



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES STRONG 2017 SECOND QUARTER RESULTS

TORONTO, CANADA – August 2, 2017 -- Russel Metals Inc. (RUS - TSX) announces financial results for second quarter ended June 30, 2017.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues	\$ 817	\$ 624	\$ 1,620	\$ 1,286
EBIT ¹	\$ 54	\$ 30	\$ 102	\$ 47
Net Income	\$ 33	\$ 16	\$ 62	\$ 24
Earnings per Share	\$ 0.52	\$ 0.27	\$ 1.00	\$ 0.39
Free Cash Flow ¹	\$ 44	\$ 24	\$ 95	\$ 46
Dividends paid per common share	\$ 0.38	\$ 0.38	\$ 0.76	\$ 0.76

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.

For the 2017 second quarter, we report net income of \$33 million or \$0.52 per share on revenues of \$817 million compared to net income of \$16 million or \$0.27 per share in the second quarter of 2016. Increased volumes in our energy products and steel distributor segments coupled with higher steel prices led to increased gross margins and improved operating profits from the 2016 second quarter.

Revenues in our metals service centers increased 14% to \$416 million for the quarter compared to the same period in 2016. Tons shipped in the second quarter of 2017 approximated tons shipped in the second quarter of 2016. The average selling price improved 15% over second quarter 2016 reflecting mill price increases and continued growth in value-added processing. Gross margins were 21.6% compared to 22.9% in the second quarter of 2016 as a result of stable steel prices in 2017 compared to rising steel prices in the 2016 second quarter. Operating profits were consistent with the same quarter in 2016.

Revenues in our energy products segment increased 68% to \$296 million compared to \$176 million in the 2016 second quarter. Revenue increases were due to higher rig counts, stronger prices due to the reduction of the industry inventory overhang and a shorter Canadian spring break up. Gross margins were 18.7% compared to 16.4% for the 2016 second quarter. This segment had operating profits of \$22 million

compared to \$1 million in the same quarter last year as all of our operations in this segment posted stronger results.

Revenues in our steel distributors segment increased by 25% to \$101 million compared to \$81 million in the 2016 second quarter due to higher volumes and steel prices. Gross margins were 19.0% compared to 18.5%. Operating profits were \$10 million compared to \$9 million in the 2016 second quarter.

Our revenues for the six months ended June 30, 2017 were \$1.6 billion up 26% from \$1.3 billion for the same period in 2016. Our 2017 year to date earnings of \$62 million or \$1.00 per share compared to \$24 million or \$0.39 per share for the same period in 2016.

Mr. John G. Reid, President and COO, commented, "We are pleased with our year to date performance with all of our operations reporting improved results. Our energy products operations rebounded considerably resulting in our strongest year over year segment improvement. We expect demand in the energy products segment to improve in the seasonally stronger third quarter."

Mr. Reid continued, "As the economic recovery continues, our emphasis on improving operating efficiencies coupled with our disciplined approach to working capital has had a positive impact on earnings. The pending U.S. trade actions, however, have created tension in the marketplace and may, once announced, impact the current pricing environment."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable September 15, 2017 to shareholders of record as of August 28, 2017.

The Company will be holding an Investor Conference Call on Thursday, August 3, 2017 at 9:00 a.m. ET to review its 2017 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 17, 2017. You will be required to enter pass code 156805 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 June 30		Six months ended June 30	
	2017	2016	2017	2016
Revenues	\$ 816.5	\$ 623.7	\$ 1,620.0	\$ 1,285.8
Cost of materials	648.3	493.7	1,289.5	1,029.0
Employee expenses	69.1	61.3	135.7	126.0
Other operating expenses	45.0	38.7	92.8	84.2
Earnings before interest, finance expense and provision for income taxes	54.1	30.0	102.0	46.6
Interest expense	5.6	5.5	10.6	10.9
Other finance expense	1.0	-	1.0	-
Earnings before provision for income taxes	47.5	24.5	90.4	35.7
Provision for income taxes	15.0	8.1	28.3	11.5
Net earnings for the period	\$ 32.5	\$ 16.4	\$ 62.1	\$ 24.2
Basic earnings per common share	\$ 0.52	\$ 0.27	\$ 1.00	\$ 0.39
Diluted earnings per common share	\$ 0.52	\$ 0.27	\$ 1.00	\$ 0.39

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Net earnings for the period	\$ 32.5	\$ 16.4	\$ 62.1	\$ 24.2
Other comprehensive income				
Items that may be reclassified to earnings				
Unrealized foreign exchange (losses) gains on translation of foreign operations	(11.6)	1.3	(16.0)	(30.4)
Items that may not be reclassified to earnings				
Actuarial losses on pension and similar obligations net of taxes	(8.0)	(6.6)	(6.0)	(9.5)
Other comprehensive loss	(19.6)	(5.3)	(22.0)	(39.9)
Total comprehensive income (loss)	\$ 12.9	\$ 11.1	\$ 40.1	\$ (15.7)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	June 30 2017	December 31 2016
ASSETS		
Current		
Cash and cash equivalents	\$ 164.3	\$ 181.8
Accounts receivable	438.6	359.4
Inventories	715.9	615.8
Prepaid expenses	12.8	8.5
Income taxes	2.8	6.6
	1,334.4	1,172.1
Property, Plant and Equipment	237.8	239.7
Deferred Income Tax Assets	6.8	5.9
Financial and Other Assets	4.2	5.1
Goodwill and Intangibles	82.2	85.7
	\$ 1,665.4	\$ 1,508.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 126.6	\$ 34.9
Accounts payable and accrued liabilities	372.6	313.5
Income taxes payable	9.1	5.3
Current portion long-term debt	0.1	0.1
	508.4	353.8
Long-Term Debt	296.1	295.8
Pensions and Benefits	19.3	11.0
Deferred Income Tax Liabilities	12.6	14.5
Provisions and Other Non-Current Liabilities	9.2	8.1
	845.6	683.2
Shareholders' Equity		
Common shares	533.6	532.4
Retained earnings	171.0	161.9
Contributed surplus	16.1	15.9
Accumulated other comprehensive income	99.1	115.1
Total Shareholders' Equity	819.8	825.3
Total Liabilities and Shareholders' Equity	\$ 1,665.4	\$ 1,508.5

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2017	2016	2017	2016
Operating activities				
Net earnings for the period	\$ 32.5	\$ 16.4	\$ 62.1	\$ 24.2
Depreciation and amortization	8.5	8.8	17.0	17.7
Provision for income taxes	15.0	8.1	28.3	11.5
Interest expense	5.6	5.5	10.6	10.9
Gain on sale of property, plant and equipment	(0.1)	(0.1)	(0.2)	(0.4)
Share-based compensation	0.1	0.2	0.3	0.4
Difference between pension expense and amount funded	-	(0.7)	-	(1.1)
Debt accretion, amortization and other	0.1	0.1	0.3	0.3
Change in fair value of contingent consideration	1.0	-	1.0	-
Interest paid	(10.0)	(10.1)	(10.4)	(10.8)
Cash from operating activities before non-cash working capital	52.7	28.2	109.0	52.7
Changes in non-cash working capital items				
Accounts receivable	25.2	(5.2)	(82.4)	(5.9)
Inventories	(91.5)	(1.7)	(105.8)	19.7
Accounts payable and accrued liabilities	19.1	19.7	61.9	18.7
Other	(1.0)	(1.1)	(4.3)	(1.2)
Change in non-cash working capital	(48.2)	11.7	(130.6)	31.3
Income tax paid, net	(22.1)	(5.3)	(21.4)	(0.4)
Cash (used in) from operating activities	(17.6)	34.6	(43.0)	83.6
Financing activities				
Increase (decrease) in bank indebtedness	48.2	16.8	91.7	(1.1)
Issue of common shares	-	-	1.1	-
Dividends on common shares	(23.5)	(23.5)	(47.0)	(46.9)
Issuance of long-term debt	-	-	-	0.2
Repayment of long-term debt	-	-	-	(0.2)
Cash from (used in) financing activities	24.7	(6.7)	45.8	(48.0)
Investing activities				
Purchase of property, plant and equipment	(8.7)	(4.0)	(14.3)	(7.0)
Proceeds on sale of property, plant and equipment	0.4	0.4	0.6	5.1
Payment of contingent consideration	-	-	-	(0.1)
Cash used in investing activities	(8.3)	(3.6)	(13.7)	(2.0)
Effect of exchange rates on cash and cash equivalents	(3.3)	(1.6)	(6.6)	(13.6)
(Decrease) increase in cash and cash equivalents	(4.5)	22.7	(17.5)	20.0
Cash and cash equivalents, beginning of the period	168.8	140.7	181.8	143.4
Cash and cash equivalents, end of the period	\$ 164.3	\$ 163.4	\$ 164.3	\$ 163.4

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	Total
Balance, January 1, 2017	\$ 532.4	\$ 161.9	\$ 15.9	\$ 115.1	\$ 825.3
Payment of dividends	-	(47.0)	-	-	(47.0)
Net earnings for the period	-	62.1	-	-	62.1
Other comprehensive loss for the period	-	-	-	(22.0)	(22.0)
Recognition of share-based compensation	-	-	0.3	-	0.3
Share options exercised	1.2	-	(0.1)	-	1.1
Transfer of net actuarial losses on defined benefit plans	-	(6.0)	-	6.0	-
Balance, June 30, 2017	\$ 533.6	\$ 171.0	\$ 16.1	\$ 99.1	\$ 819.8

<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