



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES STRONG 2017 FIRST QUARTER RESULTS

TORONTO, CANADA – May 3, 2017 -- Russel Metals Inc. (RUS - TSX) announces financial results for first quarter ended March 31, 2017.

	Three Months Ended March 31,	
	2017	2016
Revenues	\$ 804	\$ 662
EBIT ¹	\$ 48	\$ 17
Net Income	\$ 30	\$ 8
Earnings per Share	\$ 0.48	\$ 0.13
Free Cash Flow ¹	\$ 51	\$ 22
Dividends paid per share ²	\$ 0.38	\$ 0.38

All amounts are reported in millions of Canadian dollars except per share 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 2017 first quarter, we reported net income of \$30 million or \$0.48 per share on revenues of \$804 million compared to net income of \$8 million or \$0.13 per share in the first quarter of 2016. A stronger pricing environment led to higher gross margins and improved operating profits in all three of our operating segments.

First quarter revenues in our metals service centers increased 13% to \$386 million compared to the same period in 2016. Tons shipped were approximately 2% higher in the quarter as volumes increased across most regions. The average selling price improved 11% over first quarter 2016 and 6% over 2016 fourth quarter reflecting mill price increases, higher activity levels and continued growth in value-added processing. Gross margins were 22.4% compared to 20.7% in the same quarter last year. Operating profits increased \$12 million to \$22 million and, as a percentage of revenues, profits doubled to 5.6% from 2.8% due to stronger gross margins.

First quarter 2017 revenues in our energy products segment increased 37% to \$339 million compared to \$248 million in the 2016 first quarter due to stronger drilling activity and higher pipe prices as oil and natural gas prices stabilized late in 2016. Gross margins were 17.3% compared to 16.6% for the 2016 first quarter. This segment had operating profits of \$24 million compared to \$7 million in the same quarter last year. Operating profits as a percentage of revenues were 7.0% compared to 2.7% in first quarter 2016.

Revenues in our steel distributors segment increased by 7% to \$78 million in the 2017 first quarter compared to \$73 million in the 2016 first quarter reflecting higher steel prices than at this time last year. Gross margins were 21.6% compared to 20.6% and operating profits as a percentage of revenues rose to 10.8% compared to 9.8% in the first quarter of 2016. Operating profits were \$8 million compared to \$7 million in the same quarter last year due to the stronger gross margins.

Mr. Brian R. Hedges, CEO, commented "Our first quarter results are significantly better this year. Our operating teams across the business leveraged higher 2017 steel prices, which were largely the result of improvements in steel mill outlook, stronger demand and the easing of imports. Stable oil prices resulted in increased drilling activity and, just as importantly, the inventory overhang in the North American market was substantially reduced."

Mr. John G. Reid, President and COO, continued, "We continue our disciplined approach to inventory management, efficiency gains and growth of our value-added processing. These factors all contributed to our strong first quarter gross margins and operating profits. The increase in revenues was encouraging as it reversed the two year trend. Our energy products operations reduced their aged inventory position, thereby improved the quality of our working capital in the segment."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable June 15, 2017 to shareholders of record as of May 26, 2017.

The Company will be holding an Investor Conference Call on Thursday, May 4, 2017 at 9:00 a.m. ET to review its 2017 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 416-764-8688 (Toronto and International callers) and 1-888-390-0546 (U.S. and Canada) until midnight, Thursday, May 18, 2017. You will be required to enter pass code 245814 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 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; 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 unexpected loss of key individuals; decentralized operating structure; the availability of future acquisitions and their integration; 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; legislation on carbon emissions; workplace health and safety laws and regulations; significant changes in laws and governmental regulations; 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 press release 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 and under the heading "Risk" in our MD&A and under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form and as 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	
	2017	2016
Revenues	\$ 803.5	\$ 662.1
Cost of materials	641.2	535.3
Employee expenses	66.6	64.7
Other operating expenses	47.8	45.5
Earnings before interest and provision for income taxes	47.9	16.6
Interest expense	5.0	5.4
Earnings before provision for income taxes	42.9	11.2
Provision for income taxes	13.3	3.4
Net earnings for the period	\$ 29.6	\$ 7.8
Basic earnings per common share	\$ 0.48	\$ 0.13
Diluted earnings per common share	\$ 0.48	\$ 0.13

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2017	2016
Net earnings for the period	\$ 29.6	\$ 7.8
Other comprehensive loss		
Items that may be reclassified to earnings		
Unrealized foreign exchange losses on translation of foreign operations	(4.4)	(31.7)
Items that may not be reclassified to earnings		
Actuarial gains (losses) on pension and similar obligations, net of taxes	2.0	(2.9)
Other comprehensive loss	(2.4)	(34.6)
Total comprehensive income (loss)	\$ 27.2	\$ (26.8)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	March 31 2017	December 31 2016
ASSETS		
Current		
Cash and cash equivalents	\$ 168.8	\$ 181.8
Accounts receivable	466.4	359.4
Inventories	628.3	615.8
Prepaid expenses	11.8	8.5
Income taxes	0.5	6.6
	1,275.8	1,172.1
Property, Plant and Equipment	237.8	239.7
Deferred Income Tax Assets	7.5	5.9
Financial and Other Assets	6.3	5.1
Goodwill and Intangibles	84.0	85.7
	\$ 1,611.4	\$ 1,508.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 78.4	\$ 34.9
Accounts payable and accrued liabilities	359.4	313.5
Income taxes payable	15.1	5.3
Current portion long-term debt	0.1	0.1
	453.0	353.8
Long-Term Debt	296.0	295.8
Pensions and Benefits	8.5	11.0
Deferred Income Tax Liabilities	14.8	14.5
Provisions and Other Non-Current Liabilities	8.8	8.1
	781.1	683.2
Shareholders' Equity		
Common shares	533.6	532.4
Retained earnings	170.0	161.9
Contributed surplus	16.0	15.9
Accumulated other comprehensive income	110.7	115.1
Total Shareholders' Equity	830.3	825.3
Total Liabilities and Shareholders' Equity	\$ 1,611.4	\$ 1,508.5

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2017	2016
Operating activities		
Net earnings for the period	\$ 29.6	\$ 7.8
Depreciation and amortization	8.5	8.9
Provision for income taxes	13.3	3.4
Interest expense	5.0	5.4
Gain on sale of property, plant and equipment	(0.1)	(0.3)
Share-based compensation	0.2	0.2
Difference between pension expense and amount funded	-	(0.4)
Debt accretion, amortization and other	0.2	0.2
Interest paid	(0.4)	(0.7)
Cash from operating activities before non-cash working capital	56.3	24.5
Changes in non-cash working capital items		
Accounts receivable	(107.6)	(0.7)
Inventories	(14.3)	21.4
Accounts payable and accrued liabilities	42.8	(1.0)
Other	(3.3)	(0.1)
Change in non-cash working capital	(82.4)	19.6
Income taxes refund, net	0.7	4.9
Cash (used in) from operating activities	(25.4)	49.0
Financing activities		
Increase (decrease) in bank indebtedness	43.5	(17.9)
Issue of common shares	1.1	-
Dividends on common shares	(23.5)	(23.4)
Issuance of long-term debt	-	0.2
Repayment of long-term debt	-	(0.2)
Cash from (used in) financing activities	21.1	(41.3)
Investing activities		
Purchase of property, plant and equipment	(5.6)	(3.0)
Proceeds on sale of property, plant and equipment	0.2	4.7
Payment of contingent consideration	-	(0.1)
Cash (used in) from investing activities	(5.4)	1.6
Effect of exchange rates on cash and cash equivalents	(3.3)	(12.0)
Decrease in cash and cash equivalents	(13.0)	(2.7)
Cash and cash equivalents, beginning of the period	181.8	143.4
Cash and cash equivalents, end of the period	\$ 168.8	\$ 140.7

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, 2017	\$ 532.4	\$ 161.9	\$ 15.9	\$ 115.1	\$ 825.3
Payment of dividends	-	(23.5)	-	-	(23.5)
Net earnings for the period	-	29.6	-	-	29.6
Other comprehensive loss for the period	-	-	-	(2.4)	(2.4)
Recognition of share-based compensation	-	-	0.2	-	0.2
Share options exercised	1.2	-	(0.1)	-	1.1
Transfer of net actuarial losses on defined benefit plans	-	2.0	-	(2.0)	-
Balance, March 31, 2017	\$ 533.6	\$ 170.0	\$ 16.0	\$ 110.7	\$ 830.3

<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