Information Package

For

Investor Conference Call

February 12, 2020

INFORMATION PACKAGE FOR INVESTOR CONFERENCE CALL
February 12, 2020

I N D E X

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

Certain statements made on this conference call 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 our 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 below, in our MD&A and in our 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 call should not be unduly relied upon. These statements speak only as of the date of this call and, except as required by law, we do not assume any obligation to update our forward-looking statements.

Risk Factors - 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; cyclicality 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 and common share risk.

NOTES

In this Information Package we use certain financial measures that do not comply with Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other issuers, for example EBIT and EBITDA and Other Information in the Financial Summary. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with Canadian GAAP. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies.

Definitions

Book Value Per Share - Equity value divided by ending common shares outstanding.

Debt as % of Capitalization - Total interest bearing debt excluding cash divided by common shareholders' equity plus interest bearing debt excluding cash.

Dividend Per Share - The current quarterly dividend annualized.

Dividend Yield - The dividend per share divided by the period end common share price.

Earnings Multiple - Period ending common share price divided by basic earnings per common share.

EBIT - Earnings from operations before deduction of interest and income taxes.

EBITDA - Earnings from operations before deduction of interest, income taxes, depreciation and amortization.

Free Cash Flow - Cash from operating activities before change in working capital less capital expenditures.

Interest Bearing Debt to EBITDA - Total interest bearing debt excluding cash on hand divided by EBITDA.

Market Capitalization - Outstanding common shares times market price of a common share at period end.

Net Assets Employed - Assets less liabilities excluding debt and cash.

Return on Capital Employed - EBIT for period annualized over net assets employed.

Russel Metals

Comments Re Market Conditions
February 2020

1. Metals service centers average selling price down 15% compared to Q4 2018 and 6% from Q3 2019.
2. Metals service centers tons down 7% compared to Q4 2018 which were stronger than the industry (MSCI)
3. Rig counts down in the U.S. and Canada year over year. Canada currently above prior year.
4. Energy products segment revenues down 21% from Q4 2018 mainly related to lower demand for line pipe and rig activity.

Russel Metals

HIGHLIGHTS
2019 FOURTH QUARTER RESULTS

1. QTR-4 2019 - Loss $7 million, Loss per share $0.11
   QTR-4 2018 - Earnings $46 million, Earnings per share $0.74
   Year Ended December 31, 2019 - Earnings $77 million, EPS $1.23
   Year Ended December 31, 2018 - Earnings $219 million, EPS $3.53

   Recorded inventory reserve of $14 million in Q4 2019 related to U.S. line pipe operations.
   Lower prices and demand.

2. Free Cash Flow
   (cash from operations before working capital changes less capital expenditures)
   Year Ended December 31, 2019 - $137 million or $2.20 per share
   Year Ended December 31, 2018 - $300 million or $4.84 per share

3. Cash from Working Capital
   QTR-4 2019 - $133 million
   Year Ended December 31, 2019 - $144 million

4. Return on Equity - 8%

5. Declared dividend of $0.38 per share

FINANCIAL HIGHLIGHTS

	<----Years Ended----				
	2019	2018	2017	2016	2015
OPERATING RESULTS (millions)					
Revenues	**$3,675.9**	$4,165.0	$3,296.0	$2,578.6	$3,111.6
Net earnings	**76.6**	219.0	123.8	62.8	(87.6)
EBIT	**146.3**	330.9	206.4	119.0	(86.1)
EBIT as a % of revenue	**4.0%**	7.9%	6.3%	4.6%	nm
EBITDA	**203.0**	366.6	240.6	154.1	(51.0)
EBITDA as a % of revenue	**5.5%**	8.8%	7.3%	6.0%	nm
Basic earnings per common share ($)	**$1.23**	$3.53	$2.00	$1.02	($1.42)
BALANCE SHEET INFORMATION (millions)					
Metals					
Accounts receivable	**$457.9**	$566.4	$445.8	$358.9	$333.4
Inventories	**883.6**	1,052.5	819.9	615.8	712.5
Prepaid expenses and other assets	**18.2**	14.1	17.2	8.5	10.7
Accounts payable and accruals	**(307.9)**	(470.6)	(347.4)	(276.3)	(269.7)
Net working capital - Metals	**1,051.8**	1,162.4	935.5	706.9	786.9
Fixed assets	**288.9**	268.0	246.5	239.7	267.8
Right-of-use assets	**90.1** (1)	-	-	-	-
Goodwill and intangibles	**137.0**	86.2	90.5	85.7	92.0
Lease obligations	**(111.6)** (1)	-	-	-	-
Net assets employed in metals operations	**1,456.2**	1,516.6	1,272.5	1,032.3	1,146.7
Other operating assets	**1.7**	0.7	(0.8)	(1.1)	(1.9)
Net income tax assets (liabilities)	**10.2**	(32.3)	(30.0)	(7.3)	25.4
Pension and benefit assets (liabilities)	**(5.0)**	(5.8)	(12.0)	(11.0)	(21.7)
Other corporate assets and liabilities	**(27.5)**	(26.5)	(24.4)	(38.5)	(33.1)
Total net assets employed	**$1,435.6**	$1,452.7	$1,205.3	$974.4	$1,115.4
CAPITALIZATION (millions)					
Bank indebtedness, net of (cash)	**$46.2**	$4.2	$82.0	$(146.8)	$(49.2)
Long-term debt (incl. current portion)	**444.8**	443.6	296.5	295.9	295.7
Total interest bearing debt, net of (cash)	**491.0**	447.8	378.5	149.1	246.5
Market capitalization	**1,378.4**	1,324.7	1,805.3	1,579.2	991.6
Total firm value	**$1,869.4**	$1,772.5	$2,183.8	$1,728.3	$1,238.1
OTHER INFORMATION (Notes)					
Shareholders' equity (millions)	**$944.6**	$1,004.9	$826.8	$825.3	$868.9
Book value per share ($)	**$15.19**	$16.18	$13.36	$13.37	$14.08
Free cash flow (millions)	**$136.7**	$300.1	$180.4	$77.4	$0.6
Capital expenditures (millions)	**$34.8**	$41.3	$35.7	$16.7	$38.3
Depreciation and amortization (millions)	**$56.7**	$35.7	$34.2	$35.1	$35.1
Earnings multiple	**18.0**	6.0	14.6	25.1	nm
Firm value as a multiple of EBIT	**12.8**	5.4	10.6	14.5	nm
Firm value as a multiple of EBITDA	**9.2**	4.8	9.1	11.2	nm
Interest bearing debt/EBITDA	**2.2**	1.2	1.2	1.9	nm
Debt as a % of capitalization	**34%**	31%	31%	26%	25%
Market capitalization as a % of book value	**146%**	132%	218%	191%	114%
Return on capital employed	**10%**	23%	17%	12%	(8%)
Return on equity	**8%**	22%	15%	8%	(10%)
COMMON SHARE INFORMATION					
Ending outstanding common shares	**62,173,430**	62,106,895	61,890,197	61,735,485	61,702,560
Average outstanding common shares	**62,132,030**	62,028,991	61,788,013	61,704,990	61,696,592
Dividend yield	**6.9%**	7.1%	5.2%	5.9%	9.5%
Dividend per share	**$1.52**	$1.52	$1.52	$1.52	$1.52
Dividends paid as a % of free cash flow	**69%**	31%	52%	121%	nm
Share price - High	**$25.22**	$32.65	$29.78	$27.78	$27.81
Share price - Low	**$18.47**	$19.72	$23.67	$13.95	$14.36
Share price - Ending	**$22.17**	$21.33	$29.17	$25.58	$16.07

This chart includes certain financial measures that are not prescribed by Canadian generally accepted accounting principles (GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other companies, for example EBIT and EBITDA and Other Information. Management believes that EBIT and EBITDA may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. EBIT and EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data. EBIT, EBITDA and a number of the ratios provided under Other Information are used by debt and equity analysts to compare our performance against other public companies. This terminology is defined on the inside back cover of our Annual Report. See financial statements for GAAP earnings.

(1) Effective January 1, 2019, the Company adopted IFRS 16 - Leases

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

(in millions of Canadian dollars, except per share data)	Quarters ended December 31 2019	Quarters ended December 31 2018	Years ended December 31 2019	Years ended December 31 2018
Revenues	$ 837.4	$ 1,115.4	$ 3,675.9	$ 4,165.0
Cost of materials	715.4	905.2	3,035.9	3,280.4
Employee expenses	70.3	80.1	295.9	335.1
Other operating expenses	49.4	58.7	197.8	215.3
Asset impairment	-	-	-	3.3
Earnings before interest, finance expense and provision for income taxes	2.3	71.4	146.3	330.9
Interest expense	9.9	8.4	40.9	31.6
Other finance expense	-	-	-	1.2
Earnings (loss) before provision for income taxes	(7.6)	63.0	105.4	298.1
Provision for income taxes	1.0	16.8	28.8	79.1
Net earnings (loss) for the period	$ (6.6)	$ 46.2	$ 76.6	$ 219.0
Basic earnings (loss) per common share	$ (0.11)	$ 0.74	$ 1.23	$ 3.53
Diluted earnings (loss) per common share	$ (0.11)	$ 0.74	$ 1.23	$ 3.53

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions of Canadian dollars)	Quarters ended December 31 2019	Quarters ended December 31 2018	Years ended December 31 2019	Years ended December 31 2018
Net earnings (loss) for the period	$ (6.6)	$ 46.2	$ 76.6	$ 219.0
Other comprehensive income (loss)				
Items that may be reclassified to earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	(10.6)	29.7	(27.8)	44.8
Items that may not be reclassified to earnings				
Actuarial gains (losses) on pension and similar obligations, net of taxes	1.9	(6.1)	(0.1)	3.4
Other comprehensive income (loss)	(8.7)	23.6	(27.9)	48.2
Total comprehensive income (loss)	$ (15.3)	$ 69.8	$ 48.7	$ 267.2

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in millions of Canadian dollars)	December 31 2019	December 31 2018
ASSETS		
Current		
Cash and cash equivalents	$ 16.0	$ 124.3
Accounts receivable	458.1	567.5
Inventories	883.6	1,052.5
Prepaids and other	18.1	14.1
Income taxes receivable	18.9	5.2
	1,394.7	1,763.6
Property, Plant and Equipment	288.9	268.9
Right-of-use Assets	90.1	-
Deferred Income Tax Assets	4.8	4.2
Pension and Benefits	5.4	3.1
Financial and Other Assets	4.0	4.4
Goodwill and Intangibles	137.0	86.2
	$ 1,924.9	$ 2,130.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	$ 62.1	$ 128.5
Accounts payable and accrued liabilities	326.4	494.7
Short-term lease obligations	17.1	-
Income taxes payable	0.3	21.5
	405.9	644.7
Long-Term Debt	444.8	443.6
Pensions and Benefits	10.4	8.9
Deferred Income Tax Liabilities	13.2	20.1
Long-term Lease Obligations	94.4	-
Provisions and Other Non-Current Liabilities	11.6	8.2
	980.3	1,125.5
Shareholders' Equity		
Common shares	543.7	542.1
Retained earnings	284.5	318.6
Contributed surplus	15.7	15.7
Accumulated other comprehensive income	100.7	128.5
Total Shareholders' Equity	944.6	1,004.9
Total Liabilities and Shareholders' Equity	$ 1,924.9	$ 2,130.4

CONSOLIDATED STATEMENTS OF CASH FLOW

	Quarters ended December 31		Years ended December 31	
(in millions of Canadian dollars)	2019	2018	2019	2018
Operating activities				
Net earnings (loss) for the period	$ (6.6)	$ 46.2	$ 76.6	$ 219.0
Depreciation and amortization	15.3	9.6	56.7	35.7
Provision for income taxes	(1.0)	16.8	28.8	79.1
Interest expense	9.9	8.4	40.9	31.6
(Gain) loss on sale of property, plant and equipment	(0.1)	(0.1)	(0.5)	2.8
Share-based compensation	0.1	0.1	0.3	0.5
Difference between pension expense and amount funded	(0.2)	(0.3)	(0.9)	(1.6)
Debt accretion, amortization and other	0.3	0.2	1.2	1.0
Change in fair value of contingent consideration	-	-	-	1.2
Interest paid, including interest on lease obligations	(4.1)	(10.2)	(31.6)	(27.9)
Cash from operating activities before non-cash working capital	13.6	70.7	171.5	341.4
Changes in non-cash working capital items				
Accounts receivable	62.2	99.5	121.1	(101.0)
Inventories	122.6	(8.4)	202.5	(195.5)
Accounts payable and accrued liabilities	(49.2)	(36.0)	(175.7)	117.7
Other	(2.9)	(0.8)	(3.8)	3.2
Change in non-cash working capital	132.7	54.3	144.1	(175.6)
Income tax paid, net	(5.2)	(13.7)	(65.9)	(77.9)
Cash from operating activities	141.1	111.3	249.7	87.9
Financing activities				
Decrease in bank borrowings	(73.1)	(38.6)	(66.3)	(79.3)
Issue of common shares	-	0.3	1.3	4.7
Dividends on common shares	(23.7)	(23.6)	(94.5)	(94.3)
Issuance of long-term debt	-	-	-	146.0
Lease obligations	(4.3)	-	(17.2)	-
Deferred financing costs	-	-	-	(1.1)
Cash used in financing activities	(101.1)	(61.9)	(176.7)	(24.0)
Investing activities				
Purchase of property, plant and equipment	(11.2)	(10.1)	(34.8)	(41.3)
Proceeds on sale of property, plant and equipment	0.5	1.0	1.4	2.4
Payment of contingent consideration	-	-	-	(4.5)
Purchase of business	(139.4)	-	(139.4)	(36.8)
Cash used in investing activities	(150.1)	(9.1)	(172.8)	(80.2)
Effect of exchange rates on cash and cash equivalents	(2.5)	10.7	(8.5)	14.8
Increase (decrease) in cash and cash equivalents	(112.6)	51.0	(108.3)	(1.5)
Cash and cash equivalents, beginning of the period	128.6	73.3	124.3	125.8
Cash and cash equivalents, end of the year	$ 16.0	$ 124.3	$ 16.0	$ 124.3

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of Canadian dollars)	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2019	$ 542.1	$ 318.6	$ 15.7	$ 128.5	$ 1,004.9
Payment of dividends	-	(94.5)	-	-	(94.5)
Change in accounting policy	-	(16.1)	-	-	(16.1)
Net income for the year	-	76.6	-	-	76.6
Other comprehensive loss for the year	-	-	-	(27.9)	(27.9)
Recognition of share-based compensation	-	-	0.3	-	0.3
Share options exercised	1.6	-	(0.3)	-	1.3
Transfer of net actuarial losses on defined benefit plans	-	(0.1)	-	0.1	-
Balance, December 31, 2019	**$ 543.7**	**$ 284.5**	**$ 15.7**	**$ 100.7**	**$ 944.6**

(in millions of Canadian dollars)	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	-	(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)	-
Balance, December 31, 2018	$ 542.1	$ 318.6	$ 15.7	$ 128.5	$ 1,004.9

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2019

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") of Russel Metals Inc. and its subsidiaries provides information to assist readers of our audited Consolidated Financial Statements for the year ended December 31, 2019, including the notes thereto and should be read in conjunction with these financial statements. All dollar references in our financial statements and in this report are in Canadian dollars unless otherwise stated.

Additional information related to Russel Metals Inc., including our Annual Information Form, may be obtained from SEDAR at www.sedar.com or on our website at www.russelmetals.com.

Unless otherwise stated, the discussion and analysis contained in this MD&A are as of February 11, 2020.

FORWARD-LOOKING STATEMENTS

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; cyclicality 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 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 are otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

This MD&A includes a number of measures that are not prescribed by Canadian generally accepted accounting principles ("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. The measures we use are specifically defined where they are first used in this report.

While we believe that non-GAAP measures are helpful supplemental information, they should not be considered in isolation as an alternative to net income, cash flows generated by operating, investing or financing activities, or other financial statement data presented in accordance with GAAP.

OVERVIEW

We are one of the largest metals distribution companies in North America. We conduct business primarily in three metals distribution segments: metals service centers, energy products, and steel distributors.

Revenues for the year ended December 31, 2019 were $3.7 billion compared to $4.2 billion in 2018. Demand declined in all three segments in 2019. Steel prices declined in 2019 resulting in margin pressure compared to rising prices and inventory holding gains experienced in 2018. Our net earnings for 2019 of $77 million were 65% lower than our net earnings of $219 million in 2018. Basic earnings per share was $1.23 for 2019 compared to $3.53 for 2018.

Management believes that adjusted net earnings and adjusted earnings per share are useful measures that can facilitate comparisons between periods as they exclude items that are not part of our normal operations and could distort the analysis of trends in business performance. The exclusion of these items does not necessarily imply that they are non-recurring. These measures do not have any standardized meaning in GAAP and therefore may not be comparable to similar measures presented by other companies.

Our adjusted net earnings for the year ended December 31, 2019 were $99 million or $1.59 per share, which excludes $18 million of inventory provisions on an after-tax basis and $4 million in acquisition-related charges on an after-tax basis for our October 1, 2019 City Pipe acquisition.

We recorded an inventory provision of $5 million related to the decline in OCTG prices and an inventory provision of $14 million related to the decline in line pipe prices, both in our U.S. operations that are part of our energy products segment. In our steel distributor segment, we recorded inventory provisions of $5 million. Also, during 2019, we recorded a pre-tax charge of $4 million related to the fair value adjustment on inventories and expenses of $2 million for our City Pipe acquisition.

The following table provides a reconciliation of net earnings and earnings per share for the year ended December 31, 2019 to adjusted net earnings and adjusted net earnings per share.

2019	millions	per share
Net earnings	$ 77	$ 1.23
Inventory provisions, after tax	18	0.29
City Pipe acquisition, after tax	4	0.07
Adjusted net earnings	$ 99	$ 1.59

Adjusted net earnings and adjusted net earnings per share are non-GAAP measures that exclude non-recurring items; inventory provisions and acquisition related charges. We believe that adjusted net earnings and adjusted net earnings per share may be useful in assessing our operating performance but should not be considered as an alternative to net earnings or net earnings per share.

UPDATE ON TARIFFS AND CANADIAN SAFEGUARDS

Trade actions by government authorities in recent years have increased the volatility in steel prices and have created uncertainty in the industry. The following is a summary of the major actions by government authorities.

In April 2017, the U.S. Department of Commerce self-initiated an investigation under section 232 of the Trade Expansion Act of 1962 to determine whether imports of foreign-made steel were harming U.S. national security. On March 8, 2018, the U.S. President signed executive orders to implement import tariffs of 25% on steel and 10% on aluminum. These tariffs were implemented on March 23, 2018. Canada and Mexico were initially excluded from the tariffs; however, the exclusion was lifted, and the tariffs were implemented on material from Canada and Mexico on June 1, 2018. Canada subsequently implemented retaliatory tariffs on steel and aluminum products from the U.S. effective July 1, 2018. These steel and aluminum tariffs on products produced in Canada, the U.S. and Mexico were eliminated on May 20, 2019.

On September 30, 2018, the U.S., Canada and Mexico reached an agreement to replace NAFTA. On January 29, 2020, the new agreement was signed into law in the U.S. but still requires the approval of the Canadian Parliament prior to implementation. The new agreement should result in a more stable business environment after ratification by all parties.

On October 22, 2018, the Canadian Department of Finance announced provisional safeguards of 25% on seven steel product categories. Material imported into Canada from sources other than the U.S., Israel, Chile, Mexico and a number of developing countries were subject to provisional surcharges once the import volumes exceeded an allowable quota. Formal hearings were conducted in January 2019 and recommendations were announced in April 2019 at which time it was recommended that tariff rate quotas be continued on heavy plate and stainless-steel wire products for three years. On May 10, 2019, the final safeguard order was implemented on these two product categories. No remedy was recommended on the other five product categories, thus the provisional safeguards on these goods were removed effective April 29, 2019.

During the 2019 first quarter, the U.S. International Trade Commission ("ITC") made a preliminary determination that fabricated structural steel from Canada, China and Mexico materially injured the U.S. fabricated steel industry. On January 24, 2020, the Department of Commerce announced affirmative final determinations on anti-dumping duties of imports from Canada at rates of 0-6.70%. As the Department of Commerce reached a negative countervailing determination on exports from Canada, this investigation was terminated, and no countervailing duties will be collected on imports from Canada. The ITC is scheduled to make its final anti-dumping injury determination on March 9, 2020. If the ITC determines that no injury occurred due to imports from Canada, then no order to collect anti-dumping duties will be issued.

SUMMARIZED FINANCIAL INFORMATION

The following tables disclose selected information related to revenues, earnings and common shares over the last three years.

2019

	Quarters Ended				Year Ended
(in millions, except per share data and volumes)	Mar. 31	June 30	Sept. 30	Dec. 31	Dec. 31
Revenues	$ 1,032.6	$ 936.7	$ 869.2	$ 837.4	$ 3,675.9
Earnings before interest, finance expense and taxes	58.2	50.9	34.9	2.3	146.3
Net earnings (loss)	34.3	30.8	18.1	(6.6)	76.6
Basic earnings (loss) per common share	$ 0.55	$ 0.50	$ 0.29	$ (0.11)	$ 1.23
Diluted earnings (loss) per common share	$ 0.55	$ 0.50	$ 0.29	$ (0.11)	$ 1.23
Total assets	$ 2,199.2	$ 2,115.9	$ 2,074.9	$ 1,929.0	$ 1,929.0
Non-current financial liabilities	$ 540.0	$ 541.1	$ 538.9	$ 539.2	$ 539.2
Dividends paid	$ 0.38	$ 0.38	$ 0.38	$ 0.38	$ 1.52
Market price of common shares					
High	$ 25.22	$ 24.61	$ 22.56	$ 23.35	$ 25.22
Low	$ 20.75	$ 20.90	$ 18.47	$ 19.85	$ 18.47
Shares outstanding end of quarter	62,109,395	62,109,395	62,173,430	62,173,430	62,173,430
Average shares outstanding	62,107,839	62,108,622	62,170,481	62,173,430	62,132,030
Number of common shares traded on the TSX	13,787,516	10,661,704	12,814,804	14,601,555	51,865,579

2018

(in millions, except per share data and volumes)	Quarters Ended Mar. 31	June 30	Sept. 30	Dec. 31	Year Ended Dec. 31
Revenues	$ 931.3	$ 978.2	$ 1,140.1	$ 1,115.4	$ 4,165.0
Earnings before interest, finance expense and taxes	60.6	97.3	101.6	71.4	330.9
Net earnings	38.5	66.1	68.2	46.2	219.0
Basic earnings per common share	$ 0.62	$ 1.07	$ 1.10	$ 0.74	$ 3.53
Diluted earnings per common share	$ 0.62	$ 1.06	$ 1.09	$ 0.74	$ 3.52
Total assets	$ 1,924.2	$ 2,057.8	$ 2,140.9	$ 2,130.4	$ 2,130.4
Non-current financial liabilities	$ 442.6	$ 443.0	$ 443.3	$ 443.6	$ 443.6
Dividends paid	$ 0.38	$ 0.38	$ 0.38	$ 0.38	$ 1.52
Market price of common shares					
High	$ 32.65	$ 31.33	$ 30.99	$ 28.20	$ 32.65
Low	$ 27.08	$ 26.24	$ 26.20	$ 19.72	$ 19.72
Shares outstanding end of quarter	61,965,644	62,077,045	62,090,045	62,106,895	62,106,895
Average shares outstanding	61,921,421	62,012,928	62,081,187	62,097,921	62,028,991
Number of common shares traded on the TSX	16,027,868	8,981,225	10,136,481	14,371,151	49,516,725

2017

(in millions, except per share data and volumes)	Quarters Ended Mar. 31	June 30	Sept. 30	Dec. 31	Year Ended Dec. 31
Revenues	$ 803.5	$ 816.5	$ 850.9	$ 825.1	$ 3,296.0
Earnings before interest, finance expense and taxes	47.9	54.1	57.5	46.9	206.4
Net earnings	29.6	32.5	33.7	28.0	123.8
Basic earnings per common share	$ 0.48	$ 0.52	$ 0.55	$ 0.45	$ 2.00
Diluted earnings per common share	$ 0.48	$ 0.52	$ 0.55	$ 0.45	$ 2.00
Total assets	$ 1,611.4	$ 1,665.4	$ 1,796.7	$ 1,759.1	$ 1,759.1
Non-current financial liabilities	$ 296.0	$ 296.1	$ 296.3	$ 296.5	$ 296.5
Dividends paid	$ 0.38	$ 0.38	$ 0.38	$ 0.38	$ 1.52
Market price of common shares					
High	$ 29.78	$ 28.65	$ 28.47	$ 29.51	$ 29.78
Low	$ 25.13	$ 23.67	$ 24.61	$ 27.16	$ 23.67
Shares outstanding end of quarter	61,792,194	61,792,194	61,792,194	61,890,197	61,890,197
Average shares outstanding	61,754,827	61,733,614	61,779,875	61,812,162	61,788,013
Number of common shares traded on the TSX	17,146,636	12,951,578	10,603,339	9,812,965	50,514,518

RESULTS OF OPERATIONS

The following table provides earnings before interest, other finance expense and income taxes, which is a non-GAAP measure. The corporate expenses included are not allocated to specific operating segments. Gross margins (revenues minus cost of sales) as a percentage of revenues for the operating segments are also shown below. The table shows the segments as they are reported to management and are consistent with the segment reporting in our consolidated financial statements.

(millions, except percentages)	2019	2018	variance as a % of 2018
Segment Revenues			
Metals service centers	$ 1,958.0	$ 2,100.8	(7%)
Energy products	1,310.7	1,597.5	(18%)
Steel distributors	395.9	456.5	(13%)
Other	11.3	10.2	
	$ 3,675.9	$ 4,165.0	(12%)
Segment Operating Profits			
Metals service centers	$ 73.7	$ 169.4	(56%)
Energy products	68.8	133.6	(49%)
Steel distributors	15.8	47.2	(67%)
Corporate expenses	(17.0)	(20.4)	17%
Asset impairment	-	(3.3)	
Other	5.0	4.4	
Earnings before interest, finance expense and income taxes	$ 146.3	$ 330.9	(56%)
Segment Gross Margin as a % of Revenues			
Metals service centers	18.8%	23.3%	
Energy products	16.6%	18.6%	
Steel distributors	11.0%	19.1%	
Total operations	17.4%	21.2%	
Segment Operating Profit as a % of Revenues			
Metals service centers	3.8%	8.1%	
Energy products	5.2%	8.4%	
Steel distributors	4.0%	10.3%	
Total operations	4.0%	7.9%	

On January 1, 2019, we adopted *IFRS 16 - Leases* which resulted in an increase in our segment operating profits and interest expense but had no impact on net income.

EFFECTS OF IFRS 16

	2019	
(millions)	As reported	Pre-IFRS 16
Segment Operating Profits		
Metals service centers	$ 73.7	$ 70.0
Energy products	68.8	65.0
Steel distributors	15.8	15.4
Corporate expenses	(17.0)	(17.0)
Other	5.0	4.9
	$ 146.3	$ 138.3
Interest	40.9	33.2
Provision for taxes	28.8	28.5
Net earnings	$ 76.6	$ 76.6

Results of our U.S. operations for the year ended December 31, 2019 were converted at $1.3268 per US$1 compared to $1.2961 per US$1 for the year ended December 31, 2018. Our U.S. operations represented approximately 30% of our total revenues. The exchange rate used to translate the balance sheet at December 31, 2019 was $1.2988 per US$1 versus $1.3642 per US$1 at December 31, 2018.

ANNUAL FINANCIAL HIGHLIGHTS

(millions, except per share amounts)	2019	2018	2017
Revenues	$ 3,676	$ 4,165	$ 3,296
Earnings before interest, finance expense and income taxes	146	331	206
Net earnings	77	219	124
Basic earnings per share	1.23	3.53	2.00

METALS SERVICE CENTERS

a) Description of operations

We provide processing and distribution services to a broad base of approximately 33,000 end users through a network of 48 Canadian locations and 16 U.S. locations. Our metals service centers carry a broad line of products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel and aluminum. We purchase these products primarily from steel producers in North America and process and package them in accordance with end user specifications. We service all major geographic regions of Canada and the Southeastern and Midwestern regions in the United States. Within Canada, our service centers operate under the names Russel Metals, Métaux Russel, A.J. Forsyth, Acier Leroux, Alberta Industrial Metals, B&T Steel, Color Steels, Leroux Steel, Mégantic Métal, Pemco Steel, Russel Metals Processing, Russel Metals Specialty Products, Métaux Russel Produits Spécialisés, McCabe Steel and York-Ennis. Our U.S. service centers operate under the names Russel Metals Williams Bahcall, DuBose Steel, JMS Russel Metals, Norton Metals and Baldwin International.

b) Factors affecting results

The following is a general discussion of the significant factors affecting our metals service centers results. More specific information on how these factors impacted 2019 and 2018 is found in the section that follows.

Steel prices fluctuate significantly throughout the steel cycle. Steel prices are influenced by overall international demand, domestic demand, trade sanctions, iron ore prices, scrap steel prices and product availability. Changing metal prices cause fluctuations in our operating margins. Hot rolled coil products and sheet prices softened during 2019 and U.S. long products and plate pricing softened in the 2019 third quarter. Price increases for hot rolled sheet and plate were announced late in the 2019 fourth quarter. During the second half of 2018 and early 2019, due to tariffs on material between Canada and the U.S., product prices in Canada for coil, structural tubing and hot rolled plate were not based on the currency adjusted U.S. pricing as had been the historical practice of the mills. Canadian coil and structural tubing prices were lower than the equivalent U.S. price whereas plate prices were higher until tariffs were removed in May 2019 when the prices reverted to currency-adjusted prices.

In 2018, the implementation by the U.S. of import tariffs on steel led to a substantial increase in North American steel prices, as further described in the "Update on Tariffs and Canadian Safeguards" included in this MD&A. During 2019, the market adjusted to these tariffs and the U.S., Mexico and Canada agreed to remove import tariffs in May 2019. Steel prices consequently decreased in the year.

Supply side management, practiced by steel producers in North America, and international supply and demand, which impact steel imports, have historically affected product availability. Trade sanctions on specific products have been initiated either by steel mills or by North American government agencies.

Our operating results are affected by the cyclicality of the metals industry and the industries that purchase our products. Demand for our products is significantly affected by economic cycles. Revenues and operating profits fluctuate with the level of general business activity in the markets we serve. We are most impacted by several sectors of the North American economy including natural resources, oil and gas, manufacturing and construction.

Canadian service centers, which represent the majority of our metals service center operations, have operations in all regions of Canada and are affected by general regional economic conditions. Our market share and diverse customer base of approximately 19,000 Canadian customers mean that our results tend to mirror the performance of the regional economies of Canada.

Our U.S. operations, which have approximately 14,000 customers, are also impacted by the local economic conditions in the regions that they serve. In April 2018, we acquired DuBose Steel which expanded our geographic presence in the Southeastern United States.

Results of our Canadian operations can be affected by the U.S. dollar exchange rate since some products are sourced outside of Canada in U.S. dollars. Movement in the Canadian dollar has a short-term impact on inventory prices.

c) Metals service centers segment results -- 2019 compared to 2018

(millions)	2019	2018	% Change
Financial Highlights			
Revenues	$ 1,958	$ 2,101	(7%)
Gross margin ($)	368	490	(25%)
Gross margin (%)	18.8%	23.3%	
Earnings from operations	74	169	(56%)

Our 2019 revenues decreased compared to 2018 due to lower steel prices and demand. The average selling price was 1% lower than 2018 and same store tons shipped in 2019 were approximately 6% lower than tons shipped in 2018. Based on 2019 data obtained from the Metals Service Center Institute, the Canadian and U.S. service center industries both had a reduction in shipments of 7%. All of our regions had volume declines except Alberta and Color Steels. Our Manitoba/Saskatchewan and British Columbia regions had lower demand than our other regions due to declines in the agriculture and forestry industries.

The reduction of gross margin as a percentage of revenues was due to the absence of inventory holding gains relating to the rising price environment experienced in 2018 offset by an increase in value-added processing which has a positive impact on margins.

Our average revenue per invoice for 2019 was approximately $2,371 compared to $2,422 for 2018, reflecting decreased steel prices and demand. We handled approximately 3,303 transactions per day in 2019 compared to 3,274 per day in 2018.

ENERGY PRODUCTS

a) Description of operations

We distribute oil country tubular goods (OCTG), line pipe, tubes, valves and fittings, primarily to the energy industry in Western Canada and the United States. A significant portion of our business units are clustered in Alberta and Saskatchewan, Canada, and in the U.S., in Colorado and Texas. A large portion of our inventories are located in third-party yards ready for distribution to customers throughout North America. In addition, we operate from 49 Canadian and 24 U.S. facilities mainly to support our valve and fitting operations. The majority of these facilities are oil field stores, which form the Apex Distribution and Elite Supply Partners networks. We purchase our products from the pipe division of North American steel mills, independent manufacturers of pipe, valves and fittings, international steel mills and other distributors. Our energy products segment operates under the names Apex Distribution, Apex Monarch, Apex Western Fiberglass, Comco Pipe & Supply Company, Elite Supply Partners, Fedmet Tubulars, Triumph Tubular & Supply, Pioneer Pipe and Spartan Energy Tubulars.

b) Factors affecting results

The following is a general discussion of the factors affecting our energy products segment operations. More specific information on how these factors impacted 2019 and 2018 is found in the section that follows.

The prices of oil, including the Western Canadian select discount, and natural gas can impact rig count and drilling activities, which in turn affects demand for our products. Oil prices increased throughout the beginning of 2019 but decreased at the end of the second quarter and was range bound for the balance of 2019. During 2019, rig activity in the U.S. and Canada was lower than the same period in 2018.

On October 1, 2019, we completed the acquisition of City Pipe and on December 31, 2019 City Pipe merged with Apex Remington to form Elite Supply Partners.

Prices for pipe products are influenced by overall demand, trade sanctions, product availability and metal prices. Trade sanctions are initiated either by steel mills or by North American government agencies. Both the Canadian and U.S. governments have imposed duties on certain Chinese pipe, which remain in effect and have reduced imports of these products. In August 2018, anti-dumping duties were imposed by the U.S. on imported large diameter pipe from six countries including Canada. The U.S. section 232 investigation and the resulting tariffs and retaliatory tariffs increased pipe prices. The subsequent removal of these tariffs and retaliatory tariffs in North America and quotas on Korean product has led to decreased pipe prices. Large projects such as the Kitimat LNG project should result in stronger demand in our industry. Valves and fittings prices are not as sensitive to steel price fluctuations because they are highly engineered products.

Results of our Canadian operations can be affected by the U.S. dollar exchange rate since some products are sourced outside of Canada and are priced in U.S. dollars. Movement in the Canadian dollar has a short-term impact on inventory prices. Drilling related to oil and natural gas in Western Canada historically peaks during the period from October to March.

c) Energy products segment results -- 2019 compared to 2018

(millions)	2019	2018	% Change
Financial Highlights			
Revenues	$ 1,311	$ 1,598	(18%)
Gross margin ($)	217	298	(27%)
Gross margin (%)	16.6%	18.6%	
Earnings from operations	69	134	(49%)

Revenues in our energy products segment decreased in 2019 due to lower activity from reduced rig counts and large line pipe projects in 2018 which were not replicated in 2019. Our oilfield stores and Comco Pipe operation had solid results in 2019 with Comco Pipe's results exceeding 2018.

Gross margin as a percentage of revenues was lower than 2018 mainly due to lower industry-wide OCTG and line pipe prices in reaction to lower demand caused by reduced North American rig counts. The lower line pipe prices resulted in a $14 million inventory provision and the lower OCTG prices resulted in a $5 million inventory provision.

The October 1, 2019 acquisition of City Pipe resulted in revenues of $34 million and operating earnings of $2 million in the 2019 fourth quarter. The acquisition accounting resulted in a charge of $6 million consisting of a decrease in gross margin of $4 million and an increase in operating expenses of $2 million.

STEEL DISTRIBUTORS

a) Description of operations

Our steel distributors act as master distributors selling steel in large volumes to other steel service centers and equipment manufacturers mainly on an "as is" basis. Our U.S. operation has a cut-to-length facility operating under the name Arrow Steel, located in Houston, Texas where it processes coil for its customers. Our steel distributors source their steel both domestically and offshore.

The main steel products sourced by this segment are structural beam, plate, coils, pipe and tubing; however, product volumes vary based on the economy and trade actions in North America. Our steel distributors operate under the names Wirth Steel and Sunbelt Group. Arrow Steel processes and levels coil products.

b) Factors affecting results

The following is a general discussion of the significant factors affecting our steel distributors. More specific information on how these factors impacted 2019 and 2018 is found in the section that follows.

Steel prices are influenced by overall demand, trade sanctions and product availability both domestically and worldwide. Trade sanctions are initiated either by steel mills or government agencies in North America. Trade actions currently exist on plate and pipe from specified countries. The imposition of steel tariffs under the section 232 investigation, discussed in more detail under "Update on Tariffs and Canadian Safeguards", led to higher prices and shifted supply channels for steel distributor customers in the second half of 2018. Certain products purchased by our Canadian steel distributors operation were subject to the Canadian provisional safeguards that went into effect October 25, 2018. On May 10, 2019, these safeguards were removed, and provisional surcharges were implemented on heavy plate and stainless-steel wire products.

Demand for steel that is sourced offshore fluctuates significantly and is mainly driven by price and product availability in North America. Our steel distributors have a significant number of customers who buy product from them on a periodic basis, which can result in large fluctuations in revenues reported from period to period.

Our Canadian operation sources product outside of Canada that is priced in U.S. dollars and may be impacted by movements in the Canadian dollar.

c) Steel distributors segment results -- 2019 compared to 2018

(millions)	2019	2018	% Change
Financial Highlights			
Revenues	$ 396	$ 457	(13%)
Gross margin ($)	43	87	(50%)
Gross margin (%)	11.0%	19.1%	
Earnings from operations	16	47	(66%)

Steel distributors' 2019 revenues decreased compared to 2018, due to reduced volumes and selling prices primarily at our U.S. steel distributor operation.

Gross margin as a percentage of revenues decreased in our U.S. operation due to lower steel prices. There was no change in our gross margin as a percentage of revenues in our Canadian operation as their model incorporates pre-selling prior to purchase of material in contrast to the U.S. operation which is more transactional. Our U.S. operation recorded an inventory provision of $5 million in 2019.

CORPORATE EXPENSES -- 2019 COMPARED TO 2018

Corporate expenses were $17 million in 2019 compared to $20 million in 2018 due to lower variable compensation attributable to lower net earnings.

LOSS ON ASSET IMPAIRMENT

During the quarter ended March 31, 2018, we recorded an asset impairment charge of $3 million relating to costs associated with our ERP modernization project, as we decided to move in another direction to meet the needs of the business.

CONSOLIDATED RESULTS -- 2019 COMPARED TO 2018

Operating profits of $146 million in 2019 compared to $331 million in 2018 due to decreased steel prices and demand.

INTEREST EXPENSE

Net interest expense was $41 million for 2019 compared to $32 million for 2018 reflecting additional interest expense of $8 million related to the new lease accounting standard *IFRS 16*.

OTHER FINANCE EXPENSE

We recorded finance expenses of $1 million in 2018 related to the fair value of the contingent consideration on our Apex Distribution acquisition. This reflected the final payment under the agreement.

INCOME TAXES

We recorded a provision for income taxes of $29 million for 2019 compared to a provision of $79 million for 2018. Our effective income tax rate for 2019 was 27.3% compared to 26.5% for 2018. The increase in the 2019 effective tax rate was due to losses in our U.S. operations which were at a lower effective rate compared to our Canadian operations offset in part by the Alberta corporate rate reduction.

NET EARNINGS

Net earnings for 2019 were $77 million compared to $219 million in 2018. Basic earnings per share for 2019 was $1.23 per share compared to $3.53 per share in 2018 as the decline in steel prices and stagnant demand led to decreased results in all segments.

SHARES OUTSTANDING AND DIVIDENDS

The weighted average number of common shares outstanding for 2019 was 62,132,030 compared to 62,028,991 for 2018 as a result of the exercise of options. Common shares outstanding at December 31, 2019 and February 11, 2020 were 62,173,430.

We paid common share dividends of $94 million or $1.52 per share in 2019 and 2018.

We have $150 million of 6% Senior Notes due March 16, 2026. The indenture for these Senior Notes has restrictions related to the payment of quarterly dividends in excess of $0.38 per share. These notes can be redeemed at par on or after March 16, 2024.

We have $300 million of 6% Senior Notes due April 19, 2022. The indenture for these Senior Notes has restrictions related to the payment of quarterly dividends in excess of $0.35 per share. At the current dividend rate, there is sufficient room to continue to pay the dividend to the maturity of these 2022 Senior Notes which can be redeemed at par on or after April 19, 2020.

Under our syndicated bank facility, the payment of dividends is subject to excess borrowing base availability of not less than four times the declared dividend. We do not believe this requirement will restrict our ability to pay dividends. In addition, if our excess borrowing base were to be insufficient, we believe we would be able to obtain a waiver or finance our short-term cash requirements with alternative financing structures and pay the dividend.

EBIT AND EBITDA

The following table shows the reconciliation of net earnings to EBIT and EBITDA:

(millions)	2019	2018
Net earnings	$ 76.6	$ 219.0
Provision for income taxes	28.8	79.1
Interest and finance expense, net	40.9	32.8
Earnings before interest, finance expense and income taxes (EBIT)	146.3	330.9
Depreciation and amortization	56.7	35.7
Earnings before interest, income taxes, depreciation and amortization (EBITDA)	$ 203.0	$ 366.6

We believe that EBITDA, a non-GAAP measure, may be useful in assessing our operating performance and as an indicator of our ability to service or incur indebtedness, make capital expenditures and finance working capital requirements. The items excluded in determining EBITDA are significant in assessing our operating results and liquidity. Therefore, EBITDA should not be considered in isolation or as an alternative to cash from operating activities or other combined income or cash flow data prepared in accordance with GAAP. EBITDA increased by $25 million as a result of the new lease accounting standard *IFRS 16*.

CAPITAL EXPENDITURES

Capital expenditures were $35 million in 2019 compared to $41 million in 2018. We continue to invest in value-added processing equipment in our metals service centers. Depreciation expense was $32 million compared to $29 million for the comparable period in 2018. The implementation of the new lease accounting standard *IFRS 16* resulted in additional depreciation of $17 million in 2019.

LIQUIDITY

At December 31, 2019, we had net bank indebtedness, defined as cash less bank indebtedness, of $46 million compared to $4 million at December 31, 2018. We generated cash of $171 million from operations during 2019 and $144 million from working capital. We invested $35 million for capital expenditures, utilized $66 million for income tax payments and returned $94 million in dividends to our shareholders.

Due to our cyclicality, we experience significant swings in working capital, which impact cash flow. Inventory and accounts receivable represent a large percentage of our total assets employed and utilize cash at the peak of each cycle and generate cash from working capital reductions at the bottom of each cycle. Accounts receivable and inventory comprise our largest liquidity risks and generated $324 million in cash in 2019 due to decreased business activity triggering strong cash flows as we focused on optimizing working capital levels.

Total assets were $1.9 billion at December 31, 2019, compared to $2.1 billion at December 31, 2018. At December 31, 2019, current assets excluding cash represented 72% of our total assets excluding cash, compared to 80% at December 31, 2018. This ratio was impacted by the addition of $90 million in right-of-use assets as a result of *IFRS 16*.

Reduced inventory levels yielded cash of $203 million in 2019. Inventories were lower due to both decreased tons and steel prices. Inventories represented 46% of our total assets at December 31, 2019 compared to 49% at December 31, 2018.

Inventory by Segment (millions)	Dec. 31 2019	Sept. 30 2019	June 30 2019	Mar. 31 2019	Dec. 31 2018
Metals service centers	$ 295	$ 334	$ 378	$ 429	$ 427
Energy products	494	507	506	465	475
Steel distributors	95	123	124	137	150
Total	$ 884	$ 964	$ 1,008	$ 1,031	$ 1,052

Inventory Turns (quarters ended)	Dec. 31 2019	Sept. 30 2019	June 30 2019	Mar. 31 2019	Dec. 31 2018
Metals service centers	4.5	4.6	4.6	4.1	3.9
Energy products	2.5	2.0	1.9	2.6	3.0
Steel distributors	3.3	2.7	2.8	3.1	3.6
Total	3.2	3.0	3.0	3.3	3.4

At December 31, 2019, our metals service inventory tons and average cost per ton were lower compared to December 31, 2018 as our operations reduced purchases consistent with business levels.

During 2019 inventory levels decreased in our energy products operations, excluding City Pipe, due to decreased demand in the sector caused by lower rig counts.

Inventory levels at steel distributors were lower due to decreased demand and lower costs per ton.

Accounts receivable generated cash of $121 million in 2019 reflecting lower revenues in the 2019 fourth quarter. Accounts receivable represented 24% of our total assets excluding cash at December 31, 2019 compared to 28% in 2018.

During 2019, we made income tax payments of $66 million compared to $78 million for 2018 due to lower earnings.

The balances disclosed in our consolidated cash flow statements are adjusted to remove the non-cash component related to foreign exchange rate fluctuations impacting inventory, accounts receivable, accounts payable and income tax balances of our U.S. operations.

FREE CASH FLOW

(millions)	2019	2018
Cash from operating activities before non-cash working capital	$ 171.5	$ 341.4
Purchase of property, plant and equipment	(34.8)	(41.3)
	$ 136.7	$ 300.1

We believe that free cash flow may be useful in assessing our ability to pay dividends, interest, reduce outstanding debt and fund working capital growth. Free cash flow is a non-GAAP measure regularly used by investors and analysts to evaluate companies. The purchase of property, plant and equipment excludes the non-cash addition of right-of-use assets.

DEBT

As at December 31 (millions)	2019	2018
Long-term debt		
6% $300 million Unsecured Senior Notes due April 19, 2022	$ 298	$ 297
6% $150 million Unsecured Senior Notes due March 16, 2026	147	147
	$ 445	$ 444

CASH AND BANK CREDIT FACILITY

(millions)	2019	2018
Bank loans	$ (57)	$ (148)
Cash net of outstanding cheques	11	144
Net debt	(46)	(4)
Letters of credit	(33)	(76)
	$ (79)	$ (80)
Facility		
Borrowings and letters of credit	$ 400	$ 500
Letters of credit	50	50
Facility availability	$ 450	$ 550
Available line based on borrowing base	$ 450	$ 550

On February 6, 2018, we increased and extended our credit facility to $450 million expiring September 21, 2021. The facility with a syndicate of Canadian and U.S. banks provides $50 million for letters of credit and $400 million which can be utilized for borrowings or additional letters of credit. On August 31, 2018, we amended our credit facility to increase availability by $100 million for borrowings or additional letters of credit for a period of one year for a total availability of $550 million. On August 30, 2019, this increase expired and the availability reverted back to $450 million. The borrowings and letters of credit are available on a revolving basis, up to an amount equal to the sum of specified percentages of our eligible accounts receivable and inventories, to a maximum of $450 million.

As of December 31, 2019, we were entitled to borrow and issue letters of credit totaling $450 million under this facility. At December 31, 2019, we had $57 million in borrowings and $33 million of letters of credit outstanding. At December 31, 2018 we had $148 million in borrowings and letters of credit of $76 million.

At December 31, 2019, we were in compliance with all of our financial covenants.

With our cash, cash equivalents and our bank facility we have access to approximately $354 million of cash based on our December 31, 2019 balances. The use of our bank facilities has been predominantly to fund working capital requirements, acquisitions and trade letters of credit for inventory purchases.

CONTRACTUAL OBLIGATIONS

As at December 31, 2019, we were contractually obligated to make payments as per the following table:

Contractual Obligations *(millions)*	Payments due in 2020	2021 and 2022	2023 and 2024	2025 and thereafter	Total
Bank loans	$ 57	$ -	$ -	$ -	$ 57
Accounts payable	331	-	-	-	331
Debt	-	300	-	150	450
Long-term debt interest	27	44	18	14	103
Operating leases	26	42	31	59	158
Total	$ 441	$ 386	$ 49	$ 223	$ 1,099

We provide defined contribution pension plans for a majority of our Canadian and U.S. employees; however, we have obligations related to multiple defined benefit pension plans in Canada, as disclosed in Note 15 of our 2019 consolidated financial statements. During 2019 we contributed $4 million to these plans. We expect to contribute approximately $5 million to these plans during 2020. The defined benefit obligations reported in the consolidated financial statements use different assumptions than the going concern actuarial valuations prepared for funding. In addition, the actuarial valuations provide a solvency valuation, which is a valuation assuming the plan is wound up at the valuation date. Our reported funding obligations would increase by $11 million on a solvency basis and thus additional funding could be required based on solvency if the plans were wound up. We estimate the impact of a 0.25% change in the discount rate on the solvency obligation would be approximately $6 million.

We have disclosed our obligations related to environmental litigation, regulatory actions and remediation in our Annual Information Form under the heading "Environmental Regulation". These obligations, which are not material, relate to previously divested or discontinued operations and do not relate to the metals distribution business.

OFF-BALANCE SHEET ARRANGEMENTS

Our off-balance sheet arrangements consist of the letters of credit disclosed in the bank credit facilities table and short-term and low value operating lease obligations disclosed in the contractual obligations table. On January 1, 2019, we adopted the new lease accounting standard *IFRS 16* and our leases, excluding short-term and low value leases, that were previously off-balance sheet were recorded on the balance sheet.

ACCOUNTING ESTIMATES

The preparation of our consolidated financial statements requires management to make estimates and judgements that affect the reported amounts. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventory valuation, useful lives of fixed assets, asset impairment, fair values, income taxes, pensions and benefits obligations, guarantees, decommissioning liabilities, contingencies, contingent consideration, litigation and assigned values on net assets acquired. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Our most significant assets are accounts receivable and inventories.

Accounts Receivable

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of our customers to make required payments. Assessments are based on aging of receivables, legal issues (bankruptcy status), past collection experience, current financials, credit agency reports and the experience of our credit personnel. Accounts receivable reserves are estimated in the period in which revenue is recorded. If the financial condition of our customers was to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. Our reserve for bad debts at December 31, 2019 approximated our reserve level at December 31, 2018. Bad debt expense for 2019 as a percentage of revenues was less than 1%.

Inventories
We review our inventories to ensure that the cost of inventories is not in excess of estimated net realizable value and for obsolete and slow-moving product. Inventory reserves or write-downs are recorded when cost exceeds the estimated selling price less cost to sell and when product is determined to be slow moving or obsolete. When recent selling prices are not available, future selling prices are estimated using current replacement cost plus an applicable margin. The inventory reserve level at December 31, 2019 was $24 million greater than the level at December 31, 2018.

Other areas involving significant estimates and judgements include:

Goodwill Impairment
The determination of whether goodwill and intangibles are impaired requires the estimation of future cash flows and an appropriate discount rate to determine value in use. An impairment occurs when the book value of the assets associated with a particular cash-generating unit is greater than the value in use. The assessment of future cash flows and the discount rate requires significant judgement. Goodwill is tested for impairment on an annual basis which resulted in no impairment for the years ended December 31, 2019 and 2018.

Income Taxes
We believe that we have adequately provided for income taxes based on all of the information that is currently available. The calculation of income taxes in many cases requires significant judgement in interpreting tax rules and regulations, which are constantly changing. Our tax filings are also subject to audits, which could materially change the amount of current and future income tax assets and liabilities. Any change would be recorded as a charge or reduction in income tax expense.

Business Combinations
For each acquisition we review the fair value of assets acquired. Where we deem it appropriate, we hire outside business valuators to assist in the assessment of the fair value of property, plant, equipment, intangibles and contingent consideration of acquired businesses. The assessment of fair values for contingent consideration, if any, is completed quarterly and requires significant judgement.

Contingent Liabilities
Provisions for claims and potential claims are determined on a case-by-case basis. We recognize contingent loss provisions when it is determined that a loss is probable and when we are able to reasonably estimate the obligation. This determination takes significant judgement and actual cash outflows might be materially different from estimates. In addition, we may receive claims in the future that could have a material impact on our financial results.

The Company and certain of its subsidiaries have been named defendants in a number of legal actions. Although the outcome of these legal actions cannot be determined, management intends to defend all such legal actions and has recorded provisions, as required, based on its best estimate of the potential losses. In the opinion of management, the resolution of these legal actions is not expected to have a material adverse effect on our financial position, cash flows or operations.

Employee Benefit Plans
At least every three years, our actuaries perform a valuation for each defined benefit plan to determine the actuarial present value of the benefits. The valuation uses management's assumptions for the interest rate, rate of compensation increase, rate of increase in government benefits and expected average remaining years of service of employees. While we believe that these assumptions are reasonable, differences in actual results or changes in assumptions could materially affect employee benefit obligations and future net benefit plan cost. We account for differences between actual and assumed results by recognizing differences in benefit obligations and plan performance immediately in other comprehensive income.

We had approximately $153 million in plan assets at December 31, 2019, which is approximately $18 million higher than December 31, 2018. The discount rate used on the employee benefit plan obligation for December 31, 2019 was 3.0%, which is 75 basis points lower than the discount rate at December 31, 2018.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

The purpose of internal controls over financial reporting as defined by the Canadian Securities Administrators is to provide reasonable assurance that:

(i) financial statements prepared for external purposes are in accordance with the Company's generally accepted accounting principles,
(ii) transactions are recorded as necessary to permit the preparation of financial statements, and records are maintained in reasonable detail,
(iii) receipts and expenditures of the Company are made only in accordance with authorizations of the Company's management and directors, and
(iv) unauthorized acquisitions, uses or dispositions of the Company's assets that could have a material effect on the financial statements will be prevented or detected in order to prevent material error in financial statements.

The President & Chief Executive Officer and the Executive Vice President & Chief Financial Officer have caused management and other employees to design and document our disclosure controls and procedures and our internal controls over financial reporting. An evaluation of the design and operating effectiveness of the disclosure controls and internal controls over financial reporting was conducted as at December 31, 2019. The design and evaluation of internal controls was completed using the framework and criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our evaluation, we have concluded that our disclosure controls and procedures and our internal controls over financial reporting were effective to provide reasonable assurance that information related to our consolidated results and decisions to be made on those results were appropriate.

VISION AND STRATEGY

The metals distribution business is a segment of a mature, cyclical industry. We believe we enhance profitability by operating with the lowest possible net assets. This reduces borrowings and minimizes interest expense in all periods of the economic cycle and creates returns on net assets that are more stable. Our conservative management approach creates relatively stronger trough earnings but could cause potential peak earnings to be somewhat muted. Management believes that this strategy will result in higher average profits and that we will generate earnings over the cycle in the top quartile of the industry.

Growth from selective acquisitions is also part of our strategy. We focus on investment opportunities in metals and energy distribution businesses that have strong market niches or provide mass to our existing operations. New acquisitions could be either major stand-alone operations or ones that complement our existing operations. In addition, we will continue to invest in value-added processing that allows for growth and will further stabilize our returns. We completed the acquisition of Color Steels in 2017 which provided a new product line to our Canadian service center operations. On April 16, 2018, we completed the acquisition of the operating assets and facilities of DuBose Steel which adds a new geographic area to our U.S. service center operations. On October 1, 2019, we completed the acquisition of City Pipe & Supply Corp. which added energy field service facilities, primarily in the Permian basin, to our existing Apex Remington strength in Oklahoma, Texas and North Dakota. We continue to review opportunities for additional acquisitions.

We believe that the steel-based pricing cycle will continue to be short and volatile, and that our decentralized management structure and philosophy that allows the fastest reaction to changes that affect the industry will be the most successful. We will continue to invest in our business systems to enable faster reaction times to changing business conditions.

RISK

The timing and extent of future price changes from steel producers and their impact on us cannot be predicted with any certainty due to the cyclical nature of the steel industry, fluctuation in capacity utilization rates for North American steel producers and high import levels. The tariffs implemented under the section 232 investigation supported higher steel prices and North American production in 2018. The removal of the North American tariffs reduced steel prices for 2019 below those experienced in late 2017. Future changes to country or product exemptions may impact steel prices and product availability

We are one of the largest energy services companies in Canada. Approximately 40% of our North American revenues are dependent on the oil and gas industry whose activity fluctuates with oil and gas prices. Our oil field store operations provide a more stable stream of earnings as their products are used in maintenance and repair as well as new drilling activity. Our OCTG and line pipe operations are experiencing an increasingly price competitive market place with the North American supply channel evolving as certain pipe manufacturers have elected to hold inventory in an effort to bypass the distributors. This has reduced margins and created an oversupply of inventories throughout the supply chain during a period of reduced demand driven by lower rig counts.

We have implemented an enterprise risk management program. The enterprise risk management program and a summary of the risks affecting our business is described under the heading "Risk Management and Risks Affecting Our Business" in our most recent Annual Information Form, which section is incorporated by reference in this "Risk" section of our MD&A.

FOURTH QUARTER RESULTS

Revenues in the fourth quarter of 2019 were 25% lower than the same quarter in 2018. Operating income was $2 million compared to $71 million in 2018 and our net loss was $7 million compared to net income of $46 million in 2018.

During the quarter ended December 31, 2019, we recorded inventory provisions of $14 million related to the decline in line pipe prices in our U.S. energy product operation and $4 million on various products at our U.S. steel distributor operation. Also during the fourth quarter we recorded a pre-tax charge of $6 million attributed to the fair value adjustment and expenses on our City Pipe acquisition.

Management believes that adjusted net earnings and adjusted earnings per share are useful measures that can facilitate comparisons between periods as they exclude items that are not part of our normal operations and could distort the analysis of trends in business performance. The exclusion of these items does not necessarily imply that they are non-recurring. These measures do not have any standardized meaning in GAAP and therefore may not be comparable to similar measures presented by other companies.

Our adjusted net earnings for the quarter ended December 31, 2019 were $11 million or $0.19 per share which excludes $14 million of inventory provisions on an after-tax basis and $4 million in acquisition-related charges on an after-tax basis for our October 1, 2019 City Pipe acquisition.

The following table provides a reconciliation of net earnings and earnings per share for the quarter ended December 31, 2019 to adjusted net earnings and adjusted earnings per share.

2019 Fourth Quarter	millions	per share
Net earnings (loss)	$ (7)	$ (0.11)
Inventory provisions, net of tax	14	0.23
City Pipe acquisition, net of tax	4	0.07
Adjusted net earnings	$ 11	$ 0.19

The following table provides earnings before interest, taxes and other income or expense in a format consistent with our annual results.

(millions, except percentages)	Quarters Ended December 31 2019	Quarters Ended December 31 2018	variance as a % of 2018
Segment Revenues			
Metals service centers	$ 411.6	$ 524.3	(21%)
Energy products	342.6	431.7	(21%)
Steel distributors	80.6	156.8	(49%)
Other	2.6	2.6	
	$ 837.4	$ 1,115.4	(25%)
Segment Operating Profits (Loss)			
Metals service centers	$ 8.8	$ 28.3	(69%)
Energy products	(1.8)	32.5	(105%)
Steel distributors	(3.2)	10.8	(130%)
Corporate expenses	(2.6)	(1.6)	
Other	1.1	1.4	
Earnings before interest, finance expense and income taxes	$ 2.3	$ 71.4	(97%)
Segment Gross Margin as a % of Revenues			
Metals service centers	18.8%	20.9%	
Energy products	11.4%	17.8%	
Steel distributors	3.6%	13.3%	
Total operations	14.6%	18.8%	
Segment Operating Profit as a % of Revenues			
Metals service centers	2.1%	5.4%	
Energy products	(0.5%)	7.5%	
Steel distributors	(4.0%)	6.9%	
Total operations	0.3%	6.4%	

Metals service centers revenues were 21% lower than the same quarter in 2018 as a result of decreased activity and lower selling prices. Tons shipped in the fourth quarter of 2019 for metals service centers were 7% lower than the fourth quarter of 2018 and selling prices were 15% lower than the fourth quarter of 2018. Gross margin as a percentage of revenues decreased to 18.8% for the fourth quarter of 2019 from 20.9% for the fourth quarter of 2018 but were consistent with year to date margins at September 30, 2019 and improved over the 2019 third quarter.

Revenues at our energy products segment were 21% lower than 2018. Lower demand was experienced in the 2019 fourth quarter as a result of lower North American rig counts and large line pipe projects in 2018 that were not replicated. The energy products segment had an operating loss in the fourth quarter due to inventory provisions of $14 million at our U.S. line pipe operation.

Our steel distributors reported an operating loss in the 2019 fourth quarter due to inventory provisions of $4 million at our U.S. operation.

Corporate expenses were higher than 2018 due to stock-based compensation.

Loss per share for the fourth quarter of 2019 was $0.11 compared to earnings of $0.74 for the fourth quarter of 2018.

OUTLOOK

Late in the 2019 fourth quarter and early 2020, we experienced an increase in steel prices which will benefit our metals service center and steel distributor operations. Demand remains consistent with early 2019. In energy products, pipe prices have not yet recovered as the North American distribution network remains overstocked and capital spending in the industry remains under pressure due to lower rig counts, particularly in the U.S.

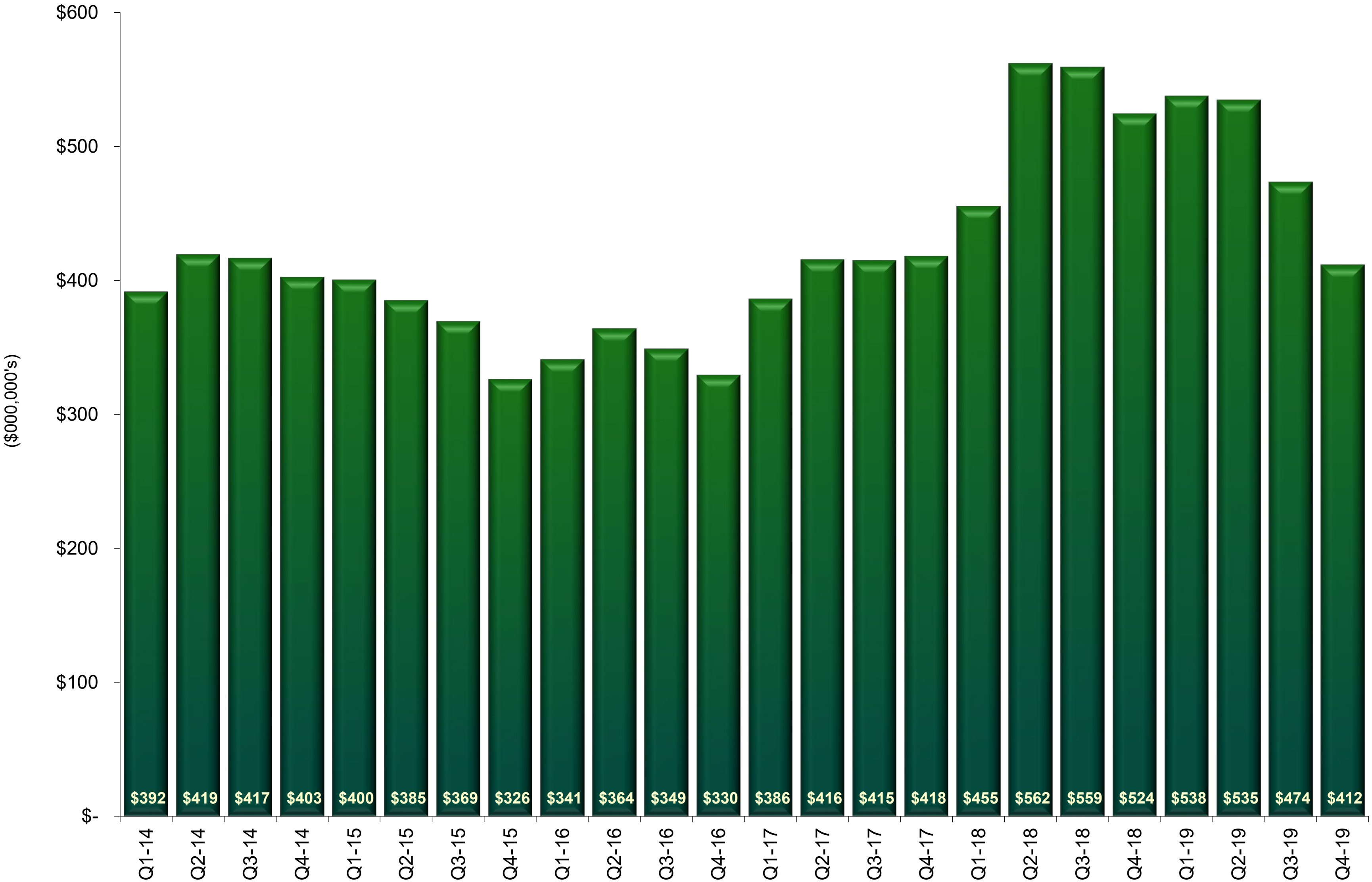
CONSOLIDATED STATEMENTS OF EARNINGS ON AN ADJUSTED BASIS

($ millions)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
METALS SERVICE CENTERS																								
Revenue	411.6	473.6	534.9	537.9	524.3	559.3	561.8	455.4	418.4	414.9	415.5	386.4	329.5	348.9	364.0	341.1	326.3	369.2	385.2	400.4	402.6	416.9	419.4	391.5
Cost of goods sold	334.1	385.9	434.9	434.9	414.6	423.2	418.5	354.7	337.6	333.8	325.9	299.8	261.8	271.4	280.8	270.6	264.4	297.4	314.1	320.0	324.6	332.6	331.5	306.5
Operating expenses	68.7	72.2	77.3	76.3	81.4	81.2	86.0	71.8	65.1	63.0	65.2	64.8	60.5	60.1	59.3	60.9	57.2	61.6	57.9	64.6	64.0	62.1	62.4	63.6
EBIT	**8.8**	**15.5**	**22.7**	**26.7**	**28.3**	**54.9**	**57.3**	**28.9**	**15.7**	**18.1**	**24.4**	**21.8**	**7.2**	**17.4**	**23.9**	**9.6**	**4.7**	**10.2**	**13.2**	**15.8**	**14.0**	**22.2**	**25.5**	**21.4**
Depreciation & amortization	8.7	8.5	8.7	8.6	6.9	6.2	6.1	5.8	5.8	6.0	6.0	5.9	6.1	6.2	6.2	6.2	5.8	6.1	6.0	6.0	6.1	5.8	5.7	5.6
EBITDA	**17.5**	**24.0**	**31.4**	**35.3**	**35.2**	**61.1**	**63.4**	**34.7**	**21.5**	**24.1**	**30.4**	**27.7**	**13.3**	**23.6**	**30.1**	**15.8**	**10.5**	**16.3**	**19.2**	**21.8**	**20.1**	**28.0**	**31.2**	**27.0**
Cost of goods sold	81.2%	81.5%	81.3%	80.9%	79.1%	75.7%	74.5%	77.9%	80.7%	80.5%	78.4%	77.6%	79.5%	77.8%	77.1%	79.3%	81.0%	80.6%	81.5%	79.9%	80.6%	79.8%	79.0%	78.3%
Operating expenses	16.7%	15.2%	14.5%	14.2%	15.5%	14.5%	15.3%	15.8%	15.6%	15.2%	15.7%	16.8%	18.4%	17.2%	16.3%	17.9%	17.5%	16.7%	15.0%	16.1%	15.9%	14.9%	14.9%	16.2%
Depreciation & amortization	2.1%	1.8%	1.6%	1.6%	1.3%	1.1%	1.1%	1.3%	1.4%	1.4%	1.4%	1.5%	1.9%	1.8%	1.7%	1.8%	1.8%	1.7%	1.6%	1.5%	1.5%	1.4%	1.4%	1.4%
EBIT	2.1%	3.3%	4.2%	5.0%	5.4%	9.8%	10.2%	6.3%	3.8%	4.4%	5.9%	5.6%	2.2%	5.0%	6.6%	2.8%	1.4%	2.8%	3.4%	3.9%	3.5%	5.3%	6.1%	5.5%
EBITDA	4.3%	5.1%	5.9%	6.6%	6.7%	10.9%	11.3%	7.6%	5.1%	5.8%	7.3%	7.2%	4.0%	6.8%	8.3%	4.6%	3.2%	4.4%	5.0%	5.4%	5.0%	6.7%	7.4%	6.9%
ENERGY PRODUCTS																								
Revenue	342.6	297.7	297.8	372.6	431.7	463.4	320.3	382.1	299.9	335.2	296.0	339.1	241.7	215.3	175.8	248.4	274.1	299.6	268.5	384.9	484.1	497.2	365.7	445.1
Cost of goods sold	285.1	243.3	239.8	302.2	354.7	383.2	253.5	308.5	235.9	264.8	240.7	280.6	208.3	182.0	146.9	207.1	228.4	246.3	217.0	319.7	402.1	411.9	296.4	367.7
Operating expenses	39.6	32.1	34.5	40.9	44.5	39.8	38.5	41.2	36.4	36.4	33.7	34.9	28.1	27.2	28.2	34.5	33.0	36.6	33.3	42.5	46.3	46.4	40.8	43.1
EBIT	**17.9**	**22.3**	**23.5**	**29.5**	**32.5**	**40.4**	**28.3**	**32.4**	**27.6**	**34.0**	**21.6**	**23.6**	**5.3**	**6.1**	**0.7**	**6.8**	**12.7**	**16.7**	**18.2**	**22.7**	**35.7**	**38.9**	**28.5**	**34.3**
Depreciation & amortization	6.0	4.7	4.5	4.6	2.3	2.4	2.2	2.2	2.2	2.2	2.1	2.2	2.1	2.1	2.3	2.3	2.5	2.5	2.6	2.5	2.6	2.8	2.6	2.6
EBITDA	**23.9**	**27.0**	**28.0**	**34.1**	**34.8**	**42.8**	**30.5**	**34.6**	**29.8**	**36.2**	**23.7**	**25.8**	**7.4**	**8.2**	**3.0**	**9.1**	**15.2**	**19.2**	**20.8**	**25.2**	**38.3**	**41.7**	**31.1**	**36.9**
Cost of goods sold	83.2%	81.7%	80.5%	81.1%	82.2%	82.7%	79.1%	80.7%	78.7%	79.0%	81.3%	82.7%	86.2%	84.5%	83.6%	83.4%	83.3%	82.2%	80.8%	83.1%	83.1%	82.8%	81.1%	82.6%
Operating expenses	11.6%	10.8%	11.6%	11.0%	10.3%	8.6%	12.0%	10.8%	12.1%	10.9%	11.4%	10.3%	11.6%	12.6%	16.0%	13.9%	12.0%	12.2%	12.4%	11.0%	9.6%	9.3%	11.2%	9.7%
Depreciation & amortization	1.8%	1.6%	1.5%	1.2%	0.5%	0.5%	0.7%	0.6%	0.7%	0.7%	0.7%	0.6%	0.9%	1.0%	1.3%	0.9%	0.9%	0.8%	1.0%	0.6%	0.5%	0.6%	0.7%	0.6%
EBIT	5.2%	7.5%	7.9%	7.9%	7.5%	8.7%	8.8%	8.5%	9.2%	10.1%	7.3%	7.0%	2.2%	2.8%	0.4%	2.7%	4.6%	5.6%	6.8%	5.9%	7.4%	7.8%	7.8%	7.7%
EBITDA	7.0%	9.1%	9.4%	9.2%	8.1%	9.2%	9.5%	9.1%	9.9%	10.8%	8.0%	7.6%	3.1%	3.8%	1.7%	3.7%	5.5%	6.4%	7.7%	6.5%	7.9%	8.4%	8.5%	8.3%
STEEL DISTRIBUTORS																								
Revenue	80.6	93.7	99.6	122.0	156.8	114.0	92.0	93.7	104.4	97.2	100.9	77.6	79.3	71.7	81.0	72.5	71.5	102.9	105.5	118.5	124.9	122.5	106.3	87.3
Cost of goods sold	73.5	82.9	86.2	105.1	135.9	92.8	67.3	73.5	88.8	82.4	81.7	60.8	66.5	57.9	66.0	57.6	65.0	93.9	92.8	104.3	106.5	104.1	91.7	75.8
Operating expenses	6.1	6.9	6.9	7.7	10.1	10.8	9.4	9.5	8.1	6.7	9.0	8.4	5.2	8.5	6.0	7.8	5.2	5.0	5.9	7.9	6.8	6.6	6.0	5.2
EBIT	**1.0**	**3.9**	**6.5**	**9.2**	**10.8**	**10.4**	**15.3**	**10.7**	**7.5**	**8.1**	**10.2**	**8.4**	**7.6**	**5.3**	**9.0**	**7.1**	**1.3**	**4.0**	**6.8**	**6.3**	**11.6**	**11.8**	**8.6**	**6.3**
Depreciation & amortization	0.4	0.4	0.4	0.4	0.3	0.3	0.2	0.3	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.1	0.1	0.1
EBITDA	**1.4**	**4.3**	**6.9**	**9.6**	**11.1**	**10.7**	**15.5**	**11.0**	**7.7**	**8.3**	**10.5**	**8.7**	**7.8**	**5.5**	**9.2**	**7.3**	**1.5**	**4.2**	**7.0**	**6.4**	**11.8**	**11.9**	**8.7**	**6.4**
Cost of goods sold	91.2%	88.5%	86.5%	86.1%	86.7%	81.4%	73.2%	78.4%	85.1%	84.8%	81.0%	78.4%	83.9%	80.8%	81.5%	79.4%	90.9%	91.3%	88.0%	88.0%	85.3%	85.0%	86.3%	86.8%
Operating expenses	7.6%	7.4%	6.9%	6.3%	6.4%	9.5%	10.2%	10.1%	7.8%	6.9%	8.9%	10.8%	6.6%	11.9%	7.4%	10.8%	7.3%	4.9%	5.6%	6.7%	5.4%	5.4%	5.6%	6.0%
Depreciation & amortization	0.5%	0.4%	0.4%	0.3%	0.2%	0.3%	0.2%	0.3%	0.2%	0.2%	0.3%	0.4%	0.3%	0.3%	0.2%	0.3%	0.3%	0.2%	0.2%	0.1%	0.2%	0.1%	0.1%	0.1%
EBIT	1.2%	4.2%	6.5%	7.5%	6.9%	9.1%	16.6%	11.4%	7.2%	8.3%	10.1%	10.8%	9.6%	7.4%	11.1%	9.8%	1.8%	3.9%	6.4%	5.3%	9.3%	9.6%	8.1%	7.2%
EBITDA	1.7%	4.6%	6.9%	7.9%	7.1%	9.4%	16.8%	11.7%	7.4%	8.5%	10.4%	11.2%	9.8%	7.7%	11.4%	10.1%	2.1%	4.1%	6.6%	5.4%	9.4%	9.7%	8.2%	7.3%
TBTL																								
Revenue	2.6	4.2	4.4	0.1	2.6	3.4	4.1	0.1	2.4	3.6	4.1	0.4	3.1	3.3	2.9	0.1	1.1	1.7	2.1	0.1	1.7	2.1	1.9	0.1
Cost of goods sold	-	-	0.1	(0.1)											-	-	-	0.1	-	-		-	-	(0.1)
Operating expenses	1.5	1.8	1.6	1.4	1.2	1.5	1.8	1.3	1.5	1.9	1.3	1.2	1.5	1.5	1.3	1.2	2.2	1.2	1.4	1.5	1.6	0.5	1.4	1.7
EBIT	**1.1**	**2.4**	**2.7**	**(1.2)**	**1.4**	**1.9**	**2.3**	**(1.2)**	**0.9**	**1.7**	**2.8**	**(0.8)**	**1.6**	**1.8**	**1.6**	**(1.1)**	**(1.1)**	**0.4**	**0.7**	**(1.4)**	**0.1**	**1.6**	**0.5**	**(1.5)**
Depreciation & amortization	-	0.1	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	0.2	0.1	0.2
EBITDA	**1.1**	**2.5**	**2.8**	**(1.2)**	**1.4**	**1.9**	**2.3**	**(1.2)**	**0.9**	**1.7**	**2.8**	**(0.8)**	**1.6**	**1.8**	**1.6**	**(1.1)**	**(1.1)**	**0.4**	**0.7**	**(1.4)**	**0.2**	**1.8**	**0.6**	**(1.3)**
CORPORATE & OTHER																								
Expenses	2.3	3.8	4.3	5.9	1.5	5.9	5.7	6.8	4.3	4.3	4.8	5.0	4.4	2.8	4.9	5.8	(0.1)	4.0	4.1	4.1	2.8	4.8	5.2	5.1
Depreciation & amortization	0.3	0.1	0.2	0.1	0.1	0.1	0.2	0.1	0.5	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.2	0.1		0.1	-	-	0.1	0.1
EBIT	**(2.6)**	**(3.9)**	**(4.5)**	**(6.0)**	**(1.6)**	**(6.0)**	**(5.9)**	**(10.2)**	**(4.8)**	**(4.4)**	**(4.9)**	**(5.1)**	**(4.6)**	**(3.0)**	**(5.1)**	**(5.9)**	**(0.1)**	**(4.1)**	**(4.1)**	**(4.2)**	**(2.8)**	**(4.8)**	**(5.3)**	**(5.2)**
EBITDA	**(2.3)**	**(3.8)**	**(4.3)**	**(5.9)**	**(1.5)**	**(5.9)**	**(5.7)**	**(10.1)**	**(4.3)**	**(4.3)**	**(4.8)**	**(5.0)**	**(4.4)**	**(2.8)**	**(4.9)**	**(5.8)**	**0.1**	**(4.0)**	**(4.1)**	**(4.1)**	**(2.8)**	**(4.8)**	**(5.2)**	**(5.1)**
Expenses	0.3%	0.4%	0.5%	0.6%	0.1%	0.5%	0.6%	0.7%	0.5%	0.5%	0.6%	0.6%	0.7%	0.4%	0.8%	0.9%	0.0%	0.5%	0.5%	0.5%	0.3%	0.5%	0.6%	0.6%
Depreciation & amortization	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operating EBIT	**$ 26.2**	**$ 40.2**	**$ 50.9**	**$ 58.2**	**$ 71.4**	**$ 101.6**	**$ 97.3**	**$ 60.6**	**$ 46.9**	**$ 57.5**	**$ 54.1**	**$ 47.9**	**$ 17.1**	**$ 27.6**	**$ 30.1**	**$ 16.5**	**$ 17.5**	**$ 27.2**	**$ 34.8**	**$ 39.2**	**$ 58.6**	**$ 69.7**	**$ 57.8**	**$ 55.3**
Operating EBITDA	**$ 41.6**	**$ 54.0**	**$ 64.8**	**$ 71.9**	**$ 81.0**	**$ 110.6**	**$ 106.0**	**$ 69.0**	**$ 55.6**	**$ 66.0**	**$ 62.6**	**$ 56.4**	**$ 25.7**	**$ 36.3**	**$ 39.0**	**$ 25.3**	**$ 26.2**	**$ 36.1**	**$ 43.6**	**$ 47.9**	**$ 67.6**	**$ 78.6**	**$ 66.4**	**$ 63.9**
Operating EBIT	3.1%	4.6%	5.4%	5.6%	6.4%	8.9%	9.9%	6.5%	5.7%	6.8%	6.6%	6.0%	2.6%	4.3%	4.8%	2.5%	2.6%	3.5%	4.6%	4.3%	5.8%	6.7%	6.5%	6.0%
Operating EBITDA	5.0%	6.2%	6.9%	7.0%	7.3%	9.7%	10.8%	7.4%	6.7%	7.8%	7.7%	7.0%	3.9%	5.7%	6.3%	3.8%	3.9%	4.7%	5.7%	5.3%	6.7%	7.6%	7.4%	6.9%

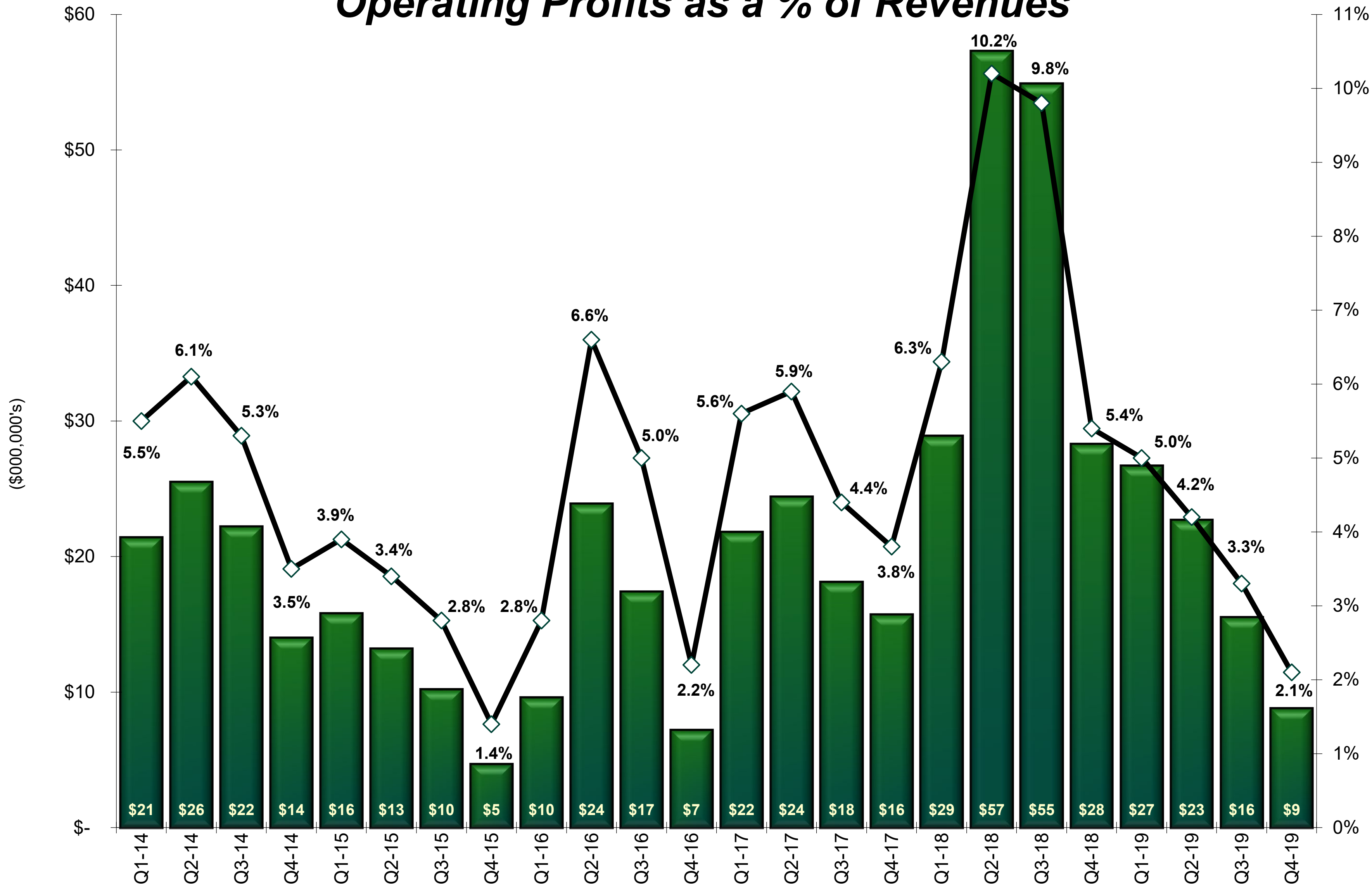
CONSOLIDATED STATEMENTS OF EARNINGS ON AN ADJUSTED BASIS

($ millions)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Quarter ended:																								
Revenue	837.4	869.2	936.7	1,032.6	1,115.4	1,140.1	978.2	931.3	825.1	850.9	816.5	803.5	653.6	639.2	623.7	662.1	673.0	773.4	761.3	903.9	1,013.3	1,038.7	893.3	924.0
Cost of goods sold	692.7	712.1	761.0	842.1	905.2	899.2	739.3	736.7	662.3	681.0	648.3	641.2	536.6	511.3	493.7	535.3	557.8	637.7	623.9	744.0	833.2	848.6	719.6	749.9
Operating expenses	115.9	113.0	120.3	126.3	137.2	133.3	135.7	123.8	111.1	108.0	109.2	109.3	95.3	97.3	94.8	104.4	97.6	104.4	98.5	116.5	118.7	115.6	110.6	113.6
Corp. Expenses and other	2.6	3.9	4.5	6.0	1.6	6.0	5.9	10.2	4.8	4.4	4.9	5.1	4.6	3.0	5.1	5.9	0.1	4.1	4.1	4.2	2.8	4.8	5.3	5.2
Operating EBIT	**26.2**	**40.2**	**50.9**	**58.2**	**71.4**	**101.6**	**97.3**	**60.6**	**46.9**	**57.5**	**54.1**	**47.9**	**17.1**	**27.6**	**30.1**	**16.5**	**17.5**	**27.2**	**34.8**	**39.2**	**58.6**	**69.7**	**57.8**	**55.3**
Depreciation & amortization	15.4	13.8	13.9	13.7	9.6	9.0	8.7	8.4	8.7	8.5	8.5	8.5	8.6	8.7	8.9	8.8	8.7	8.9	8.8	8.7	9.0	8.9	8.6	8.6
Operating EBITDA	**41.6**	**54.0**	**64.8**	**71.9**	**81.0**	**110.6**	**106.0**	**69.0**	**55.6**	**66.0**	**62.6**	**56.4**	**25.7**	**36.3**	**39.0**	**25.3**	**26.2**	**36.1**	**43.6**	**47.9**	**67.6**	**78.6**	**66.4**	**63.9**
Gain on sale of asset									-	-	-	-	(27.7)	-	-	-	-	-	-	-	-	-	-	-
EBIT	**26.2**	**40.2**	**50.9**	**58.2**	**71.4**	**101.6**	**97.3**	**60.6**	**46.9**	**57.5**	**54.1**	**47.9**	**44.8**	**27.6**	**30.1**	**16.5**	**17.5**	**27.2**	**34.8**	**39.2**	**58.6**	**69.7**	**57.8**	**55.3**
EBITDA	**41.6**	**54.0**	**64.8**	**71.9**	**81.0**	**110.6**	**106.0**	**69.0**	**55.6**	**66.0**	**62.6**	**56.4**	**53.4**	**36.3**	**39.0**	**25.3**	**26.2**	**36.1**	**43.6**	**47.9**	**67.6**	**78.6**	**66.4**	**63.9**
Twelve months ended:																								
Revenue	3,675.9	3,953.9	4,224.8	4,266.3	4,165.0	3,874.7	3,585.5	3,423.8	3,296.0	3,124.5	2,912.8	2,720.0	2,578.6	2,598.0	2,732.2	2,869.8	3,111.6	3,451.9	3,717.2	3,849.2	3,869.3	3,667.1	3,425.2	3,290.0
Cost of goods sold	3,007.9	3,220.4	3,407.5	3,385.8	3,280.4	3,037.5	2,819.3	2,728.3	2,632.8	2,507.1	2,337.4	2,182.8	2,076.9	2,098.1	2,224.5	2,354.7	2,563.4	2,838.8	3,049.7	3,145.4	3,151.3	2,987.5	2,795.6	2,696.7
Operating expenses	492.5	512.8	535.2	552.0	553.7	530.8	503.9	476.4	456.8	440.8	428.7	414.5	410.4	408.2	416.4	419.1	429.5	453.3	465.2	478.5	476.6	463.8	447.0	428.3
Operating EBIT	**175.5**	**220.7**	**282.1**	**328.5**	**330.9**	**306.4**	**262.3**	**219.1**	**206.4**	**176.6**	**146.7**	**122.7**	**91.3**	**91.7**	**91.3**	**96.0**	**118.7**	**159.8**	**202.3**	**225.3**	**241.4**	**215.8**	**182.6**	**165.0**
Gain on sale of asset	-	-	-	-	-	-	-	-	-	(27.7)	(27.7)	(27.7)	(27.7)	-	-	-	-	-	-	-	-	-	-	-
EBIT	**175.5**	**220.7**	**282.1**	**328.5**	**330.9**	**306.4**	**262.3**	**219.1**	**206.4**	**204.3**	**174.4**	**150.4**	**119.0**	**91.7**	**91.3**	**96.0**	**118.7**	**159.8**	**202.3**	**225.3**	**241.4**	**215.8**	**182.6**	**165.0**
Depreciation & amortization	56.8	51.0	46.2	41.0	35.7	34.8	34.3	34.1	34.2	34.1	34.3	34.7	35.0	35.1	35.3	35.2	35.1	35.4	35.4	35.2	35.1	34.6	34.4	34.0
EBITDA	**232.3**	**271.7**	**328.3**	**369.5**	**366.6**	**341.2**	**296.6**	**253.2**	**240.6**	**238.4**	**208.7**	**185.1**	**154.0**	**126.8**	**126.6**	**131.2**	**153.8**	**195.2**	**237.7**	**260.5**	**276.5**	**250.4**	**217.0**	**199.0**

Metals Service Centers Revenues

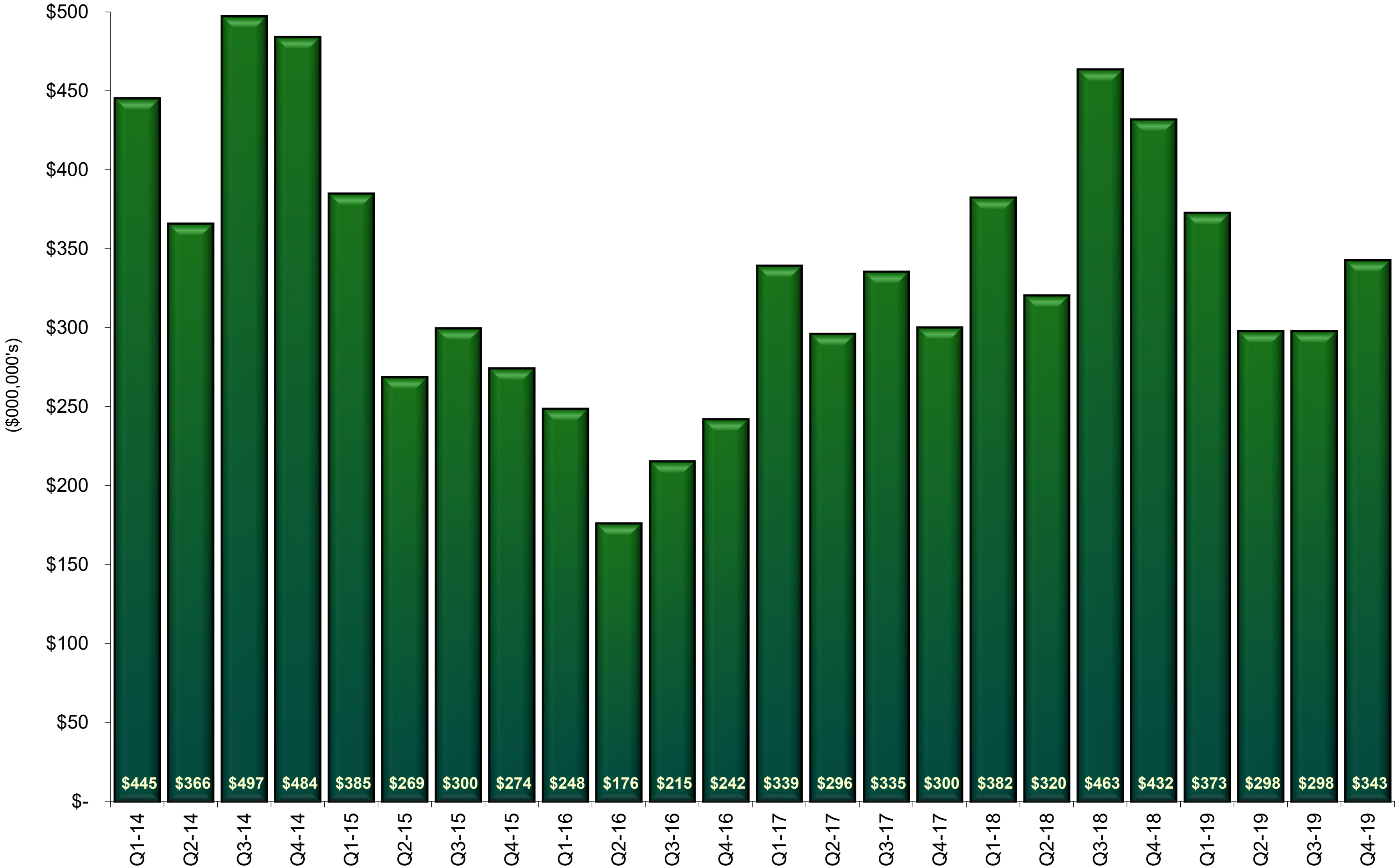


Metals Service Centers EBIT $ and Operating Profits as a % of Revenues

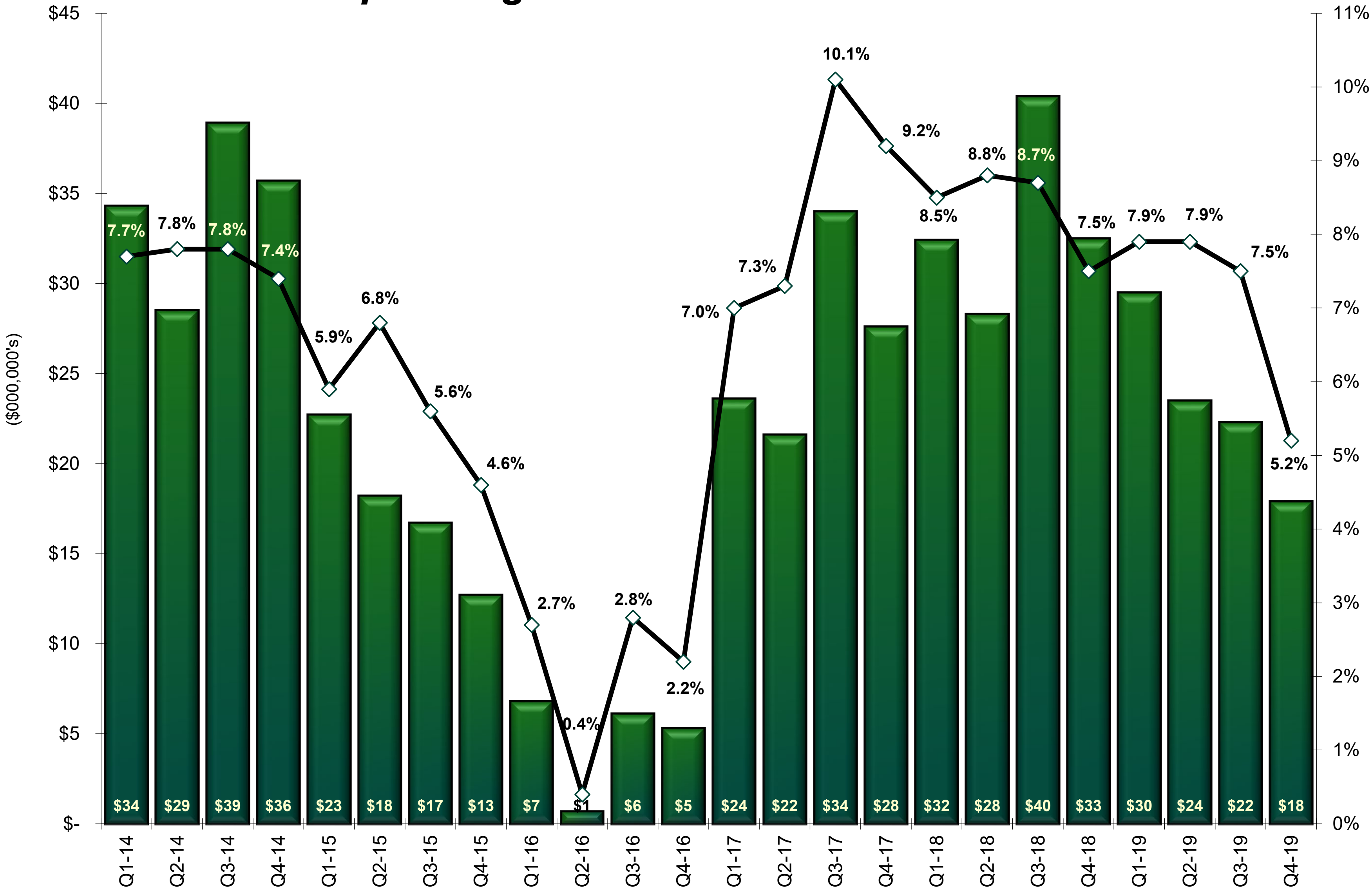


**excluding inventory write-down in 2014 and 2015*

Energy Products Revenues

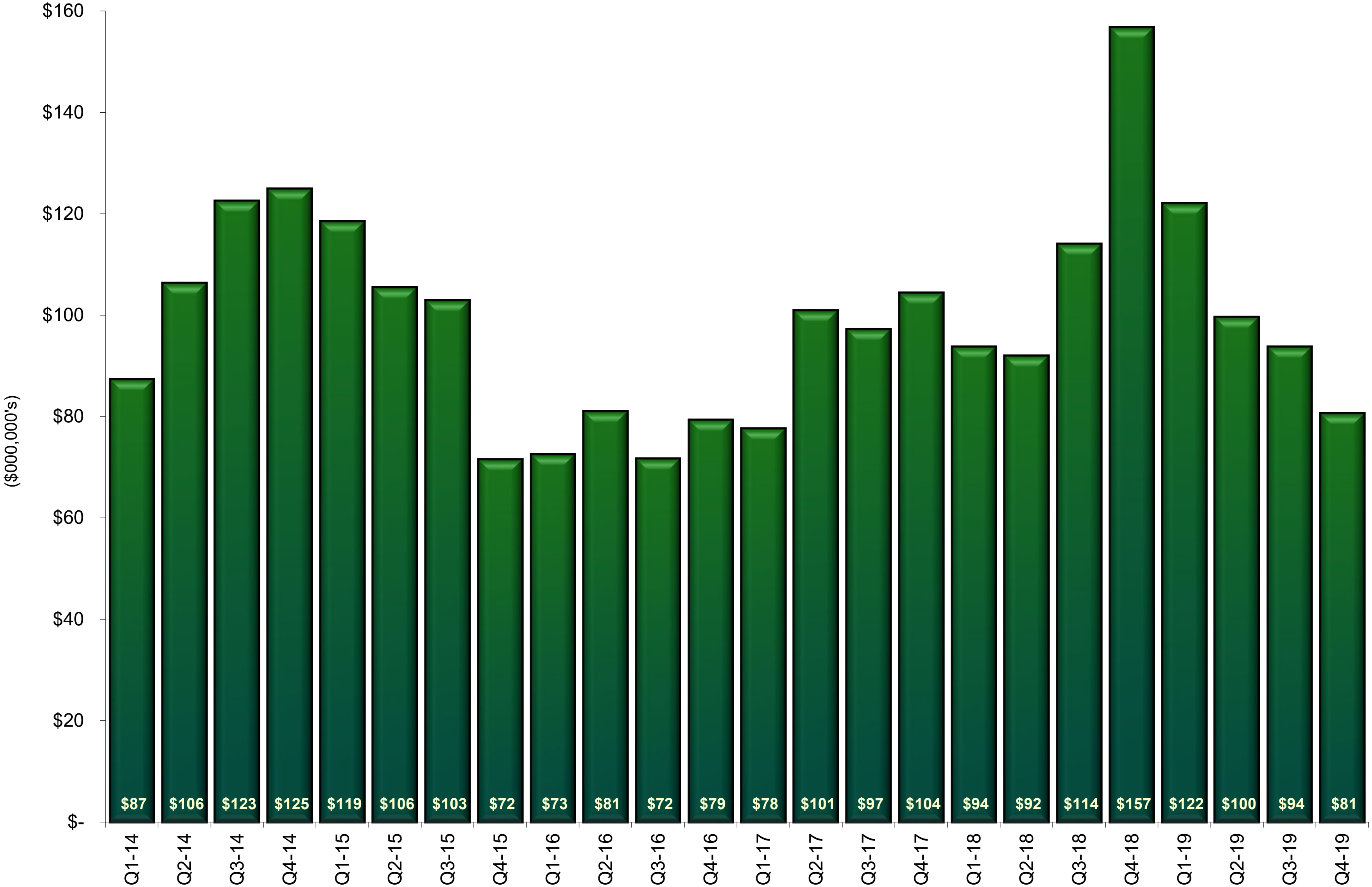


Energy Products EBIT $ and Operating Profits for a % of Revenues

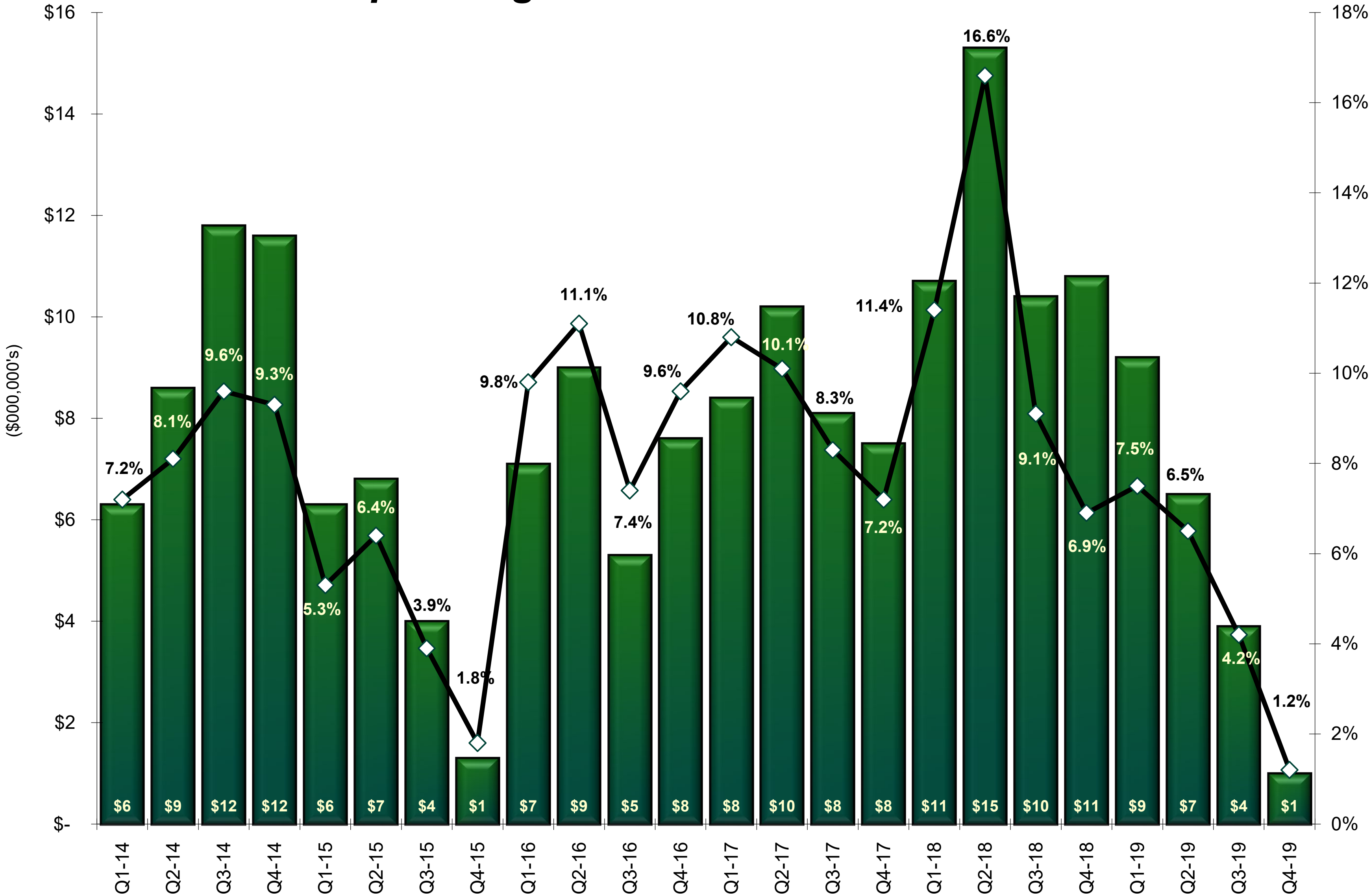


*excluding inventory write-down in 2014, 2015 and 2019 and City Pipe costs in 2019

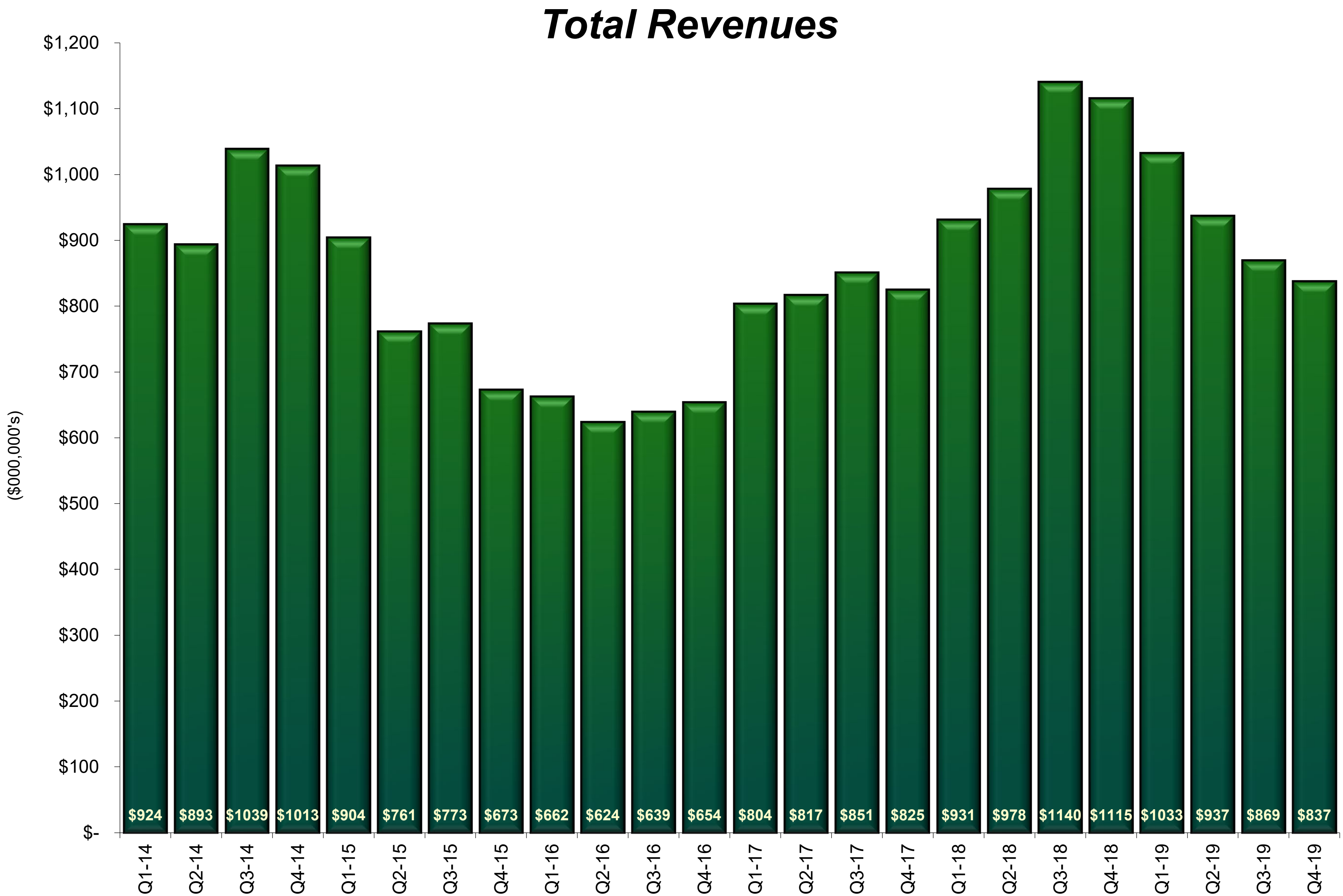
Steel Distributors Revenues



Steel Distributors EBIT $ and Operating Profits as a % of Revenues

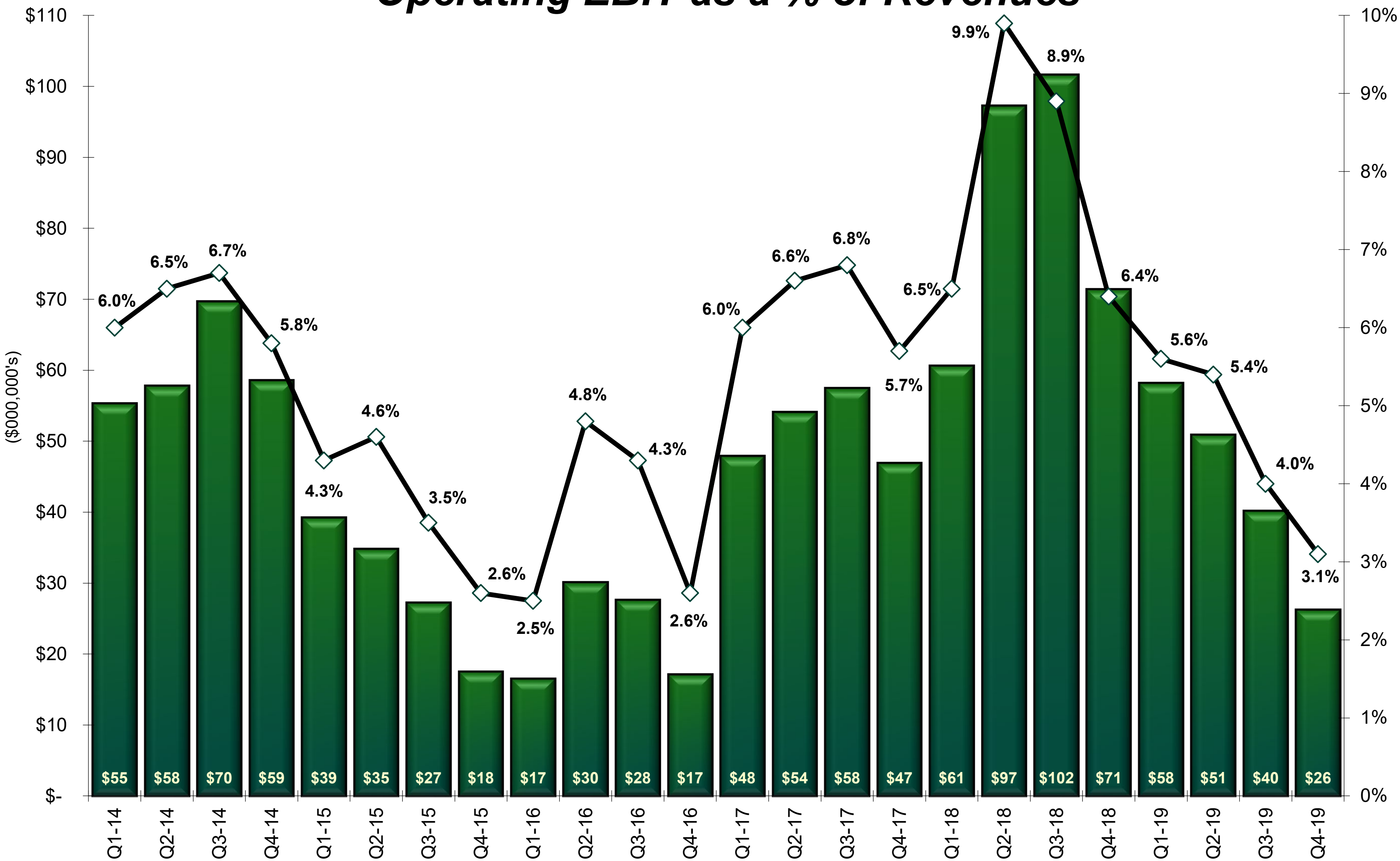


**excluding inventory write-down in 2014, 2015 and 2019*



Total Revenues
($000,000's)
$1,200
$1,100
$1,000
$900
$800
$700
$600
$500
$400
$300
$200
$100
$-
$924
$893
$1039
$1013
$904
$761
$773
$673
$662
$624
$639
$654
$804
$817
$851
$825
$931
$978
$1140
$1115
$1033
$937
$869
$837
Q1-14
Q2-14
Q3-14
Q4-14
Q1-15
Q2-15
Q3-15
Q4-15
Q1-16
Q2-16
Q3-16
Q4-16
Q1-17
Q2-17
Q3-17
Q4-17
Q1-18
Q2-18
Q3-18
Q4-18
Q1-19
Q2-19
Q3-19
Q4-19

Total EBIT $ and Operating EBIT as a % of Revenues



**excluding inventory write-down in 2014, 2015 and 2019 and City Pipe costs in 2019*