

## RUSSEL METALS ANNOUNCES 2023 FIRST QUARTER RESULTS

### FOR IMMEDIATE RELEASE

TORONTO, CANADA -- May 8, 2023 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended March 31, 2023.

**Revenues of \$1.2 Billion and EBITDA<sup>1</sup> of \$116 Million**  
**Sequential Increase in Revenues, EBITDA<sup>1</sup>, Margins and EPS**  
**Strong Capital Structure with Liquidity<sup>1</sup> of \$792 Million**  
**Dividend Increase to \$0.40 per Share**

	Three Months Ended		
	Mar 31 2023	Dec 31 2022	Mar 31 2022
Revenues	\$ 1,187	\$ 1,100	\$ 1,339
EBITDA <sup>1</sup>	116	97	153
Net Income	74	58	99
Earnings per share	1.19	0.93	1.56
Cash from working capital <sup>1</sup>	(18)	146	(15)
Dividends paid per common share	0.38	0.38	0.38

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.

Cash from working capital - represents the change in non-cash working capital.

The following table shows the reconciliation of net earnings in accordance with GAAP to EBITDA for the three months ended March 31, 2023, December 31, 2022 and March 31, 2022:

<i>(millions)</i>	Three Months Ended		
	Mar 31 2023	Dec 31 2022	Mar 31 2022
Net earnings	\$ 73.9	\$ 57.9	\$ 98.7
Provision for income taxes	22.3	16.1	31.9
Interest and finance expense	3.8	5.4	6.7
EBIT <sup>1</sup>	100.0	79.4	137.3
Depreciation and amortization	16.4	18.0	15.8
EBITDA <sup>1</sup>	\$ 116.4	\$ 97.4	\$ 153.1

Our basic earnings per share of \$1.19 for the quarter ended March 31, 2023, was lower than the \$1.56 per share recorded in the first quarter of 2022 but higher than the \$0.93 reported in the fourth quarter of 2022. Revenues of \$1,187 million were lower than the \$1,339 million experienced in the first quarter of 2022 and higher than the \$1,100 million in the fourth quarter of 2022. Our gross margins were 21.9% for the first quarter of 2023, higher than the 21.7% in the same quarter of 2022 and the 19.8% in the fourth quarter of 2022.

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

Our EBITDA in the 2023 first quarter was \$116 million compared to \$153 million in the 2022 first quarter and \$97 million in the 2022 fourth quarter. Our 2023 first quarter EBITDA was negatively impacted by a non-cash charge of \$4 million related to the mark-to-market on share-based compensation and was positively impacted by a \$3 million decrease in our inventory reserves due to more favourable steel prices.

On a consolidated basis, we generated higher revenues, EBITDA and net income in the 2023 first quarter than in the 2022 fourth quarter, due to a pick-up in demand and margins. At the same time that we generated improved and balanced operating results, we remained disciplined on working capital management, which resulted in a strong annualized return on invested capital of 27% in the 2023 first quarter.

Our 2023 first quarter results reflected a sequential improvement across our businesses, as each of our metals service centers, energy field stores and steel distributors segments generated improved operating profits for the 2023 first quarter as compared to the 2022 fourth quarter. Our metals service centers generated 2023 first quarter revenues of \$807 million, a gross margin of 20% and operating profit of \$58 million, which were all improvements versus the 2022 fourth quarter. In particular, we realized a 16% improvement in tons shipped that reflected the seasonal rebound from the 2022 fourth quarter. Our energy field stores generated 2023 first quarter revenues of \$252 million, a gross margin of 27% and operating profit of \$29 million, which reflected the positive impact from pent up demand for capital spending in the energy sector. Our steel distributors generated 2023 first quarter revenues of \$127 million, a gross margin of 22% and operating profit of \$18 million. The revenues declined on a quarter-over-quarter basis, but the segment realized much higher quarterly margins due to the favourable market conditions, which translated into an improvement in operating profit.

#### *Market Conditions*

The steel price increases that were experienced in late 2022 continued throughout the 2023 first quarter as a result of modest inventory in the supply chain and an improvement in industrial-based demand from our customers in a range of sectors including manufacturing, fabrication, agriculture, ship building, non-residential construction, energy and alternative energy. Our energy field stores benefited from increased energy sector activity with average Canadian rig counts of 212 in the first quarter of 2023 compared to 190 in the 2022 first quarter and 197 in the 2022 fourth quarter. Average U.S. rig counts were 762 in the first quarter of 2023 compared to 629 in the 2022 first quarter and 775 in the 2022 fourth quarter.

#### *Capital Investment Growth Initiatives*

In the 2023 first quarter, we invested \$14 million for capital expenditures, as we focused spending on our facilities modernization initiative and value-added processing equipment projects. As part of our facilities modernization initiative, we recently approved an expansion at our Little Rock, Arkansas location and advanced our Saskatoon, Saskatchewan modernization project. During the 2023 first quarter, we advanced a series of value-added processing projects in both Canada and the U.S., with several of those projects expected to come on line in the coming quarters.

Over the course of the past quarter, we evaluated a number of potential acquisitions, and we continue to explore opportunities to grow our business in ways that would be financially attractive and operationally complementary with our existing business segments.

#### *Returning Capital to Shareholders*

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

In the 2023 first quarter, we paid dividends of \$24 million or \$0.38 per share. Over the five-year period of 2018 to 2022, we generated cumulative earnings per share of \$17.96 and paid total dividends of \$7.60 per share, which equated to a payout ratio of 42%. As a result of our strong earnings profile, reduced cash flow volatility and strong capital structure, we have declared an increase in our quarterly dividend to \$0.40 per share, payable on June 15, 2023, to shareholders of record at the close of business on May 30, 2023. This represents a 5% increase from the prior dividend and equates to an annualized dividend of \$1.60 per share. Going forward, we plan to periodically review our dividend level for potential future modifications, by taking into account the prevailing market conditions, as well as our earnings profile, capital structure and alternative uses of capital.

In August 2022, we 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. To date, we purchased and cancelled 1.0 million shares and have availability for an additional 2.2 million shares.

#### *Liquidity and Capital Structure*

During the 2023 first quarter, we generated \$67 million of cash from operating activities and ended the quarter with total available liquidity of \$792 million.

#### *Outlook*

The favourable demand trends and steel price increases that were experienced late in the 2023 first quarter are being maintained into the 2023 second quarter. These dynamics are expected to benefit our metals service centers and steel distributor segments over the near term. For energy field stores, the second quarter is traditionally slower due to spring breakup in Canada, but we expect a continuation of improving demand trends on a seasonally adjusted basis.

#### *Investor Conference Call*

The Company will be holding an Investor Conference Call on Tuesday, May 9, 2023, at 9:00 a.m. ET to review its 2023 first 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, Tuesday, May 23, 2023. You will be required to enter pass code 315919# 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. 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: volatility in metal prices; cyclicalities of metals industry; volatility in oil and natural gas prices; capital budgets in the energy industry; 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 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](http://www.sedar.com).*

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

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## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

	Three Months Ended March 31	
	2023	2022
<i>(in millions of Canadian dollars, except per share data)</i>		
<b>Revenues</b>	\$ 1,186.7	\$ 1,338.6
Cost of materials	926.4	1,048.3
Employee expenses	100.9	101.0
Other operating expenses	68.3	58.0
(Earnings) from joint venture	(8.9)	(6.0)
<b>Earnings before interest and provision for income taxes</b>	100.0	137.3
Interest expense, net	3.8	6.7
<b>Earnings before provision for income taxes</b>	96.2	130.6
Provision for income taxes	22.3	31.9
Net earnings for the period	\$ 73.9	\$ 98.7
<b>Basic earnings per common share</b>	\$ 1.19	\$ 1.56
<b>Diluted earnings per common share</b>	\$ 1.19	\$ 1.56

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended March 31	
	2023	2022
<i>(in millions of Canadian dollars)</i>		
<b>Net earnings for the period</b>	\$ 73.9	\$ 98.7
Other comprehensive loss		
<b>Items that may be reclassified to earnings</b>		
Unrealized foreign exchange losses on translation of foreign operations	(0.7)	(10.0)
<b>Items that may not be reclassified to earnings</b>		
Actuarial (losses) gains on pension and similar obligations, net of taxes	(0.3)	8.8
Other comprehensive loss	(1.0)	(1.2)
<b>Total comprehensive income</b>	\$ 72.9	\$ 97.5

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	March 31 2023	December 31 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 401.1	\$ 363.0
Accounts receivable	603.8	497.9
Inventories	941.1	956.5
Prepays and other	33.2	35.8
Income taxes receivable	9.1	16.3
	1,988.3	1,869.5
<b>Property, Plant and Equipment</b>	318.2	313.8
<b>Right-of-Use Assets</b>	100.8	102.7
<b>Investment in Joint Venture</b>	51.6	46.6
<b>Deferred Income Tax Assets</b>	1.1	1.2
<b>Pension and Benefits</b>	42.1	42.0
<b>Financial and Other Assets</b>	4.5	4.6
<b>Goodwill and Intangibles</b>	124.2	126.5
	\$ 2,630.8	\$ 2,506.9
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 542.9	\$ 482.0
Short-term lease obligations	14.8	14.7
Income taxes payable	5.6	4.8
	563.3	501.5
<b>Long-Term Debt</b>	296.3	296.0
<b>Pensions and Benefits</b>	2.0	1.5
<b>Deferred Income Tax Liabilities</b>	16.9	18.4
<b>Long-term Lease Obligations</b>	110.5	112.2
<b>Provisions and Other Non-Current Liabilities</b>	24.7	18.0
	1,013.7	947.6
<b>Shareholders' Equity</b>		
Common shares	572.5	562.4
Retained earnings	894.5	844.6
Contributed surplus	10.7	12.2
Accumulated other comprehensive income	139.4	140.1
<b>Total Shareholders' Equity</b>	1,617.1	1,559.3
<b>Total Liabilities and Shareholders' Equity</b>	\$ 2,630.8	\$ 2,506.9

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended March 31	
	2023	2022
<b>Operating activities</b>		
Net earnings for the period	\$ 73.9	\$ 98.7
Depreciation and amortization	16.4	15.8
Provision for income taxes	22.3	31.9
Interest expense	3.8	6.7
Gain on disposal of property, plant and equipment	(0.2)	(0.2)
Earnings from joint venture	(8.9)	(6.0)
Share-based compensation	-	0.1
Debt accretion, amortization and other	0.3	0.3
Interest paid, including interest on lease obligations	(6.7)	(6.4)
Cash from operating activities before non-cash working capital	100.9	140.9
<b>Changes in non-cash working capital items</b>		
Accounts receivable	(105.9)	(115.0)
Inventories	15.2	81.3
Accounts payable and accrued liabilities	70.5	18.9
Other	2.5	(0.6)
Change in non-cash working capital	(17.7)	(15.4)
Income taxes paid, net	(15.9)	(82.9)
<b>Cash from operating activities</b>	<b>67.3</b>	<b>42.6</b>
<b>Financing activities</b>		
Issue of common shares	8.6	0.3
Dividends on common shares	(23.7)	(24.0)
Deferred financing	-	(0.1)
Lease obligations	(3.9)	(5.6)
<b>Cash used in financing activities</b>	<b>(19.0)</b>	<b>(29.4)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(14.2)	(8.2)
Proceeds on sale of property, plant and equipment	0.3	0.5
Dividends received from joint venture	3.9	-
Sale of business	-	9.7
<b>Cash (used in) from investing activities</b>	<b>(10.0)</b>	<b>2.0</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>(0.2)</b>	<b>(2.1)</b>
Increase in cash and cash equivalents	38.1	13.1
Cash and cash equivalents, beginning of the period	363.0	133.1
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 401.1</b>	<b>\$ 146.2</b>

## 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	-	(23.7)	-	-	(23.7)
Net earnings for the period	-	73.9	-	-	73.9
Other comprehensive loss for the period	-	-	-	(1.0)	(1.0)
Share options exercised	10.1	-	(1.5)	-	8.6
Transfer of net actuarial losses on defined benefit plans	-	(0.3)	-	0.3	-
<b>Balance, March 31, 2023</b>	<b>\$ 572.5</b>	<b>\$ 894.5</b>	<b>\$ 10.7</b>	<b>\$ 139.4</b>	<b>\$ 1,617.1</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	-	(24.0)	-	-	(24.0)
Net earnings for the period	-	98.7	-	-	98.7
Other comprehensive loss for the period	-	-	-	(1.2)	(1.2)
Recognition of share-based compensation	-	-	0.1	-	0.1
Share options exercised	0.4	-	(0.1)	-	0.3
Transfer of net actuarial gains on defined benefit plans	-	8.8	-	(8.8)	-
<b>Balance, March 31, 2022</b>	<b>\$ 571.4</b>	<b>\$ 658.7</b>	<b>\$ 12.1</b>	<b>\$ 80.0</b>	<b>\$ 1,322.2</b>