



**NEWS**

**FOR IMMEDIATE RELEASE**

**RUSSEL METALS ANNOUNCES 2015 SECOND QUARTER RESULTS**

TORONTO, CANADA – August 12, 2015 -- Russel Metals Inc. (RUS - TSX) today announced financial results for the 2015 second quarter.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues	\$ 761	\$ 893	\$ 1,665	\$ 1,817
EBIT <sup>1</sup>	\$ 31	\$ 56	\$ 68	\$ 110
Net Income	\$ 16	\$ 31	\$ 35	\$ 60
Earnings per Share	\$ 0.27	\$ 0.50	\$ 0.57	\$ 0.97
Free Cash Flow <sup>1</sup>	\$ 16	\$ 31	\$ 37	\$ 69
Dividends paid <sup>2</sup>	\$ 0.38	\$ 0.35	\$ 0.76	\$ 0.70

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

<sup>1</sup> EBIT and Free Cash Flow are Non GAAP measures. EBIT represents earnings before interest and taxes. Free cash flow represents cash from operating activities before change in working capital less capital expenditures.

<sup>2</sup> Dividends paid during the period.

Second quarter earnings were \$16 million, or \$0.27 per share on revenues of \$761 million. These results compare to earnings of \$31 million or \$0.50 per share on revenues of \$893 million in the same quarter last year.

Revenues of \$385 million in our metals service center segment were 8% lower than the 2014 second quarter due to weaker demand primarily in Western Canada from customers servicing the oil and gas industry. Tons shipped at our metals service centers decreased by 7% but selling prices remained consistent with the 2014 second quarter. Gross margin dollars at our metals service centers in the 2015 second quarter were \$17 million lower than the same quarter last year reflecting lower demand. Gross margin was 18.3% compared to 20.9% for the second quarter of 2014. The 2015 second quarter metals service center operating profits were \$13 million which was 50% lower than the 2014 second quarter, mainly due to the decreased gross margin dollars.

Second quarter 2015 revenues in our energy products segment decreased 27% to \$269 million compared to the 2014 second quarter due to reduced drilling activity in the energy sector. Operating profits decreased \$11 million or 41% to \$16 million in the 2015 second quarter versus the same quarter last year due to decreased revenues. During the quarter, we completed the acquisition of the operating assets of Western Fiberglass. The new entity, Apex Western Fiberglass, was accretive to earnings in the quarter.

Revenues in our steel distributors segment in the 2015 second quarter were similar to the 2014 second quarter but lower gross margins reduced operating earnings to \$6 million or 34% lower than the same period in 2014 due to excess inventory in the industry.

We recorded financial income of \$1 million or \$0.01 per share due to the change in fair value of the contingent consideration related to our Apex Distribution and Apex Monarch acquisitions. This 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.

Our revenues for the six months ended June 30, 2015 were \$1.7 billion down 8% from \$1.8 billion for the same period in 2014. Our 2015 year to date earnings of \$35 million or \$0.57 per share compared to \$60 million or \$0.97 per share for the same period in 2014.

Mr. Brian R. Hedges, President and CEO, commented "The current downturn is affecting steel and energy prices and their associated businesses. In our view, oil prices will remain at these low levels for at least the balance of 2015 due to oversupply. The distribution channel for oil country tubular goods is over-supplied and there is considerable margin pressure as the industry moves product at prices focused on producing cash flow rather than profit levels.

The worldwide oversupply of steel continues, primarily generated by Chinese production levels which represent approximately half of the world production. The attractiveness of North America as a market equates to limited pricing power for the domestic mills as imports continue. We expect 2015 prices to move within a narrow band width."

Mr. Hedges further commented, "We are operating under the assumption that these conditions will continue for the balance of 2015. We are generating the cash flow that enables the payment of a dividend at the bottom of the cycle. Our metals service center operations have corrected their inventory positions and while our other operating segments have reduced inventory we expect further inventory reductions in those segments. We have implemented a number of strategies such as reduced work weeks, layoffs, and other cost containment measures to reduce costs in line with current business levels. Executive compensation is down significantly due to a reduction in variable compensation as a result of weaker earnings."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable September 15, 2015 to shareholders of record as of August 27, 2015.

The Company will be holding an Investor Conference Call on Thursday, August 13, 2015 at 9:00 a.m. ET to review its 2015 second 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 9:00 a.m. ET Friday August 28, 2015. You will be required to enter pass code 411692 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).

## **About Russel Metals**

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, Apex Western Fiberglass, 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; cyclicity 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; cyber security breach; 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 under the heading "Risks Related to Our Business and the Metals Distribution Industry in our filings with securities regulatory authorities which are available on SEDAR at [www.sedar.com](http://www.sedar.com).*

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

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended June 30		Six months ended June 30	
	<b>2015</b>	2014	<b>2015</b>	2014
<b>Revenues</b>	<b>\$ 761.3</b>	\$ 893.3	<b>\$ 1,665.2</b>	\$ 1,817.3
Cost of materials	<b>627.7</b>	721.1	<b>1,374.2</b>	1,472.8
Employee expenses	<b>61.2</b>	70.4	<b>133.1</b>	141.9
Other operating expenses	<b>41.3</b>	45.4	<b>90.2</b>	92.7
<b>Earnings before interest, finance expense and provision for income taxes</b>	<b>31.1</b>	56.4	<b>67.7</b>	109.9
Interest expense	<b>9.6</b>	9.1	<b>19.1</b>	18.1
Other finance (income) expense	<b>(0.6)</b>	3.0	<b>-</b>	4.8
<b>Earnings before provision for income taxes</b>	<b>22.1</b>	44.3	<b>48.6</b>	87.0
Provision for income taxes	<b>5.7</b>	13.8	<b>13.7</b>	27.5
<b>Net earnings for the period</b>	<b>\$ 16.4</b>	\$ 30.5	<b>\$ 34.9</b>	\$ 59.5
<b>Basic earnings per common share</b>	<b>\$ 0.27</b>	\$ 0.50	<b>\$ 0.57</b>	\$ 0.97
<b>Diluted earnings per common share</b>	<b>\$ 0.27</b>	\$ 0.48	<b>\$ 0.57</b>	\$ 0.95

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	<b>2015</b>	2014	<b>2015</b>	2014
<b>Net earnings for the period</b>	<b>\$ 16.4</b>	\$ 30.5	<b>\$ 34.9</b>	\$ 59.5
Other comprehensive (loss) income				
<b>Items that may be reclassified to earnings</b>				
Unrealized foreign exchange (losses) gains on translation of foreign operations	<b>(7.8)</b>	(13.5)	<b>32.9</b>	1.0
<b>Items that may not be reclassified to earnings</b>				
Actuarial gains (losses) on pension and similar obligations, net of taxes	<b>5.1</b>	1.4	<b>0.4</b>	(2.7)
Other comprehensive (loss) income	<b>(2.7)</b>	(12.1)	<b>33.3</b>	(1.7)
<b>Total comprehensive income</b>	<b>\$ 13.7</b>	\$ 18.4	<b>\$ 68.2</b>	\$ 57.8

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

<i>(in millions of Canadian dollars)</i>	<b>June 30 2015</b>	December 31 2014
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 27.5	\$ 53.4
Accounts receivable	445.5	569.3
Inventories	923.6	930.8
Prepaid expenses	12.6	11.6
Income taxes receivable	8.4	2.8
	<b>1,417.6</b>	1,567.9
<b>Property, Plant and Equipment</b>	<b>258.1</b>	249.8
<b>Deferred Income Tax Assets</b>	<b>3.5</b>	4.9
<b>Financial and Other Assets</b>	<b>5.9</b>	5.9
<b>Goodwill and Intangibles</b>	<b>216.1</b>	214.3
	<b>\$ 1,901.2</b>	\$ 2,042.8
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	\$ 24.6	\$ 24.2
Accounts payable and accrued liabilities	354.3	500.4
Income taxes payable	0.2	14.1
Current portion long-term debt	0.5	0.5
	<b>379.6</b>	539.2
<b>Long-Term Debt</b>	<b>463.0</b>	460.5
<b>Pensions and Benefits</b>	<b>24.3</b>	26.1
<b>Deferred Income Tax Liabilities</b>	<b>18.5</b>	17.0
<b>Provisions and Other Non-Current Liabilities</b>	<b>28.5</b>	35.0
	<b>913.9</b>	1,077.8
<b>Shareholders' Equity</b>		
Common shares	531.7	531.2
Retained earnings	332.4	344.0
Contributed surplus	14.6	14.1
Accumulated other comprehensive income	80.0	47.1
Equity component of convertible debentures	28.6	28.6
<b>Total Shareholders' Equity</b>	<b>987.3</b>	965.0
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,901.2</b>	\$ 2,042.8

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)**

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	<b>2015</b>	2014	<b>2015</b>	2014
<b>Operating activities</b>				
Net earnings for the period	\$ 16.4	\$ 30.5	\$ 34.9	\$ 59.5
Depreciation and amortization	8.8	8.6	17.5	17.2
Deferred income taxes	2.9	(1.3)	2.8	(0.5)
(Gain) loss on sale of property, plant and equipment	(2.1)	-	(2.0)	1.0
Share-based compensation	0.3	0.4	0.6	0.8
Difference between pension expense and amount funded	(0.6)	(0.4)	(1.2)	(0.4)
Debt accretion, amortization and other	1.3	1.2	2.7	2.4
Change in fair value of contingent consideration	(0.6)	3.0	-	4.8
<b>Cash from operating activities before non-cash working capital</b>	<b>26.4</b>	42.0	<b>55.3</b>	84.8
<b>Changes in non-cash working capital items</b>				
Accounts receivable	58.1	34.7	137.7	(55.2)
Inventories	55.7	(95.6)	43.0	(94.4)
Accounts payable and accrued liabilities	(56.8)	6.8	(141.5)	54.7
Income tax receivable/payable	(1.9)	(2.9)	(19.2)	6.7
Other	(2.1)	(1.2)	(1.1)	(4.4)
<b>Change in non-cash working capital</b>	<b>53.0</b>	(58.2)	<b>18.9</b>	(92.6)
<b>Cash from (used in) operating activities</b>	<b>79.4</b>	(16.2)	<b>74.2</b>	(7.8)
<b>Financing activities</b>				
(Decrease) increase in bank indebtedness	(7.3)	-	0.4	-
Issue of common shares	-	9.6	0.4	11.3
Dividends on common shares	(23.5)	(21.5)	(46.9)	(42.8)
Repayment of long-term debt	(0.1)	(0.2)	(0.2)	(0.5)
<b>Cash used in financing activities</b>	<b>(30.9)</b>	(12.1)	<b>(46.3)</b>	(32.0)
<b>Investing activities</b>				
Purchase of property, plant and equipment	(10.4)	(10.6)	(18.6)	(15.5)
Proceeds on sale of property, plant and equipment	2.4	0.4	2.8	0.6
Payment of contingent consideration	-	-	(17.5)	(4.1)
Purchase of business	(27.3)	-	(27.3)	-
<b>Cash used in investing activities</b>	<b>(35.3)</b>	(10.2)	<b>(60.6)</b>	(19.0)
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>(1.6)</b>	4.4	<b>6.8</b>	(5.2)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>11.6</b>	(34.1)	<b>(25.9)</b>	(64.0)
Cash and cash equivalents, beginning of the period	15.9	86.3	53.4	116.2
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 27.5</b>	\$ 52.2	<b>\$ 27.5</b>	\$ 52.2
<b>Supplemental cash flow information:</b>				
Income taxes paid	\$ 5.1	\$ 17.7	\$ 30.5	\$ 21.0
Interest paid (net)	\$ 10.7	\$ 9.9	\$ 19.4	\$ 18.0

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Equity Component of Convertible Debentures	Total
<b>Balance, January 1, 2015</b>	\$ 531.2	\$ 344.0	\$ 14.1	\$ 47.1	\$ 28.6	\$ 965.0
Payment of dividends	-	(46.9)	-	-	-	(46.9)
Net earnings for the period	-	34.9	-	-	-	34.9
Other comprehensive income for the period	-	-	-	33.3	-	33.3
Recognition of share-based compensation	-	-	0.6	-	-	0.6
Share options exercised	0.5	-	(0.1)	-	-	0.4
Transfer of net actuarial losses on defined benefit plans	-	0.4	-	(0.4)	-	-
<b>Balance, June 30, 2015</b>	<b>\$ 531.7</b>	<b>\$ 332.4</b>	<b>\$ 14.6</b>	<b>\$ 80.0</b>	<b>\$ 28.6</b>	<b>\$ 987.3</b>

<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
<i>Balance, January 1, 2014</i>	\$ 509.5	\$ 314.6	\$ 16.2	\$ 12.0	\$ 28.7	\$ 1.4	\$ 882.4
Payment of dividends	-	(42.8)	-	-	-	-	(42.8)
Net earnings for the period	-	59.5	-	-	-	-	59.5
Other comprehensive income for the period	-	-	-	(1.7)	-	-	(1.7)
Recognition of share-based compensation	-	-	0.8	-	-	-	0.8
Share options exercised	13.6	-	(2.3)	-	-	-	11.3
Transfer of net actuarial losses on defined benefit plans	-	(2.7)	-	2.7	-	-	-
Change in non-controlling interest	-	-	-	-	-	(0.1)	(0.1)
<i>Balance, June 30, 2014</i>	<i>\$ 523.1</i>	<i>\$ 328.6</i>	<i>\$ 14.7</i>	<i>\$ 13.0</i>	<i>\$ 28.7</i>	<i>\$ 1.3</i>	<i>\$ 909.4</i>