

RUSSEL METALS ANNOUNCES 2024 FIRST QUARTER RESULTS

FOR IMMEDIATE RELEASE

TORONTO, CANADA -- May 1, 2024 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended March 31, 2024.

Revenues of \$1.1 Billion and EBITDA¹ of \$84 Million
Cash Generated from Operating Activities of \$85 Million
Repurchased \$15 Million of Shares; Quarterly Dividend Increase of 5% to \$0.42 per Share
Redeeming \$150 million of 6% Notes
Liquidity¹ of \$956 Million

	Three Months Ended		
	Mar 31 2024	Dec 31 2023	Mar 31 2023
Revenues	\$ 1,061	\$ 1,019	\$ 1,187
EBITDA ¹	84	82	116
Net Income	50	47	74
Earnings per share	0.82	0.78	1.19

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

Non-GAAP Measures and Ratios

We use a number of measures that are not prescribed by IFRS Accounting Standards ("IFRS" or "GAAP") and as such may not be comparable to similar measures presented by other companies. We believe these measures are commonly employed to measure performance in our industry and are used by analysts, investors, lenders and other interested parties to evaluate financial performance and our ability to incur and service debt to support our business activities. These non-GAAP measures include EBITDA and Liquidity and are defined below. Refer to Non-GAAP Measures and Ratios on page 2 of our Management Discussion and Analysis.

EBIT - represents net earnings before interest and income taxes.

EBITDA - represents net earnings before interest, income taxes, depreciation and amortization.

Liquidity - represents cash on hand less bank indebtedness plus excess availability under our bank credit facility.

Cash (for) from working capital - represents the change in non-cash working capital.

The following table shows the reconciliation of net earnings in accordance with GAAP to EBITDA for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023:

(\$ millions, except per share data)	Three Months Ended		
	Mar 31 2024	Dec 31 2023	Mar 31 2023
Net earnings	\$ 49.7	\$ 47.2	\$ 73.9
Provision for income taxes	16.7	15.7	22.3
Interest (income) expense, net	(0.1)	0.7	3.8
EBIT ¹	66.3	63.6	100.0
Depreciation and amortization	17.7	18.6	16.4
EBITDA ¹	\$ 84.0	\$ 82.2	\$ 116.4
Basic earnings per share	\$ 0.82	\$ 0.78	\$ 1.19

¹ Defined in Non-GAAP Measures and Ratios

Our basic earnings per share of \$0.82 for the quarter ended March 31, 2024, was lower than the \$1.19 per share recorded in the first quarter of 2023 but higher than the \$0.78 reported in the fourth quarter of 2023. Revenues of \$1.1 billion were lower than the \$1.2 billion experienced in the first quarter of 2023 but higher than the \$1.0 billion in the fourth quarter of 2023. Our gross margins of 22.4% improved compared to 21.9% in the same quarter of 2023 and 21.3% in the fourth quarter of 2023. The sequential improvement in margins was across all three of our business segments.

During our 2024 first quarter we generated \$85 million of cash from operating activities before non-cash working capital, invested \$24 million of capital expenditures to further our internal growth initiatives and returned \$39 million of capital to our shareholders through \$24 million of dividends and \$15 million of share buybacks.

In the quarter, we generated \$84 million in EBITDA as compared to \$82 million in the fourth quarter of 2023. The first quarter of 2024 was negatively impacted by \$2 million in non-recurring expenses relating to the announced acquisition of seven service center locations from Samuel, Son & Co., Limited ("Samuel"). In addition, the market-to-market on stock-based compensation did not have an impact in the first quarter of 2024 as compared to an expense of \$7 million in the 2023 fourth quarter.

Market Conditions

Steel prices declined during the mid-to-latter part of the 2024 first quarter prior to stabilizing in late March and into April. Our metals service centers experienced 2% higher average selling prices for the first quarter of 2024 as compared to the fourth quarter of 2023, as we benefited from the higher price levels at the outset of the first quarter and our continued growth in value-added processing. In addition, we shipped 4% higher volumes in the first quarter of 2024 as compared to the fourth quarter of 2023, due to the seasonal pick-up in demand. Our energy field stores generated 12% higher revenues in the first quarter of 2024 as compared to the fourth quarter of 2023, as our business benefited from solid activity and growing market share, including the opening of two new energy field stores in the 2024 first quarter. Steel distributors were negatively impacted in the quarter by overseas shipping issues, which delayed inbound product from the first quarter into the second quarter of 2024.

Capital Investment Growth Initiatives

In the 2024 first quarter, we invested \$24 million in capital expenditures, including: (i) \$2 million for our greenfield facility in Saskatoon (Saskatchewan) that is scheduled to open in the summer of 2024, (ii) \$3 million for the expansion of our Texarkana (Texas) facility that is scheduled to be complete in the fall of 2024, and (iii) \$3 million for a flat and a tube laser in our Winnipeg (Manitoba) facility, both of which will be operational in the 2024 second quarter.

On April 15, 2024, we provided an update regarding our previously announced acquisition of seven service centers located in Western Canada and the Northeastern U.S. from Samuel. The Competition Bureau's review of the transaction is ongoing, and the Competition Bureau has advised us and Samuel that it has concerns related to a narrow segment of product in a specific geography. We and Samuel continue to engage constructively with the Competition Bureau in an effort to bring this matter to a resolution. As part of the ongoing dialogue, we and Samuel have made a timing commitment to the Competition Bureau that will allow the Competition Bureau to continue its investigation and advance the discussions. Accordingly, the acquisition is no longer expected to close in the second quarter of 2024. In addition, we continue to advance our integration planning initiatives in coordination with Samuel.

Returning Capital to Shareholders

We have adopted a flexible approach to returning capital to shareholders through: (i) our ongoing dividend; and (ii) share buybacks.

In the 2024 first quarter, we paid dividends of \$24 million or \$0.40 per share. As a result of our continued strong earnings and cash flow profile, we have declared a 5% increase in our quarterly dividend to \$0.42 per share payable on June 14, 2024.

In August 2023, we renewed our normal course issuer bid to purchase for cancellation up to 6.1 million of our common shares over 12 months. In the 2024 first quarter, we purchased and cancelled 0.3 million shares for total consideration of \$15 million. In the period since the August 2022 normal course issuer bid was established, we purchased 3.5 million shares at an average price per share of \$35.56 for total consideration of \$124 million.

Liquidity and Capital Structure

During the 2024 first quarter, we generated \$85 million of cash from operating activities before non-cash working capital and ended the quarter with total available liquidity of \$956 million. On May 2, 2024, we will redeem our 6% senior unsecured notes at par plus accrued and unpaid interest. This redemption will reduce our interest expense while maintaining strong ongoing liquidity. This redemption, in combination with our strong balance sheet, sets the stage for other debt structure improvements.

Outlook

Over the near term, we expect steel prices to stabilize and remain at price levels that are above historical averages, as a result of solid end market demand and expected discipline by North American steel mills. Over the medium-term, we expect growth in North American steel consumption as a result of onshoring activities and infrastructure spending initiatives in both Canada and the U.S. In addition, we are positioned to gain market share through our ongoing investment initiatives. Our energy field stores are expected to continue to benefit from solid energy activity in 2024.

Investor Conference Call

The Company will be holding an Investor Conference Call on Thursday, May 2, 2024, at 9:00 a.m. ET to review its 2024 first 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, May 16, 2024. You will be required to enter pass code 022820# 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 segments: metals service centers, energy field stores and steel distributors. Its network of metals service centers carries 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 field stores carry a specialized product line focused on the needs of energy industry customers. 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 MD&A 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: volatility in metal prices; cyclicalities of the metals industry; volatility in oil and natural gas prices; 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, geopolitical and common share risk.

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 MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A 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" later in this 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.sedarplus.ca.

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>	Three Months Ended March 31	
	2024	2023
Revenues	\$ 1,061.1	\$ 1,186.7
Cost of materials	823.2	926.4
Employee expenses	99.8	100.9
Other operating expenses	71.8	68.3
Earnings from joint venture	-	(8.9)
Earnings before interest and provision for income taxes	66.3	100.0
Interest (income) expense, net	(0.1)	3.8
Earnings before provision for income taxes	66.4	96.2
Provision for income taxes	16.7	22.3
Net earnings for the period	\$ 49.7	\$ 73.9
Basic earnings per common share	\$ 0.82	\$ 1.19
Diluted earnings per common share	\$ 0.82	\$ 1.19

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended March 31	
	2024	2023
Net earnings for the period	\$ 49.7	\$ 73.9
Other comprehensive (loss) income		
Items that may be reclassified to earnings		
Unrealized foreign exchange gains (losses) on translation of foreign operations	22.2	(0.7)
Items that may not be reclassified to earnings		
Actuarial gains (losses) on pension and similar obligations, net of taxes	3.6	(0.3)
Other comprehensive income (loss)	25.8	(1.0)
Total comprehensive income	\$ 75.5	\$ 72.9

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	March 31 2024	December 31 2023
ASSETS		
Current		
Cash and cash equivalents	\$ 574.5	\$ 629.2
Accounts receivable	510.8	457.4
Inventories	842.8	840.3
Prepays and other	26.5	26.2
Income taxes receivable	3.2	8.2
	1,957.8	1,961.3
Property, Plant and Equipment	357.2	339.9
Right-of-Use Assets	103.0	100.0
Deferred Income Tax Assets	1.3	1.2
Pension and Benefits	47.8	43.6
Financial and Other Assets	3.9	3.9
Goodwill and Intangibles	119.7	120.2
Total Assets	\$ 2,590.7	\$ 2,570.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 431.5	\$ 454.2
Short-term lease obligations	16.4	15.7
Income taxes payable	0.3	3.6
	448.2	473.5
Long-Term Debt	297.6	297.2
Pensions and Benefits	1.9	2.0
Deferred Income Tax Liabilities	17.1	17.5
Long-term Lease Obligations	112.5	109.6
Provisions and Other Non-Current Liabilities	36.3	30.4
Total Liabilities	913.6	930.2
Shareholders' Equity		
Common shares	554.0	556.3
Retained earnings	972.0	954.6
Contributed surplus	10.2	10.3
Accumulated other comprehensive income	140.9	118.7
Total Shareholders' Equity	1,677.1	1,639.9
Total Liabilities and Shareholders' Equity	\$ 2,590.7	\$ 2,570.1

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended March 31	
	2024	2023
Operating Activities		
Net earnings for the period	\$ 49.7	\$ 73.9
Depreciation and amortization	17.7	16.4
Provision for income taxes	16.7	22.3
Interest (income) expense, net	(0.1)	3.8
Gain on sale of property, plant and equipment	(0.2)	(0.2)
Earnings from joint venture	-	(8.9)
Difference between pension expense and amount funded	0.7	-
Debt accretion, amortization and other	0.4	0.3
Interest received (paid) net, including interest on lease obligations	0.4	(6.7)
Cash from operating activities before non-cash working capital	85.3	100.9
Changes in Non-Cash Working Capital Items		
Accounts receivable	(50.4)	(105.9)
Inventories	4.6	15.2
Accounts payable and accrued liabilities	(20.1)	70.5
Other	(0.3)	2.5
Change in non-cash working capital	(66.2)	(17.7)
Income tax paid, net	(16.9)	(15.9)
Cash from operating activities	2.2	67.3
Financing Activities		
Issue of common shares	0.8	8.6
Repurchase of common shares	(14.9)	-
Dividends on common shares	(24.1)	(23.7)
Lease obligations	(4.7)	(3.9)
Cash used in financing activities	(42.9)	(19.0)
Investing Activities		
Purchase of property, plant and equipment	(23.8)	(14.2)
Proceeds on sale of property, plant and equipment	0.2	0.3
Dividends received from joint venture	-	3.9
Cash used in investing activities	(23.6)	(10.0)
Effect of exchange rates on cash and cash equivalents	9.6	(0.2)
(Decrease) increase in cash and cash equivalents	(54.7)	38.1
Cash and cash equivalents, beginning of the period	629.2	363.0
Cash and cash equivalents, end of the period	\$ 574.5	\$ 401.1

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, 2024	\$ 556.3	\$ 954.6	\$ 10.3	\$ 118.7	\$ 1,639.9
Payment of dividends	-	(24.1)	-	-	(24.1)
Net earnings for the period	-	49.7	-	-	49.7
Other comprehensive income for the period	-	-	-	25.8	25.8
Share options exercised	0.8	-	(0.1)	-	0.7
Shares repurchased	(3.1)	(11.8)	-	-	(14.9)
Transfer of net actuarial gains on defined benefit plans	-	3.6	-	(3.6)	-
Balance, March 31, 2024	\$ 554.0	\$ 972.0	\$ 10.2	\$ 140.9	\$ 1,677.1

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2023	\$ 562.4	\$ 844.6	\$ 12.2	\$ 140.1	\$ 1,559.3
Payment of dividends	-	(23.7)	-	-	(23.7)
Net earnings for the period	-	73.9	-	-	73.9
Other comprehensive loss for the period	-	-	-	(1.0)	(1.0)
Share options exercised	10.1	-	(1.5)	-	8.6
Transfer of net actuarial losses on defined benefit plans	-	(0.3)	-	0.3	-
Balance, March 31, 2023	\$ 572.5	\$ 894.5	\$ 10.7	\$ 139.4	\$ 1,617.1