



RUSSEL METALS ANNOUNCES 2020 THIRD QUARTER RESULTS

FOR IMMEDIATE RELEASE

TORONTO, CANADA -- November 4, 2020 -- Russel Metals Inc. (RUS - TSX) announces financial results for the three months ended September 30, 2020.

**Revenues of \$615 Million and EBITDA of \$47 Million
Liquidity of \$521 Million and Net Debt to Invested Capital 26%**

	Three Months Ended			Nine Months Ended	
	Sep 30 2020	Sep 30 2019	Jun 30 2020	Sep 30 2020	Sep 30 2019
Revenues	\$ 615	\$ 869	\$ 588	\$ 2,018	\$ 2,839
EBITDA ¹	47	49	32	114	185
EBIT ¹	32	35	16	68	144
Net Income	18	18	5	33	83
Earnings per share	0.29	0.29	0.07	0.54	1.34
Free Cash Flow per share ¹	0.46	0.51	0.25	1.12	2.16
Cash from Operations	81	65	116	265	109
Shareholders' Equity	918	984	931	918	984
Dividends Paid per common share	0.38	0.38	0.38	1.14	1.14

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

¹ EBITDA, EBIT and Free Cash Flow per share are non-GAAP measures. EBITDA represent earnings before interest, income taxes and depreciation. EBIT represents earnings before interest, and income taxes. Free cash flow per share represents cash from operating activities before change in working capital less capital expenditures divided by average shares outstanding for the period. Our Management's Discussion and Analysis includes additional information regarding these non-GAAP measures, including a reconciliation to the most directly comparable GAAP measures, under the headings "Non-GAAP Measures", "EBIT and EBITDA", and "Free Cash Flow".

Our basic earnings per share of \$0.29 for the quarter ended September 30, 2020, was equal to the third quarter of 2019 and higher than the \$0.07 reported in the 2020 second quarter. Revenues of \$615 million were lower than the third quarter of 2019 and higher than the \$588 million in the 2020 second quarter. Our EBITDA for the quarter was \$47 million compared to \$32 million in the 2020 second quarter. For the nine months ended September 30, 2020, our basic earnings per share of \$0.54 compared to \$1.34 for the same period in 2019.

During the 2020 third quarter, items of note that negatively impacted EBITDA included a net increase in our inventory valuation reserves of \$2 million related to our line pipe and OCTG operations and non-cash stock-based compensation expense of \$2 million due to our improved share price.

Mr. John G. Reid, President and CEO, commented, "I would like to acknowledge all of our employees for their continued commitment and discipline to our safety protocols as they work diligently to ensure the safety of their families, colleagues, and business partners. The persistence of the virus in the communities that we serve has prolonged the 2020 challenges and your efforts are truly inspiring."

Mr. Reid concluded, "Although business conditions remain challenging, they are improving. Late in the 2020 third quarter and early in the 2020 fourth quarter our metals service centers and steel distributors experienced a modest increase in demand and a rapid increase in coil and plate pricing. In our energy products segment, we have seen rig counts improve slightly and energy prices remain range bound. Results at the line pipe/OCTG component of this segment reflect the depressed rig counts, however, they made solid progress reducing their capital employed primarily through inventory reductions and remain focused on continuing to reduce their capital."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable December 15, 2020 to shareholders of record as of November 25, 2020. We will continue our practice of prudently reviewing our dividend and ensure that it is supported by a strong balance sheet and cash flows.

Market Conditions

In the 2020 third quarter, market conditions gradually improved from the deterioration in the 2020 second quarter. Our operations were deemed essential and remained open in the 2020 second quarter with reduced activity. At the end of the 2020 second quarter, many jurisdictions in which we operate began to re-open their economies leading to increased demand. As a result, our operations generally realized higher operating volumes and activity as the 2020 third quarter progressed.

Business Optimization

During the 2020 third quarter we completed the final step in our rationalization of our B.C. region through the sale of the real estate related to our Kelowna and Kitimat service centers. The closure of these branches will reduce operating costs in the region while still allowing us to provide continued service to our customers through our other B.C. locations. The sale of these two facilities resulted in proceeds of \$10 million and a gain on sale of \$6 million.

In our energy products segment, we reduced our line pipe/OCTG inventory by \$31 million, closed three of our Elite Supply Partners locations and accelerated the closure of two of our Pioneer Pipe third-party yards.

We continued to increase our value-added processing capability in the 2020 third quarter with the commissioning of the Trenton, Georgia tube laser and bar storage facility at the end of the quarter.

Liquidity and Capital Structure Improvements

During the 2020 third quarter, we generated \$81 million of cash from operating activities and ended the quarter with total liquidity of \$521 million.

On September 29, 2020, we extended our \$450 million credit facility from September 2021 to September 2023. In addition to the extension, the credit facility was updated to provide additional borrowing base flexibility and other improvements.

On October 1, 2020, we announced the redemption of \$150 million of our 6% senior unsecured notes due April 19, 2022 to be financed primarily by cash on hand with the remainder financed through our credit facility. On October 13, 2020, we announced that we entered into an underwriting agreement to sell \$150 million of 5.75% senior unsecured notes due 2025 and on October 27, 2020 the notes were issued. Concurrent with this announcement, we announced the conditional redemption of the remaining \$150 million of our 6% senior unsecured notes due April 19, 2022. The redemptions of the \$300 million of 6% senior unsecured notes will be completed in November 2020. The combination of these initiatives will reduce our interest expense and extend our debt maturities.

The Company will be holding an Investor Conference Call on Thursday, November 5, 2020 at 9:00 a.m. ET to review its 2020 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 19, 2020. You will be required to enter pass code 699176# to access the call.

Additional supplemental financial information is available in our investor conference call package located on our website at www.russelmetals.com.

About Russel Metals Inc.

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three metals distribution segments: metals service centers, energy products and steel distributors. 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 products operations 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; cyclicality 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.sedar.com.

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

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CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Revenues	\$ 614.9	\$ 869.2	\$ 2,017.7	\$ 2,838.5
Cost of materials	498.1	717.4	1,638.4	2,320.5
Employee expenses	47.4	69.5	171.0	225.6
Other operating expenses	37.2	47.4	136.4	148.4
Asset impairment	-	-	3.7	-
Earnings before interest and provision for income taxes	32.2	34.9	68.2	144.0
Interest expense	9.1	10.0	27.7	31.0
Earnings before provision for income taxes	23.1	24.9	40.5	113.0
Provision for income taxes	4.9	6.8	7.2	29.8
Net earnings for the period	\$ 18.2	\$ 18.1	\$ 33.3	\$ 83.2
Basic earnings per common share	\$ 0.29	\$ 0.29	\$ 0.54	\$ 1.34
Diluted earnings per common share	\$ 0.29	\$ 0.29	\$ 0.54	\$ 1.34

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Net earnings for the period	\$ 18.2	\$ 18.1	\$ 33.3	\$ 83.2
Other comprehensive (loss) income				
Items that may be reclassified to earnings				
Unrealized foreign exchange (losses) gains on translation of foreign operations	(12.0)	6.8	14.8	(17.2)
Items that may not be reclassified to earnings				
Actuarial (losses) gains on pension and similar obligations net of taxes	3.8	0.7	(4.8)	(2.0)
Other comprehensive (loss) income	(8.2)	7.5	10.0	(19.2)
Total comprehensive income	\$ 10.0	\$ 25.6	\$ 43.3	\$ 64.0

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	September 30 2020	December 31 2019
ASSETS		
Current		
Cash and cash equivalents	\$ 121.5	\$ 16.0
Accounts receivable	346.6	458.1
Inventories	789.8	883.6
Prepaid and other	11.4	18.1
Income taxes receivable	16.7	18.9
	1,286.0	1,394.7
Property, Plant and Equipment	277.3	288.9
Right-of-Use Assets	83.4	90.1
Deferred Income Tax Assets	3.7	4.8
Pension and Benefits	0.8	5.4
Financial and Other Assets	4.9	4.0
Goodwill and Intangibles	131.6	137.0
	\$ 1,787.7	\$ 1,924.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ -	\$ 62.1
Accounts payable and accrued liabilities	271.3	326.4
Short-term lease obligations	17.5	17.1
Income taxes payable	7.7	0.3
	296.5	405.9
Long-Term Debt	445.7	444.8
Pensions and Benefits	12.3	10.4
Deferred Income Tax Liabilities	12.6	13.2
Long-term Lease Obligations	90.3	94.4
Provisions and Other Non-Current Liabilities	12.8	11.6
	870.2	980.3
Shareholders' Equity		
Common shares	544.0	543.7
Retained earnings	242.1	284.5
Contributed surplus	15.9	15.7
Accumulated other comprehensive income	115.5	100.7
Total Shareholders' Equity	917.5	944.6
Total Liabilities and Shareholders' Equity	\$ 1,787.7	\$ 1,924.9

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2020	2019	2020	2019
Operating activities				
Net earnings for the period	\$ 18.2	\$ 18.1	\$ 33.3	\$ 83.2
Depreciation and amortization	15.0	13.8	46.0	41.4
Provision for income taxes	4.9	6.8	7.2	29.8
Interest expense	9.1	10.0	27.7	31.0
Gain on sale of property, plant and equipment	(6.1)	(0.1)	(6.3)	(0.4)
Asset impairment	-	-	3.7	-
Share-based compensation	0.1	0.1	0.3	0.2
Difference between pension expense and amount funded	-	-	-	(0.7)
Debt accretion, amortization and other	0.4	0.3	1.0	0.9
Interest paid, including interest on lease obligations	(6.5)	(7.3)	(24.6)	(27.5)
Cash from operating activities before non-cash working capital	35.1	41.7	88.3	157.9
Changes in non-cash working capital items				
Accounts receivable	(18.7)	27.7	122.4	58.9
Inventories	67.4	47.2	101.4	79.9
Accounts payable and accrued liabilities	(11.2)	(45.4)	(58.5)	(126.5)
Other	3.1	3.7	6.7	(0.9)
Change in non-cash working capital	40.6	33.2	172.0	11.4
Income tax refund (paid), net	5.5	(10.0)	4.6	(60.7)
Cash from operating activities	81.2	64.9	264.9	108.6
Financing activities				
(Decrease) increase in bank indebtedness	(11.3)	(0.2)	(62.1)	6.8
Issue of common shares	-	1.2	0.2	1.3
Dividends on common shares	(23.6)	(23.6)	(70.9)	(70.8)
Deferred financing	(1.1)	-	(1.1)	-
Lease obligations	(4.7)	(4.2)	(14.1)	(12.9)
Cash used in financing activities	(40.7)	(26.8)	(148.0)	(75.6)
Investing activities				
Purchase of property, plant and equipment	(6.4)	(9.7)	(18.8)	(23.6)
Proceeds on sale of property, plant and equipment	1.6	0.2	4.9	0.9
Cash used in investing activities	(4.8)	(9.5)	(13.9)	(22.7)
Effect of exchange rates on cash and cash equivalents	(3.3)	1.9	2.5	(6.0)
Increase in cash and cash equivalents	32.4	30.5	105.5	4.3
Cash and cash equivalents, beginning of the period	89.1	98.1	16.0	124.3
Cash and cash equivalents, end of the period	\$ 121.5	\$ 128.6	\$ 121.5	\$ 128.6

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, 2020	\$ 543.7	\$ 284.5	\$ 15.7	\$ 100.7	\$ 944.6
Payment of dividends	-	(70.9)	-	-	(70.9)
Net earnings for the period	-	33.3	-	-	33.3
Other comprehensive income for the period	-	-	-	10.0	10.0
Recognition of share-based compensation	-	-	0.3	-	0.3
Share options exercised	0.3	-	(0.1)	-	0.2
Transfer of net actuarial losses on defined benefit plans	-	(4.8)	-	4.8	-
Balance, September 30, 2020	\$ 544.0	\$ 242.1	\$ 15.9	\$ 115.5	\$ 917.5

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2019	\$ 542.1	\$ 318.6	\$ 15.7	\$ 128.5	\$ 1,004.9
Payment of dividends	-	(70.8)	-	-	(70.8)
Change in accounting policy	-	(16.1)	-	-	(16.1)
Net earnings for the period	-	83.2	-	-	83.2
Other comprehensive loss for the period	-	-	-	(19.2)	(19.2)
Recognition of share-based compensation	-	-	0.2	-	0.2
Share options exercised	1.6	-	(0.3)	-	1.3
Transfer of net actuarial losses on defined benefit plans	-	(2.0)	-	2.0	-
Balance, September 30, 2019	\$ 543.7	\$ 312.9	\$ 15.6	\$ 111.3	\$ 983.5