



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES SECOND QUARTERLY RESULTS

TORONTO, CANADA – August 8, 2019 -- Russel Metals Inc. (RUS - TSX) announces financial results for the second quarter ended June 30, 2019.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues	\$ 937	\$ 978	\$ 1,969	\$ 1,910
EBIT ¹	\$ 51	\$ 97	\$ 109	\$ 158
Net Income	\$ 31	\$ 66	\$ 65	\$ 105
Earnings per Share	\$ 0.50	\$ 1.07	\$ 1.05	\$ 1.69
Free Cash Flow ¹	\$ 44	\$ 87	\$ 102	\$ 147
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, finance expense and taxes. Free cash flow represents cash from operating activities before change in working capital less capital expenditures.

For the 2019 second quarter, we report net income of \$31 million or \$0.50 per share on revenues of \$937 million compared to net income of \$66 million or \$1.07 per share in the second quarter of 2018. Gross margins in the 2019 second quarter of 18.8% were lower than the 24.4% gross margins experienced in the 2018 second quarter which were higher because of the imposition of the U.S. 232 tariffs which led to higher selling prices.

Revenues in our metals service centers decreased 5% to \$535 million for the quarter compared to the same period in 2018. Same store tons shipped in the second quarter of 2019 were approximately 7% lower than the second quarter of 2018. The average selling price improved 2% over second quarter 2018 aided by our continued growth in value-added processing. Gross margins were 18.7% compared to 25.5% in the second quarter of 2018 and 19.2% in the 2019 first quarter. Gross margin as a percentage of revenues in the second quarter of 2019 was lower than 2018 related to the higher cost of inventory and competitive pricing pressure due to destocking of higher priced inventory in the industry. Operating profits of \$23 million compared to \$57 million reported in the same quarter in 2018.

Revenues in our energy products segment decreased 7% to \$298 million compared to \$320 million in the 2018 second quarter due in part to reduced year-over-year North American rig counts. Gross margins were

19.5% compared to 20.9% for the 2018 second quarter. This segment had operating profits of \$24 million compared to \$28 million in the same quarter last year.

Revenues in our steel distributors segment increased by 8% to \$100 million compared to \$92 million in the 2018 second quarter. Our Canadian operation continued to experience higher demand from their customer base due to opportunities presented by the trade disruptions. Gross margins were 13.5% compared to 26.8% as margins returned to historical levels during a declining steel price environment. Operating profits were \$7 million compared to \$15 million in the 2018 second quarter.

Our revenues for the six months ended June 30, 2019 were \$2.0 billion up 3% from \$1.9 billion for the same period in 2018 due to higher selling prices. Our 2019 year to date earnings of \$65 million or \$1.05 per share compared to \$105 million or \$1.69 per share for the same period in 2018.

Mr. John G. Reid, President and CEO, commented, "We achieved solid second quarter results as we navigated declining steel prices and modest demand following an exceptional 2018. The removal of North American section 232 and retaliatory tariffs in May 2019 have lowered North American prices. Steel prices appear to be nearing the bottom early in the third quarter of 2019. Overall demand, while lower than 2018, remained steady in all three segments. World trade uncertainty tempered manufacturing growth particularly in the agricultural, heavy equipment, transportation and construction industries."

Mr. Reid continued, "WTI oil prices continue to be range bound and rig counts are trending below last year's level in both Canada and the U.S. Areas which should provide positive momentum to our energy products segment include growth in the Permian Basin in the U.S. and LNG projects in Western Canada."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable September 16, 2019 to shareholders of record as of August 27, 2019.

The Company will be holding an Investor Conference Call on Friday, August 9, 2019 at 9:00 a.m. ET to review its 2019 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, Friday, August 23, 2019. You will be required to enter pass code 457646 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; cyclicity 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	
	2019	2018	2019	2018
Revenues	\$ 936.7	\$ 978.2	\$ 1,969.3	\$ 1,909.5
Cost of materials	761.0	739.3	1,603.1	1,476.0
Employee expenses	76.7	85.3	156.1	163.2
Other operating expenses	48.1	56.3	101.0	109.1
Asset impairment	-	-	-	3.3
Earnings before interest, finance expense and provision for income taxes	50.9	97.3	109.1	157.9
Interest expense	9.9	7.9	21.0	14.6
Other finance expense	-	-	-	1.2
Earnings before provision for income taxes	41.0	89.4	88.1	142.1
Provision for income taxes	10.2	23.3	23.0	37.5
Net earnings for the period	\$ 30.8	\$ 66.1	\$ 65.1	\$ 104.6
Basic earnings per common share	\$ 0.50	\$ 1.07	\$ 1.05	\$ 1.69
Diluted earnings per common share	\$ 0.50	\$ 1.06	\$ 1.05	\$ 1.68

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

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Net earnings for the period	\$ 30.8	\$ 66.1	\$ 65.1	\$ 104.6
Other comprehensive income (loss)				
Items that may be reclassified to earnings				
Unrealized foreign exchange (losses) gains on translation of foreign operations	(12.0)	11.2	(24.0)	24.4
Items that may not be reclassified to earnings				
Actuarial (losses) gains on pension and similar obligations net of taxes	(2.7)	3.1	(2.7)	5.2
Other comprehensive (loss) income	(14.7)	14.3	(26.7)	29.6
Total comprehensive income	\$ 16.1	\$ 80.4	\$ 38.4	\$ 134.2

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	June 30 2019	December 31 2018
ASSETS		
Current		
Cash and cash equivalents	\$ 98.1	\$ 124.3
Accounts receivable	531.5	567.5
Inventories	1,007.9	1,052.5
Prepaid expenses and other	18.8	14.1
Income taxes receivable	12.0	5.2
	1,668.3	1,763.6
Property, Plant and Equipment	263.6	268.9
Right-of-Use Assets	91.2	-
Deferred Income Tax Assets	3.7	4.2
Pension and Benefits	2.6	-
Financial and Other Assets	3.9	4.4
Goodwill and Intangibles	82.6	86.2
	\$ 2,115.9	\$ 2,127.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 135.5	\$ 128.5
Accounts payable and accrued liabilities	407.1	494.7
Short-term lease obligations	15.4	-
Income taxes payable	-	21.5
	558.0	644.7
Long-Term Debt	444.1	443.6
Pensions and Benefits	11.4	5.8
Deferred Income Tax Liabilities	13.4	20.1
Long-term Lease Obligations	97.3	-
Provisions and Other Non-Current Liabilities	11.5	8.2
	1,135.7	1,122.4
Shareholders' Equity		
Common shares	542.2	542.1
Retained earnings	317.7	318.6
Contributed surplus	15.8	15.7
Accumulated other comprehensive income	104.5	128.5
Total Shareholders' Equity	980.2	1,004.9
Total Liabilities and Shareholders' Equity	\$ 2,115.9	\$ 2,127.3

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Operating activities				
Net earnings for the period	\$ 30.8	\$ 66.1	\$ 65.1	\$ 104.6
Depreciation and amortization	9.6	8.7	19.1	17.1
Depreciation and amortization, right-of-use assets	4.3	-	8.5	-
Provision for income taxes	10.2	23.3	23.0	37.5
Interest expense	9.9	7.9	21.0	14.6
(Gain) loss on sale of property, plant and equipment	(0.1)	(0.2)	(0.3)	3.0
Share-based compensation	-	0.1	0.1	0.2
Difference between pension expense and amount funded	(0.4)	(0.6)	(0.7)	(0.8)
Debt accretion, amortization and other	0.3	0.3	0.6	0.5
Change in fair value of contingent consideration	-	-	-	1.2
Interest paid, including interest on lease obligations	(11.8)	(10.1)	(20.2)	(11.4)
Cash from operating activities before non-cash working capital	52.8	95.5	116.2	166.5
Changes in non-cash working capital items				
Accounts receivable	55.1	5.7	31.2	(93.7)
Inventories	17.4	(117.7)	32.7	(162.0)
Accounts payable and accrued liabilities	(54.9)	53.4	(81.1)	149.7
Other	(3.4)	5.5	(4.6)	3.1
Change in non-cash working capital	14.2	(53.1)	(21.8)	(102.9)
Income tax paid, net	(17.2)	(14.9)	(50.7)	(46.1)
Cash from operating activities	49.8	27.5	43.7	17.5
Financing activities				
(Decrease) increase in bank indebtedness	(18.7)	16.6	7.0	(75.3)
Issue of common shares	-	2.2	0.1	4.2
Dividends on common shares	(23.6)	(23.5)	(47.2)	(47.1)
Issuance of long-term debt	-	-	-	146.0
Lease obligations	(4.3)	-	(8.7)	-
Deferred financing costs	-	-	-	(1.1)
Cash (used in) from financing activities	(46.6)	(4.7)	(48.8)	26.7
Investing activities				
Purchase of property, plant and equipment	(8.7)	(8.6)	(13.9)	(19.5)
Proceeds on sale of property, plant and equipment	0.3	0.6	0.7	0.9
Payment of contingent consideration	-	-	-	(4.5)
Purchase of business	-	(36.8)	-	(36.8)
Cash used in investing activities	(8.4)	(44.8)	(13.2)	(59.9)
Effect of exchange rates on cash and cash equivalents	(3.6)	3.2	(7.9)	7.1
Decrease in cash and cash equivalents	(8.8)	(18.8)	(26.2)	(8.6)
Cash and cash equivalents, beginning of the period	106.9	136.0	124.3	125.8
Cash and cash equivalents, end of the period	\$ 98.1	\$ 117.2	\$ 98.1	\$ 117.2

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, 2019	\$ 542.1	\$ 318.6	\$ 15.7	\$ 128.5	\$ 1,004.9
Payment of dividends	-	(47.2)	-	-	(47.2)
Change in accounting policy	-	(16.1)	-	-	(16.1)
Net earnings for the period	-	65.1	-	-	65.1
Other comprehensive loss for the period	-	-	-	(26.7)	(26.7)
Recognition of share-based compensation	-	-	0.1	-	0.1
Share options exercised	0.1	-	-	-	0.1
Transfer of net actuarial losses on defined benefit plans	-	(2.7)	-	2.7	-
Balance, June 30, 2019	\$ 542.2	\$ 317.7	\$ 15.8	\$ 104.5	\$ 980.2

<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	-	(47.1)	-	-	(47.1)
Net earnings for the period	-	104.6	-	-	104.6
Other comprehensive income for the period	-	-	-	29.6	29.6
Recognition of share-based compensation	-	-	0.2	-	0.2
Share options exercised	4.9	-	(0.7)	-	4.2
Transfer of net actuarial gains on defined benefit plans	-	5.2	-	(5.2)	-
Balance, June 30, 2018	\$ 541.5	\$ 253.2	\$ 15.5	\$ 108.1	\$ 918.3