



Russel Metals



MARCH 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.

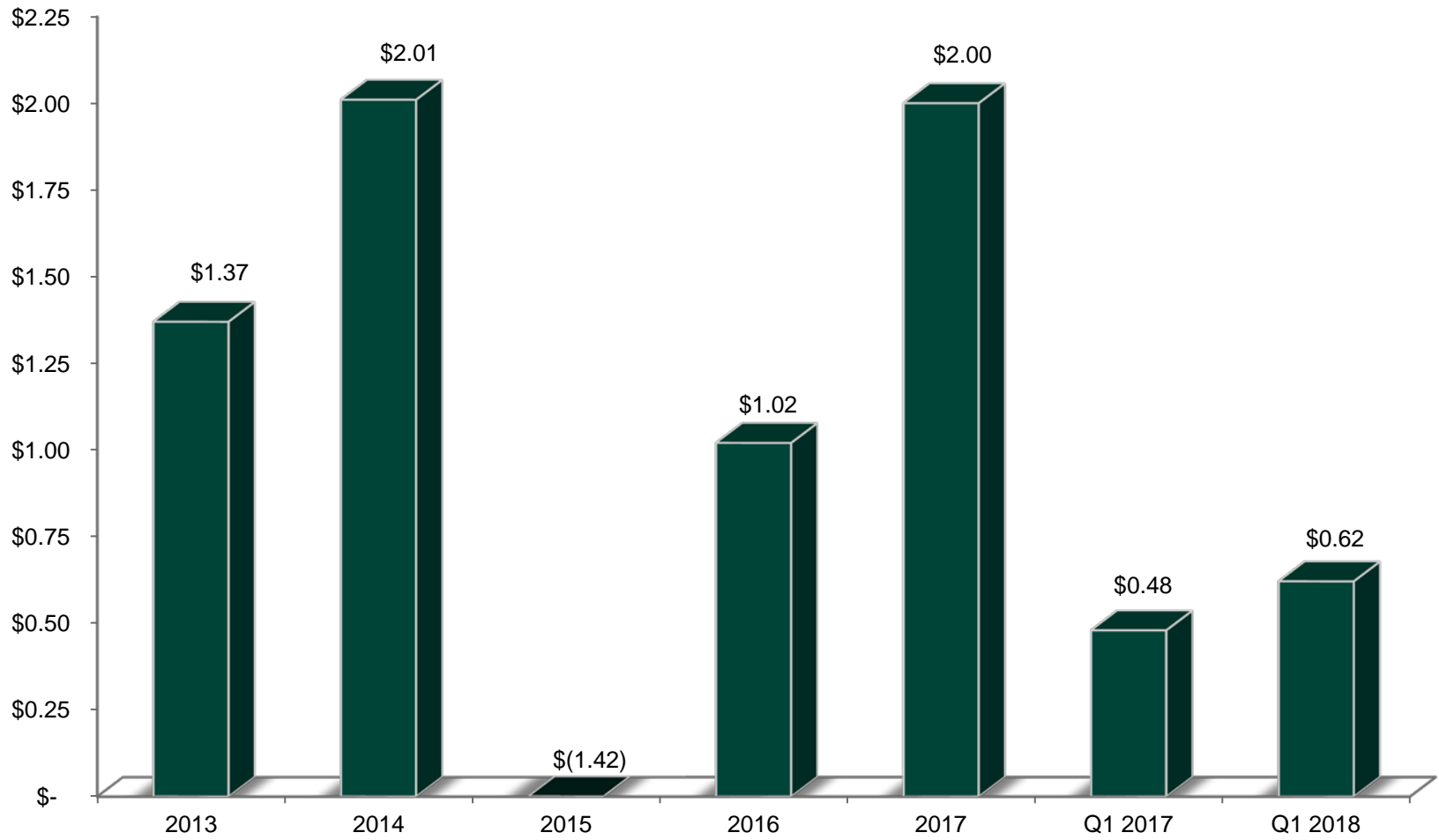
While we believe that the expectations reflected in our forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct, and our forward-looking statements included in this document should not be unduly relied upon. These statements speak only as 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.

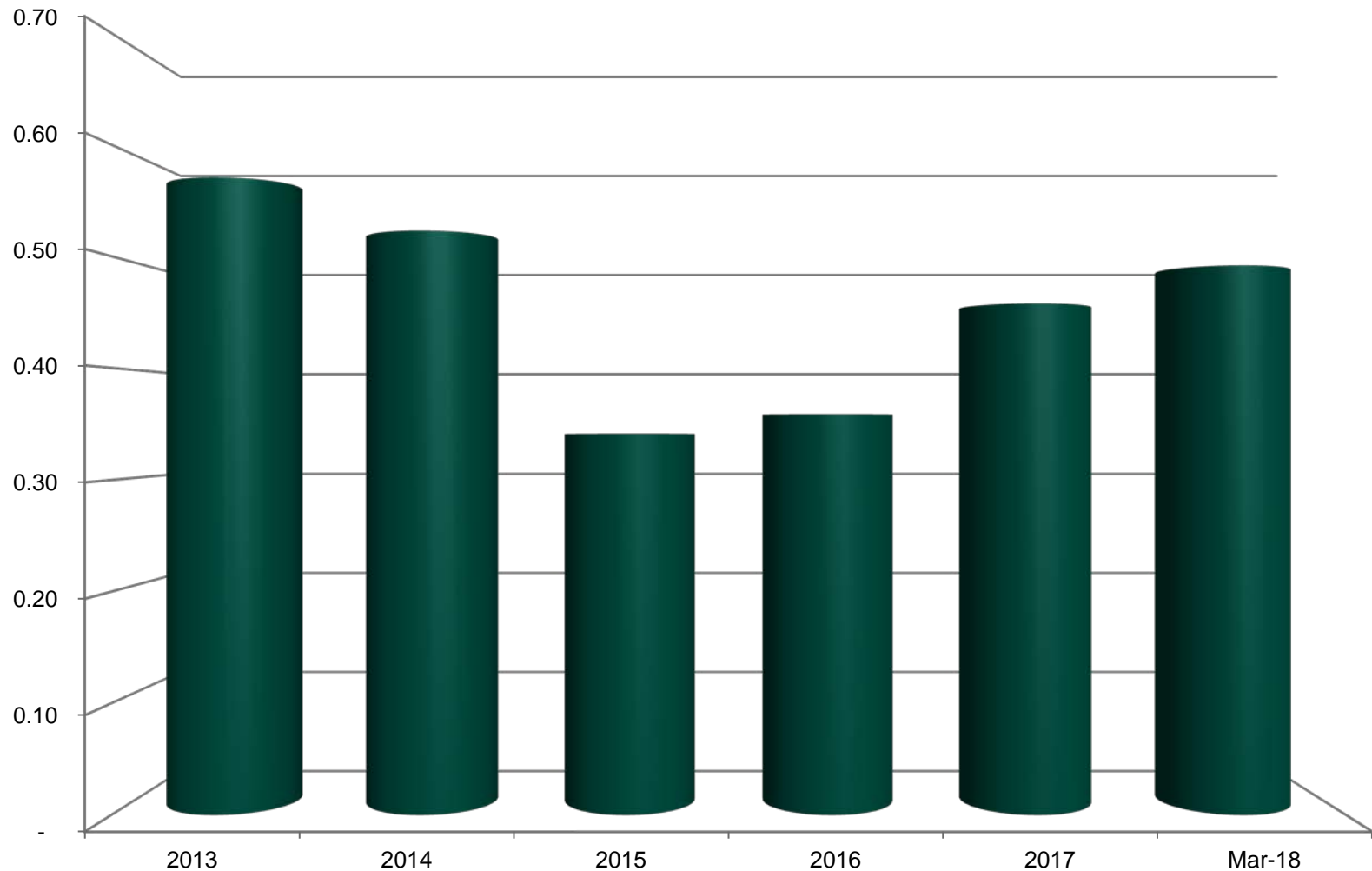
OVERVIEW OF RUSSEL METALS

- ◆ 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:
 - Q1 2018 - \$931 million
 - Q1 2017 - \$804 million
- ◆ Based on revenues for the quarter ended March 31, 2018:
 - 71% Canada
 - 29% U.S.
- ◆ Declared dividend of \$0.38 per share payable June 15, 2018.
- ◆ Dividend yield 5.4%.
- ◆ Market cap based on \$28.06 per share is \$1.7 billion. Listed on TSX.

EPS (2013 – 2018)



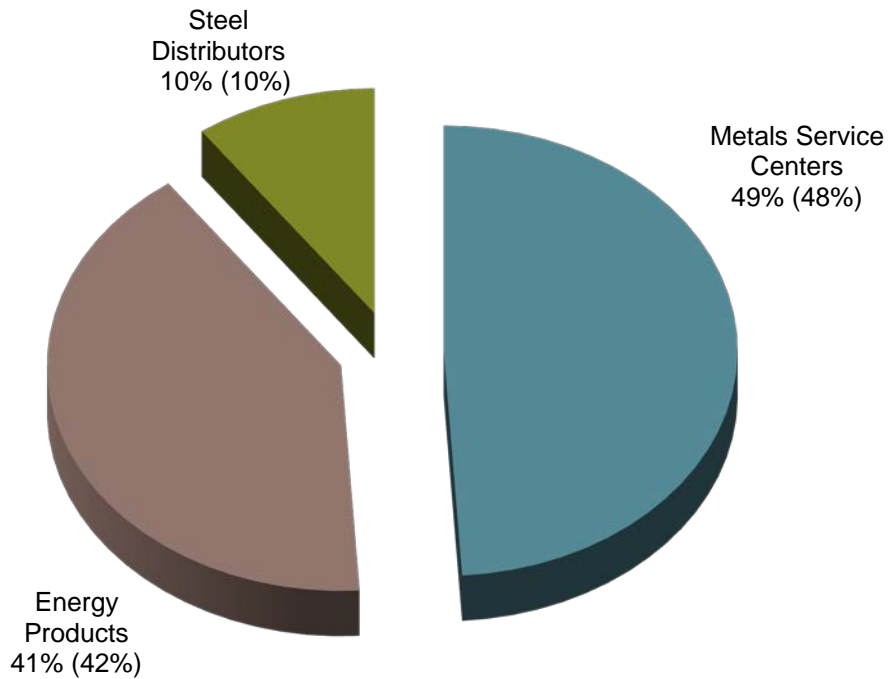
DEBT EQUITY RATIO



THREE DISTINCT SEGMENTS

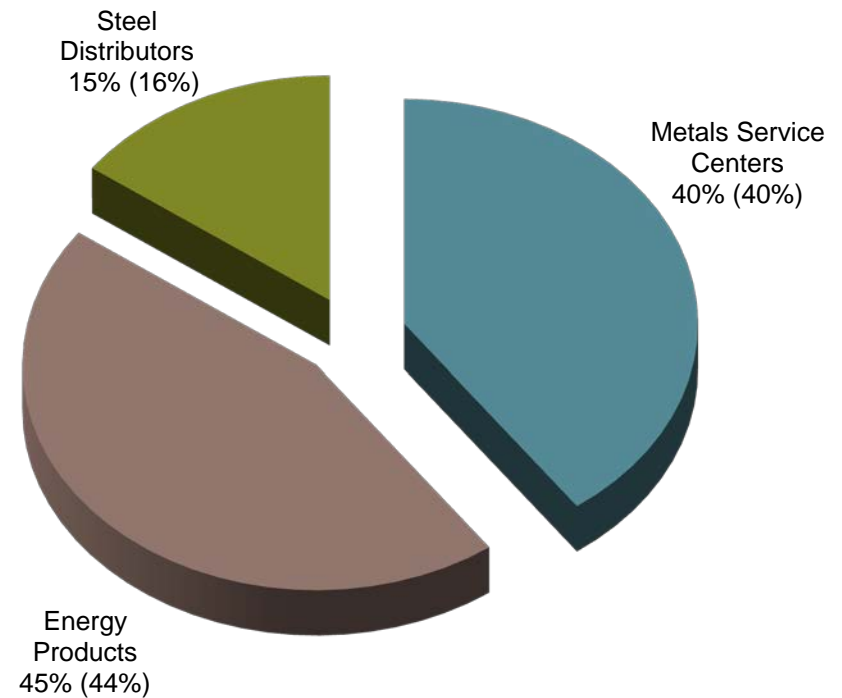
REVENUE

THREE MONTHS ENDED 2018 (2017)



EBIT

THREE MONTHS ENDED 2018 (2017)



OPERATING UNITS

CANADA



Metals Service Centers (52 units)

British Columbia (A.J. Forsyth)	Alberta
Man/Sask	Ontario (Color Steels)
Quebec (Acier Leroux)	Atlantic

Energy Products (48 units)

Comco Pipe (Alberta)	Apex Distribution (Alberta)
Fedmet Tubulars (Alberta)	Triumph Tubulars (Alberta)

Steel Distributors (3 units)

Wirth Steel (Montreal)

UNITED STATES



Metals Service Centers (16 units)

South East (JMS Russel Metals)	Wisconsin (Williams Bahcall)
Ohio (Baldwin)	North Carolina (DuBose)

Energy Products (20 units)

Pioneer (Colorado)	Spartan (Colorado)
Apex Remington (Oklahoma)	

Steel Distributors (3 units)

Sunbelt (Texas)

BALANCE SHEET AS OF MARCH 2018

(millions)

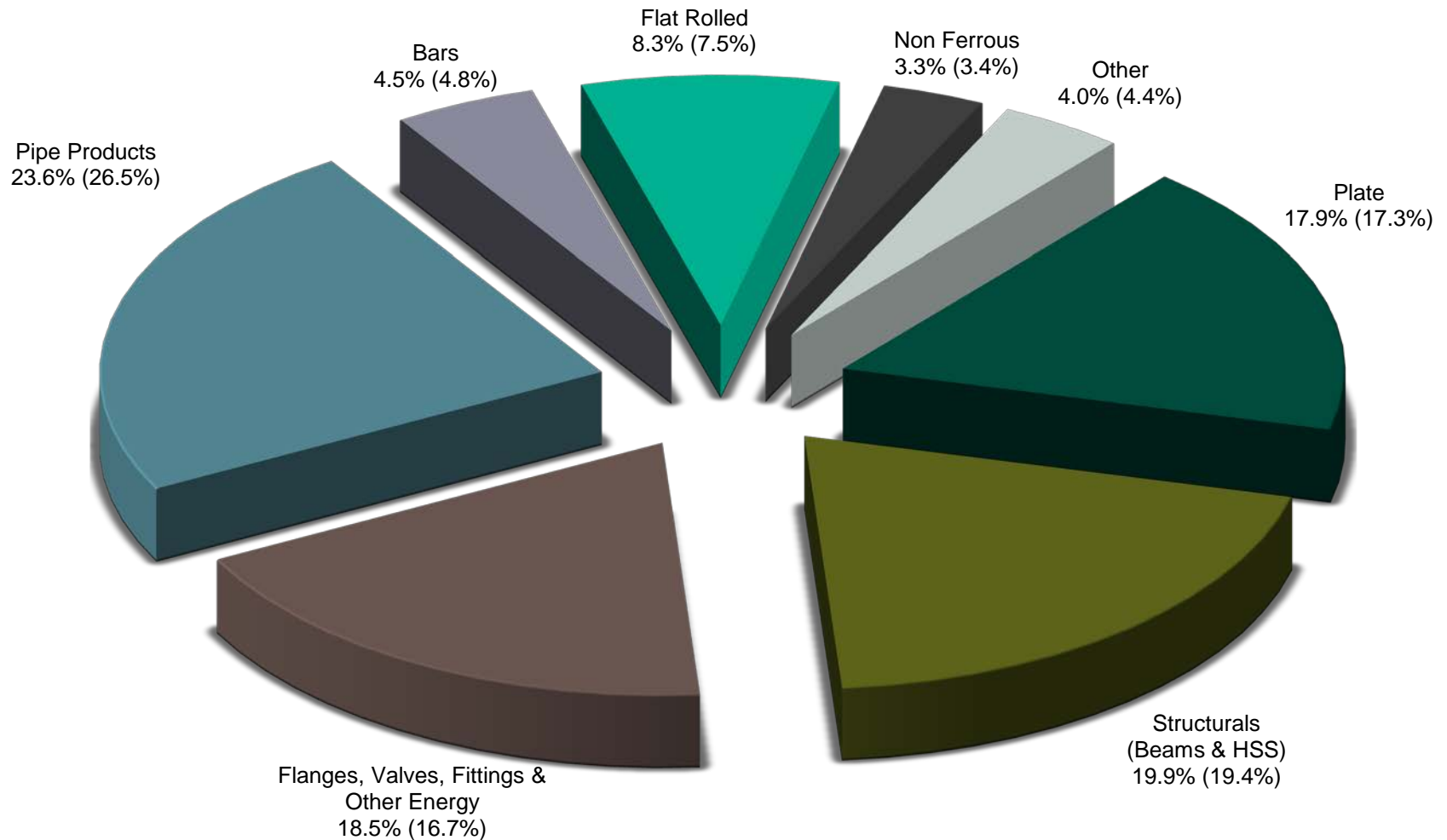
ASSETS EMPLOYED

Cash	\$ 136	7%
Accounts Receivable	549	28%
Inventories	870	45%
Property, Plant and Equipment	249	13%
Goodwill/Intangibles	89	5%
Other	31	2%
	<u>\$ 1,924</u>	<u>100%</u>

FINANCED BY

Bank Indebtedness	\$ 116	6%
Trade Creditors	467	24%
Long-term Debt	443	23%
Other	39	2%
Shareholders Equity	859	45%
	<u>\$ 1,924</u>	<u>100%</u>

BROAD PRODUCT FOCUS BREAKDOWN FOR THREE MONTHS ENDED MARCH 31, 2018 (2017)



TOP MILL SUPPLIERS FOR 2017

	% of total purchased	Products Purchased
Supplier 1	6.3%	Long Products
Supplier 2	5.0%	Plate
Supplier 3	4.9%	Flat Roll Steel
Supplier 4	4.5%	Tubing
Supplier 5	3.7%	Pipe
Supplier 6	3.5%	Long Products
Supplier 7	3.3%	Tubing & OCTG
Supplier 8	3.3%	Flat Roll Steel
Supplier 9	3.1%	Long Prod / Plate
Supplier 10	2.2%	Pipe
Top 10 Suppliers	39.8%	



SERVICE CENTER/ DISTRIBUTION COMPETITORS

TOP 15 BY REVENUE

(in billions)

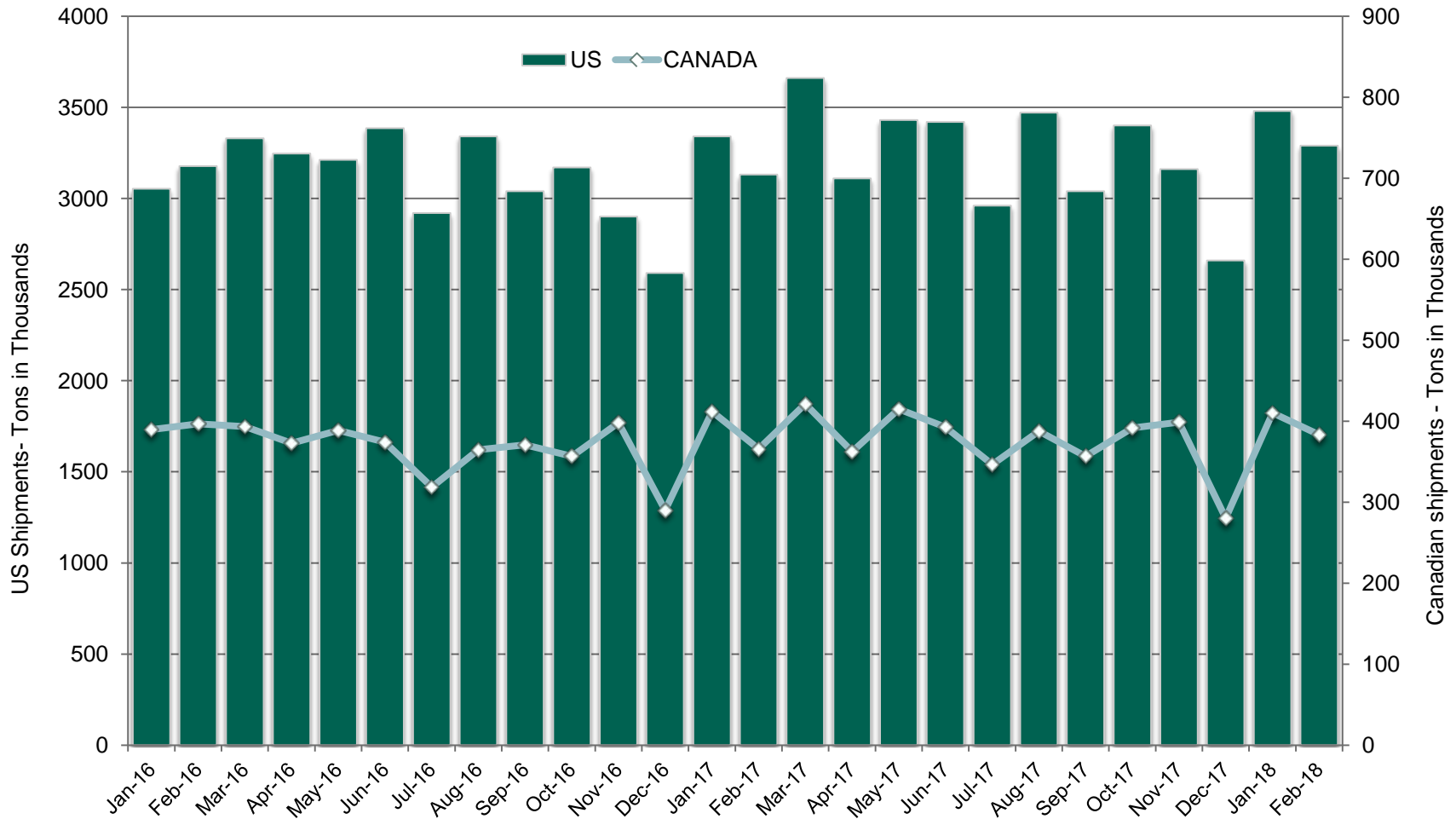
	2017	2016	Public/ Private	Headquarters
Reliance Steel & Aluminum Co.	\$ 9.7	\$ 8.6	Public	U.S
Samuel, Son & Co.	3.6	3.6	Private	Canada *
Ryerson Inc.	3.4	2.9	Public	U.S
Russel Metals Inc.	3.3	2.6	Public	Canada *
Klockner (North America)	2.6	2.6	Public	U.K.
MRC Global	3.6	2.5	Public	U.S
ThyssenKrupp Materials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

* Noted in Canadian Funds

MARKET TRENDS

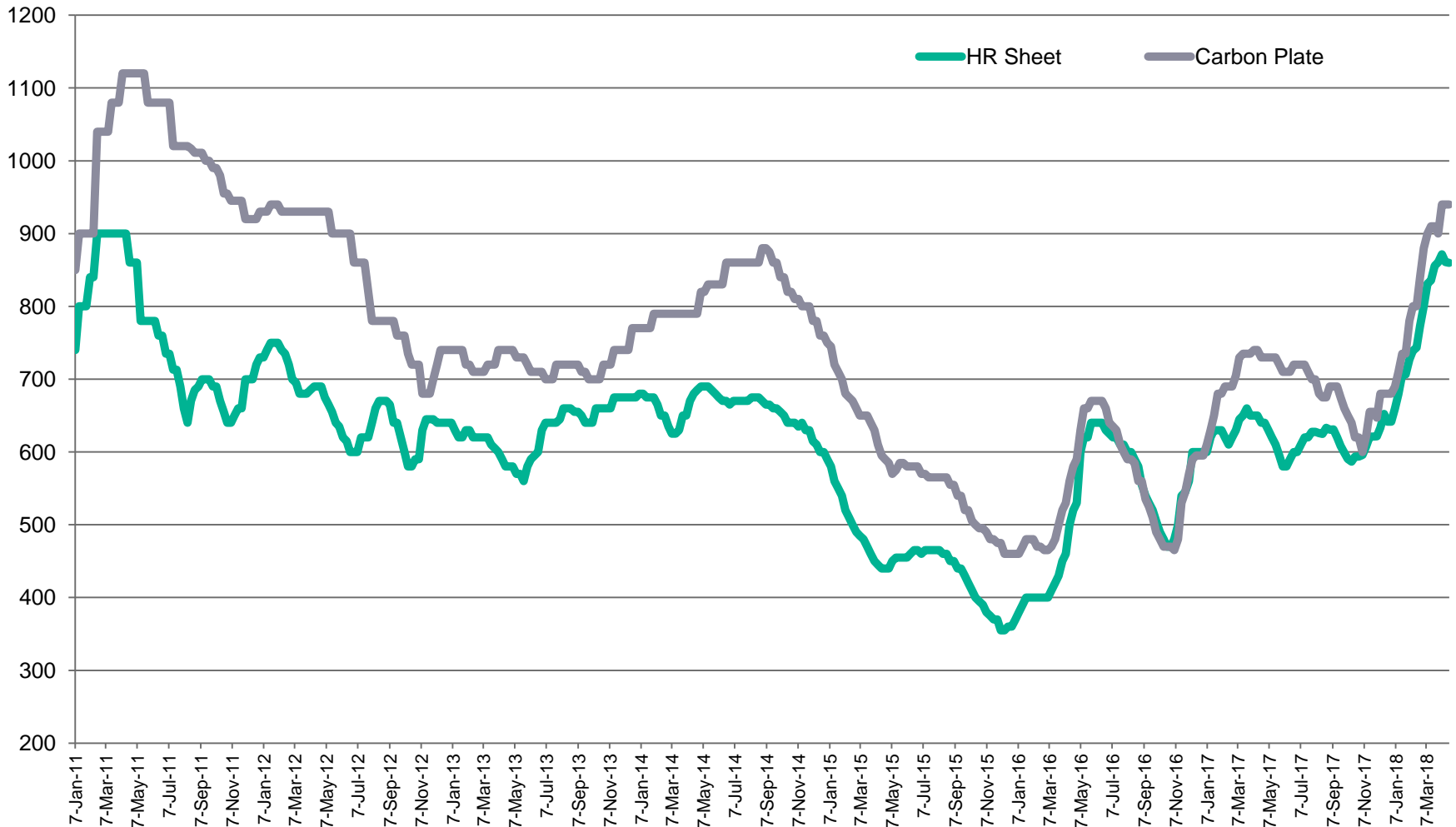


MONTHLY SERVICE CENTER SHIPMENTS – STEEL PRODUCTS



PRICE OF HR SHEET & HR PLATE

US\$ per ton

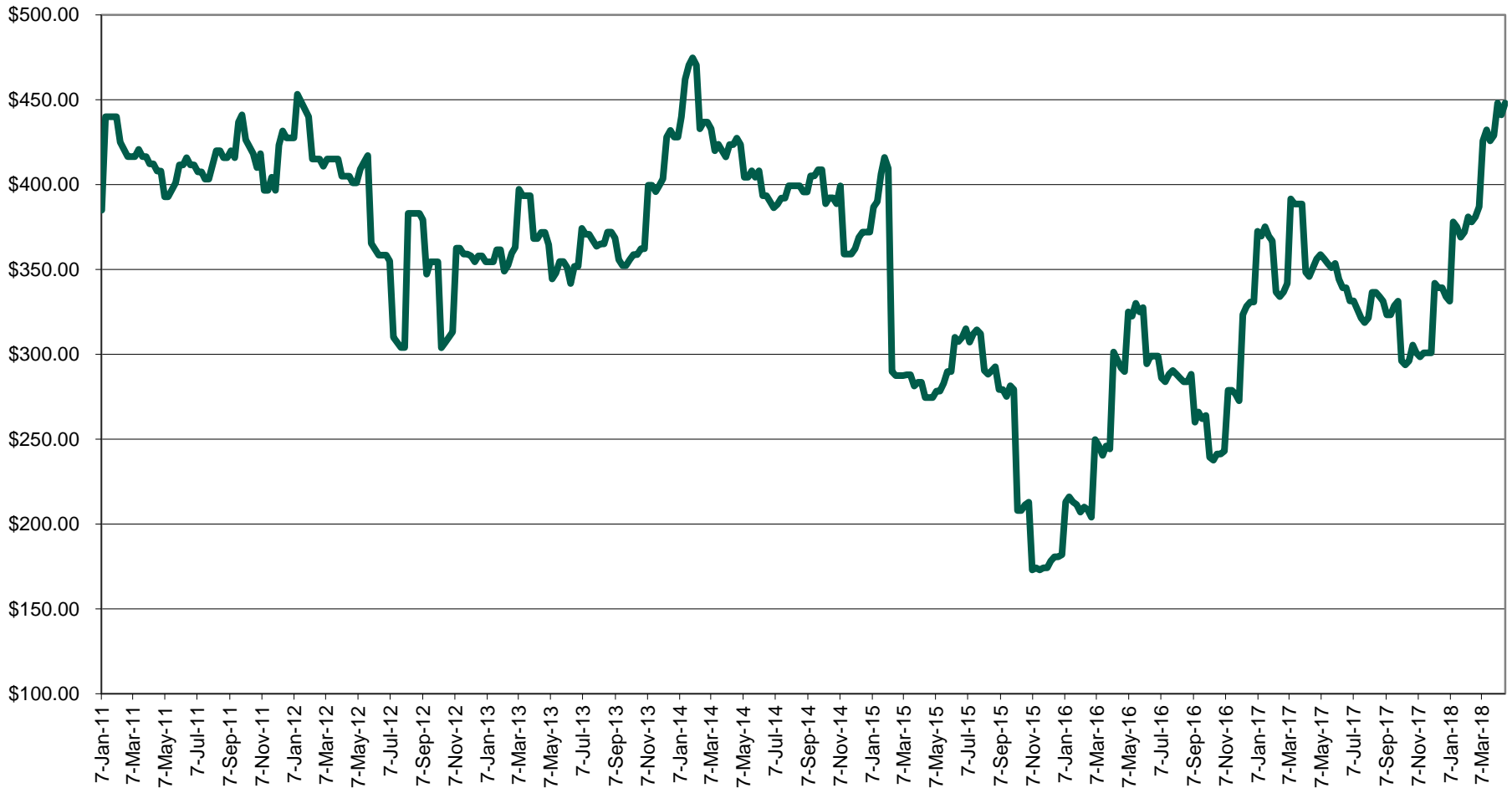


CARBON PLATE AND RUSSEL METALS EBIT

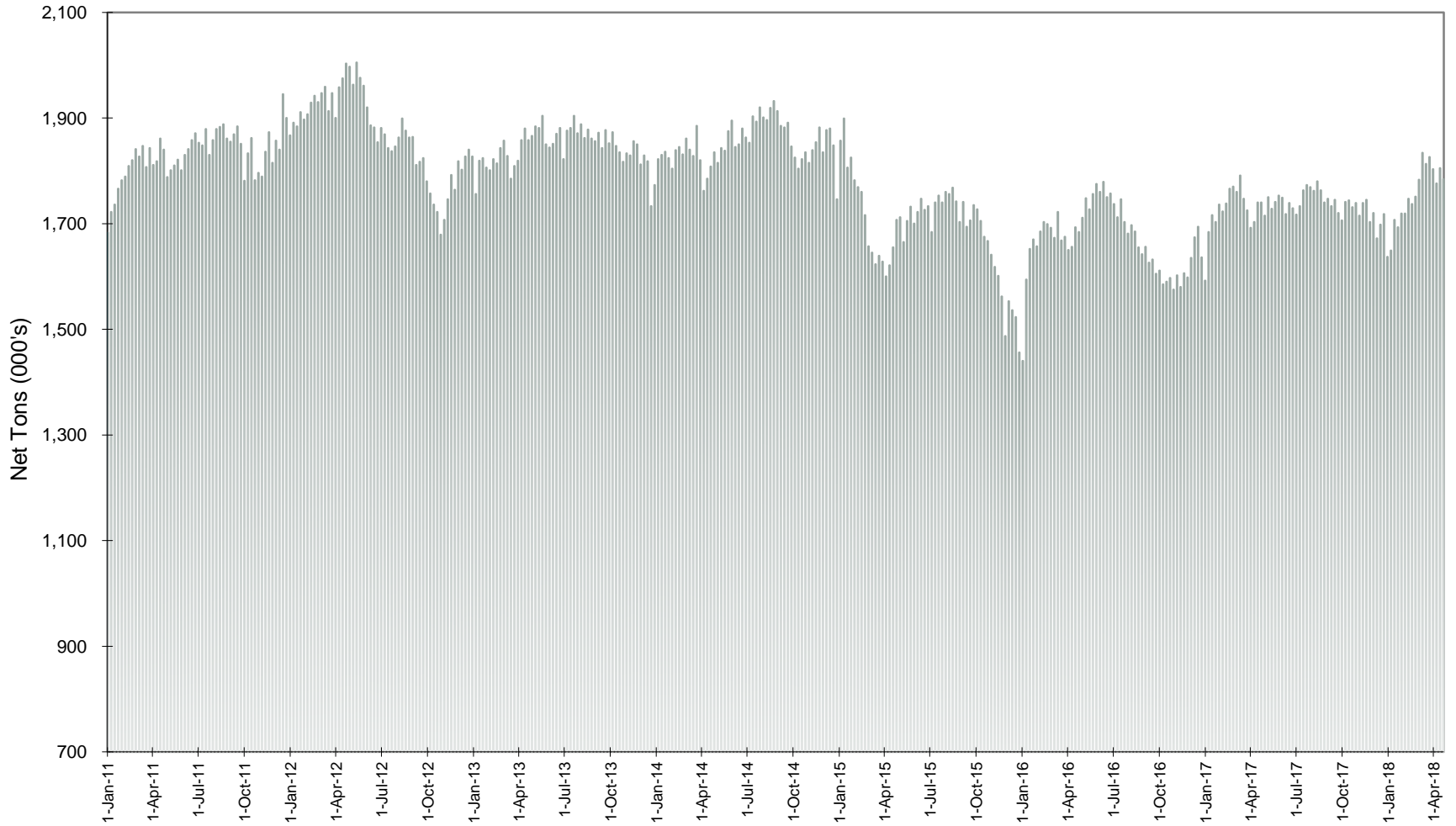


SCRAP PRICING

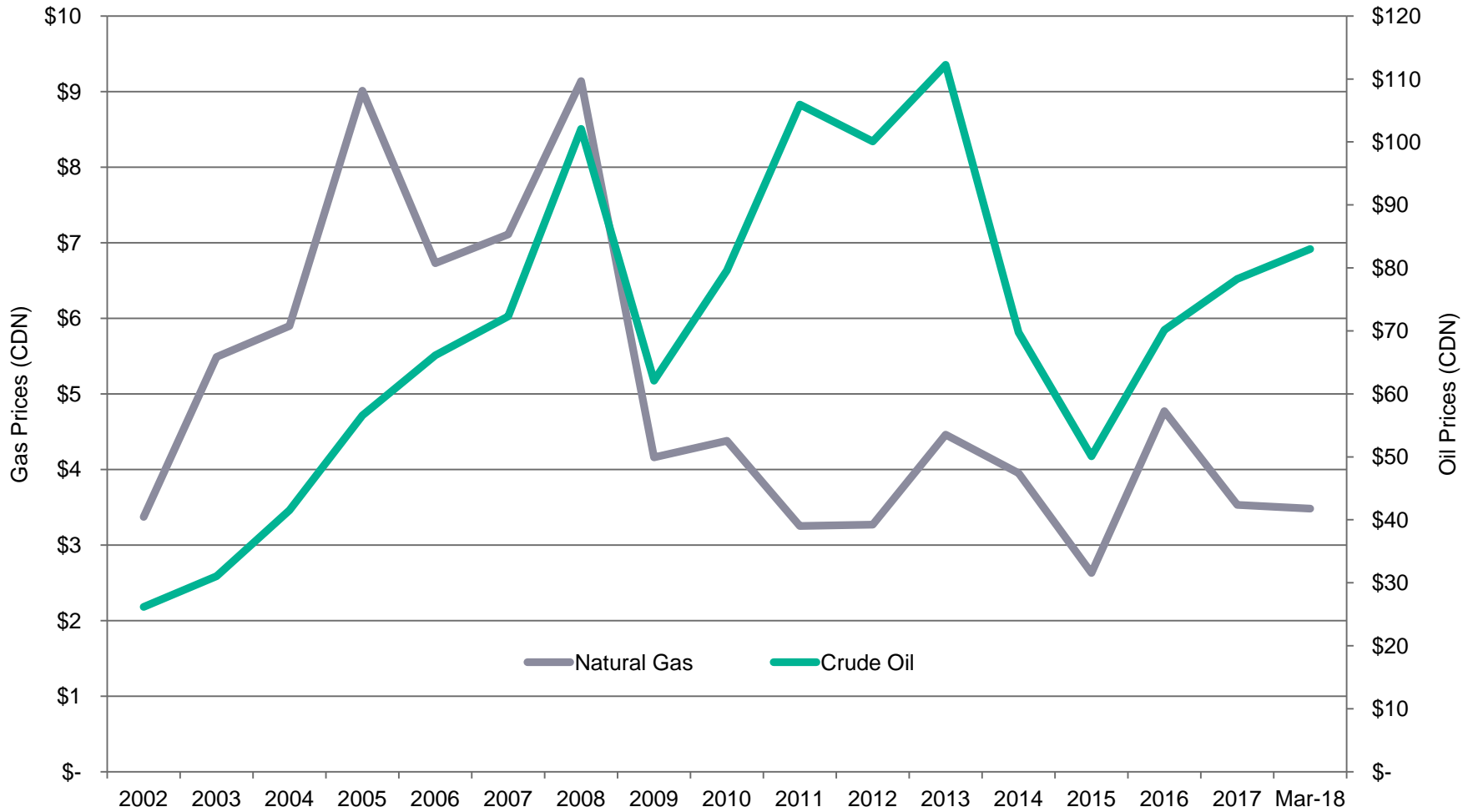
AMM Scrap Values



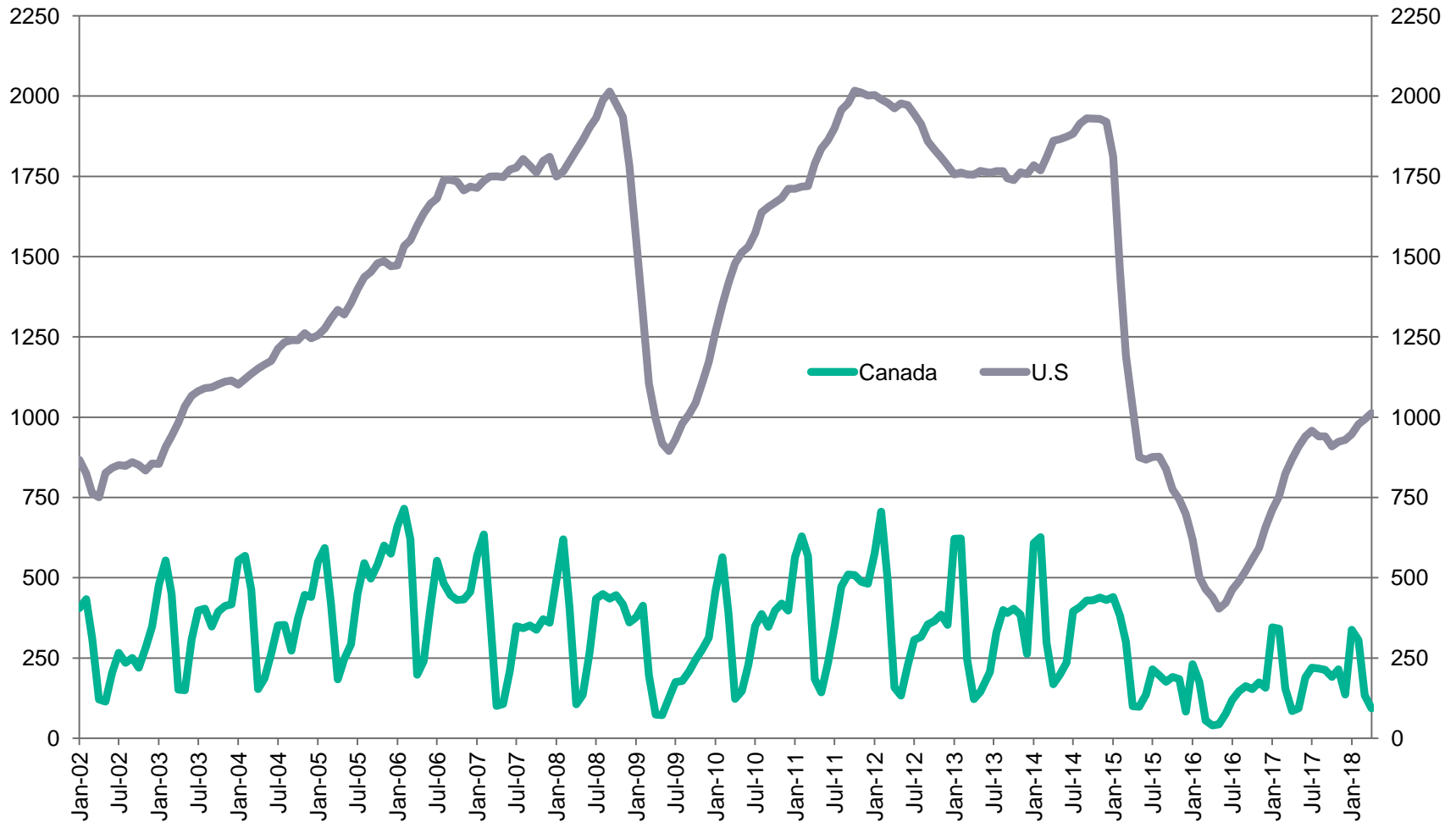
MILL PRODUCTION TONS



OIL AND NATURAL GAS PRICES LOW



NORTH AMERICAN RIG COUNT



**METALS
SERVICE
CENTERS**



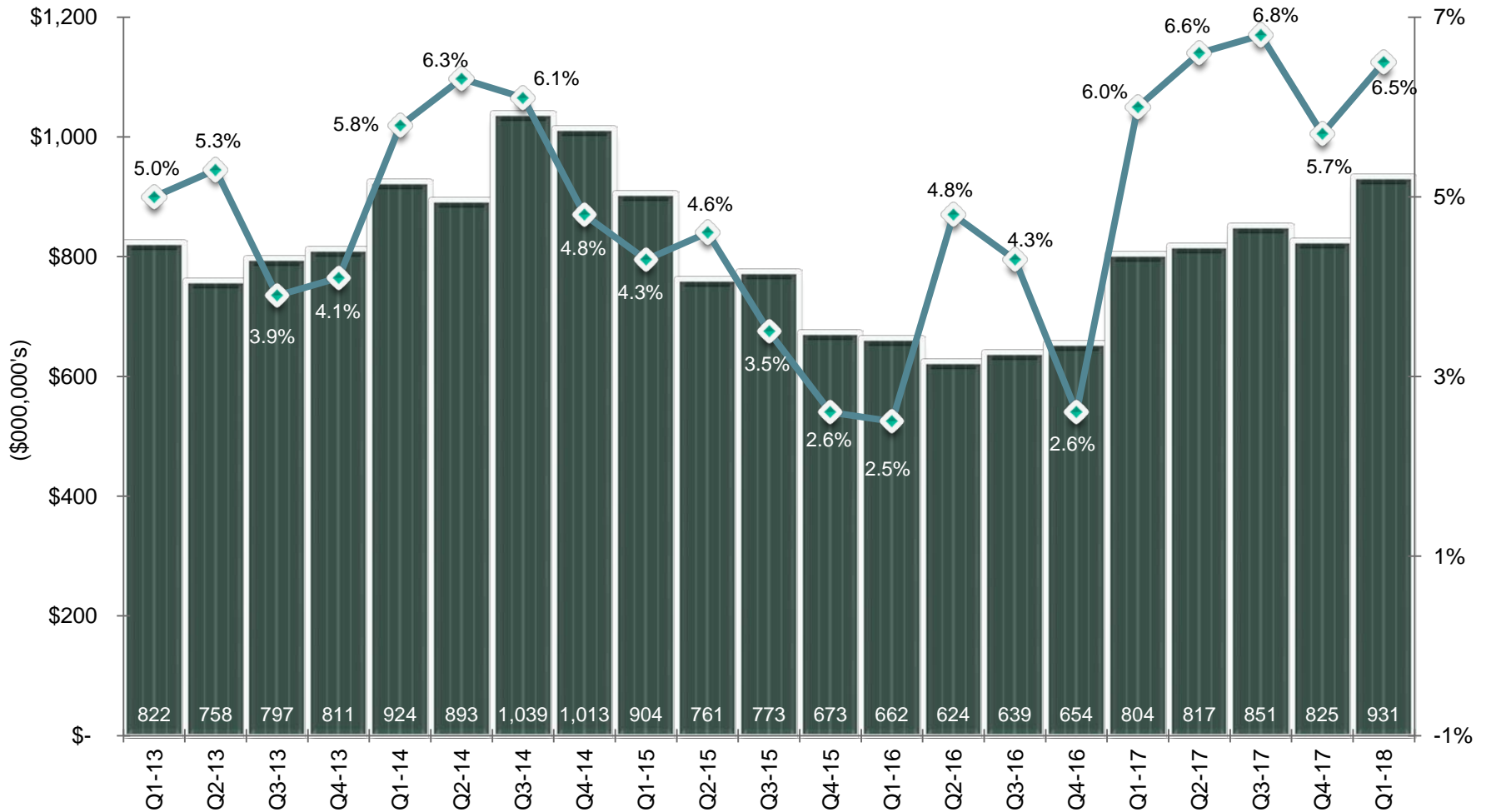
**STEEL
DISTRIBUTORS**



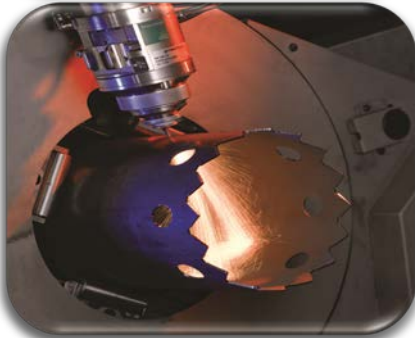
**ENERGY
PRODUCTS**

RMI OPERATIONS

TOTAL REVENUES & EBIT AS A % OF REVENUES



METALS SERVICE CENTERS – STRONG CANADIAN FRANCHISE



- ◆ Q1 - 2018 revenues of \$455 million, EBIT of \$29 million.
- ◆ 2017 revenues of \$1.6 billion, EBIT of \$80 million.
- ◆ 51 Metals Service Centers in Canada.
- ◆ 14 Metals Service Centers in U.S.
- ◆ Broad customer base - 29,000 Canadian, 17,000 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

- Mills producing base metal products
- Processing includes pickling, blanking, tube production from sheet, coating
- Limited ability to service multiple customer needs
- Long lead time order to delivery
- Large volumes

Metals Service Centers

- Source material and purchase in large quantity
- Process material to meet specific customer requirements
- Arrange logistics for delivery where and when customer needs
- Processing includes cut-to-length; cut parts using laser, oxy fuel or plasma; sawing, blanking, drilling, beveling, welding
- Some processors provide pickling and coating

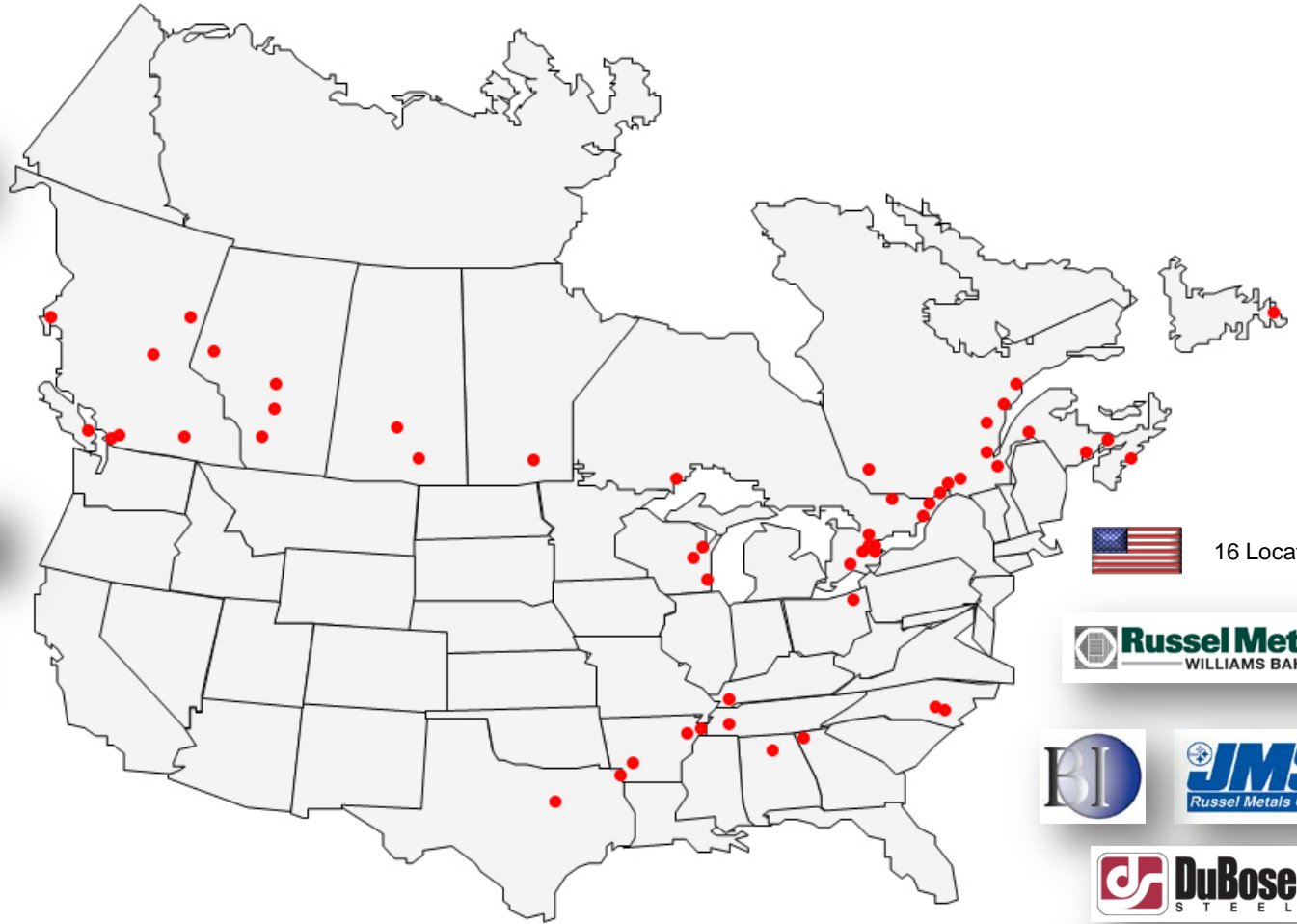
Customers

- Manufacturers, fabricators
- Focused on design, assembly, marketing
- Want just-in time completed parts to production line
- Some eliminating first stage processing
- Some end users continue to process parts but source material from service centers

METALS SERVICE CENTERS LOCATION OF OPERATIONS



52 Locations



16 Locations



METAL SERVICE CENTERS PROCESSING CAPABILITIES

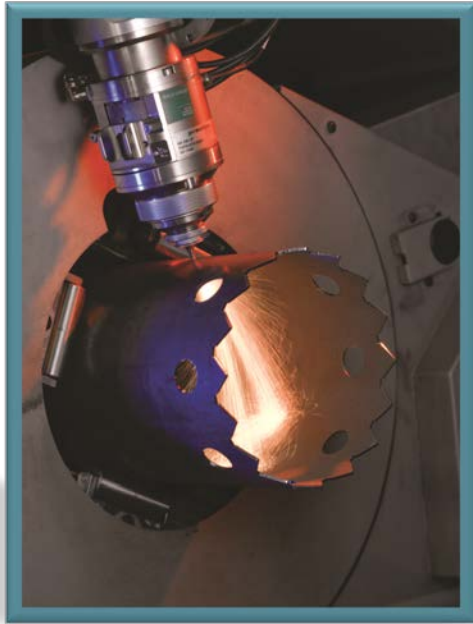


- Cutting-to-Length
- Stretcher Leveling
- Blanking
- Leveling
- Edge Trimming
- Slitting

- 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



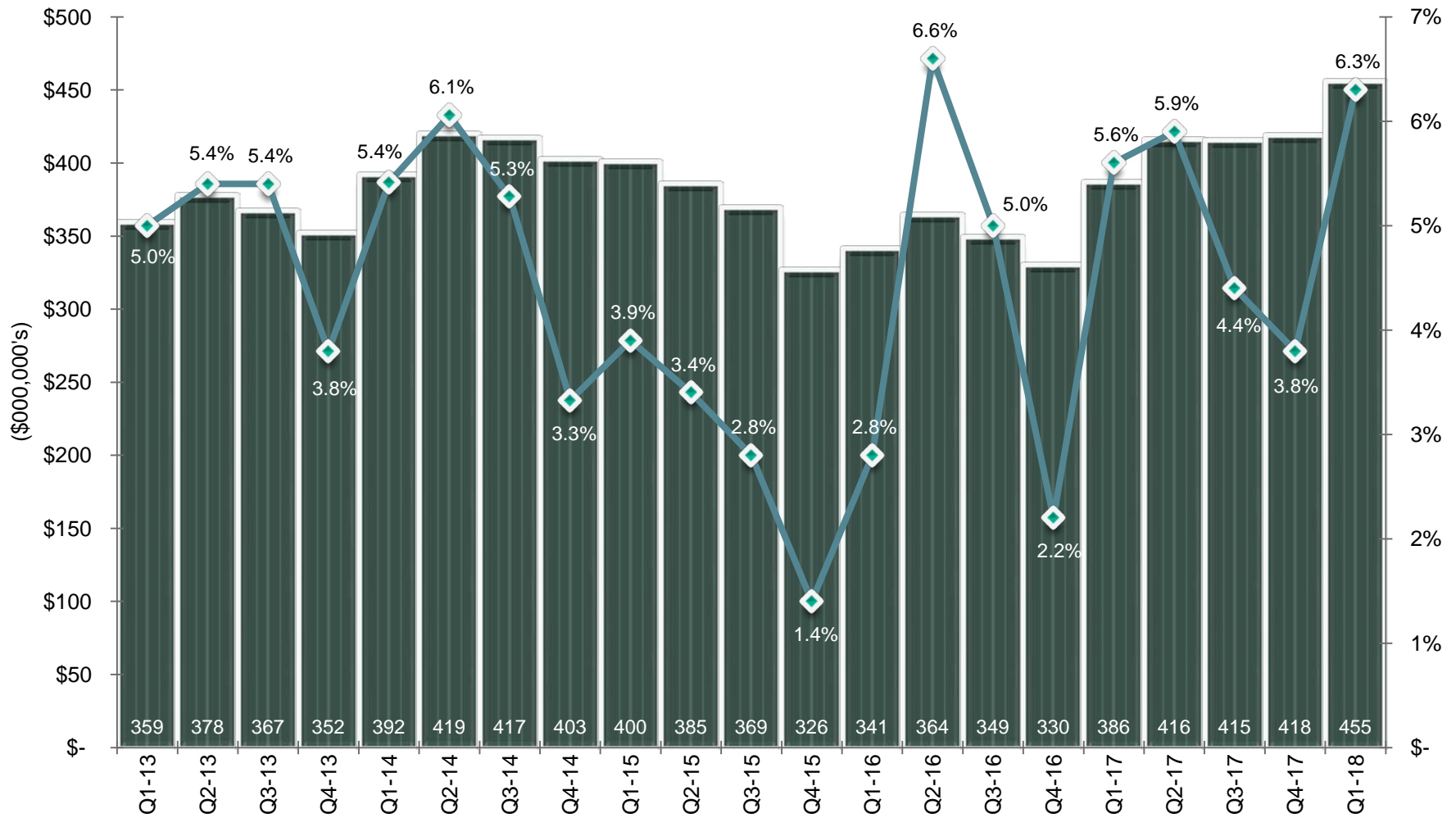
TOP METAL SERVICE CENTER CUSTOMERS – YE DECEMBER 31, 2017

Customer	Segment	% of Revenues	Products Purchased
Customer 1	Manufacturer-Transportation	0.9%	Flat Rolled, Tubing, Structurals, Plate
Customer 2	Metals Fabricator	0.7%	Plate (Discreet & Plate in Coil)
Customer 3	Service Center	0.6%	Structurals (WF & I Beam, Structural Angles/Channels)
Customer 4	Manufacturer-Agriculture & other	0.6%	Structurals (WF & I Beam, Structural Angles/Channels)
Customer 5	Manufacturer-Heavy Equipment	0.5%	Flat Rolled, Tubing, Structural
Customer 6	Manufacturer-Heavy Equipment	0.5%	Plate (Discreet & Plate in Coil)
Customer 7	Manufacturer-Agriculture	0.5%	Plate (Discreet & Plate in Coil),Structurals, Tube
Customer 8	Metals Fabricator	0.4%	Structurals (WF & I Beam, Structural Angles/Channels)
Customer 9	Steel Mill	0.4%	Plate (Discreet & Plate in Coil), FR Processing, Other
Customer 10	Metals Fabricator	0.4%	Structurals (WF & I Beam, Structural Angles/Channels)

Largest customer less than 1% of total revenue



METAL SERVICE CENTERS REVENUES & EBIT AS A % OF REVENUES



ENERGY PRODUCTS



Russel Metals

- ◆ Q1 - 2018 revenues of \$382 million, EBIT of \$32 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

- Mills producing pipe, valves and fittings
- Processing includes coating
- Limited ability to service multiple customer needs
- Long lead time order to delivery
- Service large volume projects

Pipe Distributors

- Source material and purchase in large quantity
- Arrange coating if required
- Arrange logistics for delivery where and when customer needs
- Store product at third party yards, coaters, trucking companies

Customers

- Oil and gas producers/distributors
- Focused on production
- Want just-in time finished pipe to site/field
- Pipe represents small portion of project. Typically contract drilling, etc.

ROLE OF VALUE AND FITTING FIELD STORES

Suppliers

- Mills producing pipe, valves and fittings
- Limited ability to service multiple customer needs
- Service large volume projects

Field Stores

- High service model
- Located close to customer base
- Inventory management programs and MRO business
- Repeat business due to maintenance and repair

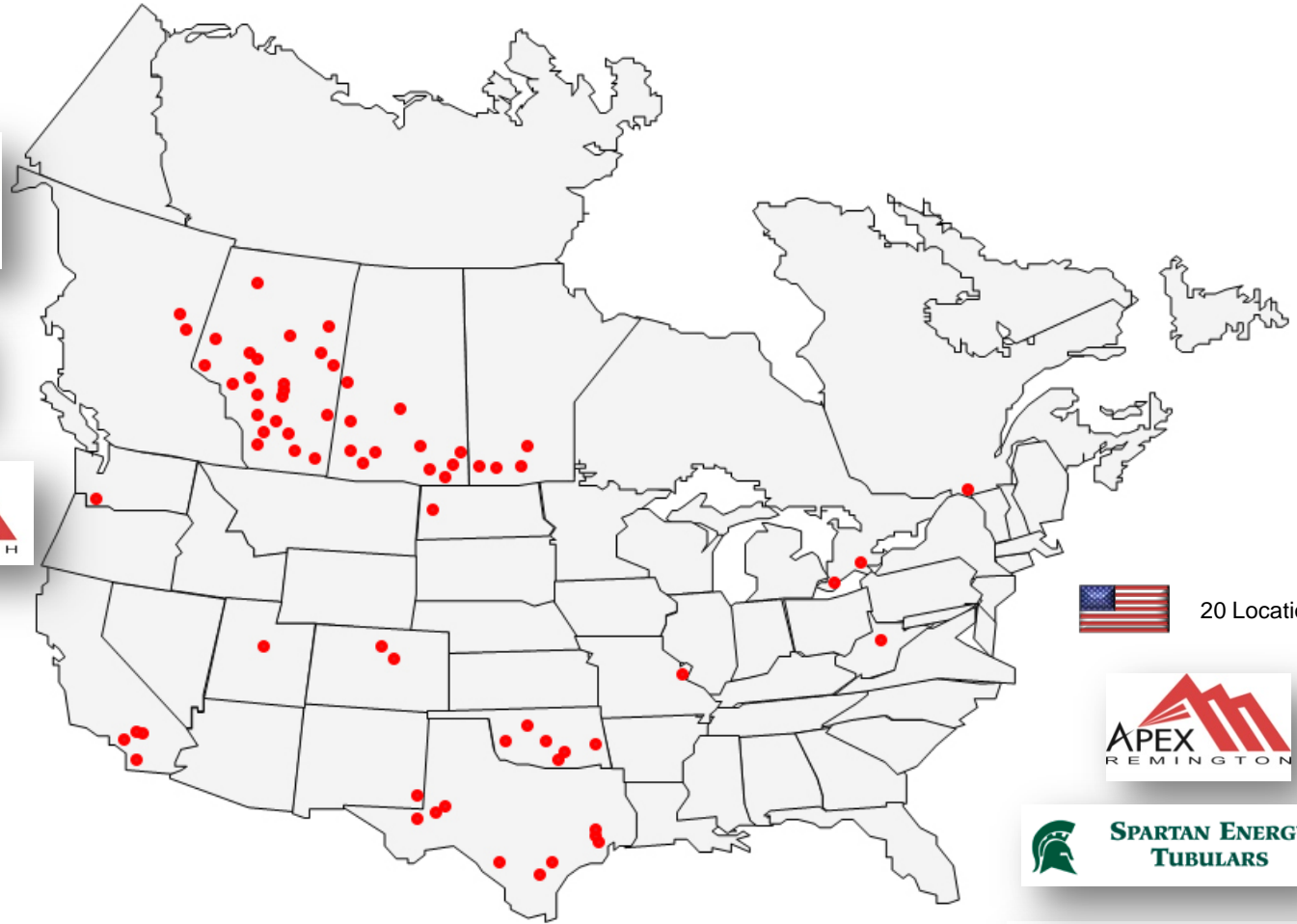
Customers

- Oil and gas producers/distributors
- Focused on production and rig down time

ENERGY PRODUCTS - WELL POSITIONED TO SERVICE NORTH AMERICAN ENERGY SECTOR



48 Locations



20 Locations



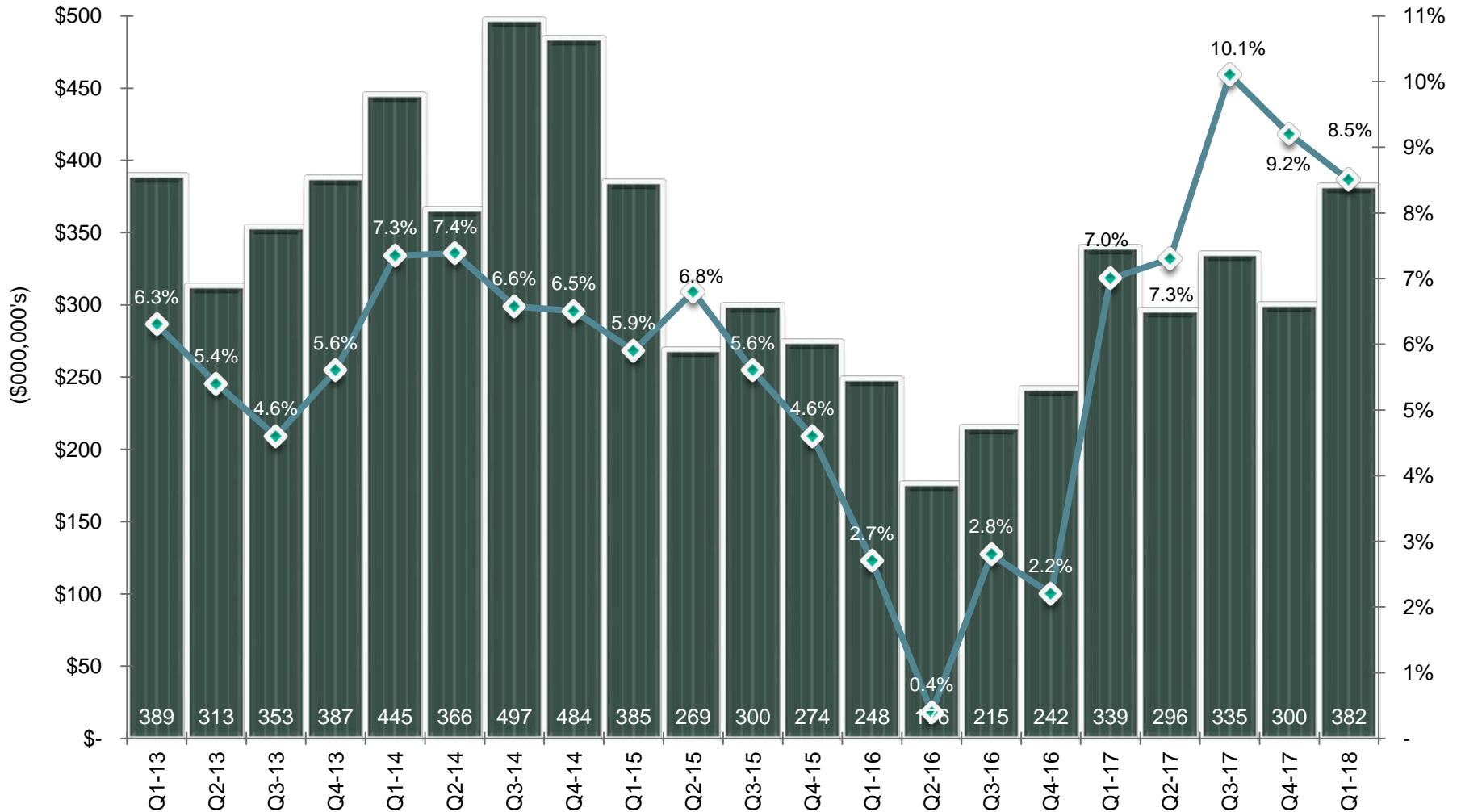
TOP ENERGY PRODUCT CUSTOMERS – YE DECEMBER 31, 2017

Customer	Customer	% of Segment Revenues	Products Purchased
Customer 1	Oil drilling, Gas drilling	6.8%	OCTG, Linepipe, Flanges & Fittings , Valves
Customer 2	Oil drilling, Gas drilling	6.6%	OCTG, Linepipe, Flanges & Fittings , Valves
Customer 3	Oil drilling, Gas drilling	4.5%	OCTG, Linepipe, Pipe, Flanges & Fittings , Valves
Customer 4	Oil drilling, Gas drilling	3.9%	OCTG, Pipe, Flanges & Fittings , Valves
Customer 5	Oil feeder lines, Gas feeder lines, Oil sands	3.5%	Pipe, Flanges & Fittings , Valves
Customer 6	Gas drilling, Gas feeder lines	1.8%	OCTG, Linepipe- small OD, Flanges & Fittings , Valves
Customer 7	Oil drilling, Gas drilling	1.8%	OCTG, Linepipe, Pipe, Flanges & Fittings, Valves
Customer 8	Oil drilling, Gas drilling	1.7%	OCTG, Pipe, Flanges & Fittings , Valves
Customer 9	Oil feeder lines	1.6%	Pipe, Flanges & Fittings, Valves
Customer 10	Oil drilling, Gas drilling	1.5%	OCTG, Linepipe, Flanges & Fittings , Valves

Largest customer less than 3% of total revenue



ENERGY PRODUCTS REVENUES & EBIT AS A % OF REVENUES



STEEL DISTRIBUTORS



- ◆ Q1-2018 revenues of \$94 million, EBIT of \$11 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

- Mills producing base metal products
- Processing includes pickling, blanking, tube production from sheet, coating
- Limited ability to service multiple customer needs
- Long lead time order to delivery
- Large volumes

Steel Distributors

- Source material and purchase in large quantity
- Arrange logistics for delivery where and when customer needs
- Processing includes cut-to-length
- Focused primarily on import product
- Truck load quantities
- Use third party yards

Customers

- Large original equipment manufacturers
- Smaller service centers
- Russel Metals Service Centers

TOP STEEL DISTRIBUTOR CUSTOMERS – YE DECEMBER 31, 2017

	Customer	% of Segment Revenue	Products Purchased
Customer 1	Service center	8.9%	Plate
Customer 2	Service center	5.7%	Tubing/Pipe , plate, beam, coils
Customer 3	Service center	5.0%	Structurals, Plate, Other (light rail)
Customer 4	Service center	4.8%	Plate, Pipe, wfb, Other
Customer 5	Manufacturer- Energy	4.1%	Plate, HR Plate
Customer 6	Service center	2.5%	Plate
Customer 7	Service center	2.1%	HR Coils, Sheets, Plate, HR Plate
Customer 8	Service center	2.0%	Plate, Structurals
Customer 9	Manufacturer- Fencing	1.9%	Pipe, tubing, nuts and bolts
Customer 10	Service center	1.9%	Plate, Structurals

Largest customer less than 2% of total revenue



STEEL DISTRIBUTORS – LOCATION OF OPERATIONS



3 Locations

acier **Wirth** steel



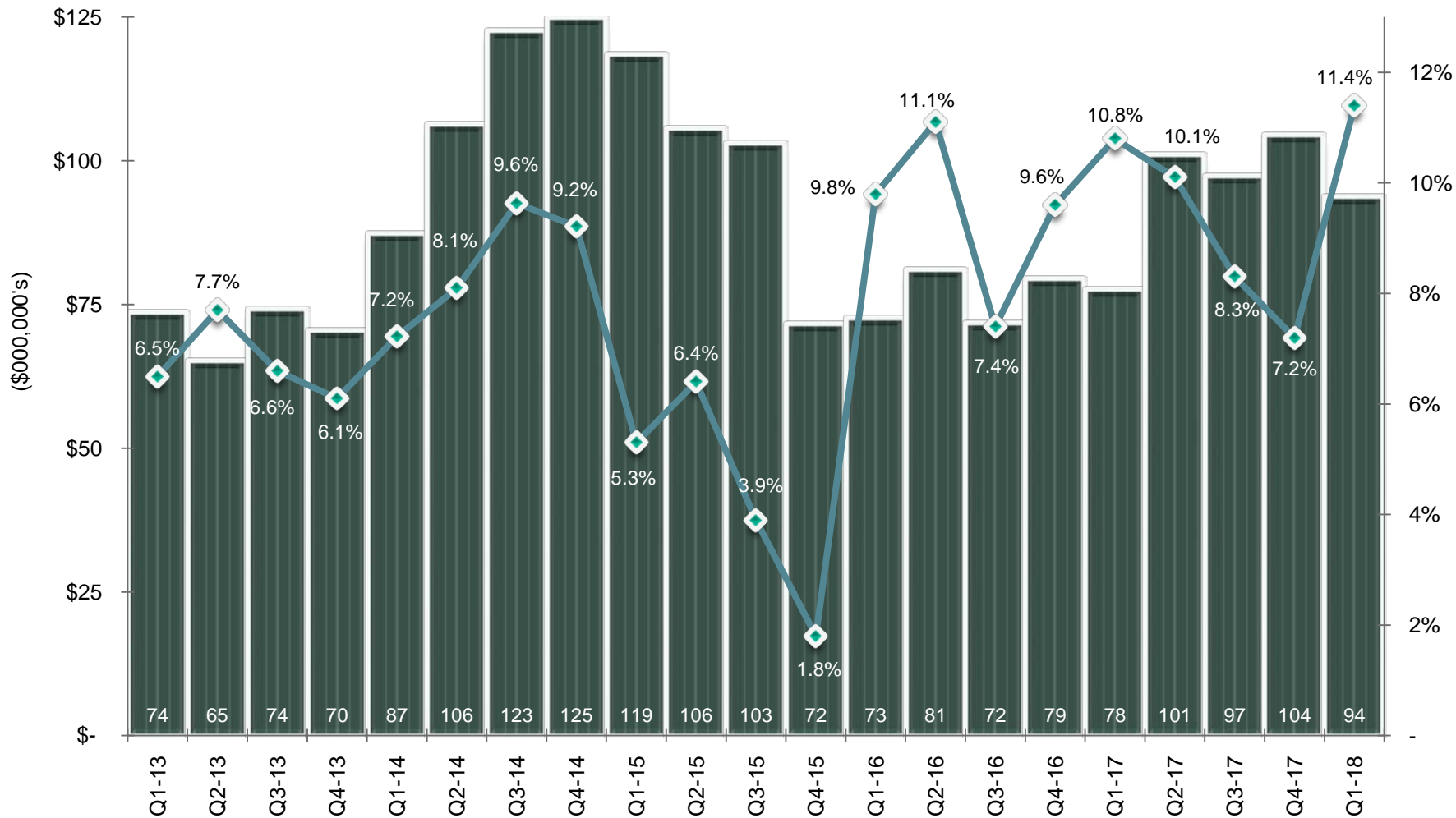
3 Locations



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