



## NEWS

### FOR IMMEDIATE RELEASE

## RUSSEL METALS ANNOUNCES 2015 ANNUAL AND FOURTH QUARTER RESULTS AND CHARGES

TORONTO, CANADA – February 16, 2016 -- Russel Metals Inc. (RUS - TSX) today announced financial results for fourth quarter and fiscal year ended December 31, 2015.

<b>Adjusted Earnings</b>	Quarters Ended December 31		Year Ended December 31	
	2015	2014	2015	2014
Adjusted EBIT <sup>2</sup>				
Metals Service Centers	\$ 5	\$ 14	\$ 44	\$ 83
Energy Products	13	36	70	137
Steel Distributors	1	12	18	38
Adjusted EBIT <sup>2</sup>	\$ 18	\$ 59	\$ 119	\$ 242
Adjusted Net Earnings	\$ 10	\$ 38	\$ 61	\$ 145
Adjusted Earnings per Share <sup>3</sup>	\$ 0.16	\$ 0.62	\$ 0.99	\$ 2.36
<b>Cash Flow</b>				
Cash Flow from Operating Activities	\$ 188	\$ 29	\$ 366	\$ 28
Dividends Paid <sup>1</sup>	\$ 0.38	\$ 0.38	\$ 1.52	\$ 1.46
<b>GAAP Earnings</b>				
Revenues	\$ 673	\$ 1,013	\$ 3,112	\$ 3,869
Net Income (Loss)	\$ (135)	\$ 31	\$ (88)	\$ 124
Earnings (Loss) per Share	\$ (2.19)	\$ 0.50	\$ (1.42)	\$ 2.01
All amounts are reported in millions of Canadian dollars except per share and dividend figures, which are in Canadian dollars				
<sup>1</sup> Dividends paid during the period.				
<sup>2</sup> Adjusted EBIT and Adjusted Net Earnings are Non GAAP measures. Adjusted EBIT represents earnings before interest and taxes excluding asset impairment, product warranty provision and inventory write-downs. Adjusted Net Earnings excludes the net after tax amounts for asset impairment, product warranty provision, debt redemption and inventory write-downs.				
<sup>3</sup> Adjusted Earnings per Share is a Non GAAP measure. Adjusted Earnings per share excludes asset impairment, product warranty provision debt redemption and inventory provisions.				

We reported a net loss of \$88 million or \$1.42 per share on revenues of \$3.1 billion, for the year ended December 31, 2015. The loss includes a non cash impairment charge of \$124 million or \$1.87 per share. Adjusted net income was \$61 million or \$0.99 per share, excluding items shown in the table below totaling \$149 million or \$2.41 per share.

These results compare to revenues of \$3.9 billion and net earnings of \$124 million or \$2.01 per share which on an adjusted basis were net earnings of \$145 million or \$2.36 per share for the year ended December 31, 2014.

The 2015 fourth quarter loss was \$135 million or \$2.19 per share on revenues of \$0.7 billion. The weakness in the energy sector and the decline in steel prices that we experienced in the fourth quarter resulted in after tax inventory write-downs of \$32 million and asset impairment and other charges of \$115 million as shown on the reconciliation of GAAP net earnings to adjusted net earnings below. The fourth quarter adjusted net earnings were \$10 million and adjusted earnings per share was \$0.16.

<b>Reconciliation of Net Earnings</b> <i>(millions, net of tax)</i>	Quarters Ended December 31		Year Ended December 31	
	2015	2014	2015	2014
Adjusted Net Earnings	\$ 10	\$ 38	\$ 61	\$ 145
Less:				
Asset Impairments	115	10	115	7
Inventory Write-Downs	32	3	42	10
Change in Fair Value of Contingent Consideration	(21)	(6)	(27)	4
Product Warranty Claims	15	-	15	-
Debt Redemption Charge	4	-	4	-
GAAP Net Earnings	\$ (135)	\$ 31	\$ (88)	\$ 124

Revenues of \$326 million in our metals service center segment were 19% lower than the 2014 fourth quarter due to weaker demand and lower selling prices. Tons shipped at our metals service centers decreased by 14% and selling prices were lower by 6% over the 2014 fourth quarter. Economic uncertainty caused by the severe fall in oil prices has spilled over into supporting industries primarily in the Western Canadian operations. Adjusted gross margin was 19.0% compared to 19.4% for the fourth quarter of 2014 due to competitive pricing pressure as demand weakened. The 2015 fourth quarter metals service center adjusted operating profits were \$5 million compared to \$14 million in the same quarter last year.

Fourth quarter 2015 revenues in our energy products segment decreased 43% to \$274 million compared to \$484 million in the 2014 fourth quarter due to lower drilling activity and fewer projects caused by the weaker oil and natural gas prices. This segment had operating income of \$13 million after excluding the inventory write-downs of \$27 million primarily recorded in our U.S. operations compared to adjusted operating profits of \$36 million in the same quarter last year.

Revenues in our steel distributors segment decreased by 43% to \$72 million in the 2015 fourth quarter compared to \$125 million in the 2014 fourth quarter due to the decrease in steel prices and market weakness, particularly in Houston and surrounding areas. Operating profits after excluding inventory write-downs of \$19 million were \$1 million in the 2015 fourth quarter compared to adjusted operating profits of \$12 million in the same quarter last year.

Mr. Brian R. Hedges, CEO, commented "The weakness in steel prices lasted longer and was deeper than expected. Steel prices declined for most of 2015, falling below our cost in the fourth quarter and triggering inventory write-downs. Mill price increases in early 2016 lead us to believe that steel prices should stabilize in 2016."

"The decline in energy prices and exploration activity has impacted both the energy and steel industries. We recorded non cash asset impairment charges of \$124 million in 2015, the majority of which relates to our energy acquisitions since 2012. These business units were profitable excluding asset impairment charges in 2015; however, their customer base continued to reduce rig activity and capital spending throughout the year. Late in 2015, select oil sands producers announced the deferral of additional phases of new or existing projects. If this continues, it will further impact activity levels in the sector."

Mr. Hedges continued "Cash flow in 2015 was strong as we generated \$366 million from operating activities which enabled us to redeem our Convertible Debentures and reduce our interest cost."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable March 15, 2016 to shareholders of record as of March 1, 2016.

The Company will be holding an Investor Conference Call on Wednesday, February 17, 2016 at 9:00 a.m. ET to review its 2015 fourth quarter results. The dial-in telephone numbers for the call are 416-764-8688 (Toronto and International callers) and 1-888-390-0546 (U.S. and Canada). Please dial in 10 minutes prior to the call to ensure that you get a line.

A replay of the call will be available at 416-764-8677 (Toronto and International callers) and 1-888-390-0541 (U.S. and Canada) until midnight, Wednesday, March 2, 2016. You will be required to enter pass code 120079 in order to access the call.

Additional supplemental financial information is available in our investor conference call package located on our website at [www.russelmetals.com](http://www.russelmetals.com).

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three metals distribution segments: metals service centers, energy products and steel distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Loubier, Alberta Industrial Metals, Apex Distribution, Apex Monarch, Apex Remington, Apex Western Fiberglass, Arrow Steel Processors, B&T Steel, Baldwin International, Comco Pipe and Supply, Fedmet Tubulars, JMS Russel Metals, Leroux Steel, McCabe Steel, Mégantic Métal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec, Norton Metals, Pioneer Pipe, Russel Metals Processing, Russel Metals Specialty Products, Russel Metals Williams Bahcall, Spartan Energy Tubulars, Sunbelt Group, Triumph Tubular & Supply, Wirth Steel and York-Ennis.

### **Cautionary Statement on Forward-Looking Information**

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

*We are subject to a number of risks and uncertainties which could have a material adverse effect on our future profitability and financial position, including the risks and uncertainties listed below, which are important factors in our business and the metals distribution industry. Such risks and uncertainties include, but are not limited to: the volatility in metal prices; volatility in oil and natural gas prices; cyclicalities 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 should not be unduly relied upon. These statements speak only as of the date of this press release, 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, under the heading "Risk" in our most recent MD&A, under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form and as are otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR at [www.sedar.com](http://www.sedar.com).*

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**CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)**

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended December 31		Years ended December 31	
	2015	2014	2015	2014
<b>Revenues</b>	\$ 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)
<b>Earnings (loss) before interest, finance expense and provision for income taxes</b>	<b>(172.8)</b>	43.7	<b>(86.1)</b>	217.0
Interest expense	11.9	9.5	40.6	36.9
Other finance expense (income)	(21.2)	(6.2)	(26.7)	4.1
<b>Earnings (loss) before provision for income taxes</b>	<b>(163.5)</b>	40.4	<b>(100.0)</b>	176.0
Provision for (recovery of) income taxes	(28.2)	9.3	(12.4)	52.4
<b>Net earnings (loss) for the period</b>	<b>\$ (135.3)</b>	\$ 31.1	<b>\$ (87.6)</b>	\$ 123.6
<b>Net earnings (loss) attributed to:</b>				
Equity holders	\$ (135.3)	\$ 31.1	\$ (87.6)	\$ 123.5
Non-controlling interest	-	-	-	0.1
	<b>\$ (135.3)</b>	\$ 31.1	<b>\$ (87.6)</b>	\$ 123.6
<b>Basic earnings (loss) per common share</b>	<b>\$ (2.19)</b>	\$ 0.50	<b>\$ (1.42)</b>	\$ 2.01
<b>Diluted earnings (loss) per common share</b>	<b>\$ (2.19)</b>	\$ 0.49	<b>\$ (1.42)</b>	\$ 1.95

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2015	2014	2015	2014
<b>Net earnings (loss) for the period</b>	<b>\$ (135.3)</b>	\$ 31.1	<b>\$ (87.6)</b>	\$ 123.6
Other comprehensive income				
<b>Items that may be reclassified to earnings</b>				
Unrealized foreign exchange gains on translation of foreign operations	15.0	14.7	82.8	35.1
<b>Items that may not be reclassified to earnings</b>				
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
<b>Total comprehensive income (loss)</b>	<b>\$ (116.9)</b>	\$ 47.8	<b>\$ (3.9)</b>	\$ 154.2

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<i>(in millions of Canadian dollars)</i>	<b>December 31 2015</b>	December 31 2014
<b>ASSETS</b>		
<b>Current</b>		
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
	<b>1,224.3</b>	1,567.9
<b>Property, Plant and Equipment</b>	<b>267.8</b>	249.8
<b>Deferred Income Tax Assets</b>	<b>15.8</b>	4.9
<b>Financial and Other Assets</b>	<b>7.1</b>	5.9
<b>Goodwill and Intangibles</b>	<b>92.0</b>	214.3
	<b>\$ 1,607.0</b>	\$ 2,042.8
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
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
	<b>398.2</b>	539.2
<b>Long-Term Debt</b>	<b>295.2</b>	460.5
<b>Pensions and Benefits</b>	<b>21.7</b>	26.1
<b>Deferred Income Tax Liabilities</b>	<b>14.2</b>	17.0
<b>Provisions and Other Non-Current Liabilities</b>	<b>8.8</b>	35.0
	<b>738.1</b>	1,077.8
<b>Shareholders' Equity</b>		
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
<b>Total Shareholders' Equity</b>	<b>868.9</b>	965.0
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,607.0</b>	\$ 2,042.8

**CONSOLIDATED STATEMENTS OF CASHFLOW**

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2015	2014	2015	2014
<b>Operating activities</b>				
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
<b>Cash from operating activities before non-cash working capital</b>	<b>(36.5)</b>	39.6	<b>35.1</b>	173.0
<b>Changes in non-cash working capital items</b>				
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)
<b>Change in non-cash working capital</b>	<b>224.6</b>	(10.5)	<b>331.1</b>	(144.9)
<b>Cash from operating activities</b>	<b>188.1</b>	29.1	<b>366.2</b>	28.1
<b>Financing activities</b>				
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)	-
<b>Cash used in financing activities</b>	<b>(117.3)</b>	1.2	<b>(199.2)</b>	(48.9)
<b>Investing activities</b>				
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)
<b>Cash used in investing activities</b>	<b>(8.7)</b>	(9.0)	<b>(79.8)</b>	(49.9)
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>(13.1)</b>	4.5	<b>2.8</b>	7.9
<b>Increase (decrease) in cash and cash equivalents</b>	<b>49.0</b>	25.8	<b>90.0</b>	(62.8)
Cash and cash equivalents, beginning of the period	94.4	27.6	53.4	116.2
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 143.4</b>	\$ 53.4	<b>\$ 143.4</b>	\$ 53.4
<b>Supplemental cash flow information:</b>				
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**

<i>(in millions of Canadian dollars)</i>	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)	-	-
<b>Balance, December 31, 2015</b>	<b>\$ 531.7</b>	<b>\$ 192.1</b>	<b>\$ 15.2</b>	<b>\$ 129.9</b>	<b>\$ -</b>	<b>\$ 868.9</b>

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Equity Component of Convertible Debentures	Non Controlling Interest	Total
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	-	-	-
<b>Balance, December 31, 2014</b>	<b>\$ 531.2</b>	<b>\$ 344.0</b>	<b>\$ 14.1</b>	<b>\$ 47.1</b>	<b>\$ 28.6</b>	<b>\$ -</b>	<b>\$ 965.0</b>