

RUSSEL METALS ANNOUNCES 2021 THIRD QUARTER RESULTS

FOR IMMEDIATE RELEASE

TORONTO, CANADA -- November 4, 2021 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended September 30, 2021.

REVENUES OF \$1.1 BILLION AND EBITDA OF \$196 MILLION LIQUIDITY GREATER THAN \$600 MILLION

	Three Months Ended			Nine Months Ended	
	Sep 30 2021	Sep 30 2020	Jun 30 2021	Sep 30 2021	Sep 30 2020
Revenues	\$ 1,108	\$ 615	\$ 1,068	\$ 3,062	\$ 2,018
EBITDA ¹	196	47	178	502	114
Adjusted EBITDA ¹	196	47	178	502	118
Net Income	132	18	118	330	33
Earnings per share	2.10	0.29	1.88	5.28	0.54
Cash from Operating Activities	106	81	110	312	265
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 Adjusted EBITDA and EBITDA are non-GAAP measures. Adjusted EBITDA represent earnings before long-lived asset impairment, interest, income taxes, depreciation and amortization. EBITDA represents earnings before interest, income taxes, depreciation and amortization. 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". A reconciliation of net earnings to Adjusted EBITDA is included below.

Our basic earnings per share of \$2.10 for the quarter ended September 30, 2021 was a record and significantly higher than the \$0.29 per share recorded in the third quarter of 2020 and higher than the previous record of \$1.88 that was set in the second quarter of 2021. For the nine months ended September 30, 2021, our basic earnings per share of \$5.28 compared to the \$0.54 for the same period in 2020. Revenues of \$1.1 billion were higher than the \$615 million experienced in third quarter of 2020 and comparable to the \$1.1 billion in the 2021 second quarter. Our gross margin percentage improved to 29.8% compared to 19.0% in the same quarter of 2020 and was down slightly from the 30.7% in the 2021 second quarter.

Our EBITDA was \$196 million for the quarter compared to \$47 million in the same quarter of 2020 and \$178 million for the 2021 second quarter. During the 2021 third quarter, EBITDA benefited from a reversal of \$3 million related to the mark-to-market of non-cash stock-based compensation, due to the decreased share price during the quarter, as compared to an \$8 million expense in the 2021 second quarter. Also, EBITDA for the quarter included \$3 million in earnings from the TriMark joint venture, as it benefited from strong demand and product pricing.

Each of our business segments continued to generate strong operating profit as compared to the same quarter of 2020 and the 2021 second quarter. In the 2021 third quarter, our metals service centers segment reported near record operating profits and returns, as this segment continued to maximize margin opportunities from the strong market conditions and realized the benefits from our value-added processing initiatives. Our steel distributors segment continued to benefit from strong demand, higher steel prices and low inventories in the supply chain and reported growth in both revenues and operating profit. In our energy products segment, the continued recovery of oil and natural gas prices led to improved revenues from our field stores and supported the profitable liquidation of the U.S. OCTG/line pipe inventory as we exit this segment of the industry.

Market Conditions

Steel prices continued to rise in the 2021 third quarter. Metals service centers experienced an increase in selling price per ton of 87% compared to the 2020 third quarter and 19% compared to the 2021 second quarter. Tons shipped in metals service centers increased 1% from the same period in 2020 but decreased by 12% from the 2021 second quarter, due to the seasonally slow summer months and the Quebec construction holiday. Steel

distributors experienced an increase in demand and selling price per ton due to continued low inventory levels in the supply chain and product shortages. Demand in the energy products segment continues to recover.

OCTG/Line Pipe Business Changes

In mid-2020, we began the process of lowering our exposure to the energy sector in order to reduce earnings volatility, improve margins and enhance our return on capital over the cycle. As of September 30, 2021, inventory at our OCTG/line pipe operations was \$9 million which was a reduction of \$262 million since June 30, 2020.

On July 6, 2021, we completed the transaction whereby we combined our Canadian OCTG/line pipe business with that of Marubeni-Itochu Tubulars America Inc. into a new joint venture called TriMark Tubulars Ltd. ("TriMark"). We contributed net assets with a book value of \$109 million and received consideration of: (i) cash of \$77 million; (ii) preferred shares with a face value of \$32 million and an annual dividend rate of 7%; and (iii) a 50% common equity interest in the joint venture. In addition, we retained our accounts receivable of approximately \$32 million, the vast majority of which was collected in the 2021 third quarter. In total, the transaction resulted in a cash realization of \$109 million.

Liquidity and Capital Structure Improvements

During the 2021 third quarter, we generated \$106 million of cash from operating activities and ended the quarter with total available liquidity of \$602 million.

The improvements to our capital structure that were implemented in late 2020, in combination with cash realized from the monetization of the OCTG/line pipe businesses, contributed to an interest expense reduction of \$3 million in the 2021 third quarter compared to the 2020 third quarter.

EBITDA

The following table shows the reconciliation of net earnings to EBITDA for 2021 and Adjusted EBITDA for 2020:

<i>(millions)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Net earnings	\$ 131.6	\$ 18.2	\$ 330.0	\$ 33.3
Provision for income taxes	42.9	4.9	109.6	7.2
Interest, net	6.5	9.1	19.4	27.7
Asset impairment	-	-	-	3.7
Earnings before, asset impairment, interest and income taxes	181.0	32.2	459.0	71.9
Depreciation and amortization	14.5	15.0	43.3	46.0
Earnings before interest, asset impairment, income taxes, depreciation and amortization	\$ 195.5	\$ 47.2	\$ 502.3	\$ 117.9

Declaration of Quarterly Dividends

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable December 15, 2021 to shareholders of record as of November 24, 2021. 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

Steel availability has improved modestly and inventory in the supply chain has increased early in the fourth quarter, as steel mills return from their maintenance outage period. We expect this modest improvement to continue for the balance of the quarter. Demand is expected to remain strong for the remainder of 2021 and thereby result in a favourable supply and demand balance. We expect margins to retreat modestly in the fourth quarter of 2021 as a result of higher average cost of inventories. The energy sector activity is expected to continue to improve as a result of the recovery in oil and natural gas prices.

Investor Conference Call

The Company will be holding an Investor Conference Call on Friday, November 5, 2021 at 9:00 a.m. ET to review its 2021 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, Friday, November 19, 2021. You will be required to enter pass code 195655# 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 with a growing focus on value-added processing. 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.

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CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
<i>(in millions of Canadian dollars, except per share data)</i>				
Revenues	\$ 1,108.1	\$ 614.9	\$ 3,061.7	\$ 2,017.7
Cost of materials	777.9	498.1	2,148.5	1,638.4
Employee expenses	92.9	47.4	280.6	171.0
Other operating expenses	59.1	37.2	176.4	136.4
Share of earnings from joint venture	(2.8)	-	(2.8)	-
Asset impairment	-	-	-	3.7
Earnings before interest and provision for income taxes	181.0	32.2	459.0	68.2
Interest expense	6.5	9.1	19.4	27.7
Earnings before provision for income taxes	174.5	23.1	439.6	40.5
Provision for income taxes	42.9	4.9	109.6	7.2
Net earnings for the period	\$ 131.6	\$ 18.2	\$ 330.0	\$ 33.3
Basic earnings per common share	\$ 2.10	\$ 0.29	\$ 5.28	\$ 0.54
Diluted earnings per common share	\$ 2.10	\$ 0.29	\$ 5.27	\$ 0.54

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
<i>(in millions of Canadian dollars)</i>				
Net earnings for the period	\$ 131.6	\$ 18.2	\$ 330.0	\$ 33.3
Other comprehensive (loss) income				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	16.5	(12.0)	2.7	14.8
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations net of taxes	3.8	3.8	21.9	(4.8)
Other comprehensive income (loss)	20.3	(8.2)	24.6	10.0
Total comprehensive income	\$ 151.9	\$ 10.0	\$ 354.6	\$ 43.3

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	September 30 2021	December 31 2020
ASSETS		
Current		
Cash and cash equivalents	\$ 336.8	\$ 26.3
Accounts receivable	550.0	344.0
Inventories	786.8	716.4
Prepaid and other	16.4	13.6
Income taxes receivable	5.0	19.8
	1,695.0	1,120.1
Property, Plant and Equipment	264.5	269.5
Right-of-Use Assets	83.2	81.4
Investment in Joint Venture	34.3	-
Deferred Income Tax Assets	5.5	5.9
Pension and Benefits	26.2	5.1
Financial and Other Assets	4.2	4.7
Goodwill and Intangibles	103.2	109.6
	\$ 2,216.1	\$ 1,596.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 562.6	\$ 294.6
Short-term lease obligations	15.3	16.9
Income taxes payable	54.4	3.7
	632.3	315.2
Long-Term Debt	294.5	293.7
Pensions and Benefits	5.0	13.0
Deferred Income Tax Liabilities	11.5	9.5
Long-term Lease Obligations	92.4	88.8
Provisions and Other Non-Current Liabilities	15.0	11.4
	1,050.7	731.6
Shareholders' Equity		
Common shares	566.5	546.2
Retained earnings	493.0	212.5
Contributed surplus	12.9	15.7
Accumulated other comprehensive income	93.0	90.3
Total Shareholders' Equity	1,165.4	864.7
Total Liabilities and Shareholders' Equity	\$ 2,216.1	\$ 1,596.3

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Operating activities				
Net earnings for the period	\$ 131.6	\$ 18.2	\$ 330.0	\$ 33.3
Depreciation and amortization	14.5	15.0	43.3	46.0
Provision for income taxes	42.9	4.9	109.6	7.2
Interest expense	6.5	9.1	19.4	27.7
(Loss) gain on sale of property, plant and equipment	0.6	(6.1)	0.3	(6.3)
Share of earnings from joint venture	(2.8)	-	(2.8)	-
Asset impairment	-	-	-	3.7
Share-based compensation	0.1	0.1	0.2	0.3
Difference between pension expense and amount funded	-	-	0.6	-
Debt accretion, amortization and other	0.3	0.4	0.8	1.0
Interest paid, including interest on lease obligations	(6.1)	(6.5)	(18.7)	(24.6)
Cash from operating activities before non-cash working capital	187.6	35.1	482.7	88.3
Changes in non-cash working capital items				
Accounts receivable	(16.9)	(18.7)	(206.1)	122.4
Inventories	(126.3)	67.4	(193.6)	101.4
Accounts payable and accrued liabilities	79.2	(11.2)	281.3	(58.5)
Other	1.3	3.1	(3.0)	6.7
Change in non-cash working capital	(62.7)	40.6	(121.4)	172.0
Income tax (paid) refund, net	(19.1)	5.5	(49.8)	4.6
Cash from operating activities	105.8	81.2	311.5	264.9
Financing activities				
Decrease in bank indebtedness	-	(11.3)	-	(62.1)
Issue of common shares	7.9	-	17.3	0.2
Dividends on common shares	(23.9)	(23.6)	(71.4)	(70.9)
Deferred financing	-	(1.1)	-	(1.1)
Lease obligations	(3.8)	(4.7)	(11.7)	(14.1)
Cash used in financing activities	(19.8)	(40.7)	(65.8)	(148.0)
Investing activities				
Purchase of property, plant and equipment	(7.6)	(6.4)	(20.3)	(18.8)
Proceeds on sale of property, plant and equipment	0.4	1.6	0.9	4.9
Sale of business	77.1	-	77.1	-
Cash from (used in) investing activities	69.9	(4.8)	57.7	(13.9)
Effect of exchange rates on cash and cash equivalents	5.7	(3.3)	7.1	2.5
Increase in cash and cash equivalents	161.6	32.4	310.5	105.5
Cash and cash equivalents, beginning of the period	175.2	89.1	26.3	16.0
Cash and cash equivalents, end of the period	\$ 336.8	\$ 121.5	\$ 336.8	\$ 121.5

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, 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

<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