

## RUSSEL METALS ANNOUNCES 2023 THIRD QUARTER RESULTS

### FOR IMMEDIATE RELEASE

TORONTO, CANADA -- November 8, 2023 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended September 30, 2023.

**Revenues of \$1.1 Billion and EBITDA<sup>1</sup> of \$96 Million**  
**Cash Generated from Operating Activities of \$115 Million**  
**Completed the Divestiture of our TriMark Equity Interest for \$60 Million**  
**Returned \$45 Million to Shareholders Through Dividends and Share Buybacks**  
**Liquidity<sup>1</sup> of \$965 Million**

	Three Months Ended			Nine Months Ended	
	Sep 30 2023	Jun 30 2023	Sep 30 2022	Sep 30 2023	Sep 30 2022
Revenues	\$ 1,110	\$ 1,189	\$ 1,270	\$ 3,486	\$ 3,971
EBITDA <sup>1</sup>	96	131	140	343	482
Net income	61	85	91	220	314
Earnings per share	0.99	1.37	1.45	3.55	4.98
Cash from (used in) working capital <sup>1</sup>	58	27	(41)	64	(128)
Dividends paid per common share	0.40	0.40	0.38	1.18	1.14

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

### Non-GAAP Measures and Ratios

We use a number of measures that are not prescribed by International Financial Reporting Standards ("IFRS" or "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. These non-GAAP measures include EBITDA and Liquidity and are defined below. Refer to Non-GAAP Measures and Ratios on page 2 of our Management Discussion and Analysis.

**EBIT** - represents net earnings before interest and income taxes.

**EBITDA** - represents net earnings before interest, income taxes, depreciation and amortization.

**Liquidity** - represents cash on hand less bank indebtedness plus excess availability under our bank credit facility.

**Free Cash Flow** – represents cash from operating activities before changes in non-cash working capital less capital expenditures.

The following table shows the reconciliation of net earnings in accordance with GAAP to EBITDA for 2023 and 2022:

(millions)	Three Months Ended			Nine Months Ended	
	Sep 30 2023	Jun 30 2023	Sep 30 2022	Sep 30 2023	Sep 30 2022
Net earnings	\$ 60.6	\$ 85.0	\$ 91.3	\$ 219.5	\$ 314.0
Provision for income taxes	17.1	26.9	25.5	66.3	99.5
Interest and finance expense	1.6	2.8	6.6	8.2	19.9
EBIT <sup>1</sup>	79.3	114.7	123.4	294.0	433.4
Depreciation and amortization	16.3	16.7	16.2	49.4	48.1
EBITDA <sup>1</sup>	\$ 95.6	\$ 131.4	\$ 139.6	\$ 343.4	\$ 481.5
Net earnings per share	\$ 0.99	\$ 1.37	\$ 1.45	\$ 3.55	\$ 4.98

<sup>1</sup> Defined in Non-GAAP Measures and Ratios

Our basic earnings per share of \$0.99 for the quarter ended September 30, 2023, was lower than the \$1.45 per share recorded in the third quarter of 2022 and the \$1.37 recorded in the 2023 second quarter. For the nine months ended September 30, 2023, our basic earnings per share of \$3.55 compared to \$4.98 for the same period in 2022. Revenues of \$1.1 billion were lower than the \$1.3 billion experienced in the third quarter of 2022 and the \$1.2 billion in the second quarter of 2023. Our gross margins of 20.2% compared to 21.5% in the same quarter of 2022 and 23.1% in the 2023 second quarter.

Our third quarter 2023 results reflected the resiliency of our business model in volatile steel market conditions, as we generated strong free cash flow and increased our cash position by \$119 million. In the quarter, we generated \$96 million of EBITDA, \$58 million in cash from a reduction in working capital, including a \$72 million reduction in our inventories, as well as \$60 million from the sale of our retained interest in TriMark. In the quarter, we returned \$45 million in capital to our shareholders through a combination of dividends and share buy backs.

EBITDA in the third quarter of 2023 was impacted by a \$1 million non-cash expense for the mark-to-market on stock-based compensation compared to \$2 million in the 2023 second quarter and \$nil in the 2022 third quarter. In addition, the third quarter 2023 EBITDA benefited from the \$10 million gain on sale of our investment in the TriMark joint venture.

Our metals service centers and steel distributors navigated through volatile market conditions in the 2023 third quarter and remained disciplined on inventory management. Quarter over quarter selling prices in our metals service centers decreased 5% compared to the 2023 second quarter and were 14% lower than the same quarter in 2022. Tons shipped in our metals service centers were 7% lower than the 2023 second quarter due to the typical summer holiday impacts and was comparable with our shipments in the same quarter in 2022. In our energy field store segment, our growing market position and the continuation of solid industry conditions led to revenues growing by 7% compared to the 2023 second quarter and 6% compared to the 2022 third quarter.

#### *Market Conditions*

Steel prices declined in the 2023 third quarter due to a variety of macro-economic factors including the uncertainty caused by automotive labour disruptions. However, producers have moderated their operating rates and distributor inventories are below historical averages. Our energy field stores continue to benefit from the recovery of the energy sector.

#### *Capital Investment Growth Initiatives*

For the nine months ended September 30, 2023, we invested \$45 million in capital expenditures, that included a series of value-added equipment and facility modernization initiatives in both Canada and the U.S. In addition, we are continuing to advance other projects that should be implemented in the balance of 2023, 2024 and beyond. We are also continuing to actively evaluate acquisition opportunities to grow our business and deploy capital at attractive returns. On October 2, 2023, we acquired Alliance Supply Ltd. ("Alliance") for approximately \$8 million in cash. The Alliance locations have been integrated into our Canadian energy field store network.

#### *TriMark Joint Venture*

On September 1, 2023, we sold our equity interest in TriMark to our venture partner for \$60 million, which included a \$10 million gain. The transaction was the final step in our staged exit from the OCTG/ line pipe business. Over the last three years we repatriated approximately \$375 million in capital from the OCTG/line pipe business.

#### *Returning Capital to Shareholders*

We have adopted a flexible approach to returning capital to shareholders through: (i) our ongoing dividend; and (ii) share buy backs.

In May 2023, we announced a 5% increase on our quarterly dividend from \$0.38 per share to \$0.40 per share. In the third quarter, we paid dividends of \$25 million or \$0.40 per share. We have declared a dividend of \$0.40 per share, payable on December 15, 2023, to shareholders of record at the close of business on November 29, 2023.

In August 2023, we renewed our normal course issuer bid to purchase for cancellation up to 6.1 million of our common shares over 12 months. In the 2023 third quarter, we purchased and cancelled 0.5 million shares for total consideration of \$20 million. During 2023, 1.8 million shares were purchased for total consideration of \$65 million. In the period since the August 2022 normal course issuer bid was established, 2.8 million shares at an average price per share of \$33.43 were purchased for total consideration of \$93 million.

#### *Liquidity and Capital Structure*

During the 2023 third quarter, we generated \$115 million of cash from operating activities and ended the quarter with total available liquidity of \$965 million. As a result, we remain well positioned to continue to pursue both internal and external opportunities to deploy capital.

#### *Outlook*

Steel prices declined over the past several months but remain above the long-term historical averages. Going forward, prices are expected to stabilize over the near term, depending on the evolution of various macro conditions, including the continuation of steel producer discipline in managing supply. Over the medium term, we expect growth in North American steel consumption as a result of onshoring activities and infrastructure spending initiatives in both Canada and the U.S. In addition, we are positioned to gain market share through our ongoing investment initiatives. Our energy field stores are expected to continue to benefit from solid energy activity in the 2023 fourth quarter and 2024.

#### *Investor Conference Call*

The Company will be holding an Investor Conference Call on Thursday, November 9, 2023, at 9:00 a.m. ET to review its 2023 third quarter results. The dial-in telephone numbers for the call are 416-764-8688 (Toronto and International callers) and 1-888-390-0546 (U.S. and Canada). Please dial in 10 minutes prior to the call to ensure that you get a line.

A replay of the call will be available at 416-764-8677 (Toronto and International callers) and 1-888-390-0541 (U.S. and Canada) until midnight, Thursday, November 23, 2023. You will be required to enter pass code #197003 to access the call.

Additional supplemental financial information is available in our investor conference call package located on our website at [www.russelmetals.com](http://www.russelmetals.com).

#### ***About Russel Metals Inc.***

Russel Metals is one of the largest metals distribution companies in North America with a growing focus on value-added processing. It carries on business in three segments: metals service centers, energy field stores and steel distributors. Its network of metals service centers carries an extensive line of metal products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel, aluminum and other non-ferrous specialty metals. Its energy field stores carry a specialized product line focused on the needs of energy industry customers. Its steel distributors operations act as master distributors selling steel in large volumes to other steel service centers and large equipment manufacturers mainly on an "as is" basis.

#### ***Cautionary Statement on Forward-Looking Information***

*Certain statements contained in this press release constitute forward-looking statements or information within the meaning of applicable securities laws, including statements as to our future capital expenditures, our outlook, the availability of future financing and our ability to pay dividends. Forward-looking statements relate to future events or our future performance. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by us, inherently involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements, including the factors described below.*

*We are subject to a number of risks and uncertainties which could have a material adverse effect on our future profitability and financial position, including the risks and uncertainties listed below, which are important factors in our business and the metals distribution industry. Such risks and uncertainties include, but are not limited to: the volatility in metal prices; volatility in oil and natural gas prices; cyclical nature of the metals industry; 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 risks.*

*While we believe that the expectations reflected in our forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct, and our forward-looking statements included in this press release should not be unduly relied upon. These statements speak only as of the date of this press release and, except as required by law, we do not assume any obligation to update our forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements including as a result of the risk factors described above and under the heading "Risk" in our MD&A and under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form and as otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca).*

If you would like to **unsubscribe** from receiving Press Releases, you may do so by emailing [subscriber@russelmetals.com](mailto:subscriber@russelmetals.com); or by calling our Investor Relations Line: 905-816-5178.

***For further information, contact:***

Martin L. Juravsky  
Executive Vice President and  
Chief Financial Officer  
Russel Metals Inc.  
(905) 819-7361  
E-mail: [info@russelmetals.com](mailto:info@russelmetals.com)  
Website: [www.russelmetals.com](http://www.russelmetals.com)

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<i>(in millions of Canadian dollars, except per share data)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
<b>Revenues</b>	\$ 1,109.5	\$ 1,269.9	\$ 3,485.8	\$ 3,970.8
Cost of materials	885.1	996.3	2,725.7	3,062.4
Employee expenses	96.7	104.1	303.0	313.7
Other operating expenses	60.1	61.0	190.2	181.9
Gain on sale of investment in joint venture	(9.8)	-	(9.8)	-
<b>Earnings from joint venture</b>	(1.9)	(14.9)	(17.3)	(20.6)
<b>Earnings before interest and provision for income taxes</b>	79.3	123.4	294.0	433.4
Interest expense, net	1.6	6.6	8.2	19.9
<b>Earnings before provision for income taxes</b>	77.7	116.8	285.8	413.5
Provision for income taxes	17.1	25.5	66.3	99.5
Net earnings for the period	\$ 60.6	\$ 91.3	\$ 219.5	\$ 314.0
<b>Basic earnings per common share</b>	\$ 0.99	\$ 1.45	\$ 3.55	\$ 4.98
<b>Diluted earnings per common share</b>	\$ 0.99	\$ 1.45	\$ 3.55	\$ 4.97

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
<b>Net earnings for the period</b>	\$ 60.6	\$ 91.3	\$ 219.5	\$ 314.0
Other comprehensive (loss) income				
<b>Items that may be reclassified to earnings</b>				
Unrealized foreign exchange gains (losses) on translation of foreign operations	18.5	48.9	(1.2)	60.8
<b>Items that may not be reclassified to earnings</b>				
Actuarial gains on pension and similar obligations, net of taxes	6.7	0.1	8.0	9.2
Other comprehensive income	25.2	49.0	6.8	70.0
<b>Total comprehensive income</b>	\$ 85.8	\$ 140.3	\$ 226.3	\$ 384.0

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	September 30 2023	December 31 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 569.0	\$ 363.0
Accounts receivable	556.6	497.9
Inventories	883.2	956.5
Prepaid and other	17.3	35.8
Income taxes receivable	4.5	16.3
	2,030.6	1,869.5
<b>Property, Plant and Equipment</b>	327.4	313.8
<b>Right-of-Use Assets</b>	97.9	102.7
<b>Investment in Joint Venture</b>	-	46.6
<b>Deferred Income Tax Assets</b>	1.3	1.2
<b>Pension and Benefits</b>	51.5	42.0
<b>Financial and Other Assets</b>	4.1	4.6
<b>Goodwill and Intangibles</b>	119.6	126.5
<b>Total Assets</b>	\$ 2,632.4	\$ 2,506.9
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 501.0	\$ 482.0
Short-term lease obligations	14.8	14.7
Income taxes payable	1.0	4.8
	516.8	501.5
<b>Long-Term Debt</b>	296.9	296.0
<b>Pensions and Benefits</b>	1.4	1.5
<b>Deferred Income Tax Liabilities</b>	17.3	18.4
<b>Long-term Lease Obligations</b>	108.1	112.2
<b>Provisions and Other Non-Current Liabilities</b>	32.0	18.0
	972.5	947.6
<b>Shareholders' Equity</b>		
Common shares	559.9	562.4
Retained earnings	950.8	844.6
Contributed surplus	10.3	12.2
Accumulated other comprehensive income	138.9	140.1
<b>Total Shareholders' Equity</b>	1,659.9	1,559.3
<b>Total Liabilities and Shareholders' Equity</b>	\$ 2,632.4	\$ 2,506.9

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2023	2022	2023	2022
<b>Operating activities</b>				
Net earnings for the period	\$ 60.6	\$ 91.3	\$ 219.5	\$ 314.0
Depreciation and amortization	16.3	16.2	49.4	48.1
Provision for income taxes	17.1	25.5	66.3	99.5
Interest expense, (net)	1.6	6.6	8.2	19.9
Gain on sale of property, plant and equipment	(0.1)	(0.2)	(0.6)	(2.7)
Gain on sale of investment in joint venture	(9.8)	-	(9.8)	-
Earnings from joint venture	(1.9)	(14.9)	(17.3)	(20.6)
Share-based compensation	-	-	-	0.1
Difference between pension expense and amount funded	0.5	0.2	1.3	0.2
Debt accretion, amortization and other	0.3	0.3	0.9	0.9
Interest paid net, including interest on lease obligations	(1.3)	(6.2)	(7.3)	(19.0)
Cash from operating activities before non-cash working capital	83.3	118.8	310.6	440.4
<b>Changes in non-cash working capital items</b>				
Accounts receivable	29.1	(0.3)	(58.8)	(104.6)
Inventories	71.5	(4.0)	72.5	(43.2)
Accounts payable and accrued liabilities	(51.8)	(42.2)	32.1	25.7
Other	9.5	5.7	18.5	(5.6)
Change in non-cash working capital	58.3	(40.8)	64.3	(127.7)
Income tax paid, net	(27.1)	(36.4)	(62.4)	(159.6)
<b>Cash from operating activities</b>	114.5	41.6	312.5	153.1
<b>Financing activities</b>				
Issue of common shares	-	-	11.8	0.3
Repurchase of common shares	(20.4)	(16.3)	(64.6)	(16.3)
Dividends on common shares	(24.5)	(23.9)	(72.9)	(71.9)
Deferred financing	-	(0.1)	-	(0.2)
Lease obligations	(4.1)	(1.8)	(12.4)	(11.1)
<b>Cash used in financing activities</b>	(49.0)	(42.1)	(138.1)	(99.2)
<b>Investing activities</b>				
Purchase of property, plant and equipment	(15.1)	(10.2)	(44.7)	(26.2)
Proceeds on sale of property, plant and equipment	0.4	-	1.0	3.1
Proceeds on sale of joint venture	60.0	-	60.0	-
Dividends received from joint venture	-	14.4	13.7	14.4
Sale of business	-	-	-	9.7
<b>Cash from investing activities</b>	45.3	4.2	30.0	1.0
<b>Effect of exchange rates on cash and cash equivalents</b>	8.1	13.5	1.6	16.1
Increase in cash and cash equivalents	118.9	17.2	206.0	71.0
Cash and cash equivalents, beginning of the period	450.1	186.9	363.0	133.1
<b>Cash and cash equivalents, end of the period</b>	\$ 569.0	\$ 204.1	\$ 569.0	\$ 204.1

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

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2023	\$ 562.4	\$ 844.6	\$ 12.2	\$ 140.1	\$ 1,559.3
Payment of dividends	-	(72.9)	-	-	(72.9)
Net earnings for the period	-	219.5	-	-	219.5
Other comprehensive income for the period	-	-	-	6.8	6.8
Share options exercised	13.7	-	(1.9)	-	11.8
Shares repurchased	(16.2)	(48.4)	-	-	(64.6)
Transfer of net actuarial gains on defined benefit plans	-	8.0	-	(8.0)	-
<b>Balance, September 30, 2023</b>	<b>\$ 559.9</b>	<b>\$ 950.8</b>	<b>\$ 10.3</b>	<b>\$ 138.9</b>	<b>\$ 1,659.9</b>

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2022	\$ 571.0	\$ 575.2	\$ 12.1	\$ 90.0	\$ 1,248.3
Payment of dividends	-	(71.9)	-	-	(71.9)
Net earnings for the period	-	314.0	-	-	314.0
Other comprehensive income for the period	-	-	-	70.0	70.0
Recognition of share-based compensation	-	-	0.1	-	0.1
Share options exercised	0.4	-	(0.1)	-	0.3
Shares repurchased	(5.2)	(11.1)	-	-	(16.3)
Transfer of net actuarial gains on defined benefit plans	-	9.2	-	(9.2)	-
<b>Balance, September 30, 2022</b>	<b>\$ 566.2</b>	<b>\$ 815.4</b>	<b>\$ 12.1</b>	<b>\$ 150.8</b>	<b>\$ 1,544.5</b>