INFORMATION PACKAGE

FOR

INVESTOR CONFERENCE CALL

FEBRUARY 17, 2016

Russel Metals

INFORMATION PACKAGE FOR INVESTOR CONFERENCE CALL
February 17, 2016

I N D E X

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain statements made on this conference call 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 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.

Our actual results could differ materially from those anticipated in our forward-looking statements including as a result of the risk factors described below, in our MD&A and in our Annual Information Form.

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 call should not be unduly relied upon. These statements speak only as of the date of this call and, except as required by law, we do not assume any obligation to update our forward-looking statements

Risk Factors - 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; cyclicality 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.

NOTES

In this Information Package we use certain financial measures that do not comply with Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other issuers, for example EBIT and EBITDA and Other Information in the Financial Summary. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with Canadian GAAP. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies.

Definitions

Adjusted EBIT and EBITDA – EBIT and EBITDA adjusted to exclude the goodwill and long-lived asset impairment charge of $123.4, provision for product warranty of $20 million and inventory provision of $61.3 for 2015, asset impairment charge of $9.9 million and inventory provision of $14.6 million for 2014, and asset impairment charge of $5.2 million in 2013.

Basic Earnings Per Common Share - Earnings divided by Average common shares outstanding in period.

Book Value Per Share - Equity value divided by ending common shares outstanding.

Debt as % of Capitalization - Total interest bearing debt excluding cash divided by common shareholders' equity plus interest bearing debt excluding cash.

Dividend Per Share - The current quarterly dividend annualized.

Dividend Yield - The dividend per share divided by the period end common share price.

Earnings Multiple - Period ending common share price divided by basic earnings per common share.

EBIT - Earnings from operations before deduction of interest and income taxes.

EBITDA - Earnings from operations before deduction of interest, income taxes, depreciation and amortization.

Free Cash Flow - Cash from operating activities before change in working capital less capital expenditures.

Interest Bearing Debt to EBITDA - Total interest bearing debt excluding cash on hand divided by EBITDA.

Market Capitalization - Outstanding common shares times market price of a common share at period end.

Net Assets Employed - Assets less liabilities excluding debt and cash.

Return on Capital Employed - EBIT for period annualized over net assets employed.

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HIGHLIGHTS
2015 FOURTH QUARTER & YEAR END RESULTS

	2015 Earnings (Loss) (millions)		2015 Per Share	
	Q4	**Year**	**Q4**	**Year**
Loss	$(135)	$(88)	$(2.19)	$(1.42)
Inventory write-downs	32	42	0.53	0.68
Asset impairments	115	115	1.87	1.87
Change in fair value of contingent consideration	(21)	(27)	(0.34)	(0.43)
Product warranty claim	15	15	0.23	0.23
Debt redemption costs	4	4	0.06	0.06
Adjusted earnings	$ 10	$ 61	$ 0.16	$ 0.99

Note – Amounts are net of income tax.

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HIGHLIGHTS
2015 FOURTH QUARTER & YEAR END RESULTS

1. Cash from operating activities Q4 2015 of $188 million.
   Annual 2015 of $366 million.

2. Cash less bank indebtedness of $49 million.
   Redeemed $174 million convertible debentures.

3. Inventory reductions, excluding NRV and FX movement, of $73 million Q4
   and $215 million annual.

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COMMENTS RE MARKET CONDITIONS
FEBRUARY 2016

1. Metal service center tons down 14% in Q4 and 9% for the year compared to 2014.

2. Steel prices stabilized in January 2016.

3. Energy revenues declined 43% in Q4 and 32% for the year compared to 2014.

4. Rig counts remain low due to continued low oil prices.

   Activity levels and margin pressures remain a concern.

5. Dividend declared $0.38 per share.

Russel Metals Inc.

FINANCIAL HIGHLIGHTS

	<------Years ended------>				
	2015	2014	2013	2012	2011
OPERATING RESULTS (millions)					
Revenues	**$3,111.6**	$3,869.3	$3,187.8	$3,000.1	$2,693.3
Net earnings (loss)	**(87.6)**	123.6	83.3	97.9 (2)	118.3
Earnings (loss) before interest, finance exp and income tax	**(86.1)**	217.0	146.0	175.3 (2)	197.5
Adjusted EBIT (Note)	**118.7** (1)	241.5 (1)	151.2 (1)	175.3 (2)	197.5
Adjusted EBIT as a % of revenue	**3.8%**	6.2%	4.7%	5.8%	7.3%
Adjusted EBITDA (Note)	**153.8** (1)	276.3 (1)	184.8 (1)	200.8	221.0
EBITDA as a % of revenue	**4.9%**	7.1%	5.8%	6.7%	8.2%
Basic earnings (loss) per common share ($)	**($1.42)**	$2.01	$1.37	$1.63 (2)	$1.97
BALANCE SHEET INFORMATION (millions)					
Metals					
Accounts receivable	**$333.4**	$566.6	$455.9	$455.6	$381.7
Inventories	**712.5**	930.8	766.3	764.0	645.6
Prepaid expenses and other assets	**10.7**	11.6	5.9	7.1	4.3
Accounts payable and accruals	**(269.7)**	(486.0)	(383.7)	(381.5)	(343.6)
Net working capital - Metals	**786.9**	1,023.0	844.4	845.2	688.0
Fixed assets	**267.8**	249.8	228.4	225.3	184.1
Goodwill and intangibles	**92.0**	214.3	218.7	192.1	24.7
Net assets employed in metals operations	**1,146.7**	1,487.1	1,291.5	1,262.6	896.8
Other operating assets	**(1.9)**	1.5	10.1	16.0	17.1
Net income tax assets (liabilities)	**25.4**	(23.4)	(11.3)	(8.2)	(12.0)
Pension and benefit assets (liabilities)	**(21.7)**	(26.1)	(23.1)	(38.7)	(33.3)
Other corporate assets and liabilities	**(33.1)**	(42.3)	(42.6)	(47.3)	(22.1)
Total net assets employed	**$1,115.4**	$1,396.8	$1,224.6	$1,184.4	$846.5
CAPITALIZATION (millions)					
Bank indebtedness, net of (cash)	**($49.2)**	($29.2)	($116.2)	($100.8)	($270.7)
Long-term debt (incl. current portion)	**295.7**	461.0	458.4	455.8	297.8
Total interest bearing debt, net of (cash)	**246.5**	431.8	342.2	355.0	27.1
Market capitalization	**991.6**	1,597.4	1,913.1	1,662.2	1,346.8
Total firm value	**$1,238.1**	$2,029.2	$2,255.3	$2,017.2	$1,373.9
OTHER INFORMATION (Notes)					
Shareholders' equity (millions)	**$868.9**	$965.0	$882.4	$829.4	$819.4
Book value per share ($)	**$14.08**	$15.65	$14.48	$13.78	$13.64
Free cash flow (millions)	**($3.2)**	$124.8	$91.9	$99.4	$129.5
Capital expenditures (millions)	**$38.3**	$48.2	$27.2	$33.7	$18.1
Depreciation and amortization (millions)	**$35.1**	$34.8	$33.6	$25.5	$23.5
Earnings multiple	**nm**	12.9	22.9	16.9	11.4
Firm value as a multiple of EBIT	**10.4**	8.4	14.9	11.5	7.0
Firm value as a multiple of EBITDA	**8.0**	7.3	12.2	10.0	6.2
Interest bearing debt/EBITDA	**1.9**	1.7	2.5	2.3	1.3
Debt as a % of capitalization	**25%**	32%	34%	35%	27%
Market capitalization as a % of book value	**114%**	166%	217%	200%	164%
Return on equity	**(10%)**	13%	9%	12%	14%
Return on capital employed	**11%**	17%	12%	15%	23%
COMMON SHARE INFORMATION					
Ending outstanding common shares	**61,702,560**	61,674,228	60,946,393	60,204,636	60,071,698
Average outstanding common shares	**61,696,592**	61,321,767	60,780,520	60,128,534	60,043,222
Dividend yield	**9.5%**	5.9%	4.5%	5.1%	5.4%
Dividend per share	**$1.52**	$1.52	$1.40	$1.40	$1.20
Dividends paid as a % of free cash flow	**nm**	72%	93%	82%	53%
Share price - High	**$27.81**	$37.63	$31.62	$28.97	$27.75
Share price - Low	**$14.36**	$25.07	$23.23	$22.52	$18.90
Share price - Ending	**$16.07**	$25.90	$31.39	$27.61	$22.42

Notes:

(1) Adjusted EBIT and EBITDA excludes the goodwill and long-lived asset impairment charge of $123.4 , provision for product warranty of $20 million and inventory provision of $61.3 for 2015, asset impairment charge of $9.9 million and inventory provision of $14.6 million for 2014, and asset impairment charge of $5.2 million in 2013.

(2) Restated due to adoption of IAS 19 (Amended 2011)

(3) This chart includes certain financial measures that are not prescribed by Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other companies, for example EBIT and EBITDA and Other Information. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies. This terminology is defined on the inside back cover of our Annual Report. See financial statements for GAAP earnings.

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

(in millions of Canadian dollars, except per share data)	Quarters ended December 31 **2015**	2014	Years ended December 31 **2015**	2014
Revenues	**$ 673.0**	$ 1,013.2	**$ 3,111.6**	$ 3,869.3
Cost of materials	**604.7**	838.3	**2,624.6**	3,166.0
Employee expenses	**55.6**	72.6	**254.8**	287.8
Other operating expenses	**42.0**	49.4	**174.8**	189.3
Impairment of goodwill and long-lived assets	**123.5**	9.9	**123.5**	9.9
Product warranty provision	**20.0**	-	**20.0**	-
Gain on sale of business	**-**	(0.7)	**-**	(0.7)
Earnings (loss) before interest, finance expense and provision for income taxes	**(172.8)**	43.7	**(86.1)**	217.0
Interest expense	**11.9**	9.5	**40.6**	36.9
Other finance expense (income)	**(21.2)**	(6.2)	**(26.7)**	4.1
Earnings (loss) before provision for income taxes	**(163.5)**	40.4	**(100.0)**	176.0
Provision for (recovery of) income taxes	**(28.2)**	9.3	**(12.4)**	52.4
Net earnings (loss) for the period	**$ (135.3)**	$ 31.1	**$ (87.6)**	$ 123.6
Net earnings (loss) attributed to:				
Equity holders	**$ (135.3)**	$ 31.1	**$ (87.6)**	$ 123.5
Non-controlling interest	**-**	-	**-**	0.1
	$ (135.3)	$ 31.1	**$ (87.6)**	$ 123.6
Basic earnings (loss) per common share	**$ (2.19)**	$ 0.50	**$ (1.42)**	$ 2.01
Diluted earnings (loss) per common share	**$ (2.19)**	$ 0.49	**$ (1.42)**	$ 1.95

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions of Canadian dollars)	Quarters ended December 31 **2015**	2014	Years ended December 31 **2015**	2014
Net earnings (loss) for the period	**$ (135.3)**	$ 31.1	**$ (87.6)**	$ 123.6
Other comprehensive income				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains on translation of foreign operations	**15.0**	14.7	**82.8**	35.1
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations	**3.4**	2.0	**0.9**	(4.5)
Other comprehensive income	**18.4**	16.7	**83.7**	30.6
Total comprehensive income (loss)	**$ (116.9)**	$ 47.8	**$ (3.9)**	$ 154.2

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars)	**December 31 2015**	December 31 2014
ASSETS		
Current		
Cash and cash equivalents	**$ 143.4**	$ 53.4
Accounts receivable	**333.5**	569.3
Inventories	**712.5**	930.8
Prepaid expenses	**10.7**	11.6
Income taxes	**24.2**	2.8
	1,224.3	1,567.9
Property, Plant and Equipment	**267.8**	249.8
Deferred Income Tax Assets	**15.8**	4.9
Financial and Other Assets	**7.1**	5.9
Goodwill and Intangibles	**92.0**	214.3
	$ 1,607.0	$ 2,042.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$ 94.2**	$ 24.2
Accounts payable and accrued liabilities	**303.1**	500.4
Income taxes payable	**0.4**	14.1
Current portion long-term debt	**0.5**	0.5
	398.2	539.2
Long-Term Debt	**295.2**	460.5
Pensions and Benefits	**21.7**	26.1
Deferred Income Tax Liabilities	**14.2**	17.0
Provisions and Other Non-Current Liabilities	**8.8**	35.0
	738.1	1,077.8
Shareholders' Equity		
Common shares	**531.7**	531.2
Retained earnings	**192.1**	344.0
Contributed surplus	**15.2**	14.1
Accumulated other comprehensive income	**129.9**	47.1
Equity component of convertible debenture	**-**	28.6
Total Shareholders' Equity	**868.9**	965.0
Total Liabilities and Shareholders' Equity	**$ 1,607.0**	$ 2,042.8

CONSOLIDATED STATEMENTS OF CASHFLOW

(in millions of Canadian dollars)	Quarters ended December 31 **2015**	Quarters ended December 31 2014	Years ended December 31 **2015**	Years ended December 31 2014
Operating activities				
Net earnings (loss) for the period	**$ (135.3)**	$ 31.1	**$ (87.6)**	$ 123.6
Depreciation and amortization	**8.7**	8.8	**35.1**	34.8
Deferred income taxes	**(16.0)**	(2.8)	**(14.1)**	(3.0)
(Gain) loss on sale of property, plant and equipment	**0.1**	0.3	**(1.9)**	1.0
Gain on sale of business	**-**	(0.7)	**-**	(0.7)
Share-based compensation	**0.3**	0.4	**1.2**	1.6
Difference between pension expense and amount funded	**(2.0)**	(2.5)	**(3.9)**	(3.2)
Impairment of goodwill and long-lived assets	**123.5**	9.9	**123.5**	9.9
Debt accretion, amortization and other	**5.4**	1.3	**9.5**	4.9
Change in fair value of contingent consideration	**(21.2)**	(6.2)	**(26.7)**	4.1
Cash from operating activities before non-cash working capital	**(36.5)**	39.6	**35.1**	173.0
Changes in non-cash working capital items				
Accounts receivable	**111.8**	57.1	**258.1**	(106.6)
Inventories	**73.0**	(55.8)	**215.0**	(161.0)
Inventories net increase in NRV reserve	**46.8**	5.2	**61.3**	14.6
Accounts payable and accrued liabilities	**7.9**	(17.4)	**(170.8)**	96.5
Income taxes	**(15.1)**	2.4	**(33.3)**	17.2
Other	**0.2**	(2.0)	**0.8**	(5.6)
Change in non-cash working capital	**224.6**	(10.5)	**331.1**	(144.9)
Cash from operating activities	**188.1**	29.1	**366.2**	28.1
Financing activities				
Increase in bank borrowings	**80.6**	24.2	**70.0**	24.2
Issue of common shares	**0.1**	0.5	**0.5**	17.4
Dividends on common shares	**(23.5)**	(23.5)	**(93.8)**	(89.6)
Repayment of long-term debt	**(174.5)**	-	**(174.9)**	(0.9)
Deferred financing	**-**	-	**(1.0)**	-
Cash used in financing activities	**(117.3)**	1.2	**(199.2)**	(48.9)
Investing activities				
Purchase of property, plant and equipment	**(8.8)**	(11.0)	**(38.3)**	(48.2)
Proceeds on sale of property, plant and equipment	**0.1**	0.6	**3.3**	1.7
Purchase of business	**-**	(0.9)	**(27.3)**	(1.6)
Proceeds on sale of business	**-**	2.3	**-**	2.3
Payment of contingent consideration	**-**	-	**(17.5)**	(4.1)
Cash used in investing activities	**(8.7)**	(9.0)	**(79.8)**	(49.9)
Effect of exchange rates on cash and cash equivalents	**(13.1)**	4.5	**2.8**	7.9
Increase (decrease) in cash and cash equivalents	**49.0**	25.8	**90.0**	(62.8)
Cash and cash equivalents, beginning of the period	**94.4**	27.6	**53.4**	116.2
Cash and cash equivalents, end of the year	**$ 143.4**	$ 53.4	**$ 143.4**	$ 53.4
Supplemental cash flow information:				
Income taxes paid	**$ 2.6**	$ 9.8	**$ 35.3**	$ 37.6
Interest paid (net)	**$ 11.3**	$ 10.5	**$ 38.5**	$ 36.8

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Equity Component of Convertible Debentures	Total
Balance, January 1, 2015	$ 531.2	$ 344.0	$ 14.1	$ 47.1	$ 28.6	$ 965.0
Payment of dividends	-	(93.8)	-	-	-	(93.8)
Net loss for the year	-	(87.6)	-	-	-	(87.6)
Other comprehensive income for the year	-	-	-	83.7	-	83.7
Recognition of share-based compensation	-	-	1.2	-	-	1.2
Share options exercised	0.5	-	(0.1)	-	-	0.4
Redemption of debentures	-	28.6	-	-	(28.6)	-
Transfer of net actuarial gains on defined benefit plans	-	0.9	-	(0.9)	-	-
Balance, December 31, 2015	**$ 531.7**	**$ 192.1**	**$ 15.2**	**$ 129.9**	**$ -**	**$ 868.9**

(in millions of Canadian dollars)	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 share-based compensation	-	-	1.6	-	-	-	1.6
Share 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

RUSSEL METALS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2015

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Russel Metals Inc. and its subsidiaries provides information to assist readers of our audited Consolidated Financial Statements for the year ended December 31, 2015, including the notes thereto and should be read in conjunction with these financial statements. All dollar references in our financial statements and in this report are in Canadian dollars unless otherwise stated.

Additional information related to Russel Metals Inc., including our Annual Information Form, may be obtained from SEDAR at www.sedar.com or on our website at www.russelmetals.com.

Unless otherwise stated, the discussion and analysis contained in this MD&A are as of February 16, 2016.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements or information within the meaning of applicable securities laws, including statements as to our future capital expenditures, our outlook, the availability of future financing and our ability to pay dividends. Forward-looking statements relate to 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 volatility in metal prices; volatility in oil and natural gas prices; cyclicality of the metals industry and the industries that purchase our products; decreased capital and other expenditures in the energy industry; product claims from customers; significant competition that could reduce our market share; the interruption in sources of metals supply; manufacturers selling directly to our customer base; material substitution; credit risk of our customers; lack of credit availability; change in our credit ratings; currency exchange risk; restrictive debt covenants; non-cash asset impairments; the loss of key individuals; decentralized operating structure; the integration of future acquisitions; the failure of our key computer-based systems, including our enterprise resource and planning systems; failure to renegotiate any of our collective agreements and work stoppages; litigious business environment; environmental liabilities; environmental concerns or changes in government regulations; proposed legislative changes on carbon emissions; changes in government regulations relating to workplace safety and worker health; fluctuation of our common share price; dilution; and variability of dividends.

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 MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A 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" later in this MD&A, and under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form and are otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

This MD&A includes a number of measures that are not prescribed by Canadian generally accepted accounting principles ("GAAP") and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and other interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. The measures we use are specifically defined where they are first used in this report.

While we believe that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

OVERVIEW

We are one of the largest metals distribution companies in North America. We conduct business primarily in three metals distribution segments: metals service centers, energy products, and steel distributors.

Our net loss for 2015 was $88 million compared to earnings of $124 million in 2014. Loss per share was $1.42 for 2015 compared to earnings per share of $2.01 for 2014.

Our 2015 earnings were negatively impacted by certain items that were non-recurring in nature. These items were a direct result of the economic slowdown in energy due to the continued weakness in the price of oil and natural gas and the significant decline in metal prices particularly in the 2015 fourth quarter. The following table highlights our operating results by removing these onetime charges:

Earnings (loss) per share	**2015**	2014
Net earnings (loss) per share	**$ (1.42)**	$ 2.01
Inventory write-downs	**0.68**	0.16
Asset impairments	**1.87**	0.12
Change in fair value of contingent consideration	**(0.43)**	0.07
Product warranty claim	**0.23**	-
Debt redemption costs	**0.06**	-
Adjusted earnings per share	**$ 0.99**	$ 2.36

Inventory write-downs were primarily recorded in our energy products and steel distributor segments. In the 2015 fourth quarter, the price of steel decreased significantly. The impact of this decrease was muted in our Canadian operations due to the Canadian dollar weakness against the U.S. dollar. Consequently the inventory write-downs were primarily in our U.S. energy products and U.S. steel distributors operations.

A summary of inventory write-downs by segment is as follows:

Segment (millions)	**2015**	2014
Metals service centers	**$ 2.0**	$ 0.9
Energy products	**37.3**	13.5
Steel distributors	**22.0**	0.2
	$ 61.3	$ 14.6

GAAP requires that goodwill and intangibles with an indefinite useful life be tested for impairment at least annually or more frequently if changes in circumstances indicate a potential impairment. We have goodwill and intangibles related to acquisitions in the metals service centers and energy products segments. The impairment test in the fourth quarter of 2015 determined that goodwill and intangibles in certain of our operations were impaired. The determination of fair values used to perform an impairment test requires significant judgment to determine the estimates and assumptions used to forecast future cash flows. Due to the inherent uncertainty in this process, actual results could materially differ from these estimates.

A summary of asset impairments by segment is as follows:

Asset Classification *(millions)*	Metals Service Centers	Energy Products	**Total**
Property, plant and equipment	$ 1.6	$ -	**$ 1.6**
Intangibles	1.8	17.0	**18.8**
Goodwill	13.4	89.7	**103.1**
	$ 16.8	$ 106.7	**$ 123.5**

The contingent consideration liability represents the fair value of the expected future payments under earnouts in the acquisitions of Apex Distribution and Apex Monarch. The expected future operating earnings of these two acquisitions is projected to be significantly below the previous forecast levels due to the continued weakness in activity of their customer base caused by depressed oil and natural gas prices. The fair value of the expected payments for the remaining years of the earnout period as at December 31, 2015 was $0.1 million resulting in $27 million recorded in income for the year.

The Company and the manufacturer of certain energy products have received a customer claim of approximately $90 million relating to product that was distributed by us from 2010 to 2012. The customer alleges that the product was defective and that the manufacturer did not meet the specifications for the goods. Although primary responsibility for the allegedly defective product lies with the manufacturer, we have been included in the claim. No proceedings have yet been commenced and we are in discussions to settle this claim. We have estimated the potential liability to be $20 million. If the settlement discussions among the parties are not successful we will vigorously defend against this claim and assert our rights against the manufacturer.

SUMMARIZED FINANCIAL INFORMATION

The table discloses selected information related to revenues, earnings and common share information over the last three years.

2015

(in millions, except per share data and volumes)	Quarters Ended Mar. 31	June 30	Sept. 30	Dec. 31	**Year Ended Dec. 31**
Revenues	$ 903.9	$ 761.3	$ 773.4	$ 673.0	**3,111.6**
Earnings from operations	36.6	31.1	19.0	(29.3)	**57.4**
Net earnings (loss)	18.5	16.4	12.8	(135.3)	**(87.6)**
Basic earnings (loss) per common share	$ 0.30	$ 0.27	$ 0.21	$ (2.19)	**$ (1.42)**
Diluted earnings (loss) per common share	$ 0.30	$ 0.27	$ 0.21	$ (2.19)	**$ (1.42)**
Total assets	$ 1,981.8	$ 1,901.2	$ 1,877.3	$ 1,607.0	**$ 1,607.0**
Non-current financial liabilities	$ 480.8	$ 483.1	$ 315.2	$ 295.2	**$ 295.2**
Dividends paid	$ 0.38	$ 0.38	$ 0.38	$ 0.38	**$ 1.52**
Market price of common shares					
High	$ 26.34	$ 27.81	$ 23.14	$ 24.05	**$ 27.81**
Low	$ 22.39	$ 22.35	$ 18.23	$ 14.36	**$ 14.36**
Shares outstanding end of quarter	61,701,628	61,701,628	61,701,628	61,702,560	**61,702,560**
Average shares outstanding	61,678,145	61,701,628	61,701,628	61,702,226	**61,696,592**
Number of common shares traded	17,543,301	15,792,944	15,319,931	18,350,285	**67,006,461**

2014

(in millions, except per share data and volumes)	Quarters Ended Mar. 31	June 30	Sept. 30	Dec. 31	Year Ended Dec. 31
Revenues	$ 924.0	$ 893.3	$ 1,038.8	$ 1,013.2	$ 3,869.3
Earnings from operations	53.5	56.4	63.4	53.6	226.9
Net earnings	29.0	30.5	33.0	31.1	123.6
Basic earnings per common share	$ 0.47	$ 0.50	$ 0.54	$ 0.50	$ 2.01
Diluted earnings per common share	$ 0.46	$ 0.48	$ 0.52	$ 0.49	$ 1.95
Total assets	$ 1,883.9	$ 1,900.1	$ 2,019.8	$ 2,042.8	$ 2,042.8
Non-current financial liabilities	$ 489.6	$ 490.0	$ 493.5	$ 487.8	$ 487.8
Dividends paid	$ 0.35	$ 0.35	$ 0.38	$ 0.38	$ 1.46
Market price of common shares					
High	$ 31.50	$ 34.43	$ 37.63	$ 35.11	$ 37.63
Low	$ 27.78	$ 29.90	$ 33.50	$ 25.07	$ 25.07
Shares outstanding end of quarter	61,026,590	61,414,260	61,632,896	61,674,228	61,674,228
Average shares outstanding	60,966,768	61,159,759	61,497,827	61,653,232	61,321,767
Number of common shares traded	9,008,334	9,379,761	10,266,671	18,618,067	47,272,833

2013

(in millions, except per share data and volumes)	Quarters Ended Mar. 31	June 30	Sept. 30	Dec. 31	Year Ended Dec. 31
Revenues	$ 821.8	$ 758.1	$ 796.8	$ 811.1	$ 3,187.8
Earnings from operations	41.5	40.2	36.5	33.0	151.2
Net earnings	21.7	19.9	18.9	22.8	83.3
Basic earnings per common share	$ 0.36	$ 0.33	$ 0.31	$ 0.37	$ 1.37
Diluted earnings per common share	$ 0.36	$ 0.33	$ 0.31	$ 0.37	$ 1.37
Total assets	$ 1,844.5	$ 1,809.1	$ 1,792.2	$ 1,817.8	$ 1,817.8
Non-current financial liabilities	$ 486.1	$ 488.0	$ 490.3	$ 497.5	$ 497.5
Dividends paid	$ 0.35	$ 0.35	$ 0.35	$ 0.35	$ 1.40
Market price of common shares					
High	$ 29.59	$ 29.47	$ 28.25	$ 31.62	$ 31.62
Low	$ 27.86	$ 23.23	$ 23.91	$ 25.81	$ 23.23
Shares outstanding end of quarter	60,818,240	60,866,902	60,890,252	60,946,393	60,946,393
Average shares outstanding	60,490,430	60,844,045	60,872,628	60,909,358	60,780,520
Number of common shares traded	9,940,048	12,806,749	7,978,646	9,523,684	40,249,127

RESULTS OF OPERATIONS

The following table provides operating profits before interest, other finance expense or income, asset impairments, product warranty claims and income taxes. The corporate expenses included are not allocated to specific operating segments. Gross margins (revenue minus cost of sales) as a percentage of revenues for the operating segments are also shown below. The table shows the segments as they are reported to management and are consistent with the segment reporting in our consolidated financial statements.

(in millions, except percentages)	**2015**	2014	2015 change as a % of 2014
Segment Revenues			
Metals service centers	**$ 1,481.1**	$ 1,630.4	**(9%)**
Energy products	**1,227.1**	1,792.1	**(32%)**
Steel distributors	**398.4**	441.0	**(10%)**
Other	**5.0**	5.8	
	$ 3,111.6	$ 3,869.3	**(20%)**
Segment Operating Profits Excluding Inventory Write-downs			
Metals service centers	**$ 43.9**	$ 83.0	**(47%)**
Energy products	**70.3**	137.5	**(49%)**
Steel distributors	**18.4**	38.4	**(52%)**
Corporate expenses	**(12.5)**	(18.2)	**31%**
Other	**(1.4)**	0.8	
Operating profits	**$ 118.7**	$ 241.5	**(51%)**
Inventory Write-down, net			
Metals service centers	**$ 2.0**	$ 0.9	
Energy products	**37.3**	13.5	
Steel distributors	**22.0**	0.2	
	$ 61.3	$ 14.6	
Segment Operating Profits			
Metals service centers	**$ 41.9**	$ 82.1	**(49%)**
Energy products	**33.0**	124.0	**(73%)**
Steel distributors	**(3.6)**	38.2	**(109%)**
Corporate expenses	**(12.5)**	(18.2)	**31%**
Other	**(1.4)**	0.8	
Operating profits	**$ 57.4**	$ 226.9	**(75%)**
Segment Gross Margin as a % of Revenues Excluding Inventory Write-downs			
Metals service centers	**19.3%**	20.6%	
Energy products	**17.6%**	17.5%	
Steel distributors	**10.6%**	14.3%	
Total operations	**17.6%**	18.6%	
Segment Operating Profit as a % of Revenues Excluding Inventory Write-downs			
Metals service centers	**3.0%**	5.1%	
Energy products	**5.7%**	7.7%	
Steel distributors	**4.6%**	8.7%	
Total operations	**3.8%**	6.2%	

YEARLY FINANCIAL HIGHLIGHTS

(in millions, except per share amounts)	**2015**	2014	2013
Revenues	**$ 3,112**	$ 3,869	$ 3,188
Operating profits excluding inventory write-downs	**118**	242	151
Operating profits	**57**	227	151
Net earnings (loss)	**(88)**	124	83
Basic earnings (loss) per share	**(1.42)**	2.01	1.37

METALS SERVICE CENTERS

a) Description of operations

We provide processing and distribution services to a broad base of approximately 39,000 end users through a network of 51 Canadian locations and 13 U.S. locations. Our metals service centers carry a broad line of products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. We purchase these products primarily from steel producers in North America and process and package them in accordance with end user specifications. We service all major geographic regions of Canada and the Southeastern and Midwestern regions in the United States. Within Canada, our service centers operate under the names Russel Metals, Métaux Russel, A.J. Forsyth, Acier Leroux, Acier Loubier, Alberta Industrial Metals, B&T Steel, Leroux Steel, Mégantic Métal, Russel Metals Specialty Products, Métaux Russel Produits Spécialisés, McCabe Steel, Siemens Laserworks and York-Ennis. Our U.S. service centers operate under the names Russel Metals Williams Bahcall, JMS Russel Metals, Norton Metals and Baldwin International.

b) Factors affecting results

The following is a general discussion of the significant factors affecting our metals service centers results. More specific information on how these factors impacted 2015 and 2014 is found in the section that follows.

Steel prices fluctuate significantly throughout the steel cycle. Steel prices are influenced by overall international demand, trade sanctions, iron ore prices, scrap steel prices and product availability. Volatile metal prices cause fluctuations in our operating results. Steel prices softened during the second half of 2014 and continued to decline during the first half of 2015. Pricing stabilized during the third quarter of 2015 until the end of September and declined further during the fourth quarter of 2015 as worldwide demand remained soft.

Supply side management, practiced by steel producers in North America, and international supply and demand, which impact steel imports, affects product availability. Trade sanctions are initiated either by steel mills or by government agencies in North America. During the second half of 2015, trade actions were initiated by the U.S. government to reduce imports to North America in response to concerns raised by U.S. mills.

Our operating results are affected by the inherent risk of the cyclicality of the metals industry and the industries that purchase our products. Demand for our product is significantly affected by economic cycles. Revenues and operating profits fluctuate with the level of general business activity in the markets served. We are most impacted by the manufacturing, resource including oil and gas, agricultural and construction segments of the North American economy.

Canadian service centers, which represent the majority of our metals service center operations, have operations in most regions of Canada and are affected by general regional economic conditions. Our large market share and diverse customer base of approximately 20,000 Canadian customers mean that our results tend to mirror the performance of the regional economies of Canada. Our U.S. operations, which have approximately 19,000 customers, are impacted by the local economic conditions in the regions that they serve.

Our Canadian operations can be affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar has a short-term impact on inventory prices.

The decline in the Canadian dollar during 2015 versus 2014 increased revenues and expenses for our U.S. operations translated to Canadian dollars. Operating results of our U.S. operations reported were converted at $1.2788 per US$1 compared to $1.1047 per US$1 for 2014. The exchange rate at December 31, 2015 used to translate the balance sheet was $1.3840 per US$1 versus $1.1601 per US$1 at December 31, 2014.

c) *Metals service centers segment results -- 2015 compared to 2014*

Revenues for 2015 decreased 9% to $1.5 billion compared to 2014 revenues of $1.6 billion. Tons shipped in the metals service centers segment in 2015 were approximately 9% lower than 2014. The decrease in tons shipped was primarily due to lower volumes caused by slow economic activity in Western Canada partially offset by volume increases in our Quebec and Atlantic regions. Our U.S. operations experienced a decline in demand during the second half of 2015 which resulted in a similar decline in tons as our Canadian operations for 2015 compared to 2014. The average selling price of metal for 2015 approximated the average selling price for 2014. Average selling prices declined during 2015 with the fourth quarter average selling price 6% below 2014.

Gross margin as a percentage of revenues was 19.3% which was lower than 2014 gross margins of 20.6%. Gross margin dollars for 2015 were $50 million lower, excluding the inventory write-downs of $2 million, than 2014 due to lower demand and gross margin pressure as a result of declining steel prices in 2015.

Our average revenue per invoice for 2015 was approximately $1,714 compared to $1,788 for 2014, reflecting smaller order size caused by the slowing economy. We handled approximately 3,460 transactions per day in 2015 compared to 3,648 per day in 2014, a decrease of 5% or approximately half of the volume declines due to smaller average order sizes.

Operating expenses for 2015 decreased $11 million or 4%, from 2014, mainly related to the decrease in activity, manpower reductions and lower variable compensation due to weaker results. We have reduced our workforce by approximately 8% and taken onetime charges of $3 million in 2015. Adjusting for the translation of our U.S. operations to Canadian dollars, the decrease was $21 million, or 9% compared to 2014. In addition, operating expense includes a $2 million gain on sale of excess land in Ontario.

Metals service centers operating profits for 2015, prior to inventory write-downs, of $44 million compares to $83 million for 2014 and reflects the lower demand and gross margins.

ENERGY PRODUCTS

a) *Description of operations*

We distribute oil country tubular goods (OCTG), line pipe, tubes, valves and fittings, primarily to the energy industry in Western Canada and the United States. A significant portion of our business units are clustered in Alberta and Saskatchewan, Canada, and in the U.S., in Colorado and Texas. A large portion of our inventories are located in third party yards ready for distribution to customers throughout North America. In addition, we operate from 56 Canadian and 22 U.S. facilities mainly to support our valve and fitting operations. The majority of these facilities are oil field stores which form the Apex Distribution network. We purchase our products from the pipe division of North American steel mills, independent manufacturers of pipe, valves and fittings, international steel mills and other distributors. Our energy products segment operates under the names Apex Distribution, Apex Monarch, Apex Remington, Apex Western Fiberglass, Comco Pipe and Supply Company, Fedmet Tubulars, Triumph Tubular & Supply, Pioneer Pipe and Spartan Energy Tubulars.

b) *Factors affecting results*

The following is a general discussion of the factors affecting our energy products segment operations. More specific information on how these factors impacted 2015 and 2014 is found in the section that follows.

The price of natural gas and oil impacts rig counts and drilling activities, which affects demand for our products. Oil and gas prices started to fall in 2014 and continued to fall throughout 2015 leading to lower rig counts. This severe drop in the price of oil has caused our energy product customers to announce reductions in their capital projects and reduced rig activity. Late in 2015, select oil sands producers announced the deferral of additional phases of new or existing projects. If this becomes wide-spread, it will have a further negative impact on our Alberta energy results beyond 2015.

Prices for pipe products are influenced by overall demand, trade sanctions, product availability and metal prices. Trade sanctions are initiated either by steel mills or by government agencies in North America. Both the Canadian and U.S. governments have imposed duties on certain Chinese pipe, which remain in effect and reduce imports of these products. The U.S. government has initiated reviews in 2014 and 2015 on pipe from a number of other countries and announced some additional duties, which has not reduced the inflow of imported pipe products mainly due to the strong U.S. dollar. Prices of valves and fittings are not as sensitive to steel price fluctuations because they are highly engineered value-added products.

Drilling activity in Western Canada historically peaks during the period from October to March; however, based on the price of oil we believe that the 2016 winter drilling season will be weaker than the 2015 winter drilling season.

The decline in the Canadian dollar throughout 2015 versus 2014 increased revenue and expenses for our U.S. operations translated to Canadian dollars. U.S. operating results were converted at $1.2788 per US$1 compared to $1.1047 per US$1 for 2014. The exchange rate at December 31, 2015 used to translate the balance sheet was $1.3840 per US$1 versus $1.1601 per US$1 at December 31, 2014.

c) Energy products segment results -- 2015 compared to 2014

Revenues in our energy products segment decreased 32% to $1.2 billion for 2015, compared to 2014 due to lower activity at all operations in the segment. Revenues from our Canadian operations servicing oil and gas drilling decreased 40% compared to 2014 due to weak activity. Low activity in combination with excess import pipe product in the market has had a negative impact on pipe prices.

Gross margin as a percentage of revenue excluding inventory write-downs was 17.6% for 2015 compared to 17.5% in 2014. All of our energy products operations experienced pricing pressure due to lower demand and excess inventories in the industry. Gross margin percentage was favourably impacted by product mix from our higher margin valve, fitting and specialty pipe operations versus the distribution of lower margin pipe products. Gross margins were negatively impacted by inventory write-downs, particularly at our Spartan Energy and Pioneer Pipe operations due to excess pipe in the market and lower steel prices.

Operating expenses were $31 million or 17.7% lower for 2015 compared to 2014 due to lower employee costs, freight expense and other activity related costs. During the year we reduced our workforce by approximately 17% and we recorded severance and operation shut down costs of approximately $2 million.

Operating profits, excluding inventory write-downs of $37 million, decreased to $70 million for 2015 compared to $138 million for 2014, mainly related to decreased volumes.

STEEL DISTRIBUTORS

a) Description of operations

Our steel distributors act as master distributors selling steel in large volumes to other steel service centers and equipment manufacturers mainly on an "as is" basis. Our U.S. operation has a cut-to-length facility operating under the name Arrow Steel, located in Houston, Texas where it processes coil for its customers. Our steel distributors source their steel both domestically and off shore.

The main steel products sourced by this segment are structural beam, plate, coils, pipe and tubing; however, product volumes vary based on the economy and trade actions in North America. Our steel distributors operate under the names Wirth Steel and Sunbelt Group. Arrow Steel processes and levels coil products.

b) Factors affecting results

The following is a general discussion of the significant factors affecting our steel distributors. More specific information on how these factors impacted 2015 and 2014 is found in the section that follows.

Steel prices are influenced by overall demand, trade sanctions and product availability both domestically and worldwide. Trade sanctions are initiated either by steel mills or government agencies in North America. Trade actions currently exist on plate and pipe from specified countries. Additional trade actions were initiated by U.S. mills in the second half of 2015. Steel imports are affected both by mill capacity by product line in North America, as well as international supply and demand. In addition, these factors significantly affect product availability in North America.

Demand for steel that is sourced off shore fluctuates significantly and is mainly driven by price and product availability in North America. Our steel distributors have a significant number of customers who buy product from them on a periodic basis which can result in large fluctuations in revenues reported from period to period.

Our Canadian operations source product outside of Canada that is priced in U.S. dollars and may be impacted by movement in the Canadian dollar. The decline in the Canadian dollar during 2015 versus 2014 increased revenues, expenses and losses for our U.S. operations translated to Canadian dollars. Operating results of our U.S. operations reported were converted at $1.2788 per US$1 compared to $1.1047 per US$1 in 2014. The exchange rate at December 31, 2015 used to translate the balance sheet was $1.3840 per US$1 versus $1.1601 per US$1 at December 31, 2014.

c) Steel distributors segment results -- 2015 compared to 2014

Steel distributors revenues decreased 10% to $398 million for 2015 compared to $441 million in 2014 mainly due to a reduction in end-user demand and lower prices caused by excess product in the market place.

Gross margin as a percentage of revenues, excluding inventory write-downs of $22 million primarily at our U.S. steel distributor operation, was 10.6% for 2015 compared to 14.3% for 2014. During the fourth quarter of 2015, steel prices declined below our cost and losses were incurred through inventory write-downs.

Operating expenses were consistent with 2014 as lower activity and variable compensation were offset by higher expense dollars at our U.S. operations translated to Canadian dollars and foreign exchange losses on overseas purchases.

Steel distributors operating income, excluding inventory write-downs, was $18 million compared to an operating profit of $38 million in 2014 as a result of lower volumes and gross margins.

CORPORATE EXPENSES -- 2015 COMPARED TO 2014

Corporate expenses were $13 million in 2015 compared to $18 million in 2014. Lower performance-based and share-based compensation as a result of lower profitability and share price reduced corporate expenses in 2015.

CONSOLIDATED RESULTS -- 2015 COMPARED TO 2014

Operating profits were $119 million in 2015, excluding inventory write-downs of $61 million in 2015, 51% lower than operating profits of $242 million in 2014 as a result of the decline in both oil and steel prices impacting demand and gross margins.

ASSET IMPAIRMENT

During 2015, we recorded asset impairment charges of $2 million for fixed assets, $19 million for intangibles and $103 million for goodwill.

In our metals service center segment we recorded asset impairment charges of $2 million for fixed assets, $2 million for intangibles and $13 million for goodwill. We recorded an impairment of $11 million related to our Manitoba/Saskatchewan region caused by the decline in demand from the agriculture and resource sector. The impairment related to assets acquired in the Siemens Laserworks acquisition. In addition, we recorded an impairment of $6 million of goodwill in the Quebec region related to the Acier Leroux acquisition. Demand has improved in this region, however, the significant drop in steel prices and our cash flow projections resulted in an impairment.

The drop in the price of oil throughout 2015 and continuing in early 2016 has resulted in a lower level of activity at both Apex Distribution and Apex Monarch which were acquired in 2012 and 2013, respectively. The customer base of these two operations continued to reduce rig activity and capital spending throughout 2015. Both of these operations remain profitable; however, our forecasts for expected future cash flows resulted in the write-down of $90 million of goodwill and $17 million of intangible assets related to these energy product segment acquisitions.

During 2014 we recorded a $10 million asset impairment charge related to our bulk handling terminal in Thunder Bay, Ontario due to higher than expected maintenance costs.

PRODUCT WARRANTY CLAIM

The Company and the manufacturer of certain energy products have received a customer claim of approximately $90 million relating to product that was distributed by us from 2010 to 2012. The customer alleges that the product was defective and that the manufacturer did not meet the specifications for the goods. Although primary responsibility for the allegedly defective product lies with the manufacturer, we have been included in the claim. No proceedings have yet been commenced and we are in discussions to settle this claim. We have estimated the potential liability to be $20 million. If the settlement discussions among the parties are not successful we will vigorously defend against this claim and assert our rights against the manufacturer.

INTEREST EXPENSE AND INCOME

Net interest expense was $41 million for 2015 compared to $37 million for 2014. Interest expense for 2015 included a charge of $5 million for the remaining accretion on the redemption of our convertible debentures on November 4, 2015. We expect interest savings due to the redemption of the higher cost Convertible Debentures and lower debt outstanding.

OTHER FINANCE EXPENSE AND INCOME

Other finance income was $27 million for 2015 compared to a finance expense of $4 million for 2014. Other finance expense or income relates to the change in fair value of the contingent consideration associated with the Apex Distribution and Apex Monarch acquisitions. The expected future earnings of these two acquisitions is expected to be lower than the threshold required for the payment of contingent consideration in 2016, 2017 and 2018, reducing the future obligation relating to those years to zero.

INCOME TAXES

We recorded a recovery of income taxes of $12 million in 2015 compared to a tax provision of $52 million for 2014. Our effective income tax rate for 2015 was 12.4% compared to 29.8% for 2014. The effective tax rate for 2015 was impacted by non-taxable items such as goodwill impairment, contingent consideration and capital gains on the sale of land.

NET EARNINGS (LOSS)

Net loss for 2015 was $88 million compared to net earnings of $124 million in 2014. Basic loss per share for 2015 was $1.42 per share compared to basic earnings of $2.01 per share in 2014.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for 2015 was 61,696,592 compared to 61,321,767 for 2014. The weighted average number of common shares outstanding increased as a result of the exercise of options. Common shares outstanding at December 31, 2015 and February 16, 2016 were 61,702,560.

We paid common share dividends of $94 million or $1.52 per share in 2015 compared to $90 million or $1.46 per share in 2014.

We have $300 million 6.0% Senior Notes due April 19, 2022. The indenture for our Senior Notes has restrictions related to the payment of quarterly dividends in excess of $0.35 per share. We currently have a basket of approximately $202 million available for restricted payments, which is adjusted for 50% of our net earnings or losses on a quarterly basis. This basket is available for increased dividend payments.

Under our syndicated bank facility, the payment of dividends is subject to excess borrowing base availability of not less than four times the declared dividend. We do not believe this requirement will restrict our ability to pay dividends as our borrowing base, which is based on percentages of accounts receivable and inventories, has traditionally been in excess of our borrowings plus four times the current dividend. In addition, we believe we would be able to finance our short-term cash requirements with alternate financing structures and pay the dividend.

EBITDA

The following table shows the reconciliation of net earnings to adjusted EBITDA:

(millions)		**2015**		2014
Net earnings (loss)	**$**	**(87.6)**	$	123.6
Provision for (recovery of) income taxes		**(12.4)**		52.4
Interest and finance expense, net		**13.9**		41.0
Inventory write-downs		**61.3**		14.6
Asset impairment charges and product warranty claim		**143.5**		9.9
Adjusted earnings before interest, finance and income taxes (adjusted EBIT)		**118.7**		241.5
Depreciation and amortization		**35.1**		34.8
Adjusted earnings before interest, finance, income taxes, depreciation and amortization (adjusted EBITDA)	**$**	**153.8**	$	276.3

We believe that adjusted EBITDA, a non-GAAP measure, may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. The items excluded in determining adjusted EBITDA are significant in assessing our operating results and liquidity. Adjusted EBITDA excludes inventory write-downs, asset impairment charges and the product warranty claim. Adjusted EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with GAAP.

CAPITAL EXPENDITURES

Capital expenditures were $38 million in 2015 compared to $48 million in 2014. Depreciation expense was $28 million in 2015 and 2014. During 2015 and 2014, capital expenditures exceeded depreciation due to the purchase of additional processing equipment and the relocation and expansion of service center locations. We believe that we need to continue to add processing equipment; however, expenditures are expected to decline due to economic conditions in the near term.

LIQUIDITY

At December 31, 2015, we had net cash, defined as cash less bank indebtedness, of $49 million compared to $29 million at December 31, 2014. Significant reductions in working capital allowed us to redeem $174 million in convertible debentures and still increase net cash position.

We generated cash of $35 million from operations during 2015 and generated cash of $251 million from working capital reductions, excluding non-cash inventory reductions of $60 million. We utilized cash of $38 million for capital expenditures and $94 million for dividends to shareholders.

Due to our cyclical business, we experience significant swings in working capital which impact cash flow. Decreased revenues in 2015 resulted in reduced working capital requirements. Inventory and accounts receivable represent a large percentage of our total assets employed and vary throughout each cycle. Accounts receivable and inventory comprise our largest liquidity risks. Our customers are impacted by the current economic climate and our strong collections experience might be impacted by increased bad debt expense.

Total assets were $1.6 billion at December 31, 2015 compared to $2.0 billion at December 31, 2014. At December 31, 2015 current assets excluding cash represented 74% of our total assets excluding cash versus 77% at December 31, 2014.

Decreases in inventory generated cash of $215 million in 2015 after excluding the effects of foreign exchange and non-cash inventory write-downs. Inventories were reduced in all segments during 2015. Inventories represented 44% of our total assets at December 31, 2015 and compared to 46% at December 31, 2014.

Inventory by Segment (millions)	**Dec. 31 2015**	Sept. 30 2015	June 30 2015	Mar. 31 2015	Dec. 31 2014
Metals service centers	**$ 225**	$ 253	$ 284	$ 322	$ 329
Energy products	**398**	442	470	445	437
Steel distributors	**89**	134	170	200	165
Total	**$ 712**	$ 829	$ 924	$ 967	$ 931

Inventory Turns (quarters ended)	**Dec. 31 2015**	Sept. 30 2015	June 30 2015	Mar. 31 2015	Dec. 31 2014
Metals service centers	**4.7**	4.7	4.4	4.0	4.0
Energy products	**2.6**	2.3	1.9	2.9	3.7
Steel distributors	**3.8**	2.9	2.2	2.1	2.6
Total	**3.4**	3.1	2.7	3.1	3.6

At December 31, 2015, our metals service centers had lower inventory tons as local metals service center management actively reduced their inventory exposure due to reduced demand, resulting in improved turns.

Our energy products operations reduced inventories by $35 million, excluding inventory write-downs, from the peak in June 2015 and recorded inventory provisions of $37 million.

Our steel distributors segment inventory levels peaked in the first half of 2015. Reduced demand for imports and the current pricing environment has led to lower inventories as purchases were reduced. Inventory was written down by $22 million in the second half of 2015 related to steel price declines.

Accounts receivable generated cash of $258 million in 2015. Accounts receivable represented 21% of our total assets excluding cash at December 31, 2015 compared to 28% at December 31, 2014.

During 2015, we made income tax payments of $35 million compared to $38 million for 2014. At December 31, 2015, we had a current income tax receivable due to installment overpayments and income taxes on losses which will be recovered on filing of tax returns.

The balances disclosed in our consolidated cash flow statements are adjusted to remove the non-cash component related to foreign exchange rate fluctuations impacting inventory, accounts receivable, accounts payable and income tax balances of our U.S. operations.

FREE CASH FLOW

(millions)	**2015**	2014
Cash from operating activities before non-cash working capital	**$ 35.1**	$ 173.0
Purchase of property, plant and equipment	**(38.3)**	(48.2)
	$ (3.2)	$ 124.8

We believe that free cash flow may be useful in assessing our ability to pay dividends, reduce outstanding debt and fund working capital growth. Free cash flow is a non-GAAP measure regularly used by investors and analysts to evaluate companies.

DEBT

As at December 31 (millions)	**2015**	2014
Long-term debt		
6.0% $300 million Senior Notes due April 19, 2022	**$ 295**	$ 295
7.75% $174 million Convertible Debentures	**-**	165
Finance leases obligations, maturing 2016 to 2017	**1**	1
	296	461
Current portion	**(1)**	(1)
	$ 295	$ 460

On November 4, 2015, we redeemed our Convertible Debentures at par of $174 million plus accrued interest.

CASH AND BANK CREDIT FACILITIES

As at December 31, 2015 (millions)	Russel Metals Facility	U.S. Subsidiary Facility	Total
Bank loans	$ (94)	$ -	$ (94)
Cash net of outstanding cheques	143	-	143
Net cash	49	-	49
Letters of credit	(29)	-	(29)
	$ 20	$ -	$ 20
Facilities			
Borrowings and letters of credit	$ 350	$ 55	$ 405
Letters of credit	50	-	50
Facilities availability	$ 400	$ 55	$ 455
Available line based on borrowing base	$ 400	$ 55	$ 455

We have a credit facility with a syndicate of Canadian and U.S. banks which was amended and increased to $400 million in the third quarter of 2015. The amendment increased the size of the facility by $75 million and reduced certain fees including borrowing costs. The amended facility, which expires on September 21, 2019, consists of availability of $350 million under Tranche I to be utilized for borrowings and letters of credit, and $50 million under Tranche II to be utilized only for letters of credit. Letters of credit are issued under Tranche II first and additional needs are issued under Tranche I. The borrowings and letters of credit are available on a revolving basis, up to an amount equal to the sum of specified percentages of our eligible accounts receivable and inventories, to a maximum of $400 million.

As of December 31, 2015, we were entitled to borrow and issue letters of credit totaling $400 million under this facility. At December 31, 2015, we had $94 million in borrowings and $29 million of letters of credit outstanding. At December 31, 2014 we had $32 million in borrowings and letters of credit of $43 million.

One of our U.S. subsidiaries has their own bank facility primarily for letters of credit. The maximum borrowings under this facility, including letters of credit, are US$40 million. At December 31, 2015, our U.S. subsidiary had no borrowings or letters of credit under this facility. At December 31, 2014, this subsidiary had no borrowings and had letters of credit of US$23 million.

At December 31, 2015, we were in compliance with all of our financial covenants.

With our cash, cash equivalents and our bank facilities we have access to approximately $454 million of cash based on our December 31, 2015 balances. The use of our bank facilities has been predominantly to fund working capital requirements, acquisitions and trade letters of credit for inventory purchases. These lines may be used to support increased working capital needs when volumes and steel prices increase.

CONTRACTUAL OBLIGATIONS

As at December 31, 2015, we were contractually obligated to make payments as per the following table:

	Payments due in				
Contractual Obligations (millions)	2016	2017 and 2018	2019 and 2020	2021 and thereafter	Total
Accounts payable	$ 303	$ -	$ -	$ -	$ 303
Debt	-	-	-	300	300
Long-term debt interest	18	36	36	28	118
Operating leases	24	35	18	26	103
Total	$ 345	$ 71	$ 54	$ 354	$ 824

As part of the purchase consideration for Apex Distribution and Apex Monarch we agreed to pay additional cash consideration during the five years ending 2017 and 2018, respectively, based on earnings before interest and taxes and return on net assets. During the first quarter of 2015 and 2014, we paid $18 million and $4 million respectively in satisfaction of these obligations. The obligation was decreased by $27 million in 2015 related to the change in fair value due to the current price of oil and expected future activity levels in the areas served by these operations. A payment of $0.1 million is estimated, related to 2015. We do not expect a payment for years beyond 2015. Improvements in the markets served may result in future contingent consideration payments in excess of our current obligation.

We have obligations related to multiple defined benefit pension plans in Canada, as disclosed in Note 15 of our 2015 consolidated financial statements. During 2015, we contributed $7 million to these plans. We expect to contribute approximately $7 million to these plans during 2016. The defined benefit obligations reported in the consolidated financial statements use different assumptions than the going concern actuarial valuations prepared for funding. In addition, the actuarial valuations provide a solvency valuation, which is a valuation assuming the plan is wound up at the valuation date. Our reported funding obligations would increase by $6 million on a solvency basis and thus additional funding could be required based on solvency if the plans were wound up. We estimate the impact of a 0.25% change in the discount rate on the solvency obligation would be approximately $5 million.

We have disclosed our obligations related to environmental litigation, regulatory actions and remediation in our Annual Information Form under the heading "Environmental Regulation". These obligations relate to previously divested or discontinued operations and do not relate to the metals distribution business.

OFF-BALANCE SHEET ARRANGEMENTS

Our off-balance sheet arrangements consist of the letters of credit disclosed in the bank credit facilities table and operating lease obligations disclosed in the contractual obligations table.

ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to make estimates and judgements that affect the reported amounts. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventory net realizable value and obsolescence, useful lives of fixed assets, asset impairment, fair values, income taxes, pensions and benefits obligations, guarantees, decommissioning liabilities, contingencies, contingent consideration, litigation and assigned values on net assets acquired. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Our most significant assets are accounts receivable and inventories.

Accounts Receivable

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of our customers to make required payments. Assessments are based on aging of receivables, legal issues (bankruptcy status), past collection experience, current financials, credit agency reports and the experience of our credit personnel. Accounts receivable which we determine to be uncollectible are reserved in the period in which the determination is made. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Our reserve for bad debts at December 31, 2015 of approximately $6 million is approximately $2 million higher than our reserve at December 31, 2014.

Inventories

We review our inventories to ensure that the cost of inventories is not in excess of its estimated net realizable value and for obsolete and slow moving product. Inventory reserves or write-downs are recorded when cost exceeds the estimated selling price less cost to sell and when product is determined to be slow moving or obsolete. The inventory reserve of approximately $68 million at December 31, 2015 was approximately $48 million higher than the level at December 31, 2014.

Other areas involving significant estimates and judgements include:

Goodwill Impairment
The determination of whether goodwill and intangibles are impaired requires the estimation of future cash flows and an appropriate discount rate to determine value in use. An impairment occurs when the book value of the assets associated with a particular cash generating unit is greater than the value in use. The assessment of future cash flows and a discount rate requires significant judgment.

Income Taxes
We believe that we have adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases requires significant judgement in interpreting tax rules and regulations, which are constantly changing. Our tax filings are also subject to audits, which could materially change the amount of current and future income tax assets and liabilities. Any change would be recorded as a charge or reduction in income tax expense.

Business Combinations
For each acquisition we review the fair value of assets acquired. Where we deem it appropriate, we hire outside business valuators to assist in the assessment of the fair value of property, plant, equipment, intangibles and contingent consideration of acquired businesses. The assessment of fair values for contingent consideration is completed quarterly and requires significant judgement.

Contingent Liabilities
Provisions for claims and potential claims are determined on a case by case basis. We recognize contingent loss provisions when it is determined that a loss is probable and when we are able to reasonably estimate the loss. This determination takes significant judgement and actual cash outflows might be materially different from estimates. In addition, we may receive claims in the future that could have a material impact on our financial results.

The Company and certain of its subsidiaries have been named defendants in a number of legal actions. Although the outcome of these legal actions cannot be determined, management intends to defend all such legal actions and has recorded provisions, as required, based on its best estimate of the potential losses. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on our financial position, cash flows or operations.

The Company and the manufacturer of certain energy products have received a customer claim of approximately $90 million relating to product that was distributed by us from 2010 to 2012. The customer alleges that the product was defective and that the manufacturer did not meet the specifications for the goods. Although primary responsibility for the allegedly defective product lies with the manufacturer, we have been included in the claim. No proceedings have yet been commenced and we are in discussions to settle this claim. We have estimated the potential liability to be $20 million. If the settlement discussions among the parties are not successful we will vigorously defend against this claim and assert our rights against the manufacturer.

Employee Benefit Plans
At least every three years, our actuaries perform a valuation, for each defined benefit plan to determine the actuarial present value of the benefits. The valuation uses management's assumptions for the interest rate, rate of compensation increase, rate of increase in government benefits and expected average remaining years of service of employees. While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect employee benefit obligations and future net benefit plan cost. We account for differences between actual and assumed results by recognizing differences in benefit obligations and plan performance immediately in other comprehensive income.

We had approximately $110 million in plan assets at December 31, 2015, which is $5 million higher than December 31, 2014. The discount rate used on the employee benefit plan obligation for December 31, 2015 was 4%, consistent with the discount rate at December 31, 2014.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The purpose of internal controls over financial reporting as defined by the Canadian Securities Administrators is to provide reasonable assurance that:

(i) financial statements prepared for external purposes are in accordance with the Company's generally accepted accounting principles,
(ii) transactions are recorded as necessary to permit the preparation of financial statements, and records are maintained in reasonable detail,
(iii) receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors, and
(iv) unauthorized acquisitions, uses or dispositions of the Company's assets that could have a material effect on the financial statements will be prevented or detected in order to prevent material error in financial statements.

The Chief Executive Officer and the Executive Vice President and Chief Financial Officer have caused management and other employees to design and document our disclosure controls and procedures and our internal controls over financial reporting. An evaluation of the design and operating effectiveness of the disclosure controls and internal controls over financial reporting was conducted as at December 31, 2015. The design and evaluation of internal controls was completed using the framework and criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation, we have concluded that our disclosure controls and procedures and our internal controls over financial reporting were effective to provide reasonable assurance that information related to our consolidated results and decisions to be made on those results were appropriate.

VISION AND STRATEGY

The metals distribution business is a segment of a mature, cyclical industry. We strive to deal with the cyclical nature of the business by operating with the lowest possible net assets throughout the course of a cycle. This intensive asset management reduces borrowings and therefore interest expense in declining periods in the economic cycle. This in turn creates higher, more stable returns on net assets over a cycle. Our conservative management approach creates relatively stronger trough earnings but could cause potential peak earnings to be somewhat muted. Management believes that this strategy will result in higher profits through a cycle and we will have average earnings over the cycle in the top deciles of the industry.

We have significant investments in business units that service the oil and gas industry. We endeavour to manage the inventories and costs in these businesses to enable us to react to the variability of oil and gas prices.

Growth from selective acquisitions is also part of our strategy. We focus on investment opportunities in metals businesses that have strong market niches or provide mass to our existing operations. New acquisitions could be either major stand-alone operations or ones that complement our existing operations. We made small acquisitions in both 2014 and 2015 and we continue to review opportunities for acquisitions.

We believe that the steel-based pricing cycle will continue to be short and volatile, and a management structure and philosophy that allows the fastest reaction to changes that affect the industry will be the most successful. We will continue to invest in our business systems to enable faster reaction times to changing business conditions.

RISK

The timing and extent of future price changes from steel producers and their impact on us cannot be predicted with any certainty due to the inherent cyclical nature of the steel industry, modest capacity utilization rates for North American steel producers and historically high import levels.

A large portion of our revenues are dependent on the oil and gas industry whose activity fluctuates with oil and gas prices. In addition, our acquisitions between 2012 and 2015 increased our exposure to the Western Canadian oil and gas segment. Management believes that the acquisition of the oil field operations of Apex Distribution provides a more stable stream of revenues and earnings for the energy products segment. The price of oil dropped significantly during 2015 and there is no certainty as to when the price of oil and natural gas will increase, driving demand for some of our products.

We have implemented an enterprise risk management program. The enterprise risk management program and a summary of the risks affecting our business is described under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form, which section is incorporated by reference in this "Risk" section of our MD&A.

FOURTH QUARTER RESULTS

The following table provides operating profit before interest, taxes and other income or expense in a format consistent with our annual results.

	Quarters Ended December 31		
(millions, except percentages)	**2015**	2014	2015 change as a % of 2014
Segment Revenues			
Metals service centers	**$ 326.3**	$ 402.6	(19%)
Energy products	**274.1**	484.1	(43%)
Steel distributors	**71.5**	124.9	(43%)
Other	**1.1**	1.6	
	$ 673.0	$ 1,013.2	(34%)
Segment Operating Profits Excluding Inventory Write-downs			
Metals service centers	**$ 4.7**	$ 14.0	(66%)
Energy products	**12.5**	35.7	(65%)
Steel distributors	**1.4**	11.6	(88%)
Corporate expenses	**-**	(2.9)	100%
Other	**(1.1)**	0.1	
Operating profits	**$ 17.5**	$ 58.5	(70%)
Inventory Write-down, net			
Metals service centers	**$ 0.5**	$ 0.6	
Energy products	**27.0**	4.2	
Steel distributors	**19.3**	0.1	
	$ 46.8	$ 4.9	
Segment Gross Margin as a % of Revenues Excluding Inventory Write-downs			
Metals service centers	**19.0%**	19.4%	
Energy products	**16.6%**	17.0%	
Steel distributors	**9.2%**	14.7%	
Total operations	**17.1%**	17.8%	
Segment Operating Profit as a % of Revenues Excluding Inventory Write-downs			
Metals service centers	**1.4%**	3.5%	
Energy products	**4.6%**	7.4%	
Steel distributors	**2.0%**	9.3%	
Total operations	**2.6%**	5.8%	

Revenues in the fourth quarter were down 34% from the same quarter in 2014. Operating income was $17 million before inventory write-downs of $45.8 million for the fourth quarter 2015.

Tons shipped in the fourth quarter of 2015 for metals service centers were approximately 14% lower than the fourth quarter of 2014 and selling prices were 6% lower than the fourth quarter of 2014. Gross margin as a percentage of revenues excluding inventory write-downs declined from 19.4% for the fourth quarter of 2014 to 19.0% for the fourth quarter of 2015 due to lower selling prices.

The operating results of our energy products segment have been adversely affected by the continuing decline in oil prices. This price decline significantly reduced demand for energy products resulting in operating income of $13 million excluding inventory write-downs for the fourth quarter of 2015 compared to $36 million in the same quarter last year.

Steel distributors operating results were adversely affected by price declines and excess inventory in the Houston area resulting in inventory write-downs of $19 million at our U.S. operation. This segment reported operating income of $1 million in the quarter, excluding inventory write-downs.

During the fourth quarter of 2015 we recorded asset impairment charges of $124 million and a charge of $20 million for a product warranty claim that are discussed under the annual results section.

During the fourth quarter of 2015 we recorded finance income of $21 million related to contingent consideration on the Apex Distribution and Apex Monarch acquisitions based on fair value adjustment for future payments due to anticipated reduced earnings caused by declining oil prices.

Loss per share for the fourth quarter of 2015 was $2.19 compared to earnings per share of $0.50 for the fourth quarter of 2014 and $0.21 for the third quarter of 2015.

OUTLOOK

The weakness in commodity prices throughout 2015 was longer and deeper than expected. We believe that we will see a stabilization of steel pricing in the first quarter of 2016 which should lead to improved margins in metals service centers and steel distributors. On the energy products segment side, oil price pressure will continue which in turn will place continued pressure on volumes and margins.

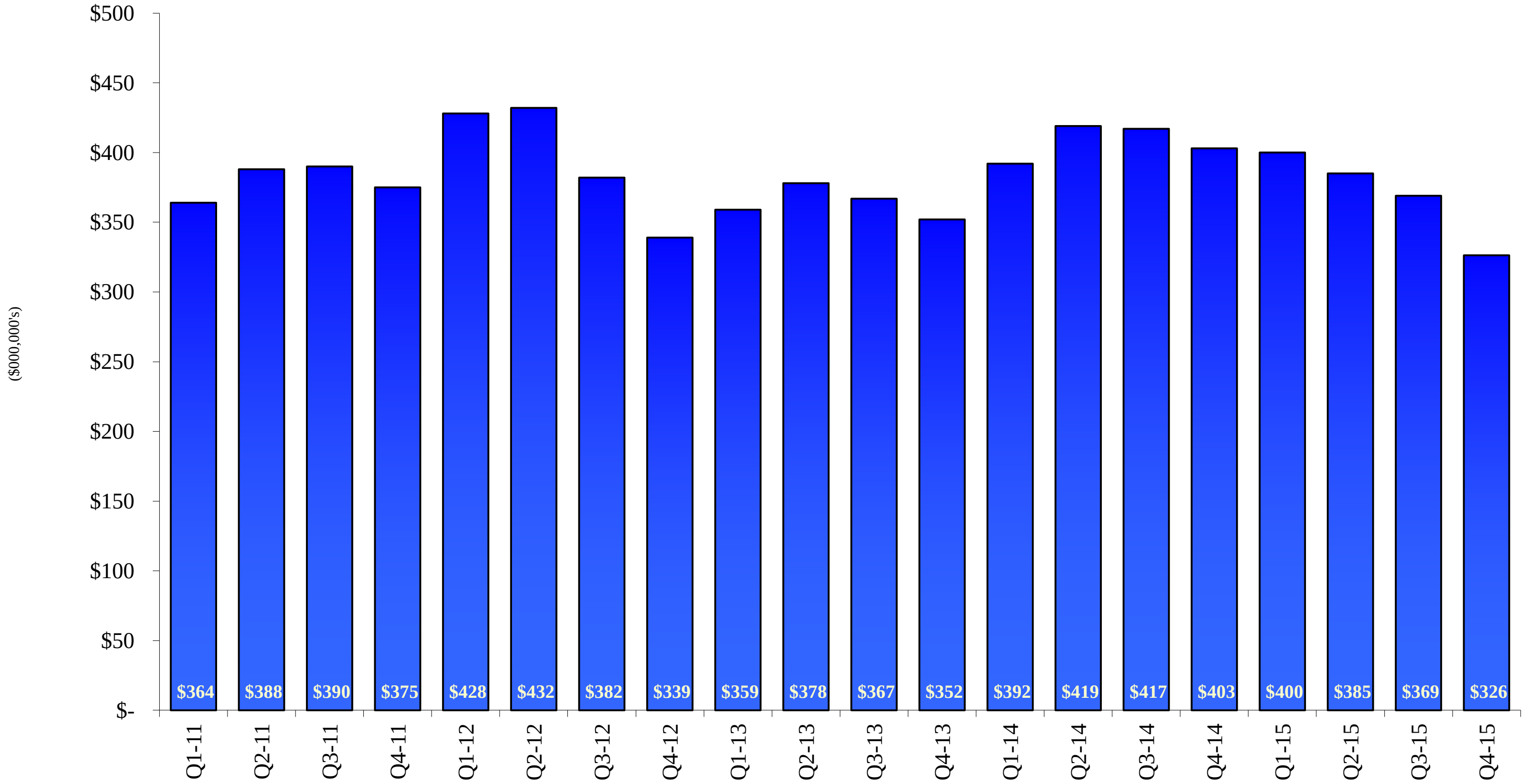
RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS ON AN ADJUSTED BASIS

($ millions)	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
METALS SERVICE CENTERS																				
Revenue	326.3	369.2	385.2	400.4	402.6	416.9	419.4	391.5	351.9	366.9	377.8	359.0	338.5	382.3	432.3	428.0	375.1	390.4	387.9	363.8
Cost of goods sold	264.4	297.4	314.1	320.0	324.6	332.6	331.5	306.5	280.7	290.9	300.9	284.1	270.2	305.3	344.0	337.8	299.8	310.1	296.1	272.8
Operating expenses	57.2	61.6	57.9	64.6	64.0	62.1	62.4	63.6	57.8	56.2	56.4	56.9	51.4	54.5	57.7	58.1	54.0	56.1	58.4	54.7
EBIT	**4.7**	**10.2**	**13.2**	**15.8**	**14.0**	**22.2**	**25.5**	**21.4**	**13.4**	**19.8**	**20.5**	**18.0**	**16.9**	**22.5**	**30.6**	**32.1**	**21.3**	**24.2**	**33.4**	**36.3**
Depreciation & amortization	5.8	6.1	6.0	6.0	6.1	5.8	5.7	5.6	5.6	5.8	5.4	5.7	5.5	5.5	5.3	4.8	4.9	4.8	4.9	5.0
EBITDA	**10.5**	**16.3**	**19.2**	**21.8**	**20.1**	**28.0**	**31.2**	**27.0**	**19.0**	**25.6**	**25.9**	**23.7**	**22.4**	**28.0**	**35.9**	**36.9**	**26.2**	**29.0**	**38.3**	**41.3**
Cost of goods sold	81.0%	80.6%	81.5%	79.9%	80.6%	79.8%	79.0%	78.3%	79.8%	79.3%	79.6%	79.1%	79.8%	79.9%	79.6%	78.9%	79.9%	79.4%	76.3%	75.0%
Operating expenses	17.5%	16.7%	15.0%	16.1%	15.9%	14.9%	14.9%	16.2%	16.4%	15.3%	14.9%	15.8%	15.2%	14.3%	13.3%	13.6%	14.4%	14.4%	15.1%	15.0%
Depreciation & amortization	1.8%	1.7%	1.6%	1.5%	1.5%	1.4%	1.4%	1.4%	1.6%	1.6%	1.4%	1.6%	1.6%	1.4%	1.2%	1.1%	1.3%	1.2%	1.3%	1.4%
EBIT	1.4%	2.8%	3.4%	3.9%	3.5%	5.3%	6.1%	5.5%	3.8%	5.4%	5.4%	5.0%	5.0%	5.9%	7.1%	7.5%	5.7%	6.2%	8.6%	10.0%
EBITDA	3.2%	4.4%	5.0%	5.4%	5.0%	6.7%	7.4%	6.9%	5.4%	7.0%	6.9%	6.6%	6.6%	7.3%	8.3%	8.6%	7.0%	7.4%	9.9%	11.4%
ENERGY PRODUCTS																				
Revenue	274.1	299.6	268.5	384.9	484.1	497.2	365.7	445.1	387.3	353.4	312.9	389.2	344.4	249.3	191.7	274.8	233.5	223.3	145.4	224.0
Cost of goods sold	228.4	246.3	217.0	319.7	402.1	411.9	296.4	367.7	327.1	300.4	263.3	329.5	299.3	216.0	165.0	237.1	200.7	191.4	121.9	190.2
Operating expenses	33.0	36.6	33.3	42.5	46.3	46.4	40.8	43.1	38.7	36.7	32.6	35.2	27.1	17.5	16.2	18.8	15.9	16.8	12.9	16.0
EBIT	**12.7**	**16.7**	**18.2**	**22.7**	**35.7**	**38.9**	**28.5**	**34.3**	**21.5**	**16.3**	**17.0**	**24.5**	**18.0**	**15.8**	**10.5**	**18.9**	**16.9**	**15.1**	**10.6**	**17.8**
Depreciation & amortization	2.5	2.5	2.6	2.5	2.6	2.8	2.6	2.6	2.5	2.4	2.2	2.3	1.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4
EBITDA	**15.2**	**19.2**	**20.8**	**25.2**	**38.3**	**41.7**	**31.1**	**36.9**	**24.0**	**18.7**	**19.2**	**26.8**	**19.5**	**16.3**	**10.9**	**19.3**	**17.3**	**15.5**	**11.0**	**18.2**
Cost of goods sold	83.3%	82.2%	80.8%	83.1%	83.1%	82.8%	81.1%	82.6%	84.5%	85.0%	84.1%	84.7%	86.9%	86.6%	86.1%	86.3%	86.0%	85.7%	83.8%	84.9%
Operating expenses	12.0%	12.2%	12.4%	11.0%	9.6%	9.3%	11.2%	9.7%	10.0%	10.4%	10.4%	9.0%	7.9%	7.0%	8.5%	6.8%	6.8%	7.5%	8.9%	7.1%
Depreciation & amortization	0.9%	0.8%	1.0%	0.6%	0.5%	0.6%	0.7%	0.6%	0.6%	0.7%	0.7%	0.6%	0.4%	0.2%	0.2%	0.1%	0.2%	0.2%	0.3%	0.2%
EBIT	4.6%	5.6%	6.8%	5.9%	7.4%	7.8%	7.8%	7.7%	5.6%	4.6%	5.4%	6.3%	5.2%	6.3%	5.5%	6.9%	7.2%	6.8%	7.3%	7.9%
EBITDA	5.5%	6.4%	7.7%	6.5%	7.9%	8.4%	8.5%	8.3%	6.2%	5.3%	6.1%	6.9%	5.7%	6.5%	5.7%	7.0%	7.4%	6.9%	7.6%	8.1%
STEEL DISTRIBUTORS																				
Revenue	71.5	102.9	105.5	118.5	124.9	122.5	106.3	87.3	70.4	74.1	65.1	73.6	81.3	78.4	92.0	99.4	101.0	89.5	82.6	69.8
Cost of goods sold	65.0	93.9	92.8	104.3	106.5	104.1	91.7	75.8	61.7	65.3	56.5	64.3	70.6	68.2	79.2	84.1	85.2	76.5	67.1	56.2
Operating expenses	5.2	5.0	5.9	7.9	6.8	6.6	6.0	5.2	4.4	3.9	3.6	4.5	4.1	4.3	4.7	5.6	4.7	4.9	5.1	4.8
EBIT	**1.3**	**4.0**	**6.8**	**6.3**	**11.6**	**11.8**	**8.6**	**6.3**	**4.3**	**4.9**	**5.0**	**4.8**	**6.6**	**5.9**	**8.1**	**9.7**	**11.1**	**8.1**	**10.4**	**8.8**
Depreciation & amortization	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1		0.1	-	-	0.1	0.1	0.1	0.1	0.1
EBITDA	**1.5**	**4.2**	**7.0**	**6.4**	**11.8**	**11.9**	**8.7**	**6.4**	**4.4**	**5.0**	**5.1**	**4.8**	**6.7**	**5.9**	**8.1**	**9.8**	**11.2**	**8.2**	**10.5**	**8.9**
Cost of goods sold	90.9%	91.3%	88.0%	88.0%	85.3%	85.0%	86.3%	86.8%	87.6%	88.1%	86.8%	87.4%	86.8%	87.0%	86.1%	84.6%	84.4%	85.5%	81.2%	80.5%
Operating expenses	7.3%	4.9%	5.6%	6.7%	5.4%	5.4%	5.6%	6.0%	6.3%	5.3%	5.5%	6.1%	5.0%	5.5%	5.1%	5.6%	4.7%	5.5%	6.2%	6.9%
Depreciation & amortization	0.3%	0.2%	0.2%	0.1%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%
EBIT	1.8%	3.9%	6.4%	5.3%	9.3%	9.6%	8.1%	7.2%	6.1%	6.6%	7.7%	6.5%	8.1%	7.5%	8.8%	9.8%	11.0%	9.1%	12.6%	12.6%
EBITDA	2.1%	4.1%	6.6%	5.4%	9.4%	9.7%	8.2%	7.3%	6.2%	6.7%	7.8%	6.5%	8.2%	7.5%	8.8%	9.9%	11.1%	9.2%	12.7%	12.8%
TBTL																				
Revenue	1.1	1.7	2.1	0.1	1.7	2.1	1.9	0.1	1.5	2.4	2.3		1.7	2.6	2.7	0.7	2.0	2.2	2.7	0.1
Cost of goods sold	-	0.1	-	-		-	-	(0.1)	(0.1)	0.1	-	-	-	-	-	-	0.1	-	(0.2)	0.1
Operating expenses	2.2	1.2	1.4	1.5	1.6	0.5	1.4	1.7	2.3	1.6	1.8	1.5	2.6	1.7	1.5	1.4	1.5	1.6	1.7	1.7
EBIT	**(1.1)**	**0.4**	**0.7**	**(1.4)**	**0.1**	**1.6**	**0.5**	**(1.5)**	**(0.7)**	**0.7**	**0.5**	**(1.5)**	**(0.9)**	**0.9**	**1.2**	**(0.7)**	**0.4**	**0.6**	**1.2**	**(1.7)**
Depreciation & amortization	-	-	-	-	-	0.1	0.1	0.2	0.1	0.2	0.3	0.2	0.2	0.2	0.3	0.2	0.3	0.2	0.3	0.2
EBITDA	**(1.1)**	**0.4**	**0.7**	**(1.4)**	**0.1**	**1.7**	**0.6**	**(1.3)**	**(0.6)**	**0.9**	**0.8**	**(1.3)**	**(0.7)**	**1.1**	**1.5**	**(0.5)**	**0.7**	**0.8**	**1.5**	**(1.5)**
CORPORATE																				
Expenses	(0.1)	4.0	4.1	4.1	2.8	4.8	5.2	5.1	5.3	5.0	2.6	4.3	4.1	4.7	3.9	6.7	3.3	2.8	3.3	6.7
Depreciation & amortization	0.2	0.1		0.1	-	-	0.1	0.1	0.2	0.2	0.2		0.1	0.1	0.1	0.2	0.1	0.3	0.2	0.3
EBIT	**(0.1)**	**(4.1)**	**(4.1)**	**(4.2)**	**(2.8)**	**(4.8)**	**(5.3)**	**(5.2)**	**(5.5)**	**(5.2)**	**(2.8)**	**(4.3)**	**(4.2)**	**(4.8)**	**(4.0)**	**(6.9)**	**(3.4)**	**(3.1)**	**(3.5)**	**(7.0)**
EBITDA	**0.1**	**(4.0)**	**(4.1)**	**(4.1)**	**(2.8)**	**(4.8)**	**(5.2)**	**(5.1)**	**(5.3)**	**(5.0)**	**(2.6)**	**(4.3)**	**(4.1)**	**(4.7)**	**(3.9)**	**(6.7)**	**(3.3)**	**(2.8)**	**(3.3)**	**(6.7)**
Expenses	0.0%	0.5%	0.5%	0.5%	0.3%	0.5%	0.6%	0.6%	0.7%	0.6%	0.3%	0.5%	0.5%	0.7%	0.5%	0.8%	0.5%	0.4%	0.5%	1.0%
Depreciation & amortization	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%
Operating EBIT	**$ 17.5**	**$ 27.2**	**$ 34.8**	**$ 39.2**	**$ 58.6**	**$ 69.7**	**$ 57.8**	**$ 55.3**	**$ 33.0**	**$ 36.5**	**$ 40.2**	**$ 41.5**	**$ 36.4**	**$ 40.3**	**$ 46.4**	**$ 53.1**	**$ 46.3**	**$ 44.9**	**$ 52.1**	**$ 54.2**
Operating EBITDA	**$ 26.2**	**$ 36.1**	**$ 43.6**	**$ 47.9**	**$ 67.5**	**$ 78.5**	**$ 66.4**	**$ 63.9**	**$ 41.5**	**$ 45.2**	**$ 48.4**	**$ 49.7**	**$ 43.8**	**$ 46.6**	**$ 52.5**	**$ 58.8**	**$ 52.1**	**$ 50.7**	**$ 58.0**	**$ 60.2**
Operating EBIT	2.6%	3.5%	4.6%	4.3%	5.8%	6.7%	6.5%	6.0%	4.1%	4.6%	5.3%	5.0%	4.8%	5.7%	6.5%	6.6%	6.5%	6.4%	8.4%	8.2%
Operating EBITDA	3.9%	4.7%	5.7%	5.3%	6.7%	7.6%	7.4%	6.9%	5.1%	5.7%	6.4%	6.0%	5.7%	6.5%	7.3%	7.3%	7.3%	7.2%	9.4%	9.2%

SUMMARY
RUSSEL METALS INC.
CONSOLIDATED STATEMENTS OF EARNINGS ON AN ADJUSTED BASIS

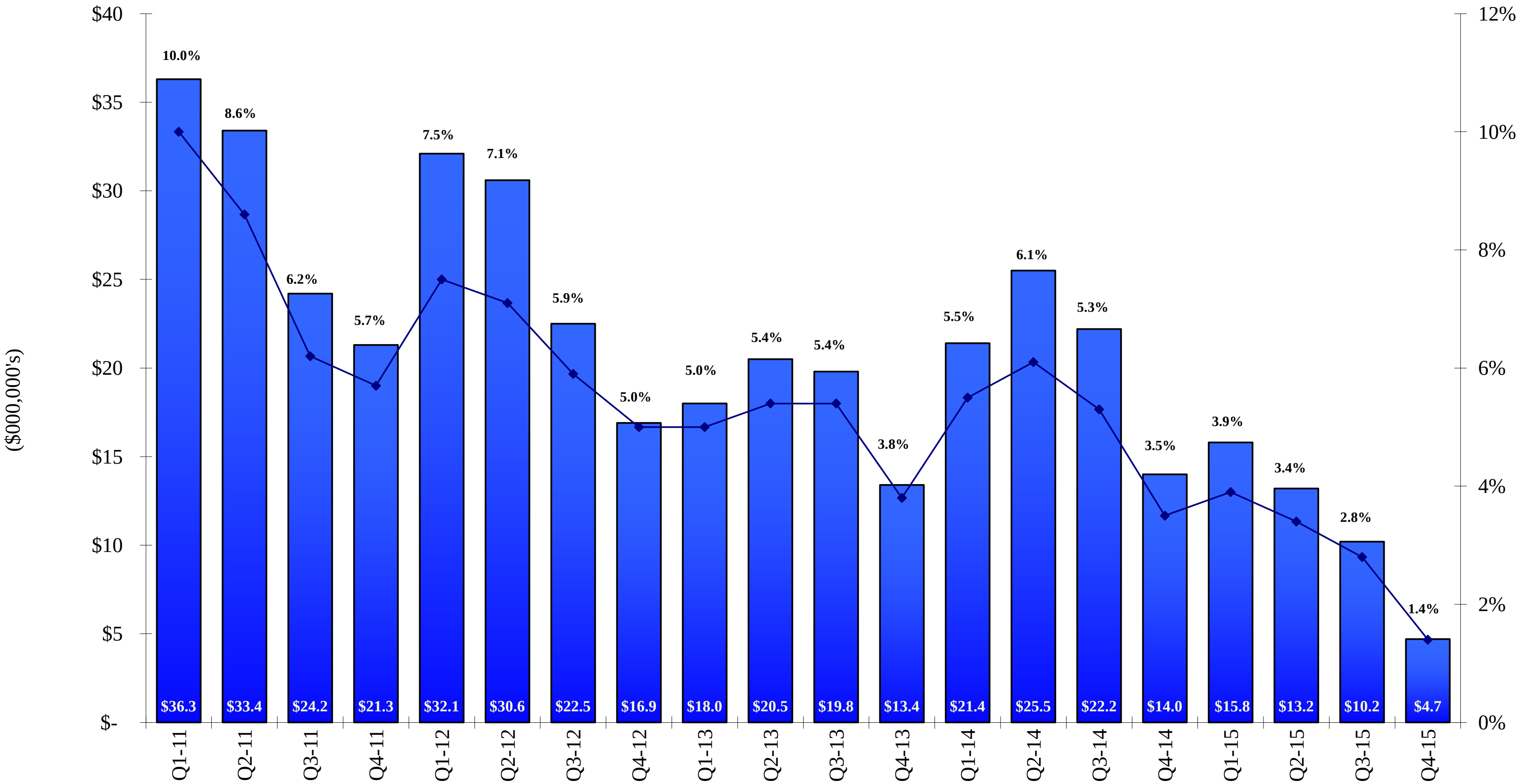
($ millions)	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Quarter ended:																				
Revenue	673.0	773.4	761.3	903.9	1,013.3	1,038.7	893.3	924.0	811.1	796.8	758.1	821.8	765.9	712.6	718.7	802.9	711.6	705.4	618.6	657.7
Cost of goods sold	557.8	637.7	623.9	744.0	833.2	848.6	719.6	749.9	669.4	656.7	620.7	677.9	640.1	589.5	588.2	659.0	585.8	578.0	484.9	519.3
Operating expenses	97.6	104.4	98.5	116.5	118.7	115.6	110.6	113.6	103.2	98.4	94.4	98.1	85.2	78.0	80.1	83.9	76.1	79.4	78.1	77.2
Corp. Expenses	0.1	4.1	4.1	4.2	2.8	4.8	5.3	5.2	5.5	5.2	2.8	4.3	4.2	4.8	4.0	6.9	3.4	3.1	3.5	7.0
Operating EBIT	**17.5**	**27.2**	**34.8**	**39.2**	**58.6**	**69.7**	**57.8**	**55.3**	**33.0**	**36.5**	**40.2**	**41.5**	**36.4**	**40.3**	**46.4**	**53.1**	**46.3**	**44.9**	**52.1**	**54.2**
Depreciation & amortization	8.7	8.9	8.8	8.7	8.9	8.8	8.6	8.6	8.5	8.7	8.2	8.2	7.4	6.3	6.1	5.7	5.8	5.8	5.9	6.0
EBIT	**17.5**	**27.2**	**34.7**	**39.2**	**58.6**	**69.7**	**57.8**	**55.3**	**33.0**	**36.5**	**40.2**	**41.5**	**36.4**	**40.3**	**46.4**	**53.1**	**46.3**	**44.9**	**52.1**	**54.2**
EBITDA	**26.2**	**36.1**	**43.5**	**47.9**	**67.5**	**78.5**	**66.4**	**63.9**	**41.5**	**45.2**	**48.4**	**49.7**	**43.8**	**46.6**	**52.5**	**58.8**	**52.1**	**50.7**	**58.0**	**60.2**
Twelve months ended:																				
Revenue	3,111.6	3,451.9	3,717.2	3,849.2	3,869.3	3,667.1	3,425.2	3,290.0	3,187.8	3,142.6	3,058.4	3,019.0	3,000.1	2,945.8	2,938.6	2,838.5	2,693.3	2,543.2	2,419.7	2,307.2
Cost of goods sold	2,563.4	2,838.8	3,049.7	3,145.4	3,151.3	2,987.5	2,795.6	2,696.7	2,624.7	2,595.4	2,528.2	2,495.7	2,476.8	2,422.5	2,411.0	2,307.7	2,168.0	2,041.1	1,939.2	1,855.1
Operating expenses	429.5	453.3	465.2	478.5	476.6	463.8	447.0	428.3	411.9	392.6	371.8	358.7	347.1	337.2	336.9	334.4	327.8	319.0	309.2	300.0
Operating EBIT	**118.7**	**159.8**	**202.3**	**225.3**	**241.4**	**215.8**	**182.6**	**165.0**	**151.2**	**154.6**	**158.4**	**164.6**	**176.2**	**186.1**	**190.7**	**196.4**	**197.5**	**183.1**	**171.3**	**152.1**
Gain on sale of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	**118.6**	**159.7**	**202.2**	**225.3**	**241.4**	**215.8**	**182.6**	**165.0**	**151.2**	**154.6**	**158.4**	**164.6**	**176.2**	**186.1**	**190.7**	**196.4**	**197.5**	**183.1**	**171.3**	**152.1**
Depreciation & amortization	35.1	35.3	35.2	35.0	34.9	34.5	34.4	34.0	33.6	32.5	30.1	28.0	25.5	23.9	23.4	23.2	23.5	23.9	24.4	24.7
EBITDA	**153.7**	**195.0**	**237.4**	**260.3**	**276.3**	**250.3**	**217.0**	**199.0**	**184.8**	**187.1**	**188.5**	**192.6**	**201.7**	**210.0**	**214.1**	**219.6**	**221.0**	**207.0**	**195.7**	**176.8**

RUSSEL METALS INC.
Metals Service Centers Revenues



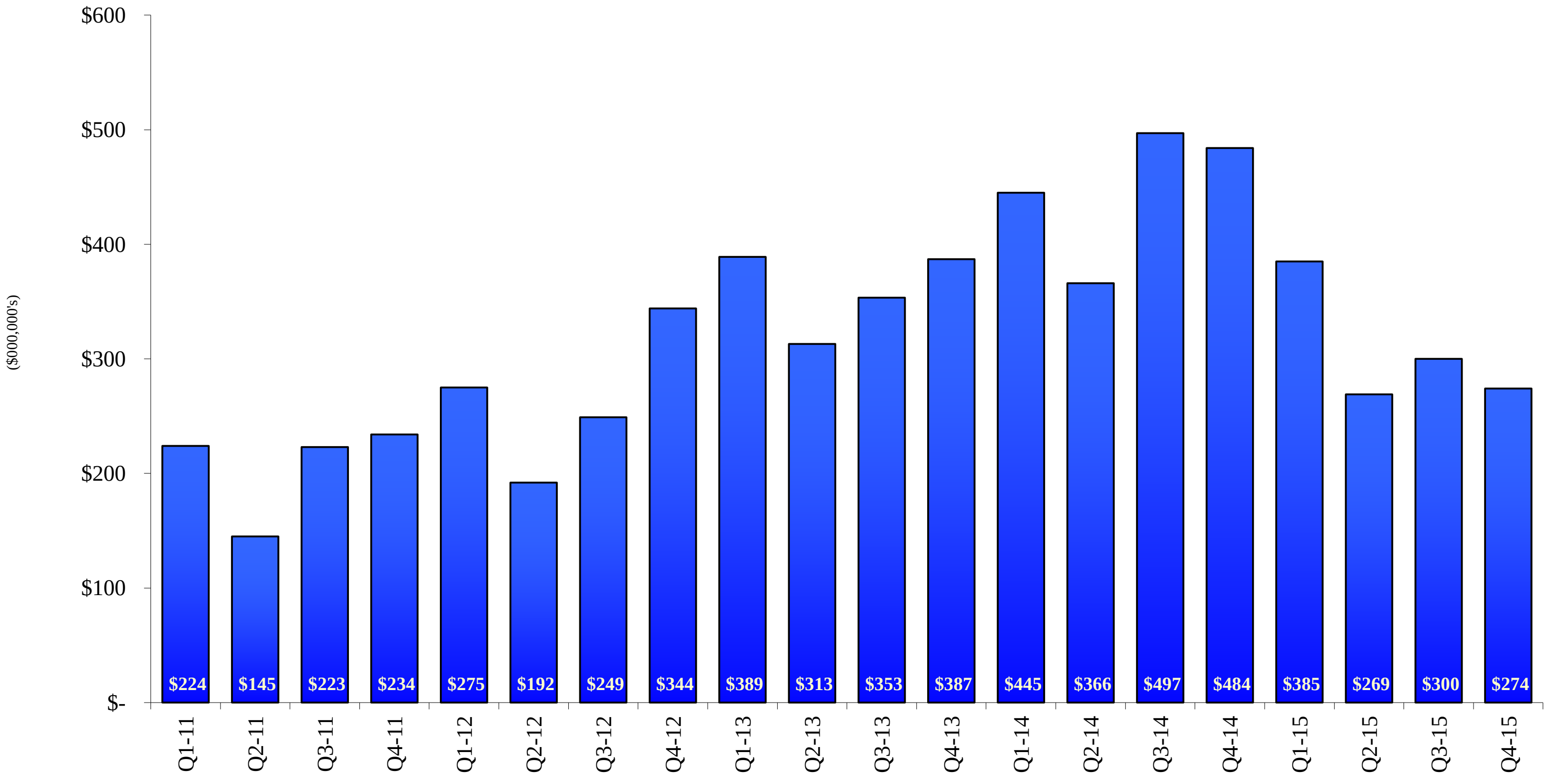
RUSSEL METALS INC.

Metals Service Centers Adjusted EBIT $ & Operating Profit as a % of Revenues



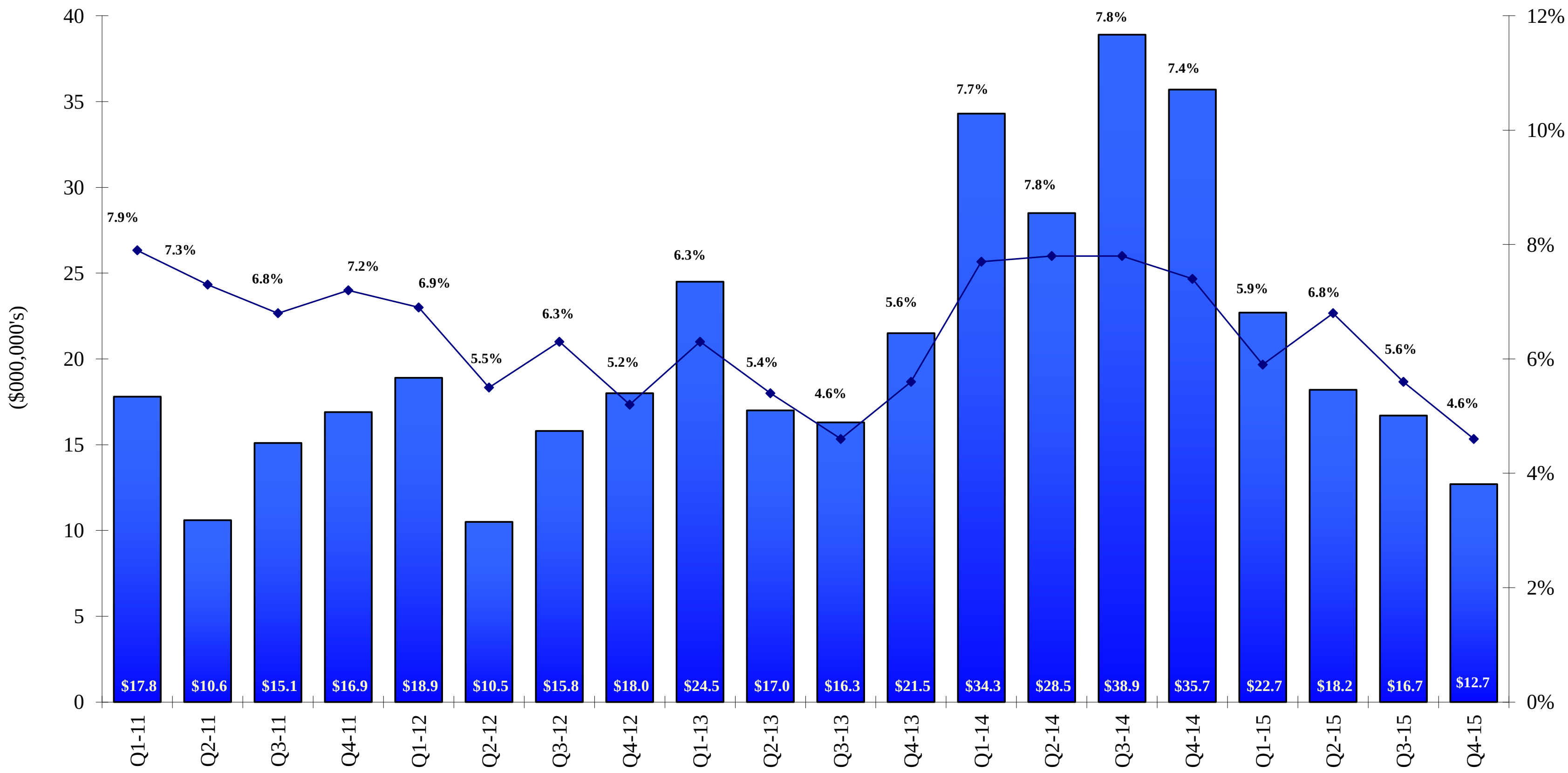
* excluding inventory write downs

RUSSEL METALS INC.
Energy Products Revenues



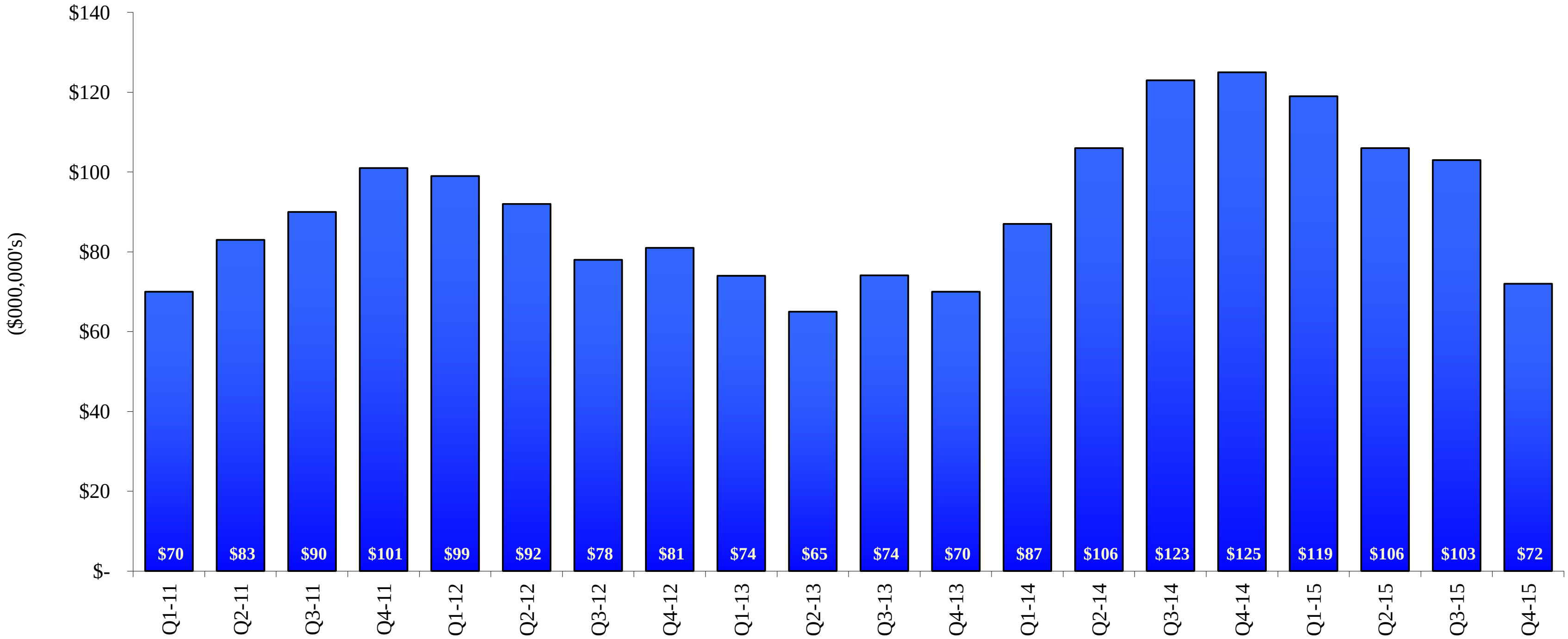
RUSSEL METALS INC.

Energy Products Adjusted EBIT $ & Operating Profit as a % of Revenues



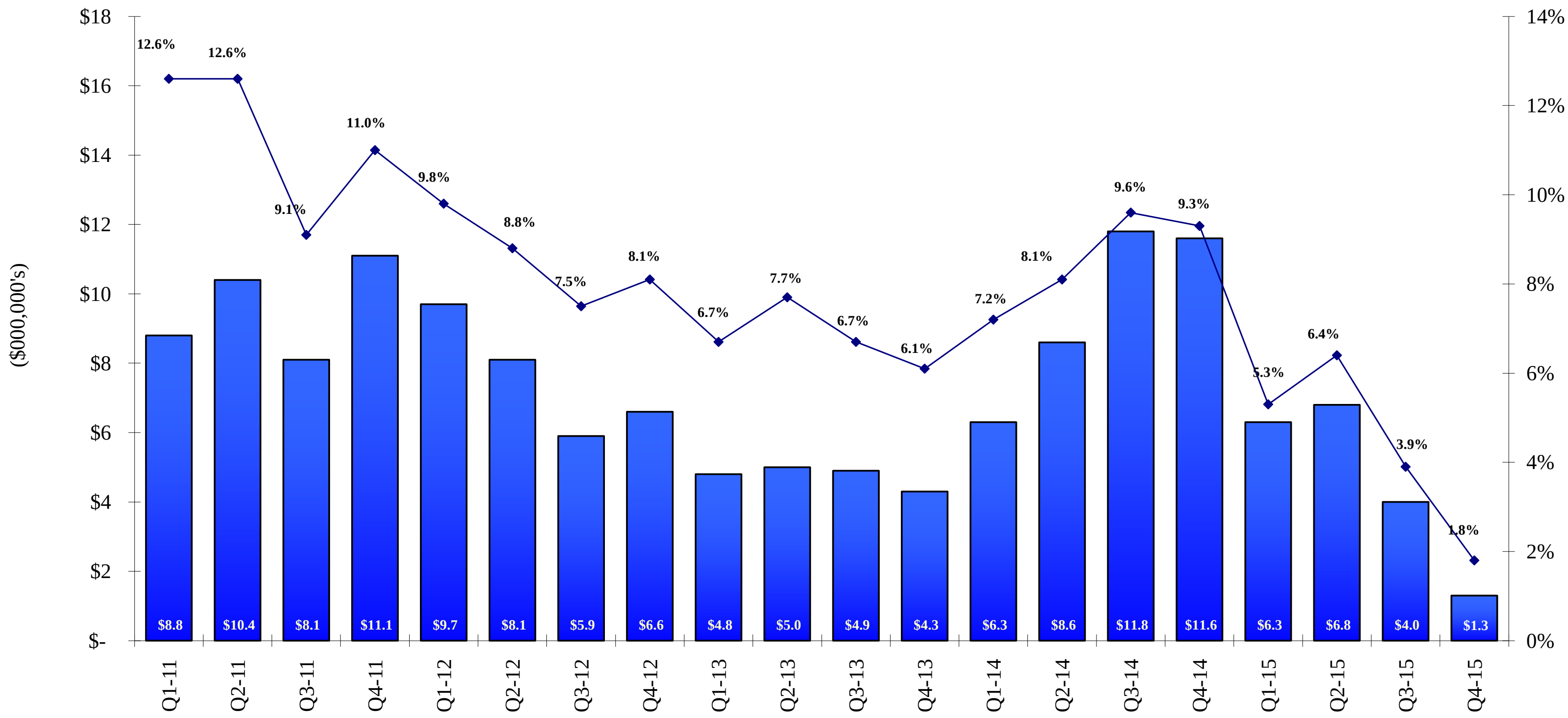
* excluding inventory write downs

RUSSEL METALS INC.
Steel Distributors Revenues



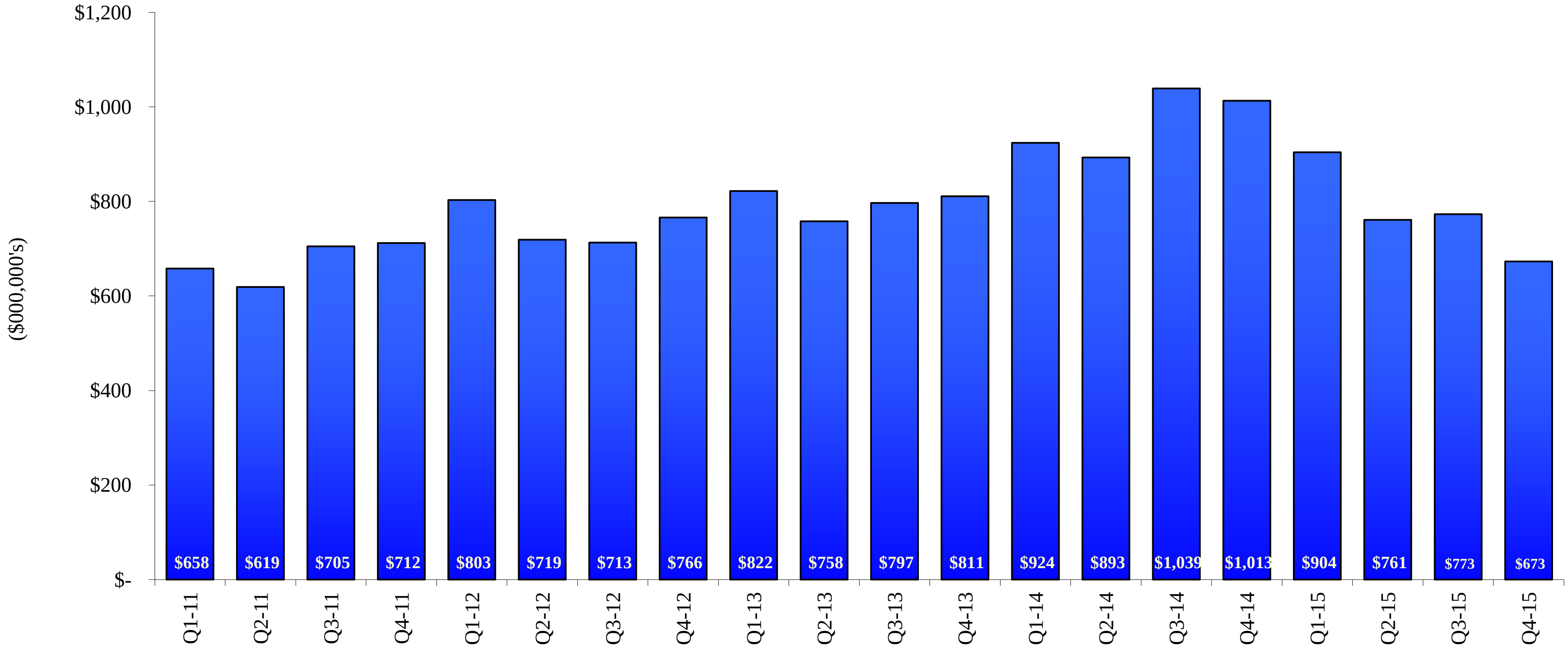
RUSSEL METALS INC.

Steel Distributors Adjusted EBIT $ & Operating Profit as a % of Revenues



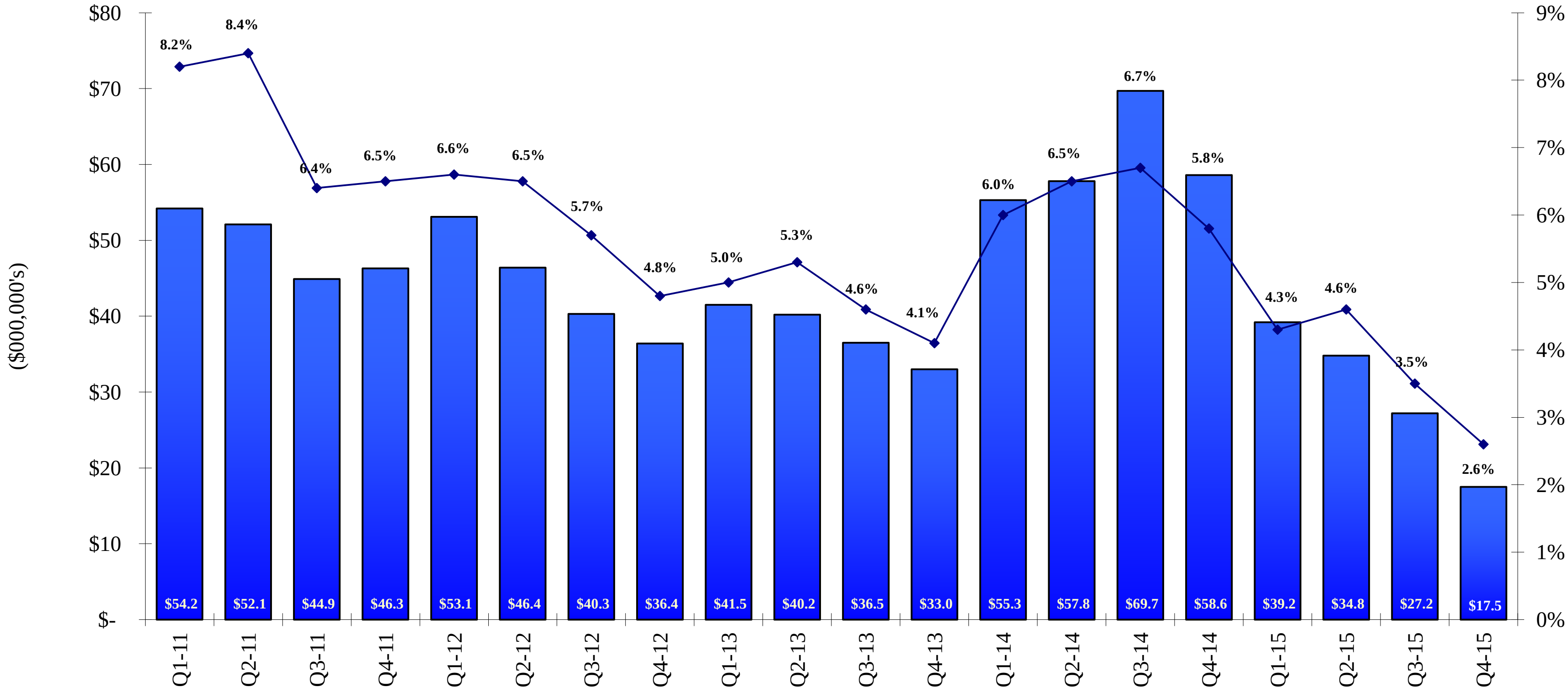
* excluding inventory write downs

RUSSEL METALS INC.
Total Revenues



RUSSEL METALS INC.

Total Adjusted EBIT $ & Operating Profit as a % of Revenues



* excluding inventory write downs