



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES 2017 ANNUAL AND FOURTH QUARTER RESULTS

TORONTO, CANADA – February 14, 2018 -- Russel Metals Inc. (RUS - TSX) today announced financial results for the 2017 fourth quarter and for the year ended December 31, 2017.

	Three Months Ended December 31		Year Ended December 31	
	2017	2016	2017	2016
Revenues	\$ 825	\$ 654	\$ 3,296	\$ 2,579
EBIT ¹	\$ 47	\$ 45	\$ 206	\$ 119
Net Income	\$ 28	\$ 23	\$ 124	\$ 63
Earnings per Share	\$ 0.45	\$ 0.37	\$ 2.00	\$ 1.02
Free Cash Flow Per Share ¹	\$ 0.48	\$ 0.15	\$ 2.92	\$ 1.25
Dividends paid per common share	\$ 0.38	\$ 0.38	\$ 1.52	\$ 1.52

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

¹ EBIT and Free Cash Flow per Share are non-GAAP measures. EBIT represents earnings before interest, finance expense and taxes.

For the year ended December 31, 2017, we reported net income of \$124 million or \$2.00 per share on revenues of \$3.3 billion. These results compare to 2016 revenues of \$2.6 billion and net income of \$63 million or \$1.02 per share, which included a gain in the 2016 fourth quarter of \$28 million or \$0.27 per share on the sale of properties. Fourth quarter net income was \$28 million or \$0.45 per share on revenues of \$825 million. These results compare to net income of \$23 million or \$0.37 per share in the 2016 fourth quarter.

Fourth quarter revenues of \$418 million in our metals service center segment were 27% higher than the 2016 fourth quarter due to the acquisition of Color Steels and stronger demand and higher selling prices. Same store tons shipped increased 13% and same store selling price per ton increased by 9% over the 2016 comparable quarter. Gross margin was 19.3% compared to 20.6% for the fourth quarter of 2016. Our metals service center operating profits in the 2017 fourth quarter were \$16 million compared to \$7 million in the 2016 fourth quarter due to stronger activity and operating efficiencies.

Fourth quarter 2017 revenues in our energy products segment increased 24% to \$300 million compared to the 2016 fourth quarter due to stronger demand and higher selling prices in all of our

energy products operations. Gross margin percentage of 21.3% in the 2017 fourth quarter improved significantly compared to 13.8% in the 2016 fourth quarter due to higher demand and selling prices. Operating profits were \$28 million in the 2017 fourth quarter compared to \$5 million in the same quarter last year.

Revenues in our steel distributors segment in the 2017 fourth quarter of \$104 million were 32% higher than the 2016 fourth quarter. Gross margin as a percentage of revenues was 14.9% compared to 16.1% in the same period in 2016 due to the higher cost of inventory. Operating profits in the fourth quarter approximated that of the same quarter last year as stronger revenues were offset by lower gross margins.

Mr. John G Reid, President and COO commented "We have simplified the capital structure and improved our operating efficiencies since the last downturn and we are very encouraged that our earnings are as strong as they were in 2014 when revenues are not yet fully recovered. Our service center and steel distribution operations turned in another solid performance for the quarter as strong activity offset the usual seasonal demand decrease. Demand for our energy product operations continued at a healthy level. Improved selling prices and previously implemented operating efficiencies led to stellar results for all of our energy operations."

Mr. Reid continued, "The acquisition of Color Steels has gone well and the new operation was immediately accretive. We are continuing to evaluate growth opportunities and systematically increase our value-added equipment across North America. In the first quarter to date we have seen a modest demand increase in a rising steel price environment."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable March 15, 2018 to shareholders of record as of March 1, 2018.

The Company will be holding an Investor Conference Call on Thursday, February 15, 2018 at 9:00 a.m. ET to review its 2017 fourth 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 Thursday, March 1, 2018. You will be required to enter pass code 972009 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, 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 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.

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CONSOLIDATED STATEMENTS OF EARNINGS

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Revenues	\$ 825.1	\$ 653.6	\$ 3,296.0	\$ 2,578.6
Cost of materials	662.2	536.6	2,632.7	2,076.9
Employee expenses	70.6	64.5	274.9	250.5
Other operating expenses	45.4	35.4	182.0	159.9
Gain on sale of properties	-	(27.7)	-	(27.7)
Earnings before interest, finance expense and provision for income taxes	46.9	44.8	206.4	119.0
Interest expense	6.9	5.2	23.9	21.7
Other finance expense	0.3	-	3.3	-
Earnings before provision for income taxes	39.7	39.6	179.2	97.3
Provision for income taxes	11.7	16.9	55.4	34.5
Net earnings for the period	\$ 28.0	\$ 22.7	\$ 123.8	\$ 62.8
Basic earnings per common share	\$ 0.45	\$ 0.37	\$ 2.00	\$ 1.02
Diluted earnings per common share	\$ 0.45	\$ 0.36	\$ 2.00	\$ 1.01

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Net earnings for the period	\$ 28.0	\$ 22.7	\$ 123.8	\$ 62.8
Other comprehensive income				
Items that may be reclassified to earnings				
Unrealized foreign exchange (losses) gains on translation of foreign operations	2.4	11.6	(31.4)	(14.8)
Items that may not be reclassified to earnings				
Actuarial (losses) gains on pension and similar obligations, net of taxes	(2.7)	8.0	(1.3)	0.8
Other comprehensive (loss) income	(0.3)	19.6	(32.7)	(14.0)
Total comprehensive income	\$ 27.7	\$ 42.3	\$ 91.1	\$ 48.8

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in millions of Canadian dollars)</i>	December 31 2017	December 31 2016
ASSETS		
Current		
Cash and cash equivalents	\$ 125.8	\$ 181.8
Accounts receivable	446.2	359.4
Inventories	819.9	615.8
Prepays and other	17.2	8.5
Income taxes receivable	4.5	6.6
	1,413.6	1,172.1
Property, Plant and Equipment	246.8	239.7
Deferred Income Tax Assets	4.7	5.9
Financial and Other Assets	3.5	5.1
Goodwill and Intangibles	90.5	85.7
	\$ 1,759.1	\$ 1,508.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 207.7	\$ 34.9
Accounts payable and accrued liabilities	365.7	313.5
Income taxes payable	21.6	5.3
Current portion long-term debt	0.1	0.1
	595.1	353.8
Long-Term Debt	296.5	295.8
Pensions and Benefits	12.0	11.0
Deferred Income Tax Liabilities	17.7	14.5
Provisions and Other Non-Current Liabilities	11.0	8.1
	932.3	683.2
Shareholders' Equity		
Common shares	536.6	532.4
Retained earnings	190.5	161.9
Contributed surplus	16.0	15.9
Accumulated other comprehensive income	83.7	115.1
Total Shareholders' Equity	826.8	825.3
Total Liabilities and Shareholders' Equity	\$ 1,759.1	\$ 1,508.5

CONSOLIDATED STATEMENTS OF CASHFLOW

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2017	2016	2017	2016
Operating activities				
Net earnings for the period	\$ 28.0	\$ 22.7	\$ 123.8	\$ 62.8
Depreciation and amortization	8.7	8.7	34.2	35.1
Provision for income taxes	11.7	16.9	55.4	34.5
Interest expense	6.9	5.2	23.9	21.7
Gain on sale of property, plant and equipment	(1.0)	(28.6)	(1.9)	(29.2)
Share-based compensation	0.2	0.2	0.7	0.9
Difference between pension expense and amount funded	(0.7)	(0.4)	(0.7)	(9.7)
Debt accretion, amortization and other	0.2	0.2	0.7	0.7
Change in fair value of contingent consideration	0.3	-	3.3	-
Interest paid	(11.1)	(10.9)	(23.3)	(22.7)
Cash from operating activities before non-cash working capital	43.2	14.0	216.1	94.1
Changes in non-cash working capital items				
Accounts receivable	65.9	(11.4)	(86.2)	(26.1)
Inventories	(43.3)	24.7	(208.0)	92.5
Accounts payable and accrued liabilities	(73.0)	19.9	52.1	12.2
Other	(0.4)	1.8	(8.6)	2.2
Change in non-cash working capital	(50.8)	35.0	(250.7)	80.8
Income tax paid, net	(4.7)	5.9	(33.8)	(2.9)
Cash (used in) from operating activities	(12.3)	54.9	(68.4)	172.0
Financing activities				
Increase (decrease) in bank borrowings	23.1	(80.3)	172.8	(59.3)
Issue of common shares	2.5	0.6	3.6	0.6
Dividends on common shares	(23.5)	(23.5)	(93.9)	(93.8)
Issuance of long-term debt	-	-	-	0.2
Repayment of long-term debt	-	(0.4)	(0.1)	(0.7)
Cash from (used in) financing activities	2.1	(103.6)	82.4	(153.0)
Investing activities				
Purchase of property, plant and equipment	(13.5)	(5.0)	(35.7)	(16.7)
Proceeds on sale of property, plant and equipment	2.0	40.4	3.7	45.8
Purchase of business	-	(4.7)	(25.6)	(4.7)
Proceeds on sale of investment	-	1.8	-	1.8
Payment of contingent consideration	-	-	-	(0.1)
Cash (used in) from investing activities	(11.5)	32.5	(57.6)	26.1
Effect of exchange rates on cash and cash equivalents	1.7	5.2	(12.4)	(6.7)
(Decrease) increase in cash and cash equivalents	(20.0)	(11.0)	(56.0)	38.4
Cash and cash equivalents, beginning of the period	145.8	192.8	181.8	143.4
Cash and cash equivalents, end of the year	\$ 125.8	\$ 181.8	\$ 125.8	\$ 181.8

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<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	-	(93.9)	-	-	(93.9)
Net income for the year	-	123.8	-	-	123.8
Other comprehensive loss for the year	-	-	-	(32.7)	(32.7)
Recognition of share-based compensation	-	-	0.7	-	0.7
Share options exercised	4.2	-	(0.6)	-	3.6
Transfer of net actuarial losses on defined benefit plans	-	(1.3)	-	1.3	-
Balance, December 31, 2017	\$ 536.6	\$ 190.5	\$ 16.0	\$ 83.7	\$ 826.8

<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	-	(93.8)	-	-	(93.8)
Net income for the year	-	62.8	-	-	62.8
Other comprehensive loss for the year	-	-	-	(14.0)	(14.0)
Recognition of share-based compensation	-	-	0.9	-	0.9
Share options exercised	0.7	-	(0.2)	-	0.5
Transfer of net actuarial gains on defined benefit plans	-	0.8	-	(0.8)	-
Balance, December 31, 2016	\$ 532.4	\$ 161.9	\$ 15.9	\$ 115.1	\$ 825.3