

RUSSEL METALS ANNOUNCES 2022 THIRD QUARTER RESULTS

FOR IMMEDIATE RELEASE

TORONTO, CANADA -- November 9, 2022 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended September 30, 2022.

**Revenues of \$1,270 Million and EBITDA¹ of \$140 Million
Advancing Various Capital Investment Growth Initiatives
Repurchased \$16 Million of Shares; Declared a Dividend of \$0.38 per Share
Strong Capital Structure with Liquidity¹ of \$541 Million**

	Three Months Ended			Nine Months Ended	
	Sep 30 2022	Sep 30 2021	Jun 30 2022	Sep 30 2022	Sep 30 2021
Revenues	\$ 1,270	\$ 1,108	\$ 1,362	\$ 3,971	\$ 3,062
EBITDA ¹	140	196	189	482	502
Net earnings	91	132	124	314	330
Earnings per share	1.45	2.10	1.96	4.98	5.28
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.

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.

The following table shows the reconciliation of net earnings in accordance with GAAP to EBITDA for 2022 and 2021:

(millions)	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net earnings	\$ 91.3	\$ 131.6	\$ 314.0	\$ 330.0
Provision for income taxes	25.5	42.9	99.5	109.6
Interest and finance expense	6.6	6.5	19.9	19.4
EBIT ¹	123.4	181.0	433.4	459.0
Depreciation and amortization	16.2	14.5	48.1	43.3
EBITDA ¹	\$ 139.6	\$ 195.5	\$ 481.5	\$ 502.3

¹ Defined in Non-GAAP Measures and Ratios

Our basic earnings per share of \$1.45 for the quarter ended September 30, 2022, while lower than the record \$2.10 per share recorded in the third quarter of 2021 and the \$1.96 recorded in the 2022 second quarter, was a strong quarter. For the nine months ended September 30, 2022, our basic earnings per share of \$4.98 compared to \$5.28 for the same period in 2021. Revenues of \$1.3 billion were higher than the \$1.1 billion experienced in third quarter of 2021 and was the third highest quarterly revenue. Our overall gross margins of 21.5% reflected the benefits from our balanced and diversified business portfolio. Our EBITDA for the quarter was \$140 million compared to EBITDA of \$196 million in the same quarter of 2021 and \$189 million in the second quarter of 2022. Our strong EBITDA in the third quarter of 2022 was achieved in spite of two non-cash items that negatively impacted the results, as we recorded an inventory reserve increase of \$6 million and the mark-to-market on our stock-based compensation was \$nil in the 2022 third quarter compared to a benefit of \$3 million in the 2021 third quarter and a benefit of \$4 million in the 2022 second quarter.

Each of our business segments continued to generate strong operating results as they navigated through volatile market conditions. In the 2022 third quarter, our metals service centers segment reported revenues of \$865 million and operating profits of \$67 million. Value-added processing initiatives and our solid market share offset the effect of lower steel prices. Metals service centers experienced an increase in selling price per ton of 4% compared to the 2021 third quarter but a decrease of 6% compared to the 2022 second quarter. Tons shipped in metals service centers increased 9% from the same period in 2021 but decreased 5% from the 2022 second quarter due to both seasonal factors and customer destocking amidst the recent price volatility. Our steel distributors reported comparable revenues to the second quarter of 2022 but generated lower margins due to the moderation of steel prices, which resulted in operating profits of \$13 million versus \$28 million in the 2022 second quarter. In our energy field stores, the continued recovery of energy sector activity and customer demand led to higher revenues, strong margins and operating profits of \$30 million compared to the \$12 million reported in the 2021 third quarter and the \$29 million in the 2022 second quarter.

Market Conditions

Demand from our metals service centers' customers, which includes industrial manufacturers and fabricators, non-residential construction, agriculture, ship building, infrastructure and energy, remains active relative to their local markets. In addition, our energy field stores continue to experience solid demand due to world-wide supply shortages and rising rig counts. On September 30, 2022, the Canadian rig counts were 213 compared to 162 in the 2021 third quarter and the U.S. rig counts were 765 compared to 521 on September 30, 2021.

Capital Investment Growth Initiatives

Our approach to capital investment growth initiatives includes: (i) value-added equipment projects; (ii) facility modernizations; and (iii) targeted acquisitions.

We have targeted approximately \$30 million per year of discretionary investments related to value-added equipment projects. These initiatives have been underway for several years and are expected to continue for several more years. In the 2022 third quarter, we advanced several value-added projects, including ones in Saskatchewan, Alberta and Quebec.

In terms of facility modernizations, we have targeted \$50-75 million of investments in the coming years for projects focused on consolidating multi-site regions into larger and modern facilities. These projects will provide opportunities for growth, improve material handling efficiencies, improve health and safety conditions, and monetize the value related to redundant real estate at legacy locations. In the quarter, we approved a project in Saskatoon, Saskatchewan, which will involve a net investment of approximately \$7 million. This project is targeted for completion in early 2024.

On acquisitions, the pipeline of potential opportunities remains active, and we continue to focus on opportunities that could fit our economic and operational criteria.

Returning Capital to Shareholders

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

In the 2022 third quarter, we paid dividends of \$24 million or \$0.38 per common share. In addition, we declared a dividend of \$0.38 per share, payable on December 15, 2022, to shareholders of record at the close of business on November 28, 2022.

We recently initiated a normal course issuer bid to purchase for cancellation up to 3.2 million of our common shares over 12 months, representing 5% of our issued and outstanding shares. In the 2022 third quarter, we purchased and cancelled 582,908 shares for total consideration of \$16 million.

Liquidity and Capital Structure

During the 2022 third quarter, we generated \$41 million of cash from operating activities and ended the quarter with total available liquidity of \$541 million.

Outlook

The broader economy is expected to encounter general uncertainty as a result of higher inflation and increasing interest rates. While these factors typically impact sectors such as homebuilding and retailing more than industrial consumers of steel products, we expect to see some cautious near-term buying activity amongst our industrial customers in the coming months. In addition, we typically experience a lower number of operating days due to seasonality during the fourth quarter. By contrast, we expect the energy sector to continue to improve as our energy field stores have a solid backlog of business heading into the fourth quarter.

Investor Conference Call

The Company will be holding an Investor Conference Call on Thursday, November 10, 2022, at 9:00 a.m. ET to review its 2022 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 24, 2022. You will be required to enter pass code #848758 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 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; cyclicalities 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>	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Revenues	\$ 1,269.9	\$ 1,108.1	\$ 3,970.8	\$ 3,061.7
Cost of materials	996.3	777.9	3,062.4	2,148.5
Employee expenses	104.1	97.7	313.7	293.2
Other operating expenses	61.0	54.3	181.9	163.8
Earnings from joint venture	(14.9)	(2.8)	(20.6)	(2.8)
Earnings before interest and provision for income taxes	123.4	181.0	433.4	459.0
Interest expense	6.6	6.5	19.9	19.4
Earnings before provision for income taxes	116.8	174.5	413.5	439.6
Provision for income taxes	25.5	42.9	99.5	109.6
Net earnings for the period	\$ 91.3	\$ 131.6	\$ 314.0	\$ 330.0
Basic earnings per common share	\$ 1.45	\$ 2.10	\$ 4.98	\$ 5.28
Diluted earnings per common share	\$ 1.45	\$ 2.10	\$ 4.97	\$ 5.27

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net earnings for the period	\$ 91.3	\$ 131.6	\$ 314.0	\$ 330.0
Other comprehensive income				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains on translation of foreign operations	48.9	16.5	60.8	2.7
Items that may not be reclassified to earnings				
Actuarial gains on pension and similar obligations net of taxes	0.1	3.8	9.2	21.9
Other comprehensive income	49.0	20.3	70.0	24.6
Total comprehensive income	\$ 140.3	\$ 151.9	\$ 384.0	\$ 354.6

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	September 30 2022	December 31 2021
ASSETS		
Current		
Cash and cash equivalents	\$ 204.1	\$ 133.1
Accounts receivable	669.6	554.1
Inventories	1,050.1	986.0
Prepaid and other	35.9	30.3
Income taxes receivable	10.1	16.1
	1,969.8	1,719.6
Property, Plant and Equipment	311.2	302.4
Right-of-Use Assets	97.5	86.7
Investment in Joint Venture	43.8	37.6
Deferred Income Tax Assets	1.2	1.5
Pension and Benefits	40.3	29.5
Financial and Other Assets	4.9	5.0
Goodwill and Intangibles	130.2	132.2
	\$ 2,598.9	\$ 2,314.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 595.3	\$ 557.7
Short-term lease obligations	15.2	15.8
Income taxes payable	3.3	66.7
	613.8	640.2
Long-Term Debt	295.7	294.8
Pensions and Benefits	2.0	3.4
Deferred Income Tax Liabilities	19.5	19.6
Long-term Lease Obligations	106.9	93.7
Provisions and Other Non-Current Liabilities	16.5	14.5
	1,054.4	1,066.2
Shareholders' Equity		
Common shares	566.2	571.0
Retained earnings	815.4	575.2
Contributed surplus	12.1	12.1
Accumulated other comprehensive income	150.8	90.0
Total Shareholders' Equity	1,544.5	1,248.3
Total Liabilities and Shareholders' Equity	\$ 2,598.9	\$ 2,314.5

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Operating activities				
Net earnings for the period	\$ 91.3	\$ 131.6	\$ 314.0	\$ 330.0
Depreciation and amortization	16.2	14.5	48.1	43.3
Provision for income taxes	25.5	42.9	99.5	109.6
Interest expense	6.6	6.5	19.9	19.4
(Gain) loss on sale of property, plant and equipment	(0.2)	0.6	(2.7)	0.3
Earnings from joint venture	(14.9)	(2.8)	(20.6)	(2.8)
Share-based compensation	-	0.1	0.1	0.2
Difference between pension expense and amount funded	0.2	-	0.2	0.6
Debt accretion, amortization and other	0.3	0.3	0.9	0.8
Interest paid, including interest on lease obligations	(6.2)	(6.1)	(19.0)	(18.7)
Cash from operating activities before non-cash working capital	118.8	187.6	440.4	482.7
Changes in non-cash working capital items				
Accounts receivable	(0.3)	(16.9)	(104.6)	(206.1)
Inventories	(4.0)	(126.3)	(43.2)	(193.6)
Accounts payable and accrued liabilities	(42.2)	79.2	25.7	281.3
Other	5.7	1.3	(5.6)	(3.0)
Change in non-cash working capital	(40.8)	(62.7)	(127.7)	(121.4)
Income tax paid, net	(36.4)	(19.1)	(159.6)	(49.8)
Cash from operating activities	41.6	105.8	153.1	311.5
Financing activities				
Issue of common shares	-	7.9	0.3	17.3
Repurchase of common shares	(16.3)	-	(16.3)	-
Dividends on common shares	(23.9)	(23.9)	(71.9)	(71.4)
Deferred financing	(0.1)	-	(0.2)	-
Lease obligations	(1.8)	(3.8)	(11.1)	(11.7)
Cash used in financing activities	(42.1)	(19.8)	(99.2)	(65.8)
Investing activities				
Purchase of property, plant and equipment	(10.2)	(7.6)	(26.2)	(20.3)
Proceeds on sale of property, plant and equipment	-	0.4	3.1	0.9
Dividends received from joint venture	14.4	-	14.4	-
Sale of business	-	77.1	9.7	77.1
Cash from investing activities	4.2	69.9	1.0	57.7
Effect of exchange rates on cash and cash equivalents	13.5	5.7	16.1	7.1
Increase in cash and cash equivalents	17.2	161.6	71.0	310.5
Cash and cash equivalents, beginning of the period	186.9	175.2	133.1	26.3
Cash and cash equivalents, end of the period	\$ 204.1	\$ 336.8	\$ 204.1	\$ 336.8

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
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)	-
Balance, September 30, 2022	\$ 566.2	\$ 815.4	\$ 12.1	\$ 150.8	\$ 1,544.5

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2021	\$ 546.2	\$ 212.5	\$ 15.7	\$ 90.3	\$ 864.7
Payment of dividends	-	(71.4)	-	-	(71.4)
Net earnings for the period	-	330.0	-	-	330.0
Other comprehensive income for the period	-	-	-	24.6	24.6
Recognition of share-based compensation	-	-	0.2	-	0.2
Share options exercised	20.3	-	(3.0)	-	17.3
Transfer of net actuarial gains on defined benefit plans	-	21.9	-	(21.9)	-
Balance, September 30, 2021	\$ 566.5	\$ 493.0	\$ 12.9	\$ 93.0	\$ 1,165.4