

## RUSSEL METALS ANNOUNCES 2022 SECOND QUARTER RESULTS

### FOR IMMEDIATE RELEASE

TORONTO, CANADA -- August 10, 2022 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended June 30, 2022.

**Record Revenues of \$1,362 Million and EBITDA<sup>1</sup> of \$189 Million  
Strong Capital Structure with Liquidity<sup>1</sup> of \$472 Million  
Initiating a Normal Course Issuer Bid**

	Three Months Ended			Six Months Ended	
	Jun 30 2022	Jun 30 2021	Mar 31 2022	Jun 30 2022	Jun 30 2021
Revenues	\$ 1,362	\$ 1,068	\$ 1,339	\$ 2,701	\$ 1,954
EBITDA <sup>1</sup>	189	178	153	342	307
Net earnings	124	118	99	223	198
Earnings per share	1.96	1.88	1.56	3.53	3.18
Dividends paid per common share	0.38	0.38	0.38	0.76	0.76

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 June 30		Six Months Ended June 30	
	2022	2021	2022	2021
Net earnings	\$ 124.0	\$ 117.8	\$ 222.7	\$ 198.4
Provision for income taxes	42.1	39.2	74.0	66.7
Interest and finance expense	6.6	6.5	13.3	12.9
EBIT <sup>1</sup>	172.7	163.5	310.0	278.0
Depreciation and amortization	16.1	14.3	31.9	28.8
EBITDA <sup>1</sup>	\$ 188.8	\$ 177.8	\$ 341.9	\$ 306.8

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

Our basic earnings per share of \$1.96 for the quarter ended June 30, 2022, was higher than the \$1.88 per share recorded in the second quarter of 2021 and the \$1.56 recorded in the 2022 first quarter. For the six months ended June 30, 2022, our basic earnings per share of \$3.53 compared to \$3.18 for the same period in 2021. Revenues of \$1.4 billion were higher than the \$1.1 billion experienced in second quarter of 2021. Our gross margins of 25.3% compared to 30.7% in the same quarter of 2021 and 21.7% in the 2022 first quarter. Our EBITDA for the quarter was \$189 million compared to EBITDA of \$178 million in the same quarter of 2021 and \$153 million in the first quarter of 2022. EBITDA in the second quarter of 2022 benefited by \$4 million related to the non-cash mark-to-market on our stock-based compensation compared to an EBITDA reduction of \$8 million in the 2021 second quarter and \$nil in the 2022 first quarter.

### *Summary Operating Results*

In the 2022 second quarter, each of our business segments contributed to our record quarterly revenues and strong margins. Our metals service centers segment reported higher revenues and margins in the 2022 second quarter versus the 2022 first quarter due to higher average steel prices, consistent demand and the benefits from our value-added processing initiatives. Metals service centers realized an increase in selling price per ton of 31% compared to the 2021 second quarter and 6% compared to the 2022 first quarter. Tons shipped in metals service centers were consistent with the same period in 2021 and the 2022 first quarter. In our energy products segment, our revenues and margins increased in the 2022 second quarter versus the 2022 first quarter and the 2021 second quarter due to a continuation of the favourable trend in sector business activity. Our steel distributors segment benefited from continued high margins due to the favourable market conditions.

### *Market Conditions*

Steel market conditions rebounded late in the 2022 first quarter and remained favourable for most of the 2022 second quarter, albeit with price declines on certain products in the later part of the quarter. In addition, some of the supply chain issues that were experienced over the past several quarters have improved. The energy sector experienced improved demand with higher rig counts due to high oil and natural gas prices and the relatively mild spring break up in Canada, which led to improved operating conditions in what is typically a seasonally slow second quarter. At June 30, 2022, the Canadian rig counts were 154 compared to 126 in the 2021 second quarter and the U.S. rig counts were 753 compared to 470 at June 30, 2021.

### *Liquidity and Capital Structure*

During the 2022 second quarter, we generated \$69 million of cash from operating activities and ended the quarter with total available liquidity of \$472 million.

Subject to approval from the Toronto Stock Exchange, we intend to initiate a normal course issuer bid to purchase for cancellation up to approximately 3.2 million of our common shares, representing 5% of our issued and outstanding shares, over the next 12 months.

On June 20, 2022, Moody's Investors Service upgraded our corporate credit rating from Ba2 to Ba1.

### *Declaration of Quarterly Dividends*

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable September 15, 2022, to shareholders of record as of August 29, 2022. We will continue our practice of prudently reviewing our dividend and ensure that it is supported by a strong balance sheet and cash flows.

### *Outlook*

Over the past several months, steel prices have moderated but demand remains steady across most of our operating regions. We expected steel prices to continue to exhibit volatility over the near term, particularly as industry-wide inventory levels adjust to more historical levels. As a result of the lag effect that steel price declines have on the cost of goods sold in our metals service centers and steel distributors segments, we expect the recent steel price moderations to reduce our near-term gross margins from the high levels that were generated in the second quarter of 2022. In our energy segment, we expect a continuation of the improving trend in operating conditions through the balance of 2022.

### ***Investor Conference Call***

The Company will be holding an Investor Conference Call on Thursday, August 11, 2022, at 9:00 a.m. ET to review its 2022 second 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, August 25, 2022. You will be required to enter pass code 673428# 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 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; 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.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)

<i>(in millions of Canadian dollars, except per share data)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
<b>Revenues</b>	\$ 1,362.3	\$ 1,068.2	\$ 2,700.9	\$ 1,953.6
Cost of materials	1,017.8	740.3	2,066.1	1,370.6
Employee expenses	108.6	103.1	209.6	187.7
Other operating expenses	62.9	61.3	120.9	117.3
Loss (earnings) from joint venture	0.3	-	(5.7)	-
<b>Earnings before interest and provision for income taxes</b>	172.7	163.5	310.0	278.0
Interest expense	6.6	6.5	13.3	12.9
<b>Earnings before provision for income taxes</b>	166.1	157.0	296.7	265.1
Provision for income taxes	42.1	39.2	74.0	66.7
<b>Net earnings for the period</b>	\$ 124.0	\$ 117.8	\$ 222.7	\$ 198.4
<b>Basic earnings per common share</b>	\$ 1.96	\$ 1.88	\$ 3.53	\$ 3.18
<b>Diluted earnings per common share</b>	\$ 1.96	\$ 1.88	\$ 3.52	\$ 3.18

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
<b>Net earnings for the period</b>	\$ 124.0	\$ 117.8	\$ 222.7	\$ 198.4
Other comprehensive income (loss)				
<b>Items that may be reclassified to earnings</b>				
Unrealized foreign exchange gains (losses) on translation of foreign operations	21.9	(7.4)	11.9	(13.8)
<b>Items that may not be reclassified to earnings</b>				
Actuarial gains on pension and similar obligations, net of taxes	0.3	1.6	9.1	18.1
Other comprehensive income (loss)	22.2	(5.8)	21.0	4.3
<b>Total comprehensive income</b>	\$ 146.2	\$ 112.0	\$ 243.7	\$ 202.7

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	June 30 2022	December 31 2021
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 186.9	\$ 133.1
Accounts receivable	658.3	554.1
Inventories	1,025.1	986.0
Prepaid and other	41.6	30.3
Income taxes receivable	6.5	16.1
	1,918.4	1,719.6
<b>Property, Plant and Equipment</b>	301.9	302.4
<b>Right-of-Use Assets</b>	93.5	86.7
<b>Investment in Joint Venture</b>	43.3	37.6
<b>Deferred Income Tax Assets</b>	1.1	1.5
<b>Pension and Benefits</b>	40.5	29.5
<b>Financial and Other Assets</b>	4.8	5.0
<b>Goodwill and Intangibles</b>	128.0	132.2
	\$ 2,531.5	\$ 2,314.5
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 628.9	\$ 557.7
Short-term lease obligations	14.8	15.8
Income taxes payable	8.9	66.7
	652.6	640.2
<b>Long-Term Debt</b>	295.4	294.8
<b>Pensions and Benefits</b>	2.1	3.4
<b>Deferred Income Tax Liabilities</b>	21.3	19.6
<b>Long-term Lease Obligations</b>	100.4	93.7
<b>Provisions and Other Non-Current Liabilities</b>	15.3	14.5
	1,087.1	1,066.2
<b>Shareholders' Equity</b>		
Common shares	571.4	571.0
Retained earnings	759.0	575.2
Contributed surplus	12.1	12.1
Accumulated other comprehensive income	101.9	90.0
<b>Total Shareholders' Equity</b>	1,444.4	1,248.3
<b>Total Liabilities and Shareholders' Equity</b>	\$ 2,531.5	\$ 2,314.5

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	2022	2021
<b>Operating activities</b>				
Net earnings for the period	\$ 124.0	\$ 117.8	\$ 222.7	\$ 198.4
Depreciation and amortization	16.1	14.3	31.9	28.8
Provision for income taxes	42.1	39.2	74.0	66.7
Interest expense	6.6	6.5	13.3	12.9
Gain on sale of property, plant and equipment	(2.3)	(0.1)	(2.5)	(0.3)
Loss (earnings) from joint venture	0.3	-	(5.7)	-
Share-based compensation	-	0.1	0.1	0.1
Difference between pension expense and amount funded	-	0.3	-	0.6
Debt accretion, amortization and other	0.3	0.2	0.6	0.5
Interest paid, including interest on lease obligations	(6.4)	(6.3)	(12.8)	(12.6)
Cash from operating activities before non-cash working capital	180.7	172.0	321.6	295.1
<b>Changes in non-cash working capital items</b>				
Accounts receivable	10.7	(61.5)	(104.3)	(189.2)
Inventories	(120.5)	(56.5)	(39.2)	(67.3)
Accounts payable and accrued liabilities	49.0	77.5	67.9	202.1
Other	(10.7)	(1.6)	(11.3)	(4.3)
Change in non-cash working capital	(71.5)	(42.1)	(86.9)	(58.7)
Income tax paid, net	(40.3)	(20.2)	(123.2)	(30.7)
<b>Cash from operating activities</b>	68.9	109.7	111.5	205.7
<b>Financing activities</b>				
Issue of common shares	-	9.4	0.3	9.4
Dividends on common shares	(24.0)	(23.8)	(48.0)	(47.5)
Deferred financing	-	-	(0.1)	-
Lease obligations	(3.7)	(4.0)	(9.3)	(7.9)
<b>Cash used in financing activities</b>	(27.7)	(18.4)	(57.1)	(46.0)
<b>Investing activities</b>				
Purchase of property, plant and equipment	(7.8)	(6.8)	(16.0)	(12.7)
Proceeds on sale of property, plant and equipment	2.6	0.1	3.1	0.5
Sale of business	-	-	9.7	-
<b>Cash used in investing activities</b>	(5.2)	(6.7)	(3.2)	(12.2)
<b>Effect of exchange rates on cash and cash equivalents</b>	4.7	(1.7)	2.6	1.4
<b>Increase in cash and cash equivalents</b>	40.7	82.9	53.8	148.9
Cash and cash equivalents, beginning of the period	146.2	92.3	133.1	26.3
<b>Cash and cash equivalents, end of the period</b>	\$ 186.9	\$ 175.2	\$ 186.9	\$ 175.2

## 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	-	(48.0)	-	-	(48.0)
Net earnings for the period	-	222.7	-	-	222.7
Other comprehensive income for the period	-	-	-	21.0	21.0
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	-	9.1	-	(9.1)	-
<b>Balance, June 30, 2022</b>	<b>\$ 571.4</b>	<b>\$ 759.0</b>	<b>\$ 12.1</b>	<b>\$ 101.9</b>	<b>\$ 1,444.4</b>

<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	-	(47.5)	-	-	(47.5)
Net earnings for the period	-	198.4	-	-	198.4
Other comprehensive income for the period	-	-	-	4.3	4.3
Recognition of share-based compensation	-	-	0.1	-	0.1
Share options exercised	11.1	-	(1.7)	-	9.4
Transfer of net actuarial gains on defined benefit plans	-	18.1	-	(18.1)	-
<b>Balance, June 30, 2021</b>	<b>\$ 557.3</b>	<b>\$ 381.5</b>	<b>\$ 14.1</b>	<b>\$ 76.5</b>	<b>\$ 1,029.4</b>