



NEWS

FOR IMMEDIATE RELEASE

RUSSEL METALS ANNOUNCES BEST QUARTERLY RESULTS SINCE 2008

TORONTO, CANADA – August 9, 2018 -- Russel Metals Inc. (RUS - TSX) announces financial results for the second quarter ended June 30, 2018.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues	\$ 978	\$ 817	\$ 1,910	\$ 1,620
EBIT ¹	\$ 97	\$ 54	\$ 158	\$ 102
Net Income	\$ 66	\$ 33	\$ 105	\$ 62
Earnings per Share	\$ 1.07	\$ 0.52	\$ 1.69	\$ 1.00
Free Cash Flow ¹	\$ 87	\$ 44	\$ 147	\$ 95
Dividends paid per common share	\$ 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 EBIT and Free Cash Flow 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.

For the 2018 second quarter, we report net income of \$66 million or \$1.07 per share on revenues of \$978 million compared to net income of \$33 million or \$0.52 per share in the second quarter of 2017. Significant increases in selling prices at all of our operations have resulted in margin improvements including inventory holding gains in the quarter. Robust economic activity led to increased volumes.

Revenues in our metals service centers increased 35% to \$562 million for the quarter compared to the same period in 2017. Same store tons shipped in the second quarter of 2018 were approximately 9% higher than the second quarter of 2017. The average selling price improved 17% over second quarter 2017 reflecting mill price increases and continued growth in value-added processing. Gross margins were 25.5% compared to 21.6% in the second quarter of 2017. Operating profits of \$57 million were more than double the \$24 million reported in the same quarter in 2017 due to stronger demand and selling prices.

Revenues in our energy products segment increased 8% to \$320 million compared to \$296 million in the 2017 second quarter. Revenue increases were due to higher field store activity and large U.S. line pipe projects. Gross margins were 20.9% compared to 18.7% for the 2017 second quarter. This segment had operating profits of \$28 million compared to \$22 million in the same quarter last year.

Revenues in our steel distributors segment decreased by 9% to \$92 million compared to \$101 million in the 2017 second quarter due to lower volumes as trade concerns resulted in cautious buying by our customers in this segment. Gross margins were 26.8% compared to 19.0% due to stronger selling prices. Operating profits were \$15 million compared to \$10 million in the 2017 second quarter.

Our revenues for the six months ended June 30, 2018 were \$1.9 billion up 18% from \$1.6 billion for the same period in 2017 due to higher selling prices and volume increases at most of our operations. Our 2018 year to date earnings of \$105 million or \$1.69 per share compared to \$62 million or \$1.00 per share for the same period in 2017.

Mr. John G. Reid, President and CEO, commented, "All of our businesses performed extremely well in the second quarter by adapting to the changing business environment. The continued uncertainty around steel tariffs and trade disruptions has resulted in the realignment of North American supply channels which our team has navigated exceptionally well."

Mr. Reid continued, "Our strong balance sheet has allowed us to continue to grow both organically through value-added processing initiatives and by acquisition. We acquired the assets of DuBose Steel during the second quarter and we are pleased that it was immediately accretive to earnings. We continue to review other acquisition opportunities and remain opportunistic."

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable September 14, 2018 to shareholders of record as of August 27, 2018.

The Company will be holding an Investor Conference Call on Friday, August 10, 2018 at 9:00 a.m. ET to review its 2018 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 24, 2018. You will be required to enter pass code 334426 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, 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 June 30		Six months ended June 30	
	2018	2017	2018	2017
Revenues	\$ 978.2	\$ 816.5	\$ 1,909.5	\$ 1,620.0
Cost of materials	739.3	648.3	1,476.0	1,289.5
Employee expenses	85.3	69.1	163.2	135.7
Other operating expenses	56.3	45.0	109.1	92.8
Asset impairment	-	-	3.3	-
Earnings before interest, finance expense and provision for income taxes	97.3	54.1	157.9	102.0
Interest expense	7.9	5.6	14.6	10.6
Other finance expense	-	1.0	1.2	1.0
Earnings before provision for income taxes	89.4	47.5	142.1	90.4
Provision for income taxes	23.3	15.0	37.5	28.3
Net earnings for the period	\$ 66.1	\$ 32.5	\$ 104.6	\$ 62.1
Basic earnings per common share	\$ 1.07	\$ 0.52	\$ 1.69	\$ 1.00
Diluted earnings per common share	\$ 1.06	\$ 0.52	\$ 1.68	\$ 1.00

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Net earnings for the period	\$ 66.1	\$ 32.5	\$ 104.6	\$ 62.1
Other comprehensive income (loss)				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	11.2	(11.6)	24.4	(16.0)
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations net of taxes	3.1	(8.0)	5.2	(6.0)
Other comprehensive income (loss)	14.3	(19.6)	29.6	(22.0)
Total comprehensive income	\$ 80.4	\$ 12.9	\$ 134.2	\$ 40.1

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	June 30 2018	December 31 2017
ASSETS		
Current		
Cash and cash equivalents	\$ 117.2	\$ 125.8
Accounts receivable	556.6	446.2
Inventories	1,009.1	819.9
Prepaid expenses	14.2	17.2
Income taxes	1.3	4.5
	1,698.4	1,413.6
Property, Plant and Equipment	261.8	246.8
Deferred Income Tax Assets	4.5	4.7
Financial and Other Assets	4.5	3.5
Goodwill and Intangibles	88.6	90.5
	\$ 2,057.8	\$ 1,759.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	\$ 132.4	\$ 207.7
Accounts payable and accrued liabilities	521.2	365.7
Income taxes payable	10.2	21.6
Current portion long-term debt	-	0.1
	663.8	595.1
Long-Term Debt	443.0	296.5
Pensions and Benefits	4.2	12.0
Deferred Income Tax Liabilities	18.8	17.7
Provisions and Other Non-Current Liabilities	9.7	11.0
	1,139.5	932.3
Shareholders' Equity		
Common shares	541.5	536.6
Retained earnings	253.2	190.5
Contributed surplus	15.5	16.0
Accumulated other comprehensive income	108.1	83.7
Total Shareholders' Equity	918.3	826.8
Total Liabilities and Shareholders' Equity	\$ 2,057.8	\$ 1,759.1

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2018	2017	2018	2017
Operating activities				
Net earnings for the period	\$ 66.1	\$ 32.5	\$ 104.6	\$ 62.1
Depreciation and amortization	8.7	8.5	17.1	17.0
Provision for income taxes	23.3	15.0	37.5	28.3
Interest expense	7.9	5.6	14.6	10.6
(Gain) loss on sale of property, plant and equipment	(0.2)	(0.1)	3.0	(0.2)
Share-based compensation	0.1	0.1	0.2	0.3
Difference between pension expense and amount funded	(0.6)	-	(0.8)	-
Debt accretion, amortization and other	0.3	0.1	0.5	0.3
Change in fair value of contingent consideration	-	1.0	1.2	1.0
Interest paid	(10.1)	(10.0)	(11.4)	(10.4)
Cash from operating activities before non-cash working capital	95.5	52.7	166.5	109.0
Changes in non-cash working capital items				
Accounts receivable	5.7	25.2	(93.7)	(82.4)
Inventories	(117.7)	(91.5)	(162.0)	(105.8)
Accounts payable and accrued liabilities	53.4	19.1	149.7	61.9
Other	5.5	(1.0)	3.1	(4.3)
Change in non-cash working capital	(53.1)	(48.2)	(102.9)	(130.6)
Income tax paid, net	(14.9)	(22.1)	(46.1)	(21.4)
Cash from (used in) operating activities	27.5	(17.6)	17.5	(43.0)
Financing activities				
Increase (decrease) in bank indebtedness	16.6	48.2	(75.3)	91.7
Issue of common shares	2.2	-	4.2	1.1
Dividends on common shares	(23.5)	(23.5)	(47.1)	(47.0)
Issuance of long-term debt	-	-	146.0	-
Deferred financing costs	-	-	(1.1)	-
Cash (used in) from financing activities	(4.7)	24.7	26.7	45.8
Investing activities				
Purchase of property, plant and equipment	(8.6)	(8.7)	(19.5)	(14.3)
Proceeds on sale of property, plant and equipment	0.6	0.4	0.9	0.6
Payment of contingent consideration	-	-	(4.5)	-
Purchase of business	(36.8)	-	(36.8)	-
Cash used in investing activities	(44.8)	(8.3)	(59.9)	(13.7)
Effect of exchange rates on cash and cash equivalents	3.2	(3.3)	7.1	(6.6)
Decrease in cash and cash equivalents	(18.8)	(4.5)	(8.6)	(17.5)
Cash and cash equivalents, beginning of the period	136.0	168.8	125.8	181.8
Cash and cash equivalents, end of the period	\$ 117.2	\$ 164.3	\$ 117.2	\$ 164.3

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, 2018	\$ 536.6	\$ 190.5	\$ 16.0	\$ 83.7	\$ 826.8
Payment of dividends	-	(47.1)	-	-	(47.1)
Net earnings for the period	-	104.6	-	-	104.6
Other comprehensive income for the period	-	-	-	29.6	29.6
Recognition of share-based compensation	-	-	0.2	-	0.2
Share options exercised	4.9	-	(0.7)	-	4.2
Transfer of net actuarial gains on defined benefit plans	-	5.2	-	(5.2)	-
Balance, June 30, 2018	\$ 541.5	\$ 253.2	\$ 15.5	\$ 108.1	\$ 918.3

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2017	\$ 532.4	\$ 161.9	\$ 15.9	\$ 115.1	\$ 825.3
Payment of dividends	-	(47.0)	-	-	(47.0)
Net earnings for the period	-	62.1	-	-	62.1
Other comprehensive loss for the period	-	-	-	(22.0)	(22.0)
Recognition of share-based compensation	-	-	0.3	-	0.3
Share options exercised	1.2	-	(0.1)	-	1.1
Transfer of net actuarial losses on defined benefit plans	-	(6.0)	-	6.0	-
Balance, June 30, 2017	\$ 533.6	\$ 171.0	\$ 16.1	\$ 99.1	\$ 819.8