

RUSSEL METALS ANNOUNCES 2020 ANNUAL & FOURTH QUARTER RESULTS

FOR IMMEDIATE RELEASE

TORONTO, CANADA -- February 10, 2021 -- Russel Metals Inc. (RUS - TSX) announces financial results for the fourth quarter and the year ended December 31, 2020.

Annual Revenues of \$2.7 Billion and Adjusted EBITDA of \$159 Million Liquidity of \$406 Million and Net Debt to Invested Capital of 24%

	Three Months Ended			Year Ended	
	Dec 31 2020	Dec 31 2019	Sep 30 2020	Dec 31 2020	Dec 31 2019
Revenues	\$ 671	\$ 837	\$ 615	\$ 2,688	\$ 3,676
EBITDA ¹	11	18	47	125	203
Adjusted EBITDA ¹	41	18	47	159	203
Net Income (Loss)	(9)	(7)	18	25	77
Earnings (Loss) per share	(0.14)	(0.11)	0.29	0.39	1.23
Cash from Operations	106	141	81	371	250
Dividends Paid per common share	0.38	0.38	0.38	1.52	1.52

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

¹ 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 net earnings for the year ended December 31, 2020, were \$25 million or \$0.39 per share compared to net earnings of \$77 million or \$1.23 per share for 2019. Our adjusted net earnings (excluding the after-tax impact of non-cash asset impairment charges of \$26 million related to our U.S. energy operations) for the year ended December 31, 2020 were \$50 million or \$0.81 per share. Revenues for the year ended December 31, 2020 were \$2.7 billion compared to \$3.7 billion in 2019. Adjusted EBITDA was \$159 million compared to \$203 million in 2019.

In the 2020 fourth quarter, our revenues, Adjusted EBITDA and adjusted earnings per share were \$671 million, \$41 million and \$0.22 per share, respectively. Revenues during the quarter benefited from multiple steel price increases and stronger seasonal demand in the metals service centers and steel distributors segments. During the 2020 fourth quarter, items of note that negatively impacted Adjusted EBITDA included a net increase in our inventory valuation reserves of \$3 million related to our line pipe/OCTG operations and non-cash stock-based compensation expense of \$4 million due to our improved share price. During the 2020 fourth quarter, we recognized \$8 million in federal government wage subsidies, as compared to \$20 million in the 2020 third quarter.

Mr. John G. Reid, President and CEO, commented, "The global pandemic created a new working environment causing us to adapt our operations as an essential industry and develop new health and safety protocols for our employees and other stakeholders. I want to commend the teams in our service center and distribution operations for their tremendous efforts in successfully navigating 2020 as we emerged a stronger company. Our metals service centers and distribution operations experienced improving demand and multiple price increases in the fourth quarter which provides a springboard going into 2021."

Mr. Reid continued, "Oil prices and rig counts continued to modestly improve in the 2020 fourth quarter. Steel price increases have recently been reflected in rising energy product prices as the supply chain continues to rebalance. During the fourth quarter we continued our strategy to redeploy capital from our OCTG and line pipe energy operations and 2021 offers further opportunities to advance this initiative."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable March 15, 2021 to shareholders of record as of February 26, 2021. We will continue our practice of prudently reviewing our dividend to ensure it is supported by a strong balance sheet and cash flows.

Market Conditions

The global pandemic created extraordinary market volatility in 2020, from a severe deterioration of activity in the second quarter to gradual improvement through the third quarter and a stronger pick-up towards the end of the fourth quarter in metals service centers and steel distributors. Our operations were deemed essential and remained open throughout 2020. In the 2020 fourth quarter, rapid increases in raw material pricing, improved demand and low inventory levels throughout the supply chain drove a substantial increase in steel prices.

Business Optimization

During 2020, we implemented a number of our value-added processing initiatives in several of our regions. On December 30, 2020, we acquired Sanborn Tube Sales of Wisconsin, Inc. ("Sanborn"), a leader in value-added manufacturing, for US\$13 million. Sanborn operates three tube lasers from its facility located in Pewaukee, Wisconsin and will complement our existing locations in that region. During 2020, we expanded our Trenton, Georgia facility which now includes a bar storage facility, fiber tube and flat lasers. The rationalization of our B.C. region was completed through the closure and sale of the real estate related to our Kelowna and Kitimat service centers. The sale of these two facilities resulted in proceeds of \$10 million and a gain on sale of \$6 million which was recorded in the 2020 third quarter.

In our energy products segment, we furthered our objective of reducing capital employed in our line pipe/OCTG operations. During the year, we completed the merger of our two Canadian line pipe/OCTG operations and advanced the orderly liquidation of our U.S. line pipe/OCTG operations. As a result, we reduced our line pipe/OCTG inventory by \$73 million for the year, including \$34 million in the 2020 fourth quarter. In our field stores, we rationalized six Elite Supply Partners locations.

Liquidity and Capital Structure Improvements

During 2020, we generated \$371 million of cash from operating activities and ended the year with total liquidity of \$406 million.

During September 2020, we updated and improved our credit facility to provide additional borrowing base flexibility and extended its maturity. In October 2020, we issued \$150 million 5 ¾% senior unsecured notes due October 2025. In November 2020, we redeemed our \$300 million 6% senior unsecured notes due 2022. The combination of these initiatives will reduce our interest expense and extend our debt maturities. During the 2020 fourth quarter, our interest expense included \$1.3 million in deferred financing costs related to the redemption of senior unsecured notes due 2022.

The Company will be holding an Investor Conference Call on Thursday, February 11, 2021 at 9:00 a.m. ET to review its 2020 fourth 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, February 25, 2021. You will be required to enter pass code 972349# 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 metals service centers operations carry 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. These operations distribute tubes, flanges, valves, fittings, oil country tubular goods ("OCTG") and line pipe through our field stores and OCTG/line pipe operations.

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; 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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CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended December 31		Years ended December 31	
	2020	2019	2020	2019
Revenues	\$ 670.6	\$ 837.4	\$ 2,688.3	\$ 3,675.9
Cost of materials	531.2	715.4	2,169.6	3,035.9
Employee expenses	60.3	70.3	231.3	295.9
Other operating expenses	52.6	49.4	189.0	197.8
Impairment of goodwill and long-lived assets	30.1	-	33.8	-
Earnings before interest and provision for income taxes	(3.6)	2.3	64.6	146.3
Interest expense	9.0	9.9	36.7	40.9
Earnings (loss) before provision for income taxes	(12.6)	(7.6)	27.9	105.4
Provision for (recovery of) income taxes	(3.8)	(1.0)	3.4	28.8
Net earnings (loss) for the period	\$ (8.8)	\$ (6.6)	\$ 24.5	\$ 76.6
Basic earnings (loss) per common share	\$ (0.14)	\$ (0.11)	\$ 0.39	\$ 1.23
Diluted earnings (loss) per common share	\$ (0.14)	\$ (0.11)	\$ 0.39	\$ 1.23

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2020	2019	2020	2019
Net earnings (loss) for the period	\$ (8.8)	\$ (6.6)	\$ 24.5	\$ 76.6
Other comprehensive income (loss)				
Items that may be reclassified to earnings				
Unrealized foreign exchange losses on translation of foreign operations	(25.2)	(10.6)	(10.4)	(27.8)
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations, net of taxes	2.8	1.9	(2.0)	(0.1)
Other comprehensive income (loss)	(22.4)	(8.7)	(12.4)	(27.9)
Total comprehensive income (loss)	\$ (31.2)	\$ (15.3)	\$ 12.1	\$ 48.7

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in millions of Canadian dollars)</i>	December 31 2020	December 31 2019
ASSETS		
Current		
Cash and cash equivalents	\$ 26.3	\$ 16.0
Accounts receivable	344.0	458.1
Inventories	716.4	883.6
Prepays and other	13.6	18.1
Income taxes receivable	19.8	18.9
	1,120.1	1,394.7
Property, Plant and Equipment	269.5	288.9
Right-of-use Assets	81.4	90.1
Deferred Income Tax Assets	5.9	4.8
Pension and Benefits	5.1	5.4
Financial and Other Assets	4.7	4.0
Goodwill and Intangibles	109.6	137.0
	\$ 1,596.3	\$ 1,924.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ -	\$ 62.1
Accounts payable and accrued liabilities	294.6	326.4
Short-term lease obligations	16.9	17.1
Income taxes payable	3.7	0.3
	315.2	405.9
Long-Term Debt	293.7	444.8
Pensions and Benefits	13.0	10.4
Deferred Income Tax Liabilities	9.5	13.2
Long-term Lease Obligations	88.8	94.4
Provisions and Other Non-Current Liabilities	11.4	11.6
	731.6	980.3
Shareholders' Equity		
Common shares	546.2	543.7
Retained earnings	212.5	284.5
Contributed surplus	15.7	15.7
Accumulated other comprehensive income	90.3	100.7
Total Shareholders' Equity	864.7	944.6
Total Liabilities and Shareholders' Equity	\$ 1,596.3	\$ 1,924.9

CONSOLIDATED STATEMENTS OF CASH FLOW

<i>(in millions of Canadian dollars)</i>	Quarters ended		Years ended	
	December 31		December 31	
	2020	2019	2020	2019
Operating activities				
Net earnings (loss) for the period	\$ (8.8)	\$ (6.6)	\$ 24.5	\$ 76.6
Depreciation and amortization	14.6	15.3	60.6	56.7
Provision for (recovery of) income taxes	(3.8)	(1.0)	3.4	28.8
Interest expense	9.0	9.9	36.7	40.9
Impairment of goodwill and long-lived assets	30.1	-	33.8	-
Gain on sale of property, plant and equipment	(0.2)	(0.1)	(6.5)	(0.5)
Share-based compensation	-	0.1	0.3	0.3
Difference between pension expense and amount funded	0.3	(0.2)	0.3	(0.9)
Debt accretion, amortization and other	1.5	0.3	2.5	1.2
Interest paid, including interest on lease obligations	(11.8)	(4.1)	(36.4)	(31.6)
Cash from operating activities before non-cash working capital	30.9	13.6	119.2	171.5
Changes in non-cash working capital items				
Accounts receivable	(7.6)	62.2	114.8	121.1
Inventories	67.6	122.6	169.0	202.5
Accounts payable and accrued liabilities	27.2	(49.2)	(31.3)	(175.7)
Other	(2.1)	(2.9)	4.6	(3.8)
Change in non-cash working capital	85.1	132.7	257.1	144.1
Income tax refund (paid), net	(9.9)	(5.2)	(5.3)	(65.9)
Cash from operating activities	106.1	141.1	371.0	249.7
Financing activities				
Decrease in bank borrowings	-	(73.1)	(62.1)	(66.3)
Issue of common shares	2.0	-	2.2	1.3
Dividends on common shares	(23.6)	(23.7)	(94.5)	(94.5)
Issuance of long-term debt	146.4	-	146.4	-
Repayment of long-term debt	(300.0)	-	(300.0)	-
Deferred financing costs	(0.1)	-	(1.2)	-
Lease obligations	(3.8)	(4.3)	(17.9)	(17.2)
Cash used in financing activities	(179.1)	(101.1)	(327.1)	(176.7)
Investing activities				
Purchase of property, plant and equipment	(6.1)	(11.2)	(24.9)	(34.8)
Proceeds on sale of property, plant and equipment	9.5	0.5	14.4	1.4
Purchase of business	(16.8)	(139.4)	(16.8)	(139.4)
Cash used in investing activities	(13.4)	(150.1)	(27.3)	(172.8)
Effect of exchange rates on cash and cash equivalents	(8.8)	(2.5)	(6.3)	(8.5)
Increase (decrease) in cash and cash equivalents	(95.2)	(112.6)	10.3	(108.3)
Cash and cash equivalents, beginning of the period	121.5	128.6	16.0	124.3
Cash and cash equivalents, end of the year	\$ 26.3	\$ 16.0	\$ 26.3	\$ 16.0

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
<i>(in millions of Canadian dollars)</i>					
Balance, January 1, 2020	\$ 543.7	\$ 284.5	\$ 15.7	\$ 100.7	\$ 944.6
Payment of dividends	-	(94.5)	-	-	(94.5)
Net income for the year	-	24.5	-	-	24.5
Other comprehensive loss for the year	-	-	-	(12.4)	(12.4)
Recognition of share-based compensation	-	-	0.3	-	0.3
Share options exercised	2.5	-	(0.3)	-	2.2
Transfer of net actuarial losses on defined benefit plans	-	(2.0)	-	2.0	-
Balance, December 31, 2020	\$ 546.2	\$ 212.5	\$ 15.7	\$ 90.3	\$ 864.7

	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
<i>(in millions of Canadian dollars)</i>					
Balance, January 1, 2019	\$ 542.1	\$ 318.6	\$ 15.7	\$ 128.5	\$ 1,004.9
Payment of dividends	-	(94.5)	-	-	(94.5)
Change in accounting policy	-	(16.1)	-	-	(16.1)
Net income for the year	-	76.6	-	-	76.6
Other comprehensive loss for the year	-	-	-	(27.9)	(27.9)
Recognition of share-based compensation	-	-	0.3	-	0.3
Share options exercised	1.6	-	(0.3)	-	1.3
Transfer of net actuarial losses on defined benefit plans	-	(0.1)	-	0.1	-
Balance, December 31, 2019	\$ 543.7	\$ 284.5	\$ 15.7	\$ 100.7	\$ 944.6