38	\$ 0.35	\$ 1.46	\$ 1.40

All amounts are reported in millions of Canadian dollars except per share and dividend figures, which are in Canadian dollars

¹ Adjusted EBIT and Free Cash Flow are Non GAAP measures. Adjusted EBIT represents earnings before interest and taxes excluding asset impairment. Free cash flow represents cash from operating activities before change in working capital less capital expenditures.

² Dividends paid during the period.

Fourth quarter earnings were \$31 million, or \$0.50 per share on revenues of \$1 billion. These results compare to earnings of \$23 million or \$0.37 per share on revenues of \$811 million in the same quarter last year and 2014 third quarter earnings of \$0.54 per share.

Revenues of \$403 million in our metals service center segment were 14% higher than the 2013 fourth quarter due to stronger demand and selling prices. Tons shipped at our metals service centers increased by 5% and selling prices were higher by 10% over the 2013 fourth quarter. Gross margin dollars at our metals service centers in the 2014 fourth quarter were \$6 million higher than the same quarter last year reflecting stronger demand. Gross margin was 19.2% compared to 20.2% for the fourth quarter of 2013 due to steel price erosion resulting from competitive pressure. The 2014 fourth quarter metals service center operating profits were \$13 million which was equivalent to the 2013 fourth quarter.

Fourth quarter 2014 revenues in our energy products segment increased 25% to \$484 million compared to the 2013 fourth quarter due to strong drilling activity in the energy sector.

Operating profits increased \$10 million or 46% in the 2014 fourth quarter versus the same quarter last year due to increased volumes.

Revenues in our steel distributors segment increased by 77% to \$125 million in the 2014 fourth quarter compared to the 2013 fourth quarter. Weak international market conditions combined with robust U.S. demand levels and a strong U.S. dollar resulted in imported steel products becoming more attractive in North America.

We recorded financial income of \$6 million or \$0.10 per share due to the change in fair value of the contingent consideration related to our Apex Distribution and Apex Monarch acquisitions. The income was a result of an expected reduction in future payments related to lower activity caused by the lower oil price offset by imputed interest on expected future payments. In addition, our net earnings include an after-tax non cash asset impairment of \$7 million or \$0.12 per share related to our Thunder Bay Terminals operation due to lower expected future cash flows.

Our revenues for 2014 were \$3.9 billion up 21% from \$3.2 billion for 2013. Our 2014 earnings of \$124 million or \$2.01 per share resulted in one of our best years ever; up 48% from 2013. All segments contributed to these strong results.

Mr. Brian R. Hedges, President and CEO, commented “Our operating profits were up 62% in the quarter reflecting continued strength in all three operating segments. Looking forward into 2015, the deterioration in the price of oil has led our energy customers to announce reductions in their projects and capital expenditures. While we expect a reduction in demand for our products as a result of these announcements, the extent to which this will affect our operating results has yet to be determined.”

Mr. Hedges further commented, “The current economic uncertainty differs from what we experienced in 2009 as current metal prices are significantly lower than the peaks experienced in 2008. Although metal prices will be under pressure, we do not expect a significant decrease in metal prices. In addition, the acquisition of Apex and its related companies although increasing our exposure to the energy sector is expected to provide a more stable stream of earnings than our traditional energy business units due to the maintenance and repair component of this sector.”

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable March 16, 2015 to shareholders of record as of March 3, 2015.

The Company will be holding an Investor Conference Call on Thursday, February 19, 2015 at 9:00 a.m. ET to review its 2014 fourth quarter and annual 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 5, 2015. You will be required to enter pass code 096596 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; product claims from customers, 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

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended December 31		Years ended December 31	
	2014	2013	2014	2013
Revenues	\$ 1,013.2	\$ 811.1	\$ 3,869.3	\$ 3,187.8
Cost of materials	838.3	669.4	3,166.0	2,624.6
Employee expenses	72.6	64.8	287.8	248.8
Other operating expenses	49.4	43.9	189.3	163.2
Asset impairment	9.9	-	9.9	5.2
Gain on sale of business	(0.7)	-	(0.7)	-
Earnings before interest, finance expense and provision for income taxes	43.7	33.0	217.0	146.0
Interest expense	9.5	8.9	36.9	36.0
Interest income	-	-	-	(0.4)
Other finance expense (income)	(6.2)	(5.0)	4.1	(4.7)
Earnings before provision for income taxes	40.4	29.1	176.0	115.1
Provision for income taxes	9.3	6.3	52.4	31.8
Net earnings for the period	\$ 31.1	\$ 22.8	\$ 123.6	\$ 83.3
Net earnings attributed to:				
Equity holders	\$ 31.1	\$ 22.8	\$ 123.5	\$ 83.2
Non-controlling interest	-	-	0.1	0.1
	\$ 31.1	\$ 22.8	\$ 123.6	\$ 83.3
Basic earnings per common share	\$ 0.50	\$ 0.37	\$ 2.01	\$ 1.37
Diluted earnings per common share	\$ 0.49	\$ 0.37	\$ 1.95	\$ 1.37

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2014	2013	2014	2013
Net earnings for the period	\$ 31.1	\$ 22.8	\$ 123.6	\$ 83.3
Other comprehensive income				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains on translation of foreign operations	14.7	12.1	35.1	23.2
Items that may not be reclassified to earnings				
Actuarial (losses) gains on pension and similar obligations	2.0	4.5	(4.5)	11.3
Other comprehensive income	16.7	16.6	30.6	34.5
Total comprehensive income	\$ 47.8	\$ 39.4	\$ 154.2	\$ 117.8

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in millions of Canadian dollars)</i>	December 31 2014	December 31 2013
ASSETS		
Current		
Cash and cash equivalents	\$ 53.4	\$ 116.2
Accounts receivable	569.3	456.2
Inventories	930.8	766.3
Prepaid expenses	11.6	5.9
Income taxes receivable	2.8	6.3
	1,567.9	1,350.9
Property, Plant and Equipment	249.8	238.9
Deferred Income Tax Assets	4.9	3.0
Pensions and Benefits Assets	-	0.2
Financial and Other Assets	5.9	6.1
Goodwill and Intangibles	214.3	218.7
	\$ 2,042.8	\$ 1,817.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 24.2	\$ -
Accounts payable and accrued liabilities	500.4	384.1
Income taxes payable	14.1	0.2
Current portion long-term debt	0.5	1.2
	539.2	385.5
Long-Term Debt	460.5	457.2
Pensions and Benefits	26.1	23.3
Deferred Income Tax Liabilities	17.0	20.5
Provisions and Other Non-Current Liabilities	35.0	48.9
	1,077.8	935.4
Shareholders' Equity		
Common shares	531.2	509.5
Retained earnings	344.0	314.6
Contributed surplus	14.1	16.2
Accumulated other comprehensive income	47.1	12.0
Equity component of convertible debenture	28.6	28.7
Total Shareholders' Equity Attributable to Equity Holders	965.0	881.0
Non-controlling interest	-	1.4
Total Shareholders' Equity	965.0	882.4
Total Liabilities and Shareholders' Equity	\$ 2,042.8	\$ 1,817.8

CONSOLIDATED STATEMENTS OF CASHFLOW

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2014	2013	2014	2013
Operating activities				
Net earnings for the period	\$ 31.1	\$ 22.8	\$ 123.6	\$ 83.3
Depreciation and amortization	8.8	8.4	34.8	33.6
Deferred income taxes	(2.8)	(0.3)	(3.0)	(4.4)
Loss (gain) on sale of property, plant and equipment	0.3	0.1	1.0	(0.4)
Gain on sale of business	(0.7)	-	(0.7)	-
Stock based compensation	0.4	0.5	1.6	2.4
Difference between pension expense and amount funded	(2.5)	(0.9)	(3.2)	(0.1)
Asset impairment	9.9	-	9.9	5.2
Debt accretion, amortization and other	1.3	1.2	4.9	4.3
Change in fair value of contingent consideration	(6.2)	(5.0)	4.1	(4.7)
Cash from operating activities before non-cash working capital	39.6	26.8	173.0	119.2
Changes in non-cash working capital items				
Accounts receivable	57.1	17.1	(106.6)	18.7
Inventories	(50.6)	(19.4)	(146.4)	22.3
Accounts payable and accrued liabilities	(17.4)	13.1	96.5	(21.9)
Income taxes receivable/ payable	2.4	2.2	17.2	2.2
Other	(2.0)	2.4	(5.6)	1.2
Change in non-cash working capital	(10.5)	15.4	(144.9)	22.5
Cash from operating activities	29.1	42.2	28.1	141.7
Financing activities				
Increase (decrease) in bank borrowings	24.2	(14.0)	24.2	(14.3)
Issue of common shares	0.5	1.2	17.4	18.0
Dividends on common shares	(23.5)	(21.3)	(89.6)	(85.2)
Issuance of long-term debt	-	0.2	-	1.0
Repayment of long-term debt	-	(0.8)	(0.9)	(2.8)
Deferred financing	-	-	-	(1.3)
Cash (used in) from financing activities	1.2	(34.7)	(48.9)	(84.6)
Investing activities				
Purchase of property, plant and equipment	(11.0)	(7.6)	(48.2)	(27.2)
Proceeds on sale of property, plant and equipment	0.6	0.3	1.7	2.6
Purchase of business	(0.9)	(32.1)	(1.6)	(42.6)
Proceeds on sale of business	2.3	-	2.3	-
Payment of contingent consideration	-	-	(4.1)	-
Cash used in investing activities	(9.0)	(39.4)	(49.9)	(67.2)
Effect of exchange rates on cash and cash equivalents	4.5	9.0	7.9	11.2
(Decrease) increase in cash and cash equivalents	25.8	(22.9)	(62.8)	1.1
Cash and cash equivalents, beginning of the period	27.6	139.1	116.2	115.1
Cash and cash equivalents, end of the year	\$ 53.4	\$ 116.2	\$ 53.4	\$ 116.2
Supplemental cash flow information:				
Income taxes paid	\$ 9.8	\$ 4.3	\$ 37.6	\$ 34.7
Interest paid (net)	\$ 10.5	\$ 10.1	\$ 36.8	\$ 36.0

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Equity Component of Convertible Debentures	Non Controlling Interest	Total
Balance, January 1, 2014	\$ 509.5	\$ 314.6	\$ 16.2	\$ 12.0	\$ 28.7	\$ 1.4	\$ 882.4
Changed during the year	-	-	-	-	-	(0.1)	(0.1)
Payment of dividends	-	(89.6)	-	-	-	-	(89.6)
Net earnings for the year	-	123.5	-	-	-	0.1	123.6
Other comprehensive income for the year	-	-	-	30.6	-	-	30.6
Recognition of stock-based compensation	-	-	1.6	-	-	-	1.6
Stock options exercised	21.2	-	(3.7)	-	-	-	17.5
Conversion of debentures	0.5	-	-	-	(0.1)	-	0.4
Sale of business	-	-	-	-	-	(1.4)	(1.4)
Transfer of net actuarial losses on defined benefit plans	-	(4.5)	-	4.5	-	-	-
Balance, December 31, 2014	\$ 531.2	\$ 344.0	\$ 14.1	\$ 47.1	\$ 28.6	\$ -	\$ 965.0

<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	-	-	2.4	-	-	-	2.4
Stock options exercised	21.5	-	(3.5)	-	-	-	18.0
Conversion of debentures	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

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