



RUSSEL METALS ANNOUNCES 2020 SECOND QUARTER RESULTS

FOR IMMEDIATE RELEASE

TORONTO, CANADA -- August 6, 2020 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended June 30, 2020.

**Revenues of \$588 Million and EBITDA of \$32 Million
Liquidity of \$478 Million and Net Debt to Invested Capital 28%**

	Three Months Ended			Six Months Ended	
	Jun 30 2020	Jun 30 2019	Mar 31 2020	Jun 30 2020	Jun 30 2019
Revenues	\$ 588	\$ 937	\$ 815	\$ 1,403	\$ 1,969
EBITDA ¹	32	65	36	67	137
EBIT ¹	16	51	20	36	109
Net Income	5	31	11	15	65
Earnings per share	0.07	0.50	0.17	0.24	1.05
Free Cash Flow per share ¹	0.25	0.71	0.41	0.66	1.65
Cash from Operations	116	50	68	184	44
Shareholders' Equity	931	980	980	931	980
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.

¹ EBITDA, EBIT and Free Cash Flow per share are non-GAAP measures. EBITDA represent earnings before interest, income taxes and depreciation. EBIT represents earnings before interest, and income 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 second quarter we generated net income of \$5 million or \$0.07 per share on revenues of \$588 million. These results compare to net income of \$31 million or \$0.50 per share on revenues of \$937 million in the 2019 second quarter.

During the 2020 second quarter, we generated \$116 million in cash from operations, as our business realized the benefits of continued strong cash flows from working capital reductions. At June 30, 2020, our liquidity remained strong with cash on hand and availability from the undrawn portion of our committed credit facility of \$478 million.

Mr. John G. Reid, President and CEO, commented, "During the second quarter, the pandemic along with low energy prices created intense business conditions. Demand at our service center and distribution operations appeared to bottom out in April followed by a modest, yet steady, increase throughout the balance of the quarter. I want to commend our service centers for their performance as the segment generated higher earnings from operations in the 2020 second quarter than the comparable period last year. In addition, the service center segment continued to gain market share when compared to the Metal Service Center Institute's statistics."

Mr. Reid continued, "Our Canadian energy operations were affected by the particularly lengthy spring break up due to abnormally wet conditions. Our U.S. energy operations were adversely affected by the continued rig count decline. To date in the third quarter, the Canadian energy sector is experiencing some increases in rig counts. The countercyclical nature of our cash flows continued to generate significant cash with

reductions in working capital generating cash of \$95 million which supports our dividend. I also want to commend all of our employees for their continued efforts in adhering to our safety protocols in response to the pandemic as we remain committed to putting the health and safety of our employee group first and foremost."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable September 15, 2020 to shareholders of record as of August 27, 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.

Metals Service Centers

Revenues in our metals service centers decreased 30% to \$373 million for the quarter compared to \$535 million in the same quarter in 2019. The average selling price declined 14% over the second quarter of 2019 and was consistent with the 2020 first quarter. Tons shipped were approximately 19% lower than the 2019 second quarter and 14% lower than the 2020 first quarter. Due to the pandemic most jurisdictions where we operate had restrictions for non-essential businesses which resulted in certain customer plant closures. Gross margins as a percentage of revenues for the 2020 second quarter were 20.9% compared to 18.7% in the same period of 2019 and 21.3% in the first quarter of 2020. Operating profits were \$25 million compared to \$23 million in the 2019 second quarter and \$18 million in the first quarter of 2020, as expense reductions and government wage support programs offset the reduction in gross margin dollars.

Energy Products

Revenues in our energy products segment decreased 50% to \$149 million compared to \$298 million in the 2019 second quarter. Historically low North American rig counts, and the wet Western Canadian spring impacted demand. Gross margins as a percentage of revenues of 15.4% were lower than the comparative 19.5% for the 2019 second quarter. An inventory valuation provision of \$5 million was included in the 2020 second quarter results primarily due to our line pipe and OCTG operations. Operating losses were \$4 million in the energy products segment compared to operating profits of \$24 million in the second quarter of 2019 with our Comco Pipe and field store operations collectively generated operating income of \$4 million in the quarter.

Steel Distributors

Second quarter revenues in our steel distributors segment decreased by 36% to \$64 million compared to \$100 million in the 2019 second quarter due to lower demand and steel prices. Gross margins as a percentage of revenues for the 2020 second quarter were 10.3% compared to 13.5% in the same period 2019. Operating profits of \$2 million for the quarter compared to \$7 million in the 2019 second quarter.

The Company will be holding an Investor Conference Call on Friday, August 7, 2020 at 9:00 a.m. ET to review its 2020 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, Friday, August 21, 2020. You will be required to enter pass code 164828# 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 metals distribution 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.

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.

For further information, contact:

Martin L. Juravsky
Executive Vice President and
Chief Financial Officer
Russel Metals Inc.
(905) 819-7361
E-mail: info@russelmetals.com
Website: www.russelmetals.com

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Revenues	\$ 588.1	\$ 936.7	\$ 1,402.8	\$ 1,969.3
Cost of materials	478.0	761.0	1,140.3	1,603.1
Employee expense	55.7	76.7	123.6	156.1
Other operating expenses	38.3	48.1	99.2	101.0
Asset impairment	-	-	3.7	-
Earnings before interest and provision for income taxes	16.1	50.9	36.0	109.1
Interest expense	9.2	9.9	18.6	21.0
Earnings before provision for income taxes	6.9	41.0	17.4	88.1
Provision for income taxes	2.3	10.2	2.3	23.0
Net earnings for the period	\$ 4.6	\$ 30.8	\$ 15.1	\$ 65.1
Basic earnings per common share	\$ 0.07	\$ 0.50	\$ 0.24	\$ 1.05
Diluted earnings per common share	\$ 0.07	\$ 0.50	\$ 0.24	\$ 1.05

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Net earnings for the period	\$ 4.6	\$ 30.8	\$ 15.1	\$ 65.1
Other comprehensive (loss) income				
Items that may be reclassified to earnings				
Unrealized foreign exchange (losses) gains on translation of foreign operations	(23.3)	(12.0)	26.8	(24.0)
Items that may not be reclassified to earnings				
Actuarial losses on pension and similar obligations net of taxes	(6.9)	(2.7)	(8.6)	(2.7)
Other comprehensive (loss) income	(30.2)	(14.7)	18.2	(26.7)
Total comprehensive (loss) income	\$ (25.6)	\$ 16.1	\$ 33.3	\$ 38.4

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	June 30 2020	December 31 2019
ASSETS		
Current		
Cash and cash equivalents	\$ 89.1	\$ 16.0
Accounts receivable	320.5	458.1
Inventories	861.9	883.6
Prepaid and other	14.4	18.1
Income taxes receivable	23.7	18.9
	1,309.6	1,394.7
Property, Plant and Equipment	285.7	288.9
Right-of-Use Assets	86.0	90.1
Deferred Income Tax Assets	3.6	4.8
Pension and Benefits	-	5.4
Financial and Other Assets	4.0	4.0
Goodwill and Intangibles	135.6	137.0
	\$ 1,824.5	\$ 1,924.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 11.3	\$ 62.1
Accounts payable and accrued liabilities	283.1	326.4
Short-term lease obligations	18.2	17.1
Income taxes payable	0.7	0.3
	313.3	405.9
Long-Term Debt	445.4	444.8
Pensions and Benefits	16.6	10.4
Deferred Income Tax Liabilities	14.5	13.2
Long-term Lease Obligations	92.7	94.4
Provisions and Other Non-Current Liabilities	11.0	11.6
	893.5	980.3
Shareholders' Equity		
Common shares	544.0	543.7
Retained earnings	243.7	284.5
Contributed surplus	15.8	15.7
Accumulated other comprehensive income	127.5	100.7
Total Shareholders' Equity	931.0	944.6
Total Liabilities and Shareholders' Equity	\$ 1,824.5	\$ 1,924.9

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Operating activities				
Net earnings for the period	\$ 4.6	\$ 30.8	\$ 15.1	\$ 65.1
Depreciation and amortization	15.4	13.9	31.0	27.6
Provision for income taxes	2.3	10.2	2.3	23.0
Interest expense	9.2	9.9	18.6	21.0
Gain on sale of property, plant and equipment	(0.1)	(0.1)	(0.2)	(0.3)
Asset impairment	-	-	3.7	-
Share-based compensation	0.1	-	0.2	0.1
Difference between pension expense and amount funded	-	(0.4)	-	(0.7)
Debt accretion, amortization and other	0.3	0.3	0.6	0.6
Interest paid, including interest on lease obligations	(11.3)	(11.8)	(18.1)	(20.2)
Cash from operating activities before non-cash working capital	20.5	52.8	53.2	116.2
Changes in non-cash working capital items				
Accounts receivable	150.7	55.1	141.1	31.2
Inventories	34.3	17.4	34.0	32.7
Accounts payable and accrued liabilities	(93.8)	(54.9)	(47.3)	(81.1)
Other	4.0	(3.4)	3.6	(4.6)
Change in non-cash working capital	95.2	14.2	131.4	(21.8)
Income tax paid, net	(0.1)	(17.2)	(0.9)	(50.7)
Cash from operating activities	115.6	49.8	183.7	43.7
Financing activities				
(Decrease) increase in bank indebtedness	(39.4)	(18.7)	(50.8)	7.0
Issue of common shares	-	-	0.2	0.1
Dividends on common shares	(23.7)	(23.6)	(47.3)	(47.2)
Lease obligations	(4.9)	(4.3)	(9.4)	(8.7)
Cash used in financing activities	(68.0)	(46.6)	(107.3)	(48.8)
Investing activities				
Purchase of property, plant and equipment	(5.3)	(8.7)	(12.4)	(13.9)
Proceeds on sale of property, plant and equipment	0.8	0.3	3.3	0.7
Cash used in investing activities	(4.5)	(8.4)	(9.1)	(13.2)
Effect of exchange rates on cash and cash equivalents	(6.4)	(3.6)	5.8	(7.9)
Increase (decrease) in cash and cash equivalents	36.7	(8.8)	73.1	(26.2)
Cash and cash equivalents, beginning of the period	52.4	106.9	16.0	124.3
Cash and cash equivalents, end of the period	\$ 89.1	\$ 98.1	\$ 89.1	\$ 98.1

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	-	(47.3)	-	-	(47.3)
Net earnings for the period	-	15.1	-	-	15.1
Other comprehensive income for the period	-	-	-	18.2	18.2
Recognition of share-based compensation	-	-	0.2	-	0.2
Share options exercised	0.3	-	(0.1)	-	0.2
Transfer of net actuarial losses on defined benefit plans	-	(8.6)	-	8.6	-
Balance, June 30, 2020	\$ 544.0	\$ 243.7	\$ 15.8	\$ 127.5	\$ 931.0

<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	-	(47.2)	-	-	(47.2)
Change in accounting policy	-	(16.1)	-	-	(16.1)
Net earnings for the period	-	65.1	-	-	65.1
Other comprehensive loss for the period	-	-	-	(26.7)	(26.7)
Recognition of share-based compensation	-	-	0.1	-	0.1
Share options exercised	0.1	-	-	-	0.1
Transfer of net actuarial losses on defined benefit plans	-	(2.7)	-	2.7	-
Balance, June 30, 2019	\$ 542.2	\$ 317.7	\$ 15.8	\$ 104.5	\$ 980.2