



COMPANY UPDATE

FEBRUARY 2021

FORWARD-LOOKING INFORMATION

Certain information contained in this presentation constitutes forward-looking information within the meaning of applicable securities laws. Forward-looking information relates to future events or 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 information is based on estimates and assumptions. While such estimates and assumptions are considered reasonable by us, they inherently involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in our forward-looking information, 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, which are important factors in our business and the metals distribution industry. Such risks and uncertainties include, but are not limited to: (i) volatility in metal prices; (ii) cyclicalities of the metals industry; (iii) volatility in oil and natural gas prices; (iv) capital budgets in the energy industry; (v) pandemics and epidemics; (vi) climate change; (vii) product claims; (viii) significant competition; (ix) sources of metals supply; (x) manufacturers selling directly; (xi) material substitution; (xii) credit risk; (xiii) currency exchange risk; (xiv) restrictive debt covenants; (xv) asset impairments; (xvi) the unexpected loss of key individuals; (xvii) decentralized operating structure; (xviii) future acquisitions; (ixx) the failure of our key computer-based systems, (xx) labour interruptions; (xxi) laws and governmental regulations; (xxii) litigious environment; (xxiii) environmental liabilities; (xxiv) carbon emissions; (xxv) health and safety laws and regulations; and (xxvi) common share risk.

The above list is not an exhaustive list of the factors that may affect any of Russel Metals’ forward-looking information. While we believe that the expectations reflected in our forward-looking information are reasonable, no assurance can be given that these expectations will prove to be correct, and the forward-looking information included in this presentation should not be unduly relied upon. Forward-looking information speaks only as of the date of this presentation and, except as required by law, we do not assume any obligation to update our forward-looking information. Our actual results could differ materially from those anticipated in our forward-looking information including as a result of the risk factors described above and elsewhere in this presentation, under the heading “Risk” in our management’s discussion and analysis of financial condition and results of operations for the twelve months ended December 31, 2020, under the heading “Risk Management and Risks Affecting Our Business” in our annual information form for the year ended December 31, 2019 and as otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR at www.sedar.com.

NON-GAAP MEASURES

This presentation includes a number of measures that are not prescribed by 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 measures include EBITDA which represents earnings before interest, income taxes, depreciation and amortization; and free cash flow which represents cash from operating activities before changes in working capital less capital expenditures. We believe that EBITDA and free cash flow 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. The items excluded in determining EBITDA and free cash flow are significant in assessing operating results and liquidity. EBITDA and free cash flow should not be considered in isolation or 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 and investors are cautioned not to place undue reliance on ratios or percentages calculated using non-GAAP measures.

OTHER DEFINITIONS:

Book Value per Share – Shareholders' equity divided by common shares outstanding at December 31

Adjusted EBIT – Earnings before deduction of long-lived asset impairment, interest and provision for income taxes

Adjusted EBITDA – Earnings before deduction of long-lived asset impairment, interest, provision for income taxes, depreciation and amortization

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

Interest Bearing Debt to Adjusted EBITDA – Total interest bearing debt divided by Adjusted EBITDA

Invested Capital – Net debt plus shareholders' equity

Net Debt – Total interest-bearing debt, net of cash on hand

Return on Invested Capital – Adjusted EBIT divided by invested capital

Return on Equity – Adjusted EBIT divided by shareholders' equity

BUSINESS HIGHLIGHTS

Compelling Market Position with Strong Supplier Relationships and Market Insight

- One of the largest metals distribution and processing companies in North America
- Well-established relationships with North American steel producers and one of the largest independent steel importers in North America
- Global supplier reach provides timely access to market information and outlook to proactively manage inventory

Diversified Products and Customer Base

- Operates in three segments of metals distribution business, each with a distinct customer base and business cycle
- Approximately 40,000 end customers across a wide variety of industries including machinery and equipment manufacturing, construction, shipbuilding and natural resources with our largest customer accounting for less than 3% of total revenue in 2019

Flexible Business Model Through Cycles to Minimize Risk

- Management has carefully managed inventory levels to mitigate downside risk in market volatility, while maintaining sufficient supply to respond to customer orders
- Variable cost/compensation model and prudent inventory management drives counter cyclical cash flows in market downturns
- Russel Metals' metals service centers have consistently turned inventory at higher rates than the industry average

Strong Liquidity, Cash Flow Generation and Financial Position

- Reduced net debt by \$224 million during 2020
- Extended \$450 million credit facility to 2023 and updated credit agreement to provide additional flexibility
- Redeemed \$300 million senior unsecured notes due 2022 - Financed with cash, bank line borrowing and new issuance of 5.75% notes due 2025
- Reduced interest expense by ~\$8 mm/year

Experienced Management Team

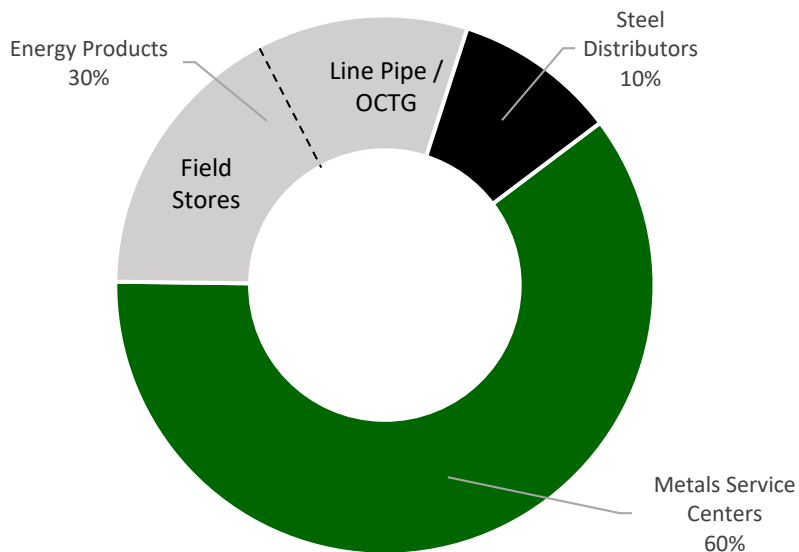
- Average of ~30 years of industry experience

RUSSEL METALS AT-A-GLANCE

Business Overview

- Russel Metals Inc. (“the Company”) is a metals distribution company which distributes steel and other metal products across North America
 - One of the two largest metals service centers operating in Canada
- The Company operates through three key segments: Metal service centers, Energy products and Steel distributors
- Founded in 1929 and headquartered in Mississauga, Canada

Revenue by Segment (2020)



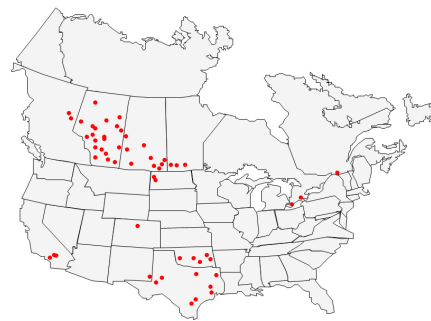
Key Segments

Metals Service Centers



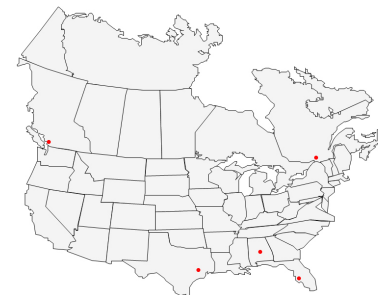
- Extensive metal products line with value-added focus

Energy Products



- Field Stores (60% of revenue) that distribute highly engineered products (eg. valves, fittings, etc.)
- Line Pipe / OCTG (40% of revenue) which distributes steel pipe and tubular goods

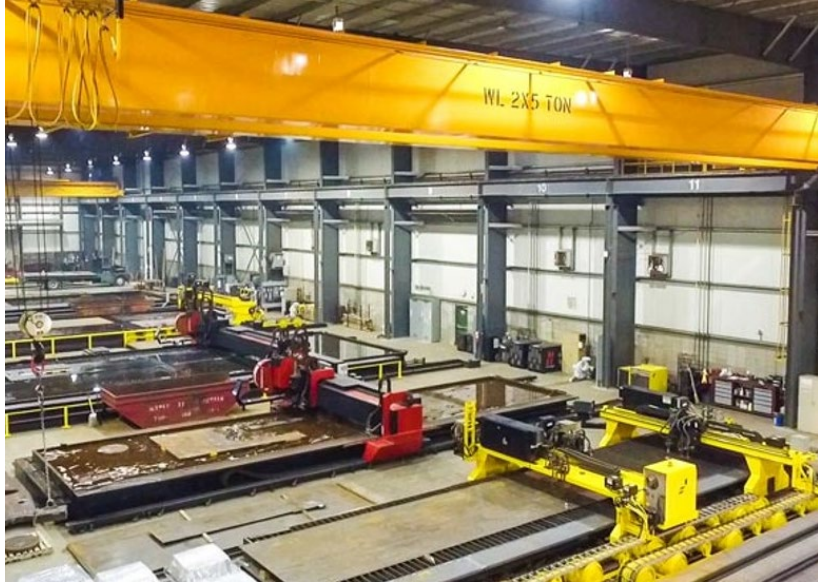
Steel Distributors



- Sells steel in larger volumes to other steel service centers & large equipment manufacturers

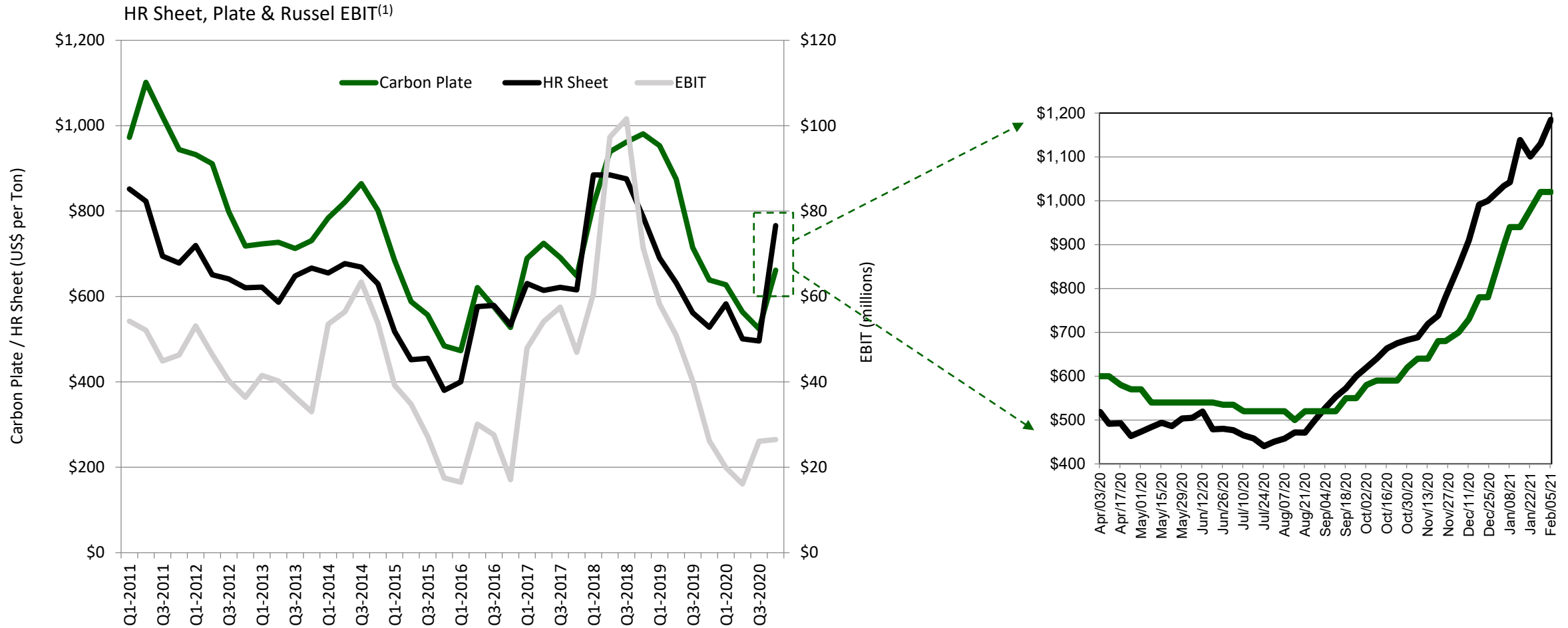
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I. MARKET TRENDS

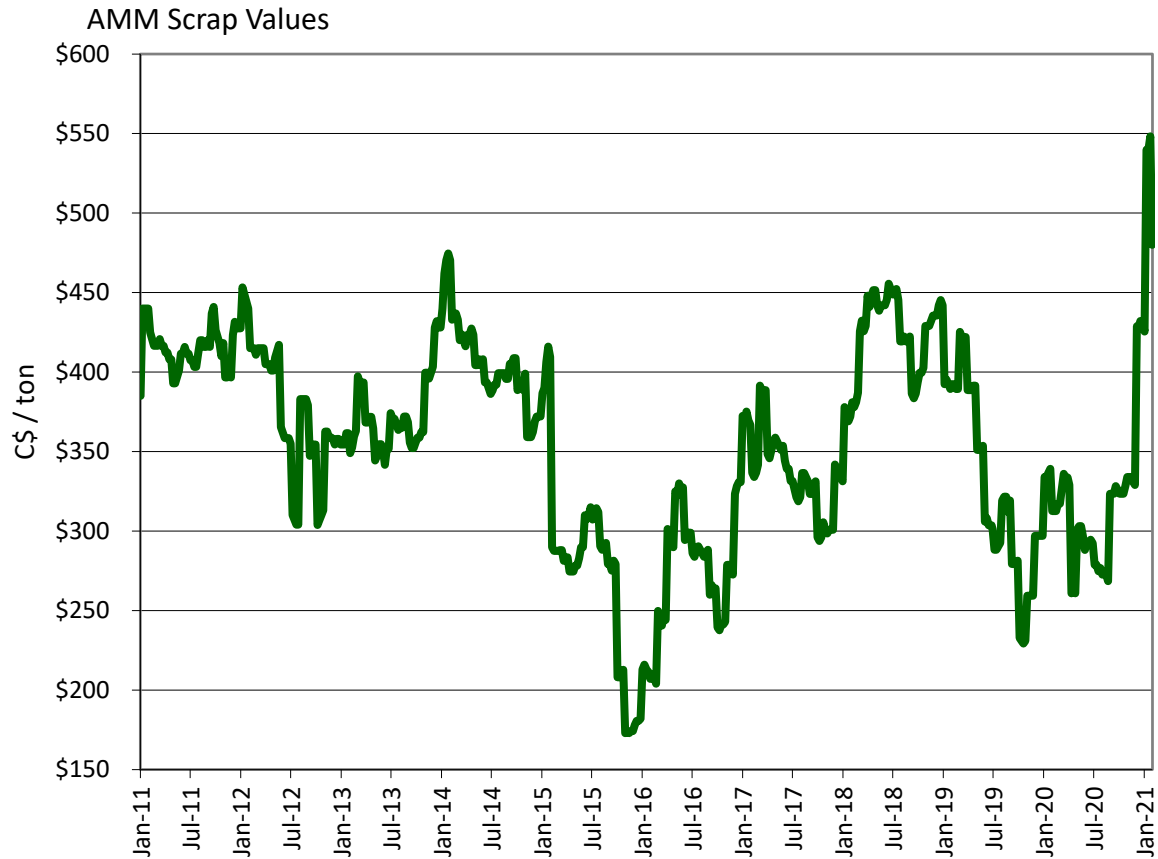
STEEL PRICES VS. RUSSEL EBIT



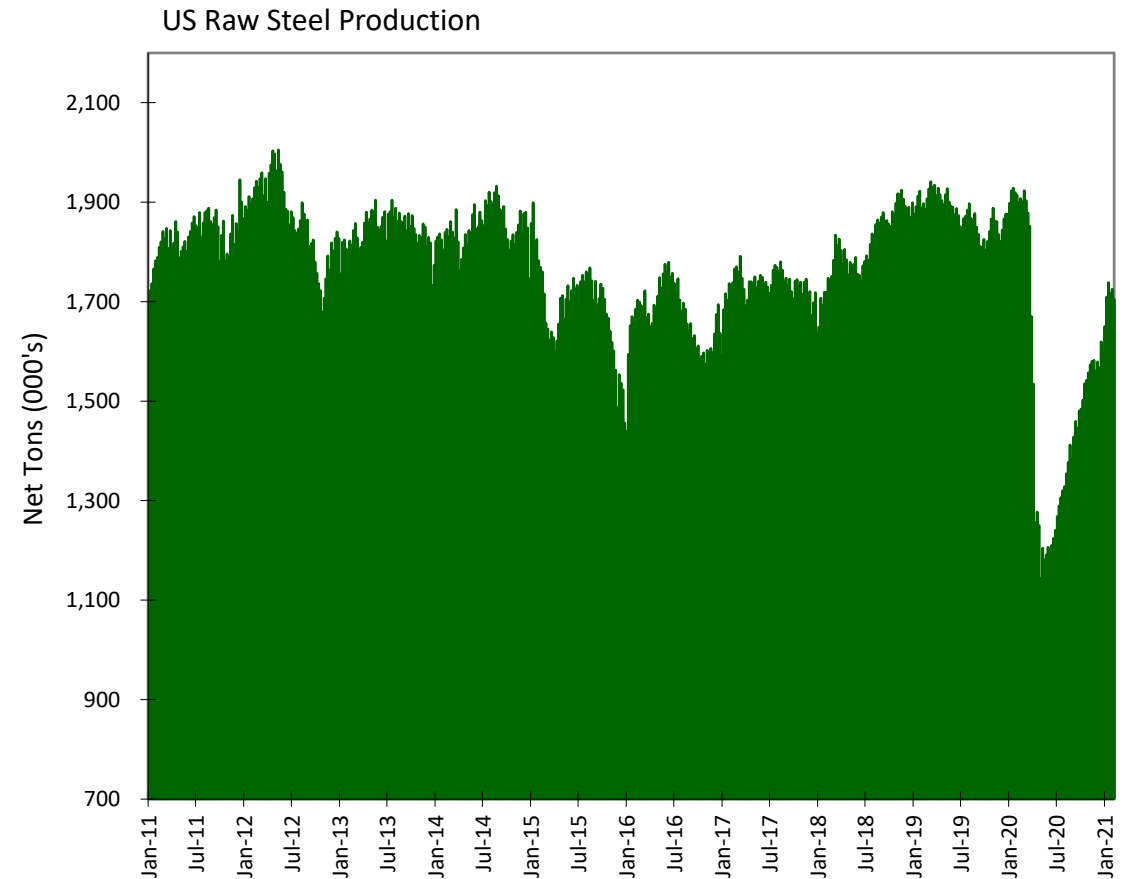
Source: American Metal Market

(1) EBIT has been adjusted to exclude inventory provisions, asset impairments, product warranty provision and acquisition costs in 2014, 2015, Q3 2019 and Q4 2019, and gain on sale of properties in 2016 and 2020

SCRAP AND STEEL PRODUCTION

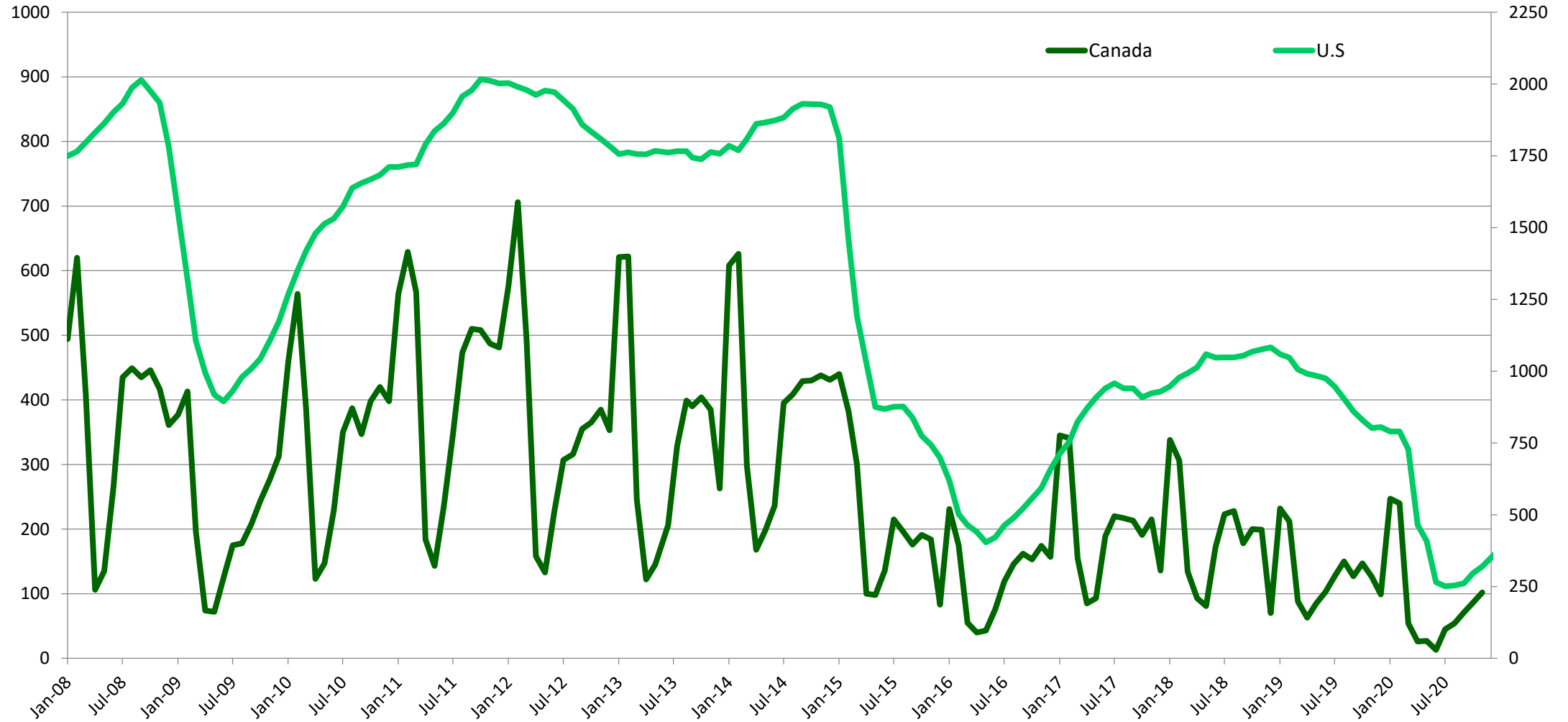


Source: American Metal Market



Source: American Iron and Steel Institute

NORTH AMERICAN RIG COUNTS





II. COMPANY OVERVIEW

SERVICE CENTER / DISTRIBUTION LANDSCAPE

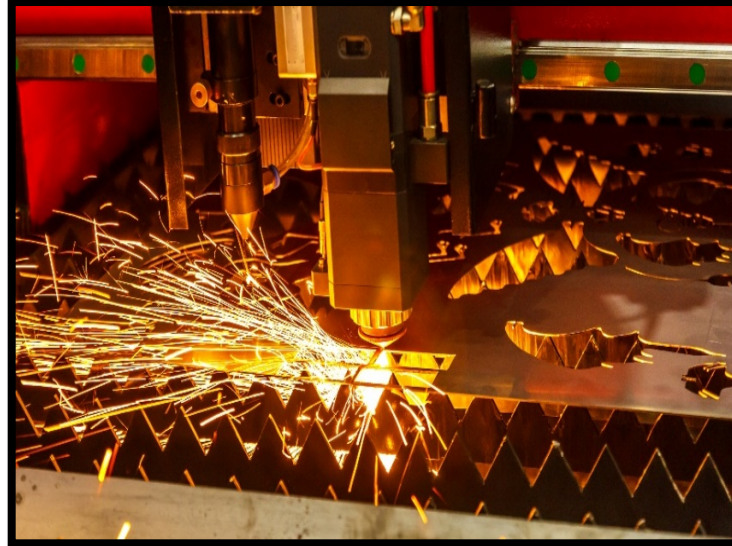
Russel is one of the largest service center companies in North America

Ranked by Revenue

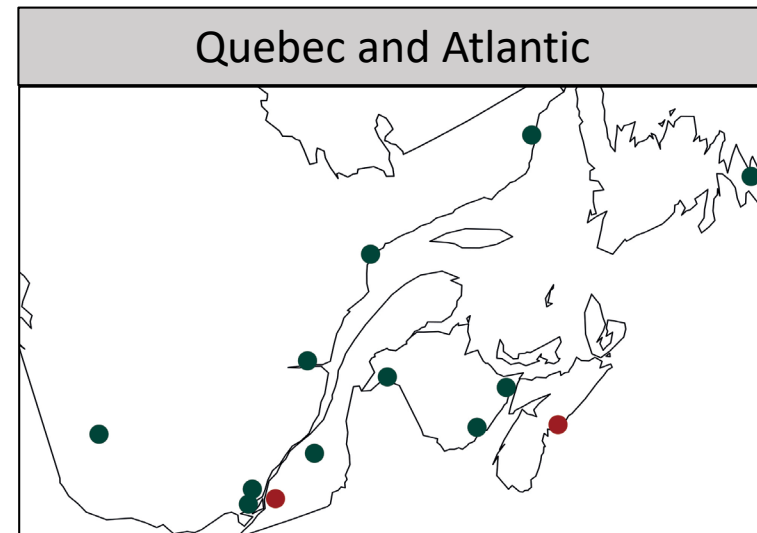
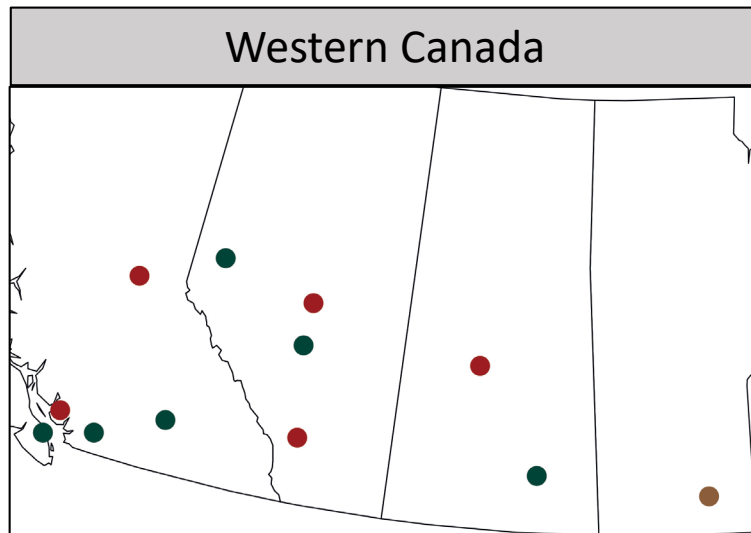
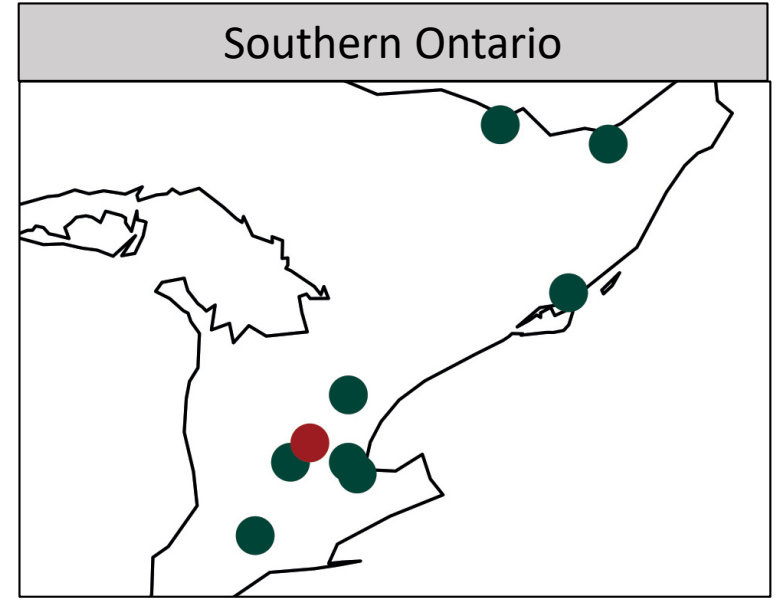
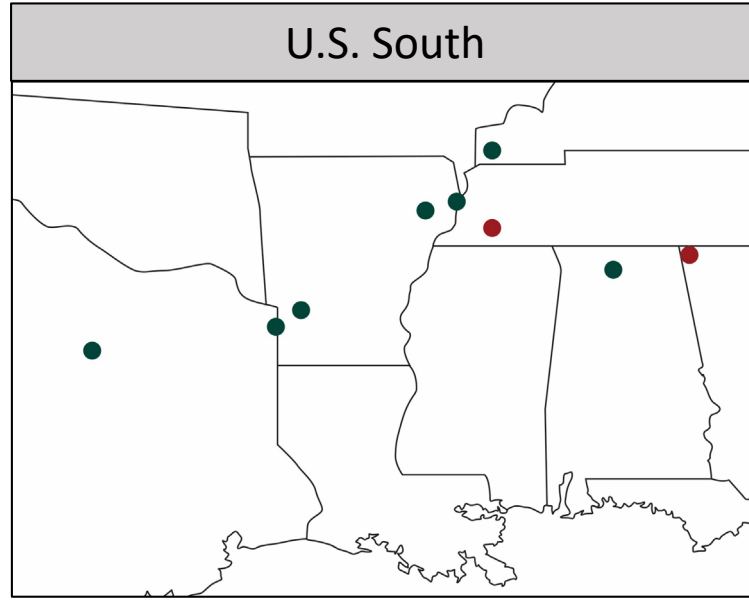
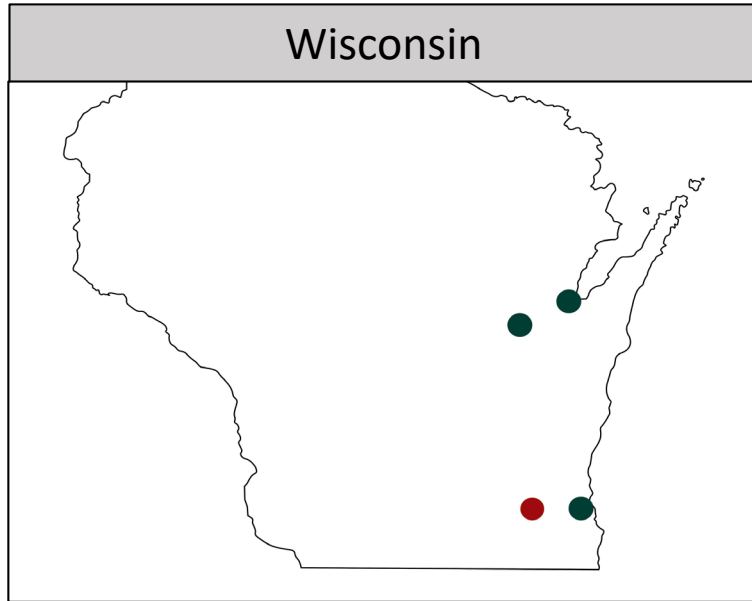
(in US\$ billions)

	2019	2018
Reliance Steel & Aluminum Co.	\$11.0	\$11.5
Ryerson Inc.	\$4.5	\$4.4
Thyssenkrupp Materials NA Inc.	\$3.2	\$3.2
Kloeckner Metals Corp.	\$3.0	\$3.2
Russel Metals Inc.	\$2.8	\$3.2
Samuel, Son & Co	\$2.8	\$2.9
Toyota Tsusho America	\$2.5	\$2.3
O'Neal Industries Inc.	\$2.4	\$2.7
Steel Technologies LLC	\$2.4	\$2.6
Worthington Industries	\$2.2	\$2.5
Alro Steel Corp.	\$2.0	\$2.0
Olympic Steel Inc.	\$1.6	\$1.7
Steel Warehouse Co.	\$1.3	\$1.2
Coilplus Inc.	\$1.3	\$1.4
Triple-S Steel Holdings Inc.	\$1.2	\$1.1

VALUE-ADDED PROCESSING

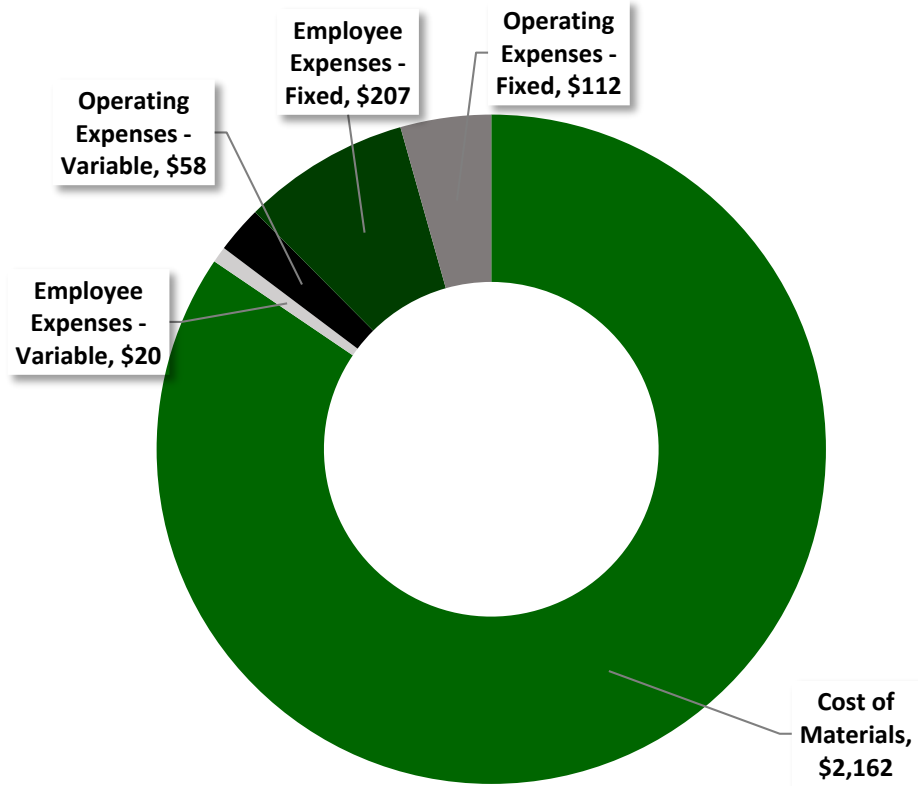


VALUE-ADDED PROCESSING – HUB & SPOKE APPROACH

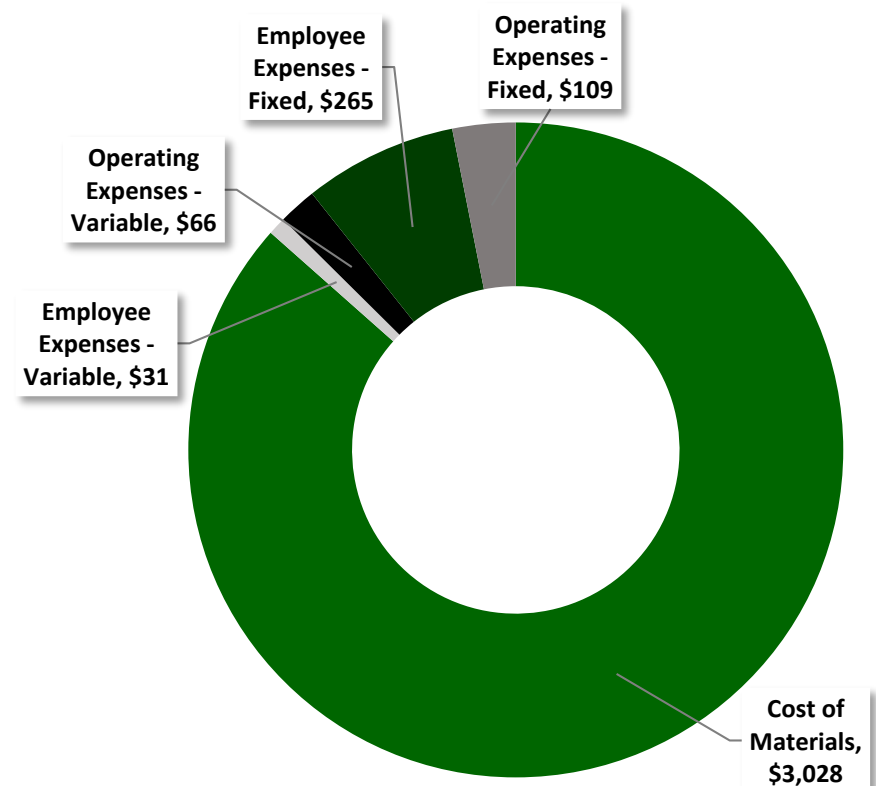


VARIABLE COST MODEL – BREAKDOWN OF CASH COSTS

YEAR ENDED DECEMBER 31, 2020
\$2,559 Million

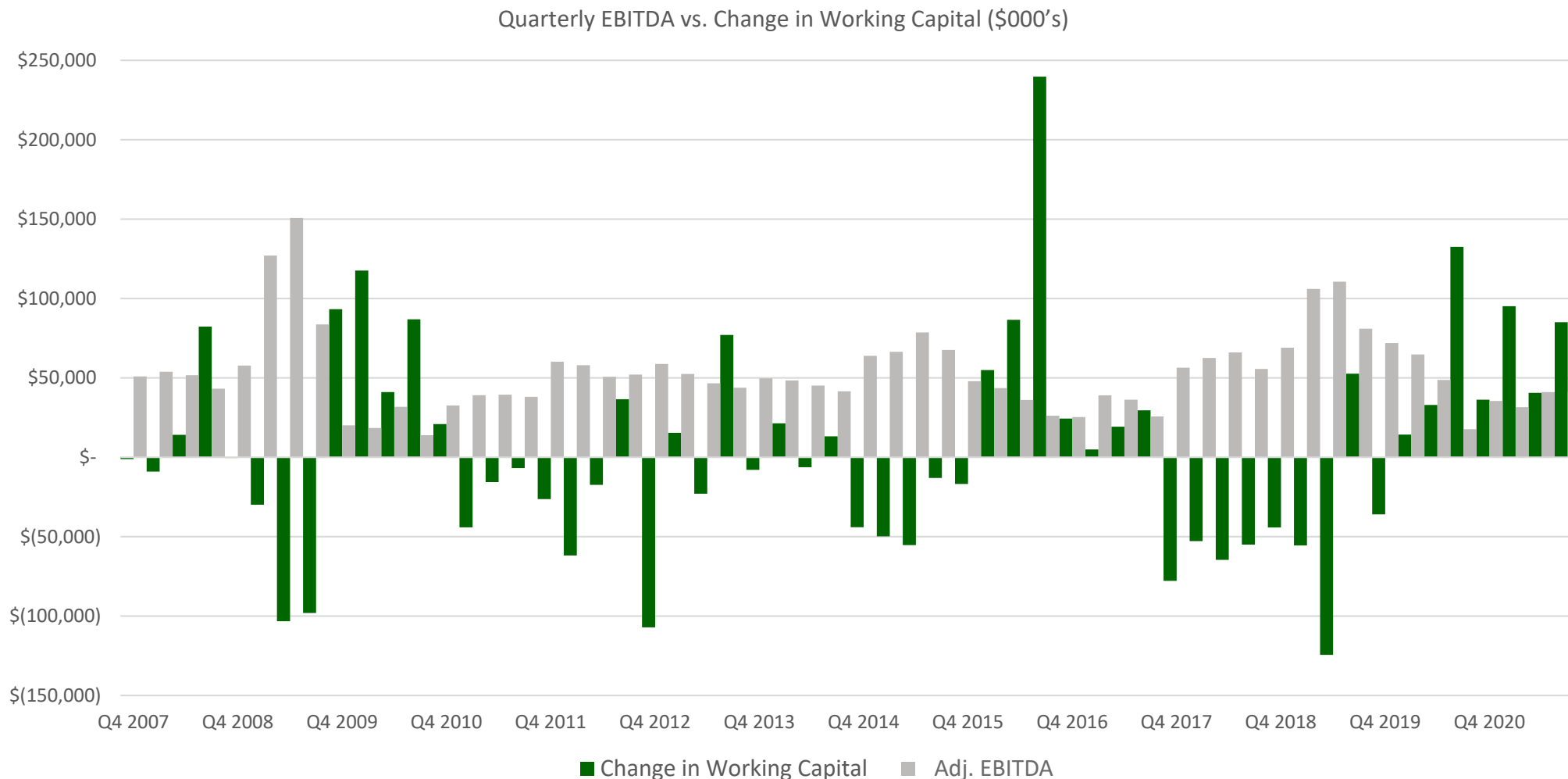


YEAR ENDED DECEMBER 31, 2019
\$3,499 Million



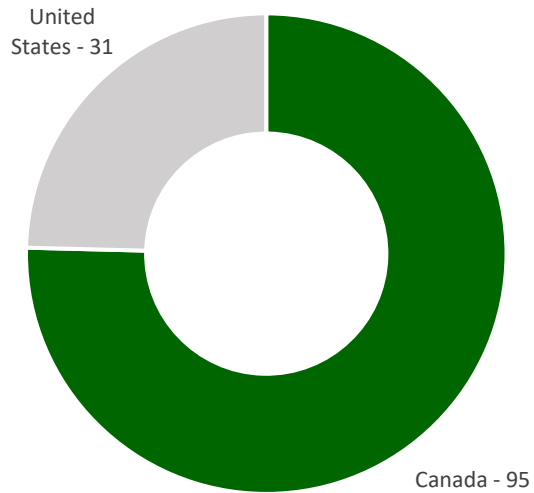
COUNTERCYCLICAL CASH FLOWS

Adj. EBITDA positive throughout the cycles; working capital repatriation during market downturns.

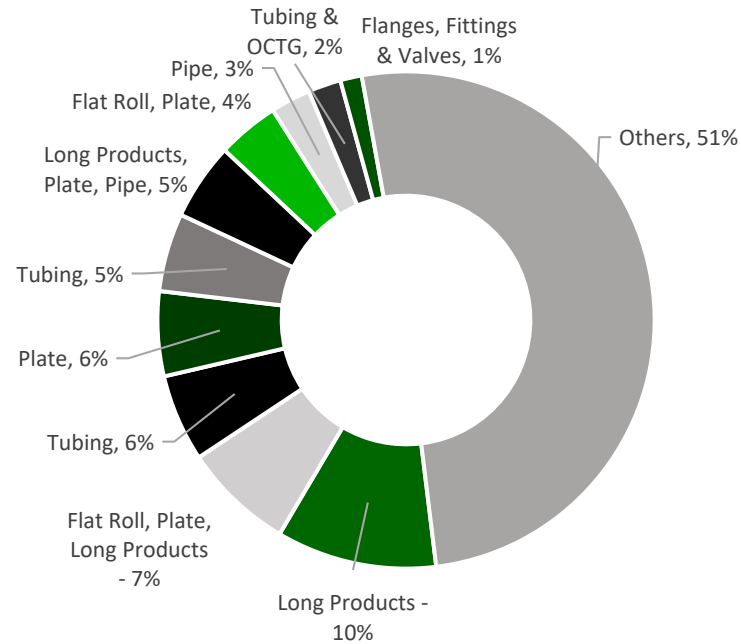


DIVERSIFIED BUSINESS

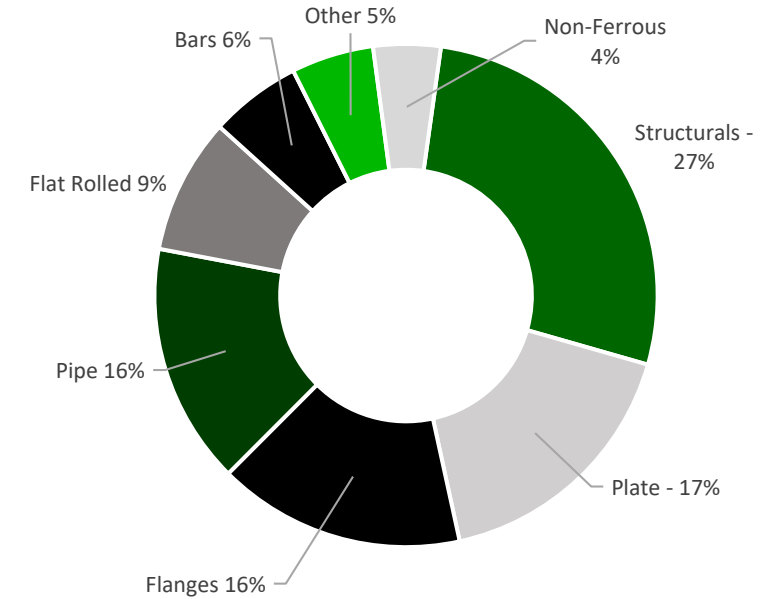
Geography - 126 Locations



Supplier by Products Type



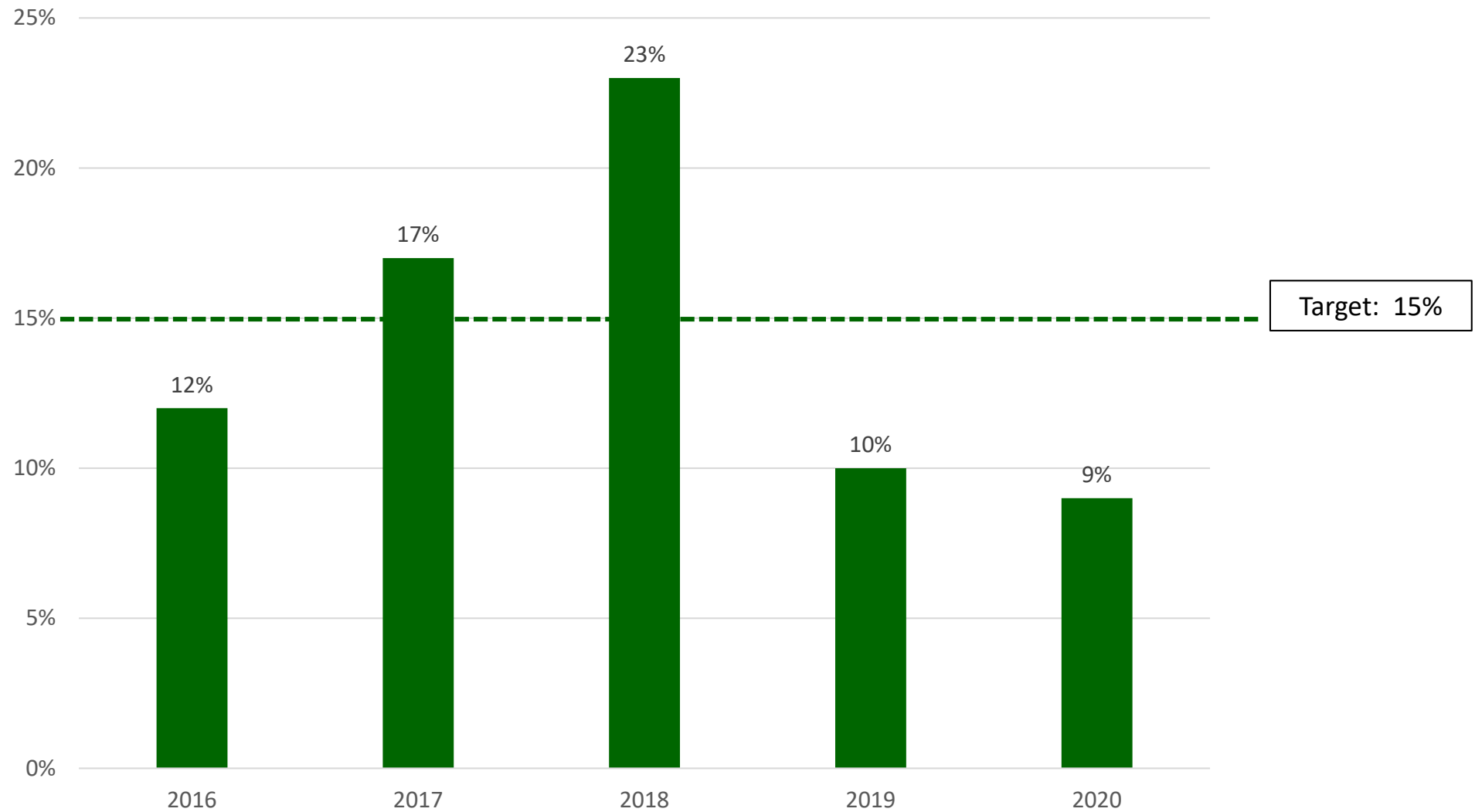
Product Mix



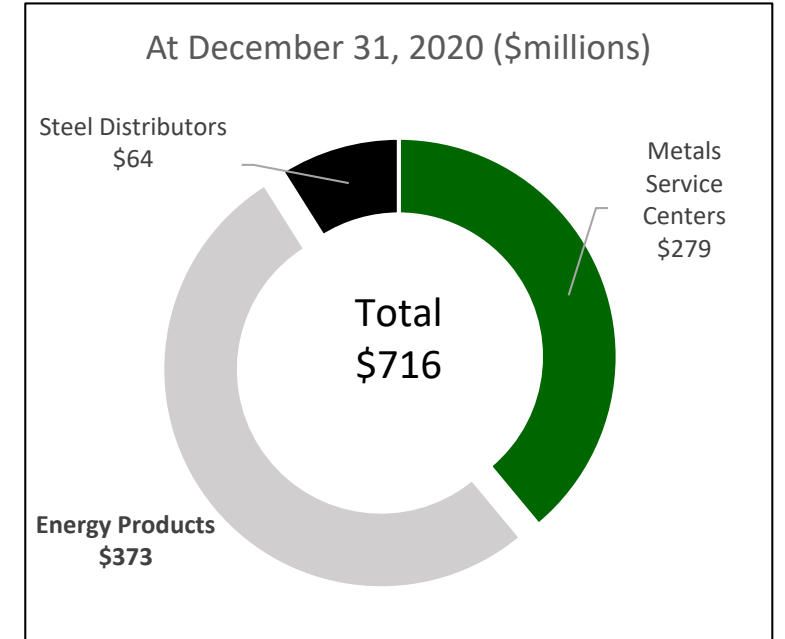
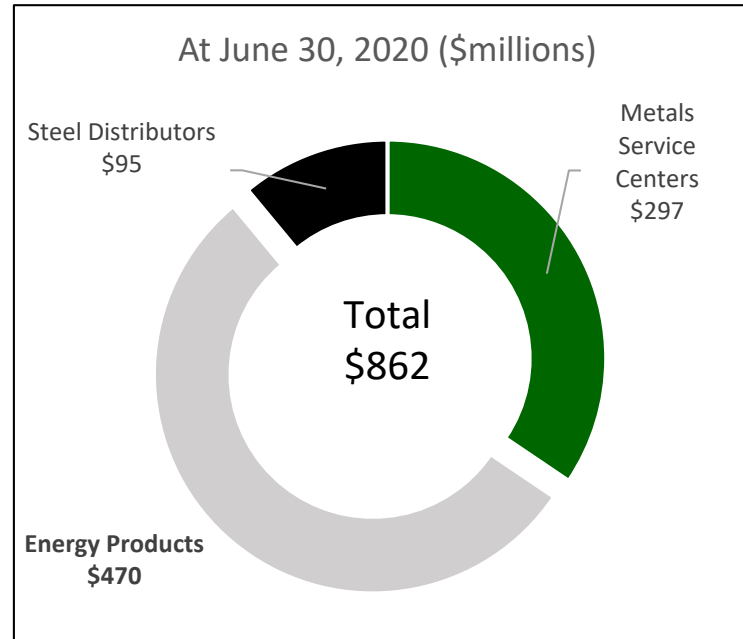
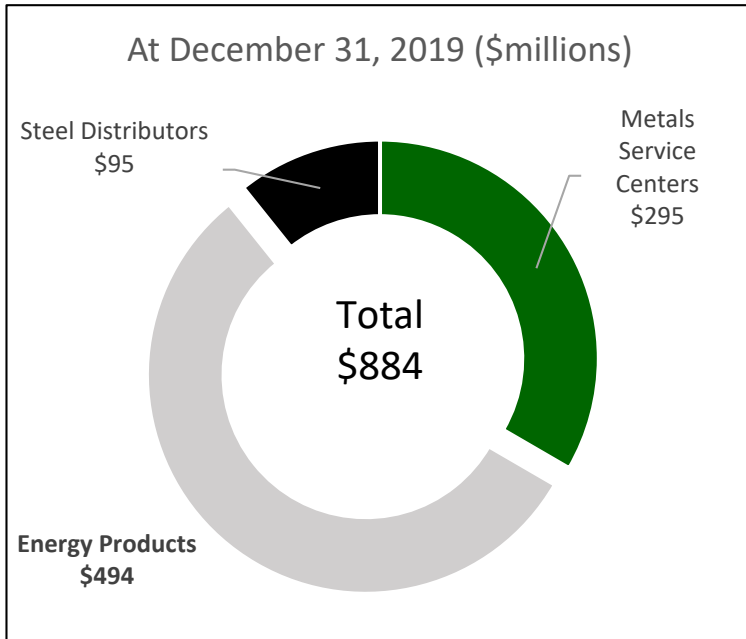
Customers

- ~40,000 customers
- Average invoice < \$2,500
- Top 10 customers < 10% of 2020 YTD revenues

RETURN (Adj. EBIT) ON INVESTED CAPITAL OVER THE CYCLE



SEGMENT BREAKDOWN: INVENTORIES



ENERGY SUB-SEGMENTS

Field Stores



- Distribution of highly engineered products (eg. valves, fittings, flanges, etc.)
- High customer service
- Focus on repeat maintenance and repair work for existing energy assets
- Comparable gross margin profile to metals service centers
- 60% of energy segment's 2020 revenues
- \$202 mm of net working capital (12/31/20)
- Operating income of \$23 mm in 2020

Line Pipe/OCTG



- Distribution of steel pipe and oil country tubular goods (eg. drill pipe and casings)
- Commodity business
- Business is tied to new drilling activity in Canada and US
- Higher volatility and lower gross margins than metals service centers
- 40% of energy segment's 2020 revenues
- \$246 mm of net working capital (12/31/20)
- Operating loss of \$26 mm in 2020

Energy Strategy:

- Reduce absolute and relative exposure
- Continue to repatriate substantial working capital from OCTG/Line Pipe over balance of 2021
- Rationalize operations and reduce costs

ESG FOCUSED

Environmental

- Environment Management System
- Low carbon emissions from operations
- Our GHG emissions in 2019 were approximately 56,346 CO₂(e) company wide which represents an emission intensity of 0.00001533 tonnes CO₂(e) per dollar of revenue

Governance

- Independent Board and Audit Committee
- Majority Voting
- Code of Business Conduct
- Independent Whistleblower program
- Female: 22% Board; 29% Senior Corporate Management

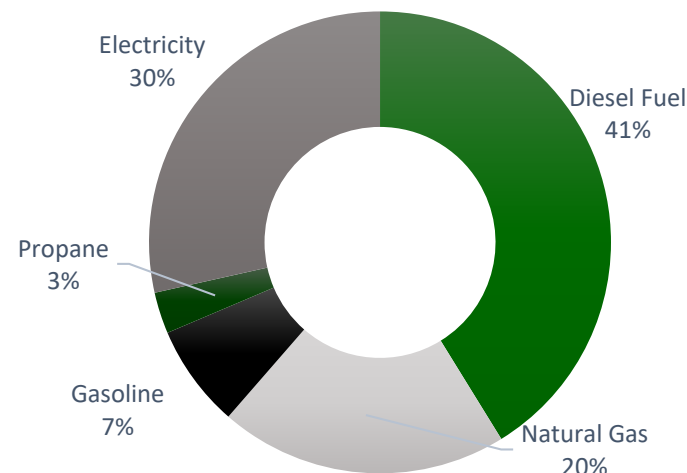
Social

- Structured H&S Program
- Ethical, Privacy and Social Policies
- Community Involvement
- Scholarship fund for children of employees

Note: Disclosure updated on Russel’s website when data is available



Aggregate Emissions Sources:



Health and Safety Metrics:

	2020	2019	2018
Number of Employees	3,010	3,400	3,420
Number of Lost Time Accidents	9	21	31
Number of Lost Time Days	345	592	962
Frequency *	0.29	0.61	0.89
Severity *	11.18	17.40	27.73
Medical Aids *	94	163	208
First Aids *	131	236	244

* See Russel Metals Annual Information Form for definitions and additional information



III. FINANCIAL OVERVIEW

SUMMARY FINANCIAL RESULTS

\$ mm, unless otherwise stated	Q4 2019	Q3 2020	Q4 2020	Q4 2020 Observations:
Income Statement:				
Revenues	\$837	\$615	\$671	<ul style="list-style-type: none"> • Gradual improvement in “core results” for Q4 vs. Q3 • Gross margin improving with market conditions • Q4 Adj. EBITDA/Adj. EBIT impacted by: <ul style="list-style-type: none"> + Wage subsidies: \$8 mm vs. \$20 mm in Q3 – OCTG/Line Pipe inventory reserve increase: \$3 mm – Stock-based comp expense: \$4 mm • Q4 Earnings impacted by non-cash/non-recurring items: <ul style="list-style-type: none"> – Deferred finance charges: \$1 mm pre-tax – Impairment: \$30 mm pre-tax (added for “Adjusted”)
Gross Margin (\$ mm/%)	\$122 / 14.6%	\$117 / 19.0%	\$139 / 20.8%	
Adj. EBITDA ⁽¹⁾ (\$ mm/%)	\$18 / 2.1%	\$47 / 7.6%	\$41 / 6.2%	
Adj. EBIT ⁽¹⁾ (\$ mm/%)	\$2 / 0.3%	\$32 / 5.2%	\$27 / 4.0%	
Net Income	\$(7)	\$18	\$(9)	
Adj. Net Income ⁽¹⁾	\$(7)	\$18	\$14	
Adj. EPS ⁽¹⁾	\$(0.11)	\$0.29	\$0.22	
Cash Flow:				
Changes in non-cash working capital	\$133	\$41	\$85	<ul style="list-style-type: none"> • Continued cash generation from WC (Inventory: \$68 mm; AR: \$(8) mm; AP: \$27 mm) • Capex remains below depreciation
Capex	\$(11)	\$(6)	\$(6)	
Balance Sheet:				
Net Debt	\$491	\$324	\$267	<ul style="list-style-type: none"> • Total debt of \$294 mm offset by cash/investments of \$26 mm. • C\$ strengthen and impacted Other Comprehensive Income. Fx at 12/31 (\$1.2732) vs. 9/30 (\$1.3339) • Liquidity continued to remain strong • Declared dividend of \$0.38/share
Shareholders' Equity	\$945	\$918	\$865	
Available Liquidity	\$354	\$521	\$406	
Net Debt/Capitalization	35%	26%	24%	

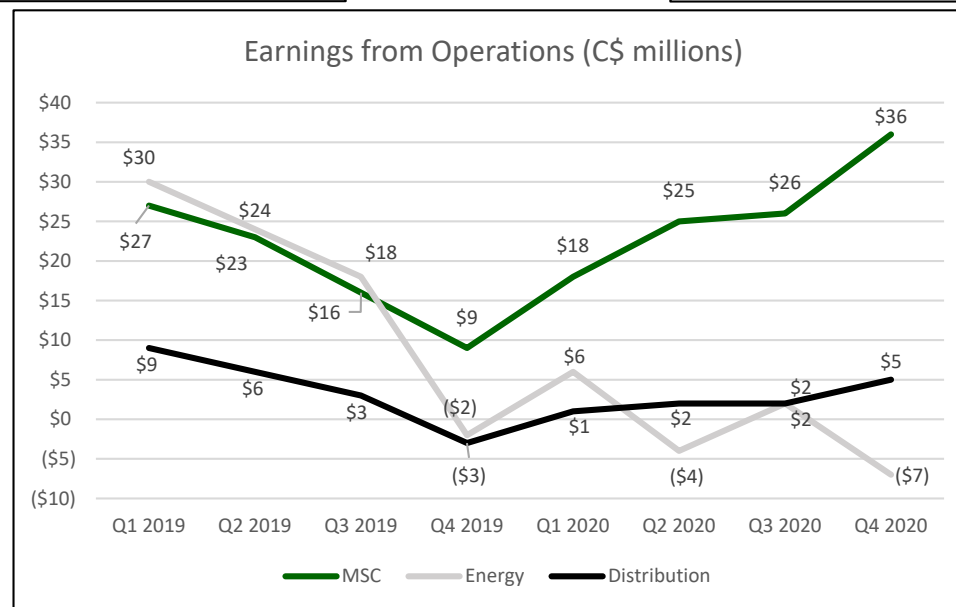
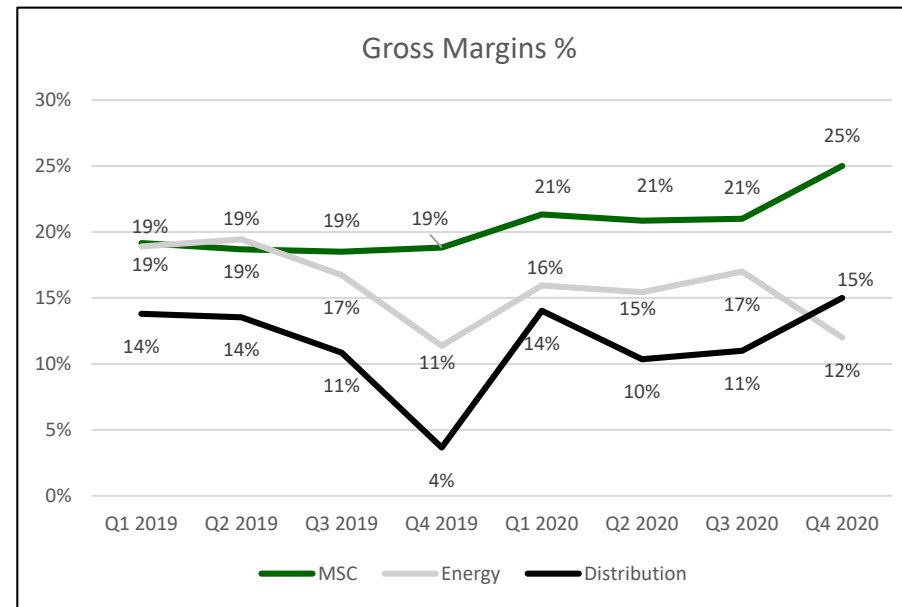
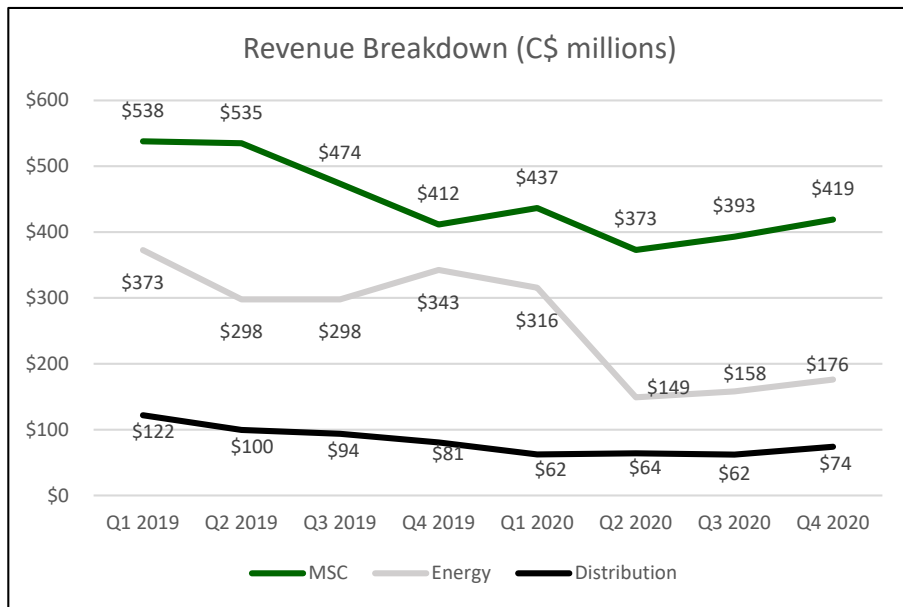
(1) Excludes non-cash asset impairment charges of \$30.1 mm (\$22.6 mm after tax) in Q4 2020.

LIQUIDITY AND CAPITAL STRUCTURE SUMMARY

- Following completion of the recent refinancing, Russel has over \$400 mm of liquidity and no debt maturities for several years.

	12/31/19 (C\$ mm)	12/31/20 (C\$ mm)
Cash	\$16	\$26
Bank Lines - Maturity 2023	\$62	--
6% Notes - Due 2022	\$298	--
5.75% Notes - Due 2025	--	\$147
6% Notes - Due 2026	\$147	\$147
Total Debt	\$445	\$294
Shareholders Equity	\$945	\$865
Total Debt/Invested Capital	32%	25%
Total Debt/LTM EBITDA	2.2x	1.8x
Liquidity	\$354	\$406

SEGMENT BREAKDOWN: OPERATING RESULTS





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