



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES STRONG 2018 FIRST QUARTER RESULTS

TORONTO, CANADA – May 1, 2018 -- Russel Metals Inc. (RUS - TSX) announces financial results for the first quarter ended March 31, 2018.

	Three Months Ended March 31,	
	2018	2017
Revenues	\$ 931	\$ 804
EBIT ¹	\$ 61	\$ 48
Net Income	\$ 38	\$ 30
Earnings per Share	\$ 0.62	\$ 0.48
Free Cash Flow ¹	\$ 60	\$ 51
Dividends paid per common share	\$ 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, finance expense and taxes. Free cash flow represents cash from operating activities before change in working capital less capital expenditures.

For the 2018 first quarter, we reported net income of \$38 million or \$0.62 per share on increased revenues of \$931 million compared to net income of \$30 million or \$0.48 per share in the first quarter of 2017. Higher steel prices and volumes led to higher gross margin dollars. This growth, along with our operating efficiencies, led to improved operating profits in all of our segments.

First quarter revenues in our metals service centers increased 18% to \$455 million compared to the same period in 2017 as same store tons shipped were approximately 7% higher. The average selling price improved 8% over first quarter 2017 and 5% over 2017 fourth quarter due to steel price increases and continued growth in value-added processing. Gross margins were 22.1% compared to 22.4% in the same quarter last year. Operating profits in this segment increased by \$7 million to \$29 million from \$22 million and, as a percentage of revenues, increased to 6.3% compared to 5.6% in the first quarter of 2017.

First quarter 2018 revenues in our energy products segment increased 13% to \$382 million compared to \$339 million in the 2017 first quarter due to increased valves and fittings revenues at our North American field stores, increased line pipe activity and improved pipe prices. Drilling activity in Canada was slightly lower than the 2017 first quarter which impacted our Canadian downhole operations. Gross margins were 19.3% compared to 17.3% for the 2017 first quarter due to rising prices and product mix. Operating profits

as a percentage of revenues were 8.5% compared to 7.0% in first quarter 2017. Segment operating profits of \$32 million improved substantially compared to \$24 million in the same quarter last year.

Revenues in our steel distributors segment increased by 21% to \$94 million in the 2018 first quarter compared to first quarter of 2017 reflecting higher North American steel prices and stronger demand in the Canadian operation. Gross margins were 21.6% in the first quarter of 2018 and 2017. Segment operating profits increased to \$11 million from \$8 million in 2017 as operating profits as a percentage of revenues rose to 11.4% compared to 10.8% in the first quarter of 2017.

Mr. John G. Reid, President and COO, commented, "Steel prices continued to improve throughout the quarter benefiting our metals service centers and steel distributors which also enjoyed improved demand. Details of the 232 trade actions in the U.S. are coming into focus around exemptions and quota announcements that to date have improved the overall mill utilization rates and pricing. We continue to expand our geographic footprint and systematically invest in our value-added processing capabilities."

Mr. Reid continued, "Our energy products operations benefited from the pricing recovery, improved demand and better industry-wide inventory management. U.S. line pipe projects have been particularly robust as well as continued growth in our field store operations. The extent of the duration of the seasonal road closures could impact certain of our Canadian energy products operations. Entering the second quarter, we remain encouraged with current demand and pricing levels."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable June 15, 2018 to shareholders of record as of May 28, 2018.

The Company will be holding an Investor Conference Call on Wednesday, May 2, 2018 at 9:00 a.m. ET to review its 2018 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 416-764-8677 (Toronto and International callers) and 1-888-390-0541 (U.S. and Canada) until midnight, Wednesday, May 16, 2018. 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, Color Steels, Comco Pipe and Supply, DuBose Steel, 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.

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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	
	2018	2017
Revenues	\$ 931.3	\$ 803.5
Cost of materials (Note 5)	736.7	641.2
Employee expenses (Note 14)	77.9	66.6
Other operating expenses (Note 14)	52.8	47.8
Asset impairment (Note 6)	3.3	-
Earnings before interest, finance expense and provision for income taxes	60.6	47.9
Interest expense (Note 15)	6.7	5.0
Other finance expense (Note 15)	1.2	-
Earnings before provision for income taxes	52.7	42.9
Provision for income taxes (Note 16)	14.2	13.3
Net earnings for the period	\$ 38.5	\$ 29.6
Basic earnings per common share (Note 13)	\$ 0.62	\$ 0.48
Diluted earnings per common share (Note 13)	\$ 0.62	\$ 0.48

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2018	2017
Net earnings for the period	\$ 38.5	\$ 29.6
Other comprehensive income		
Items that may be reclassified to earnings		
Unrealized foreign exchange gains (losses) on translation of foreign operations	13.2	(4.4)
Items that may not be reclassified to earnings		
Actuarial gains on pension and similar obligations, net of taxes of \$0.8 million (2017: \$0.7 million)	2.1	2.0
Other comprehensive income (loss)	15.3	(2.4)
Total comprehensive income	\$ 53.8	\$ 27.2

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	March 31 2018	December 31 2017
ASSETS		
Current		
Cash and cash equivalents	\$ 136.0	\$ 125.8
Accounts receivable	548.7	446.2
Inventories (Note 5)	870.4	819.9
Prepaid expenses	19.6	17.2
Income taxes	2.1	4.5
	1,576.8	1,413.6
Property, Plant and Equipment (Note 6)	248.9	246.8
Deferred Income Tax Assets	4.6	4.7
Financial and Other Assets	4.5	3.5
Goodwill and Intangibles (Note 7)	89.4	90.5
	\$ 1,924.2	\$ 1,759.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (Note 8)	\$ 115.9	\$ 207.7
Accounts payable and accrued liabilities	467.5	365.7
Income taxes payable	1.7	21.6
Current portion long-term debt (Note 9)	0.1	0.1
	585.2	595.1
Long-Term Debt (Note 9)	442.6	296.5
Pensions and Benefits (Note 10)	8.8	12.0
Deferred Income Tax Liabilities	18.7	17.7
Provisions and Other Non-Current Liabilities (Note 17)	9.7	11.0
	1,065.0	932.3
Shareholders' Equity (Note 11)		
Common shares	539.0	536.6
Retained earnings	207.5	190.5
Contributed surplus	15.8	16.0
Accumulated other comprehensive income	96.9	83.7
Total Shareholders' Equity	859.2	826.8
Total Liabilities and Shareholders' Equity	\$ 1,924.2	\$ 1,759.1

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2018	2017
Operating activities		
Net earnings for the period	\$ 38.5	\$ 29.6
Depreciation and amortization	8.4	8.5
Provision for income taxes	14.2	13.3
Interest expense	6.7	5.0
Loss (gain) on disposal of property, plant and equipment	3.2	(0.1)
Share-based compensation	0.1	0.2
Difference between pension expense and amount funded	(0.2)	-
Debt accretion, amortization and other	0.2	0.2
Change in fair value of contingent consideration	1.2	-
Interest paid	(1.3)	(0.4)
Cash from operating activities before non-cash working capital	71.0	56.3
Changes in non-cash working capital items		
Accounts receivable	(99.4)	(107.6)
Inventories	(44.3)	(14.3)
Accounts payable and accrued liabilities	96.3	42.8
Other	(2.4)	(3.3)
Change in non-cash working capital	(49.8)	(82.4)
Income taxes (paid) refund, net	(31.2)	0.7
Cash used in operating activities	(10.0)	(25.4)
Financing activities		
(Decrease) increase in bank indebtedness	(91.9)	43.5
Issue of common shares	2.0	1.1
Dividends on common shares	(23.6)	(23.5)
Issuance of long-term debt	146.0	-
Deferred financing costs	(1.1)	-
Cash from financing activities	31.4	21.1
Investing activities		
Purchase of property, plant and equipment	(10.9)	(5.6)
Proceeds on sale of property, plant and equipment	0.3	0.2
Payment of contingent consideration	(4.5)	-
Cash used in investing activities	(15.1)	(5.4)
Effect of exchange rates on cash and cash equivalents	3.9	(3.3)
Increase (decrease) in cash and cash equivalents	10.2	(13.0)
Cash and cash equivalents, beginning of the period	125.8	181.8
Cash and cash equivalents, end of the period	\$ 136.0	\$ 168.8

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
Balance, January 1, 2018	\$ 536.6	\$ 190.5	\$ 16.0	\$ 83.7	\$ 826.8
Payment of dividends	-	(23.6)	-	-	(23.6)
Net earnings for the period	-	38.5	-	-	38.5
Other comprehensive income for the period	-	-	-	15.3	15.3
Recognition of share-based compensation	-	-	0.1	-	0.1
Share options exercised	2.4	-	(0.3)	-	2.1
Transfer of net actuarial gains on defined benefit plans	-	2.1	-	(2.1)	-
Balance, March 31, 2018	\$ 539.0	\$ 207.5	\$ 15.8	\$ 96.9	\$ 859.2

<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 gains on defined benefit plans	-	2.0	-	(2.0)	-
Balance, March 31, 2017	\$ 533.6	\$ 170.0	\$ 16.0	\$ 110.7	\$ 830.3