



**NEWS**

**FOR IMMEDIATE RELEASE**

**RUSSEL METALS ANNOUNCES 2018 ANNUAL AND FOURTH QUARTER RESULTS**

TORONTO, CANADA -- February 7, 2019 -- Russel Metals Inc. (RUS - TSX) announces continued solid financial results for the 2018 fourth quarter and for the year ended December 31, 2018.

	Three Months Ended December 31,		Year Ended December 31	
	2018	2017	2018	2017
Revenues	\$ 1,115	\$ 825	\$ 4,165	\$ 3,296
EBIT <sup>1</sup>	\$ 71	\$ 47	\$ 331	\$ 206
Net Income	\$ 46	\$ 28	\$ 219	\$ 124
Earnings per Share	\$ 0.74	\$ 0.45	\$ 3.53	\$ 2.00
Free Cash Flow <sup>1</sup>	\$ 61	\$ 30	\$ 300	\$ 180
Dividends paid per common share	\$ 0.38	\$ 0.38	\$ 1.52	\$ 1.52
Return on Equity			22%	15%

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

<sup>1</sup> EBIT, Free Cash Flow and Return on Equity are non-GAAP measures. EBIT represents earnings before interest and taxes. Free cash flow represents cash from operating activities before change in working capital less capital expenditures. Return on equity represents net income divided by shareholders' equity at period end.

For the year ended December 31, 2018, we reported stellar results in all three of our operating segments. Net income of \$219 million or \$3.53 per share on revenues of \$4.2 billion was almost \$100 million higher than the comparable 2017 net income of \$124 million or \$2.00 per share on revenue of \$3.3 billion. Net income for the 2018 fourth quarter was \$46 million or \$0.74 per share on revenues of \$1.1 billion. These results compare to the net income of \$28 million or \$0.45 per share in the 2017 fourth quarter.

Revenues in our metals service centers increased 25% to \$524 million for the quarter compared to the same period in 2017 due to increased price per ton. Steel price increases and continued growth in value-added processing resulted in a 28% improvement in the average selling price over the fourth quarter of 2017. Gross margins were 20.9% compared to 19.3% in the fourth quarter of 2017. Operating profits of \$28 million were 80% higher than the \$16 million reported in the same quarter in 2017.

Revenues in our energy products segment increased 44% to \$432 million compared to \$300 million in the 2017 fourth quarter. Revenues increased primarily due to U.S. line pipe projects and higher oil field service store activity. Gross margin as a percentage of revenues was 17.8% consistent with the 2018 third quarter and compared to 21.3% in the same quarter last year due to lower margins on the large U.S. line pipe projects. This segment had operating profits of \$33 million compared to \$28 million in the same quarter last year.

Revenues in our steel distributors segment increased by 50% to \$157 million compared to \$104 million in the 2017 fourth quarter due to higher steel prices and stronger demand. Gross margins as a percentage of revenues were 13.3% compared to 14.9% due to product mix. Operating profits were \$11 million compared to \$8 million in the 2017 fourth quarter.

Mr. John G. Reid, President and CEO, commented, "We are extremely pleased with the excellent results in 2018 and would like to commend all our operations for their tremendous execution during the fourth quarter and throughout the year. Our strong earnings were a result of their ability to utilize local market knowledge to react quickly to the changing environment. In addition, growth in both our value-added processing and our U.S. energy field stores and our distributor's ability to source product through international trade expertise greatly contributed to our outstanding year."

Mr. Reid continued, "Although steel prices are still at healthy levels to date in 2019, they are experiencing some downward pricing pressure. Specifically, flat rolled prices are lower as scrap prices have fallen and import spreads offer attractive opportunities as quotas reset. Plate continues to be the strongest North American product due to strong demand levels. The energy market is seeing a modest pull-back in capital spending due to reduced oil prices. For the first quarter, we expect stable demand with pressure on steel prices."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable March 15, 2019 to shareholders of record as of February 27, 2019.

The Company will be holding an Investor Conference Call on Friday, February 8, 2019 at 9:00 a.m. ET to review its 2018 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, Friday, February 22, 2019. You will be required to enter pass code 140202# 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).

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, Acier Wirth, Alberta Industrial Metals, Apex Distribution, Apex Monarch, Apex Remington, Apex Valve Services, Apex Western Fiberglass, Arrow Steel Processors, B&T Steel, Baldwin International, Color Steels, Comco Pipe and Supply, Couleur Aciers, DuBose Steel, Fedmet Tubulars, JMS Russel Metals, Leroux Steel, Mégantic Métal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec, Norton Metals, Pemco Steel, 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](http://www.sedar.com).*

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## CONSOLIDATED STATEMENTS OF EARNINGS

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended December 31		Years ended December 31	
	2018	2017	2018	2017
<b>Revenues</b>	\$ 1,115.4	\$ 825.1	\$ 4,165.0	\$ 3,296.0
Cost of materials	905.2	662.2	3,280.4	2,632.7
Employee expenses	80.1	70.6	335.1	274.9
Other operating expenses	58.7	45.4	215.3	182.0
Asset impairment	-	-	3.3	-
<b>Earnings before interest, finance expense and provision for income taxes</b>	<b>71.4</b>	<b>46.9</b>	<b>330.9</b>	<b>206.4</b>
Interest expense	8.4	6.9	31.6	23.9
Other finance expense	-	0.3	1.2	3.3
<b>Earnings before provision for income taxes</b>	<b>63.0</b>	<b>39.7</b>	<b>298.1</b>	<b>179.2</b>
Provision for income taxes	16.8	11.7	79.1	55.4
<b>Net earnings for the period</b>	<b>\$ 46.2</b>	<b>\$ 28.0</b>	<b>\$ 219.0</b>	<b>\$ 123.8</b>
<b>Basic earnings per common share</b>	<b>\$ 0.74</b>	<b>\$ 0.45</b>	<b>\$ 3.53</b>	<b>\$ 2.00</b>
<b>Diluted earnings per common share</b>	<b>\$ 0.74</b>	<b>\$ 0.45</b>	<b>\$ 3.52</b>	<b>\$ 2.00</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2018	2017	2018	2017
<b>Net earnings for the period</b>	<b>\$ 46.2</b>	<b>\$ 28.0</b>	<b>\$ 219.0</b>	<b>\$ 123.8</b>
Other comprehensive income				
<b>Items that may be reclassified to earnings</b>				
Unrealized foreign exchange gains (losses) on translation of foreign operations	29.7	2.4	44.8	(31.4)
<b>Items that may not be reclassified to earnings</b>				
Actuarial gains (losses) on pension and similar obligations, net of taxes	(6.1)	(2.7)	3.4	(1.3)
Other comprehensive income (loss)	23.6	(0.3)	48.2	(32.7)
<b>Total comprehensive income</b>	<b>\$ 69.8</b>	<b>\$ 27.7</b>	<b>\$ 267.2</b>	<b>\$ 91.1</b>

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<i>(in millions of Canadian dollars)</i>	<b>December 31 2018</b>	December 31 2017
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 124.3	\$ 125.8
Accounts receivable	567.5	446.2
Inventories	1,052.5	819.9
Prepays and other	14.1	17.2
Income taxes receivable	5.2	4.5
	<b>1,763.6</b>	1,413.6
<b>Property, Plant and Equipment</b>	<b>268.9</b>	246.8
<b>Deferred Income Tax Assets</b>	<b>4.2</b>	4.7
<b>Financial and Other Assets</b>	<b>4.4</b>	3.5
<b>Goodwill and Intangibles</b>	<b>86.2</b>	90.5
	<b>\$ 2,127.3</b>	\$ 1,759.1
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	\$ 128.5	\$ 207.7
Accounts payable and accrued liabilities	494.7	365.7
Income taxes payable	21.5	21.6
Current portion long-term debt	-	0.1
	<b>644.7</b>	595.1
<b>Long-Term Debt</b>	<b>443.6</b>	296.5
<b>Pensions and Benefits</b>	<b>5.8</b>	12.0
<b>Deferred Income Tax Liabilities</b>	<b>20.1</b>	17.7
<b>Provisions and Other Non-Current Liabilities</b>	<b>8.2</b>	11.0
	<b>1,122.4</b>	932.3
<b>Shareholders' Equity</b>		
Common shares	542.1	536.6
Retained earnings	318.6	190.5
Contributed surplus	15.7	16.0
Accumulated other comprehensive income	128.5	83.7
<b>Total Shareholders' Equity</b>	<b>1,004.9</b>	826.8
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 2,127.3</b>	\$ 1,759.1

## CONSOLIDATED STATEMENTS OF CASHFLOW

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2018	2017	2018	2017
<b>Operating activities</b>				
Net earnings for the period	\$ 46.2	\$ 28.0	\$ 219.0	\$ 123.8
Depreciation and amortization	9.6	8.7	35.7	34.2
Provision for income taxes	16.8	11.7	79.1	55.4
Interest expense	8.4	6.9	31.6	23.9
Loss (gain) on sale of property, plant and equipment	(0.1)	(1.0)	2.8	(1.9)
Share-based compensation	0.1	0.2	0.5	0.7
Difference between pension expense and amount funded	(0.3)	(0.7)	(1.6)	(0.7)
Debt accretion, amortization and other	0.2	0.2	1.0	0.7
Change in fair value of contingent consideration	-	0.3	1.2	3.3
Interest paid	(10.2)	(11.1)	(27.9)	(23.3)
<b>Cash from operating activities before non-cash working capital</b>	<b>70.7</b>	43.2	<b>341.4</b>	216.1
<b>Changes in non-cash working capital items</b>				
Accounts receivable	99.5	65.9	(101.0)	(86.2)
Inventories	(8.4)	(43.3)	(195.5)	(208.0)
Accounts payable and accrued liabilities	(36.0)	(73.0)	117.7	52.1
Other	(0.8)	(0.4)	3.2	(8.6)
<b>Change in non-cash working capital</b>	<b>54.3</b>	(50.8)	<b>(175.6)</b>	(250.7)
Income tax paid, net	(13.7)	(4.7)	(77.9)	(33.8)
<b>Cash from (used in) operating activities</b>	<b>111.3</b>	(12.3)	<b>87.9</b>	(68.4)
<b>Financing activities</b>				
Decrease (increase) in bank borrowings	(38.6)	23.1	(79.3)	172.8
Issue of common shares	0.3	2.5	4.7	3.6
Dividends on common shares	(23.6)	(23.5)	(94.3)	(93.9)
Issuance of long-term debt	-	-	146.0	-
Repayment of long-term debt	-	-	-	(0.1)
Deferred financing costs	-	-	(1.1)	-
<b>Cash (used in) from financing activities</b>	<b>(61.9)</b>	2.1	<b>(24.0)</b>	82.4
<b>Investing activities</b>				
Purchase of property, plant and equipment	(10.1)	(13.5)	(41.3)	(35.7)
Proceeds on sale of property, plant and equipment	1.0	2.0	2.4	3.7
Purchase of business	-	-	(36.8)	(25.6)
Payment of contingent consideration	-	-	(4.5)	-
<b>Cash used in investing activities</b>	<b>(9.1)</b>	(11.5)	<b>(80.2)</b>	(57.6)
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>10.7</b>	1.7	<b>14.8</b>	(12.4)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>51.0</b>	(20.0)	<b>(1.5)</b>	(56.0)
Cash and cash equivalents, beginning of the period	73.3	145.8	125.8	181.8
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 124.3</b>	\$ 125.8	<b>\$ 124.3</b>	\$ 125.8

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
<b>Balance, January 1, 2018</b>	\$ 536.6	\$ 190.5	\$ 16.0	\$ 83.7	\$ 826.8
Payment of dividends	-	(94.3)	-	-	(94.3)
Net income for the year	-	219.0	-	-	219.0
Other comprehensive income for the year	-	-	-	48.2	48.2
Recognition of share-based compensation	-	-	0.5	-	0.5
Share options exercised	5.5	-	(0.8)	-	4.7
Transfer of net actuarial gains on defined benefit plans	-	3.4	-	(3.4)	-
<b>Balance, December 31, 2018</b>	<b>\$ 542.1</b>	<b>\$ 318.6</b>	<b>\$ 15.7</b>	<b>\$ 128.5</b>	<b>\$ 1,004.9</b>

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
<b>Balance, January 1, 2017</b>	\$ 532.4	\$ 161.9	\$ 15.9	\$ 115.1	\$ 825.3
Payment of dividends	-	(93.9)	-	-	(93.9)
Net income for the year	-	123.8	-	-	123.8
Other comprehensive loss for the year	-	-	-	(32.7)	(32.7)
Recognition of share-based compensation	-	-	0.7	-	0.7
Share options exercised	4.2	-	(0.6)	-	3.6
Transfer of net actuarial losses on defined benefit plans	-	(1.3)	-	1.3	-
<b>Balance, December 31, 2017</b>	<b>\$ 536.6</b>	<b>\$ 190.5</b>	<b>\$ 16.0</b>	<b>\$ 83.7</b>	<b>\$ 826.8</b>