



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES 2016 SECOND QUARTER RESULTS

TORONTO, CANADA – August 10, 2016 -- Russel Metals Inc. (RUS - TSX) today announced financial results for the second quarter ended June 30, 2016.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenues	\$ 624	\$ 761	\$ 1,286	\$ 1,665
EBIT ¹	\$ 30	\$ 31	\$ 47	\$ 68
Net Income	\$ 16	\$ 16	\$ 24	\$ 35
Earnings per Share	\$ 0.27	\$ 0.27	\$ 0.39	\$ 0.57
Free Cash Flow ¹	\$ 25	\$ 18	\$ 46	\$ 47
Dividends paid ²	\$ 0.38	\$ 0.38	\$ 0.76	\$ 0.76

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 second quarter, we reported net income of \$16 million or \$0.27 per share on revenues of \$624 million. Our metals service centers and steel distributor operations had improved results throughout the second quarter driven by improved margins and a recovery in steel prices. Revenues of our energy products segment continued to reflect low oil and natural gas prices, which adversely affected both our energy products and Alberta service center operations.

Revenues of \$364 million in our metals service centers segment were 6% lower than the 2015 second quarter due to lower selling prices and tons shipped consistent with the 2015 second quarter. Gross margins improved to 22.9% compared to 18.3% for the 2015 second quarter reflecting improved steel pricing. The 2016 second quarter metals service center operating profits of \$24 million were almost double the \$13 million reported in the same quarter last year primarily due to margin improvement.

Second quarter 2016 revenues in our energy products segment decreased 35% to \$176 million compared to \$269 million in the 2015 second quarter, due to the negative impact of lower drilling activity and fewer capital projects. Gross margins decreased from 18.4% to 16.4% due to continued pricing pressure. Operating costs have been reduced \$5 million or 15% from the 2015 second quarter as these operations reduced manpower by 22% over the same quarter last year. This segment had operating profits of \$1 million compared to \$16 million in the same quarter last year due to lower activity and lower margins.

Revenues in our steel distributors segment decreased by 23% to \$81 million in the 2016 second quarter from \$106 million in the 2015 second quarter, reflecting lower demand. Gross margins improved to 18.5% compared to 11.0% due to increased steel prices. Operating profits improved by 50% to \$9 million compared to \$6 million in the same quarter last year due to higher margins.

Our revenues for the six months ended June 30, 2016 were \$1.3 billion, down 23% from \$1.7 billion for the same period in 2015. Our 2016 year to date earnings of \$24 million or \$0.39 per share compared to \$35 million or \$0.57 per share for the same period in 2015.

Mr. Brian R. Hedges, CEO, commented "In the second quarter we experienced strong margin improvements in both our metals service centers and steel distributors due to increased prices. Although North American demand was down slightly, imports are down year over year which supported improved pricing. Steel prices and demand for the balance of the year are expected to remain relatively flat."

Mr. Hedges continued, "As predicted, our energy product results declined due to the low rig counts in North America and the seasonal slowdown in Canada. The market prices of pipe continued to deteriorate despite efforts of domestic producers to initiate price increases. There has been no meaningful increase in demand levels due to excess pipe in the distribution channel."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable September 15, 2016 to shareholders of record as of August 29, 2016.

The Company will be holding an Investor Conference Call on Thursday, August 11, 2016 at 9:00 a.m. ET to review its 2016 second quarter results. The dial-in telephone numbers for the call are 416-764-8688 (Toronto and International callers) and 1-888-390-0546 (U.S. and Canada). Please dial in 10 minutes prior to the call to ensure that you get a line.

A replay of the call will be available at 416-764-8677 (Toronto and International callers) and 1-888-390-0541 (U.S. and Canada) until midnight, Thursday August 25, 2016. You will be required to enter pass code 132052 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 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, 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.

For further information, contact:

Marion E. Britton, CPA, CA
Executive Vice President and
Chief Financial Officer
Russel Metals Inc.
(905) 819-7407
E-mail: info@russelmetals.com
Website: www.russelmetals.com

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Revenues	\$ 623.7	\$ 761.3	\$ 1,285.8	\$ 1,665.2
Cost of materials	493.7	627.7	1,029.0	1,374.2
Employee expenses	61.3	61.2	126.0	133.1
Other operating expenses	38.7	41.3	84.2	90.2
Earnings before interest, finance expense and provision for income taxes	30.0	31.1	46.6	67.7
Interest expense	5.5	9.6	10.9	19.1
Other finance income	-	(0.6)	-	-
Earnings before provision for income taxes	24.5	22.1	35.7	48.6
Provision for income taxes	8.1	5.7	11.5	13.7
Net earnings for the period	\$ 16.4	\$ 16.4	\$ 24.2	\$ 34.9
Basic earnings per common share	\$ 0.27	\$ 0.27	\$ 0.39	\$ 0.57
Diluted earnings per common share	\$ 0.27	\$ 0.27	\$ 0.39	\$ 0.57

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Net earnings for the period	\$ 16.4	\$ 16.4	\$ 24.2	\$ 34.9
Other comprehensive income				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	1.3	(7.8)	(30.4)	32.9
Items that may not be reclassified to earnings				
Actuarial gains on pension and similar obligations net of taxes	(6.6)	5.1	(9.5)	0.4
Other comprehensive (loss) income	(5.3)	(2.7)	(39.9)	33.3
Total comprehensive income (loss)	\$ 11.1	\$ 13.7	\$ (15.7)	\$ 68.2

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	June 30 2016	December 31 2015
ASSETS		
Current		
Cash and cash equivalents	\$ 163.4	\$ 143.4
Accounts receivable	335.1	333.5
Inventories	681.2	712.5
Prepaid expenses	11.9	10.7
Income taxes receivable	14.6	24.2
	1,206.2	1,224.3
Property, Plant and Equipment	251.7	267.8
Deferred Income Tax Assets	16.6	15.8
Financial and Other Assets	6.5	7.1
Goodwill and Intangibles	88.0	92.0
	\$ 1,569.0	\$ 1,607.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 93.2	\$ 94.2
Accounts payable and accrued liabilities	314.2	303.1
Income taxes payable	0.8	0.4
Current portion long-term debt	0.5	0.5
	408.7	398.2
Long-Term Debt	295.6	295.2
Pensions and Benefits	33.6	21.7
Deferred Income Tax Liabilities	13.6	14.2
Provisions and Other Non-Current Liabilities	10.8	8.8
	762.3	738.1
Shareholders' Equity		
Common shares	531.7	531.7
Retained earnings	159.9	192.1
Contributed surplus	15.6	15.2
Accumulated other comprehensive income	99.5	129.9
Total Shareholders' Equity	806.7	868.9
Total Liabilities and Shareholders' Equity	\$ 1,569.0	\$ 1,607.0

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Operating activities				
Net earnings for the period	\$ 16.4	\$ 16.4	\$ 24.2	\$ 34.9
Depreciation and amortization	8.8	8.8	17.7	17.5
Provision for income taxes	8.1	5.7	11.5	13.7
Interest expense	5.5	9.6	10.9	19.1
Gain on sale of property, plant and equipment	(0.1)	(2.1)	(0.4)	(2.0)
Share-based compensation	0.2	0.3	0.4	0.6
Difference between pension expense and amount funded	(0.7)	(0.6)	(1.1)	(1.2)
Debt accretion, amortization and other	0.1	1.3	0.3	2.7
Interest paid, net	(10.1)	(10.7)	(10.8)	(19.4)
Change in fair value of contingent consideration	-	(0.6)	-	-
Cash from operating activities before non-cash working capital	28.2	28.1	52.7	65.9
Changes in non-cash working capital items				
Accounts receivable	(5.2)	58.1	(5.9)	137.7
Inventories	(1.7)	55.7	19.7	43.0
Accounts payable and accrued liabilities	19.7	(55.3)	18.7	(140.8)
Other	(1.1)	(2.1)	(1.2)	(1.1)
Change in non-cash working capital	11.7	56.4	31.3	38.8
Income tax paid, net	(5.3)	(5.1)	(0.4)	(30.5)
Cash from operating activities	34.6	79.4	83.6	74.2
Financing activities				
Increase (decrease) in bank indebtedness	16.8	(7.3)	(1.1)	0.4
Issue of common shares	-	-	-	0.4
Dividends on common shares	(23.5)	(23.5)	(46.9)	(46.9)
Issuance of long-term debt	-	-	0.2	-
Repayment of long-term debt	-	(0.1)	(0.2)	(0.2)
Cash used in financing activities	(6.7)	(30.9)	(48.0)	(46.3)
Investing activities				
Purchase of property, plant and equipment	(4.0)	(10.4)	(7.0)	(18.6)
Proceeds on sale of property, plant and equipment	0.4	2.4	5.1	2.8
Payment of contingent consideration	-	-	(0.1)	(17.5)
Purchase of business	-	(27.3)	-	(27.3)
Cash used in investing activities	(3.6)	(35.3)	(2.0)	(60.6)
Effect of exchange rates on cash and cash equivalents	(1.6)	(1.6)	(13.6)	6.8
Increase (decrease) in cash and cash equivalents	22.7	11.6	20.0	(25.9)
Cash and cash equivalents, beginning of the period	140.7	15.9	143.4	53.4
Cash and cash equivalents, end of the period	\$ 163.4	\$ 27.5	\$ 163.4	\$ 27.5

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	-	(46.9)	-	-	(46.9)
Net earnings for the period	-	24.2	-	-	24.2
Other comprehensive loss for the period	-	-	-	(39.9)	(39.9)
Recognition of share-based compensation	-	-	0.4	-	0.4
Transfer of net actuarial losses on defined benefit plans	-	(9.5)	-	9.5	-
Balance, June 30, 2016	\$ 531.7	\$ 159.9	\$ 15.6	\$ 99.5	\$ 806.7

<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	-	(46.9)	-	-	-	(46.9)
Net earnings for the period	-	34.9	-	-	-	34.9
Other comprehensive income for the period	-	-	-	33.3	-	33.3
Recognition of share-based compensation	-	-	0.6	-	-	0.6
Share options exercised	0.5	-	(0.1)	-	-	0.4
Transfer of net actuarial gains on defined benefit plans	-	0.4	-	(0.4)	-	-
Balance, June 30, 2015	\$ 531.7	\$ 332.4	\$ 14.6	\$ 80.0	\$ 28.6	\$ 987.3