



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES THIRD QUARTERLY RESULTS

TORONTO, CANADA – November 6, 2019 -- Russel Metals Inc. (RUS - TSX) announces financial results for the third quarter ended September 30, 2019.

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Revenues	\$ 869	\$ 1,140	\$ 2,839	\$ 3,050
EBIT ¹	\$ 35	\$ 102	\$ 144	\$ 260
Net Income	\$ 18	\$ 68	\$ 83	\$ 173
Earnings per Share	\$ 0.29	\$ 1.10	\$ 1.34	\$ 2.79
Free Cash Flow per share ¹	\$ 0.51	\$ 1.49	\$ 2.16	\$ 3.86
Dividends paid per share	\$ 0.38	\$ 0.38	\$ 1.14	\$ 1.14

All amounts are reported in millions of Canadian dollars except per share figures, which are in Canadian dollars

¹ EBIT and Free Cash Flow per share are non-GAAP measures. 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.

For the 2019 third quarter, we generated net income of \$18 million or \$0.29 per share on revenues of \$0.9 billion compared to net income of \$68 million or \$1.10 per share on revenues of \$1.1 billion in the third quarter of 2018. In the second quarter of 2019 we reported revenues of \$0.9 billion and net income of \$31 million.

Revenues in our metals service centers decreased 15% to \$474 million for the quarter compared to the same period in 2018. Same store tons shipped in the third quarter of 2019 were approximately 5% lower than the third quarter of 2018. The average selling price was 11% lower than the 2018 third quarter. Gross margins were 18.5% compared to 24.3% in the third quarter of 2018 and 18.7% in the 2019 second quarter. Gross margins as a percentage of revenues in the third quarter of 2019 were lower than 2018 due to declining steel prices and competitive pricing pressure caused by softening demand. Operating profits of \$16 million compared to \$55 million reported in the same quarter in 2018.

Revenues in our energy products segment in the 2019 third quarter decreased 36% to \$298 million compared to \$463 million in the 2018 third quarter due to reduced year-over-year North American rig counts and a large line pipe shipment included in our 2018 revenues not replicated in 2019. Gross margins as a

percentage of revenues were 16.7% compared to 17.3% for the 2018 third quarter reflecting margin pressure in OCTG and line pipe products. This segment had lower operating profits of \$18 million compared to \$40 million in the same quarter last year due to decreased volumes and margins.

Revenues in our steel distributors segment in the 2019 third quarter decreased by 18% to \$94 million compared to \$114 million in the 2018 third quarter. Gross margins as a percentage of revenues were 10.9% compared to 18.6% as margins returned to more traditional levels. Operating profits were \$3 million compared to \$10 million in the 2018 third quarter.

Our revenues for the nine months ended September 30, 2019 were \$2.8 billion down 7% from \$3.0 billion for the same period in 2018 due to reduced selling prices and softening demand in the third quarter. Our 2019 year to date earnings of \$83 million or \$1.34 per share compares to \$173 million or \$2.79 per share for the same period in 2018.

Mr. John G. Reid, President and CEO, commented, "The cyclical nature of our business was evident this quarter with all three business segments experiencing challenging conditions. Hot rolled coil pricing is currently at levels last experienced in 2016. Our operations are adept at managing working capital and overhead throughout the business cycle which resulted in cash flow generated from operations in excess of \$100 million during the period ended September 30, 2019."

Mr. Reid continued, "We expanded our presence in the energy field store market with the acquisition of City Pipe & Supply Corp. and we continued to increase our value-added processing capabilities in our metals service center operations. City Pipe strengthens our footprint in the Permian Basin and dovetails nicely with our existing operations in Oklahoma, Texas and North Dakota through our Apex Remington energy field stores. We are pleased to welcome Brett Lossin and his entire City Pipe team."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable December 16, 2019 to shareholders of record as of November 26, 2019.

The Company will be holding an Investor Conference Call on Thursday, November 7, 2019 at 9:00 a.m. ET to review its 2019 third 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, Thursday, November 21, 2019. You will be required to enter pass code 712171 in order 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 Loubier, Alberta Industrial Metals, Apex Distribution, Apex Monarch, Apex Remington, Apex Western Fiberglass, Arrow Steel Processors, B&T Steel, Baldwin International, City Pipe & Supply, Color Steels, Comco Pipe and Supply, DuBose Steel, Fedmet Tubulars, JMS Russel Metals, Leroux Steel, McCabe Steel, Mégantic Métal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec, Norton Metals, 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 and the industries that purchase our products; decreased capital and other expenditures in the energy industry; product claims from customers; significant competition that could reduce our market share; the interruption in sources of metals supply; manufacturers selling directly to our customer base; material substitution; credit risk of our customers; lack of credit availability; change in our credit ratings; currency exchange risk; restrictive debt covenants; non-cash asset impairments; the unexpected loss of key individuals; decentralized operating structure; the availability of future acquisitions and their integration; the failure of our key computer-based systems, including our enterprise resource and planning systems, failure to renegotiate any of our collective agreements and work stoppages; litigious business environment; environmental liabilities; environmental concerns or changes in government regulations; legislation on carbon emissions; workplace health and safety laws and regulations; significant changes in laws and governmental regulations; fluctuation of our common share price; dilution; and variability of dividends.

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 September 30		Nine months ended September 30	
	2019	2018	2019	2018
Revenues	\$ 869.2	\$ 1,140.1	\$ 2,838.5	\$ 3,049.6
Cost of materials	717.4	899.2	2,320.5	2,375.2
Employee expenses	69.5	89.5	225.6	255.0
Other operating expenses	47.4	49.8	148.4	156.6
Asset impairment	-	-	-	3.3
Earnings before interest, finance expense and provision for income taxes	34.9	101.6	144.0	259.5
Interest expense	10.0	8.6	31.0	23.2
Other finance expense	-	-	-	1.2
Earnings before provision for income taxes	24.9	93.0	113.0	235.1
Provision for income taxes	6.8	24.8	29.8	62.3
Net earnings for the period	\$ 18.1	\$ 68.2	\$ 83.2	\$ 172.8
Basic earnings per common share	\$ 0.29	\$ 1.10	\$ 1.34	\$ 2.79
Diluted earnings per common share	\$ 0.29	\$ 1.09	\$ 1.34	\$ 2.78

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

<i>(in millions of Canadian dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Net earnings for the period	\$ 18.1	\$ 68.2	\$ 83.2	\$ 172.8
Other comprehensive income (loss)				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	6.8	(9.3)	(17.2)	15.1
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations net of taxes	0.7	4.3	(2.0)	9.5
Other comprehensive income (loss)	7.5	(5.0)	(19.2)	24.6
Total comprehensive income	\$ 25.6	\$ 63.2	\$ 64.0	\$ 197.4

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	September 30 2019	December 31 2018
ASSETS		
Current		
Cash and cash equivalents	\$ 128.6	\$ 124.3
Accounts receivable	505.0	567.5
Inventories	964.3	1,052.5
Prepaid expenses and other	15.0	14.1
Income taxes receivable	15.1	5.2
	1,628.0	1,763.6
Property, Plant and Equipment	265.9	268.9
Right-of-Use Assets	88.9	-
Deferred Income Tax Assets	3.6	4.2
Pension and Benefits	3.4	-
Financial and Other Assets	3.8	4.4
Goodwill and Intangibles	81.3	86.2
	\$ 2,074.9	\$ 2,127.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 135.3	\$ 128.5
Accounts payable and accrued liabilities	364.1	494.7
Short-term lease obligations	16.0	-
Income taxes payable	0.3	21.5
	515.7	644.7
Long-Term Debt	444.4	443.6
Pensions and Benefits	11.1	5.8
Deferred Income Tax Liabilities	13.4	20.1
Long-term Lease Obligations	94.5	-
Provisions and Other Non-Current Liabilities	12.3	8.2
	1,091.4	1,122.4
Shareholders' Equity		
Common shares	543.7	542.1
Retained earnings	312.9	318.6
Contributed surplus	15.6	15.7
Accumulated other comprehensive income	111.3	128.5
Total Shareholders' Equity	983.5	1,004.9
Total Liabilities and Shareholders' Equity	\$ 2,074.9	\$ 2,127.3

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Operating activities				
Net earnings for the period	\$ 18.1	\$ 68.2	\$ 83.2	\$ 172.8
Depreciation and amortization	9.6	9.0	28.7	26.1
Depreciation and amortization, right-of-use assets	4.2	-	12.7	-
Provision for income taxes	6.8	24.8	29.8	62.3
Interest expense	10.0	8.6	31.0	23.2
(Gain) loss on sale of property, plant and equipment	(0.1)	(0.1)	(0.4)	2.9
Share-based compensation	0.1	0.2	0.2	0.4
Difference between pension expense and amount funded	-	(0.5)	(0.7)	(1.3)
Debt accretion, amortization and other	0.3	0.3	0.9	0.8
Change in fair value of contingent consideration	-	-	-	1.2
Interest paid, including interest on lease obligations	(7.3)	(6.3)	(27.5)	(17.7)
Cash from operating activities before non-cash working capital	41.7	104.2	157.9	270.7
Changes in non-cash working capital items				
Accounts receivable	27.7	(106.8)	58.9	(200.5)
Inventories	47.2	(25.1)	79.9	(187.1)
Accounts payable and accrued liabilities	(45.4)	4.0	(126.5)	153.7
Other	3.7	0.9	(0.9)	4.0
Change in non-cash working capital	33.2	(127.0)	11.4	(229.9)
Income tax paid, net	(10.0)	(18.1)	(60.7)	(64.2)
Cash from (used in) operating activities	64.9	(40.9)	108.6	(23.4)
Financing activities				
(Decrease) increase in bank indebtedness	(0.2)	34.6	6.8	(40.7)
Issue of common shares	1.2	0.2	1.3	4.4
Dividends on common shares	(23.6)	(23.6)	(70.8)	(70.7)
Issuance of long-term debt	-	-	-	146.0
Lease obligations	(4.2)	-	(12.9)	-
Deferred financing costs	-	-	-	(1.1)
Cash (used in) from financing activities	(26.8)	11.2	(75.6)	37.9
Investing activities				
Purchase of property, plant and equipment	(9.7)	(11.7)	(23.6)	(31.2)
Proceeds on sale of property, plant and equipment	0.2	0.5	0.9	1.4
Payment of contingent consideration	-	-	-	(4.5)
Purchase of business	-	-	-	(36.8)
Cash used in investing activities	(9.5)	(11.2)	(22.7)	(71.1)
Effect of exchange rates on cash and cash equivalents	1.9	(3.0)	(6.0)	4.1
Increase (decrease) in cash and cash equivalents	30.5	(43.9)	4.3	(52.5)
Cash and cash equivalents, beginning of the period	98.1	117.2	124.3	125.8
Cash and cash equivalents, end of the period	\$ 128.6	\$ 73.3	\$ 128.6	\$ 73.3

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, 2019	\$ 542.1	\$ 318.6	\$ 15.7	\$ 128.5	\$ 1,004.9
Payment of dividends	-	(70.8)	-	-	(70.8)
Change in accounting policy	-	(16.1)	-	-	(16.1)
Net earnings for the period	-	83.2	-	-	83.2
Other comprehensive loss for the period	-	-	-	(19.2)	(19.2)
Recognition of share-based compensation	-	-	0.2	-	0.2
Share options exercised	1.6	-	(0.3)	-	1.3
Transfer of net actuarial losses on defined benefit plans	-	(2.0)	-	2.0	-
Balance, September 30, 2019	\$ 543.7	\$ 312.9	\$ 15.6	\$ 111.3	\$ 983.5

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2018	\$ 536.6	\$ 190.5	\$ 16.0	\$ 83.7	\$ 826.8
Payment of dividends	-	(70.7)	-	-	(70.7)
Net earnings for the period	-	172.8	-	-	172.8
Other comprehensive income for the period	-	-	-	24.6	24.6
Recognition of share-based compensation	-	-	0.4	-	0.4
Share options exercised	5.2	-	(0.8)	-	4.4
Transfer of net actuarial gains on defined benefit plans	-	9.5	-	(9.5)	-
Balance, September 30, 2018	\$ 541.8	\$ 302.1	\$ 15.6	\$ 98.8	\$ 958.3