

## RUSSEL METALS ANNOUNCES 2021 FIRST QUARTER RESULTS

### FOR IMMEDIATE RELEASE

TORONTO, CANADA -- May 4, 2021 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended March 31, 2021.

### Revenues of \$885 Million and EBITDA of \$129 Million Liquidity of \$444 Million and Net Debt to Invested Capital 18%

	Three Months Ended		
	Mar 31 2021	Dec 31 2020	Mar 31 2020
Revenues	\$ 885	\$ 671	\$ 815
EBITDA <sup>1</sup>	129	11	36
Adjusted EBITDA <sup>1</sup>	129	41	39
Net Income (Loss)	81	(9)	11
Earnings (Loss) per share	1.29	(0.14)	0.17
Cash from Operations	96	106	68
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.

<sup>1</sup> 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", and "Reconciliation of net earnings to Adjusted EBITDA".

Our basic earnings per share of \$1.29 for the quarter ended March 31, 2021, was significantly higher than the \$0.17 per share recorded in the first quarter of 2020 and the loss of \$0.14 reported in the fourth quarter of 2020. Revenues of \$885 million were higher than the \$815 million experienced in first quarter of 2020 and the \$671 million in the fourth quarter of 2020. Our gross margins improved to 28.8% compared to 18.7% in the same quarter of 2020 and 20.8% in the fourth quarter of 2020. Our Adjusted EBITDA, which equaled EBITDA, for the quarter was \$129 million compared to Adjusted EBITDA of \$39 million in the same quarter of 2020 and \$41 million in the fourth quarter of 2020.

During the 2021 first quarter, EBITDA was reduced by \$2 million related to the mark-to-market of non-cash stock-based compensation as compared to \$4 million in the 2020 fourth quarter. The quarter's results include \$3 million in federal government wage subsidies as compared to \$8 million in the 2020 fourth quarter.

Each of our segments generated a substantial improvement in operating profit for the first quarter of 2021 versus the fourth quarter of 2020. The metals service centers segment generated a record operating profit as a result of strong market conditions, the transactional approach to our business model and the impact from our value-added processing initiatives. The steel distributors segment generated an improvement in operating profit for the quarter due to favourable conditions that allowed our U.S. business, in particular, to benefit from market opportunities. Our energy segment generated an improvement in operating profit as a result of our recent initiatives that were focused on repositioning the segment and reducing the capital employed in OCTG and line pipe.

#### Market Conditions

Steel prices increased substantially in the later part of 2020 and early 2021, due to increases in scrap and iron ore prices, improvements in demand and low inventory levels in the supply chain. This resulted in increased revenues and gross margins in our metals service centers and steel distributors segments. Metals service centers had a quarter-over-quarter increase in tons shipped of 10%, exceeding pre-pandemic volume and a quarter-over-quarter increase in selling price per ton of 26%. Compared to the 2020 first quarter, tons shipped increased 4% and selling price per ton increased 28%. Demand in energy products has also begun to recover from the low levels experienced in 2020 but remains below pre-pandemic levels.

### *OCTG and Line Pipe Business Changes*

In mid-2020, we stated a goal of reducing the capital deployed in our OCTG and line pipe businesses by \$100 million by the end of 2021. The rationale of lowering our exposure to the energy sector was to reduce earnings volatility and enhance returns on capital over the cycle. Over the past three quarters, we have reduced our OCTG and line pipe inventories by \$99 million, including \$34 million in the first quarter of 2021. In addition, on April 14, 2021, we entered into an agreement to merge our Canadian OCTG and line pipe operations with that of Marubeni-Itochu Tubulars America Inc. We will contribute net assets of approximately \$111 million comprised primarily of inventory and accounts payable and receive cash consideration of approximately \$79 million, preferred shares with a face value of approximately \$32 million and a 50% common equity interest in the combined entity. In addition, we will retain our accounts receivables, which totaled \$59 million at March 31, 2021. This transaction, which is subject to regulatory approval, will result in a near term cash realization of approximately \$138 million. Upon completion of this transaction, our remaining OCTG and line pipe business will be in the U.S., where we continue to liquidate in an orderly manner the remaining inventory, which totaled approximately \$40 million at March 31, 2021.

### *Liquidity and Capital Structure Improvements*

During the 2021 first quarter, we generated \$96 million of cash from operating activities and ended the quarter with total available liquidity of \$444 million.

The improvements to our capital structure implemented in late 2020, contributed to an interest expense reduction of \$3 million in the 2021 first quarter compared to the 2020 first quarter.

### *Declaration of Quarterly Dividends*

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable June 15, 2021 to shareholders of record as of May 27, 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*

In the metals service center and steel distributors segments, we expect the near-to-medium term market conditions to remain strong. Demand is expected to grow across a range of North American end markets. At the same time, product availability remains constrained in the supply chain. The result is expected to be a favourable operating environment in the second quarter for our metals service centers and steel distributors segments. In the energy segment, we typically experience a seasonal slowdown in Canada during the second quarter due to spring break-up conditions. However, we are anticipating a general rebound of energy activity in the second half of 2021, as the sector recovers from the lows experienced in 2020.

The Company will be holding an Investor Conference Call on Wednesday, May 5, 2021 at 9:00 a.m. ET to review its 2021 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, Wednesday, May 19, 2021. You will be required to enter pass code 762761# 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; cyclicity 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>	Quarters ended March 31	
	2021	2020
<b>Revenues</b>	\$ 885.4	\$ 814.7
Cost of materials	630.3	662.3
Employee expenses	84.6	67.9
Other operating expenses	56.0	60.9
Asset impairment	-	3.7
<b>Earnings before interest and provision for income taxes</b>	114.5	19.9
Interest expense	6.4	9.4
<b>Earnings before provision for income taxes</b>	108.1	10.5
Provision for income taxes	27.5	-
Net earnings for the period	\$ 80.6	\$ 10.5
<b>Basic earnings per common share</b>	\$ 1.29	\$ 0.17
<b>Diluted earnings per common share</b>	\$ 1.29	\$ 0.17

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2021	2020
<b>Net earnings for the period</b>	\$ 80.6	\$ 10.5
Other comprehensive income		
<b>Items that may be reclassified to earnings</b>		
Unrealized foreign exchange (losses) gains on translation of foreign operations	(6.4)	50.1
<b>Items that may not be reclassified to earnings</b>		
Actuarial gains (losses) on pension and similar obligations, net of taxes	16.5	(1.7)
Other comprehensive income	10.1	48.4
<b>Total comprehensive income</b>	\$ 90.7	\$ 58.9

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	March 31 2021	December 31 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 92.3	\$ 26.3
Accounts receivable	469.1	344.0
Inventories	719.8	716.4
Prepaid and other	16.3	13.6
Income taxes receivable	13.7	19.8
	1,311.2	1,120.1
<b>Property, Plant and Equipment</b>	266.0	269.5
<b>Right-of-Use Assets</b>	83.2	81.4
<b>Deferred Income Tax Assets</b>	2.3	5.9
<b>Pension and Benefits</b>	19.6	5.1
<b>Financial and Other Assets</b>	4.5	4.7
<b>Goodwill and Intangibles</b>	106.7	109.6
	\$ 1,793.5	\$ 1,596.3
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 415.2	\$ 294.6
Short-term lease obligations	16.1	16.9
Income taxes payable	15.7	3.7
	447.0	315.2
<b>Long-Term Debt</b>	294.0	293.7
<b>Pensions and Benefits</b>	5.4	13.0
<b>Deferred Income Tax Liabilities</b>	10.9	9.5
<b>Long-term Lease Obligations</b>	91.5	88.8
<b>Provisions and Other Non-Current Liabilities</b>	13.0	11.4
	861.8	731.6
<b>Shareholders' Equity</b>		
Common shares	546.2	546.2
Retained earnings	285.9	212.5
Contributed surplus	15.7	15.7
Accumulated other comprehensive income	83.9	90.3
<b>Total Shareholders' Equity</b>	931.7	864.7
<b>Total Liabilities and Shareholders' Equity</b>	\$ 1,793.5	\$ 1,596.3

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended March 31	
	2021	2020
<b>Operating activities</b>		
Net earnings for the period	\$ 80.6	\$ 10.5
Depreciation and amortization	14.5	15.6
Provision for income taxes	27.5	-
Interest expense	6.4	9.4
Gain on disposal of property, plant and equipment	(0.2)	(0.1)
Asset impairment	-	3.7
Share-based compensation	-	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	(6.3)	(6.8)
<b>Cash from operating activities before non-cash working capital</b>	<b>123.1</b>	<b>32.7</b>
<b>Changes in non-cash working capital items</b>		
Accounts receivable	(127.7)	(9.6)
Inventories	(10.8)	(0.3)
Accounts payable and accrued liabilities	124.6	46.5
Other	(2.7)	(0.4)
<b>Change in non-cash working capital</b>	<b>(16.6)</b>	<b>36.2</b>
Income taxes paid, net	(10.5)	(0.8)
<b>Cash from operating activities</b>	<b>96.0</b>	<b>68.1</b>
<b>Financing activities</b>		
Decrease in bank indebtedness	-	(11.4)
Issue of common shares	-	0.2
Dividends on common shares	(23.7)	(23.6)
Lease obligations	(3.9)	(4.5)
<b>Cash used in financing activities</b>	<b>(27.6)</b>	<b>(39.3)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(5.9)	(7.1)
Proceeds on sale of property, plant and equipment	0.4	2.5
<b>Cash used in investing activities</b>	<b>(5.5)</b>	<b>(4.6)</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>3.1</b>	<b>12.2</b>
<b>Increase in cash and cash equivalents</b>	<b>66.0</b>	<b>36.4</b>
Cash and cash equivalents, beginning of the period	26.3	16.0
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 92.3</b>	<b>\$ 52.4</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, 2021	\$ 546.2	\$ 212.5	\$ 15.7	\$ 90.3	\$ 864.7
Payment of dividends	-	(23.7)	-	-	(23.7)
Net earnings for the period	-	80.6	-	-	80.6
Other comprehensive income for the period	-	-	-	10.1	10.1
Transfer of net actuarial gains on defined benefit plans	-	16.5	-	(16.5)	-
<b>Balance, March 31, 2021</b>	<b>\$ 546.2</b>	<b>\$ 285.9</b>	<b>\$ 15.7</b>	<b>\$ 83.9</b>	<b>\$ 931.7</b>

<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