



RUSSEL METALS ANNOUNCES 2020 FIRST QUARTER RESULTS

FOR IMMEDIATE RELEASE

TORONTO, CANADA -- May 4, 2020 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended March 31, 2020.

**Revenues of \$815 Million and EBITDA of \$36 Million
Liquidity of \$393 Million and Net Debt to Invested Capital 31%**

	Three Months Ended		
	March 31 2020	December 31 2019	March 31 2019
Revenues	\$ 815	\$ 837	\$ 1,033
EBITDA ¹	36	18	72
EBIT ¹	20	2	58
Net Income (Loss)	11	(7)	34
Earnings (loss) per share	0.17	(0.11)	0.55
Free Cash Flow per share ¹	0.41	0.04	0.94
Cash from Operations	68	141	(6.1)
Shareholders' Equity	980	945	988
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.

¹ EBITDA, EBIT and Free Cash Flow per share are non-GAAP measures. EBITDA represent earnings before interest, finance expense, taxes and depreciation. EBIT represents earnings before, interest, finance expense and taxes. Free cash flow per share represents cash from operating activities before change in working capital less capital expenditures divided by average shares outstanding for the period. 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", "EBIT and EBITDA", and "Free Cash Flow".

For the 2020 first quarter we generated net income of \$11 million or \$0.17 per share on revenues of \$815 million. These results compare to net income of \$34 million or \$0.55 per share on revenues of \$1 billion in the 2019 first quarter and a loss of \$7 million in the fourth quarter of 2019.

During the 2020 first quarter, we generated \$68 million in cash from operations, as our business generates strong cash flow from working capital reductions during a downturn. At March 31, 2020, we maintained our conservative balance sheet and as of the end of the quarter our available liquidity from the undrawn portion of our committed credit facility was \$393 million.

Revenues in our metals service centers decreased 19% to \$437 million for the quarter compared to \$538 million in the same quarter in 2019. The average selling price declined 16% over the first quarter of 2019 and was 1% lower than the 2019 fourth quarter. Tons shipped were approximately 3% lower than the 2019 first quarter but 8% higher than the 2019 fourth quarter. Operating profits were \$18 million compared to \$27 million in the 2019 first quarter.

Revenues in our energy products segment decreased 15% to \$316 million compared to \$373 million in the 2019 first quarter. On a same store basis, our decline was 24%. Price pressure on our OCTG and line pipe operations continued due to low demand. We recorded inventory valuation provisions of \$5 million to reflect a reduction in net realizable value which reduced gross margins as a percentage of revenues to 15.9% compared to 18.9% for the 2019 first quarter. Operating profits were \$6 million compared to \$30

million in the first quarter of 2019. During the quarter ended March 31, 2020 we recorded a non-cash asset impairment of \$4 million relating to the right-of-use assets at our U.S. line pipe operation in our energy products segment.

First quarter revenues in our steel distributors segment decreased by 49% to \$62 million compared to \$122 million in the 2019 first quarter. In the first quarter of 2019 we experienced higher demand as a result of tariffs and our ability to internationally source product. Gross margins as a percentage of revenues for the 2020 first quarter were 14.1% compared to 13.9% in the same period 2019. Operating profits of \$1 million for the quarter compared \$9 million in the 2019 first quarter.

Mr. John G. Reid, President and CEO, commented, "we quickly established health and safety protocols surrounding our approach to the pandemic, putting the welfare of the Russel family, customers and suppliers first and foremost. Over our history, we have reinforced our businesses to adapt to changes in economic cycles by empowering local management. Our managers in the field continue to demonstrate their keen business acumen as they adjust to this unique challenge."

Mr. Reid commented further "operationally, steel prices began to decline late in the quarter and demand flattened. The increased oil supply drove down the price of oil and, coupled with the deterioration of the economy due to the pandemic, further pressured our energy operations as our customers rapidly reduced capital spending. As this unprecedented environment evolved, our operations have worked tirelessly to adapt."

Mr. Reid continued, "as a critical member of the supply chain, we have been categorized as an essential business under applicable government orders and we continue to serve our customers who have also been deemed essential. We have reduced our workforce to coincide with the reduction of business activity and our counter-cyclical cash flows will continue to generate cash in the 2020 second quarter."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable June 15, 2020 to shareholders of record as of May 28, 2020. We will continue our practice of prudently reviewing our dividend and ensure that it is supported by a strong balance sheet and cash flows.

The Company will be holding an Investor Conference Call on Tuesday, May 5, 2020 at 9:00 a.m. ET to review its 2020 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 19, 2020. You will be required to enter pass code 235762# to access the call.

Additional supplemental financial information is available in our investor conference call package located on our website at www.russelmetals.com.

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three metals distribution segments: metals service centers, energy products and steel distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Wirth, Alberta Industrial Metals, Apex Distribution, Apex Monarch, Apex Valve Services, Apex Western Fiberglass, Arrow Steel Processors, B&T Steel, Baldwin International, Color Steels, Comco Pipe & Supply, Couleur Aciers, DuBose Steel, Elite Supply Partners, Fedmet Tubulars, JMS Russel Metals, Leroux Steel, Mégantic Métal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec, Norton Metals, Pemco Steel, Pioneer Pipe, Russel Metals

Processing, Russel Metals Specialty Products, Russel Metals Williams Bahcall, Spartan Energy Tubulars, Sunbelt Group, Triumph Tubular & Supply, Wirth Steel and York-Ennis.

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.

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>	Quarters ended March 31	
	2020	2019
Revenues	\$ 814.7	\$ 1,032.6
Cost of materials	662.3	842.1
Employee expenses	67.9	79.4
Other operating expenses	60.9	52.9
Asset impairment	3.7	-
Earnings before interest and provision for income taxes	19.9	58.2
Interest expense	9.4	11.1
Earnings before provision for income taxes	10.5	47.1
Provision for income taxes	-	12.8
Net earnings for the period	\$ 10.5	\$ 34.3
Basic earnings per common share	\$ 0.17	\$ 0.55
Diluted earnings per common share	\$ 0.17	\$ 0.55

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2020	2019
Net earnings for the period	\$ 10.5	\$ 34.3
Other comprehensive income (loss)		
Items that may be reclassified to earnings		
Unrealized foreign exchange gains (losses) on translation of foreign operations	50.1	(12.0)
Items that may not be reclassified to earnings		
Actuarial losses on pension and similar obligations, net of taxes	(1.7)	-
Other comprehensive income (loss)	48.4	(12.0)
Total comprehensive income	\$ 58.9	\$ 22.3

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	March 31 2020	December 31 2019
ASSETS		
Current		
Cash and cash equivalents	\$ 52.4	\$ 16.0
Accounts receivable	475.2	458.1
Inventories	906.6	883.6
Prepaid and other	18.4	18.1
Income taxes receivable	23.6	18.9
	1,476.2	1,394.7
Property, Plant and Equipment	293.4	288.9
Right-of-Use Assets	90.2	90.1
Deferred Income Tax Assets	3.5	4.8
Pension and Benefits	1.8	5.4
Financial and Other Assets	4.2	4.0
Goodwill and Intangibles	141.2	137.0
	\$ 2,010.5	\$ 1,924.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 50.8	\$ 62.1
Accounts payable and accrued liabilities	385.8	326.4
Short-term lease obligations	18.4	17.1
Income taxes payable	0.2	0.3
	455.2	405.9
Long-Term Debt	445.1	444.8
Pensions and Benefits	9.1	10.4
Deferred Income Tax Liabilities	14.8	13.2
Long-term Lease Obligations	97.6	94.4
Provisions and Other Non-Current Liabilities	8.5	11.6
	1,030.3	980.3
Shareholders' Equity		
Common shares	544.0	543.7
Retained earnings	269.7	284.5
Contributed surplus	15.7	15.7
Accumulated other comprehensive income	150.8	100.7
Total Shareholders' Equity	980.2	944.6
Total Liabilities and Shareholders' Equity	\$ 2,010.5	\$ 1,924.9

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2020	2019
Operating activities		
Net earnings for the period	\$ 10.5	\$ 34.3
Depreciation and amortization	15.6	13.7
Provision for income taxes	-	12.8
Interest expense	9.4	11.1
Gain on disposal of property, plant and equipment	(0.1)	(0.2)
Asset impairment	3.7	-
Share-based compensation	0.1	0.1
Difference between pension expense and amount funded	-	(0.3)
Debt accretion, amortization and other	0.3	0.3
Interest paid, including interest on lease obligations	(6.8)	(8.4)
Cash from operating activities before non-cash working capital	32.7	63.4
Changes in non-cash working capital items		
Accounts receivable	(9.6)	(23.9)
Inventories	(0.3)	15.3
Accounts payable and accrued liabilities	46.5	(26.2)
Other	(0.4)	(1.2)
Change in non-cash working capital	36.2	(36.0)
Income taxes paid, net	(0.8)	(33.5)
Cash from (used in) operating activities	68.1	(6.1)
Financing activities		
(Decrease) increase in bank indebtedness	(11.4)	25.7
Issue of common shares	0.2	0.1
Dividends on common shares	(23.6)	(23.6)
Lease obligations	(4.5)	(4.4)
Cash used in financing activities	(39.3)	(2.2)
Investing activities		
Purchase of property, plant and equipment	(7.1)	(5.2)
Proceeds on sale of property, plant and equipment	2.5	0.4
Cash used in investing activities	(4.6)	(4.8)
Effect of exchange rates on cash and cash equivalents	12.2	(4.3)
Increase (decrease) in cash and cash equivalents	36.4	(17.4)
Cash and cash equivalents, beginning of the period	16.0	124.3
Cash and cash equivalents, end of the period	\$ 52.4	\$ 106.9

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, 2020	\$ 543.7	\$ 284.5	\$ 15.7	\$ 100.7	\$ 944.6
Payment of dividends	-	(23.6)	-	-	(23.6)
Net earnings for the period	-	10.5	-	-	10.5
Other comprehensive income for the period	-	-	-	48.4	48.4
Recognition of share-based compensation	-	-	0.1	-	0.1
Share options exercised	0.3	-	(0.1)	-	0.2
Transfer of net actuarial losses on defined benefit plans	-	(1.7)	-	1.7	-
Balance, March 31, 2020	\$ 544.0	\$ 269.7	\$ 15.7	\$ 150.8	\$ 980.2

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2019	\$ 542.1	\$ 318.6	\$ 15.7	\$ 128.5	\$ 1,004.9
Payment of dividends	-	(23.6)	-	-	(23.6)
Change in accounting policy	-	(16.1)	-	-	(16.1)
Net earnings for the period	-	34.3	-	-	34.3
Other comprehensive income for the period	-	-	-	(12.0)	(12.0)
Recognition of share-based compensation	-	-	0.1	-	0.1
Share options exercised	0.1	-	-	-	0.1
Balance, March 31, 2019	\$ 542.2	\$ 313.2	\$ 15.8	\$ 116.5	\$ 987.7