



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES 2016 FIRST QUARTER RESULTS

TORONTO, CANADA – May 3, 2016 -- Russel Metals Inc. (RUS - TSX) today announced financial results for first quarter ended March 31, 2016.

	Three Months Ended March 31,	
	2016	2015
Revenues	\$ 662	\$ 904
EBIT ¹	\$ 17	\$ 37
Net Income	\$ 8	\$ 19
Earnings per Share	\$ 0.13	\$ 0.30
Free Cash Flow	\$ 22	\$ 30
Dividends paid ²	\$ 0.38	\$ 0.38

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

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

² Dividends paid per common share during the period.

For the 2016 first quarter, we reported net income of \$8 million or \$0.13 per share on revenues of \$0.7 billion. Our Eastern Canadian metals service centers and our steel distributor operations had improved results throughout the first quarter driven by steel price increases initiated by steel mills in the quarter. The energy sector revenues continued to reflect low oil and natural gas prices, which adversely affected both our energy products and Alberta service center operations.

Revenues of \$341 million in our metals service centers segment were 15% lower than the 2015 first quarter due to lower selling prices and weaker demand, primarily in Western Canada. Tons shipped at our metals service centers decreased by 5% and selling prices were 11% lower compared to the 2015 first quarter. Economic uncertainty caused by the severe fall in oil prices has spilled over into supporting industries, primarily impacting our Western Canadian operations. Gross margins improved to 20.7% compared to 20.0% for the first quarter of 2015 and 19.0% for the fourth quarter of 2015. The 2016 first quarter metals service center operating profits were \$10 million compared to \$15 million in the same quarter last year.

First quarter 2016 revenues in our energy products segment decreased 35% to \$248 million compared to \$385 million in the 2015 first quarter due to lower drilling activity and fewer projects caused by the weaker

oil and natural gas prices. Operating costs have been reduced \$8 million or 19% from the 2015 first quarter as management actively reduced costs. This segment had operating profits of \$7 million compared to \$21 million in the same quarter last year.

Revenues in our steel distributors segment decreased by 39% to \$73 million in the 2016 first quarter compared to \$119 million in the 2015 first quarter reflecting lower steel prices and demand than at this time last year. Gross margins, however, were 20.6% compared to 12.0% as steel prices started to recover from the fourth quarter 2015 lows. Operating profits were \$7 million compared to \$6 million in the same quarter last year.

Mr. Brian R. Hedges, CEO, commented "While we are not completely out of the woods yet, it was encouraging to see the results of our service centers and steel distributors start to improve as steel prices rose in the 2016 first quarter. Energy remains a challenge as rig counts in Canada and the U.S. are at record low levels and have yet to find a bottom. We have, however, remained profitable in our energy products segment due to the cost and net asset reduction actions taken."

Mr. Hedges continued, "Our operating income improved in each month since the start of the year and we believe the second quarter results will be better in the service centers and steel distributors if, as expected, steel prices hold in the second quarter. Our results are expected to be down slightly from the first quarter in the energy products segment due to low demand levels and normal slowdown due to spring breakup."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable June 15, 2016 to shareholders of record as of May 24, 2016.

The Company will be holding an Investor Conference Call on Wednesday, May 4, 2016 at 9:00 a.m. ET to review its 2016 first quarter results. The dial-in telephone numbers for the call are 416-764-8688 (Toronto and International callers) and 1-888-390-0546 (U.S. and Canada). Please dial in 10 minutes prior to the call to ensure that you get a line.

A replay of the call will be available at 416-764-8677 (Toronto and International callers) and 1-888-390-0541 (U.S. and Canada) until midnight, Wednesday, May 18, 2016. You will be required to enter pass code 498389 in order to access the call.

Additional supplemental financial information is available in our investor conference call package located on our website at www.russelmetals.com.

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three metals distribution segments: metals service centers, energy products and steel distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Loubier, Alberta Industrial Metals, Apex Distribution, Apex Monarch, Apex Remington, 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; cyclicity 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; common share 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.

If you would like to **unsubscribe** from receiving Press Releases, you may do so by emailing info@russelmetals.com; or by calling our Investor Relations Line: 905-816-5178.

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CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended March 31	
	2016	2015
Revenues	\$ 662.1	\$ 903.9
Cost of materials	535.3	746.5
Employee expenses	64.7	71.9
Other operating expenses	45.5	48.9
Earnings before interest, finance expense and provision for income taxes	16.6	36.6
Interest expense	5.4	9.5
Other finance expense	-	0.6
Earnings before provision for income taxes	11.2	26.5
Provision for income taxes	3.4	8.0
Net earnings for the period	\$ 7.8	\$ 18.5
Basic earnings per common share	\$ 0.13	\$ 0.30
Diluted earnings per common share	\$ 0.13	\$ 0.30

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

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2016	2015
Net earnings for the period	\$ 7.8	\$ 18.5
Other comprehensive income		
Items that may be reclassified to earnings		
Unrealized foreign exchange (losses) gains on translation of foreign operations	(31.7)	40.7
Items that may not be reclassified to earnings		
Actuarial losses on pension and similar obligations, net of taxes	(2.9)	(4.7)
Other comprehensive income (loss)	(34.6)	36.0
Total comprehensive income (loss)	\$ (26.8)	\$ 54.5

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	March 31 2016	December 31 2015
ASSETS		
Current		
Cash and cash equivalents	\$ 140.7	\$ 143.4
Accounts receivable	329.6	333.5
Inventories	678.3	712.5
Prepaid expenses	10.7	10.7
Income taxes receivable	15.0	24.2
	1,174.3	1,224.3
Property, Plant and Equipment	255.0	267.8
Deferred Income Tax Assets	16.3	15.8
Financial and Other Assets	6.8	7.1
Goodwill and Intangibles	89.4	92.0
	\$ 1,541.8	\$ 1,607.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 76.3	\$ 94.2
Accounts payable and accrued liabilities	301.8	303.1
Income taxes payable	-	0.4
Current portion long-term debt	0.5	0.5
	378.6	398.2
Long-Term Debt	295.4	295.2
Pensions and Benefits	25.1	21.7
Deferred Income Tax Liabilities	13.8	14.2
Provisions and Other Non-Current Liabilities	10.0	8.8
	722.9	738.1
Shareholders' Equity		
Common shares	531.7	531.7
Retained earnings	173.6	192.1
Contributed surplus	15.4	15.2
Accumulated other comprehensive income	98.2	129.9
Total Shareholders' Equity	818.9	868.9
Total Liabilities and Shareholders' Equity	\$ 1,541.8	\$ 1,607.0

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2016	2015
Operating activities		
Net earnings for the period	\$ 7.8	\$ 18.5
Depreciation and amortization	8.9	8.7
Provision for income taxes	3.4	8.0
Interest expense	5.4	9.5
(Gain) loss on sale of property, plant and equipment	(0.3)	0.1
Share-based compensation	0.2	0.3
Difference between pension expense and amount funded	(0.4)	(0.6)
Debt accretion, amortization and other	0.2	1.4
Interest paid, net	(0.7)	(8.7)
Change in fair value of contingent consideration	-	0.6
Cash from operating activities before non-cash working capital	24.5	37.8
Changes in non-cash working capital items		
Accounts receivable	(0.7)	79.6
Inventories	21.4	(12.7)
Accounts payable and accrued liabilities	(1.0)	(85.5)
Other	(0.1)	1.0
Change in non-cash working capital	19.6	(17.6)
Income taxes refund (paid), net	4.9	(25.4)
Cash from (used in) operating activities	49.0	(5.2)
Financing activities		
(Decrease) increase in bank indebtedness	(17.9)	7.7
Issue of common shares	-	0.4
Dividends on common shares	(23.4)	(23.4)
Issuance of long-term debt	0.2	-
Repayment of long-term debt	(0.2)	(0.1)
Cash used in financing activities	(41.3)	(15.4)
Investing activities		
Purchase of property, plant and equipment	(3.0)	(8.2)
Proceeds on sale of property, plant and equipment	4.7	0.4
Payment of contingent consideration	(0.1)	(17.5)
Cash from (used in) investing activities	1.6	(25.3)
Effect of exchange rates on cash and cash equivalents	(12.0)	8.4
Decrease in cash and cash equivalents	(2.7)	(37.5)
Cash and cash equivalents, beginning of the period	143.4	53.4
Cash and cash equivalents, end of the period	\$ 140.7	\$ 15.9

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2016	\$ 531.7	\$ 192.1	\$ 15.2	\$ 129.9	\$ 868.9
Payment of dividends	-	(23.4)	-	-	(23.4)
Net earnings for the period	-	7.8	-	-	7.8
Other comprehensive loss for the period	-	-	-	(34.6)	(34.6)
Recognition of share-based compensation	-	-	0.2	-	0.2
Transfer of net actuarial losses on defined benefit plans	-	(2.9)	-	2.9	-
Balance, March 31, 2016	\$ 531.7	\$ 173.6	\$ 15.4	\$ 98.2	\$ 818.9

<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	-	(23.4)	-	-	-	(23.4)
Net earnings for the period	-	18.5	-	-	-	18.5
Other comprehensive income for the period	-	-	-	36.0	-	36.0
Recognition of share-based compensation	-	-	0.3	-	-	0.3
Share options exercised	0.5	-	(0.1)	-	-	0.4
Transfer of net actuarial losses on defined benefit plans	-	(4.7)	-	4.7	-	-
Balance, March 31, 2015	\$ 531.7	\$ 334.4	\$ 14.3	\$ 87.8	\$ 28.6	\$ 996.8