

RUSSEL METALS ANNOUNCES 2022 ANNUAL & FOURTH QUARTER RESULTS
FOR IMMEDIATE RELEASE

TORONTO, CANADA -- February 9, 2023 -- Russel Metals Inc. (RUS - TSX) announces financial results for the fourth quarter and the year ended December 31, 2022.

Record Annual Revenues of \$5.1 Billion in 2022 and \$1.1 Billion in Q4 2022
EBITDA¹ of \$579 Million in 2022 and \$97 Million in Q4 2022
Generated \$146 Million of Cash from Working Capital¹ in Q4 2022
Advancing Capital Investment Growth Initiatives
Repurchased \$28 Million of Shares in 2022; Declared a Dividend of \$0.38 per Share
Strong Capital Structure with Liquidity¹ of \$743 Million

	Three Months Ended			Year Ended	
	Dec 31 2022	Dec 31 2021	Sep 30 2022	Dec 31 2022	Dec 31 2021
Revenues	\$ 1,100	\$ 1,147	\$ 1,270	\$ 5,071	\$ 4,209
EBITDA ¹	97	162	140	579	664
Net Income	58	102	91	372	432
Earnings per share	0.93	1.62	1.45	5.91	6.90
Cash from working capital ¹	146	(136)	(41)	18	(258)
Dividends paid per common share	0.38	0.38	0.38	1.52	1.52

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 2022 and 2021:

(millions)	Three Months Ended December 31		Year Ended December 31	
	2022	2021	2022	2021
Net earnings	\$ 57.9	\$ 102.2	\$ 371.9	\$ 432.2
Provision for income taxes	16.1	38.3	115.6	147.9
Interest and finance expense	5.4	6.6	25.3	26.0
EBIT ¹	79.4	147.1	512.8	606.1
Depreciation and amortization	18.0	14.6	66.1	57.9
EBITDA ¹	\$ 97.4	\$ 161.7	\$ 578.9	\$ 664.0

¹ Defined in Non-GAAP Measures and Ratios

Our net earnings for the year ended December 31, 2022, were \$372 million or \$5.91 per share compared to net earnings of \$432 million or \$6.90 per share for 2021. Revenues for the year ended December 31, 2022, were \$5.1 billion compared to \$4.2 billion in 2021. EBITDA was \$579 million compared to \$664 million in 2021.

In the 2022 fourth quarter, our revenues, EBITDA and net earnings per share were \$1.1 billion, \$97 million and \$0.93 per share, respectively. Revenues during the quarter were lower than the 2021 fourth quarter due to the moderation of steel prices from the unusually high levels that were realized in the metals service centers and steel distributors segments in 2021 and early 2022. This decline was partially offset by continued improvement in our energy field stores business.

Our 2022 fourth quarter results illustrated the resiliency and reduced volatility that we can achieve across our portfolio over a cycle. In the quarter, we dealt with changes in market conditions, including the seasonal factors that are typical in the fourth quarter, and generated a consolidated gross margin of 20% and return on capital of 20%. In addition, we proactively managed inventories and generated \$146 million of cash flow from working capital in the 2022 fourth quarter.

During the 2022 fourth quarter, EBITDA was negatively impacted by an increase in inventory provisions of \$3 million, a non-cash charge of \$2 million related to mark-to-market on share-based compensation and a \$1 million accounting charge related to the annuitization of a significant portion of our defined benefit pension plan.

Market Conditions

Steel prices were volatile throughout 2022 but were higher than the long-term historical averages. In our metals service centers and steel distributors segments, customer demand remained active across most of our regions and end markets. Our energy field stores benefited from a rebound in the energy sector as the average Canadian rig counts were 175 in 2022 compared to 132 in 2021 and the average U.S. rig counts were 723 in 2022 compared to 478 in 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 planned approximately \$30 million per year of discretionary investments related to value-added equipment projects. The investment approach has been underway for several years and we expect to continue for several more years as we identify new opportunities. In 2022, we spent \$42 million on capital expenditures including a flat laser in Arkansas and a tube laser in Quebec which are both operational. We also advanced our equipment projects for additional tube lasers in Saskatchewan and Arkansas, flat lasers in Alberta, Alabama and Arkansas, beam lines in North Carolina and Alberta, a slitter in Arkansas, a plasma table in Ohio and a press brake in British Columbia.

In terms of facility modernizations, we have planned \$50-70 million of investments in the coming years for projects focused on modernizing, consolidating and expanding our operations in certain locations. These projects will provide opportunities for growth, improve material handling efficiencies, improve health and safety practices, and in certain instances result in the monetization of redundant real estate at legacy locations. Over the past several months, we have approved projects at our Saskatoon, Saskatchewan and Joplin, Missouri locations. We are continuing to advance projects at other locations in both Canada and the U.S.

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

In the third quarter 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. In the last half of 2022 we purchased and cancelled 1.0 million shares for total consideration of \$28 million.

In 2022, we paid dividends of \$96 million or \$1.52 per common share. In addition, we declared a dividend of \$0.38 per share, payable on March 15, 2023, to shareholders of record at the close of business on February 28, 2023.

Liquidity and Capital Structure

During 2022, we generated \$360 million of cash from operating activities and ended the year with total available liquidity of \$743 million.

Outlook

Steel prices began to stabilize late in the 2022 fourth quarter and we have experienced modest price increases for certain key products in early 2023. We expect a continuation of this favourable trend over the near term as a result of modest inventory in the supply chain and a seasonal rebound in demand. In terms of demand, we experienced a normal seasonal slowdown in the 2022 fourth quarter, but expect to benefit from a rebound over the near term as both the metals service centers and energy field stores have favourable and broad-based customer activity levels.

Investor Conference Call

The Company will be holding an Investor Conference Call on Friday, February 10, 2023, at 9:00 a.m. ET to review its 2022 fourth 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, February 24, 2023. You will be required to enter pass code 449021# 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

<i>(in millions of Canadian dollars, except per share data)</i>	Three Months Ended December 31		Years Ended December 31	
	2022	2021	2022	2021
Revenues	\$ 1,099.8	\$ 1,146.8	\$ 5,070.6	\$ 4,208.5
Cost of materials	881.6	847.6	3,944.0	2,996.1
Employee expenses	88.8	95.4	402.5	376.0
Other operating expenses	60.4	57.4	242.3	233.8
Earnings from joint venture	(10.4)	(3.3)	(31.0)	(6.1)
Impairment of goodwill and long-lived assets	-	2.6	-	2.6
Earnings before interest and provision for income taxes	79.4	147.1	512.8	606.1
Interest expense	5.4	6.6	25.3	26.0
Earnings before provision for income taxes	74.0	140.5	487.5	580.1
Provision for income taxes	16.1	38.3	115.6	147.9
Net earnings for the period	\$ 57.9	\$ 102.2	\$ 371.9	\$ 432.2
Basic earnings per common share	\$ 0.93	\$ 1.62	\$ 5.91	\$ 6.90
Diluted earnings per common share	\$ 0.93	\$ 1.62	\$ 5.91	\$ 6.89

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(in millions of Canadian dollars)</i>	Three Months Ended December 31		Years Ended December 31	
	2022	2021	2022	2021
Net earnings for the period	\$ 57.9	\$ 102.2	\$ 371.9	\$ 432.2
Other comprehensive (loss) income				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	(10.7)	(3.0)	50.1	(0.3)
Items that may not be reclassified to earnings				
Actuarial gains on pension and similar obligations net of taxes	2.8	4.0	12.0	25.9
Other comprehensive (loss) income	(7.9)	1.0	62.1	25.6
Total comprehensive income	\$ 50.0	\$ 103.2	\$ 434.0	\$ 457.8

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in millions of Canadian dollars)</i>	December 31 2022	December 31 2021
ASSETS		
Current		
Cash and cash equivalents	\$ 363.0	\$ 133.1
Accounts receivable	497.9	554.1
Inventories	956.5	986.0
Prepaid and other	35.8	30.3
Income taxes receivable	16.3	16.1
	1,869.5	1,719.6
Property, Plant and Equipment	313.8	302.4
Right-of-Use Assets	102.7	86.7
Investment in Joint Venture	46.6	37.6
Deferred Income Tax Assets	1.2	1.5
Pension and Benefits	42.0	29.5
Financial and Other Assets	4.6	5.0
Goodwill and Intangibles	126.5	132.2
	\$ 2,506.9	\$ 2,314.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 482.0	\$ 557.7
Short-term lease obligations	14.7	15.8
Income taxes payable	4.8	66.7
	501.5	640.2
Long-Term Debt	296.0	294.8
Pensions and Benefits	1.5	3.4
Deferred Income Tax Liabilities	18.4	19.6
Long-term Lease Obligations	112.2	93.7
Provisions and Other Non-Current Liabilities	18.0	14.5
	947.6	1,066.2
Shareholders' Equity		
Common shares	562.4	571.0
Retained earnings	844.6	575.2
Contributed surplus	12.2	12.1
Accumulated other comprehensive income	140.1	90.0
Total Shareholders' Equity	1,559.3	1,248.3
Total Liabilities and Shareholders' Equity	\$ 2,506.9	\$ 2,314.5

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

<i>(in millions of Canadian dollars)</i>	Three Months Ended December 31		Years Ended December 31	
	2022	2021	2022	2021
Operating activities				
Net earnings for the period	\$ 57.9	\$ 102.2	\$ 371.9	\$ 432.2
Depreciation and amortization	18.0	14.6	66.1	57.9
Provision for income taxes	16.1	38.3	115.6	147.9
Interest expense	5.4	6.6	25.3	26.0
Impairment of goodwill and long-lived assets	-	2.6	-	2.6
(Gain) loss on sale of property, plant and equipment	(0.1)	0.2	(2.8)	0.5
Earnings from joint venture	(10.4)	(3.3)	(31.0)	(6.1)
Share-based compensation	0.1	-	0.2	0.2
Difference between pension expense and amount funded	1.7	0.4	1.9	1.0
Debt accretion, amortization and other	0.2	0.3	1.1	1.1
Interest paid, including interest on lease obligations	(5.0)	(6.1)	(24.0)	(24.8)
Cash from operating activities before non-cash working capital	83.9	155.8	524.3	638.5
Changes in non-cash working capital items				
Accounts receivable	167.0	45.3	62.4	(160.8)
Inventories	88.2	(144.0)	45.0	(337.6)
Accounts payable and accrued liabilities	(109.5)	(27.4)	(83.8)	253.9
Other	0.1	(10.3)	(5.5)	(13.3)
Change in non-cash working capital	145.8	(136.4)	18.1	(257.8)
Income tax paid, net	(22.9)	(26.4)	(182.5)	(76.2)
Cash from operating activities	206.8	(7.0)	359.9	304.5
Financing activities				
Issue of common shares	-	3.7	0.3	21.0
Repurchase of common shares	(11.6)	-	(27.9)	-
Dividends on common shares	(23.7)	(24.0)	(95.6)	(95.4)
Deferred financing	-	(0.9)	(0.2)	(0.9)
Lease obligations	(4.6)	(6.5)	(15.7)	(18.2)
Cash used in financing activities	(39.9)	(27.7)	(139.1)	(93.5)
Investing activities				
Purchase of property, plant and equipment	(15.3)	(8.5)	(41.5)	(28.8)
Proceeds on sale of property, plant and equipment	0.1	0.2	3.2	1.1
Dividends received from joint venture	7.7	-	22.1	-
Sale of business	-	-	9.7	77.1
Purchase of business	-	(156.6)	-	(156.6)
Cash used in investing activities	(7.5)	(164.9)	(6.5)	(107.2)
Effect of exchange rates on cash and cash equivalents	(0.5)	(4.1)	15.6	3.0
Increase (decrease) in cash and cash equivalents	158.9	(203.7)	229.9	106.8
Cash and cash equivalents, beginning of the period	204.1	336.8	133.1	26.3
Cash and cash equivalents, end of the year	\$ 363.0	\$ 133.1	\$ 363.0	\$ 133.1

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<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	-	(95.6)	-	-	(95.6)
Net earnings for the year	-	371.9	-	-	371.9
Other comprehensive income for the year	-	-	-	62.1	62.1
Recognition of share-based compensation	-	-	0.2	-	0.2
Share options exercised	0.4	-	(0.1)	-	0.3
Shares repurchased	(9.0)	(18.9)	-	-	(27.9)
Transfer of net actuarial gains on defined benefit plans	-	12.0	-	(12.0)	-
Balance, December 31, 2022	\$ 562.4	\$ 844.6	\$ 12.2	\$ 140.1	\$ 1,559.3

<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	-	(95.4)	-	-	(95.4)
Net earnings for the year	-	432.2	-	-	432.2
Other comprehensive income for the year	-	-	-	25.6	25.6
Recognition of share-based compensation	-	-	0.2	-	0.2
Share options exercised	24.8	-	(3.8)	-	21.0
Transfer of net actuarial gains on defined benefit plans	-	25.9	-	(25.9)	-
Balance, December 31, 2021	\$ 571.0	\$ 575.2	\$ 12.1	\$ 90.0	\$ 1,248.3