



Russel Metals



JUNE 2018

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain statements contained in this document 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 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.

Our actual results could differ materially from those anticipated in our forward-looking statements including as a result of the risk factors described in our MD&A and Annual Information Form.

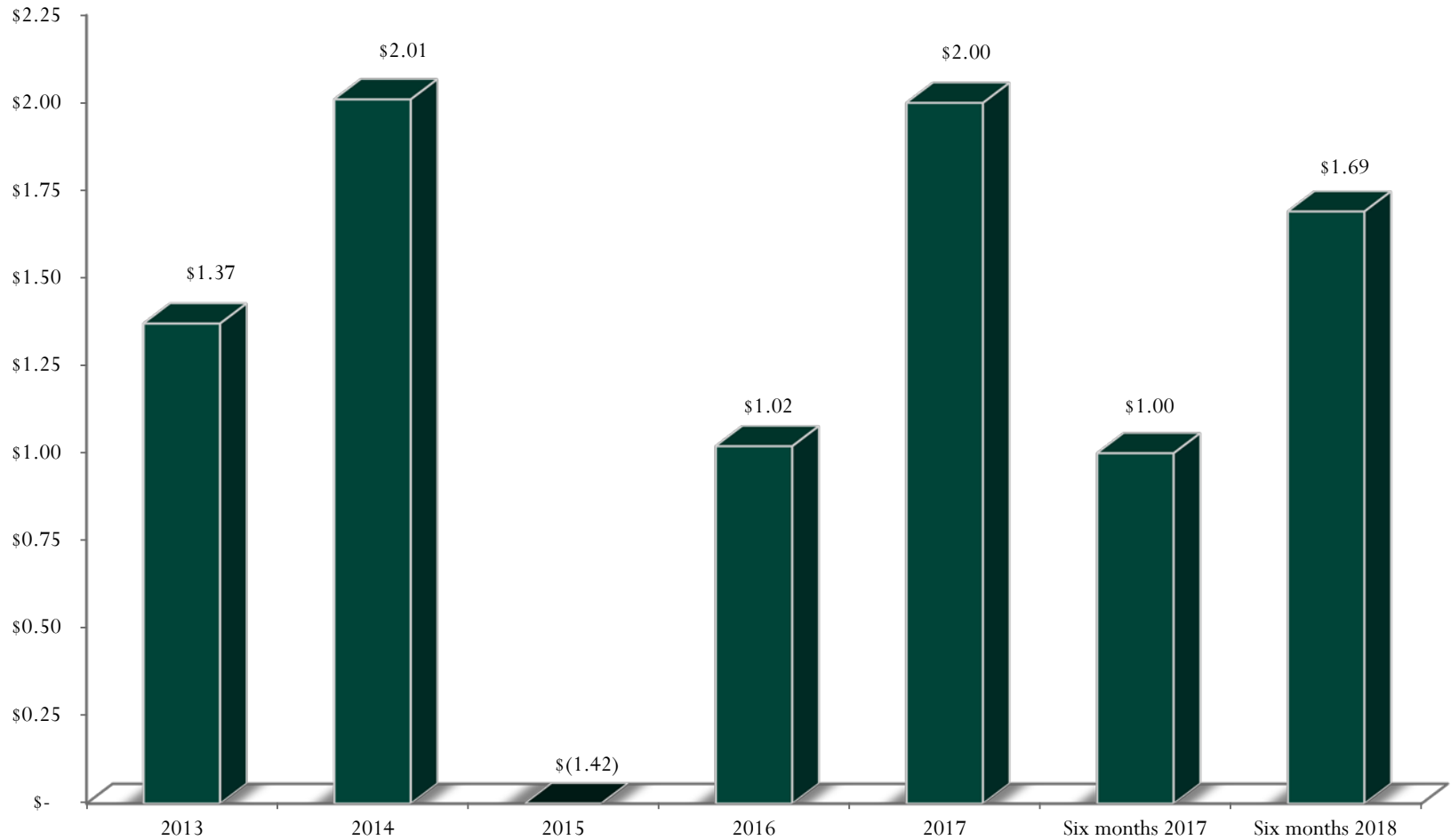
While we believe that the expectations reflected in our forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct, and our forward-looking statements included in this document should not be unduly relied upon. These statements speak only as of the date of this document and, except as required by law, we do not assume any obligation to update our forward-looking statements.

RISK FACTORS: 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.

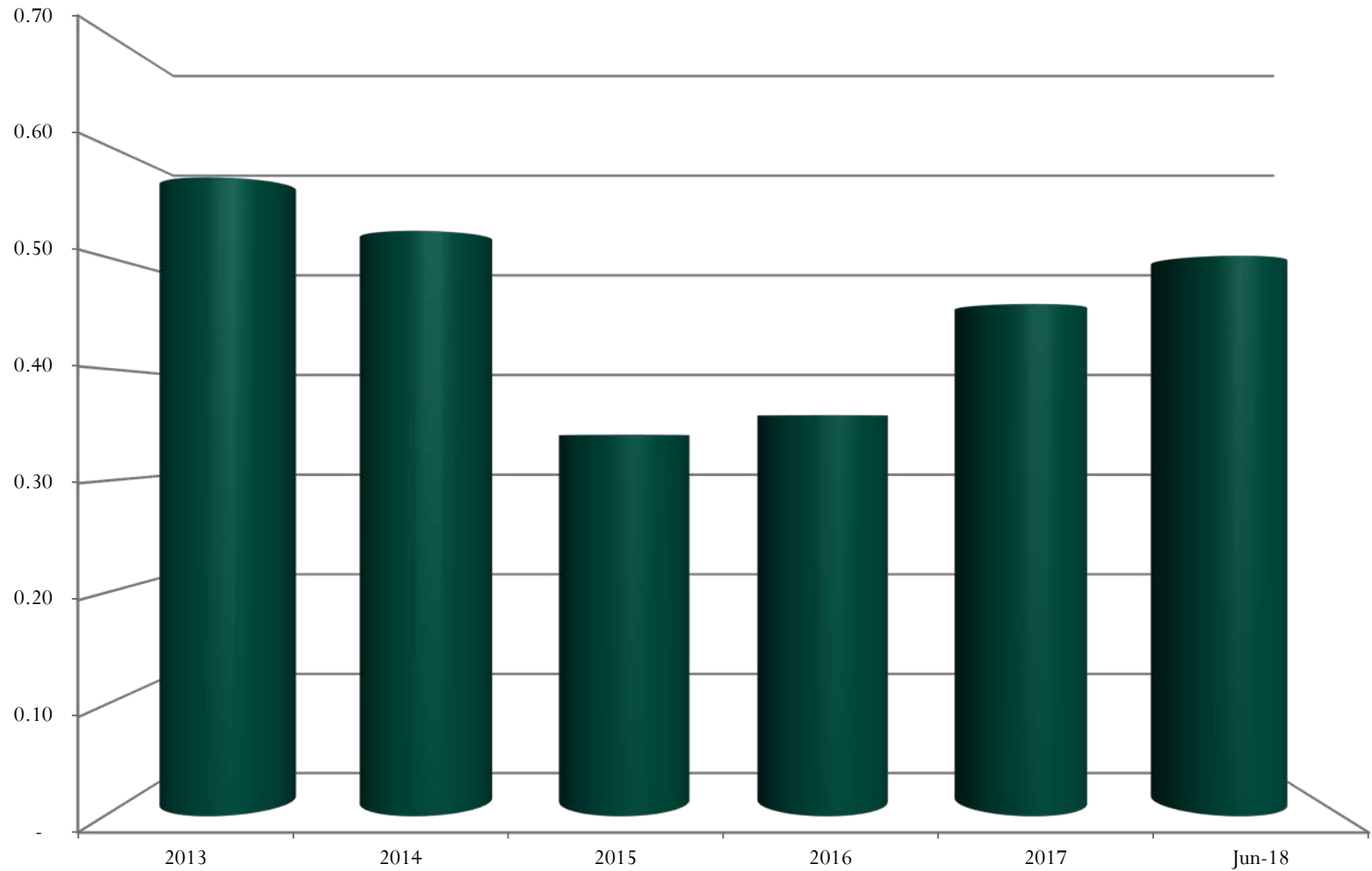
OVERVIEW OF RUSSEL METALS

- ◆ We are one of the largest metals distribution and processing companies in North America.
- ◆ We are one of the largest pipe, valve and fittings companies in North America.
- ◆ Consolidated Revenues:
 - Six months ended 2018 - \$1.9 billion
 - Six months ended 2017 - \$1.6 billion
 - Year ended 2017 - \$3.3 billion
- ◆ Based on revenues for the quarter ended June 30, 2018:
 - 65% Canada
 - 35% U.S.
- ◆ Declared dividend of \$0.38 per share payable September 15, 2018.
- ◆ Dividend yield 5.7%.
- ◆ Market cap based on \$26.87 per share is \$1.7 billion. Listed on TSX.

EPS (2013 - 2018)



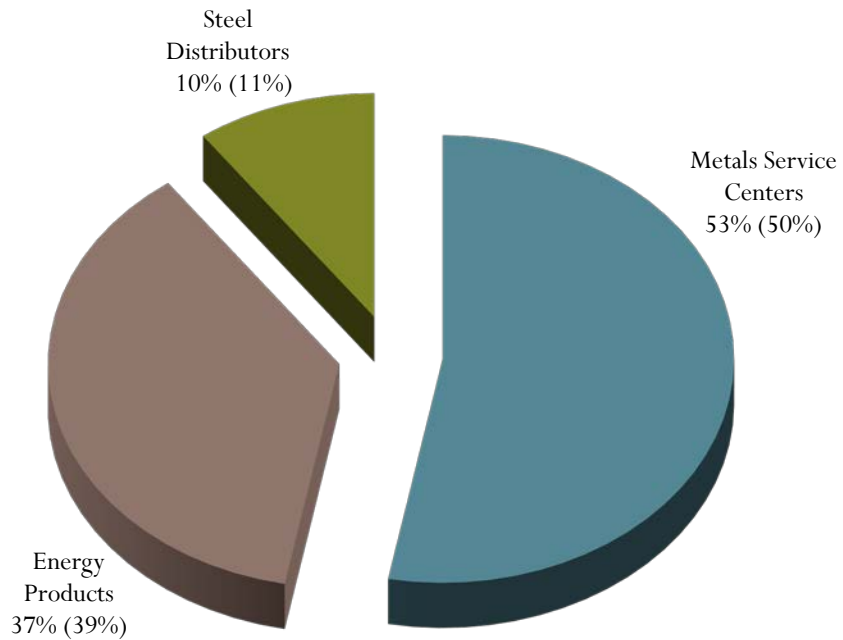
DEBT EQUITY RATIO



THREE DISTINCT SEGMENTS

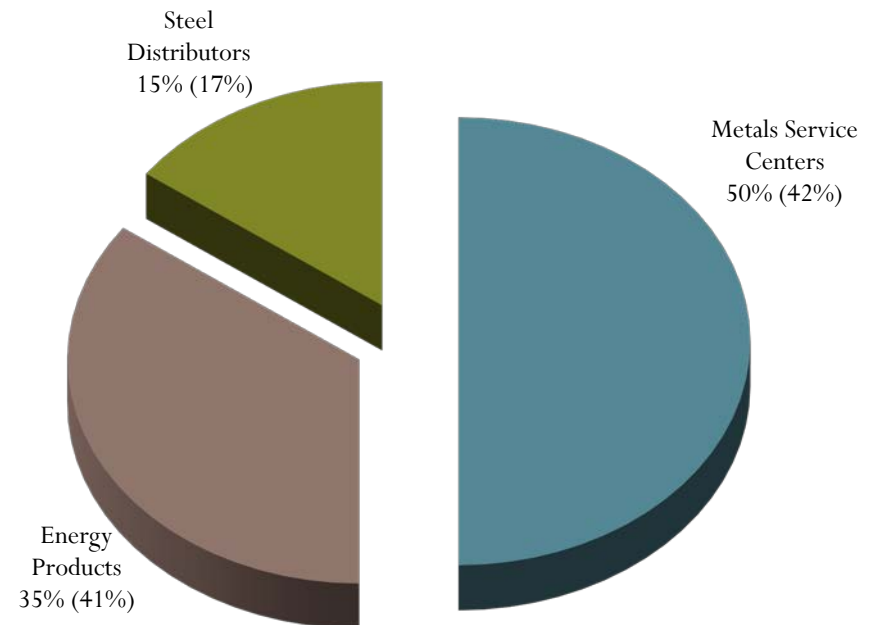
REVENUE

SIX MONTHS ENDED 2018 (2017)



EBIT

SIX MONTHS ENDED 2018 (2017)



OPERATING UNITS

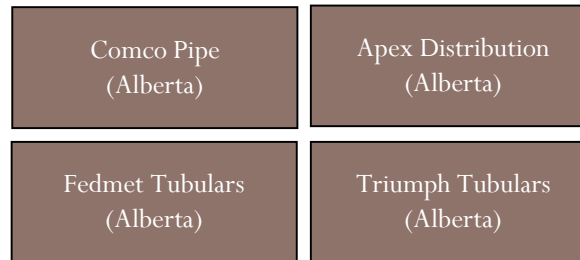
CANADA



Metals Service Centers (51 units)



Energy Products (49 units)



Steel Distributors (3 units)



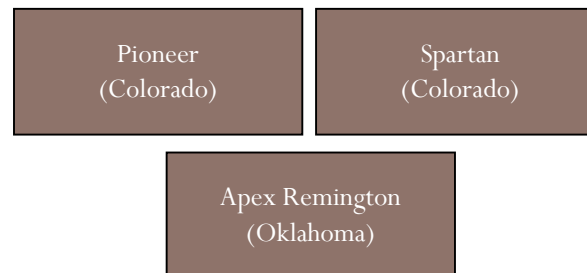
UNITED STATES



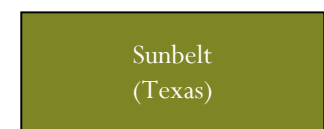
Metals Service Centers (16 units)



Energy Products (21 units)



Steel Distributors (3 units)



BALANCE SHEET AS OF JUNE 2018

(millions)

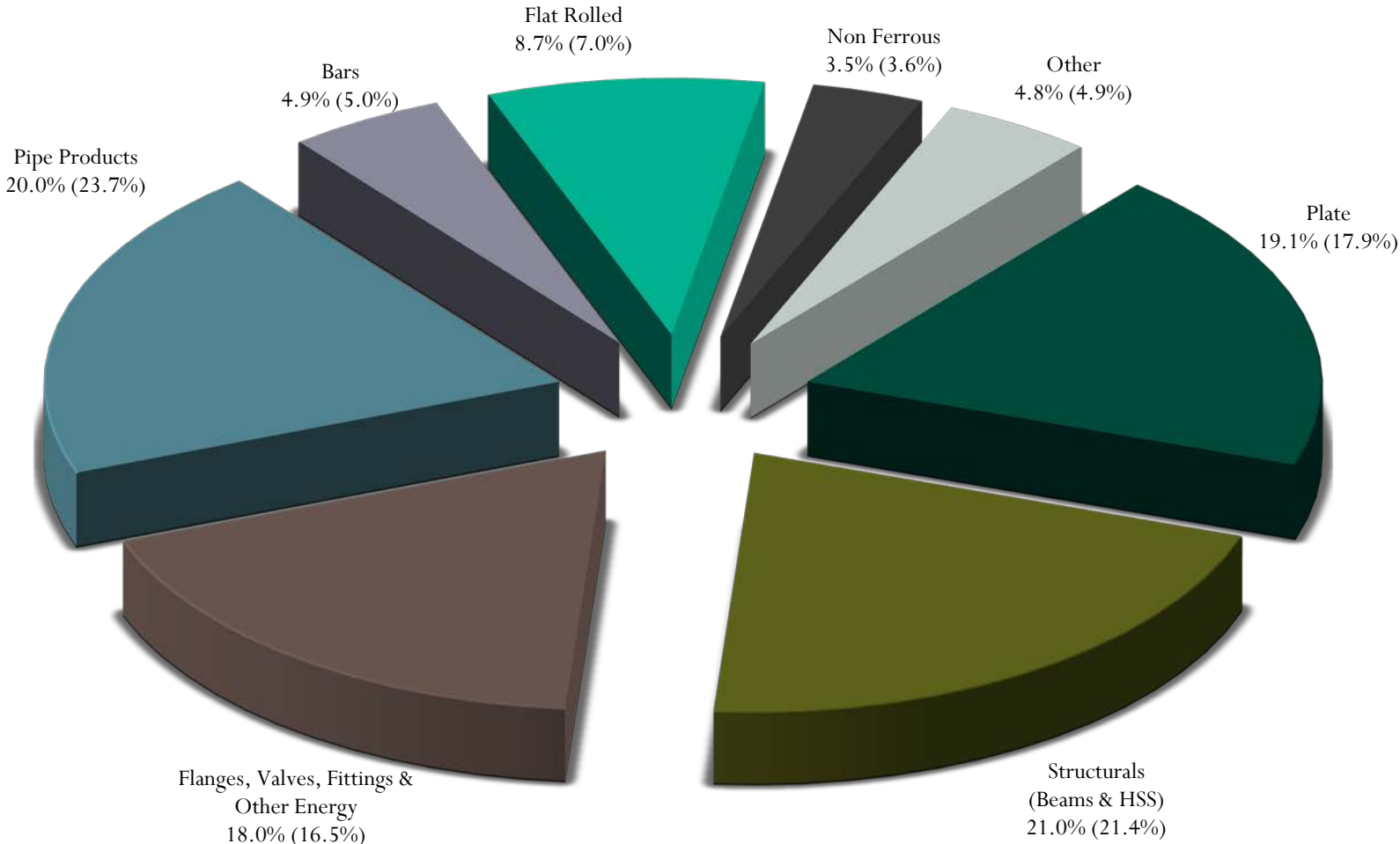
ASSETS EMPLOYED

Cash	\$ 117	6%
Accounts Receivable	557	27%
Inventories	1,009	49%
Property, Plant and Equipment	262	13%
Goodwill/Intangibles	89	4%
Other	24	1%
	<u>\$ 2,058</u>	<u>100%</u>

FINANCED BY

Bank Indebtedness	\$ 133	6%
Trade Creditors	521	25%
Long-term Debt	443	22%
Other	43	2%
Shareholders Equity	918	45%
	<u>\$ 2,058</u>	<u>100%</u>

BROAD PRODUCT FOCUS BREAKDOWN FOR SIX MONTHS ENDED JUNE 30, 2018 (2017)



TOP MILL SUPPLIERS FOR 2018

	% of total purchased	Products Purchased
Supplier 1	6.8%	Long Products
Supplier 2	5.5%	Flat Roll Steel
Supplier 3	5.3%	Plate
Supplier 4	4.8%	Tubing
Supplier 5	4.5%	Long Products
Supplier 6	4.0%	Pipe
Supplier 7	4.0%	Long Prod / Plate
Supplier 8	2.7%	Flanges, Fittings & Valves
Supplier 9	2.5%	Pipe
Supplier 10	2.4%	Flat Roll Steel
Top 10 Suppliers	42.4%	



SERVICE CENTER/ DISTRIBUTION COMPETITORS

TOP 15 BY REVENUE

(in billions)

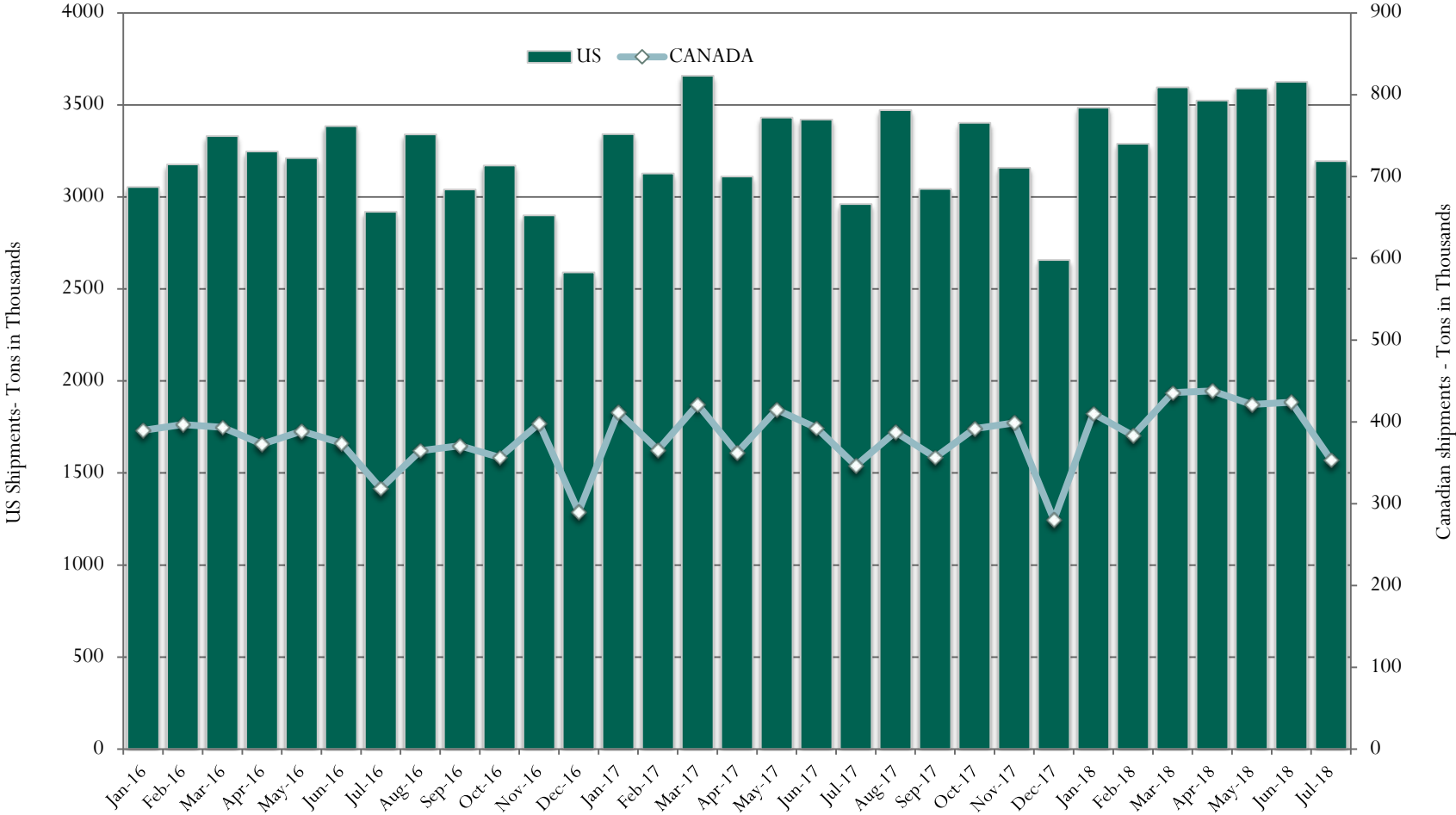
	2017	2016	Public/ Private	Headquarters
Reliance Steel & Aluminum Co.	\$ 9.7	\$ 8.6	Public	U.S
Samuel, Son & Co.	3.6	3.6	Private	Canada *
Worthington Steel Co.	3.6	3.0	Public	U.S
MRC Global	3.6	2.5	Public	U.S
Ryerson Inc.	3.4	2.9	Public	U.S
Russel Metals Inc.	3.3	2.6	Public	Canada *
Klockner (North America)	2.9	2.6	Public	U.K.
NOW Inc.	2.6	2.1	Public	U.S
ThyssenKrupp Materials NA, Inc.	2.5	2.5	Public	U.S.
Steel Technologies LLC	2.4	2.1	Private	U.S
O'Neal Steel Inc.	2.3	2.1	Private	U.S
Alro Steel Corp.	1.7	1.4	Private	U.S
Toyota Tsusho America	1.6	1.7	Public	U.S
Olympic Steel Inc.	1.4	1.1	Public	U.S
Coilplus Inc.	1.3	1.3	Private	U.S

* Noted in Canadian Funds

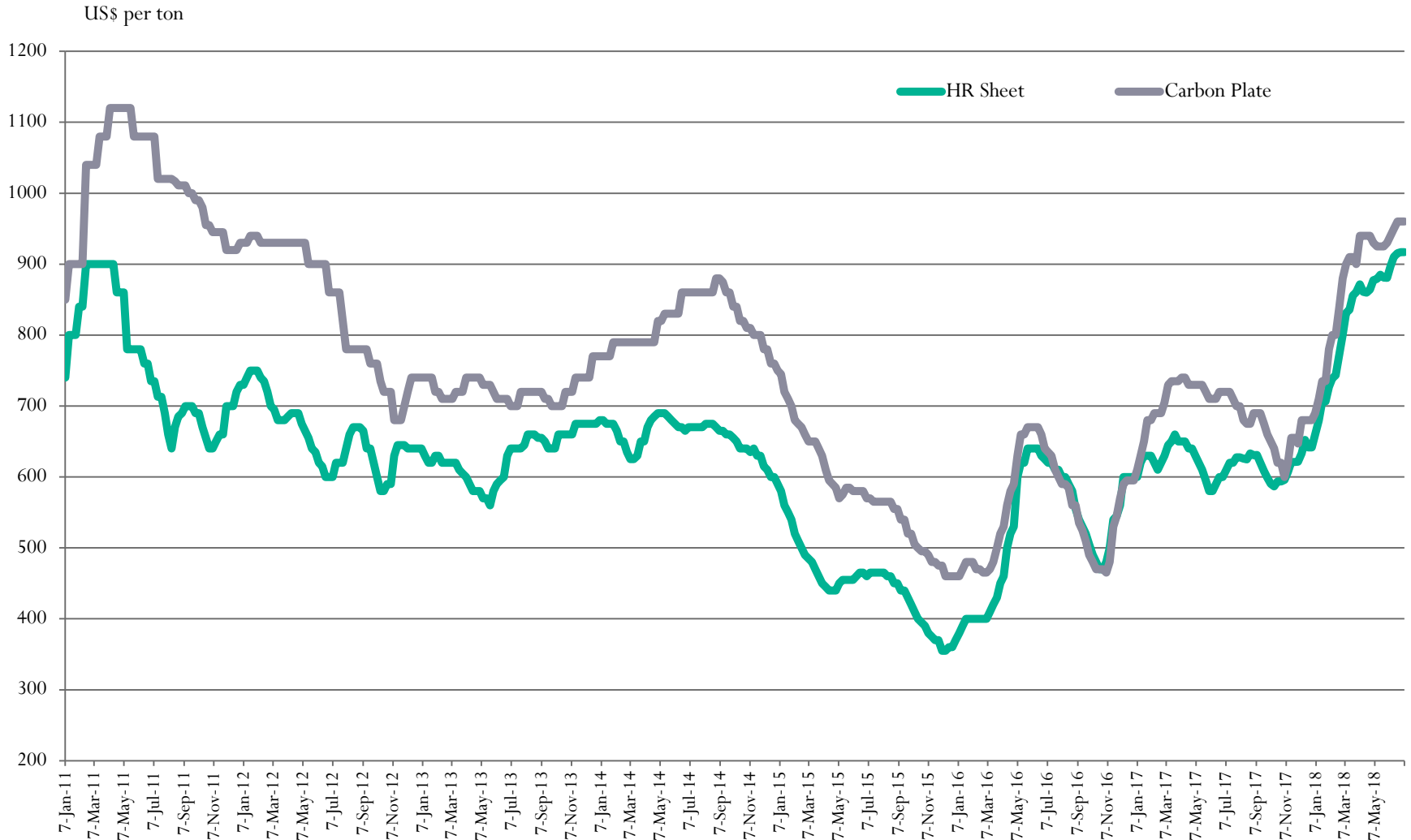
MARKET TRENDS



MONTHLY SERVICE CENTER SHIPMENTS – STEEL PRODUCTS



PRICE OF HR SHEET & HR PLATE

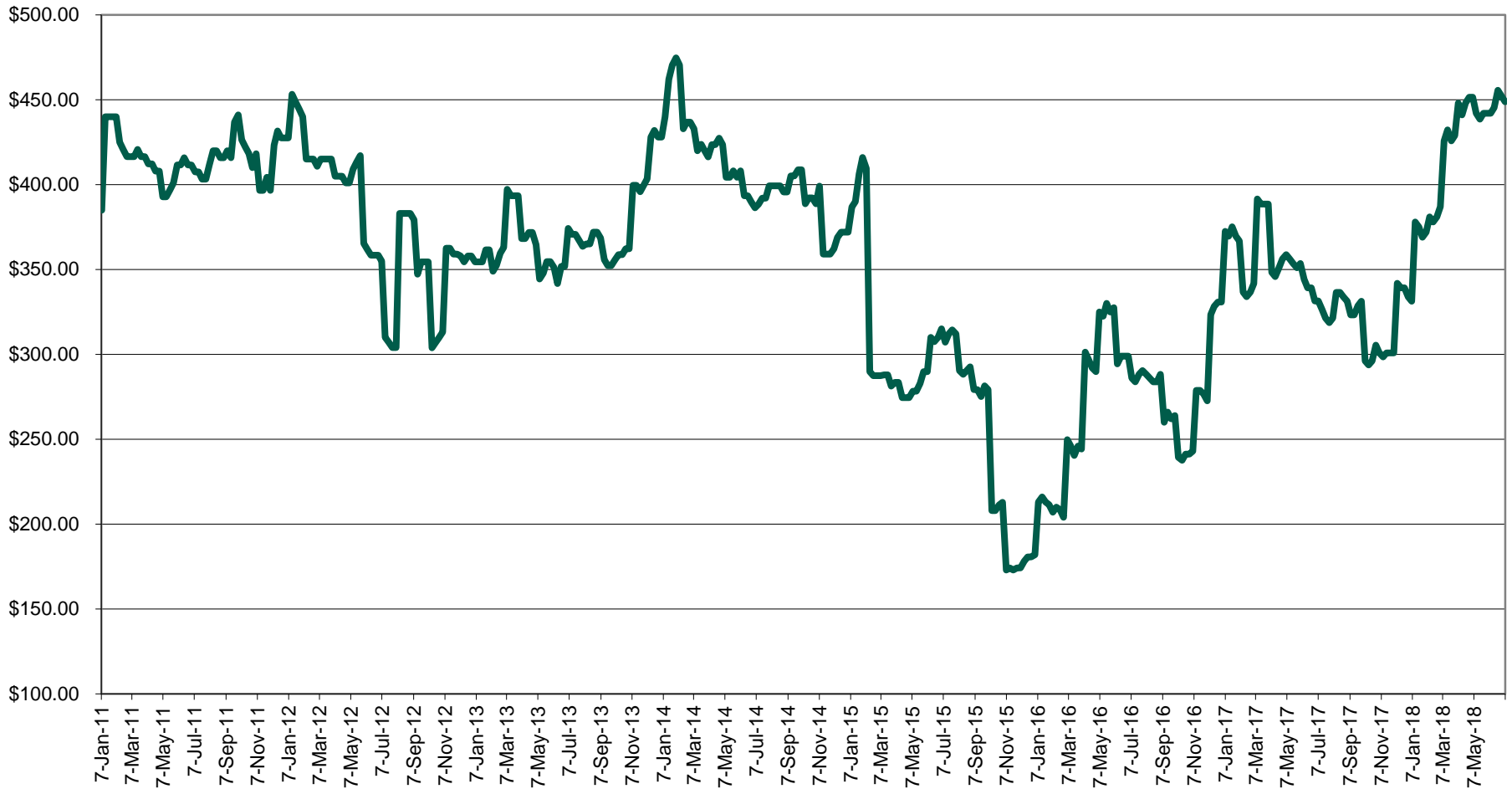


CARBON PLATE AND RUSSEL METALS EBIT

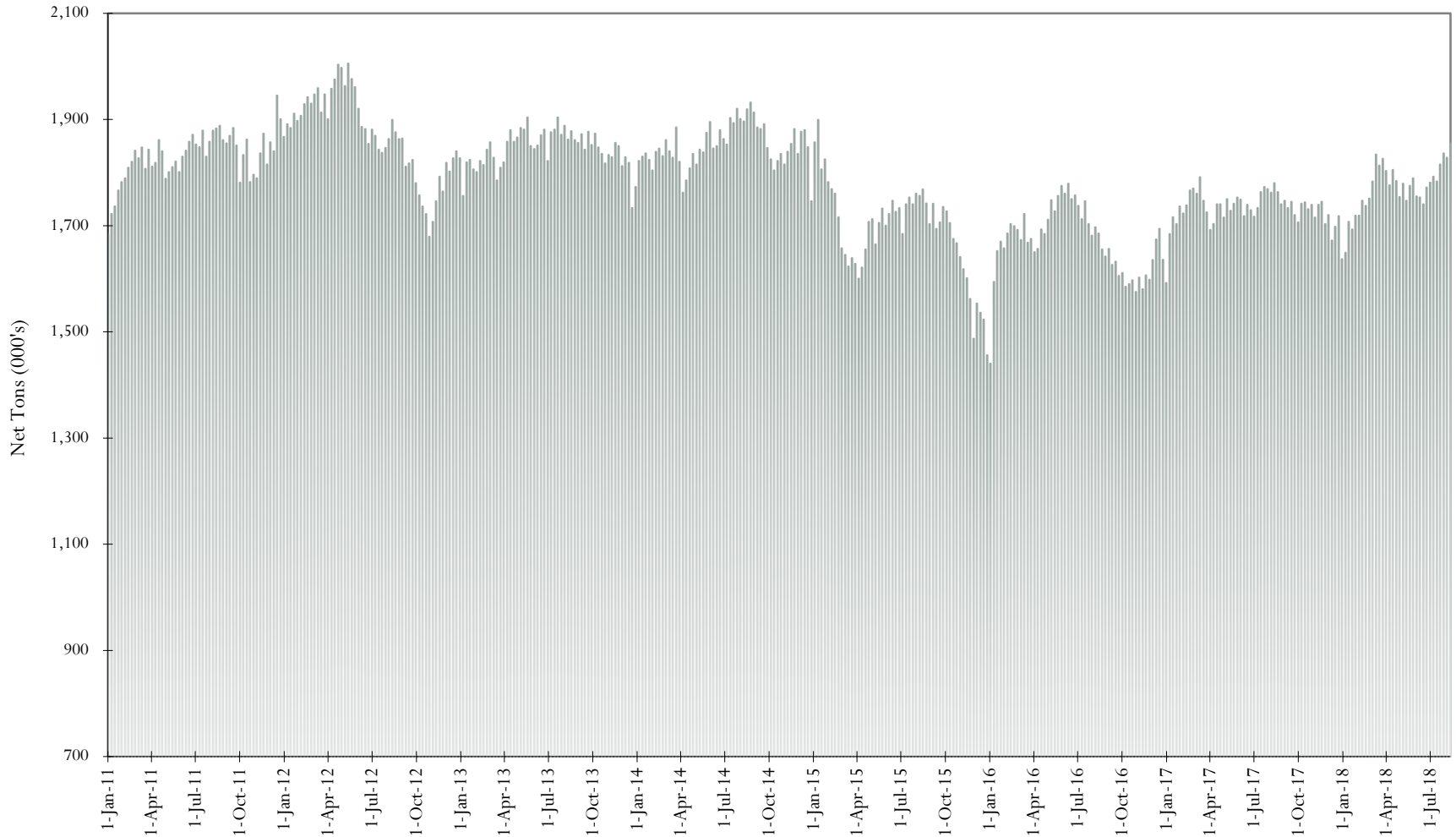


SCRAP PRICING

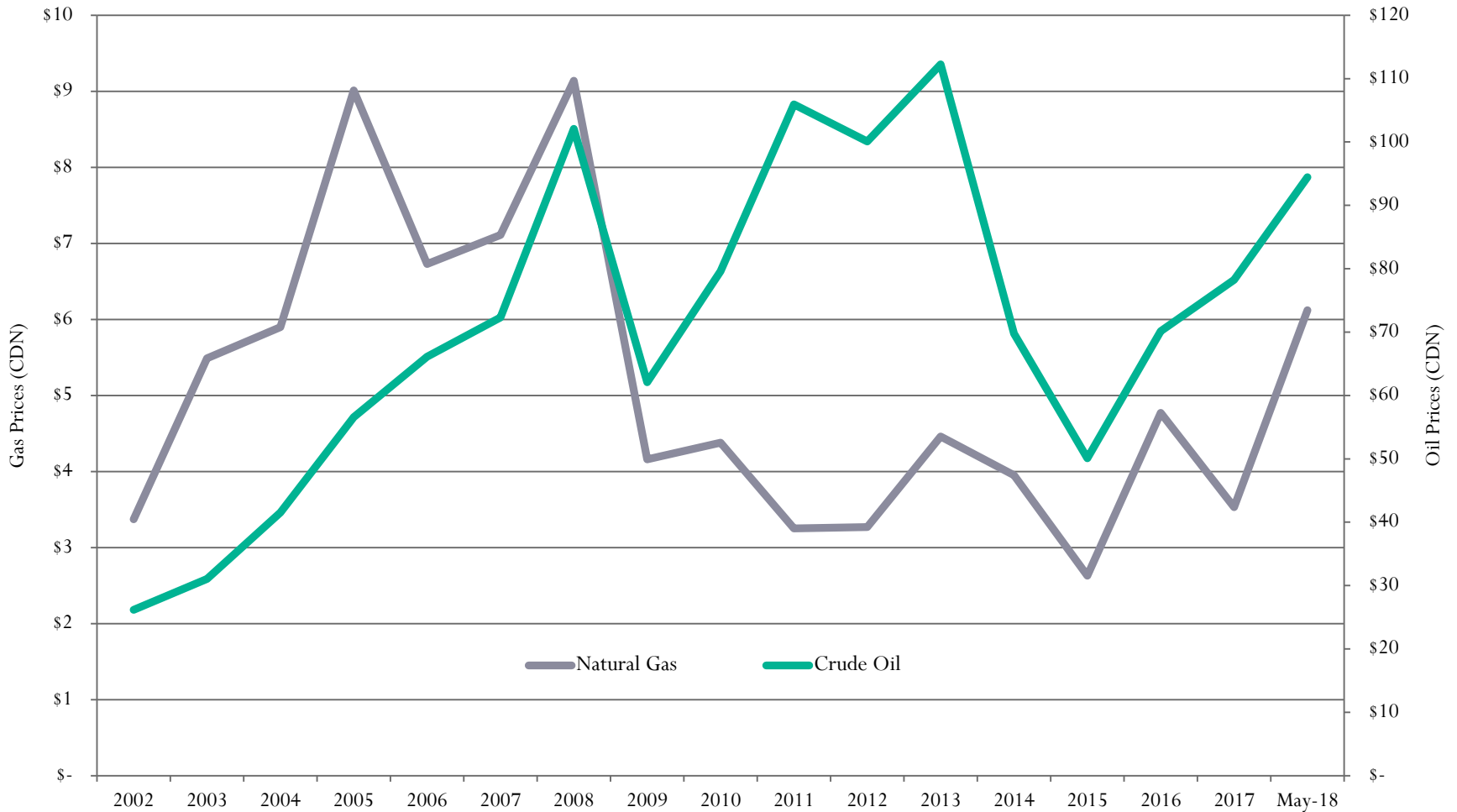
AMM Scrap Values



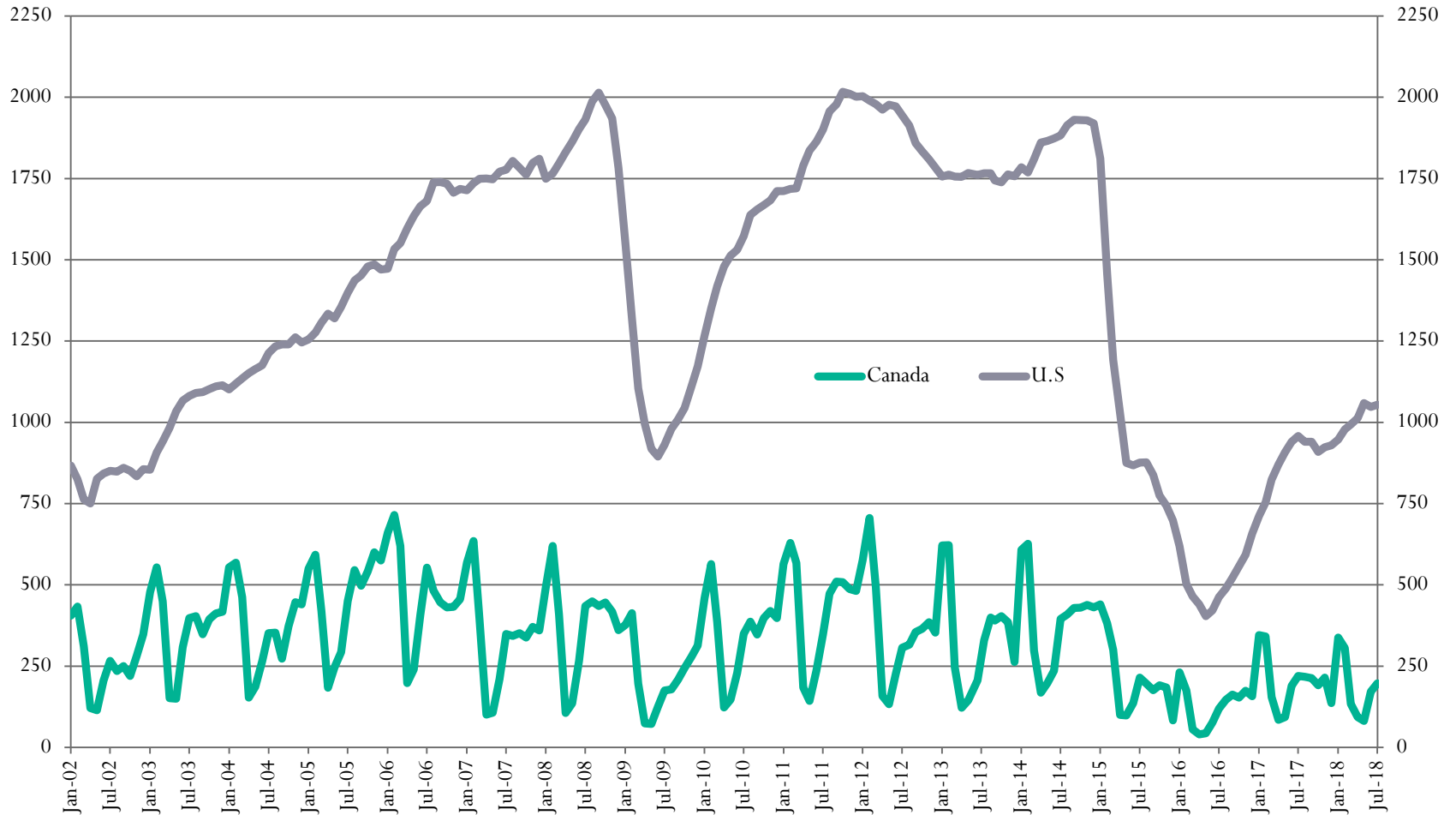
MILL PRODUCTION TONS



OIL AND NATURAL GAS PRICES



NORTH AMERICAN RIG COUNT



**METALS
SERVICE
CENTERS**



**STEEL
DISTRIBUTORS**

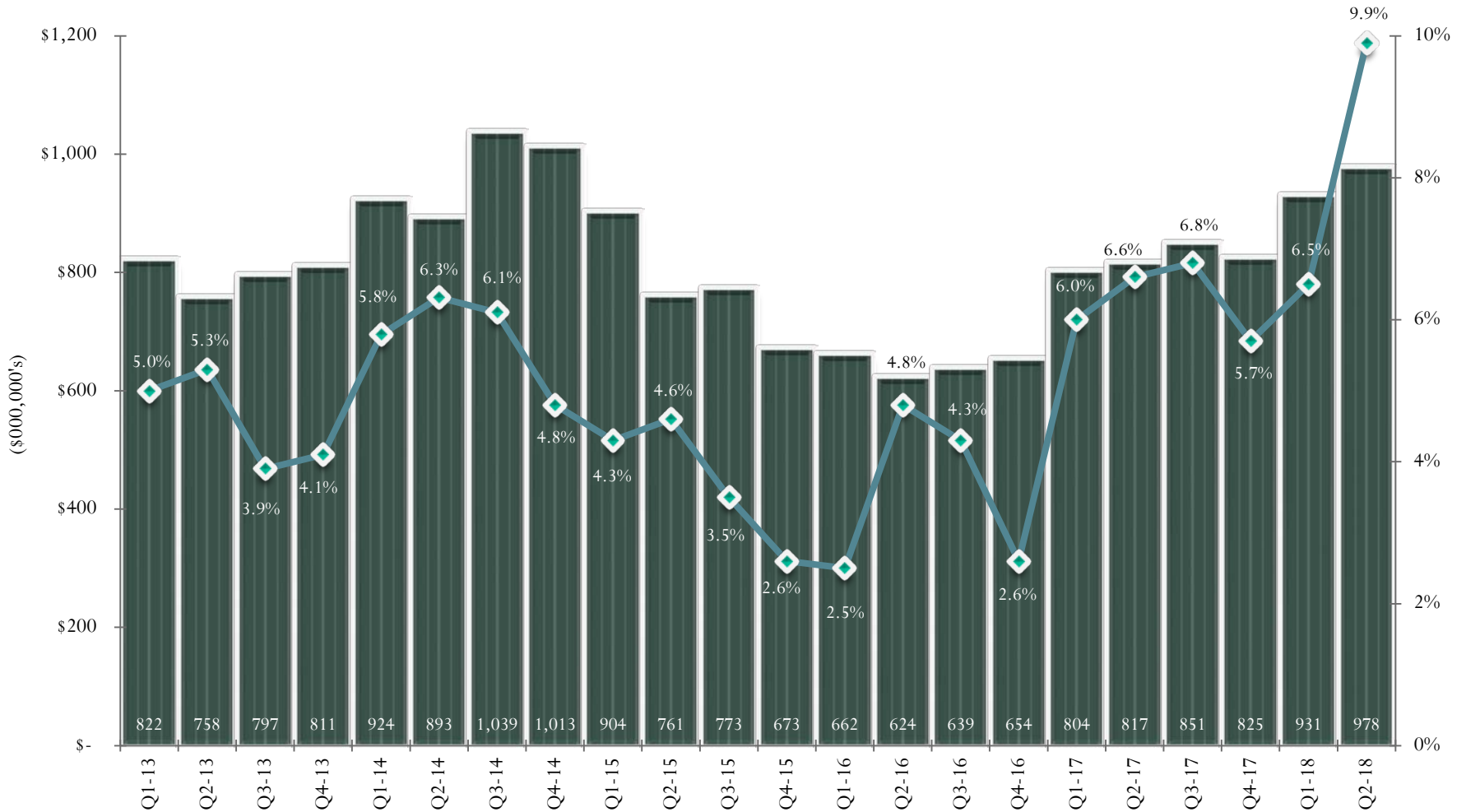


**ENERGY
PRODUCTS**

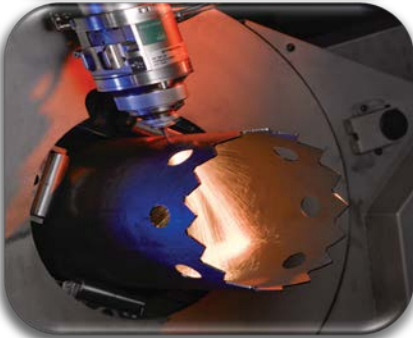


RMI OPERATIONS

TOTAL REVENUES & EBIT AS A % OF REVENUES



METALS SERVICE CENTERS – STRONG CANADIAN FRANCHISE



- ◆ Six months 2018 revenues of \$1.0 billion, EBIT of \$86 million.
- ◆ 2017 revenues of \$1.6 billion, EBIT of \$80 million.
- ◆ 51 Metals Service Centers in Canada.
- ◆ 16 Metals Service Centers in U.S.
- ◆ Broad customer base - 29,000 Canadian, 18,000 U.S.
- ◆ Average invoice 2017 \$1,846 (2016: \$1,603)
- ◆ Approximately 2017 - 3,514 invoices per day (2016: 3,405)

ROLE OF METAL SERVICE CENTERS

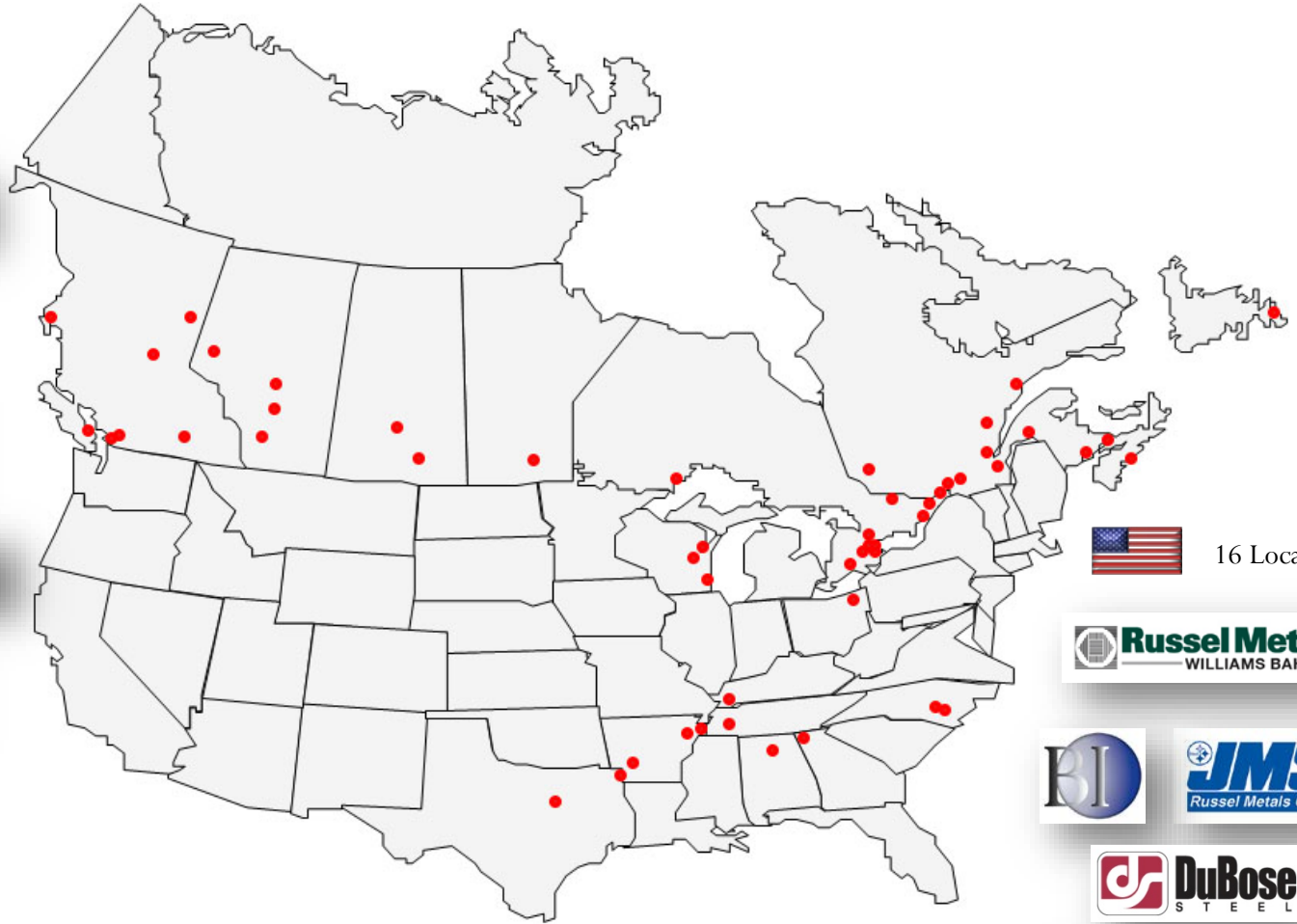
SUPPLIERS	METALS SERVICE CENTERS	CUSTOMERS
Mills producing base metal products	Source material and purchase in large quantity	Manufacturers, fabricators
Processing includes pickling, blanking, tube production from sheet coating	Process material to meet specific customer requirements	Focused on design assembly, marketing
Limited ability service multiple customer needs	Arrange logistics for delivery where and when customer needs	Want just-in-time completed parts to production line
Long lead time order to delivery	Processing includes cut-to-length, cut parts using laser, oxy fuel or plasma, sawing, blanking, welding	Some eliminating first stage processing
Large volumes	Some processors provide pickling and coating	Some end users continue to process parts but source material from service centers

METALS SERVICE CENTERS

LOCATION OF OPERATIONS



51 Locations



16 Locations



METAL SERVICE CENTERS PROCESSING CAPABILITIES



- Cutting-to-Length
- Stretcher Leveling
- Blanking
- Leveling
- Edge Trimming
- Slitting

- Oxygen Fuel Cutting
- Plasma Cutting
- Hi-definition Plasma Cutting
- Laser Cutting
- Drilling, Tapping, Beveling



PROCESSING CAPABILITIES



- 3D and Tilt Cutting
- Fabricating
- Bundle Cutting

- Shearing
- Braking
- Rolling
- Shot Blasting

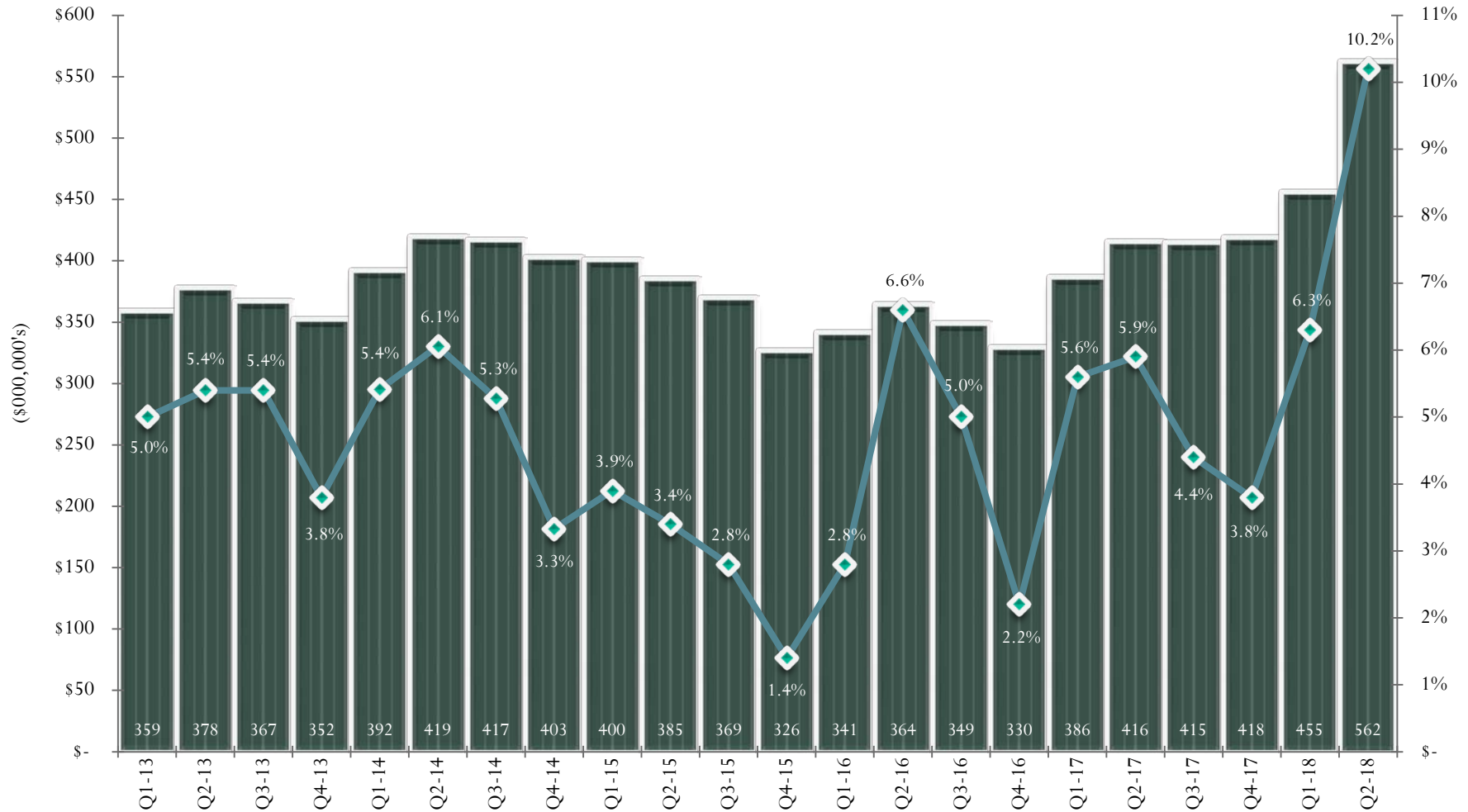


TOP METAL SERVICE CENTER CUSTOMERS – SIX MONTHS ENDED JUNE 30, 2018

	Customer End Market	% of Sales	Products Purchased
Customer 1	Manufacturer-Transportation	1.0%	Flat Rolled, Tubing, Structurals, Plate
Customer 2	Metals Fabricator	0.8%	Plate (Discreet & Plate in Coil)
Customer 3	Manufacturer-Agriculture & Other	0.7%	Structurals (WF & I Beam, Structural Angles/Channels)
Customer 4	Heavy Equipment Manufacturer	0.7%	Flat Rolled, Tubing, Structural
Customer 5	Construction - Metals Fabricator	0.6%	Structurals, Wire Products, Beams
Customer 6	Service Center	0.5%	Structurals (WF & I Beam, Structural Angles/Channels)
Customer 7	Metals Fabricator	0.4%	Structurals (WF & I Beam, Structural Angles/Channels)
Customer 8	Manufacturer-Heavy Equipment	0.4%	Plate (Discreet & Plate in Coil)
Customer 9	Manufacturer-Agriculture	0.4%	Plate (Discreet & Plate in Coil),Structurals, Tube
Customer 10	Service Center	0.3%	Structurals (WF & I Beam, Structural Angles/Channels)



METAL SERVICE CENTERS REVENUES & EBIT AS A % OF REVENUES



ENERGY PRODUCTS



- ◆ Six months 2018 revenues of \$702 million, EBIT of \$61 million.
2017 revenues of \$1.3 billion, EBIT of \$107 million.
- ◆ Apex Distribution, Apex Monarch & Apex Western Fiberglass - Western Canada
Apex Remington - Central U.S.
Fedmet Tubulars & Triumph Tubular – Calgary
Comco Pipe & Supply Company - Edmonton
Pioneer Pipe - Denver/ Houston
Spartan Energy Tubulars – Houston
- ◆ Distributes pipe, tube, valves and fittings to energy sector in Western Canada and the United States.
- ◆ Primarily store pipe in third party yards near end user.
- ◆ Comco Pipe focuses on supplying capital, MRO and sustaining projects to the energy sector including the oil sands.
- ◆ Apex Distribution, Apex Monarch & Apex Remington small retail type units located near rig activity.
- ◆ Highly variable compensation plans enable financial flexibility over the cycle

ROLE OF PIPE DISTRIBUTORS

SUPPLIERS	PIPE DISTRIBUTORS	CUSTOMERS
Mills producing pipe, valves and fittings	Source material and purchase in large quantity	Oil and gas producers/distributors
Processing includes coating	Arrange coating if required	Focused on production
Limited ability to service multiple customer needs	Arrange logistics for delivery where and when customer needs	Want just in time finished pipe to site/field
Long led time order to delivery	Store product at third party yards, coaters, trucking companies	Pipe represents small portion of project. Typically contract drilling, etc.
Service large volume projects		

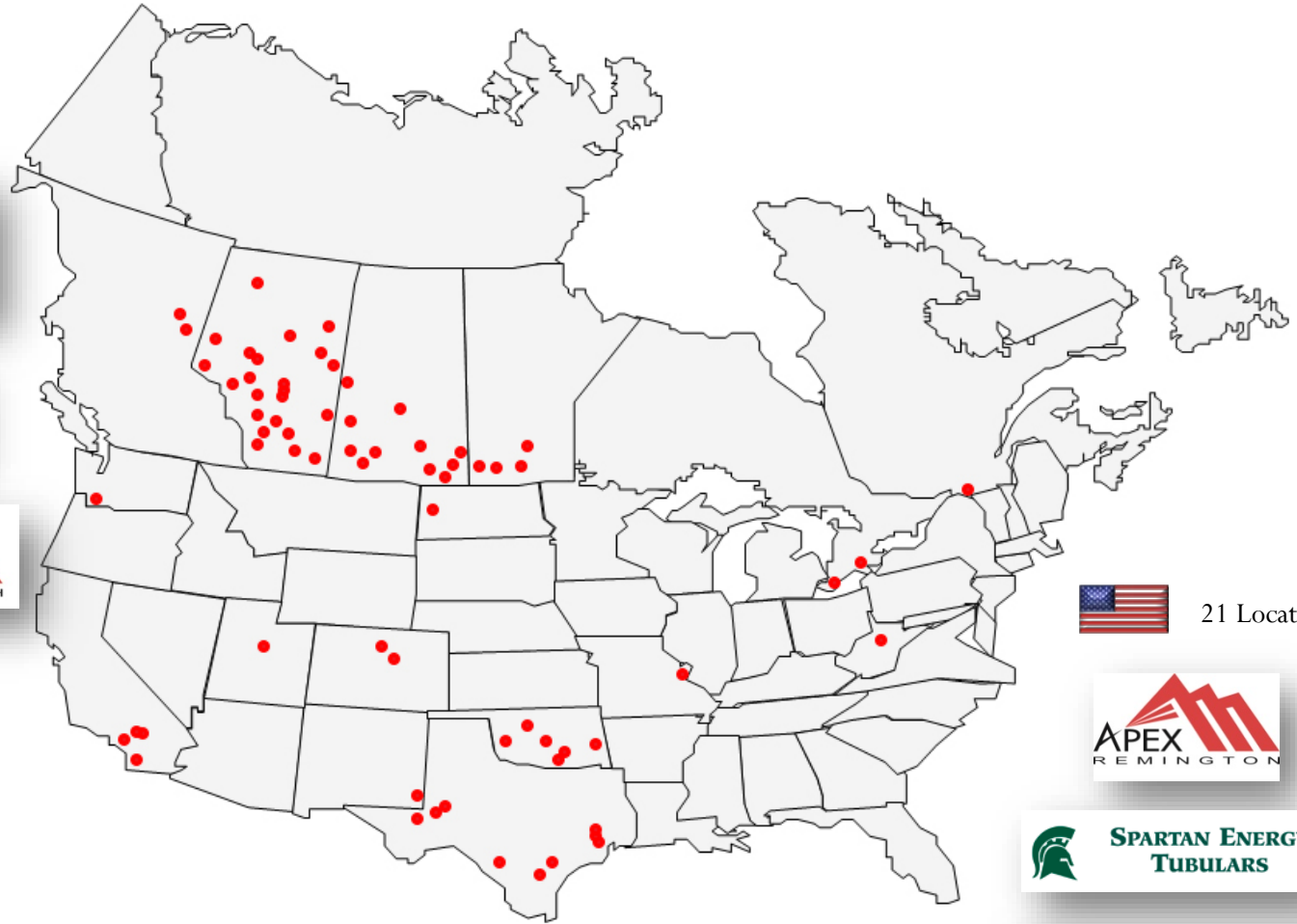
ROLE OF VALUE AND FITTING FIELD STORES

SUPPLIERS	PIPE DISTRIBUTORS	CUSTOMERS
Mills producing pipe valves and fittings	High service model	Oil and gas producers/distributors
Limited ability to service multiple customer needs	Located close to customer base	Focused on production and rig down time
Service large volume projects	Inventory management programs and MRO business	
	Repeat business due to maintenance and repair	

ENERGY PRODUCTS - WELL POSITIONED TO SERVICE NORTH AMERICAN ENERGY SECTOR



49 Locations



21 Locations

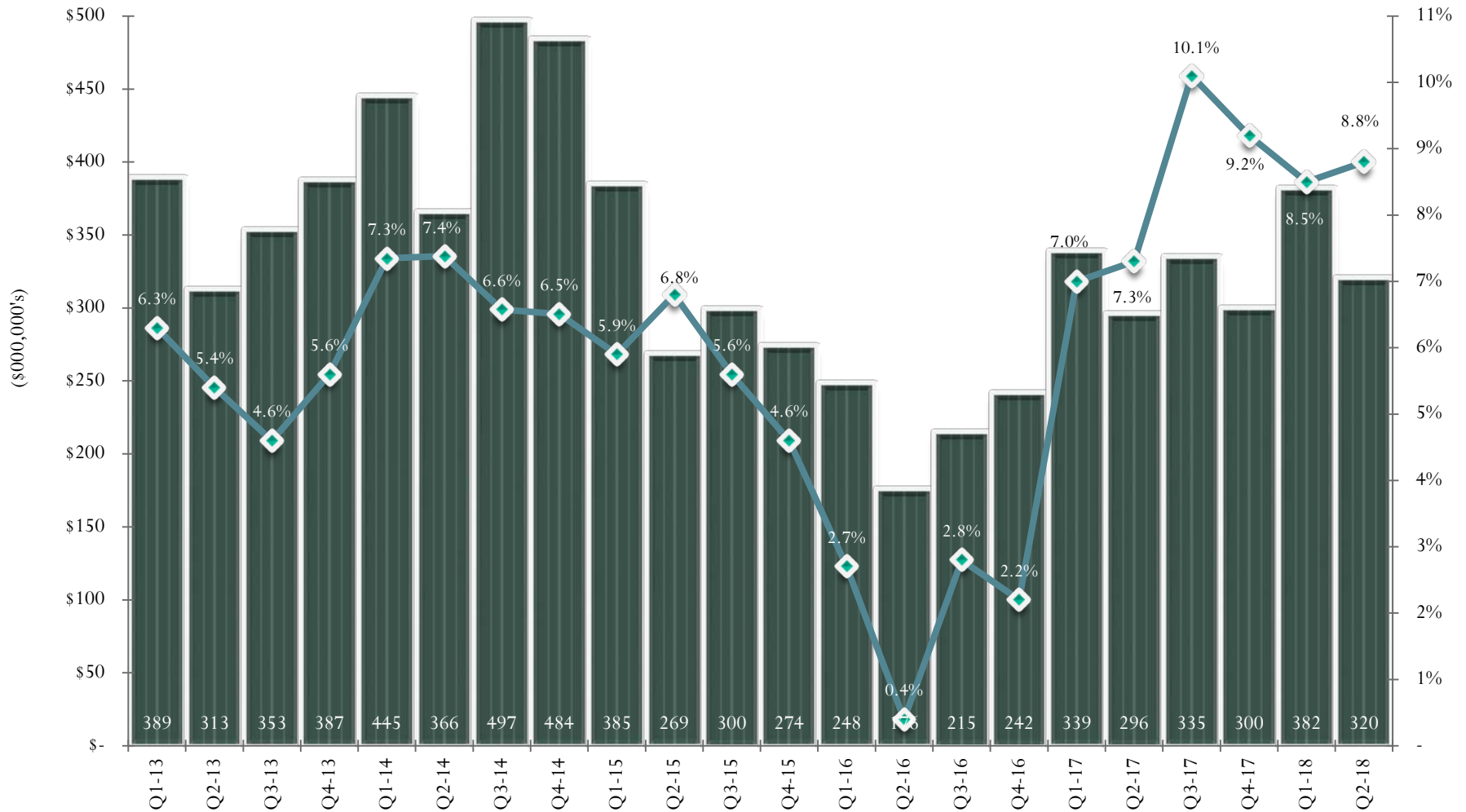


TOP ENERGY PRODUCT CUSTOMERS – SIX MONTHS ENDED JUNE 30, 2018

	Customer End Market	% of Sales	Products Purchased
Customer 1	Oil drilling, Gas drilling	8.3%	OCTG, Linepipe, Pipe, Flanges & Fittings , Valves
Customer 2	Oil drilling, Gas drilling	4.3%	OCTG, Linepipe, Flanges & Fittings , Valves
Customer 3	Oil drilling, Gas drilling	3.8%	OCTG, Linepipe, Flanges & Fittings , Valves
Customer 4	Gas drilling, Gas feeder lines	3.3%	OCTG, Linepipe- small OD, Flanges & Fittings , Valves
Customer 5	Oil drilling, Gas drilling	2.1%	OCTG, Linepipe, Pipe, Flanges & Fittings , Valves
Customer 6	Oil drilling, Gas drilling	1.9%	OCTG, Linepipe, Pipe, Flanges & Fittings, Valves
Customer 7	Oil drilling, Gas drilling	1.7%	OCTG, Pipe, Flanges & Fittings , Valves
Customer 8	Oil drilling, Gas drilling	1.5%	OCTG, Linepipe, Flanges & Fittings , Valves
Customer 9	Oil drilling, Gas drilling	1.4%	OCTG, Pipe, Flanges & Fittings , Valves
Customer 10	Oil drilling, Gas drilling	1.2%	OCTG, Linepipe, Flanges & Fittings , Valves



ENERGY PRODUCTS REVENUES & EBIT AS A % OF REVENUES



STEEL DISTRIBUTORS



- ◆ Six months 2018 revenues of \$186 million, EBIT of \$26 million.
- ◆ 2017 revenues of \$380 million, EBIT of \$34 million.
- ◆ Sunbelt Group, Arrow Steel – Houston, Texas;
Wirth Steel – Montreal, Vancouver
- ◆ Arrow Steel provides coil processing in Houston, Texas
- ◆ Customers – other steel service centers, large OEM's, fabricators.
- ◆ Uses third party facilities to store product.
- ◆ Synergy with metals service center business
 - Visibility into worldwide pricing trends
 - Flexible product sourcing

ROLE OF STEEL DISTRIBUTORS

SUPPLIERS	STEEL DISTRIBUTORS	CUSTOMERS
Mills producing base metal products	Source material and purchase in large quantity	Large original equipment manufactures
Processing includes pickling blanking, tube production from sheet coating	Arrange logistics for delivery where and when customer needs	Smaller service centers
Limited ability to service multiple customer needs	Processing includes cut-to-length	Russel Metals Service Centers
Long lead time order to delivery	Focused primarily on import product	
Large volumes	Truck load quantities	
	Use third party yards	

TOP STEEL DISTRIBUTOR CUSTOMERS – SIX MONTHS ENDED JUNE 30, 2018

	Customer End Market	% of Sales	Products Purchased
Customer 1	Service center	8.8%	Plate
Customer 2	Service center	4.1%	Plate
Customer 3	Service Centers	3.1%	Plate, Structurals
Customer 4	Service Centers	2.8%	Structurals, Plate, Other (light rail)
Customer 5	Manufacturer- Energy	2.3%	Plate, HR Plate
Customer 6	Service Centers	2.2%	Tubing/Pipe , plate, beam, coils
Customer 7	Service Centers	2.2%	Plate
Customer 8	Service Centers	1.9%	Plate, Pipe, wfb, Other
Customer 9	Service Centers	1.8%	Plate, Structurals, wfb, Other
Customer 10	Service Centers	1.6%	Plate, Structurals



STEEL DISTRIBUTORS – LOCATION OF OPERATIONS



3 Locations

acier **Wirth** steel



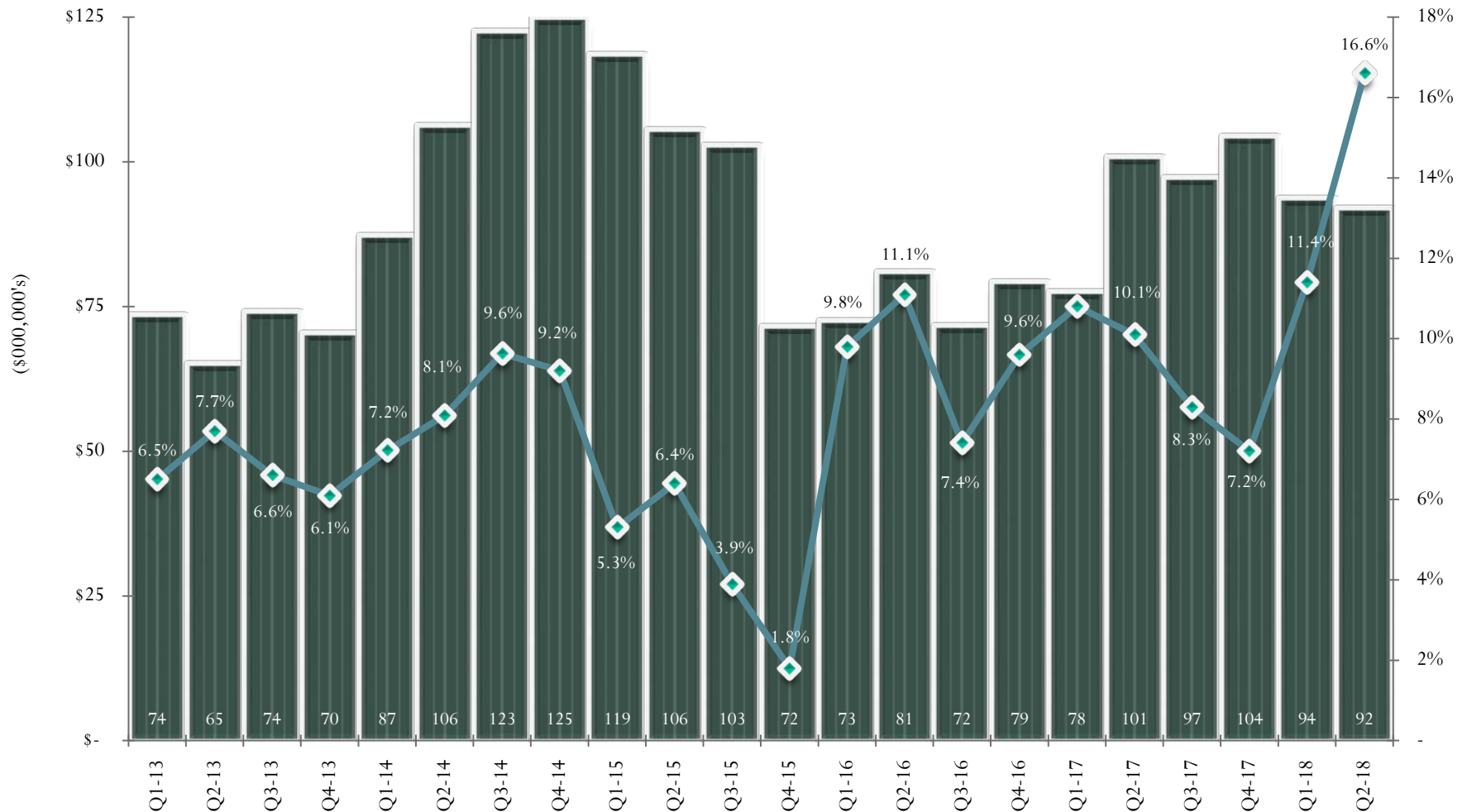
3 Locations



Sunbelt Group L.P.



STEEL DISTRIBUTORS REVENUES & EBIT AS A % OF REVENUES





SUMMARY

SUMMARY

- ◆ Leading market position
- ◆ Strong supplier relationships and unique market insight
- ◆ Successful acquisition strategy to deploy capital
- ◆ Multiple business segments
- ◆ Diversified service center and energy customer base
- ◆ Superior service and product availability
- ◆ Strong value-added processing
- ◆ Prudent inventory management
- ◆ Experienced management team
- ◆ High dividend yield
- ◆ Strong balance sheet, low leverage