



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES 2016 THIRD QUARTER RESULTS

TORONTO, CANADA – November 8, 2016 -- Russel Metals Inc. (RUS - TSX) today announced financial results for the 2016 third quarter.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues	\$ 639	\$ 773	\$ 1,925	\$ 2,439
EBIT ¹	\$ 28	\$ 19	\$ 74	\$ 87
Net Income	\$ 16	\$ 13	\$ 40	\$ 48
Earnings per Share	\$ 0.26	\$ 0.21	\$ 0.65	\$ 0.77
Cash from Operations	\$ 34	\$ 104	\$ 117	\$ 178
Dividends paid ²	\$ 23	\$ 23	\$ 70	\$ 70

All amounts are reported in millions of Canadian dollars except per share, which is in Canadian dollars

¹ EBIT is a non-GAAP measure. EBIT represents earnings before interest and taxes.
² Dividends paid during the period.

Third quarter earnings were \$16 million, or \$0.26 per share on revenues of \$639 million. These results compare to earnings of \$13 million or \$0.21 per share on revenues of \$773 million in the same quarter in 2015. Our metals service center and steel distributor operations experienced strong gross margins in the quarter positively impacting earnings. We continue to actively address our costs, particularly in the energy products segment which continues to experience low activity levels.

Revenues of \$349 million in our metals service center segment in the 2016 third quarter were 5% lower than the 2015 third quarter due to lower demand, primarily in Alberta related to customers tied to the oil and gas industry. Tons shipped in our metals service centers decreased by 5% and selling price per ton remained consistent compared to the 2015 third quarter. Gross margins improved to 22.2% compared to 19.3% for the third quarter of 2015 as we benefited from continued growth in our value-added processing and improved steel prices early in the quarter. Our metals service center operating profits in the 2016 third quarter were \$17 million which was 79% higher than the 2015 third quarter, mainly due to stronger margins.

Revenues in our energy products segment decreased 28% in the 2016 third quarter to \$215 million compared to the 2015 third quarter due to reduced capital projects and drilling activity in the energy sector. Gross margins decreased slightly from 15.8% in the 2015 third quarter to 15.5% in the 2016 third quarter. Operating expenses were reduced by 26% in line with the revenue decline as our operations reduced costs to match activity. Operating profits of \$6 million in the 2016 third quarter were up significantly from the \$1 million experienced in the 2016 second quarter.

Revenues in our steel distributors segment in the 2016 third quarter of \$72 million were 30% lower than the 2015 third quarter due to lower North American demand. Gross margins as a percentage of revenues were 19.2% compared to 7.1% in the same period in 2015 as metal prices strengthened in 2016. Operating profits in the third quarter increased to \$5 million from \$2 million in the same period in 2015.

Our revenues for the nine months ended September 30, 2016 were \$1.9 billion down 21% from \$2.4 billion for the same period in 2015. Our 2016 year to date earnings of \$40 million or \$0.65 per share compared to \$48 million or \$0.77 per share for the same period in 2015.

Mr. Brian R. Hedges, CEO, commented "Our earnings from operations for the third quarter were stronger than our earnings in the same quarter last year. In the quarter, operating profits from our metals service centers and steel distributors businesses were almost double last year. Steel prices declined late in the quarter, especially in plate products. Operating profits for our energy operations improved from second quarter but were approximately 50% lower than the same quarter last year."

Mr. Hedges continued, "The return to profitability in 2016 reflects the capabilities of our operating staff and their understanding of the interaction between their revenues, cost structure and the deployment of assets. We continue to generate cash in this down market which allows the continued funding of our dividend. Our cash generated from operating activities in the current quarter was strong as we continued to reduce working capital. Cash generated in the third quarter last year was even stronger as we reacted to the drop in energy and aggressively reduced our working capital. While the timing of the energy sector recovery remains unclear, we remain one of the few energy product distributors that have demonstrated the ability to generate a profit from operations at the bottom of the energy cycle."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable December 15, 2016 to shareholders of record as of November 30, 2016.

The Company will be holding an Investor Conference Call on Wednesday, November 9, 2016 at 9:00 a.m. ET to review its 2016 third 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 ET Wednesday, November 23, 2016. You will be required to enter pass code 234354 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.

About Russel Metals

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three metals distribution segments: metals service centers, energy products and steel distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Loubier, Alberta Industrial Metals, Apex Distribution, Apex Monarch, Apex Remington, Apex Western Fiberglass, Arrow Steel Processors, B&T Steel, Baldwin International, Comco Pipe and Supply, Fedmet Tubulars, JMS Russel Metals, Leroux Steel, McCabe Steel, Mégantic Métal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec, Norton Metals, Pioneer Pipe, Russel Metals 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; cyclical nature 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 September 30		Nine months ended September 30	
	2016	2015	2016	2015	
Revenues	\$ 639.2	\$ 773.4	\$ 1,925.0	\$ 2,438.6	
Cost of materials	511.3	645.7	1,540.3	2,019.9	
Employee expenses	60.0	66.1	186.0	199.2	
Other operating expenses	40.3	42.6	124.5	132.8	
Earnings before interest, finance expense and provision for income taxes	27.6	19.0	74.2	86.7	
Interest expense	5.6	9.6	16.5	28.7	
Other finance income	-	(5.5)	-	(5.5)	
Earnings before provision for income taxes	22.0	14.9	57.7	63.5	
Provision for income taxes	6.1	2.1	17.6	15.8	
Net earnings for the period	\$ 15.9	\$ 12.8	\$ 40.1	\$ 47.7	
Basic earnings per common share	\$ 0.26	\$ 0.21	\$ 0.65	\$ 0.77	
Diluted earnings per common share	\$ 0.26	\$ 0.21	\$ 0.65	\$ 0.77	

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

<i>(in millions of Canadian dollars)</i>		Quarters ended September 30		Nine months ended September 30	
	2016	2015	2016	2015	
Net earnings for the period	\$ 15.9	\$ 12.8	\$ 40.1	\$ 47.7	
Other comprehensive income (loss)					
Items that may be reclassified to earnings					
Unrealized foreign exchange gains (losses) on translation of foreign operations	4.0	34.9	(26.4)	67.8	
Items that may not be reclassified to earnings					
Actuarial (losses) gains on pension and similar obligations net of taxes	2.3	(2.9)	(7.2)	(2.5)	
Other comprehensive income (loss)	6.3	32.0	(33.6)	65.3	
Total comprehensive income	\$ 22.2	\$ 44.8	\$ 6.5	\$ 113.0	

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	September 30 2016	December 31 2015
ASSETS		
Current		
Cash and cash equivalents	\$ 192.8	\$ 143.4
Accounts receivable	344.8	333.5
Inventories	634.7	712.5
Prepaid expenses	10.3	10.7
Income taxes receivable	19.4	24.2
	1,202.0	1,224.3
Property, Plant and Equipment	249.1	267.8
Deferred Income Tax Assets	12.5	15.8
Financial and Other Assets	6.4	7.1
Goodwill and Intangibles	86.7	92.0
	\$ 1,556.7	\$ 1,607.0
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 115.3	\$ 94.2
Accounts payable and accrued liabilities	293.1	303.1
Income taxes payable	0.2	0.4
Current portion long-term debt	0.4	0.5
	409.0	398.2
Long-Term Debt	295.7	295.2
Pensions and Benefits	22.2	21.7
Deferred Income Tax Liabilities	13.3	14.2
Provisions and Other Non-Current Liabilities	10.7	8.8
	750.9	738.1
Shareholders' Equity		
Common shares	531.7	531.7
Retained earnings	154.7	192.1
Contributed surplus	15.9	15.2
Accumulated other comprehensive income	103.5	129.9
Total Shareholders' Equity	805.8	868.9
Total Liabilities and Shareholders' Equity	\$ 1,556.7	\$ 1,607.0

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Operating activities				
Net earnings for the period	\$ 15.9	\$ 12.8	\$ 40.1	\$ 47.7
Depreciation and amortization	8.7	8.9	26.4	26.4
Provision for income taxes	6.1	2.1	17.6	15.8
Interest expense	5.6	9.6	16.5	28.7
Gain on sale of property, plant and equipment	(0.2)	-	(0.6)	(2.0)
Share-based compensation	0.3	0.3	0.7	0.9
Difference between pension expense and amount funded	(8.2)	(0.7)	(9.3)	(1.9)
Debt accretion, amortization and other	0.2	1.4	0.5	4.1
Interest paid, net	(1.0)	(7.8)	(11.8)	(27.2)
Change in fair value of contingent consideration	-	(5.5)	-	(5.5)
Cash from operating activities before non-cash working capital	27.4	21.1	80.1	87.0
Changes in non-cash working capital items				
Accounts receivable	(8.8)	8.6	(14.7)	146.3
Inventories	48.1	113.5	67.8	156.5
Accounts payable and accrued liabilities	(26.4)	(38.8)	(7.7)	(179.6)
Other	1.6	1.7	0.4	0.6
Change in non-cash working capital	14.5	85.0	45.8	123.8
Income tax paid, net	(8.4)	(2.2)	(8.8)	(32.7)
Cash from operating activities	33.5	103.9	117.1	178.1
Financing activities				
Increase (decrease) in bank indebtedness	22.1	(11.0)	21.0	(10.6)
Issue of common shares	-	-	-	0.4
Dividends on common shares	(23.4)	(23.4)	(70.3)	(70.3)
Issuance of long-term debt	-	-	0.2	-
Repayment of long-term debt	(0.1)	(0.2)	(0.3)	(0.4)
Deferred financing	-	(1.0)	-	(1.0)
Cash used in financing activities	(1.4)	(35.6)	(49.4)	(81.9)
Investing activities				
Purchase of property, plant and equipment	(4.7)	(10.9)	(11.7)	(29.5)
Proceeds on sale of property, plant and equipment	0.3	0.4	5.4	3.2
Payment of contingent consideration	-	-	(0.1)	(17.5)
Purchase of business	-	-	-	(27.3)
Cash used in investing activities	(4.4)	(10.5)	(6.4)	(71.1)
Effect of exchange rates on cash and cash equivalents	1.7	9.1	(11.9)	15.9
Increase in cash and cash equivalents	29.4	66.9	49.4	41.0
Cash and cash equivalents, beginning of the period	163.4	27.5	143.4	53.4
Cash and cash equivalents, end of the period	\$ 192.8	\$ 94.4	\$ 192.8	\$ 94.4

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 (Loss)	Total
Balance, January 1, 2016	\$ 531.7	\$ 192.1	\$ 15.2	\$ 129.9	\$ 868.9
Payment of dividends	-	(70.3)	-	-	(70.3)
Net earnings for the period	-	40.1	-	-	40.1
Other comprehensive loss for the period	-	-	-	(33.6)	(33.6)
Recognition of share-based compensation	-	-	0.7	-	0.7
Transfer of net actuarial losses on defined benefit plans	-	(7.2)	-	7.2	-
Balance, September 30, 2016	\$ 531.7	\$ 154.7	\$ 15.9	\$ 103.5	\$ 805.8

<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	-	(70.3)	-	-	-	(70.3)
Net earnings for the period	-	47.7	-	-	-	47.7
Other comprehensive income for the period	-	-	-	65.3	-	65.3
Recognition of share-based compensation	-	-	0.9	-	-	0.9
Share options exercised	0.5	-	(0.1)	-	-	0.4
Transfer of net actuarial gains on defined benefit plans	-	(2.5)	-	2.5	-	-
Balance, September 30, 2015	\$ 531.7	\$ 318.9	\$ 14.9	\$ 114.9	\$ 28.6	\$ 1,009.0