

**Russel Metals**

**INFORMATION PACKAGE**

**FOR**

**INVESTOR CONFERENCE CALL**

**MAY 5, 2020**



**INFORMATION PACKAGE FOR  
INVESTOR CONFERENCE CALL  
May 5, 2020**

**I N D E X**

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## CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain statements made on this conference call 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 our 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 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.

Our actual results could differ materially from those anticipated in our forward-looking statements including as a result of the risk factors described below, in our MD&A and in our Annual Information Form.

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 call should not be unduly relied upon. These statements speak only as of the date of this call and, except as required by law, we do not assume any obligation to update our forward-looking statements.

**Risk Factors** - 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: volatility in metal prices; volatility in oil and natural gas prices; cyclical nature of the metals industry; capital budgets in the energy industry; pandemics and epidemics; climate change; product claims; significant competition; sources of metals supply; manufacturers selling directly; material substitution; credit risk; currency exchange risk; restrictive debt covenants; asset impairments; the unexpected loss of key individuals; decentralized operating structure; future acquisitions; the failure of our key computer-based systems, labour interruptions; laws and governmental regulations; litigious environment; environmental liabilities; carbon emissions; health and safety laws and regulations and common share risk.

# NOTES

In this Information Package we use certain financial measures that do not comply with Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other issuers, for example EBIT and EBITDA and Other Information in the Financial Summary. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with Canadian GAAP. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies.

## Definitions

**Book Value Per Share** - Equity value divided by ending common shares outstanding.

**Net Debt to Invested Capital** - Total interest bearing debt excluding cash divided by common shareholders' equity plus interest bearing debt excluding cash.

**Dividend Per Share** - The current quarterly dividend annualized.

**Dividend Yield** - The dividend per share divided by the period end common share price.

**Earnings Multiple** - Period ending common share price divided by basic earnings per common share.

**EBIT** - Earnings from operations before deduction of interest and income taxes.

**EBITDA** - Earnings from operations before deduction of interest, income taxes, depreciation and amortization.

**Free Cash Flow** - Cash from operating activities before change in working capital less capital expenditures.

**Interest Bearing Debt to EBITDA** - Total interest bearing debt excluding cash on hand divided by EBITDA.

**Market Capitalization** - Outstanding common shares times market price of a common share at period end.

**Net Assets Employed** - Assets less liabilities excluding debt and cash.

**Return on Capital Employed** - EBIT for period annualized over net assets employed.



# Russel Metals

## COVID-19 UPDATE MAY 5, 2020

1. Started early to ensure health & safety of our employees, customers and suppliers.
2. Deemed an essential service, thus we are open and delivering steel needed by manufactures of masks, hospital beds, ventilators, hand sanitizer production, mobile labs, various government projects.
3. Due to customer closures demand is down. Reduced staff, inventory on order reviewed and lowered, work sharing programs.
4. Model is working in relation to liquidity. Working capital declines with demand creating cash flow, closely scrutinizing any new cap-ex projects and accounts receivable exposure.
5. Oil prices and rig counts are an additional challenge and are impacting short-term demand in energy.
6. Managers navigating the challenges, following safety protocols, scaling operations for short-term and long-term success.



## HIGHLIGHTS

# 2020 FIRST QUARTER RESULTS

1. QTR-1 2020 - Earnings \$11 million, Earnings per share \$0.17  
QTR-1 2019 - Earnings \$34 million, Earnings per share \$0.55
2. Free Cash Flow  
(cash from operations before working capital changes less capital expenditures)  
QTR-1 2020 - \$26 million or \$0.41 per share  
QTR-1 2019 - \$58 million or \$0.94 per share
3. Cash from working capital QTR-1 2020 - \$36 million or \$0.58 per share
4. Return on Equity - 6%
5. Declared dividend of \$0.38 per share

## FINANCIAL HIGHLIGHTS

|   | -----3 Months-----> |            | -----Years Ended-----> |            |            |            |
|---|---------------------|------------|------------------------|------------|------------|------------|
|   | Q1 2020             | Q1 2019    | 2019                   | 2018       | 2017       | 2016       |
| <b>OPERATING RESULTS (millions)</b>         |                     |            |                        |            |            |            |
| Revenues                                    | \$814.7             | \$1,032.6  | \$3,675.9              | \$4,165.0  | \$3,296.0  | \$2,578.6  |
| Net earnings                                | 10.5                | 34.3       | 76.6                   | 219.0      | 123.8      | 62.8       |
| EBIT  | 19.9                | 58.2       | 146.3                  | 330.9      | 206.4      | 119.0      |
| EBIT as a % of revenue                      | 2.4%                | 5.6%       | 4.0%                   | 7.9%       | 6.3%       | 4.6%       |
| EBITDA                                      | 35.5                | 71.9       | 203.0                  | 366.6      | 240.6      | 154.1      |
| EBITDA as a % of revenue                    | 4.4%                | 7.0%       | 5.5%                   | 8.8%       | 7.3%       | 6.0%       |
| Basic earnings per common share (\$)        | \$0.17              | \$0.55     | \$1.23                 | \$3.53     | \$2.00     | \$1.02     |
| <b>BALANCE SHEET INFORMATION (millions)</b> |                     |            |                        |            |            |            |
| <b>Metals</b>                               |                     |            |                        |            |            |            |
| Accounts receivable                         | \$474.9             | \$588.5    | \$457.9                | \$566.4    | \$445.8    | \$358.9    |
| Inventories                                 | 906.6               | 1,031.5    | 883.6                  | 1,052.5    | 819.9      | 615.8      |
| Prepaid expenses and other assets           | 18.4                | 15.3       | 18.2                   | 14.1       | 17.2       | 8.5        |
| Accounts payable and accruals               | (365.5)             | (443.0)    | (307.9)                | (470.6)    | (347.4)    | (276.3)    |
| Net working capital - Metals                | 1,034.4             | 1,192.3    | 1,051.8                | 1,162.4    | 935.5      | 706.9      |
| Fixed assets                                | 293.4               | 263.5      | 288.9                  | 268.0      | 246.5      | 239.7      |
| Right-of-use assets                         | 90.2                | 88.2       | 90.1 (1)               | -          | -          | -          |
| Goodwill and intangibles                    | 141.2               | 84.4       | 137.0                  | 86.2       | 90.5       | 85.7       |
| Lease obligations                           | (116.0)             | (109.5)    | (111.6) (1)            | -          | -          | -          |
| Net assets employed in metals operations    | 1,443.2             | 1,518.9    | 1,456.2                | 1,516.6    | 1,272.5    | 1,032.3    |
| Other operating assets                      | 0.5                 | (0.7)      | 1.7                    | 0.7        | (0.8)      | (1.1)      |
| Net income tax assets (liabilities)         | 12.1                | (5.1)      | 10.2                   | (32.3)     | (30.0)     | (7.3)      |
| Pension and benefit assets (liabilities)    | (7.3)               | (5.5)      | (5.0)                  | (5.8)      | (12.0)     | (11.0)     |
| Other corporate assets and liabilities      | (24.8)              | (28.8)     | (27.5)                 | (26.5)     | (24.4)     | (38.5)     |
| Total net assets employed                   | \$1,423.7           | \$1,478.8  | \$1,435.6              | \$1,452.7  | \$1,205.3  | \$974.4    |
| <b>CAPITALIZATION (millions)</b>            |                     |            |                        |            |            |            |
| Bank indebtedness, net of (cash)            | \$(1.6)             | \$47.3     | \$46.2                 | \$4.2      | \$82.0     | \$(146.8)  |
| Long-term debt (incl. current portion)      | 445.1               | 443.8      | 444.8                  | 443.6      | 296.5      | 295.9      |
| Total interest bearing debt, net of (cash)  | 443.5               | 491.1      | 491.0                  | 447.8      | 378.5      | 149.1      |
| Market capitalization                       | 814.0               | 1,461.4    | 1,378.4                | 1,324.7    | 1,805.3    | 1,579.2    |
| Total firm value                            | \$1,257.5           | \$1,952.5  | \$1,869.4              | \$1,772.5  | \$2,183.8  | \$1,728.3  |
| <b>OTHER INFORMATION (Notes)</b>            |                     |            |                        |            |            |            |
| Shareholders' equity (millions)             | \$980.2             | \$987.7    | \$944.6                | \$1,004.9  | \$826.8    | \$825.3    |
| Book value per share (\$)                   | \$15.76             | \$15.90    | \$15.19                | \$16.18    | \$13.36    | \$13.37    |
| Free cash flow (millions)                   | \$25.6              | \$58.2     | \$136.7                | \$300.1    | \$180.4    | \$77.4     |
| Capital expenditures (millions)             | \$7.1               | \$5.2      | \$34.8                 | \$41.3     | \$35.7     | \$16.7     |
| Depreciation and amortization (millions)    | \$15.6              | \$13.7     | \$56.7                 | \$35.7     | \$34.2     | \$35.1     |
| Earnings multiple                           | 19.3                | 10.7       | 18.0                   | 6.0        | 14.6       | 25.1       |
| Firm value as a multiple of EBIT            | 15.8                | 8.4        | 12.8                   | 5.4        | 10.6       | 14.5       |
| Firm value as a multiple of EBITDA          | 8.9                 | 6.8        | 9.2                    | 4.8        | 9.1        | 11.2       |
| Interest bearing debt/EBITDA                | 3.1                 | 1.5        | 2.2                    | 1.2        | 1.2        | 1.9        |
| Net debt to invested capital                | 31%                 | 31%        | 34%                    | 31%        | 31%        | 26%        |
| Market capitalization as a % of book value  | 83%                 | 148%       | 146%                   | 132%       | 218%       | 191%       |
| Return on capital employed                  | 4%                  | 14%        | 10%                    | 23%        | 17%        | 12%        |
| Return on equity                            | 6%                  | 16%        | 8%                     | 22%        | 15%        | 8%         |
| <b>COMMON SHARE INFORMATION</b>             |                     |            |                        |            |            |            |
| Ending outstanding common shares            | 62,184,978          | 62,109,395 | 62,173,430             | 62,106,895 | 61,890,197 | 61,735,485 |
| Average outstanding common shares           | 62,179,130          | 62,107,839 | 62,132,030             | 62,028,991 | 61,788,013 | 61,704,990 |
| Dividend yield                              | 11.6%               | 6.5%       | 6.9%                   | 7.1%       | 5.2%       | 5.9%       |
| Dividend per share                          | \$1.52              | \$1.52     | \$1.52                 | \$1.52     | \$1.52     | \$1.52     |
| Dividends paid as a % of free cash flow     | 92%                 | 41%        | 69%                    | 31%        | 52%        | 121%       |
| Share price - High                          | \$23.00             | \$25.22    | \$25.22                | \$32.65    | \$29.78    | \$27.78    |
| Share price - Low                           | \$10.97             | \$20.75    | \$18.47                | \$19.72    | \$23.67    | \$13.95    |
| Share price - Ending                        | \$13.09             | \$23.53    | \$22.17                | \$21.33    | \$29.17    | \$25.58    |

This chart includes certain financial measures that are not prescribed by Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other companies, for example EBIT and EBITDA and Other Information. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies. This terminology is defined herein and on the inside back cover of our Annual Report. See financial statements for GAAP earnings.

(1) Effective January 1, 2019, the Company adopted IFRS 16 - Leases

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

| <i>(in millions of Canadian dollars, except per share data)</i> | Quarters ended March 31 |            |
|---|-------------------------|------------|
|   | 2020                    | 2019       |
| <b>Revenues</b>   | \$ 814.7                | \$ 1,032.6 |
| Cost of materials   | 662.3                   | 842.1      |
| Employee expenses   | 67.9                    | 79.4       |
| Other operating expenses  | 60.9                    | 52.9       |
| Asset impairment  | 3.7                     | -          |
| <b>Earnings before interest and provision for income taxes</b>  | 19.9                    | 58.2       |
| Interest expense  | 9.4                     | 11.1       |
| <b>Earnings before provision for income taxes</b>               | 10.5                    | 47.1       |
| Provision for income taxes                                      | -                       | 12.8       |
| <b>Net earnings for the period</b>                              | \$ 10.5                 | \$ 34.3    |
| <b>Basic earnings per common share</b>                          | \$ 0.17                 | \$ 0.55    |
| <b>Diluted earnings per common share</b>                        | \$ 0.17                 | \$ 0.55    |

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

| <i>(in millions of Canadian dollars)</i>  | Quarters ended March 31 |         |
|---|-------------------------|---------|
|   | 2020                    | 2019    |
| <b>Net earnings for the period</b>  | \$ 10.5                 | \$ 34.3 |
| Other comprehensive income (loss)   |                         |         |
| <b>Items that may be reclassified to earnings</b>                               |                         |         |
| Unrealized foreign exchange gains (losses) on translation of foreign operations | 50.1                    | (12.0)  |
| <b>Items that may not be reclassified to earnings</b>                           |                         |         |
| Actuarial losses on pension and similar obligations, net of taxes               | (1.7)                   | -       |
| Other comprehensive income (loss)   | 48.4                    | (12.0)  |
| <b>Total comprehensive income</b>   | \$ 58.9                 | \$ 22.3 |

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

| <i>(in millions of Canadian dollars)</i>            | March 31<br>2020 | December 31<br>2019 |
|---|------------------|---------------------|
| <b>ASSETS</b>                                       |                  |                     |
| <b>Current</b>                                      |                  |                     |
| Cash and cash equivalents                           | \$ 52.4          | \$ 16.0             |
| Accounts receivable                                 | 475.2            | 458.1               |
| Inventories   | 906.6            | 883.6               |
| Prepaid and other                                   | 18.4             | 18.1                |
| Income taxes receivable                             | 23.6             | 18.9                |
|   | 1,476.2          | 1,394.7             |
| <b>Property, Plant and Equipment</b>                | 293.4            | 288.9               |
| <b>Right-of-Use Assets</b>                          | 90.2             | 90.1                |
| <b>Deferred Income Tax Assets</b>                   | 3.5              | 4.8                 |
| <b>Pension and Benefits</b>                         | 1.8              | 5.4                 |
| <b>Financial and Other Assets</b>                   | 4.2              | 4.0                 |
| <b>Goodwill and Intangibles</b>                     | 141.2            | 137.0               |
|   | \$ 2,010.5       | \$ 1,924.9          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>         |                  |                     |
| <b>Current</b>                                      |                  |                     |
| Bank indebtedness                                   | \$ 50.8          | \$ 62.1             |
| Accounts payable and accrued liabilities            | 385.8            | 326.4               |
| Short-term lease obligations                        | 18.4             | 17.1                |
| Income taxes payable                                | 0.2              | 0.3                 |
|   | 455.2            | 405.9               |
| <b>Long-Term Debt</b>                               | 445.1            | 444.8               |
| <b>Pensions and Benefits</b>                        | 9.1              | 10.4                |
| <b>Deferred Income Tax Liabilities</b>              | 14.8             | 13.2                |
| <b>Long-term Lease Obligations</b>                  | 97.6             | 94.4                |
| <b>Provisions and Other Non-Current Liabilities</b> | 8.5              | 11.6                |
|   | 1,030.3          | 980.3               |
| <b>Shareholders' Equity</b>                         |                  |                     |
| Common shares                                       | 544.0            | 543.7               |
| Retained earnings                                   | 269.7            | 284.5               |
| Contributed surplus                                 | 15.7             | 15.7                |
| Accumulated other comprehensive income              | 150.8            | 100.7               |
| <b>Total Shareholders' Equity</b>                   | 980.2            | 944.6               |
| <b>Total Liabilities and Shareholders' Equity</b>   | \$ 2,010.5       | \$ 1,924.9          |

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

| <i>(in millions of Canadian dollars)</i>                              | Quarters ended March 31 |                 |
|---|-------------------------|-----------------|
|   | 2020                    | 2019            |
| Operating activities  |                         |                 |
| Net earnings for the period   | \$ 10.5                 | \$ 34.3         |
| Depreciation and amortization   | 15.6                    | 13.7            |
| Provision for income taxes  | -                       | 12.8            |
| Interest expense  | 9.4                     | 11.1            |
| Gain on disposal of property, plant and equipment                     | (0.1)                   | (0.2)           |
| Asset impairment  | 3.7                     | -               |
| Share-based compensation  | 0.1                     | 0.1             |
| Difference between pension expense and amount funded                  | -                       | (0.3)           |
| Debt accretion, amortization and other                                | 0.3                     | 0.3             |
| Interest paid, including interest on lease obligations                | (6.8)                   | (8.4)           |
| <b>Cash from operating activities before non-cash working capital</b> | <b>32.7</b>             | <b>63.4</b>     |
| Changes in non-cash working capital items                             |                         |                 |
| Accounts receivable   | (9.6)                   | (23.9)          |
| Inventories   | (0.3)                   | 15.3            |
| Accounts payable and accrued liabilities                              | 46.5                    | (26.2)          |
| Other   | (0.4)                   | (1.2)           |
| <b>Change in non-cash working capital</b>                             | <b>36.2</b>             | <b>(36.0)</b>   |
| Income taxes paid, net  | (0.8)                   | (33.5)          |
| <b>Cash from (used in) operating activities</b>                       | <b>68.1</b>             | <b>(6.1)</b>    |
| Financing activities  |                         |                 |
| (Decrease) increase in bank indebtedness                              | (11.4)                  | 25.7            |
| Issue of common shares  | 0.2                     | 0.1             |
| Dividends on common shares  | (23.6)                  | (23.6)          |
| Lease obligations   | (4.5)                   | (4.4)           |
| <b>Cash used in financing activities</b>                              | <b>(39.3)</b>           | <b>(2.2)</b>    |
| Investing activities  |                         |                 |
| Purchase of property, plant and equipment                             | (7.1)                   | (5.2)           |
| Proceeds on sale of property, plant and equipment                     | 2.5                     | 0.4             |
| <b>Cash used in investing activities</b>                              | <b>(4.6)</b>            | <b>(4.8)</b>    |
| <b>Effect of exchange rates on cash and cash equivalents</b>          | <b>12.2</b>             | <b>(4.3)</b>    |
| <b>Increase (decrease) in cash and cash equivalents</b>               | <b>36.4</b>             | <b>(17.4)</b>   |
| Cash and cash equivalents, beginning of the period                    | 16.0                    | 124.3           |
| <b>Cash and cash equivalents, end of the period</b>                   | <b>\$ 52.4</b>          | <b>\$ 106.9</b> |

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

| <i>(in millions of Canadian dollars)</i>                  | Common<br>Shares | Retained<br>Earnings | Contributed<br>Surplus | Accumulated<br>Other<br>Comprehensive<br>Income | Total           |
|---|------------------|----------------------|------------------------|---|-----------------|
| Balance, January 1, 2020                                  | \$ 543.7         | \$ 284.5             | \$ 15.7                | \$ 100.7  | \$ 944.6        |
| Payment of dividends                                      | -                | (23.6)               | -                      | -   | (23.6)          |
| Net earnings for the period                               | -                | 10.5                 | -                      | -   | 10.5            |
| Other comprehensive income for the period                 | -                | -                    | -                      | 48.4  | 48.4            |
| Recognition of share-based compensation                   | -                | -                    | 0.1                    | -   | 0.1             |
| Share options exercised                                   | 0.3              | -                    | (0.1)                  | -   | 0.2             |
| Transfer of net actuarial losses on defined benefit plans | -                | (1.7)                | -                      | 1.7   | -               |
| <b>Balance, March 31, 2020</b>                            | <b>\$ 544.0</b>  | <b>\$ 269.7</b>      | <b>\$ 15.7</b>         | <b>\$ 150.8</b>                                 | <b>\$ 980.2</b> |

| <i>(in millions of Canadian dollars)</i>  | Common<br>Shares | Retained<br>Earnings | Contributed<br>Surplus | Accumulated<br>Other<br>Comprehensive<br>Income | Total      |
|---|------------------|----------------------|------------------------|---|------------|
| Balance, January 1, 2019                  | \$ 542.1         | \$ 318.6             | \$ 15.7                | \$ 128.5  | \$ 1,004.9 |
| Payment of dividends                      | -                | (23.6)               | -                      | -   | (23.6)     |
| Change in accounting policy               | -                | (16.1)               | -                      | -   | (16.1)     |
| Net earnings for the period               | -                | 34.3                 | -                      | -   | 34.3       |
| Other comprehensive income for the period | -                | -                    | -                      | (12.0)  | (12.0)     |
| Recognition of share-based compensation   | -                | -                    | 0.1                    | -   | 0.1        |
| Share options exercised                   | 0.1              | -                    | -                      | -   | 0.1        |
| Balance, March 31, 2019                   | \$ 542.2         | \$ 313.2             | \$ 15.8                | \$ 116.5  | \$ 987.7   |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2020

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Russel Metals Inc. and its subsidiaries provides information to assist readers of, and should be read in conjunction with, the condensed consolidated financial statements for the three months ended March 31, 2020, including the notes thereto, and the MD&A and the audited consolidated financial statements for the year ended December 31, 2019, including the notes thereto. In the opinion of management, such condensed consolidated financial statements contain all adjustments necessary for a fair presentation of the results for such periods. The results of operations for the periods shown are not necessarily indicative of what our results will be for the full year. All dollar references in our financial statements and in this report are in Canadian dollars unless otherwise stated.

Additional information related to Russel Metals Inc., including our Annual Information Form, may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) or on our website at [www.russelmetals.com](http://www.russelmetals.com).

Unless otherwise stated, the discussion and analysis contained in this MD&A are as of May 4, 2020.

### FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A 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: volatility in metal prices; cyclicalities of the metals industry; volatility in oil and natural gas prices; capital budgets in the energy industry; pandemics and epidemics; climate change; product claims; significant competition; sources of metals supply; manufacturers selling directly; material substitution; credit risk; currency exchange risk; restrictive debt covenants; asset impairments; the unexpected loss of key individuals; decentralized operating structure; future acquisitions; the failure of our key computer-based systems, labour interruptions; laws and governmental regulations; litigious environment; environmental liabilities; carbon emissions; health and safety laws and regulations and common share risk.

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 MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A 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" later in this 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).

## **NON-GAAP MEASURES**

This MD&A includes a number of measures that are not prescribed by Canadian generally accepted accounting principles ("GAAP") and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and other interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. The measures we use are specifically defined where they are first used in this report.

While we believe that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

## **OVERVIEW**

We are one of the largest metals distribution companies in North America. We conduct business primarily in three metals distribution segments: metals service centers, energy products, and steel distributors.

Our basic earnings per share was \$0.17 for the quarter ended March 31, 2020 compared to \$0.55 for the first quarter of 2019. Steel prices throughout the 2020 first quarter were lower than the comparable first quarter of 2019. Demand was lower in all three segments and late in the 2020 first quarter, the emergence of the pandemic and the lower oil prices caused by oversupply resulted in a further deterioration of demand.

During the 2020 first quarter, we recorded additional inventory valuation reserves to net realizable value of \$5 million in our OCTG and line pipe operations. At March 31, 2020 we determined that the pandemic and excess oil supply resulted in a triggering event and the need to test long-lived assets for impairment. This assessment determined that the right-of-use assets in our U.S. line pipe operation in our energy product segment were impaired, which resulted in an impairment loss of \$4 million in the quarter. The reduction of our share price resulted in pre-tax income of \$5 million from a reduction in the stock-based compensation liability and the loss carry-back provisions of the U.S. CARES Act provided a reduction of \$3 million in our provision for income taxes.

## **PANDEMIC**

On March 11, 2020, the World Health Organization declared the global outbreak of a COVID-19 pandemic. This pandemic has had a significant and growing impact on the North American economy. Most jurisdictions where we operate have announced restrictions for all but essential businesses. To date our operations and many of our customers have been deemed essential and have remained open but no assurance can be made that this will continue to be the case. In order to practice physical distancing many of our offices are operating with skeleton staffs and remote work arrangements. Although open for business, our operations have experienced reduced activity due to the pandemic which has resulted in temporary layoffs in some of our facilities.

## RESULTS OF OPERATIONS

The following table provides earnings before interest and income taxes. The corporate expenses included are not allocated to specific operating segments. Gross margins (revenue minus cost of sales) as a percentage of revenues for the operating segments are also shown below. The table shows the segments as they are reported to management and are consistent with the segment reporting in our condensed consolidated financial statements.

| <i>(millions, except percentages)</i>              | Quarters ended March 31 |                   | variance<br>as a %<br>of 2019 |
|--|-------------------------|-------------------|-------------------------------|
|  | 2020                    | 2019              |                               |
| <b>Segment Revenues</b>                            |                         |                   |                               |
| Metals service centers                             | \$ 436.6                | \$ 537.9          | (19%)                         |
| Energy products                                    | 315.5                   | 372.6             | (15%)                         |
| Steel distributors                                 | 62.4                    | 122.0             | (49%)                         |
| Other  | 0.2                     | 0.1               |                               |
|  | <b>\$ 814.7</b>         | <b>\$ 1,032.6</b> | <b>(21%)</b>                  |
| <b>Segment Operating Profits</b>                   |                         |                   |                               |
| Metals service centers                             | \$ 17.6                 | \$ 26.7           | (34%)                         |
| Energy products                                    | 6.4                     | 29.5              | (78%)                         |
| Steel distributors                                 | 0.8                     | 9.2               | (91%)                         |
| Corporate income (expense)                         | -                       | (6.0)             |                               |
| Other  | (1.2)                   | (1.2)             |                               |
| Asset impairment                                   | (3.7)                   | -                 |                               |
| Earnings before interest and income taxes          | <b>\$ 19.9</b>          | <b>\$ 58.2</b>    | <b>(66%)</b>                  |
| <b>Segment Gross Margin as a % of Revenues</b>     |                         |                   |                               |
| Metals service centers                             | 21.3%                   | 19.1%             |                               |
| Energy products                                    | 15.9%                   | 18.9%             |                               |
| Steel distributors                                 | 14.1%                   | 13.9%             |                               |
| Total operations                                   | 18.7%                   | 18.4%             |                               |
| <b>Segment Operating Profit as a % of Revenues</b> |                         |                   |                               |
| Metals service centers                             | 4.0%                    | 5.0%              |                               |
| Energy products                                    | 2.0%                    | 7.9%              |                               |
| Steel distributors                                 | 1.3%                    | 7.5%              |                               |
| Total operations                                   | 2.4%                    | 5.6%              |                               |

Results of our U.S. operations reported for the three months ended March 31, 2020 were converted at \$1.3442 per US\$1 compared to \$1.3292 per US\$1 for the three months ended March 31, 2019. The weaker Canadian dollar increased revenues, expenses and losses for our U.S. operations when translated to Canadian dollars. Revenues from our U.S. operations represented 33% of our total revenues. The exchange rate at March 31, 2020 used to translate the balance sheet was \$1.4187 per US\$1 versus \$1.2988 per US\$1 at December 31, 2019.

## QUARTERLY FINANCIAL HIGHLIGHTS

| <i>(for the quarters ended)</i> | Mar 31<br>2020 | Dec 31<br>2019 | Sep 30<br>2019 | Jun 30<br>2019 | Mar 31<br>2019 | Dec 31<br>2018 | Sep 30<br>2018 | Jun 30<br>2018 |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues (\$ millions)          | \$ 815         | \$ 837         | \$ 869         | \$ 937         | \$ 1,033       | \$ 1,115       | \$ 1,140       | \$ 978         |
| Operating profits (\$ millions) | 20             | 2              | 35             | 51             | 58             | 71             | 102            | 97             |
| Net earnings (\$ millions)      | 11             | 7              | 18             | 31             | 34             | 46             | 68             | 66             |
| Basic earnings per share (\$)   | 0.17           | (0.11)         | 0.29           | 0.50           | 0.55           | 0.74           | 1.10           | 1.07           |

## **UPDATE ON TARIFFS AND CANADIAN SAFEGUARDS**

The results in the previous table were impacted by the imposition of tariffs and government trade actions as summarized below.

On March 23, 2018, the U.S. implemented import tariffs of 25% on steel and 10% on aluminum. Canada and Mexico were initially excluded from the tariffs; however, the exclusion was lifted, and the tariffs were implemented on material from Canada and Mexico on June 1, 2018. Canada subsequently implemented retaliatory tariffs on steel and aluminum products from the U.S. effective July 1, 2018. These steel and aluminum tariffs on products produced in Canada, the U.S. and Mexico were eliminated on May 20, 2019.

On October 22, 2018, the Canadian Department of Finance announced provisional safeguards of 25% on seven steel product categories. Material imported into Canada from sources other than the U.S., Israel, Chile, Mexico and a number of developing countries were subject to provisional surcharges once the import volumes exceeded an allowable quota. In April 2019, it was recommended that tariff rate quotas be continued on heavy plate and stainless-steel wire products for three years. No remedy was recommended on the other five product categories, thus the provisional safeguards on these goods were removed effective April 29, 2019. On May 10, 2019, the final safeguard order was implemented on these two product categories.

On February 25, 2020, the U.S. International Trade Commission issued a final determination that fabricated structural steel imports from Canada, China and Mexico do not materially injure the U.S. fabricated steel industry. Therefore, no anti-dumping or countervailing duties will be applied on imports from Canada, China and Mexico. This ruling should lead to increased steel fabrication in Canada which should benefit our customer base.

On September 30, 2018, the U.S., Canada and Mexico reached an agreement to replace the NAFTA trade agreement. The Canadian government ratified the new agreement (USMCA) on March 13, 2020 and notified both the United States and Mexico on April 3, 2020. It is expected that the USMCA will replace NAFTA on July 1, 2020.

## **METALS SERVICE CENTERS**

### ***a) Description of operations***

We provide processing and distribution services to a broad base of approximately 33,000 end users through a network of 48 Canadian locations and 16 U.S. locations. Our metals service centers carry a broad line of products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. We purchase these products primarily from steel producers in North America and process and package them in accordance with end user specifications. We service all major geographic regions of Canada as well as the Southeastern and Midwestern regions in the United States. Within Canada, our service centers operate under the names Russel Metals, Métaux Russel, A.J. Forsyth, Acier Leroux, Alberta Industrial Metals, B&T Steel, Color Steels, Leroux Steel, Mégantic Métal, Russel Metals Processing, Russel Metals Specialty Products, Métaux Russel Produits Spécialisés, McCabe Steel and York-Ennis. Our U.S. service centers operate under the names Russel Metals Williams Bahcall, DuBose Steel, JMS Russel Metals, Norton Metals and Baldwin International.

### ***b) Factors affecting results***

The following is a general discussion of the significant factors affecting our metals service centers results. More specific information on how these factors impacted the first quarters of 2020 and 2019 is found in the section that follows.

The pandemic has resulted in decreased demand due to customer plant closures and reduced economic activity. This slow-down in activity reduced demand and led to temporary layoffs in some of our facilities late in the 2020 first quarter and into the 2020 second quarter.

Steel prices fluctuate significantly throughout the steel cycle. Steel prices are influenced by overall international demand, domestic demand, trade sanctions, iron ore prices, scrap steel prices and product availability. Changing metal prices cause fluctuations in our operating margins. Steel prices softened during 2019 after the removal of tariffs on products produced in Canada, the U.S. and Mexico on May 20, 2019.

Supply side management, practiced by steel producers in North America, and international supply and demand, which impact steel imports, have historically affected product availability. Trade sanctions on specific products have been initiated either by steel mills or by North American government agencies.

Our operating results are affected by the cyclicity of the metals industry and the industries that purchase our products. Demand for our products is significantly affected by economic cycles. The pandemic has contributed to the cyclical downturn and negatively impacted demand. Revenues and operating profits fluctuate with the level of general business activity in the markets we serve. We are most impacted by several sectors of the North American economy including natural resources, oil and gas, manufacturing and construction.

Canadian service centers, which represent the majority of our metals service center operations, have operations in all regions of Canada and are affected by general regional economic conditions. Our market share and diverse customer base of approximately 19,000 Canadian customers means that our results tend to mirror the performance of the regional economies of Canada.

Our U.S. operations, which have approximately 14,000 customers, are also impacted by the local economic conditions in the regions that they serve.

Results of our Canadian operations can be affected by the U.S. dollar exchange rate since some products are sourced outside of Canada in U.S. dollars. Movement in the Canadian dollar has a short-term impact on inventory prices.

**c) Metals service centers segment results -- Three Months Ended  
March 31, 2020 compared to March 31, 2019**

| <i>(millions)</i>           | Three months ended March 31 |        |        |
|-----------------------------|-----------------------------|--------|--------|
|                             | 2020                        | 2019   | Change |
| <b>Financial Highlights</b> |                             |        |        |
| Revenue                     | \$ 437                      | \$ 538 | (19%)  |
| Gross margin (\$)           | 93                          | 103    | (10%)  |
| Gross margin (%)            | 21.3%                       | 19.1%  |        |
| Earnings from operations    | 18                          | 27     | (34%)  |

Revenues in our metals service center operations decreased 19% from the 2019 first quarter. Tons shipped in the metals service centers segment in the first quarter of 2020 were approximately 3% lower than the first quarter of 2019 but 8% greater than the fourth quarter of 2019. The average selling price decreased 16% compared to the same quarter in 2019 and was 1% lower than the 2019 fourth quarter.

Gross margin as a percentage of revenues of 21.3% was higher than the 19.1% in the same quarter last year and the 18.8% in the 2019 fourth quarter due to value-added processing and the lower average cost of inventory.

Operating expenses were \$76 million in the 2020 and 2019 first quarters.

Metals service centers operating profits for the three months ended March 31, 2020 of \$18 million were 34% lower than the \$27 million reported for the same period in 2019 due to lower selling prices and demand.

**ENERGY PRODUCTS**

**a) Description of operations**

We distribute valves and fittings, oil country tubular goods (OCTG) and line pipe, primarily to the energy industry in Western Canada and the United States. A significant portion of our business units are clustered in Alberta and Saskatchewan, Canada, and in the U.S., in Texas, Oklahoma and Colorado. A large portion of our inventories are located in third party yards ready for distribution to customers throughout North America. In addition, we operate from 49 Canadian and 24 U.S. facilities mainly to support our valve and fitting operations. The majority of these facilities are oil field stores which form the Apex Distribution and Elite Supply Partners networks. We purchase our products from the pipe division of North American steel mills, independent manufacturers of pipe, valves and fittings, international steel mills and other distributors. Our energy products segment operates under the names Apex Distribution, Apex Monarch, Apex Western Fiberglass, Comco Pipe & Supply Company, Elite Supply Partners, Fedmet Tubulars, Triumph Tubular & Supply, Pioneer Pipe and Spartan Energy Tubulars.

## **b) Factors affecting results**

The following is a general discussion of the factors affecting our energy products segment operations. More specific information on how these factors impacted the first quarters of 2020 and 2019 is found in the section that follows.

The price of oil, including the Western Canadian select discount, and natural gas can impact rig count and drilling activities, which affects demand for our products. The ongoing oil supply conflict between OPEC member nations and Russia has led to a collapse in oil prices and rig counts. Rig activity in the U.S. has decreased to levels not seen since January 2017. Rig activity in Canada has decreased to levels not seen since June 2016. The pandemic has also resulted in decreased economic activity throughout North America as businesses are forced to shut down and supply chains are disrupted.

Prices for pipe products are influenced by overall demand, trade sanctions, product availability and metal prices. Trade sanctions are initiated either by steel mills or by North America government agencies. Both the Canadian and U.S. governments have imposed duties on certain Chinese pipe, which remain in effect and have reduced imports of these products. Valves and fittings prices are not as sensitive to steel price fluctuations because they are highly engineered products.

Results of our Canadian operations can be affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar has a short-term impact on inventory prices. Drilling related to oil and natural gas in Western Canada historically peaks during the period from October to March.

On October 1, 2019 we completed the acquisition of City Pipe & Supply Corp. and on December 31, 2019 City Pipe merged with Apex Remington to form Elite Supply Partners.

## **c) Energy products segment results -- Three Months Ended March 31, 2020 compared to March 31, 2019**

| <i>(millions)</i>           | Three months ended March 31 |        |        |
|-----------------------------|-----------------------------|--------|--------|
|                             | 2020                        | 2019   | Change |
| <b>Financial Highlights</b> |                             |        |        |
| Revenue                     | \$ 316                      | \$ 373 | (15%)  |
| Gross margin (\$)           | 50                          | 71     | (29%)  |
| Gross margin (%)            | 16.0%                       | 18.9%  |        |
| Earnings from operations    | 6                           | 30     | (78%)  |

Revenues in our energy products segment decreased by 15% in the 2020 first quarter compared to the 2019 first quarter. Same store revenues decreased 24% over the comparable 2019 quarter. Reduced rig counts resulted in a significant decrease in revenues in our OCTG operations that service oil and gas drilling. Our valves and fittings operations experienced a more modest decrease due to their repairs and maintenance business.

Gross margin as a percentage of revenues for the three months ended March 31, 2020 was 16.0% compared to 18.9% in the same period in 2019. The oversupply of oil has led to reduced demand and a deterioration of OCTG and line pipe prices. We recorded an inventory valuation provision to net realizable value of \$5 million related to our OCTG and line pipe inventory during the 2020 first quarter.

Operating expenses were \$44 million compared to \$41 million in the 2019 first quarter. The increase in operating expenses due to the City Pipe stores resulting from the 2019 acquisition were offset by operating efficiencies.

This segment generated lower operating profits of \$6 million for the three months ended March 31, 2020 compared to \$30 million for the same period in 2019 mainly due to lower revenues and margins.

## STEEL DISTRIBUTORS

### a) *Description of operations*

Our steel distributors act as master distributors selling steel in large volumes to other steel service centers and equipment manufacturers mainly on an "as is" basis. Our U.S. operation has a cut-to-length facility operating under the name Arrow Steel, located in Houston, Texas where it processes coil for its customers. Our steel distributors source their steel both domestically and off shore.

The main steel products sourced by this segment are structural beam, plate, coils, pipe and tubing; however, product volumes vary based on the economy and trade actions in North America. Our steel distributors operate under the names Wirth Steel and Sunbelt Group. Arrow Steel processes and levels coil products.

### b) *Factors affecting results*

The following is a general discussion of the significant factors affecting our steel distributors. More specific information on how these factors impacted the first quarters of 2020 and 2019 is found in the section that follows.

Steel prices are influenced by overall demand, trade sanctions and product availability both domestically and worldwide. Trade sanctions are initiated either by steel mills or government agencies in North America. Trade actions currently exist on plate and pipe from specified countries. The imposition of steel tariffs and other trade actions are discussed in more detail under "Update on Tariffs and Canadian Safeguards".

Demand for steel that is sourced off shore fluctuates significantly and is mainly driven by price and product availability in North America. The reduction of steel prices in North America after the removal of tariffs in May 2019 led to reduced demand for import product. The pandemic has also had an adverse effect on the North American economy causing demand to deteriorate. Our steel distributors have a significant number of customers whose need for product varies which can result in large fluctuations in revenues reported from period to period.

Our Canadian operations source product outside of Canada that is priced in U.S. dollars and may be subject to movements in the Canadian dollar.

### c) *Steel distributors segment results -- Three Months Ended March 31, 2020 compared to March 31, 2019*

| <i>(millions)</i>                  | Three months ended March 31 |        |        |
|------------------------------------|-----------------------------|--------|--------|
|                                    | 2020                        | 2019   | Change |
| <b><i>Financial Highlights</i></b> |                             |        |        |
| Revenue                            | \$ 62                       | \$ 122 | (49%)  |
| Gross margin (\$)                  | 9                           | 17     | (48%)  |
| Gross margin (%)                   | 14.1%                       | 13.9%  |        |
| Earnings from operations           | 1                           | 9      | (91%)  |

Revenues at our steel distributors decreased 49% compared to the 2019 first quarter due to reduced steel prices and demand. Selling prices in the 2020 first quarter decreased 16% over the 2019 first quarter and demand decreased 42%. In 2019 our Canadian operations experienced higher demand as a result of the disruption in traditional trade sources due to tariffs, conditions which were not replicated in 2020.

Gross margin as a percentage of revenues was 14.1% for the three months ended March 31, 2020 compared to 13.9% for the three months ended March 31, 2019.

Operating expenses were \$8 million for the first quarter of 2020 and 2019. The operating expenses in the 2020 first quarter included a loss on foreign exchange of \$1 million.

This segment generated operating profits of \$1 million compared to \$9 million in the 2019 first quarter as a result of lower demand and steel prices.

## **CORPORATE EXPENSES -- Three Months Ended**

### **March 31, 2020 compared to March 31, 2019**

Corporate expenses of \$5 million were reduced by \$5 million to \$nil for the three months ended March 31, 2020 due to a \$5 million decrease in the liability for stock-based compensation caused by the reduction of our share price in the first quarter of 2020. Corporate expenses were \$6 million for the comparable first quarter of 2019.

## **CONSOLIDATED RESULTS -- Three Months Ended**

### **March 31, 2020 compared to March 31, 2019**

Operating profits before asset impairment of \$24 million for the first quarter of 2020 were lower than the \$58 million for the first quarter of 2019 due to the world-wide oversupply of oil and the pandemic.

## **ASSET IMPAIRMENT**

Asset impairments were \$4 million for the first quarter of 2020. We concluded that economic conditions due to the pandemic and excess oil supply resulted in a triggering event and the need to test long-lived assets for impairment. While the impairment tests concluded that a majority of our long-lived assets were not impaired, we concluded that right-of-use assets at our U.S. line pipe operation in our energy products segment were impaired and recorded an asset impairment on the long-lived assets associated with this operation.

## **INTEREST EXPENSE**

Net interest expense of \$9 million in the 2020 first quarter was \$2 million lower than the 2019 first quarter mainly as a result of reduced working capital in the 2020 first quarter.

## **INCOME TAXES**

We recorded a provision for income taxes of \$nil for the first quarter of 2020 compared to \$13 million for the first quarter of 2019. We recorded a reduction in the provision for income taxes of \$3 million due to the loss carry-back provisions of the CARES Act, enacted on March 27, 2020. Our effective income tax rate for the three months ended March 31, 2020, excluding the CARES Act, was 29.4% compared to 27.1% for the three months ended March 31, 2019.

## **NET EARNINGS**

Net earnings for the first quarter of 2020 were \$11 million compared to \$34 million for the first quarter of 2019. Basic earnings per share for the first quarter of 2020 was \$0.17 per share compared to \$0.55 per share for the first quarter of 2019.

## **SHARES OUTSTANDING AND DIVIDENDS**

The weighted average number of common shares outstanding for the first quarter of 2020 was 62,179,130 compared to 62,107,839 for the first quarter of 2019. Common shares outstanding at March 31, 2020 and May 6, 2020 were 62,184,978.

We paid common share dividends of \$24 million or \$0.38 per share in the first quarters of 2020 and 2019.

We have \$150 million of 6% Senior Notes due March 16, 2026. The indenture for these Senior Notes has restrictions related to the payment of quarterly dividends in excess of \$0.38 per share. These notes can be redeemed at par on or after March 16, 2024.

We have \$300 million of 6% Senior Notes due April 19, 2022. The indenture for these Senior Notes has restrictions related to the payment of quarterly dividends in excess of \$0.35 per share. At the current dividend rate, we can continue to pay the dividend to the maturity of these Senior Notes, which can be redeemed at par.

Under our syndicated bank facility, the payment of dividends is subject to excess borrowing base availability of not less than four times the declared dividend. We do not believe this requirement will restrict our ability to pay dividends.

## EBITDA

The following table shows the reconciliation of net earnings to EBITDA:

| <i>(millions)</i>  | Quarters ended March 31 |         |
|--|-------------------------|---------|
|  | 2020                    | 2019    |
| Net earnings   | \$ 10.5                 | \$ 34.3 |
| Provision for income taxes   | -                       | 12.8    |
| Interest, net  | 9.4                     | 11.1    |
| Earnings before interest and income taxes (EBIT)                               | 19.9                    | 58.2    |
| Depreciation and amortization  | 15.6                    | 13.7    |
| Earnings before interest, income taxes, depreciation and amortization (EBITDA) | \$ 35.5                 | \$ 71.9 |

We believe that EBITDA, a non-GAAP measure, may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. The items excluded in determining EBITDA are significant in assessing our operating results and liquidity. Therefore, EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with GAAP.

## CAPITAL EXPENDITURES

| <i>(millions)</i>                                    | Quarters ended March 31 |      |
|--|-------------------------|------|
|  | 2020                    | 2019 |
| Capital expenditures - property, plant and equipment | \$ 7                    | \$ 5 |
| Additions - right-of-use assets                      | 8                       | 4    |
| Depreciation - property, plant and equipment         | 8                       | 8    |
| Depreciation - right-of-use assets                   | 5                       | 4    |

We expect capital expenditures to be lower than depreciation on property, plant and equipment in 2020 as we reduce expenditures consistent with reduced business activity.

## LIQUIDITY

At March 31, 2020, we had net cash, defined as cash less bank indebtedness, of \$2 million compared to net debt of \$46 million at December 31, 2019. We generated cash of \$33 million from operations in the first quarter of 2020 and generated \$36 million from working capital due to our counter-cyclical cash flows. We utilized \$7 million for capital expenditures, \$1 million in income tax payments and \$24 million for dividends.

During the cycle, we experience significant swings in working capital and as revenues decline, we generate cash from significant reductions in working capital. Inventory and accounts receivable represent a large percentage of our total assets employed and fluctuate throughout each cycle. Accounts receivable and inventory comprise our largest liquidity risks with accounts receivable representing our largest liquidity risk in the current environment.

Total assets were \$2.0 billion at March 31, 2020 and \$1.9 billion at December 31, 2019. At March 31, 2020 and December 31, 2019, current assets excluding cash represented 71% of our total assets.

Inventories, adjusted for non-cash foreign exchange movement, were at levels consistent with December 31, 2019. Inventories represented 45% of our total assets at March 31, 2020 compared to 46% at December 31, 2019.

| <i>Inventory by Segment (millions)</i> | Mar. 31<br>2020 | Dec. 31<br>2019 | Sept. 30<br>2019 | June 30<br>2019 | Mar. 31<br>2019 |
|--|-----------------|-----------------|------------------|-----------------|-----------------|
| Metals service centers                 | \$ 320          | \$ 295          | \$ 334           | \$ 378          | \$ 429          |
| Energy products                        | 487             | 494             | 507              | 506             | 465             |
| Steel distributors                     | 100             | 95              | 123              | 124             | 137             |
| Total                                  | \$ 907          | \$ 884          | \$ 964           | \$ 1,008        | \$ 1,031        |

| <i>Inventory Turns (quarters ended)</i> | Mar. 31<br>2020 | Dec. 31<br>2019 | Sept. 30<br>2019 | June 30<br>2019 | Mar. 31<br>2019 |
|---|-----------------|-----------------|------------------|-----------------|-----------------|
| Metals service centers                  | 4.3             | 4.5             | 4.6              | 4.6             | 4.1             |
| Energy products                         | 2.2             | 2.5             | 2.0              | 1.9             | 2.6             |
| Steel distributors                      | 2.2             | 3.3             | 2.7              | 2.8             | 3.1             |
| Total                                   | 2.9             | 3.2             | 3.0              | 3.0             | 3.3             |

At March 31, 2020, our metals service centers had lower inventory tons than at March 31, 2019 due to purchasing reductions as a result of lower demand. Inventory levels in our energy products segment at March 31, 2020 increased from the comparable 2019 quarter due to the inclusion of the City Pipe stores and higher inventory in our OCTG operations due to reduced demand. In steel distributors, the increase in inventory value over December 31, 2019 was due to the higher U.S. dollar exchange rate.

Accounts receivable utilized cash of \$10 million in the first quarter of 2020 reflecting higher revenues at the end of the 2020 first quarter compared to the end of the 2019 fourth quarter. Accounts receivable represented 24% of our total assets, excluding cash, at March 31, 2020 and December 31, 2019.

During the first quarters of 2020 and 2019 we made income tax payments of \$1 million and \$33 million respectively.

The balances disclosed in our consolidated cash flow statements are adjusted to remove the non-cash component related to foreign exchange rate fluctuations impacting inventory, accounts receivable, accounts payable and income tax balances of our U.S. operations.

## FREE CASH FLOW

| <i>(millions)</i>  | Quarters ended March 31 |         |
|--|-------------------------|---------|
|  | 2020                    | 2019    |
| Cash from operating activities before non-cash working capital | \$ 32.7                 | \$ 63.4 |
| Purchase of property, plant and equipment                      | (7.1)                   | (5.2)   |
|  | \$ 25.6                 | \$ 58.2 |

We believe that free cash flow may be useful in assessing our ability to pay dividends, interest, reduce outstanding debt and fund working capital growth. Free cash flow is a non-GAAP measure regularly used by investors and analysts to evaluate companies. The purchase of property, plant and equipment excludes the non-cash addition of right-of-use assets.

## DEBT

| <i>(millions)</i>                                | March 31<br>2020 | December 31<br>2019 |
|--|------------------|---------------------|
| Long-term debt                                   |                  |                     |
| 6% \$300 million Senior Notes due April 19, 2022 | \$ 298           | \$ 298              |
| 6% \$150 million Senior Notes due March 16, 2026 | 147              | 147                 |
|  | \$ 445           | \$ 445              |

## CASH AND BANK CREDIT FACILITY

| <i>Credit Facility</i><br><i>(millions)</i> | March 31<br>2020 | December 31<br>2019 |
|---|------------------|---------------------|
| Bank loans                                  | \$ (49)          | \$ (57)             |
| Cash net of outstanding cheques             | 51               | 11                  |
| Net cash (bank indebtedness)                | 2                | (46)                |
| Letters of credit                           | (38)             | (33)                |
|   | \$ (36)          | \$ (79)             |
| Facilities                                  |                  |                     |
| Borrowings and letters of credit            | \$ 400           | \$ 400              |
| Letters of credit                           | 50               | 50                  |
| Facilities availability                     | \$ 450           | \$ 450              |
| Available line based on borrowing base      | \$ 450           | \$ 450              |

We have a committed credit facility with a syndicate of Canadian and U.S. banks that provides \$50 million for letters of credit and \$400 million which can be utilized for borrowings or additional letters of credit. This facility expires on September 21, 2021. The borrowings and letters of credit are available on a revolving basis, up to an amount equal to the sum of specified percentages of our eligible accounts receivable and inventories, to a maximum of \$450 million.

As of March 31, 2020, we were entitled to borrow and issue letters of credit totaling \$450 million under this facility. At March 31, 2020, we had \$49 million in borrowings compared to \$57 million at December 31, 2019. We had \$38 million in letters of credit at March 31, 2020 compared to \$33 million at December 31, 2019.

At March 31, 2020, we were in compliance with all of our financial covenants.

With our cash, cash equivalents and our bank facility we have access to approximately \$393 million of cash based on our March 31, 2020 balances. The use of our bank facilities has been predominantly to fund working capital requirements, acquisitions and trade letters of credit for inventory purchases.

## CONTRACTUAL OBLIGATIONS

As at March 31, 2020, we were contractually obligated to make payments as per the following table:

| <i>Contractual Obligations</i><br><i>(millions)</i> | Payments due in |                  |                  |                        | Total    |
|---|-----------------|------------------|------------------|------------------------|----------|
|   | 2020            | 2021<br>and 2022 | 2023<br>and 2024 | 2025 and<br>thereafter |          |
| Bank indebtedness                                   | \$ 49           | \$ -             | \$ -             | \$ -                   | \$ 49    |
| Accounts payable                                    | 386             | -                | -                | -                      | 386      |
| Long-term debt                                      | -               | 300              | -                | 150                    | 450      |
| Long-term debt interest                             | 22              | 44               | 18               | 14                     | 98       |
| Lease obligations                                   | 20              | 43               | 32               | 61                     | 156      |
| Total   | \$ 477          | \$ 387           | \$ 50            | \$ 225                 | \$ 1,139 |

In addition to the bank loans noted in the above table we are obligated to pay \$38 million in letters of credit when they mature in 2020.

We provide defined contribution pension plans for a majority of our Canadian and U.S. employees; however, we have obligations related to multiple defined benefit pension plans in Canada, as disclosed in Note 15 of our 2019 consolidated financial statements. During the first quarter of 2020, we contributed \$1 million to these plans. We expect to contribute approximately \$4 million to these plans during the remainder of the year. The defined benefit obligations reported in the consolidated financial statements use different assumptions than the going concern actuarial valuations prepared for funding. In addition, the actuarial valuations provide a solvency valuation, which is a valuation assuming the plan is wound up at the valuation date. Our reported funding obligations would increase by \$11 million on a solvency basis and thus additional funding could be required based on solvency if the plans were wound up. We estimate the impact of a 0.25% change in the discount rate on the solvency obligation would be approximately \$6 million.

We have disclosed our obligations related to environmental litigation, regulatory actions and remediation in our Annual Information Form under the heading "Environmental Regulation". These obligations, which are not material, relate to previously divested or discontinued operations and do not relate to the metals distribution business.

## **OFF-BALANCE SHEET ARRANGEMENTS**

Our off-balance sheet arrangements consist of the letters of credit disclosed in the bank credit facilities table and short-term and low value operating lease obligations disclosed in the contractual obligations table. On January 1, 2019, we adopted the new lease accounting standard *IFRS 16* and only short-term and low value leases are off-balance sheet.

## **ACCOUNTING ESTIMATES**

The preparation of our consolidated financial statements requires management to make estimates and judgements that affect the reported amounts. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventory valuation, useful lives of fixed assets, asset impairment, fair values, income taxes, pensions and benefits obligations, guarantees, decommissioning liabilities, contingencies, litigation and assigned values on net assets acquired. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Our most significant assets are accounts receivable and inventories.

### *Accounts Receivable*

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of our customers to make required payments. Assessments are based on aging of receivables, legal issues (bankruptcy status), past collection experience, current financials, credit agency reports and the experience of our credit personnel. Accounts receivable which we determine to be uncollectible are reserved in the period in which the determination is made. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Our reserve for bad debts at March 31, 2020 and December 31, 2019 was \$5 million.

### *Inventories*

We review our inventories to ensure that the cost of inventories is not in excess of its estimated net realizable value and for obsolete and slow-moving product. Inventory reserves or write-downs are recorded when cost exceeds the estimated selling price less cost to sell and when product is determined to be slow moving or obsolete. During the quarter ended March 31, 2020 we recorded additional inventory valuation reserves of \$5 million for net realizable and \$2 million for obsolescence.

Other areas involving significant estimates and judgements include:

### *Long-lived Asset Impairment*

The determination of whether long-lived assets, including goodwill and intangibles, are impaired requires the estimation of future cash flows and an appropriate discount rate to determine value in use. An impairment occurs when the book value of the assets associated with a particular cash generating unit is greater than the value in use. The assessment of future cash flows and a discount rate requires significant judgment.

As at March 31, 2020, we concluded that the rapid deterioration of the North American economic environment resulted in a triggering event and the need to perform impairment testing of our long-lived assets including goodwill and intangibles. We have forecasted future cash flows by considering the reduced activity to date to determine recoverable amounts. At March 31, 2020, we determined that the right-of-use assets at our U.S. line pipe operation in our energy products segment were impaired and recorded an impairment of \$4 million in the quarter. The recoverable amounts at our other operations were greater than the carrying amount of the cash generating units and resulted in no further impairment of long-lived assets, goodwill and intangibles. There is no certainty that there will not be a future impairment should the economic markets in which we operate continue to deteriorate.

### *Income Taxes*

We believe that we have adequately provided for income taxes based on the information that is currently available. The calculation of income taxes in many cases requires significant judgement in interpreting tax rules and regulations, which are constantly changing. Our tax filings are also subject to audits, which could materially change the amount of current and future income tax assets and liabilities. Any change would be recorded as a charge or reduction in income tax expense.

### *Business Combinations*

For each acquisition we review the fair value of assets acquired. Where we deem it appropriate, we hire outside business valuers to assist in the assessment of the fair value of property, plant, equipment, intangibles and contingent consideration of acquired businesses.

### *Contingent Liabilities*

Provisions for claims and potential claims are determined on a case by case basis. We recognize contingent loss provisions when it is determined that a loss is probable and when we are able to reasonably estimate the obligation. This determination takes significant judgement and actual cash outflows might be materially different from estimates. In addition, we may receive claims in the future that could have a material impact on our financial results.

The Company and certain of its subsidiaries have been named defendants in a number of legal actions. Although the outcome of these legal actions cannot be determined, management intends to defend all such legal actions and has recorded provisions, as required, based on its best estimate of the potential losses. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on our financial position, cash flows or operations.

### *Employee Benefit Plans*

At least every three years, our actuaries perform a valuation for each defined benefit plan to determine the actuarial present value of the benefits. The valuation uses management's assumptions for the interest rate, rate of compensation increase, rate of increase in government benefits and expected average remaining years of service of employees. While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect employee benefit obligations and future net benefit plan cost. We account for differences between actual and assumed results by recognizing differences in benefit obligations and plan performance immediately in other comprehensive income.

We had approximately \$133 million in plan assets at March 31, 2020, which is a decrease of approximately \$20 million from December 31, 2019. The discount rate used on the employee benefit plan obligation for the quarter ended March 31, 2020 was 3.75% which is 75 basis points higher than the discount rate at December 31, 2019.

### *Leases*

We recognize right-of-use assets and lease obligations which includes our arrangements that contain a lease. The determination of the asset and obligation requires an assessment of whether we are reasonably certain that an extension option will be exercised, calculation of a discount rate inherent in the lease or an incremental borrowing rate and whether the right-of-use asset is impaired. These determinations require significant judgement.

## **CONTROLS AND PROCEDURES**

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The purpose of internal controls over financial reporting as defined by the Canadian Securities Administrators is to provide reasonable assurance that:

- (i) financial statements prepared for external purposes are in accordance with the Company's generally accepted accounting principles,
- (ii) transactions are recorded as necessary to permit the preparation of financial statements, and records are maintained in reasonable detail,
- (iii) receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors, and

- (iv) unauthorized acquisitions, uses or dispositions of the Company's assets that could have a material effect on the financial statements will be prevented or detected in order to prevent material error in financial statements.

The Chief Executive Officer and the Executive Vice President and Chief Financial Officer have caused management and other employees to design and document our disclosure controls and procedures and our internal controls over financial reporting. The design of internal controls was completed using the framework and criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

No changes were made in our disclosure controls and procedures of our internal controls over financial reporting during the first quarter of 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **VISION AND STRATEGY**

The metals distribution business is a segment of a mature, cyclical industry. We believe we enhance profitability by operating with the lowest possible net assets. This reduces borrowings and minimizes interest expense in all periods of the economic cycle and creates returns on net assets that are more stable. Our conservative management approach creates relatively stronger trough earnings but could cause potential peak earnings to be somewhat muted. Management believes that this strategy will result in higher average profits and that we will generate earnings over the cycle in the top quartile of the industry.

Growth from selective acquisitions is also part of our strategy. We focus on investment opportunities in metals and energy distribution businesses that have strong market niches or provide mass to our existing operations. New acquisitions could be either major stand-alone operations or ones that complement our existing operations. In addition, we will continue to invest in value-added processing that allows for growth and will further stabilize our returns. We completed the acquisition of Color Steels in 2017 which provided a new product line to our Canadian service center operations. On April 16, 2018, we completed the acquisition of the operating assets and facilities of DuBose Steel which adds a new geographic area to our U.S. service center operations. On October 1, 2019, we completed the acquisition of City Pipe which added energy field service facilities primarily in the Permian basin to our existing Apex Remington strength in Oklahoma, Texas and North Dakota. We continue to review opportunities for additional acquisitions.

We believe that the steel pricing cycle will continue to be highly volatile, and that our decentralized management structure and philosophy that allows the fastest reaction to changes that affect the industry will be the most successful. We will continue to invest in our business systems to enable faster reaction times to changing business conditions.

## **RISK**

The pandemic has created uncertainty in the health and welfare of the communities where we operate and resulted in temporary business closures, lower demand and reduced economic activity. The pandemic has led to further demand reductions in the 2020 second quarter. We have no assurance when the uncertainty caused by the virus will cease and business conditions will return to normal levels.

The timing and extent of future price changes from steel producers and their impact on us cannot be predicted with any certainty due to the cyclical nature of the steel industry, modest capacity utilization rates for North American steel producers and changing import levels and tariffs. Future tariff changes to country or product exemptions may impact steel prices and product availability.

We are one of the largest energy services companies in Canada. A significant percentage of our revenues are dependent on the oil and gas industry whose activity fluctuates with oil and gas prices. The oversupply of oil has resulted in reduced drilling and lower demand for OCTG and line pipe. In addition, certain pipe manufacturers have attempted to bypass distributors which has further exacerbated the price competitive environment. Our oil field store operations provide a more stable stream of earnings as their products are used in maintenance and repair as well as new drilling activity.

The continued impact of the pandemic and prevailing oil price conditions may lead to changes in estimates in our financial statements and the effect of such changes could be material and result in impairments of long-lived assets, including goodwill and intangibles, provisions for inventory and credit losses.

Our enterprise risk management program and a summary of the risks affecting our business is described under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form, which section is incorporated by reference in this "Risk" section of our MD&A.

## **OUTLOOK**

We find ourselves navigating an unprecedented disruption to our usual business environment in the midst of the pandemic. These difficult business conditions are exacerbated by the worldwide excess oil supply. We have been deemed an essential business under applicable government orders in the areas where we are located and while open for business, we have experienced reduced demand. We will continue to make difficult decisions to balance the needs of the business and the health and safety of our employees.

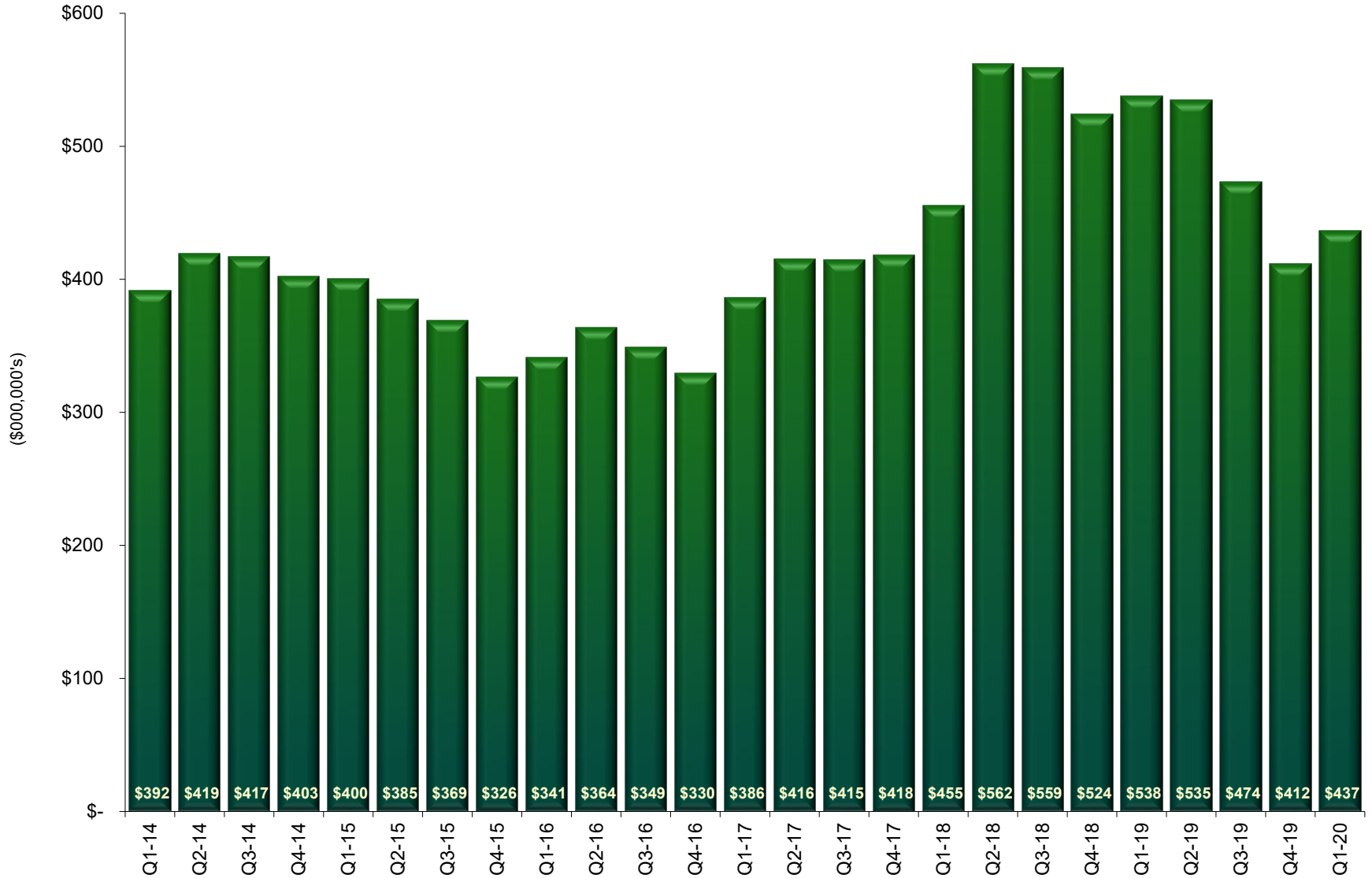
CONSOLIDATED STATEMENTS OF EARNINGS ON AN ADJUSTED BASIS

| (\$ millions)                 | Q1<br>2020   | Q4<br>2019   | Q3<br>2019   | Q2<br>2019   | Q1<br>2019   | Q4<br>2018   | Q3<br>2018   | Q2<br>2018   | Q1<br>2018    | Q4<br>2017   | Q3<br>2017   | Q2<br>2017   | Q1<br>2017   | Q4<br>2016   | Q3<br>2016   | Q2<br>2016   | Q1<br>2016   | Q4<br>2015   | Q3<br>2015   | Q2<br>2015   | Q1<br>2015   | Q4<br>2014   | Q3<br>2014   | Q2<br>2014   | Q1<br>2014   |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>METALS SERVICE CENTERS</b> |              |              |              |              |              |              |              |              |               |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Revenue                       | 436.6        | 411.6        | 473.6        | 534.9        | 537.9        | 524.3        | 559.3        | 561.8        | 455.4         | 418.4        | 414.9        | 415.5        | 386.4        | 329.5        | 348.9        | 364.0        | 341.1        | 326.3        | 369.2        | 385.2        | 400.4        | 402.6        | 416.9        | 419.4        | 391.5        |
| Cost of goods sold            | 343.5        | 334.1        | 385.9        | 434.9        | 434.9        | 414.6        | 423.2        | 418.5        | 354.7         | 337.6        | 333.8        | 325.9        | 299.8        | 261.8        | 271.4        | 280.8        | 270.6        | 264.4        | 297.4        | 314.1        | 320.0        | 324.6        | 332.6        | 331.5        | 306.5        |
| Operating expenses            | 75.6         | 68.7         | 72.2         | 77.3         | 76.3         | 81.4         | 81.2         | 86.0         | 71.8          | 65.1         | 63.0         | 65.2         | 64.8         | 60.5         | 60.1         | 59.3         | 60.9         | 57.2         | 61.6         | 57.9         | 64.6         | 64.0         | 62.1         | 62.4         | 63.6         |
| <b>EBIT</b>                   | <b>17.5</b>  | <b>8.8</b>   | <b>15.5</b>  | <b>22.7</b>  | <b>26.7</b>  | <b>28.3</b>  | <b>54.9</b>  | <b>57.3</b>  | <b>28.9</b>   | <b>15.7</b>  | <b>18.1</b>  | <b>24.4</b>  | <b>21.8</b>  | <b>7.2</b>   | <b>17.4</b>  | <b>23.9</b>  | <b>9.6</b>   | <b>4.7</b>   | <b>10.2</b>  | <b>13.2</b>  | <b>15.8</b>  | <b>14.0</b>  | <b>22.2</b>  | <b>25.5</b>  | <b>21.4</b>  |
| Depreciation & amortization   | 8.9          | 8.7          | 8.5          | 8.7          | 8.6          | 6.9          | 6.2          | 6.1          | 5.8           | 5.8          | 6.0          | 6.0          | 5.9          | 6.1          | 6.2          | 6.2          | 6.2          | 5.8          | 6.1          | 6.0          | 6.0          | 6.1          | 5.8          | 5.7          | 5.6          |
| <b>EBITDA</b>                 | <b>26.4</b>  | <b>17.5</b>  | <b>24.0</b>  | <b>31.4</b>  | <b>35.3</b>  | <b>35.2</b>  | <b>61.1</b>  | <b>63.4</b>  | <b>34.7</b>   | <b>21.5</b>  | <b>24.1</b>  | <b>30.4</b>  | <b>27.7</b>  | <b>13.3</b>  | <b>23.6</b>  | <b>30.1</b>  | <b>15.8</b>  | <b>10.5</b>  | <b>16.3</b>  | <b>19.2</b>  | <b>21.8</b>  | <b>20.1</b>  | <b>28.0</b>  | <b>31.2</b>  | <b>27.0</b>  |
| Cost of goods sold            | 78.7%        | 81.2%        | 81.5%        | 81.3%        | 80.9%        | 79.1%        | 75.7%        | 74.5%        | 77.9%         | 80.7%        | 80.5%        | 78.4%        | 77.6%        | 79.5%        | 77.8%        | 77.1%        | 79.3%        | 81.0%        | 80.6%        | 81.5%        | 79.9%        | 80.6%        | 79.8%        | 79.0%        | 78.3%        |
| Operating expenses            | 17.3%        | 16.7%        | 15.2%        | 14.5%        | 14.2%        | 15.5%        | 14.5%        | 15.3%        | 15.8%         | 15.6%        | 15.2%        | 15.7%        | 16.8%        | 18.4%        | 17.2%        | 16.3%        | 17.9%        | 17.5%        | 16.7%        | 15.0%        | 16.1%        | 15.9%        | 14.9%        | 14.9%        | 16.2%        |
| Depreciation & amortization   | 2.0%         | 2.1%         | 1.8%         | 1.6%         | 1.6%         | 1.3%         | 1.1%         | 1.1%         | 1.3%          | 1.4%         | 1.4%         | 1.4%         | 1.5%         | 1.9%         | 1.8%         | 1.7%         | 1.8%         | 1.7%         | 1.6%         | 1.5%         | 1.5%         | 1.4%         | 1.4%         | 1.4%         |              |
| EBIT                          | 4.0%         | 2.1%         | 3.3%         | 4.2%         | 5.0%         | 5.4%         | 9.8%         | 10.2%        | 6.3%          | 3.8%         | 4.4%         | 5.9%         | 5.6%         | 2.2%         | 5.0%         | 6.6%         | 2.8%         | 1.4%         | 2.8%         | 3.4%         | 3.9%         | 3.5%         | 5.3%         | 6.1%         |              |
| EBITDA                        | 6.0%         | 4.3%         | 5.1%         | 5.9%         | 6.6%         | 6.7%         | 10.9%        | 11.3%        | 7.6%          | 5.1%         | 5.8%         | 7.3%         | 7.2%         | 4.0%         | 6.8%         | 8.3%         | 4.6%         | 3.2%         | 4.4%         | 5.0%         | 5.4%         | 5.0%         | 6.7%         | 7.4%         |              |
| <b>ENERGY PRODUCTS</b>        |              |              |              |              |              |              |              |              |               |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Revenue                       | 315.5        | 342.6        | 297.7        | 297.8        | 372.6        | 431.7        | 463.4        | 320.3        | 382.1         | 299.9        | 335.2        | 296.0        | 339.1        | 241.7        | 215.3        | 175.8        | 248.4        | 274.1        | 299.6        | 268.5        | 384.9        | 484.1        | 497.2        | 365.7        | 445.1        |
| Cost of goods sold            | 265.2        | 303.6        | 248.0        | 239.8        | 302.2        | 354.7        | 383.2        | 253.5        | 308.5         | 235.9        | 264.8        | 240.7        | 280.6        | 208.3        | 182.0        | 146.9        | 207.1        | 228.4        | 246.3        | 217.0        | 319.7        | 402.1        | 411.9        | 296.4        | 367.7        |
| Operating expenses            | 43.9         | 40.8         | 32.1         | 34.5         | 40.9         | 44.5         | 39.8         | 38.5         | 41.2          | 36.4         | 36.4         | 33.7         | 34.9         | 28.1         | 27.2         | 28.2         | 34.5         | 33.0         | 36.6         | 33.3         | 42.5         | 46.3         | 46.4         | 40.8         | 43.1         |
| <b>EBIT</b>                   | <b>6.4</b>   | <b>(1.8)</b> | <b>17.6</b>  | <b>23.5</b>  | <b>29.5</b>  | <b>32.5</b>  | <b>40.4</b>  | <b>28.3</b>  | <b>32.4</b>   | <b>27.6</b>  | <b>34.0</b>  | <b>21.6</b>  | <b>23.6</b>  | <b>5.3</b>   | <b>6.1</b>   | <b>0.7</b>   | <b>6.8</b>   | <b>12.7</b>  | <b>16.7</b>  | <b>18.2</b>  | <b>22.7</b>  | <b>35.7</b>  | <b>38.9</b>  | <b>28.5</b>  | <b>34.3</b>  |
| Depreciation & amortization   | 6.1          | 6.0          | 4.7          | 4.5          | 4.6          | 2.3          | 2.4          | 2.2          | 2.2           | 2.2          | 2.2          | 2.1          | 2.2          | 2.1          | 2.1          | 2.3          | 2.3          | 2.5          | 2.5          | 2.6          | 2.5          | 2.6          | 2.8          | 2.6          | 2.6          |
| <b>EBITDA</b>                 | <b>12.5</b>  | <b>4.2</b>   | <b>22.3</b>  | <b>28.0</b>  | <b>34.1</b>  | <b>34.8</b>  | <b>42.8</b>  | <b>30.5</b>  | <b>34.6</b>   | <b>29.8</b>  | <b>36.2</b>  | <b>23.7</b>  | <b>25.8</b>  | <b>7.4</b>   | <b>8.2</b>   | <b>3.0</b>   | <b>9.1</b>   | <b>15.2</b>  | <b>19.2</b>  | <b>20.8</b>  | <b>25.2</b>  | <b>38.3</b>  | <b>41.7</b>  | <b>31.1</b>  | <b>36.9</b>  |
| Cost of goods sold            | 84.1%        | 88.6%        | 83.3%        | 80.5%        | 81.1%        | 82.2%        | 82.7%        | 79.1%        | 80.7%         | 78.7%        | 79.0%        | 81.3%        | 82.7%        | 86.2%        | 84.5%        | 83.6%        | 83.4%        | 83.3%        | 82.2%        | 80.8%        | 83.1%        | 83.1%        | 82.8%        | 81.1%        | 82.6%        |
| Operating expenses            | 13.9%        | 11.9%        | 10.8%        | 11.6%        | 11.0%        | 10.3%        | 8.6%         | 12.0%        | 10.8%         | 12.1%        | 10.9%        | 11.4%        | 10.3%        | 11.6%        | 12.6%        | 16.0%        | 13.9%        | 12.0%        | 12.2%        | 12.4%        | 11.0%        | 9.6%         | 9.3%         | 11.2%        | 9.7%         |
| Depreciation & amortization   | 1.9%         | 1.8%         | 1.6%         | 1.5%         | 1.2%         | 0.5%         | 0.5%         | 0.7%         | 0.6%          | 0.7%         | 0.7%         | 0.7%         | 0.6%         | 0.9%         | 1.0%         | 1.3%         | 0.9%         | 0.9%         | 0.8%         | 1.0%         | 0.6%         | 0.5%         | 0.6%         | 0.7%         | 0.6%         |
| EBIT                          | 2.0%         | -0.5%        | 5.9%         | 7.9%         | 7.9%         | 7.5%         | 8.7%         | 8.8%         | 8.5%          | 9.2%         | 10.1%        | 7.3%         | 7.0%         | 2.2%         | 2.8%         | 0.4%         | 2.7%         | 4.6%         | 5.6%         | 6.8%         | 5.9%         | 7.4%         | 7.8%         | 7.8%         | 7.7%         |
| EBITDA                        | 4.0%         | 1.2%         | 7.5%         | 9.4%         | 9.2%         | 8.1%         | 9.2%         | 9.5%         | 9.1%          | 9.9%         | 10.8%        | 8.0%         | 7.6%         | 3.1%         | 3.8%         | 1.7%         | 3.7%         | 5.5%         | 6.4%         | 7.7%         | 6.5%         | 7.9%         | 8.4%         | 8.5%         | 8.3%         |
| <b>STEEL DISTRIBUTORS</b>     |              |              |              |              |              |              |              |              |               |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Revenue                       | 62.4         | 80.6         | 93.7         | 99.6         | 122.0        | 156.8        | 114.0        | 92.0         | 93.7          | 104.4        | 97.2         | 100.9        | 77.6         | 79.3         | 71.7         | 81.0         | 72.5         | 71.5         | 102.9        | 105.5        | 118.5        | 124.9        | 122.5        | 106.3        | 87.3         |
| Cost of goods sold            | 53.6         | 77.7         | 83.5         | 86.2         | 105.1        | 135.9        | 92.8         | 67.3         | 73.5          | 88.8         | 82.4         | 81.7         | 60.8         | 66.5         | 57.9         | 66.0         | 57.6         | 65.0         | 93.9         | 92.8         | 104.3        | 106.5        | 104.1        | 91.7         | 75.8         |
| Operating expenses            | 8.0          | 6.1          | 6.9          | 6.9          | 7.7          | 10.1         | 10.8         | 9.4          | 9.5           | 8.1          | 6.7          | 9.0          | 8.4          | 5.2          | 8.5          | 6.0          | 7.8          | 5.2          | 5.0          | 5.9          | 7.9          | 6.8          | 6.6          | 6.0          | 5.2          |
| <b>EBIT</b>                   | <b>0.8</b>   | <b>(3.2)</b> | <b>3.3</b>   | <b>6.5</b>   | <b>9.2</b>   | <b>10.8</b>  | <b>10.4</b>  | <b>15.3</b>  | <b>10.7</b>   | <b>7.5</b>   | <b>8.1</b>   | <b>10.2</b>  | <b>8.4</b>   | <b>7.6</b>   | <b>5.3</b>   | <b>9.0</b>   | <b>7.1</b>   | <b>1.3</b>   | <b>4.0</b>   | <b>6.8</b>   | <b>6.3</b>   | <b>11.6</b>  | <b>11.8</b>  | <b>8.6</b>   | <b>6.5</b>   |
| Depreciation & amortization   | 0.4          | 0.4          | 0.4          | 0.4          | 0.4          | 0.3          | 0.3          | 0.2          | 0.3           | 0.2          | 0.2          | 0.3          | 0.3          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.1          | 0.2          | 0.1          | 0.1          | 0.1          |
| <b>EBITDA</b>                 | <b>1.2</b>   | <b>(2.8)</b> | <b>3.7</b>   | <b>6.9</b>   | <b>9.6</b>   | <b>11.1</b>  | <b>10.7</b>  | <b>15.5</b>  | <b>11.0</b>   | <b>7.7</b>   | <b>8.3</b>   | <b>10.5</b>  | <b>8.7</b>   | <b>7.8</b>   | <b>5.5</b>   | <b>9.2</b>   | <b>7.3</b>   | <b>1.5</b>   | <b>4.2</b>   | <b>7.0</b>   | <b>6.4</b>   | <b>11.8</b>  | <b>11.9</b>  | <b>8.7</b>   | <b>6.4</b>   |
| Cost of goods sold            | 85.9%        | 96.4%        | 89.1%        | 86.5%        | 86.1%        | 86.7%        | 81.4%        | 73.2%        | 78.4%         | 85.1%        | 84.8%        | 81.0%        | 78.4%        | 83.9%        | 80.8%        | 81.5%        | 79.4%        | 90.9%        | 91.3%        | 88.0%        | 88.0%        | 85.3%        | 85.0%        | 86.3%        | 86.8%        |
| Operating expenses            | 12.8%        | 7.6%         | 7.4%         | 6.9%         | 6.3%         | 6.4%         | 9.5%         | 10.2%        | 10.1%         | 7.8%         | 6.9%         | 8.9%         | 10.8%        | 6.6%         | 11.9%        | 7.4%         | 10.8%        | 7.3%         | 4.9%         | 5.6%         | 6.7%         | 5.4%         | 5.4%         | 5.6%         | 6.0%         |
| Depreciation & amortization   | 0.6%         | 0.5%         | 0.4%         | 0.4%         | 0.3%         | 0.2%         | 0.3%         | 0.2%         | 0.3%          | 0.2%         | 0.2%         | 0.3%         | 0.4%         | 0.3%         | 0.3%         | 0.2%         | 0.3%         | 0.2%         | 0.2%         | 0.2%         | 0.1%         | 0.2%         | 0.1%         | 0.1%         |              |
| EBIT                          | 1.3%         | -4.0%        | 3.5%         | 6.5%         | 7.5%         | 6.9%         | 9.1%         | 16.6%        | 11.4%         | 7.2%         | 8.3%         | 10.1%        | 10.8%        | 9.6%         | 7.4%         | 11.1%        | 9.8%         | 1.8%         | 3.9%         | 6.4%         | 5.3%         | 9.3%         | 9.6%         | 8.1%         | 7.2%         |
| EBITDA                        | 1.9%         | -3.5%        | 3.9%         | 6.9%         | 7.9%         | 7.1%         | 9.4%         | 16.8%        | 11.7%         | 7.4%         | 8.5%         | 10.4%        | 11.2%        | 9.8%         | 7.7%         | 11.4%        | 10.1%        | 2.1%         | 4.1%         | 6.6%         | 5.4%         | 9.4%         | 9.7%         | 8.2%         | 7.3%         |
| <b>TBTL</b>                   |              |              |              |              |              |              |              |              |               |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Revenue                       | 0.2          | 2.6          | 4.2          | 4.4          | 0.1          | 2.6          | 3.4          | 4.1          | 0.1           | 2.4          | 3.6          | 4.1          | 0.4          | 3.1          | 3.3          | 2.9          | 0.1          | 1.1          | 1.7          | 2.1          | 0.1          | 1.7          | 2.1          | 1.9          | 0.1          |
| Cost of goods sold            | -            | -            | -            | 0.1          | (0.1)        | -            | -            | -            | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | 0.1          | -            | -            | -            | -            | -            | (0.1)        |
| Operating expenses            | 1.3          | 1.5          | 1.8          | 1.6          | 1.4          | 1.2          | 1.5          | 1.8          | 1.3           | 1.5          | 1.9          | 1.3          | 1.2          | 1.5          | 1.5          | 1.3          | 1.2          | 2.2          | 1.2          | 1.4          | 1.5          | 1.6          | 0.5          | 1.4          | 1.7          |
| <b>EBIT</b>                   | <b>(1.1)</b> | <b>1.1</b>   | <b>2.4</b>   | <b>2.7</b>   | <b>(1.2)</b> | <b>1.4</b>   | <b>1.9</b>   | <b>2.3</b>   | <b>(1.2)</b>  | <b>0.9</b>   | <b>1.7</b>   | <b>2.8</b>   | <b>(0.8)</b> | <b>1.6</b>   | <b>1.8</b>   | <b>1.6</b>   | <b>(1.1)</b> | <b>(1.1)</b> | <b>0.4</b>   | <b>0.7</b>   | <b>(1.4)</b> | <b>0.1</b>   | <b>1.6</b>   | <b>0.5</b>   | <b>(1.5)</b> |
| Depreciation & amortization   | 0.1          | -            | 0.1          | 0.1          | -            | -            | -            | -            | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 0.1          | 0.2          | 0.1          | 0.2          |
| <b>EBITDA</b>                 | <b>(1.0)</b> | <b>1.1</b>   | <b>2.5</b>   | <b>2.8</b>   | <b>(1.2)</b> | <b>1.4</b>   | <b>1.9</b>   | <b>2.3</b>   | <b>(1.2)</b>  | <b>0.9</b>   | <b>1.7</b>   | <b>2.8</b>   | <b>(0.8)</b> | <b>1.6</b>   | <b>1.8</b>   | <b>1.6</b>   | <b>(1.1)</b> | <b>(1.1)</b> | <b>0.4</b>   | <b>0.7</b>   | <b>(1.4)</b> | <b>0.2</b>   | <b>1.8</b>   | <b>0.6</b>   | <b>(1.3)</b> |
| <b>CORPORATE &amp; OTHER</b>  |              |              |              |              |              |              |              |              |               |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Expenses                      | -            | 2.3          | 3.8          | 4.3          | 5.9          | 1.5          | 5.9          | 5.7          | 6.8           | 4.3          | 4.3          | 4.8          | 5.0          | 4.4          | 2.8          | 4.9          | 5.8          | (0.1)        | 4.0          | 4.1          | 4.1          | 2.8          | 4.8          | 5.2          | 5.1          |
| Asset impairment              | (3.7)        | -            | -            | -            | -            | -            | -            | -            | -             | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| Depreciation & amortization   | 0.1          | 0.3          | 0.1          | 0.2          | 0.1          | 0.1          | 0.1          | 0.2          | 0.1           | 0.5          | 0.1          | 0.1          | 0.1          | 0.2          | 0.2          | 0.2          | 0.1          | 0.2          | 0.1          | 0.1          | 0.1          | -            | -            | 0.1          | 0.1          |
| <b>EBIT</b>                   | <b>(3.7)</b> | <b>(2.6)</b> | <b>(3.9)</b> | <b>(4.5)</b> | <b>(6.0)</b> | <b>(1.6)</b> | <b>(6.0)</b> | <b>(5.9)</b> | <b>(10.2)</b> | <b>(4.8)</b> | <b>(4.4)</b> | <b>(4.9)</b> | <b>(5.1)</b> | <b>(4.6)</b> | <b>(3.0)</b> | <b>(5.1)</b> | <b>(5.9)</b> | <b>(0.1)</b> | <b>(4.1)</b> | <b>(4.1)</b> | <b>(4.2)</b> | <b>(2.8)</b> | <b>(4.8)</b> | <b>(5.3)</b> | <b>(5.2)</b> |
| <b>EBITDA</b>                 | <b>(3.6)</b> | <b>(2.3)</b> | <b>(3.8)</b> | <b>(4.3)</b> | <b>(5.9)</b> | <b>(1.5)</b> | <b>(5.9)</b> | <b>(5.7)</b> | <b>(10.1)</b> | <b>(4.3)</b> |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |

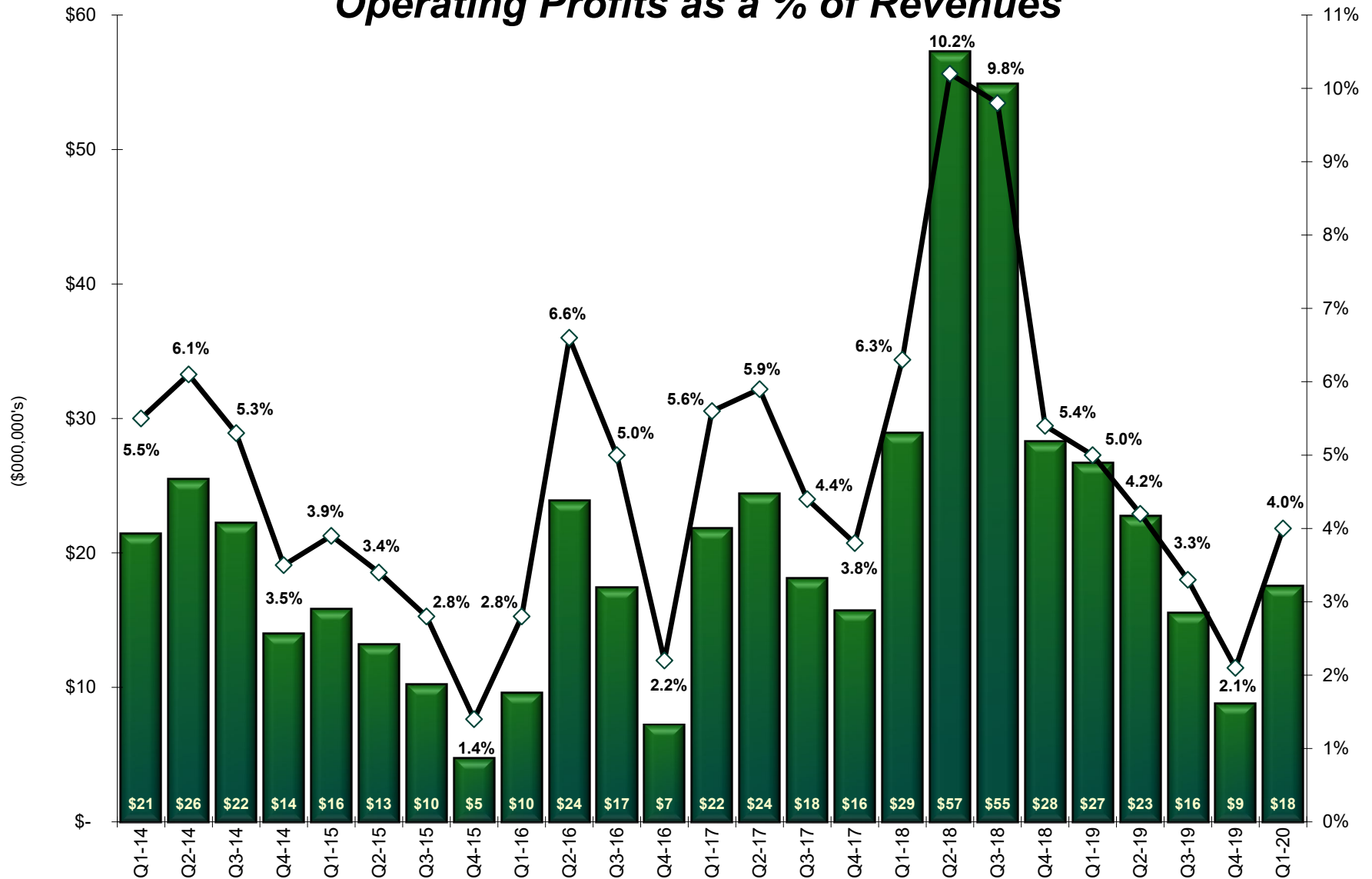
**CONSOLIDATED STATEMENTS OF EARNINGS ON AN ADJUSTED BASIS**

| (\$ millions)               | Q1<br>2020   | Q4<br>2019   | Q3<br>2019   | Q2<br>2019   | Q1<br>2019   | Q4<br>2018   | Q3<br>2018   | Q2<br>2018   | Q1<br>2018   | Q4<br>2017   | Q3<br>2017   | Q2<br>2017   | Q1<br>2017   | Q4<br>2016   | Q3<br>2016   | Q2<br>2016   | Q1<br>2016   | Q4<br>2015   | Q3<br>2015   | Q2<br>2015   | Q1<br>2015   | Q4<br>2014   | Q3<br>2014   | Q2<br>2014   | Q1<br>2014   |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Quarter ended:</b>       |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Revenue                     | 814.7        | 837.4        | 869.2        | 936.7        | 1,032.6      | 1,115.4      | 1,140.1      | 978.2        | 931.3        | 825.1        | 850.9        | 816.5        | 803.5        | 653.6        | 639.2        | 623.7        | 662.1        | 673.0        | 773.4        | 761.3        | 903.9        | 1,013.3      | 1,038.7      | 893.3        | 924.0        |
| Cost of goods sold          | 662.3        | 715.4        | 717.4        | 761.0        | 842.1        | 905.2        | 899.2        | 739.3        | 736.7        | 662.3        | 681.0        | 648.3        | 641.2        | 536.6        | 511.3        | 493.7        | 535.3        | 557.8        | 637.7        | 623.9        | 744.0        | 833.2        | 848.6        | 719.6        | 749.9        |
| Operating expenses          | 128.8        | 117.1        | 113.0        | 120.3        | 126.3        | 137.2        | 133.3        | 135.7        | 123.8        | 111.1        | 108.0        | 109.2        | 109.3        | 95.3         | 97.3         | 94.8         | 104.4        | 97.6         | 104.4        | 98.5         | 116.5        | 118.7        | 115.6        | 110.6        | 113.6        |
| Corp. Expenses and other    | (3.7)        | 2.6          | 3.9          | 4.5          | 6.0          | 1.6          | 6.0          | 5.9          | 10.2         | 4.8          | 4.4          | 4.9          | 5.1          | 4.6          | 3.0          | 5.1          | 5.9          | 0.1          | 4.1          | 4.1          | 4.2          | 2.8          | 4.8          | 5.3          | 5.2          |
| <b>Operating EBIT</b>       | <b>19.9</b>  | <b>2.3</b>   | <b>34.9</b>  | <b>50.9</b>  | <b>58.2</b>  | <b>71.4</b>  | <b>101.6</b> | <b>97.3</b>  | <b>60.6</b>  | <b>46.9</b>  | <b>57.5</b>  | <b>54.1</b>  | <b>47.9</b>  | <b>17.1</b>  | <b>27.6</b>  | <b>30.1</b>  | <b>16.5</b>  | <b>17.5</b>  | <b>27.2</b>  | <b>34.8</b>  | <b>39.2</b>  | <b>58.6</b>  | <b>69.7</b>  | <b>57.8</b>  | <b>55.3</b>  |
| Depreciation & amortization | 15.6         | 15.4         | 13.8         | 13.9         | 13.7         | 9.6          | 9.0          | 8.7          | 8.4          | 8.7          | 8.5          | 8.5          | 8.5          | 8.6          | 8.7          | 8.9          | 8.8          | 8.7          | 8.9          | 8.8          | 8.7          | 9.0          | 8.9          | 8.6          | 8.6          |
| <b>Operating EBITDA</b>     | <b>35.5</b>  | <b>17.7</b>  | <b>48.7</b>  | <b>64.8</b>  | <b>71.9</b>  | <b>81.0</b>  | <b>110.6</b> | <b>106.0</b> | <b>69.0</b>  | <b>55.6</b>  | <b>66.0</b>  | <b>62.6</b>  | <b>56.4</b>  | <b>25.7</b>  | <b>36.3</b>  | <b>39.0</b>  | <b>25.3</b>  | <b>26.2</b>  | <b>36.1</b>  | <b>43.6</b>  | <b>47.9</b>  | <b>67.6</b>  | <b>78.6</b>  | <b>66.4</b>  | <b>63.9</b>  |
| Gain on sale of asset       | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | (27.7)       | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>EBIT</b>                 | <b>19.9</b>  | <b>2.3</b>   | <b>34.9</b>  | <b>50.9</b>  | <b>58.2</b>  | <b>71.4</b>  | <b>101.6</b> | <b>97.3</b>  | <b>60.6</b>  | <b>46.9</b>  | <b>57.5</b>  | <b>54.1</b>  | <b>47.9</b>  | <b>44.8</b>  | <b>27.6</b>  | <b>30.1</b>  | <b>16.5</b>  | <b>17.5</b>  | <b>27.2</b>  | <b>34.8</b>  | <b>39.2</b>  | <b>58.6</b>  | <b>69.7</b>  | <b>57.8</b>  | <b>55.3</b>  |
| <b>EBITDA</b>               | <b>35.5</b>  | <b>17.7</b>  | <b>48.7</b>  | <b>64.8</b>  | <b>71.9</b>  | <b>81.0</b>  | <b>110.6</b> | <b>106.0</b> | <b>69.0</b>  | <b>55.6</b>  | <b>66.0</b>  | <b>62.6</b>  | <b>56.4</b>  | <b>53.4</b>  | <b>36.3</b>  | <b>39.0</b>  | <b>25.3</b>  | <b>26.2</b>  | <b>36.1</b>  | <b>43.6</b>  | <b>47.9</b>  | <b>67.6</b>  | <b>78.6</b>  | <b>66.4</b>  | <b>63.9</b>  |
| <b>Twelve months ended:</b> |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| Revenue                     | 3,458.0      | 3,675.9      | 3,953.9      | 4,224.8      | 4,266.3      | 4,165.0      | 3,874.7      | 3,585.5      | 3,423.8      | 3,296.0      | 3,124.5      | 2,912.8      | 2,720.0      | 2,578.6      | 2,598.0      | 2,732.2      | 2,869.8      | 3,111.6      | 3,451.9      | 3,717.2      | 3,849.2      | 3,869.3      | 3,667.1      | 3,425.2      | 3,290.0      |
| Cost of goods sold          | 2,856.1      | 3,035.9      | 3,225.7      | 3,407.5      | 3,385.8      | 3,280.4      | 3,037.5      | 2,819.3      | 2,728.3      | 2,632.8      | 2,507.1      | 2,337.4      | 2,182.8      | 2,076.9      | 2,098.1      | 2,224.5      | 2,354.7      | 2,563.4      | 2,838.8      | 3,049.7      | 3,145.4      | 3,151.3      | 2,987.5      | 2,795.6      | 2,696.7      |
| Operating expenses          | 486.5        | 493.7        | 512.8        | 535.2        | 552.0        | 553.7        | 530.8        | 503.9        | 476.4        | 456.8        | 440.8        | 428.7        | 414.5        | 410.4        | 408.2        | 416.4        | 419.1        | 429.5        | 453.3        | 465.2        | 478.5        | 476.6        | 463.8        | 447.0        | 428.3        |
| <b>Operating EBIT</b>       | <b>115.4</b> | <b>146.3</b> | <b>215.4</b> | <b>282.1</b> | <b>328.5</b> | <b>330.9</b> | <b>306.4</b> | <b>262.3</b> | <b>219.1</b> | <b>206.4</b> | <b>176.6</b> | <b>146.7</b> | <b>122.7</b> | <b>91.3</b>  | <b>91.7</b>  | <b>91.3</b>  | <b>96.0</b>  | <b>118.7</b> | <b>159.8</b> | <b>202.3</b> | <b>225.3</b> | <b>241.4</b> | <b>215.8</b> | <b>182.6</b> | <b>165.0</b> |
| Gain on sale of asset       | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | (27.7)       | (27.7)       | (27.7)       | (27.7)       | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            |
| <b>EBIT</b>                 | <b>115.4</b> | <b>146.3</b> | <b>215.4</b> | <b>282.1</b> | <b>328.5</b> | <b>330.9</b> | <b>306.4</b> | <b>262.3</b> | <b>219.1</b> | <b>206.4</b> | <b>204.3</b> | <b>174.4</b> | <b>150.4</b> | <b>119.0</b> | <b>91.7</b>  | <b>91.3</b>  | <b>96.0</b>  | <b>118.7</b> | <b>159.8</b> | <b>202.3</b> | <b>225.3</b> | <b>241.4</b> | <b>215.8</b> | <b>182.6</b> | <b>165.0</b> |
| Depreciation & amortization | 58.7         | 56.8         | 51.0         | 46.2         | 41.0         | 35.7         | 34.8         | 34.3         | 34.1         | 34.2         | 34.1         | 34.3         | 34.7         | 35.0         | 35.1         | 35.3         | 35.2         | 35.1         | 35.4         | 35.4         | 35.2         | 35.1         | 34.6         | 34.4         | 34.0         |
| <b>EBITDA</b>               | <b>174.1</b> | <b>203.1</b> | <b>266.4</b> | <b>328.3</b> | <b>369.5</b> | <b>366.6</b> | <b>341.2</b> | <b>296.6</b> | <b>253.2</b> | <b>240.6</b> | <b>238.4</b> | <b>208.7</b> | <b>185.1</b> | <b>154.0</b> | <b>126.8</b> | <b>126.6</b> | <b>131.2</b> | <b>153.8</b> | <b>195.2</b> | <b>237.7</b> | <b>260.5</b> | <b>276.5</b> | <b>250.4</b> | <b>217.0</b> | <b>199.0</b> |

# Metals Service Centers Revenues

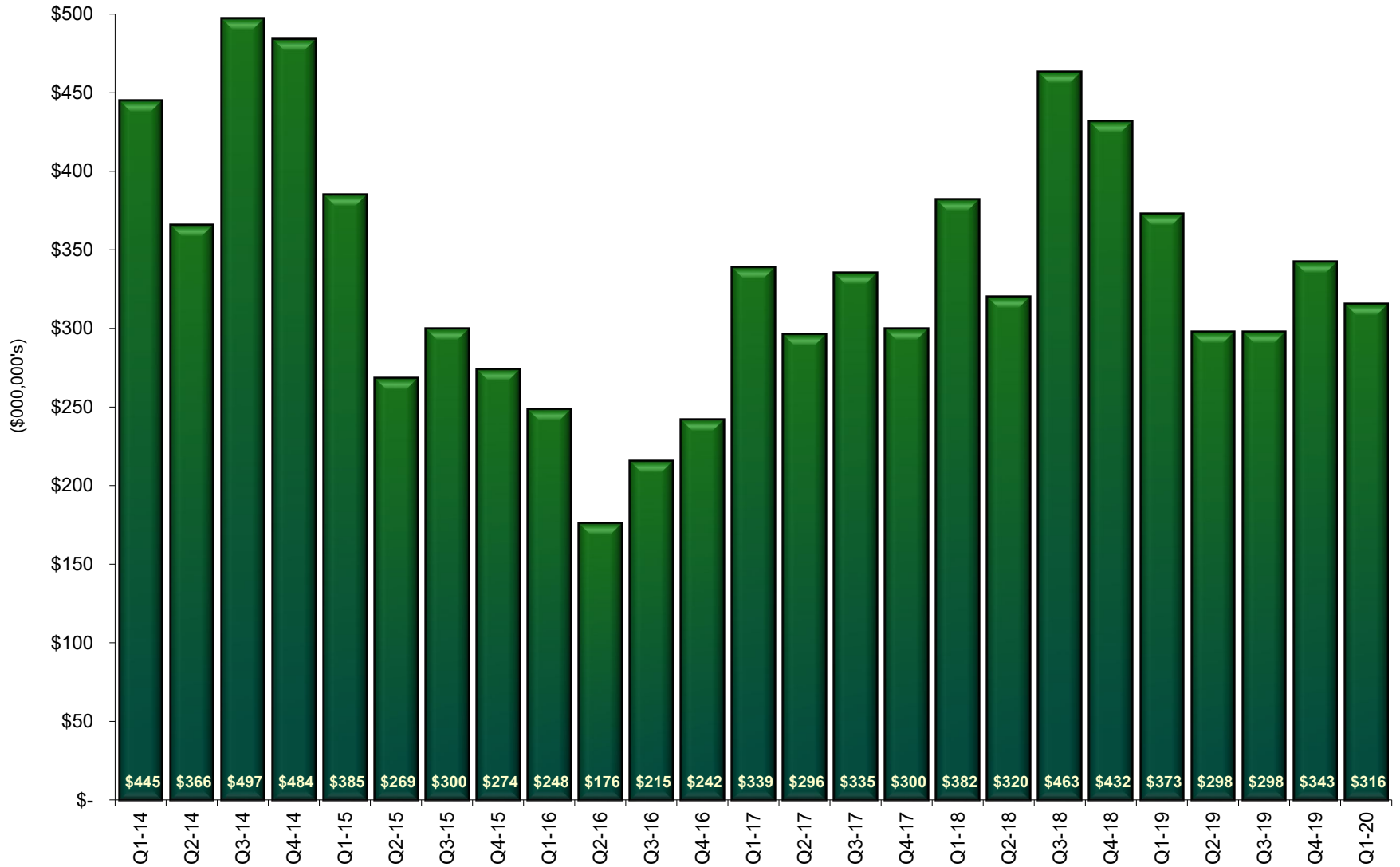


# Metals Service Centers EBIT \$ and Operating Profits as a % of Revenues

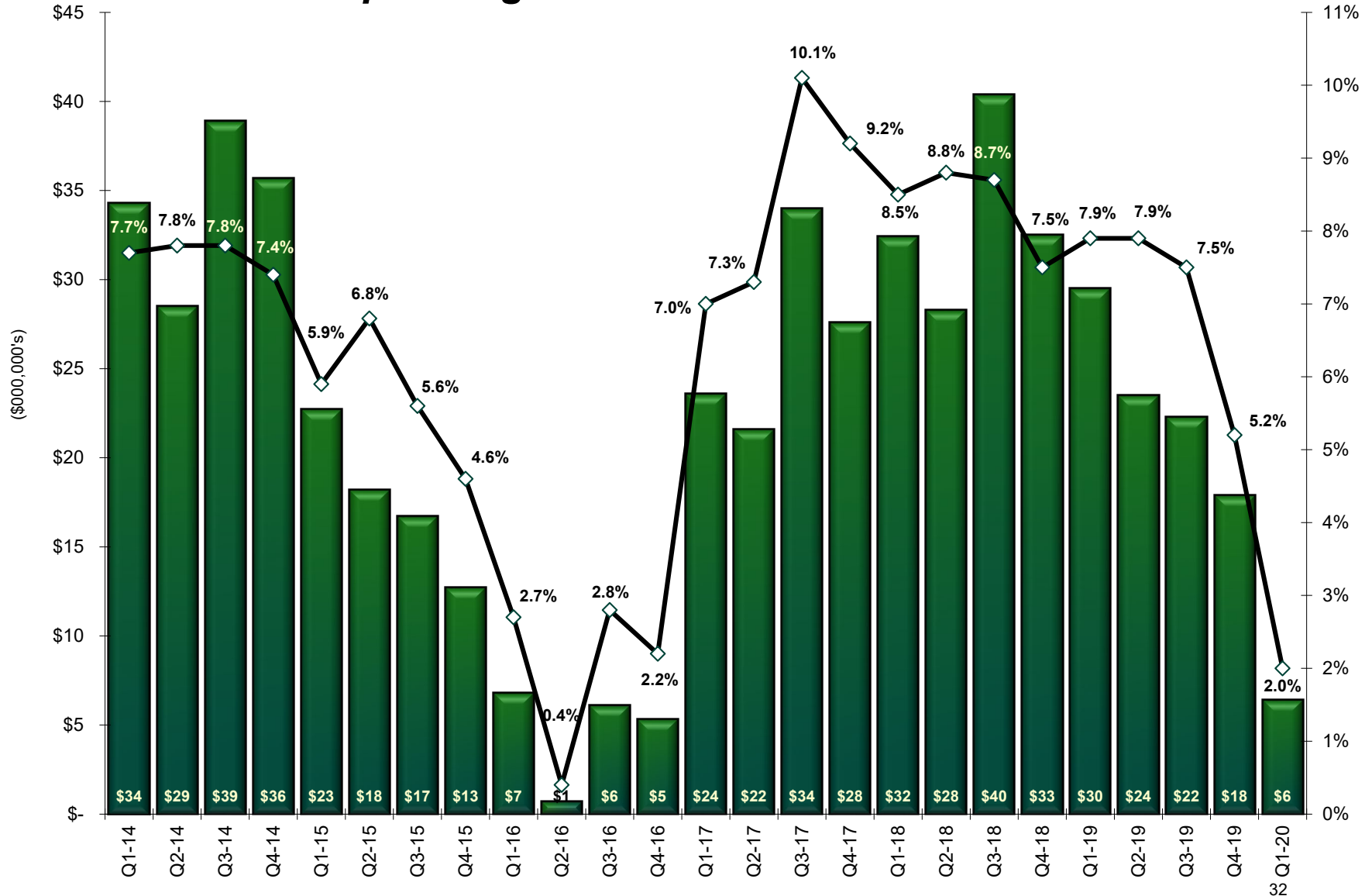


\*excluding inventory write-down in 2014 and 2015

# Energy Products Revenues

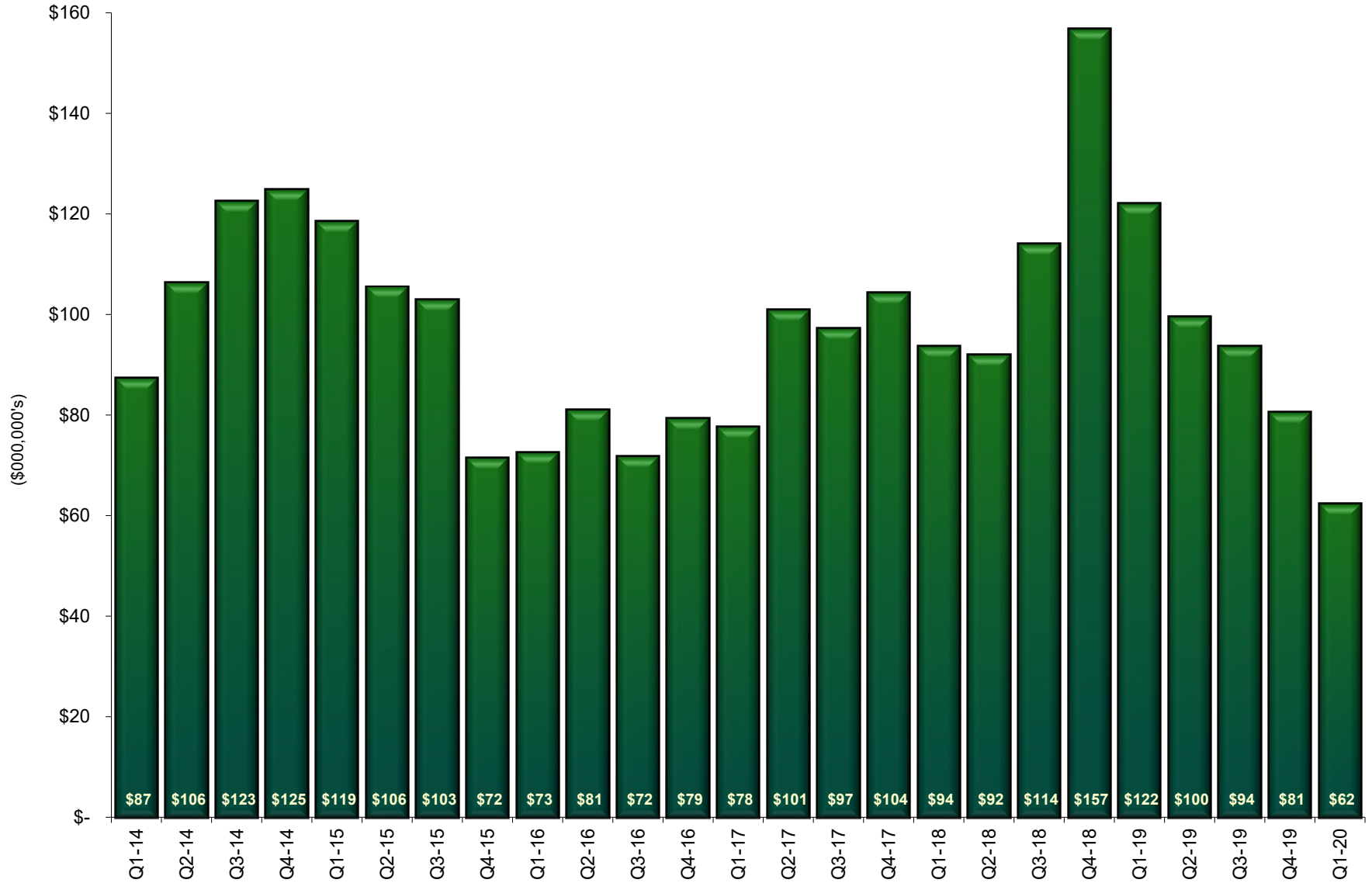


# Energy Products EBIT \$ and Operating Profits for a % of Revenues

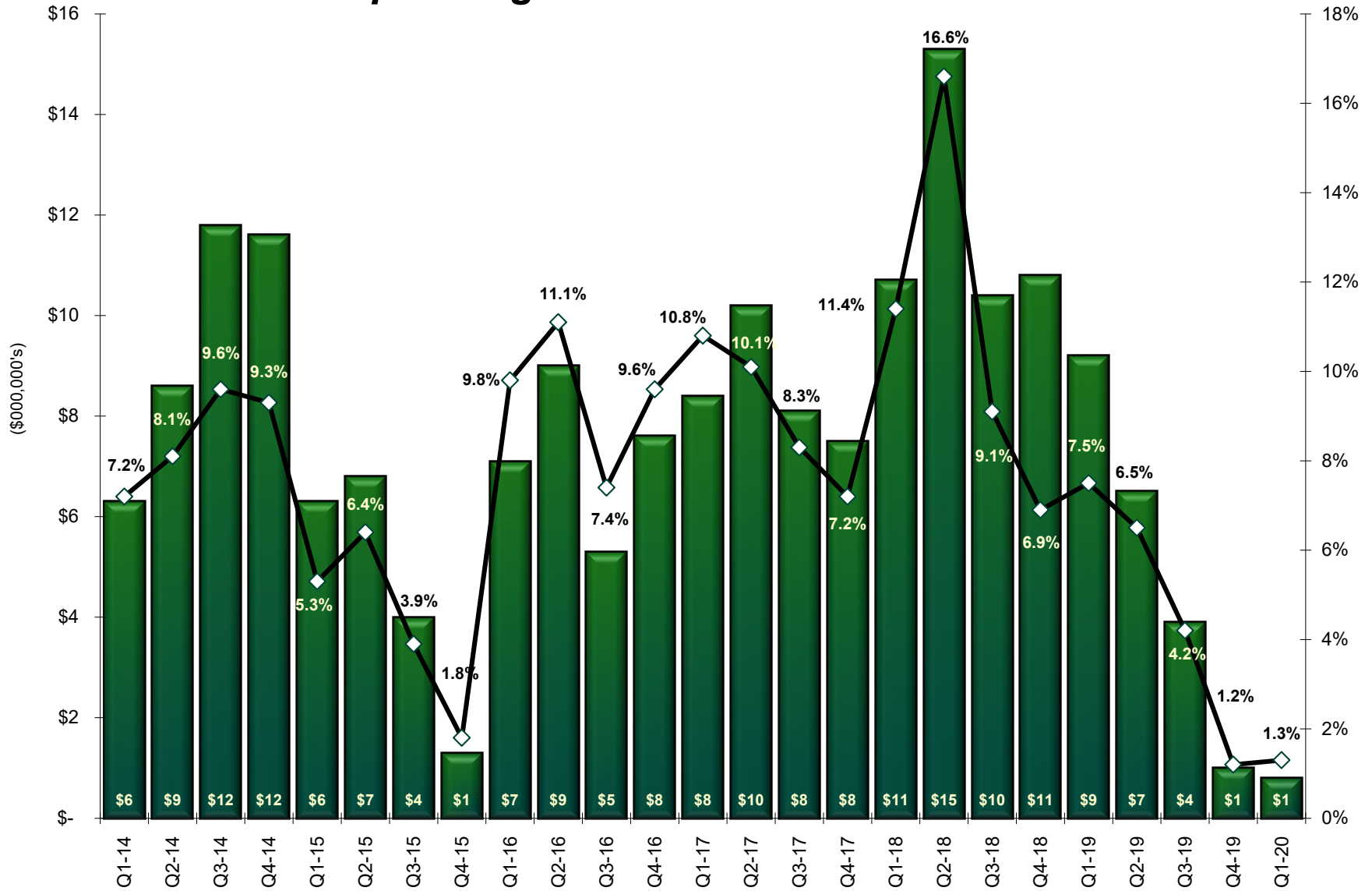


\*excluding inventory write-down in 2014, 2015 and 2019 and City Pipe costs in 2019

# Steel Distributors Revenues

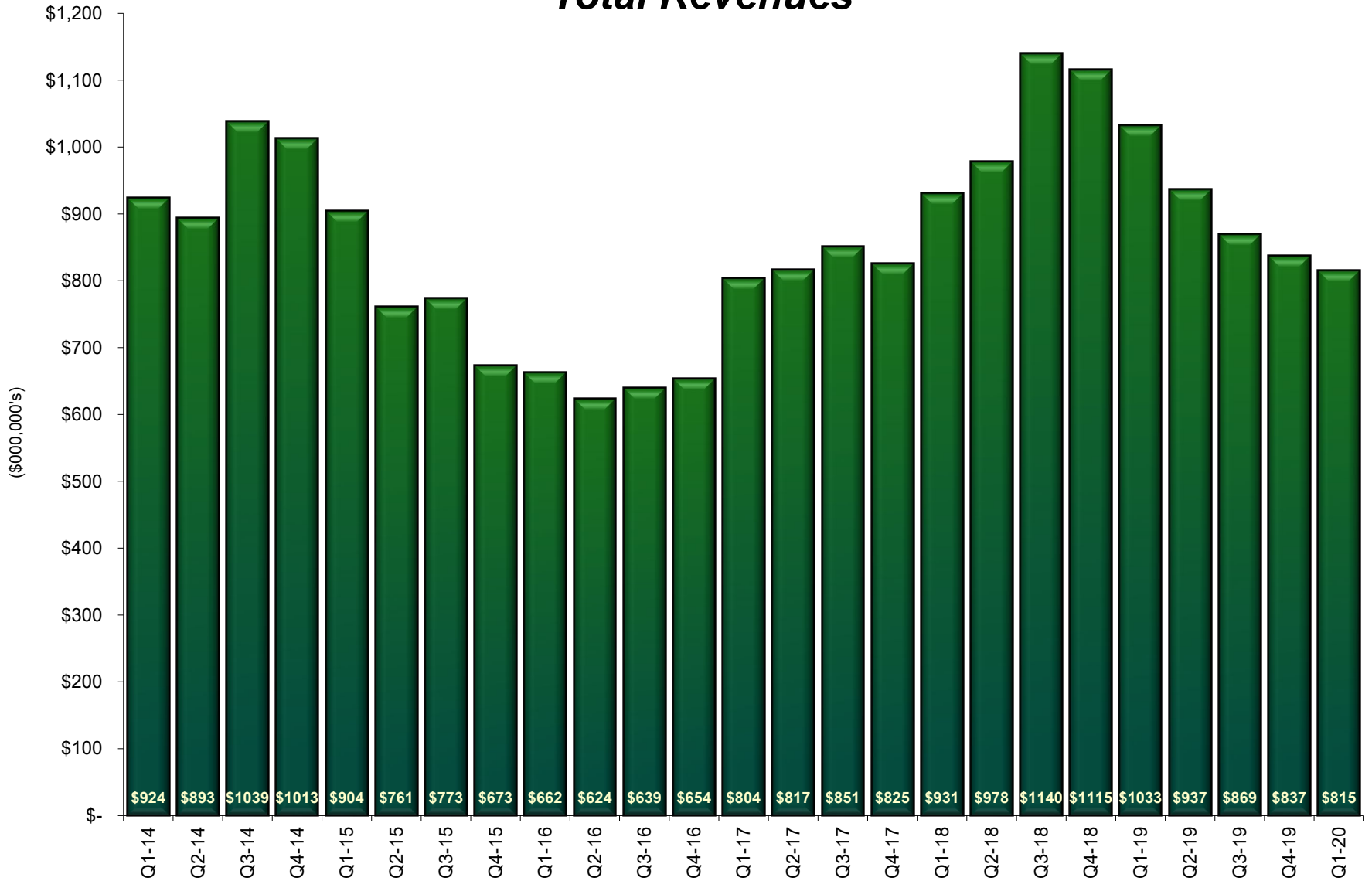


# Steel Distributors EBIT \$ and Operating Profits as a % of Revenues

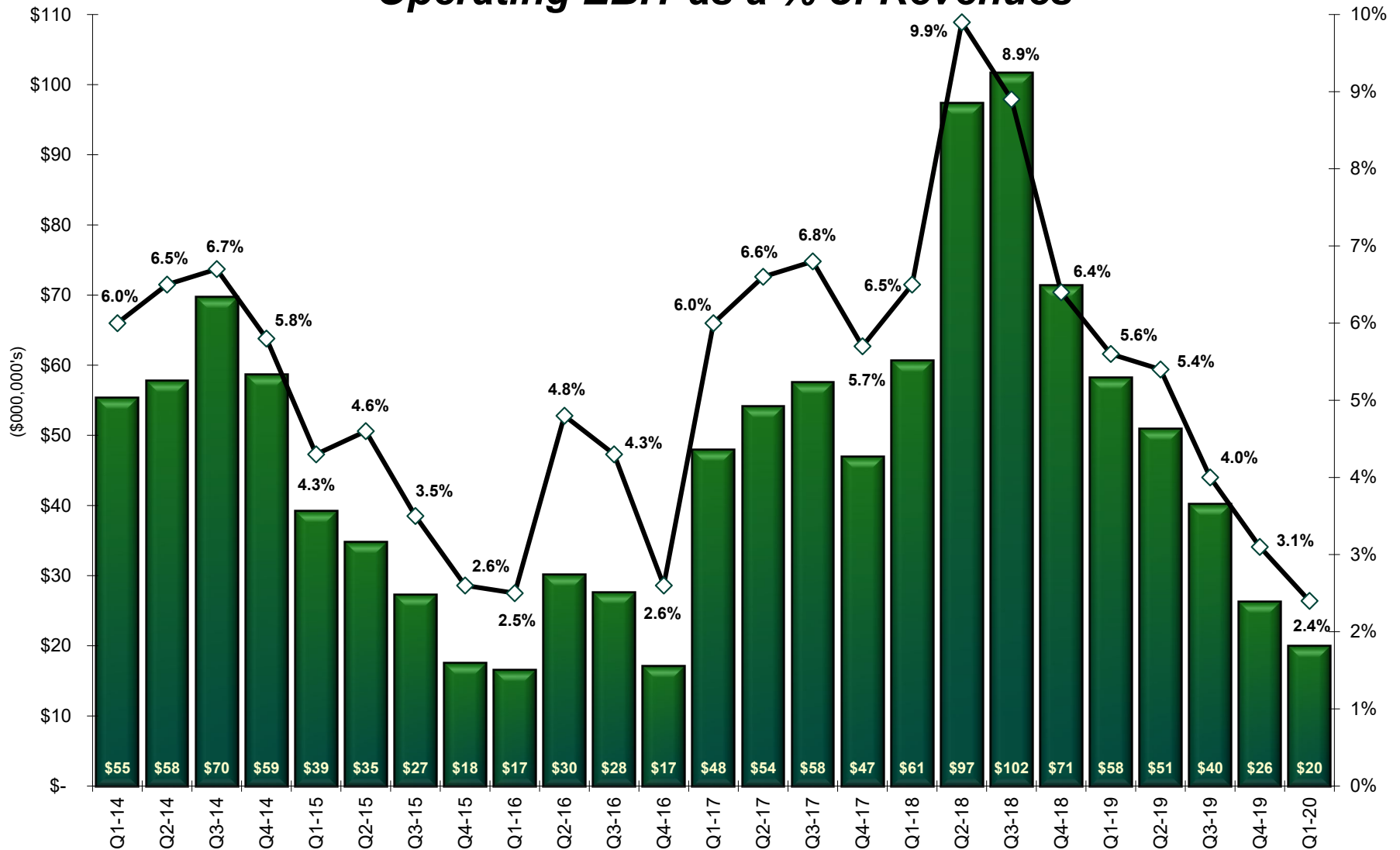


\*excluding inventory write-down in 2014, 2015 and 2019

# Total Revenues



## Total EBIT \$ and Operating EBIT as a % of Revenues



\*excluding inventory write-down in 2014, 2015 and 2019 and City Pipe costs in 2019