



## NEWS

### FOR IMMEDIATE RELEASE

## **RUSSEL METALS ANNOUNCES 2017 THIRD QUARTER RESULTS**

TORONTO, CANADA – November 8, 2017 -- Russel Metals Inc. (RUS - TSX) announces financial results for third quarter ended September 30, 2017.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues	\$ 851	\$ 639	\$ 2,471	\$ 1,925
EBIT <sup>1</sup>	\$ 58	\$ 28	\$ 160	\$ 74
Net Income	\$ 34	\$ 16	\$ 96	\$ 40
Earnings per Share	\$ 0.55	\$ 0.26	\$ 1.55	\$ 0.65
Free Cash Flow Per Share <sup>1</sup>	\$ 0.90	\$ 0.37	\$ 2.44	\$ 1.11
Dividends paid per common share	\$ 0.38	\$ 0.38	\$ 1.14	\$ 1.14

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

<sup>1</sup> EBIT and Free Cash Flow per Share 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 third quarter, we reported net income of \$34 million or \$0.55 per share on 33% higher revenues of \$851 million compared to net income of \$16 million or \$0.26 per share and revenues of \$639 million in the third quarter of 2016. Volume increases in our energy products and steel distributor segments coupled with higher steel prices, led to increased gross margins. Our operational improvements and higher volumes in metals service centers resulted in improved operating profits from the 2016 third quarter.

Revenues in our metals service centers increased 19% to \$415 million for the quarter compared to the same period in 2016. Tons shipped in the third quarter of 2017 increased 10% over tons shipped in the third quarter of 2016 due to stronger demand. Revenue was also boosted by higher selling prices as the average selling price improved 7% over third quarter 2016, consistent with the 2017 second quarter. Gross margins were lower at 19.5% compared to 22.2% in the third quarter of 2016 as a result of higher inventory costs. Operating profits of \$18 million were \$1 million higher than the same quarter in 2016 as operating efficiencies and demand gains offset lower margins.

Revenues in our energy products segment increased 56% to \$335 million compared to \$215 million in the 2016 third quarter. Revenues increased due to stronger demand as a result of increased rig counts and higher prices due to tighter inventory positions in the industry. Gross margins were 21.0% compared to

15.5% for the 2016 third quarter. This segment had operating profits of \$34 million compared to \$6 million in the same quarter last year as all of our operations in this segment posted stronger results.

Finance expense recorded in the quarter was \$2 million due to strong operating results at Apex Distribution resulting in an increase in our expected contingent consideration payment.

Revenues in our steel distributors segment increased by 36% to \$97 million compared to \$72 million in the 2016 third quarter due to higher volumes and steel prices. Gross margins were lower at 15.2% compared to 19.2% due to higher cost of inventory in the quarter. Operating profits were \$8 million compared to \$5 million in the 2016 third quarter mainly due to higher revenues.

Our revenues were up 28% for the nine months ended September 30, 2017 at \$2.5 billion from \$1.9 billion for the same period in 2016. Our 2017 year to date earnings of \$96 million or \$1.55 per share were more than double the comparable 2016 period of \$40 million or \$0.65 per share.

Mr. John G. Reid, President and COO, commented, "Our quarterly earnings per share exceeded the previous peak in 2014. The efforts of our employees to identify and execute on opportunities to improve our operations and asset management have enabled us to achieve these improved earnings. Our energy segment operating profits are at 2014 levels on lower revenues."

Mr. Reid continued, "We are pleased to have completed the Color Steels acquisition in the quarter and, as expected, Color was immediately accretive to earnings. We are excited by the addition of a new product line to our service center operations and the growth opportunities that this acquisition brings."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable December 15, 2017 to shareholders of record as of November 27, 2017.

The Company will be holding an Investor Conference Call on Thursday, November 9, 2017 at 9:00 a.m. ET to review its 2017 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, Thursday, November 23, 2017. You will be required to enter pass code 272752# 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](http://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, Color Steels, 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](http://www.sedar.com).*

If you would like to **unsubscribe** from receiving Press Releases, you may do so by emailing [info@russelmetals.com](mailto: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 September 30		Nine months ended September 30	
	2017	2016	2017	2016
<b>Revenues</b>	<b>\$ 850.9</b>	\$ 639.2	<b>\$ 2,470.9</b>	\$ 1,925.0
Cost of materials	<b>681.0</b>	511.3	<b>1,970.5</b>	1,540.3
Employee expenses	<b>68.6</b>	60.0	<b>204.3</b>	186.0
Other operating expenses	<b>43.8</b>	40.3	<b>136.6</b>	124.5
<b>Earnings before interest, finance expense and provision for income taxes</b>	<b>57.5</b>	27.6	<b>159.5</b>	74.2
Interest expense	<b>6.4</b>	5.6	<b>17.0</b>	16.5
Other finance expense	<b>2.0</b>	-	<b>3.0</b>	-
<b>Earnings before provision for income taxes</b>	<b>49.1</b>	22.0	<b>139.5</b>	57.7
Provision for income taxes	<b>15.4</b>	6.1	<b>43.7</b>	17.6
<b>Net earnings for the period</b>	<b>\$ 33.7</b>	\$ 15.9	<b>\$ 95.8</b>	\$ 40.1
<b>Basic earnings per common share</b>	<b>\$ 0.55</b>	\$ 0.26	<b>\$ 1.55</b>	\$ 0.65
<b>Diluted earnings per common share</b>	<b>\$ 0.55</b>	\$ 0.26	<b>\$ 1.55</b>	\$ 0.65

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

<i>(in millions of Canadian dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
<b>Net earnings for the period</b>	<b>\$ 33.7</b>	\$ 15.9	<b>\$ 95.8</b>	\$ 40.1
Other comprehensive income				
<b>Items that may be reclassified to earnings</b>				
Unrealized foreign exchange (losses) gains on translation of foreign operations	<b>(17.8)</b>	4.0	<b>(33.8)</b>	(26.4)
<b>Items that may not be reclassified to earnings</b>				
Actuarial gains (losses) on pension and similar obligations net of taxes	<b>7.4</b>	2.3	<b>1.4</b>	(7.2)
Other comprehensive (loss) income	<b>(10.4)</b>	6.3	<b>(32.4)</b>	(33.6)
<b>Total comprehensive income</b>	<b>\$ 23.3</b>	\$ 22.2	<b>\$ 63.4</b>	\$ 6.5

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)**

<i>(in millions of Canadian dollars)</i>	<b>September 30 2017</b>	December 31 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 145.8	\$ 181.8
Accounts receivable	511.3	359.4
Inventories	775.7	615.8
Prepaid expenses	16.7	8.5
Income taxes receivable	4.9	6.6
	<b>1,454.4</b>	<b>1,172.1</b>
<b>Property, Plant and Equipment</b>	<b>241.0</b>	<b>239.7</b>
<b>Deferred Income Tax Assets</b>	<b>5.6</b>	<b>5.9</b>
<b>Financial and Other Assets</b>	<b>3.9</b>	<b>5.1</b>
<b>Goodwill and Intangibles</b>	<b>91.8</b>	<b>85.7</b>
	<b>\$ 1,796.7</b>	<b>\$ 1,508.5</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	\$ 184.6	\$ 34.9
Accounts payable and accrued liabilities	442.3	313.5
Income taxes payable	17.9	5.3
Current portion long-term debt	0.1	0.1
	<b>644.9</b>	<b>353.8</b>
<b>Long-Term Debt</b>	<b>296.3</b>	<b>295.8</b>
<b>Pensions and Benefits</b>	<b>9.0</b>	<b>11.0</b>
<b>Deferred Income Tax Liabilities</b>	<b>16.6</b>	<b>14.5</b>
<b>Provisions and Other Non-Current Liabilities</b>	<b>10.0</b>	<b>8.1</b>
	<b>976.8</b>	<b>683.2</b>
<b>Shareholders' Equity</b>		
Common shares	533.6	532.4
Retained earnings	188.7	161.9
Contributed surplus	16.3	15.9
Accumulated other comprehensive income	81.3	115.1
<b>Total Shareholders' Equity</b>	<b>819.9</b>	<b>825.3</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,796.7</b>	<b>\$ 1,508.5</b>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)**

<i>(in millions of Canadian dollars)</i>	Quarters ended		Nine months ended	
	2017	September 30 2016	2017	September 30 2016
<b>Operating activities</b>				
Net earnings for the period	\$ 33.7	\$ 15.9	\$ 95.8	\$ 40.1
Depreciation and amortization	8.5	8.7	25.5	26.4
Provision for income taxes	15.4	6.1	43.7	17.6
Interest expense	6.4	5.6	17.0	16.5
Gain on sale of property, plant and equipment	(0.7)	(0.2)	(0.9)	(0.6)
Share-based compensation	0.2	0.3	0.5	0.7
Difference between pension expense and amount funded	-	(8.2)	-	(9.3)
Debt accretion, amortization and other	0.2	0.2	0.5	0.5
Change in fair value of contingent consideration	2.0	-	3.0	-
Interest paid	(1.8)	(1.0)	(12.2)	(11.8)
<b>Cash from operating activities before non-cash working capital</b>	<b>63.9</b>	27.4	<b>172.9</b>	80.1
<b>Changes in non-cash working capital items</b>				
Accounts receivable	(69.7)	(8.8)	(152.1)	(14.7)
Inventories	(58.9)	48.1	(164.7)	67.8
Accounts payable and accrued liabilities	63.2	(26.4)	125.1	(7.7)
Other	(3.9)	1.6	(8.2)	0.4
<b>Change in non-cash working capital</b>	<b>(69.3)</b>	14.5	<b>(199.9)</b>	45.8
Income tax paid, net	(7.7)	(8.4)	(29.1)	(8.8)
<b>Cash (used in) from operating activities</b>	<b>(13.1)</b>	33.5	<b>(56.1)</b>	117.1
<b>Financing activities</b>				
Increase in bank indebtedness	58.0	22.1	149.7	21.0
Issue of common shares	-	-	1.1	-
Dividends on common shares	(23.4)	(23.4)	(70.4)	(70.3)
Issuance of long-term debt	-	-	-	0.2
Repayment of long-term debt	(0.1)	(0.1)	(0.1)	(0.3)
<b>Cash from (used in) financing activities</b>	<b>34.5</b>	(1.4)	<b>80.3</b>	(49.4)
<b>Investing activities</b>				
Purchase of property, plant and equipment	(7.9)	(4.7)	(22.2)	(11.7)
Proceeds on sale of property, plant and equipment	1.1	0.3	1.7	5.4
Payment of contingent consideration	-	-	-	(0.1)
Purchase of business	(25.6)	-	(25.6)	-
<b>Cash used in investing activities</b>	<b>(32.4)</b>	(4.4)	<b>(46.1)</b>	(6.4)
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>(7.5)</b>	1.7	<b>(14.1)</b>	(11.9)
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(18.5)</b>	29.4	<b>(36.0)</b>	49.4
Cash and cash equivalents, beginning of the period	164.3	163.4	181.8	143.4
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 145.8</b>	\$ 192.8	<b>\$ 145.8</b>	\$ 192.8

**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
<b>Balance, January 1, 2017</b>	\$ 532.4	\$ 161.9	\$ 15.9	\$ 115.1	\$ 825.3
Payment of dividends	-	(70.4)	-	-	(70.4)
Net earnings for the period	-	95.8	-	-	95.8
Other comprehensive loss for the period	-	-	-	(32.4)	(32.4)
Recognition of share-based compensation	-	-	0.5	-	0.5
Share options exercised	1.2	-	(0.1)	-	1.1
Transfer of net actuarial gains on defined benefit plans	-	1.4	-	(1.4)	-
<b>Balance, September 30, 2017</b>	<b>\$ 533.6</b>	<b>\$ 188.7</b>	<b>\$ 16.3</b>	<b>\$ 81.3</b>	<b>\$ 819.9</b>

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
<b>Balance, January 1, 2016</b>	\$ 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	-
<b>Balance, September 30, 2016</b>	<b>\$ 531.7</b>	<b>\$ 154.7</b>	<b>\$ 15.9</b>	<b>\$ 103.5</b>	<b>\$ 805.8</b>