

## RUSSEL METALS ANNOUNCES 2021 SECOND QUARTER RESULTS

### FOR IMMEDIATE RELEASE

TORONTO, CANADA -- August 5, 2021 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended June 30, 2021.

### Revenues of \$1,068 Million and Record EBITDA of \$178 Million Liquidity of \$514 Million and Net Debt to Invested Capital 10%

|                                 | Three Months Ended |             |             | Six Months Ended |             |
|---------------------------------|--------------------|-------------|-------------|------------------|-------------|
|                                 | Jun 30 2021        | Jun 30 2020 | Mar 31 2021 | Jun 30 2021      | Jun 30 2020 |
| Revenues                        | \$ 1,068           | \$ 588      | \$ 885      | \$ 1,954         | \$ 1,403    |
| EBITDA <sup>1</sup>             | 178                | 32          | 129         | 307              | 67          |
| Adjusted EBITDA <sup>1</sup>    | 178                | 32          | 129         | 307              | 71          |
| Net Income                      | 118                | 5           | 81          | 198              | 15          |
| Earnings per share              | 1.88               | 0.07        | 1.29        | 3.18             | 0.24        |
| Cash from Operating Activities  | 110                | 116         | 96          | 206              | 184         |
| 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.

<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", "Reconciliation of net earnings to Adjusted EBITDA".

Our basic earnings per share of \$1.88 for the quarter ended June 30, 2021 was a record and significantly higher than the \$0.07 per share recorded in the second quarter of 2020 and the \$1.29 recorded in the 2021 first quarter. For the six months ended June 30, 2021, our basic earnings per share of \$3.18 compared to \$0.24 for the same period in 2020. Revenues of \$1.1 billion were higher than the \$588 million experienced in second quarter of 2020. Our gross margins improved to 30.7% compared to 18.7% in the same quarter of 2020 and 28.8% in the 2021 first quarter.

Our EBITDA was \$178 million for the quarter compared to \$32 million in the same quarter of 2020 and \$129 million for the 2021 first quarter. During the 2021 second quarter, EBITDA was reduced by \$8 million related to the mark-to-market of non-cash stock-based compensation due to the increased share price during the quarter as compared to \$2 million for the 2021 first quarter.

Each of our business segments generated a substantial improvement in operating profit as compared to the same quarter of 2020 and the 2021 first quarter. In the 2021 second quarter, our metals service centers segment reported record operating profits and return on net assets, as this segment continued to maximize margin opportunities from the strong market conditions and realize the benefits from our value-added processing initiatives. Our steel distributors segment benefited from improved demand, higher steel prices and low inventories in the supply chain, and reported strong growth in both revenues and operating profit. In our energy products segment, the recovery of oil and natural gas prices and the relatively mild spring break up in Canada led to improved operating profit in what is typically a seasonally slow second quarter.

#### Market Conditions

Steel prices continued to rise in the 2021 second quarter. Metals service centers experienced an increase in selling price per ton of 53% compared to the 2020 second quarter and 19% compared to the 2021 first quarter. Tons shipped in metals service centers increased 25% from the same period in 2020 and 3% compared to the 2021 first quarter. The 2021 second quarter volumes were above the pre-pandemic level due to increased demand. Steel distributors also experienced an increase in demand and selling price per ton due to low inventory levels in the supply chain and product shortages. Demand in the energy products segments continues to recover, albeit at a slow pace.

### *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 our return on capital over the cycle. As of June 30, 2021, inventory at our OCTG and line pipe operations was \$143 million which was a reduction of \$129 million over the past year, including a \$30 million reduction in the second quarter of 2021.

On July 6, 2021, we completed the transaction whereby we combined our Canadian OCTG and 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 approximately \$110 million, primarily comprised of inventories less accounts payable. As consideration, we received: (i) cash of \$78 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 accounts receivable of approximately \$32 million. In total, the transaction will result in a near term cash realization of approximately \$110 million.

Our remaining OCTG and line pipe businesses are in the U.S., where we continue to liquidate the remaining inventory, which totaled approximately \$23 million at June 30, 2021 compared to \$40 million at March 31, 2021.

### *Liquidity and Capital Structure Improvements*

During the 2021 second quarter, we generated \$110 million of cash from operating activities and ended the quarter with total available liquidity of \$514 million.

The improvements to our capital structure implemented in late 2020, contributed to an interest expense reduction of \$3 million in the 2021 second quarter compared to the 2020 second quarter. On June 16, 2021, Moody's Investors Service upgraded our corporate credit rating from Ba3 to Ba2.

### **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 June 30 |         | Six Months Ended June 30 |         |
|---|----------------------------|---------|--------------------------|---------|
|   | 2021                       | 2020    | 2021                     | 2020    |
| Net earnings  | \$ 117.8                   | \$ 4.6  | \$ 198.4                 | \$ 15.1 |
| Provision for income taxes  | 39.2                       | 2.3     | 66.7                     | 2.3     |
| Interest, net   | 6.5                        | 9.2     | 12.9                     | 18.6    |
| Asset impairment  | -                          | -       | -                        | 3.7     |
| Earnings before, asset impairment interest and income taxes                             | 163.5                      | 16.1    | 278.0                    | 39.7    |
| Depreciation and amortization   | 14.3                       | 15.4    | 28.8                     | 31.0    |
| Earnings before interest, asset impairment, income taxes, depreciation and amortization | \$ 177.8                   | \$ 31.5 | \$ 306.8                 | \$ 70.7 |

### *Declaration of Quarterly Dividends*

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable September 15, 2021 to shareholders of record as of August 26, 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*

Overall demand remains solid with strong backlogs, limited inventory in the supply chain and extended lead times expected to continue over the near term. The positive momentum of steel prices continues into the 2021 third quarter, however, gross margins are expected to moderate due to the rising cost of inventory. For metals service centers and steel distributors there is typically a seasonal slowdown in July and August due to a reduction in the number of operating days, but overall demand is expected to remain steady. Energy products continues to recover, consistent with rising energy demand.

The Company will be holding an Investor Conference Call on Friday, August 6, 2021 at 9:00 a.m. ET to review its 2021 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 20, 2021. You will be required to enter pass code 418427# 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; 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](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> | Three Months Ended June 30 |          | Six Months Ended June 30 |            |
|---|----------------------------|----------|--------------------------|------------|
|   | 2021                       | 2020     | 2021                     | 2020       |
| <b>Revenues</b>   | \$ 1,068.2                 | \$ 588.1 | \$ 1,953.6               | \$ 1,402.8 |
| Cost of materials   | 740.3                      | 478.0    | 1,370.6                  | 1,140.3    |
| Employee expenses   | 103.1                      | 55.7     | 187.7                    | 123.6      |
| Other operating expenses  | 61.3                       | 38.3     | 117.3                    | 99.2       |
| Asset impairment  | -                          | -        | -                        | 3.7        |
| <b>Earnings before interest and provision for income taxes</b>  | 163.5                      | 16.1     | 278.0                    | 36.0       |
| Interest expense  | 6.5                        | 9.2      | 12.9                     | 18.6       |
| <b>Earnings before provision for income taxes</b>               | 157.0                      | 6.9      | 265.1                    | 17.4       |
| Provision for income taxes                                      | 39.2                       | 2.3      | 66.7                     | 2.3        |
| Net earnings for the period                                     | \$ 117.8                   | \$ 4.6   | \$ 198.4                 | \$ 15.1    |
| <b>Basic earnings per common share</b>                          | \$ 1.88                    | \$ 0.07  | \$ 3.18                  | \$ 0.24    |
| <b>Diluted earnings per common share</b>                        | \$ 1.88                    | \$ 0.07  | \$ 3.18                  | \$ 0.24    |

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

| <i>(in millions of Canadian dollars)</i>  | Three Months Ended June 30 |           | Six Months Ended June 30 |         |
|---|----------------------------|-----------|--------------------------|---------|
|   | 2021                       | 2020      | 2021                     | 2020    |
| <b>Net earnings for the period</b>  | \$ 117.8                   | \$ 4.6    | \$ 198.4                 | \$ 15.1 |
| Other comprehensive (loss) income   |                            |           |                          |         |
| <b>Items that may be reclassified to earnings</b>                               |                            |           |                          |         |
| Unrealized foreign exchange (losses) gains on translation of foreign operations | (7.4)                      | (23.3)    | (13.8)                   | 26.8    |
| <b>Items that may not be reclassified to earnings</b>                           |                            |           |                          |         |
| Actuarial gains (losses) on pension and similar obligations, net of taxes       | 1.6                        | (6.9)     | 18.1                     | (8.6)   |
| Other comprehensive (loss) income   | (5.8)                      | (30.2)    | 4.3                      | 18.2    |
| <b>Total comprehensive income (loss)</b>  | \$ 112.0                   | \$ (25.6) | \$ 202.7                 | \$ 33.3 |

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

| <i>(in millions of Canadian dollars)</i>            | June 30<br>2021 | December 31<br>2020 |
|---|-----------------|---------------------|
| <b>ASSETS</b>                                       |                 |                     |
| <b>Current</b>                                      |                 |                     |
| Cash and cash equivalents                           | \$ 175.2        | \$ 26.3             |
| Accounts receivable                                 | 529.5           | 344.0               |
| Inventories   | 772.7           | 716.4               |
| Prepaid and other                                   | 18.0            | 13.6                |
| Income taxes receivable                             | 10.0            | 19.8                |
|   | 1,505.4         | 1,120.1             |
| <b>Property, Plant and Equipment</b>                | 263.6           | 269.5               |
| <b>Right-of-Use Assets</b>                          | 85.8            | 81.4                |
| <b>Deferred Income Tax Assets</b>                   | 3.2             | 5.9                 |
| <b>Pension and Benefits</b>                         | 21.6            | 5.1                 |
| <b>Financial and Other Assets</b>                   | 4.3             | 4.7                 |
| <b>Goodwill and Intangibles</b>                     | 104.0           | 109.6               |
|   | \$ 1,987.9      | \$ 1,596.3          |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>         |                 |                     |
| <b>Current</b>                                      |                 |                     |
| Accounts payable and accrued liabilities            | \$ 489.4        | \$ 294.6            |
| Short-term lease obligations                        | 15.7            | 16.9                |
| Income taxes payable                                | 33.6            | 3.7                 |
|   | 538.7           | 315.2               |
| <b>Long-Term Debt</b>                               | 294.2           | 293.7               |
| <b>Pensions and Benefits</b>                        | 5.6             | 13.0                |
| <b>Deferred Income Tax Liabilities</b>              | 10.1            | 9.5                 |
| <b>Long-term Lease Obligations</b>                  | 94.5            | 88.8                |
| <b>Provisions and Other Non-Current Liabilities</b> | 15.4            | 11.4                |
|   | 958.5           | 731.6               |
| <b>Shareholders' Equity</b>                         |                 |                     |
| Common shares                                       | 557.3           | 546.2               |
| Retained earnings                                   | 381.5           | 212.5               |
| Contributed surplus                                 | 14.1            | 15.7                |
| Accumulated other comprehensive income              | 76.5            | 90.3                |
| <b>Total Shareholders' Equity</b>                   | 1,029.4         | 864.7               |
| <b>Total Liabilities and Shareholders' Equity</b>   | \$ 1,987.9      | \$ 1,596.3          |

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

| <i>(in millions of Canadian dollars)</i>                       | Three Months Ended June 30 |                | Six Months Ended June 30 |                |
|--|----------------------------|----------------|--------------------------|----------------|
|  | 2021                       | 2020           | 2021                     | 2020           |
| <b>Operating activities</b>                                    |                            |                |                          |                |
| Net earnings for the period                                    | \$ 117.8                   | \$ 4.6         | \$ 198.4                 | \$ 15.1        |
| Depreciation and amortization                                  | 14.3                       | 15.4           | 28.8                     | 31.0           |
| Provision for income taxes                                     | 39.2                       | 2.3            | 66.7                     | 2.3            |
| Interest expense   | 6.5                        | 9.2            | 12.9                     | 18.6           |
| Gain on sale of property, plant and equipment                  | (0.1)                      | (0.1)          | (0.3)                    | (0.2)          |
| Asset impairment   | -                          | -              | -                        | 3.7            |
| Share-based compensation                                       | 0.1                        | 0.1            | 0.1                      | 0.2            |
| Difference between pension expense and amount funded           | 0.3                        | -              | 0.6                      | -              |
| Debt accretion, amortization and other                         | 0.2                        | 0.3            | 0.5                      | 0.6            |
| Interest paid, including interest on lease obligations         | (6.3)                      | (11.3)         | (12.6)                   | (18.1)         |
| Cash from operating activities before non-cash working capital | 172.0                      | 20.5           | 295.1                    | 53.2           |
| <b>Changes in non-cash working capital items</b>               |                            |                |                          |                |
| Accounts receivable  | (61.5)                     | 150.7          | (189.2)                  | 141.1          |
| Inventories  | (56.5)                     | 34.3           | (67.3)                   | 34.0           |
| Accounts payable and accrued liabilities                       | 77.5                       | (93.8)         | 202.1                    | (47.3)         |
| Other  | (1.6)                      | 4.0            | (4.3)                    | 3.6            |
| Change in non-cash working capital                             | (42.1)                     | 95.2           | (58.7)                   | 131.4          |
| Income tax paid, net   | (20.2)                     | (0.1)          | (30.7)                   | (0.9)          |
| <b>Cash from operating activities</b>                          | <b>109.7</b>               | <b>115.6</b>   | <b>205.7</b>             | <b>183.7</b>   |
| <b>Financing activities</b>                                    |                            |                |                          |                |
| Decrease in bank indebtedness                                  | -                          | (39.4)         | -                        | (50.8)         |
| Issue of common shares   | 9.4                        | -              | 9.4                      | 0.2            |
| Dividends on common shares                                     | (23.8)                     | (23.7)         | (47.5)                   | (47.3)         |
| Lease obligations  | (4.0)                      | (4.9)          | (7.9)                    | (9.4)          |
| <b>Cash used in financing activities</b>                       | <b>(18.4)</b>              | <b>(68.0)</b>  | <b>(46.0)</b>            | <b>(107.3)</b> |
| <b>Investing activities</b>                                    |                            |                |                          |                |
| Purchase of property, plant and equipment                      | (6.8)                      | (5.3)          | (12.7)                   | (12.4)         |
| Proceeds on sale of property, plant and equipment              | 0.1                        | 0.8            | 0.5                      | 3.3            |
| <b>Cash used in investing activities</b>                       | <b>(6.7)</b>               | <b>(4.5)</b>   | <b>(12.2)</b>            | <b>(9.1)</b>   |
| <b>Effect of exchange rates on cash and cash equivalents</b>   | <b>(1.7)</b>               | <b>(6.4)</b>   | <b>1.4</b>               | <b>5.8</b>     |
| <b>Increase in cash and cash equivalents</b>                   | <b>82.9</b>                | <b>36.7</b>    | <b>148.9</b>             | <b>73.1</b>    |
| Cash and cash equivalents, beginning of the period             | 92.3                       | 52.4           | 26.3                     | 16.0           |
| <b>Cash and cash equivalents, end of the period</b>            | <b>\$ 175.2</b>            | <b>\$ 89.1</b> | <b>\$ 175.2</b>          | <b>\$ 89.1</b> |

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

| <i>(in millions of Canadian dollars)</i>                 | Common<br>Shares | Retained<br>Earnings | Contributed<br>Surplus | Accumulated<br>Other<br>Comprehensive<br>Income | Total             |
|--|------------------|----------------------|------------------------|---|-------------------|
| Balance, January 1, 2021                                 | \$ 546.2         | \$ 212.5             | \$ 15.7                | \$ 90.3   | \$ 864.7          |
| Payment of dividends                                     | -                | (47.5)               | -                      | -   | (47.5)            |
| Net earnings for the period                              | -                | 198.4                | -                      | -   | 198.4             |
| Other comprehensive income for the period                | -                | -                    | -                      | 4.3   | 4.3               |
| Recognition of share-based compensation                  | -                | -                    | 0.1                    | -   | 0.1               |
| Share options exercised                                  | 11.1             | -                    | (1.7)                  | -   | 9.4               |
| Transfer of net actuarial gains on defined benefit plans | -                | 18.1                 | -                      | (18.1)  | -                 |
| <b>Balance, June 30, 2021</b>                            | <b>\$ 557.3</b>  | <b>\$ 381.5</b>      | <b>\$ 14.1</b>         | <b>\$ 76.5</b>                                  | <b>\$ 1,029.4</b> |

| <i>(in millions of Canadian dollars)</i>                  | Common<br>Shares | Retained<br>Earnings | Contributed<br>Surplus | Accumulated<br>Other<br>Comprehensive<br>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   | -               |
| <b>Balance, June 30, 2020</b>                             | <b>\$ 544.0</b>  | <b>\$ 243.7</b>      | <b>\$ 15.8</b>         | <b>\$ 127.5</b>                                 | <b>\$ 931.0</b> |