



## NEWS

### FOR IMMEDIATE RELEASE

## **RUSSEL METALS ANNOUNCES ROBUST QUARTERLY RESULTS**

TORONTO, CANADA – November 7, 2018 -- Russel Metals Inc. (RUS - TSX) announces continued solid financial results for the nine months ended September 30, 2018.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues	\$ 1,140	\$ 851	\$ 3,050	\$ 2,471
EBIT <sup>1</sup>	\$ 102	\$ 58	\$ 260	\$ 160
Net Income	\$ 68	\$ 34	\$ 173	\$ 96
Earnings per Share	\$ 1.10	\$ 0.55	\$ 2.79	\$ 1.55
Free Cash Flow <sup>1</sup>	\$ 93	\$ 56	\$ 240	\$ 151
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 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 2018 third quarter, we reported net income of \$68 million or \$1.10 per share on revenues of \$1.1 billion, double the comparable net income of \$34 million or \$0.55 per share in the third quarter of 2017. Improved selling prices and increased volumes, led primarily by our U.S line pipe projects, have resulted in continued strong operating income.

Revenues in our metals service centers increased 35% to \$559 million for the quarter compared to the same period in 2017 due to increased selling prices. The average selling price improved 28% over third quarter 2017 reflecting continued growth in value-added processing and steel price increases. Our acquisitions contributed to increased volumes of 7%. Gross margins were 24.3% compared to 19.5% in the third quarter of 2017. Operating profits of \$55 million were more than triple the \$18 million reported in the same quarter in 2017.

Revenues in our energy products segment increased 38% to \$463 million compared to \$335 million in the 2017 third quarter. Revenue increases were due to U.S. line pipe projects and higher oil field service store activity. The line pipe project shipments have tighter margins which led to gross margins of 17.3% compared 21.0% in the same quarter last year. This segment had operating profits of \$40 million compared to \$34 million in the same quarter last year.

Revenues in our steel distributors segment increased by 17% to \$114 million compared to \$97 million in the 2017 third quarter due to higher steel prices on lower volumes resulting from logistical issues at the ports. Gross margins were 18.6% compared to 15.2% due to higher selling prices. Operating profits were \$10 million compared to \$8 million in the 2017 third quarter.

Our revenues for the nine months ended September 30, 2018 were \$3.0 billion, up 23% from \$2.5 billion for the same period in 2017 due to higher selling prices and volume increases at most of our operations. Our 2018 year to date earnings of \$173 million or \$2.79 per share compared to \$96 million or \$1.55 per share for the same period in 2017.

Mr. John G. Reid, President and CEO, commented, "We want to recognize our team for the best back to back quarters in over a decade. We are extremely pleased with the performance of our operations across all segments as we continue to successfully navigate an environment filled with trade disruptions and evolving supply chains. Our team continues to exercise working capital discipline throughout all of our operations as we grow both top and bottom lines."

Mr. Reid continued, "Heading into the fourth quarter, overall demand remains steady and pricing appears to be stabilizing across all products. Our metals service center operations continue to benefit from solid demand levels and growth in our value-added processing strategic initiative. The Canadian rig count remains at a healthy level for our Canadian energy operations. Our U.S. energy operations are expected to continue to benefit from the increased rig counts and drilling activity."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable December 14, 2018 to shareholders of record as of November 26, 2018.

The Company will be holding an Investor Conference Call on Thursday, November 8, 2018 at 9:00 a.m. ET to review its 2018 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 22, 2018. You will be required to enter pass code 416928# 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, Acier Wirth, Alberta Industrial Metals, Apex Distribution, Apex Monarch, Apex Remington, Apex Valve Services, Apex Western Fiberglass, Arrow Steel Processors, B&T Steel, Baldwin International, Color Steels, Comco Pipe and Supply, Couleur Aciers, DuBose Steel, Fedmet Tubulars, JMS Russel Metals, Leroux Steel, Mégantic Métal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec, Norton Metals, Pemco Steel, 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).*

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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
	<b>2018</b>	2017	<b>2018</b>	2017
<b>Revenues</b>	<b>\$ 1,140.1</b>	\$ 850.9	<b>\$ 3,049.6</b>	\$ 2,470.9
Cost of materials	<b>899.2</b>	681.0	<b>2,375.2</b>	1,970.5
Employee expenses	<b>89.5</b>	69.6	<b>255.0</b>	207.4
Other operating expenses	<b>49.8</b>	42.8	<b>156.6</b>	133.5
Asset impairment	-	-	<b>3.3</b>	-
<b>Earnings before interest, finance expense and provision for income taxes</b>	<b>101.6</b>	57.5	<b>259.5</b>	159.5
Interest expense	<b>8.6</b>	6.4	<b>23.2</b>	17.0
Other finance expense	-	2.0	<b>1.2</b>	3.0
<b>Earnings before provision for income taxes</b>	<b>93.0</b>	49.1	<b>235.1</b>	139.5
Provision for income taxes	<b>24.8</b>	15.4	<b>62.3</b>	43.7
<b>Net earnings for the period</b>	<b>\$ 68.2</b>	\$ 33.7	<b>\$ 172.8</b>	\$ 95.8
<b>Basic earnings per common share</b>	<b>\$ 1.10</b>	\$ 0.55	<b>\$ 2.79</b>	\$ 1.55
<b>Diluted earnings per common share</b>	<b>\$ 1.09</b>	\$ 0.55	<b>\$ 2.78</b>	\$ 1.55

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

<i>(in millions of Canadian dollars)</i>		Quarters ended September 30		Nine months ended September 30
	<b>2018</b>	2017	<b>2018</b>	2017
<b>Net earnings for the period</b>	<b>\$ 68.2</b>	\$ 33.7	<b>\$ 172.8</b>	\$ 95.8
Other comprehensive income (loss)				
<b>Items that may be reclassified to earnings</b>				
Unrealized foreign exchange (losses) gains on translation of foreign operations	<b>(9.3)</b>	(17.8)	<b>15.1</b>	(33.8)
<b>Items that may not be reclassified to earnings</b>				
Actuarial gains on pension and similar obligations net of taxes	<b>4.3</b>	7.4	<b>9.5</b>	1.4
Other comprehensive (loss) income	<b>(5.0)</b>	(10.4)	<b>24.6</b>	(32.4)
<b>Total comprehensive income</b>	<b>\$ 63.2</b>	\$ 23.3	<b>\$ 197.4</b>	\$ 63.4

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

<i>(in millions of Canadian dollars)</i>	<b>September 30 2018</b>	December 31 2017
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 73.3	\$ 125.8
Accounts receivable	660.9	446.2
Inventories	1,029.5	819.9
Prepaid and other	13.3	17.2
Income taxes receivable	1.8	4.5
	<b>1,778.8</b>	1,413.6
<b>Property, Plant and Equipment</b>	<b>264.4</b>	246.8
<b>Pension and Benefits</b>	<b>2.1</b>	-
<b>Deferred Income Tax Assets</b>	<b>4.3</b>	4.7
<b>Financial and Other Assets</b>	<b>4.4</b>	3.5
<b>Goodwill and Intangibles</b>	<b>86.9</b>	90.5
	<b>\$ 2,140.9</b>	\$ 1,759.1
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	\$ 167.0	\$ 207.7
Accounts payable and accrued liabilities	524.2	365.7
Income taxes payable	16.9	21.6
Current portion long-term debt	-	0.1
	<b>708.1</b>	595.1
<b>Long-Term Debt</b>	<b>443.3</b>	296.5
<b>Pensions and Benefits</b>	<b>-</b>	12.0
<b>Deferred Income Tax Liabilities</b>	<b>20.8</b>	17.7
<b>Provisions and Other Non-Current Liabilities</b>	<b>10.4</b>	11.0
	<b>1,182.6</b>	932.3
<b>Shareholders' Equity</b>		
Common shares	541.8	536.6
Retained earnings	302.1	190.5
Contributed surplus	15.6	16.0
Accumulated other comprehensive income	98.8	83.7
<b>Total Shareholders' Equity</b>	<b>958.3</b>	826.8
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,140.9</b>	\$ 1,759.1

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

<i>(in millions of Canadian dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	<b>2018</b>	2017	<b>2018</b>	2017
<b>Operating activities</b>				
Net earnings for the period	\$ 68.2	\$ 33.7	\$ 172.8	\$ 95.8
Depreciation and amortization	9.0	8.5	26.1	25.5
Provision for income taxes	24.8	15.4	62.3	43.7
Interest expense	8.6	6.4	23.2	17.0
Loss (gain) on sale of property, plant and equipment	(0.1)	(0.7)	2.9	(0.9)
Share-based compensation	0.2	0.2	0.4	0.5
Difference between pension expense and amount funded	(0.5)	-	(1.3)	-
Debt accretion, amortization and other	0.3	0.2	0.8	0.5
Change in fair value of contingent consideration	-	2.0	1.2	3.0
Interest paid	(6.3)	(1.8)	(17.7)	(12.2)
<b>Cash from operating activities before non-cash working capital</b>	<b>104.2</b>	63.9	<b>270.7</b>	172.9
<b>Changes in non-cash working capital items</b>				
Accounts receivable	(106.8)	(69.7)	(200.5)	(152.1)
Inventories	(25.1)	(58.9)	(187.1)	(164.7)
Accounts payable and accrued liabilities	4.0	63.2	153.7	125.1
Other	0.9	(3.9)	4.0	(8.2)
<b>Change in non-cash working capital</b>	<b>(127.0)</b>	(69.3)	<b>(229.9)</b>	(199.9)
Income tax paid	(18.1)	(7.7)	(64.2)	(29.1)
<b>Cash used in operating activities</b>	<b>(40.9)</b>	(13.1)	<b>(23.4)</b>	(56.1)
<b>Financing activities</b>				
Increase (decrease) in bank indebtedness	34.6	58.0	(40.7)	149.7
Issue of common shares	0.2	-	4.4	1.1
Dividends on common shares	(23.6)	(23.4)	(70.7)	(70.4)
Issuance of long-term debt	-	-	146.0	-
Deferred financing costs	-	(0.1)	(1.1)	(0.1)
<b>Cash from financing activities</b>	<b>11.2</b>	34.5	<b>37.9</b>	80.3
<b>Investing activities</b>				
Purchase of property, plant and equipment	(11.7)	(7.9)	(31.2)	(22.2)
Proceeds on sale of property, plant and equipment	0.5	1.1	1.4	1.7
Payment of contingent consideration	-	-	(4.5)	-
Purchase of business	-	(25.6)	(36.8)	(25.6)
<b>Cash used in investing activities</b>	<b>(11.2)</b>	(32.4)	<b>(71.1)</b>	(46.1)
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>(3.0)</b>	(7.5)	4.1	(14.1)
<b>Decrease in cash and cash equivalents</b>	<b>(43.9)</b>	(18.5)	<b>(52.5)</b>	(36.0)
Cash and cash equivalents, beginning of the period	117.2	164.3	125.8	181.8
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 73.3</b>	\$ 145.8	<b>\$ 73.3</b>	\$ 145.8

**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, 2018</b>	\$ 536.6	\$ 190.5	\$ 16.0	\$ 83.7	\$ 826.8
Payment of dividends	-	(70.7)	-	-	(70.7)
Net earnings for the period	-	172.8	-	-	172.8
Other comprehensive income for the period	-	-	-	24.6	24.6
Recognition of share-based compensation	-	-	0.4	-	0.4
Share options exercised	5.2	-	(0.8)	-	4.4
Transfer of net actuarial gains on defined benefit plans	-	9.5	-	(9.5)	-
<b>Balance, September 30, 2018</b>	<b>\$ 541.8</b>	<b>\$ 302.1</b>	<b>\$ 15.6</b>	<b>\$ 98.8</b>	<b>\$ 958.3</b>

<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>