

COMPANY UPDATE

SEPTEMBER 2023

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) cyclical nature of the metals industry; (iii) volatility in the energy industry; (iv) pandemics and epidemics; (v) climate change; (vi) product claims; (vii) significant competition; (viii) sources of metals supply and supply chain disruptions; (ix) manufacturers selling directly; (x) material substitution; (xi) credit risk; (xii) currency exchange risk; (xiii) restrictive debt covenants; (xiv) asset impairments; (xv) the unexpected loss of key individuals; (xvi) decentralized operating structure; (xvii) future acquisitions; (xviii) the failure of our key computer-based systems, (xix) cybersecurity, (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, 2022, under the heading “Risk Management and Risks Affecting Our Business” in our annual information form for the year ended December 31, 2022 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 certain financial measures that do not comply with International Financial Reporting Standards (IFRS or GAAP) or have standardized meanings, and thus, may not be comparable to similar measures presented by other issuers, for example Adjusted EBIT and Adjusted EBITDA and Other Information in the Financial Summary are Non-GAAP measures or ratios. Reference should be made to our MD&A for further discussion of Non-GAAP measures and ratios. Management believes that these Non-GAAP measures 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, EBITDA, Adjusted EBIT and Adjusted 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 IFRS. EBIT, EBITDA, Adjusted EBIT, Adjusted EBITDA and a number of ratios are used by debt and equity analysts to compare our performance against other public companies.

DEFINITIONS:

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

EBIT – Earnings before deduction of interest and provision for income taxes

EBITDA – Earnings before deduction of interest, provision for income taxes, depreciation and amortization

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 non-cash working capital less capital expenditures

Net Debt to Adjusted EBITDA – Net 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

RONA – Return on Invested Capital is Adjusted EBIT divided by Invested Capital

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, each with a distinct customer base and business cycle
- Over 30,000 end customers across a wide variety of industries including machinery and equipment manufacturing, non-residential construction, shipbuilding and natural resources

Flexible Business Model Through Cycles to Minimize Risk

- 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

Repositioned Portfolio

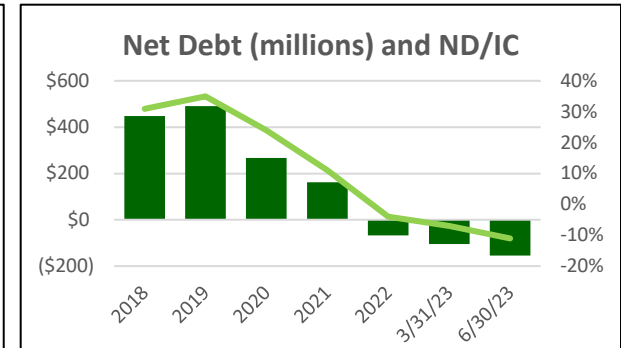
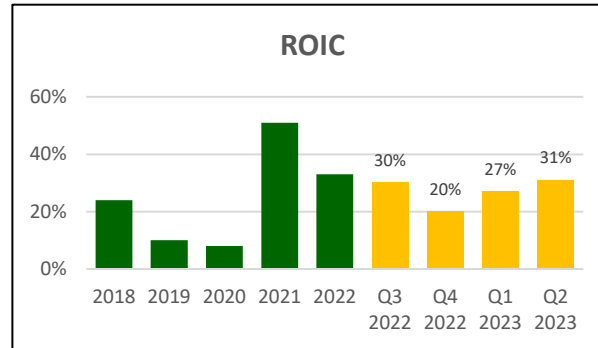
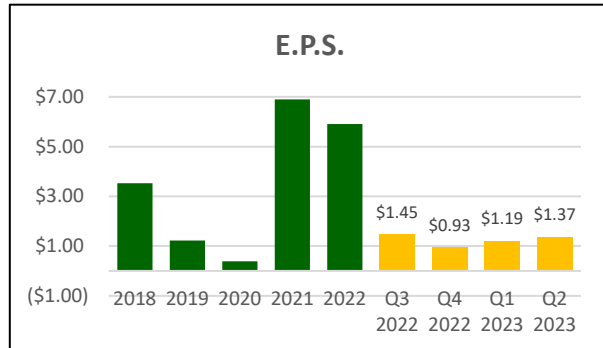
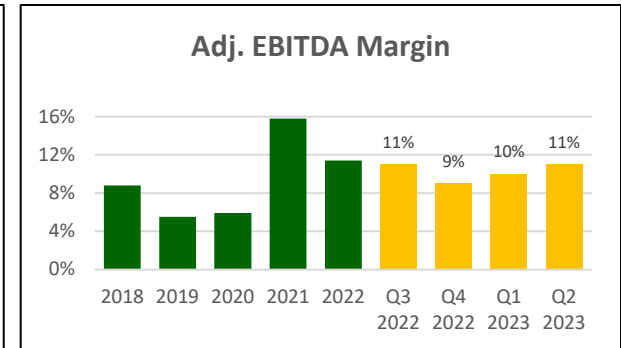
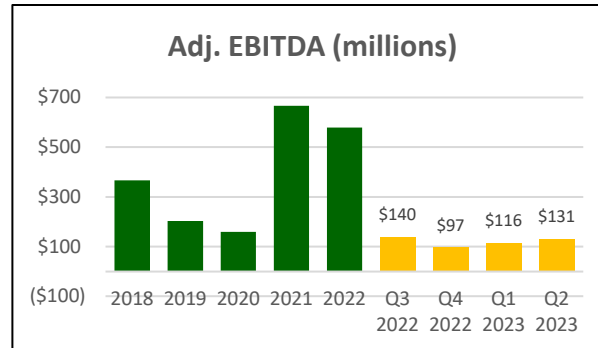
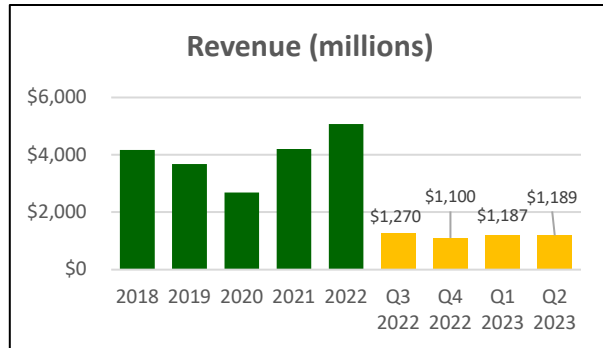
- Monetized the OCTG/Line Pipe segment of the energy portfolio
 - Repatriated ~\$375 million of capital; Reduced volatility; Enhanced average returns and margins
- Reinvested in value-added processing and commenced a facilities modernization initiative
- Completed four acquisitions over last several years

Strong Liquidity and Financial Position

- As of June 30/23:
 - Net Debt/Invested Capital: <0%
 - Liquidity: \$837 million

Q2 2023 AT A GLANCE

- Revenues were comparable with Q1
- Improvement in margins, earnings and returns
- Contributions were broad based across regions and business segments
- Our capital structure is strong, especially with the expected closing of the TriMark sale in Q3



The quarterly figures are the results for each respective quarter annualized

CAPITAL ALLOCATION PRIORITIES

Increase capital deployment with a target of >15% return over a cycle

Value-Added Equipment

Over 30 equipment projects are underway in Canada and the US

Facility Modernizations

Multiple modernizations underway
Recently approved new projects for Green Bay, WI (US\$11 mm) and Texarkana, TX (US\$9 mm).

Acquisitions

Deal pipeline remains active
Acquiring Alliance Supply as a tuck-in to our Canadian energy field stores

Flexible approach to returning capital to shareholders

Dividends

Increased quarterly dividend from \$0.38 to \$0.40/share in May/23

Share Buy Backs

2.2 mm shares acquired to June 30/23 under previous NCIB (average price of \$32.18/share)
In August, filed a new NCIB for up to 6.1 mm shares

TRIMARK INVESTMENT: CONTINUITY ANALYSIS

- TriMark declared/paid common and preferred dividends to Russel of \$10 mm in Q2. As of June 30, we are net cash positive (ie. \$36 mm of cumulative dividends vs. \$32 mm face value of the carried interest).
- The ~\$60 mm sale of the retained equity interest should close in September/23.
- Net impact will be an ~200% return on our retained interest.
- Successfully repatriated ~\$375 mm from OCTG/Line pipe businesses at a profit.

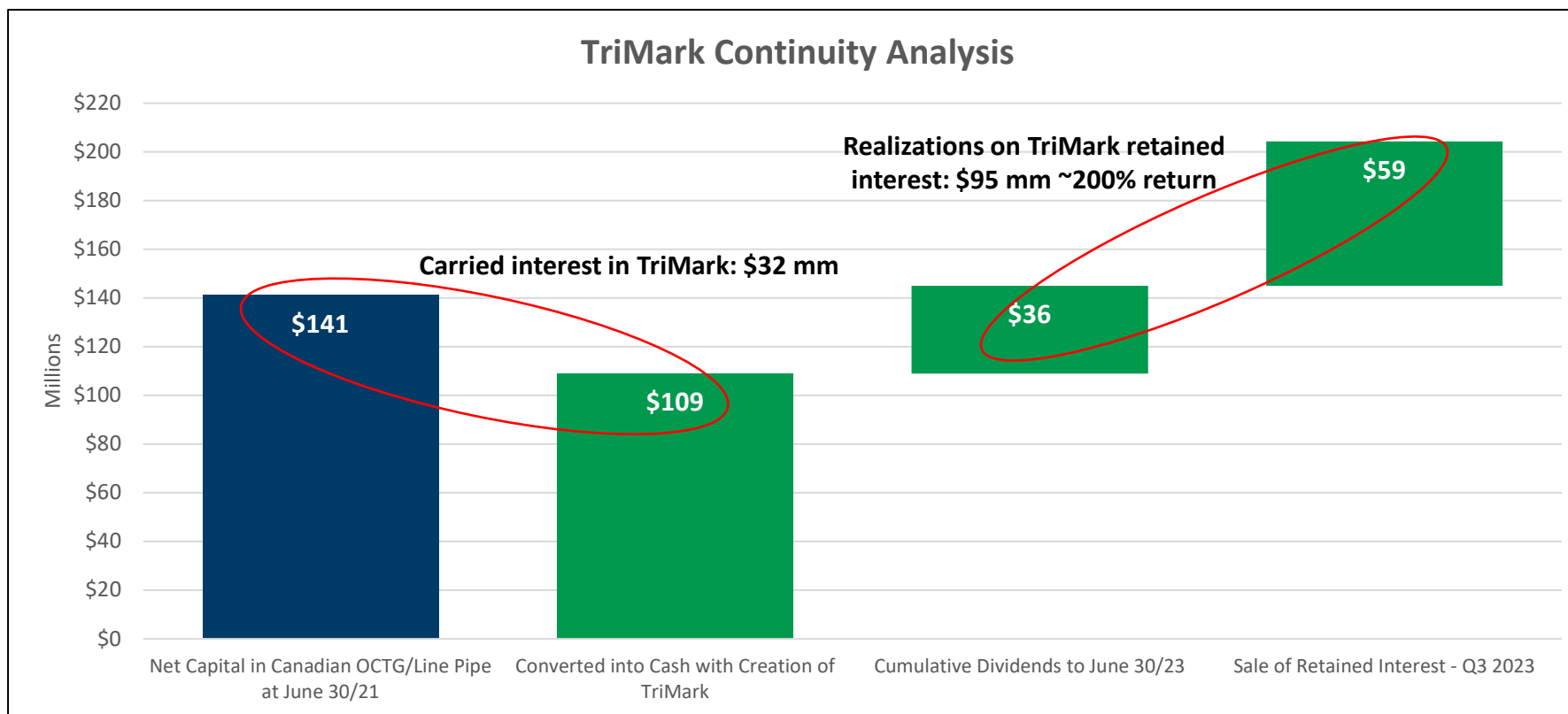
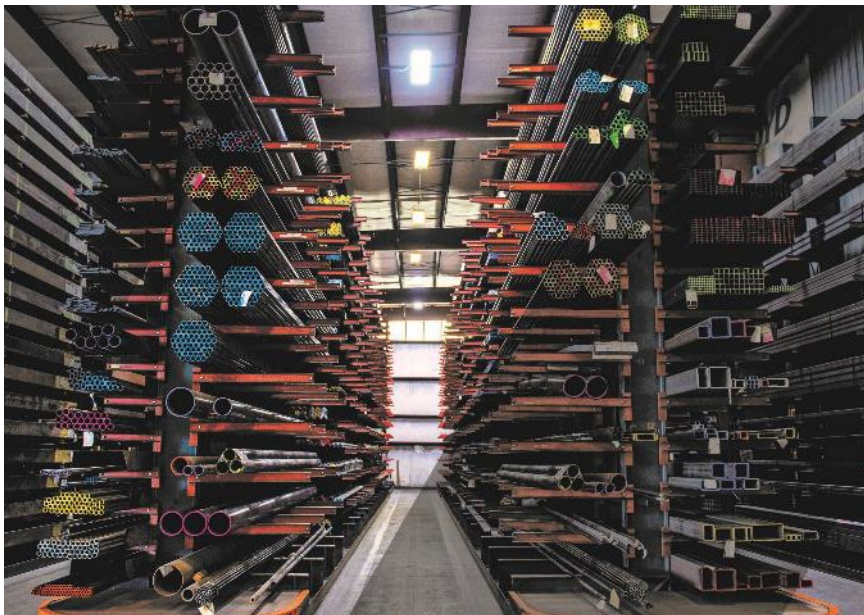
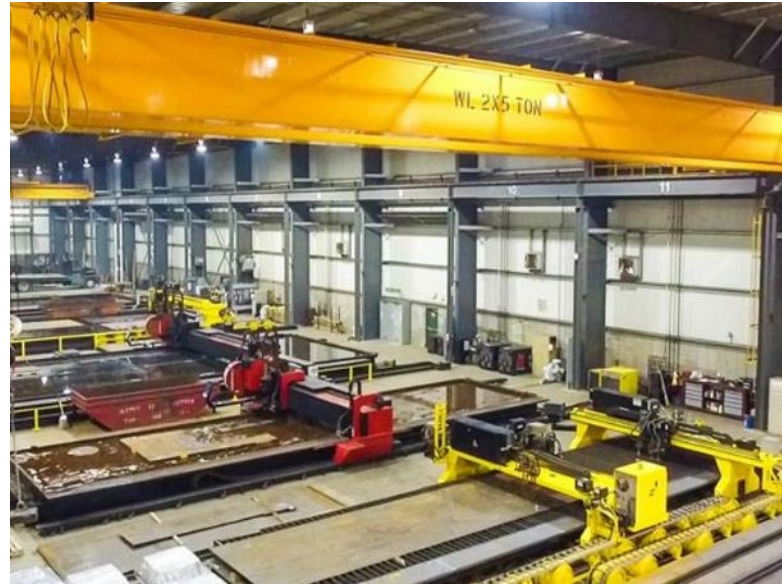
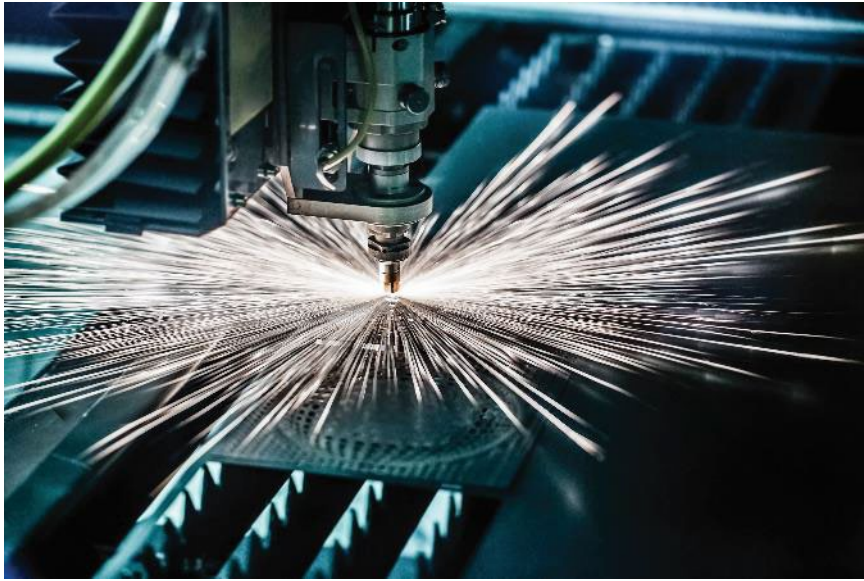


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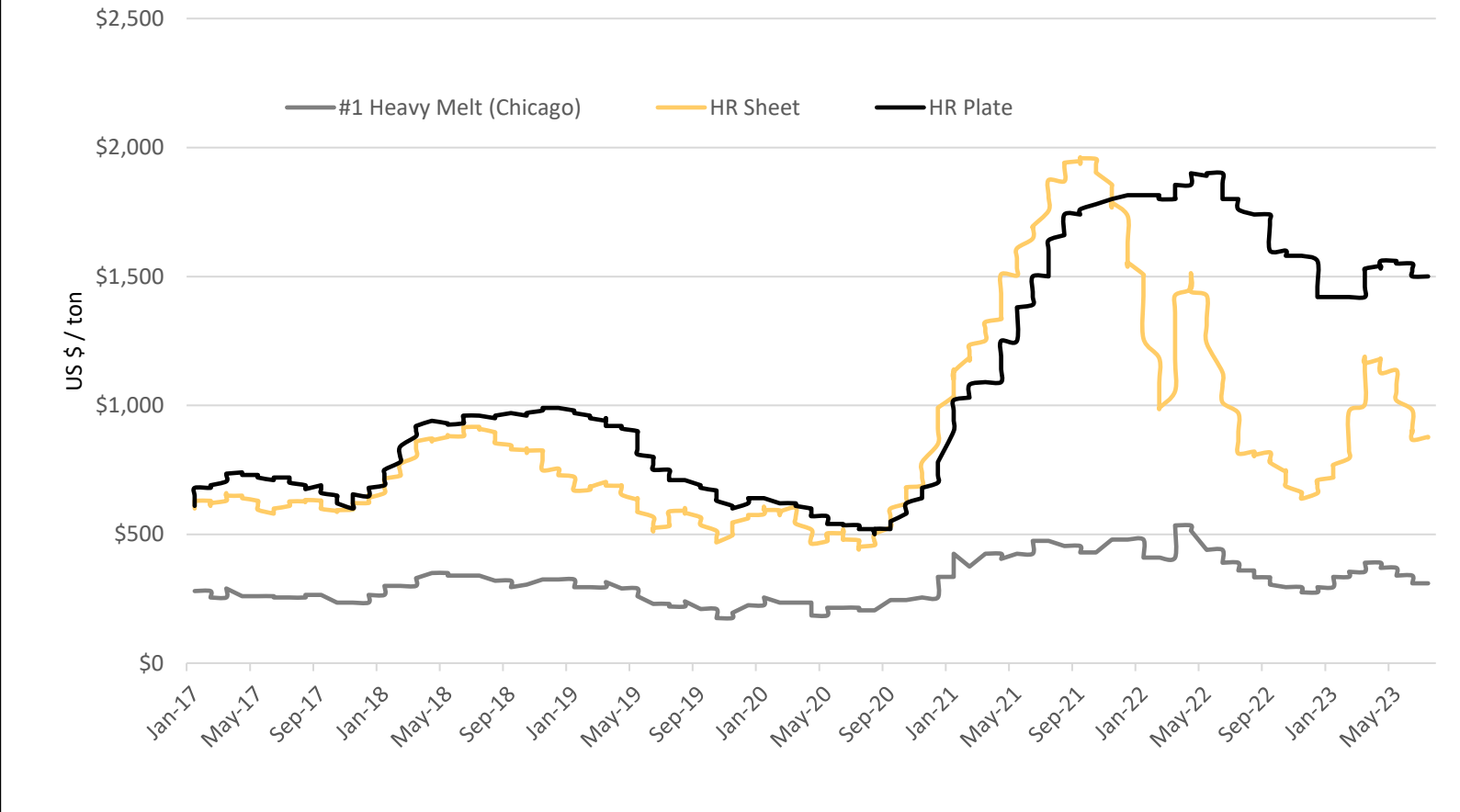


I. MARKET TRENDS

BUSINESS CONDITIONS – METAL PRICING TRENDS

Scrap vs Coil & Plate Pricing

Source: American Metal Market (AMM)



Note: Information as of July 2023.



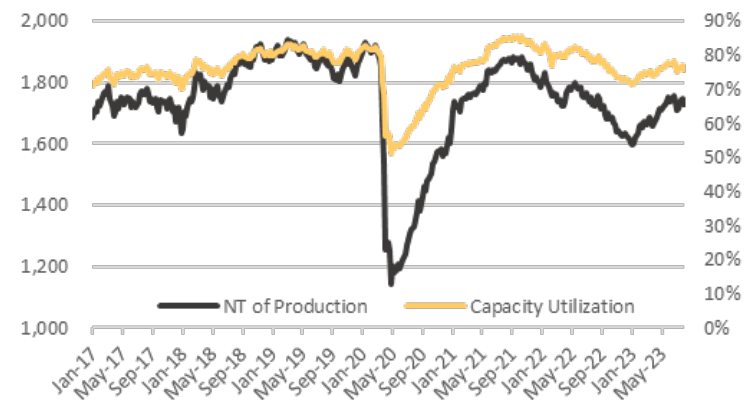
BUSINESS CONDITIONS: SUPPLY CHAIN DYNAMICS

Steel Mills/Imports:

- Capacity utilization <80%
- Imports are consistent with pre-Covid levels

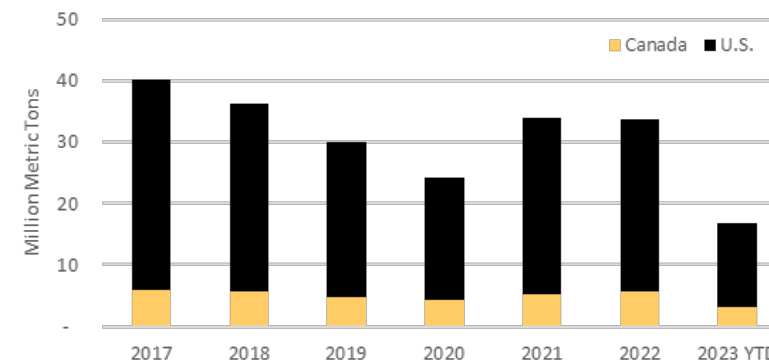
US Raw Steel Output & Utilization

Source: American Iron and Steel Institute



Steel Import Volumes

Source: GC, International Trade, Steel Import Monitoring Program & USDOC, Census Bureau, Foreign Trade, Imports of Steel

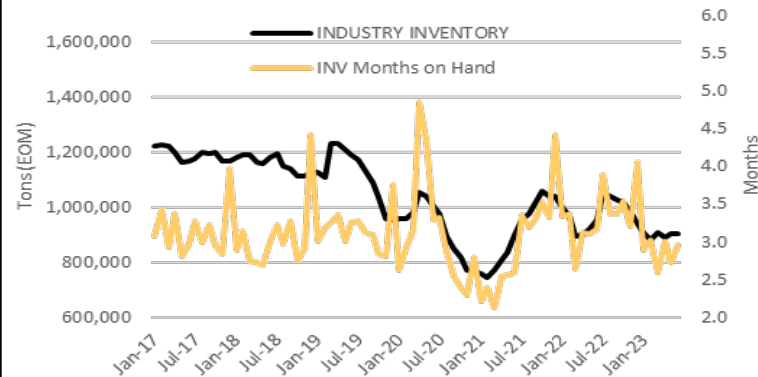


Service Centers:

- Supply chain tonnage remains at a modest level

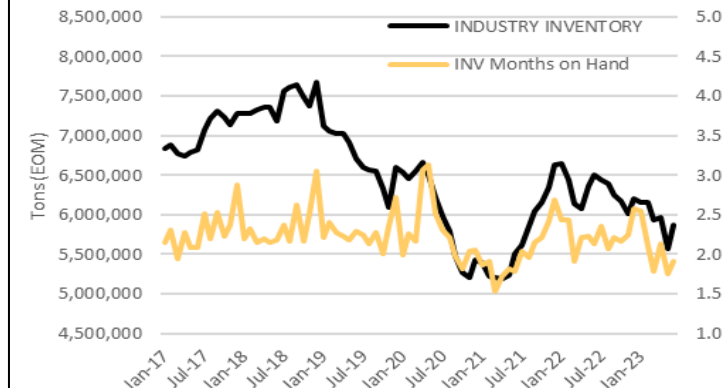
Carbon Steel: Inventory (Canada)

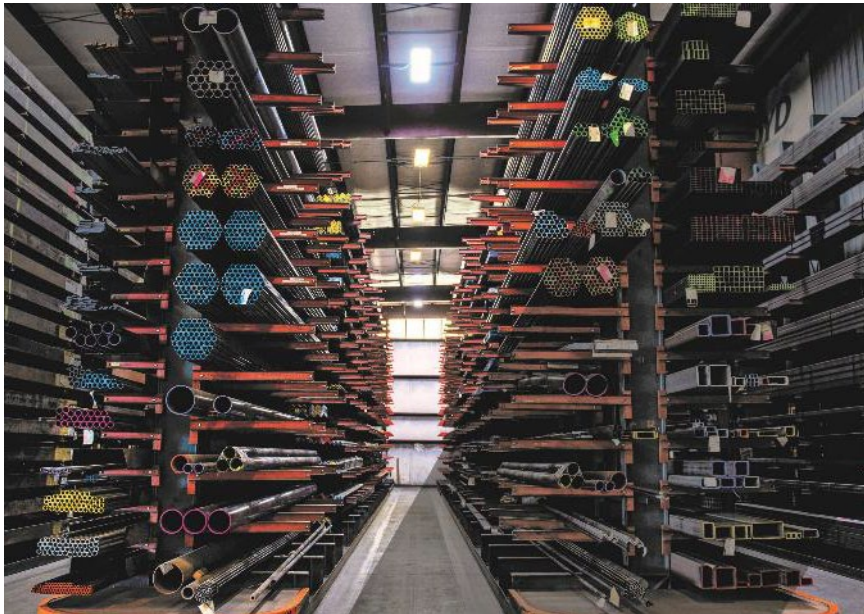
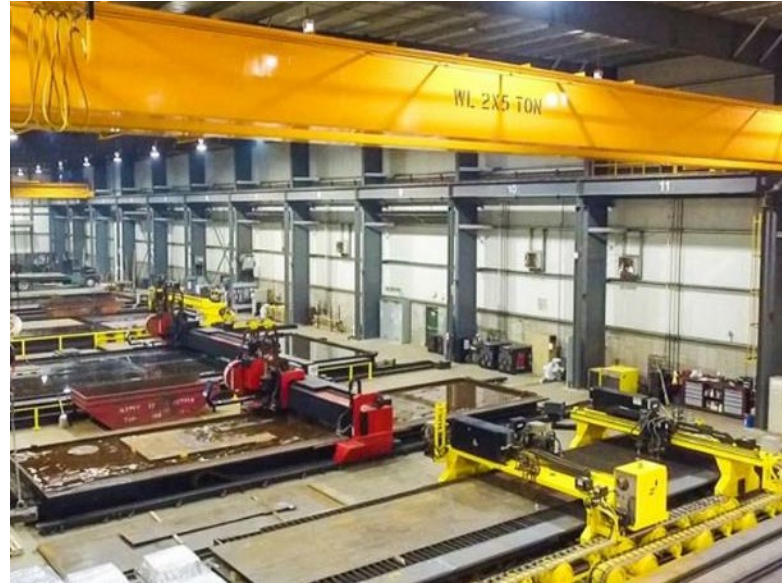
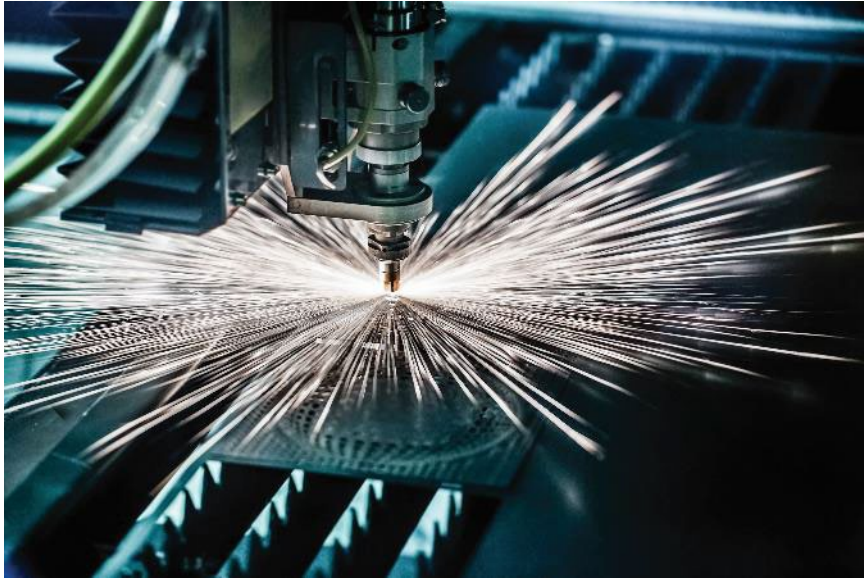
Source: Metals Service Center Institute (MSCI)



Carbon Steel: Inventory (us)

Source: Metals Service Center Institute (MSCI)





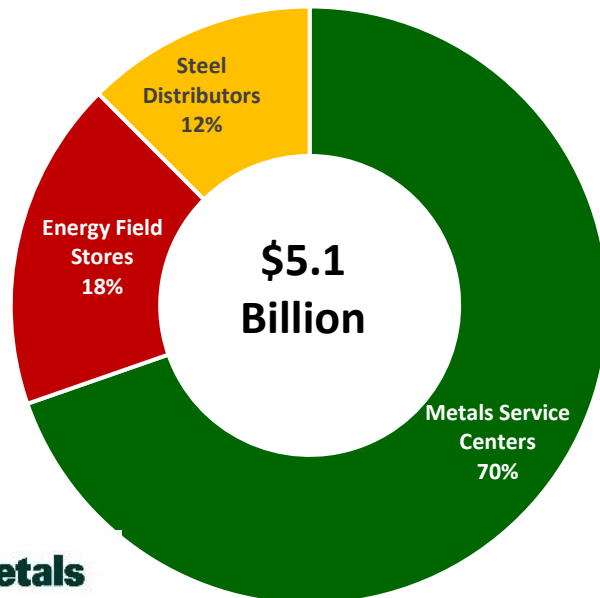
II. COMPANY OVERVIEW

RUSSEL METALS AT-A-GLANCE

Overview

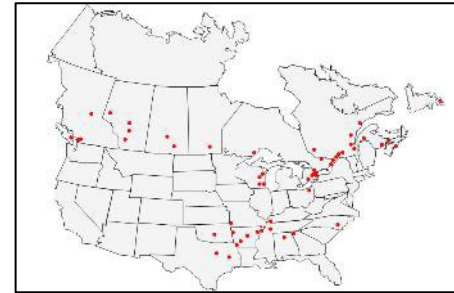
- Distribution of various industrial products across North America
- Three segments: Metal Service Centers, Energy Field Stores and Steel Distributors
- Founded in 1916
- Headquartered in Mississauga, Ontario, Canada
- Ticker: RUS.TO; 61 mm shares outstanding

Revenue by Segment – 2022



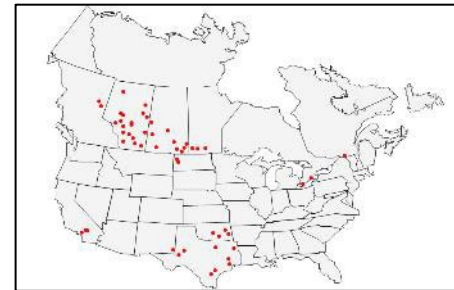
Key Segments

Metals Service Centers



- Coast-to-coast in Canada
- Strong US presence in mid-west and south
- Extensive product line with value-added focus

Energy Field Stores



- Distribute highly engineered energy products (eg. valves, fittings, etc.)
- In 2021, completed monetization of OCTG/Line Pipe businesses

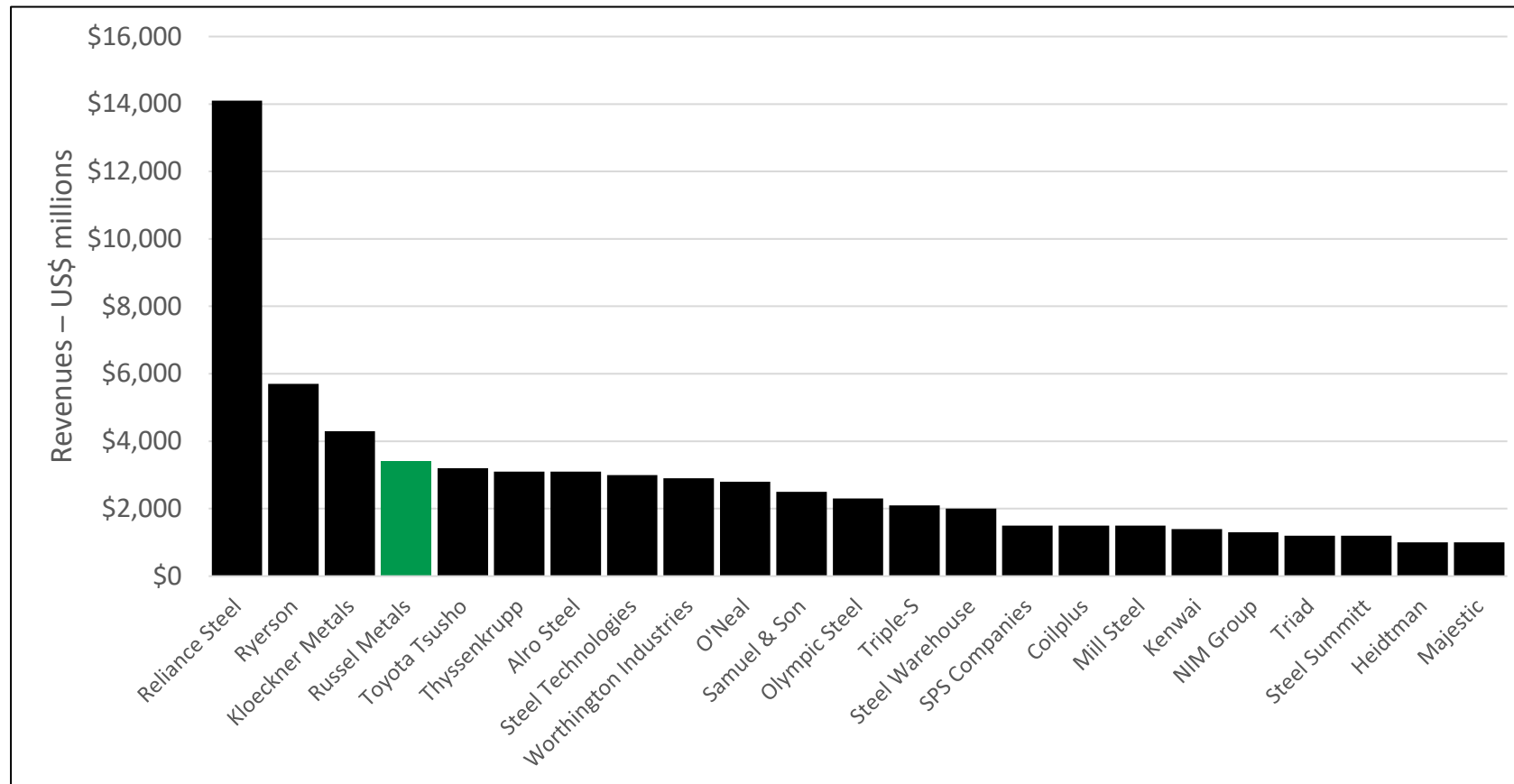
Steel Distributors



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

STRONG MARKET POSITION

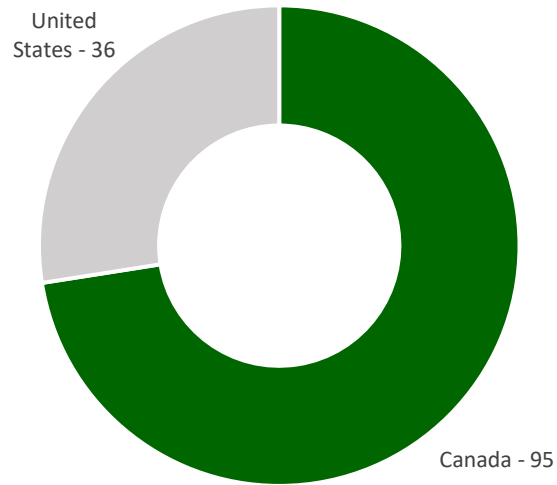
- Russel is one of the largest service center companies in North America
 - Leading market position in Canada
 - Strong market position in the US South and US Mid-West



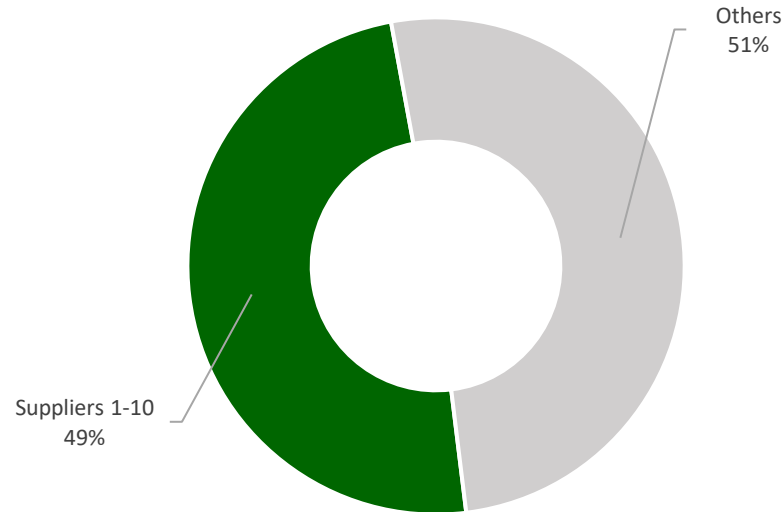
Source: Metal Center News, September 2022

DIVERSIFIED BUSINESS

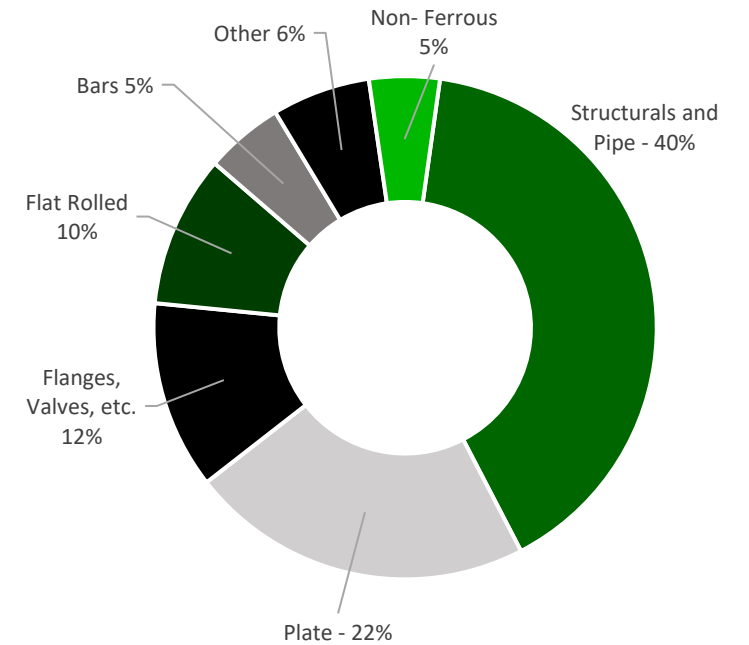
Geography - 131 Locations



Suppliers



Product Mix



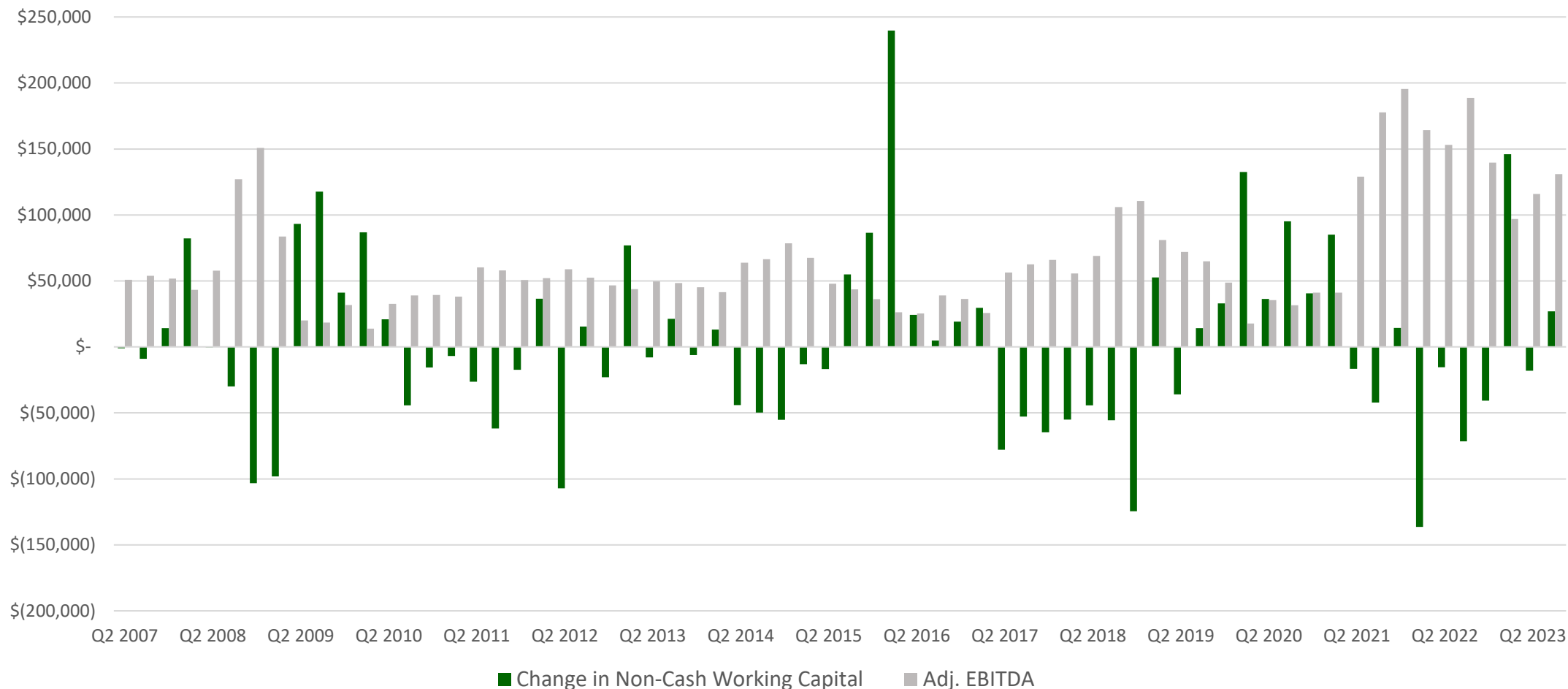
Customers

- >30,000 customers
- Average invoice < \$2,500
- Top 10 customers < 10% of revenues

COUNTERCYCLICAL CASH FLOWS

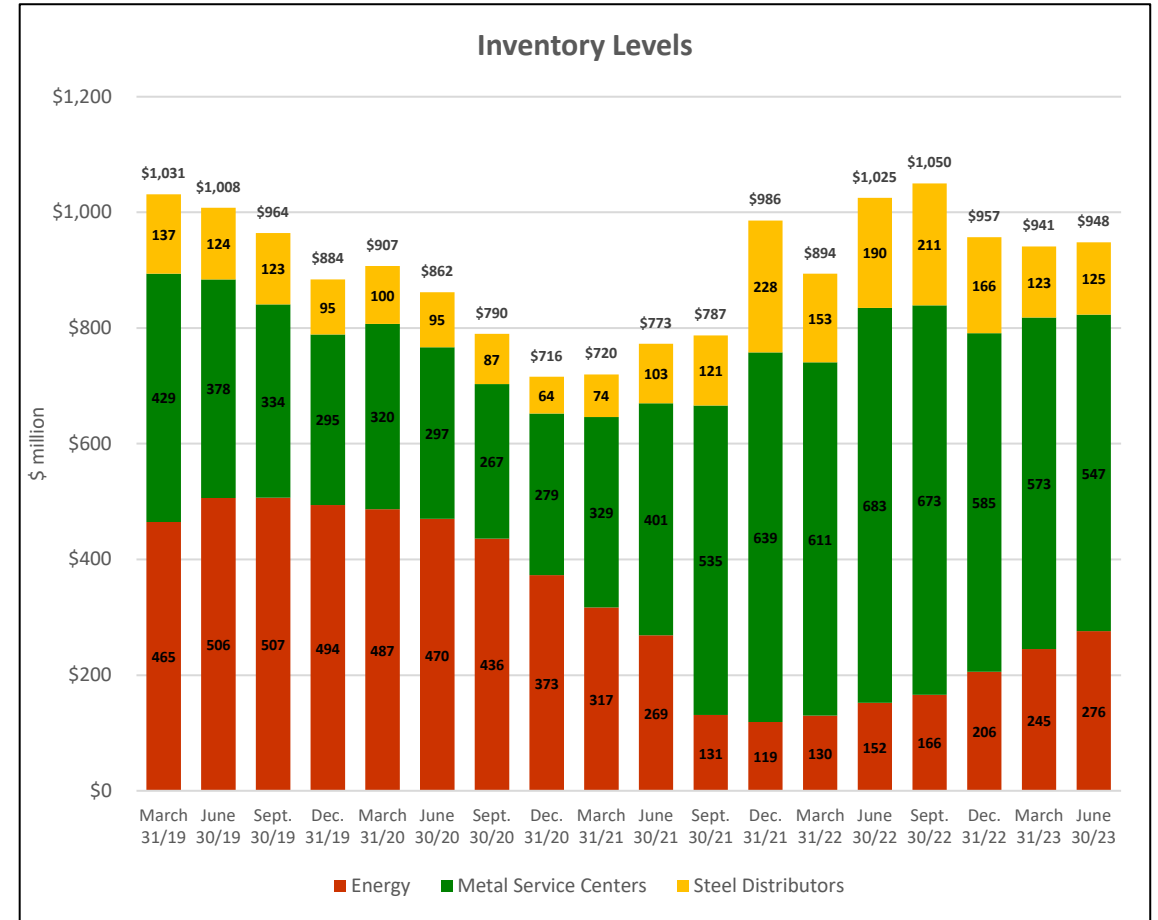
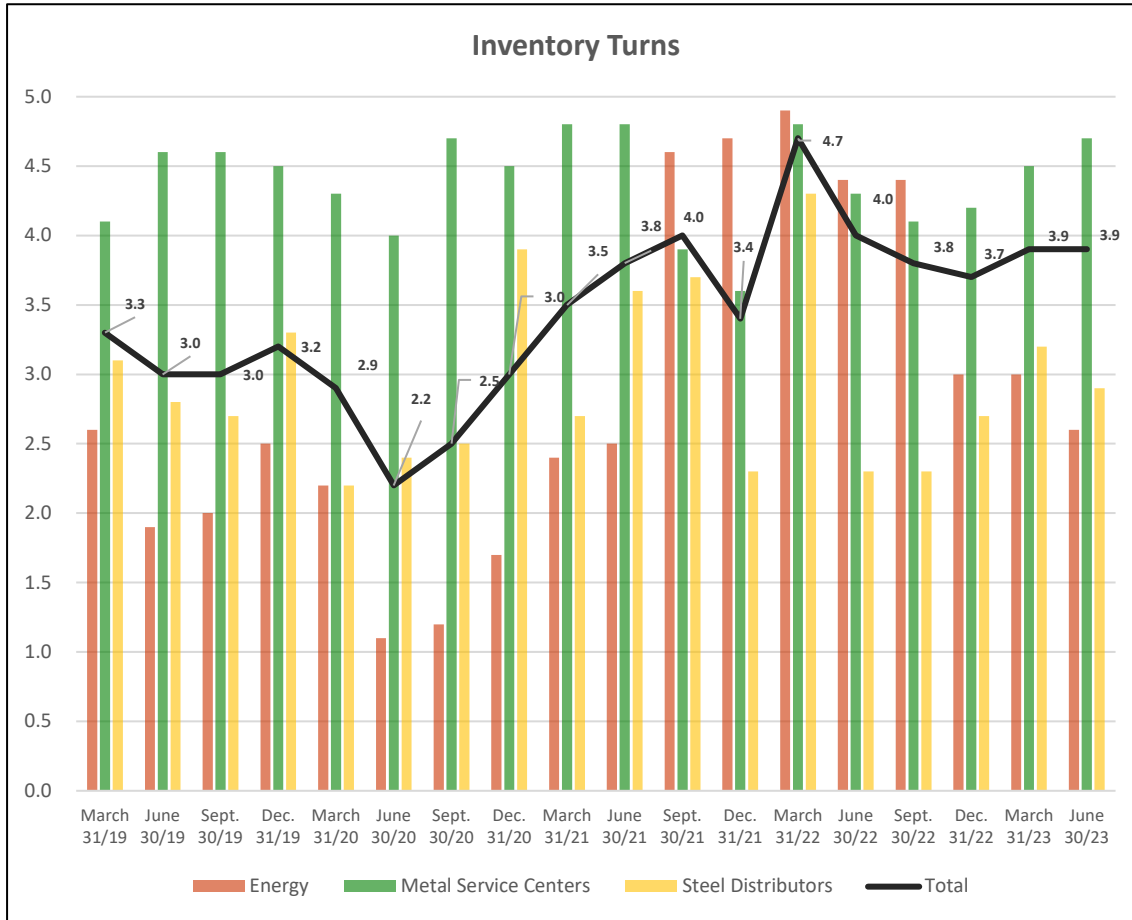
- Strong EBITDA during upcycles; working capital repatriation during market downturns.

Quarterly EBITDA vs. Change in Non-Cash Working Capital (\$000's)



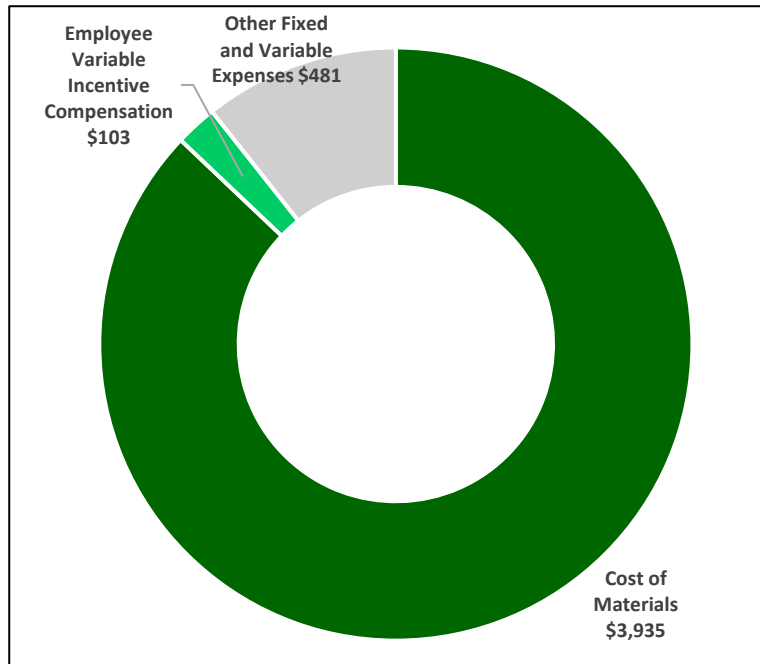
Note: Adj. EBITDA has been adjusted to exclude inventory provisions, asset impairments, product warranty provision, and gain on sale of properties from 2014, 2015, 2016 and 2020. Q3 2021 change in working capital includes the impact from the sale of working capital to TriMark.

WORKING CAPITAL DISCIPLINE

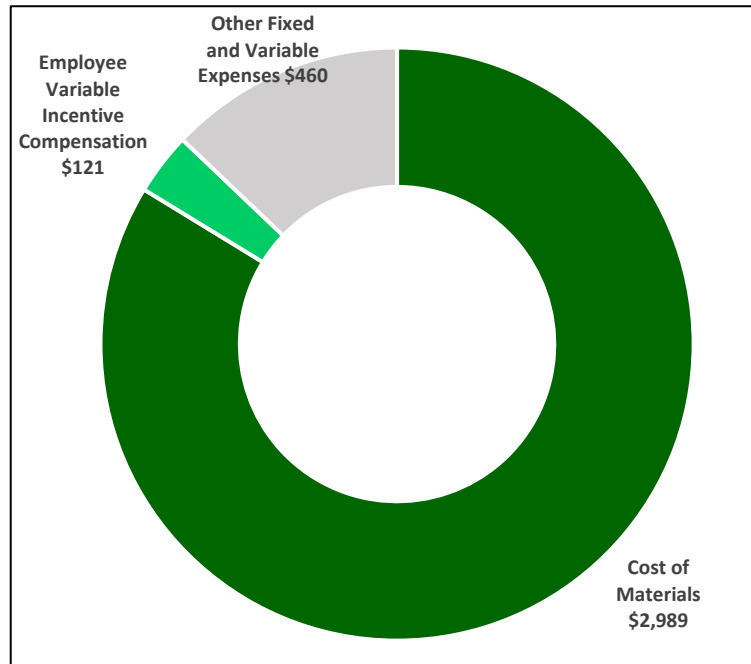


VARIABLE COST MODEL – BREAKDOWN OF CASH COSTS

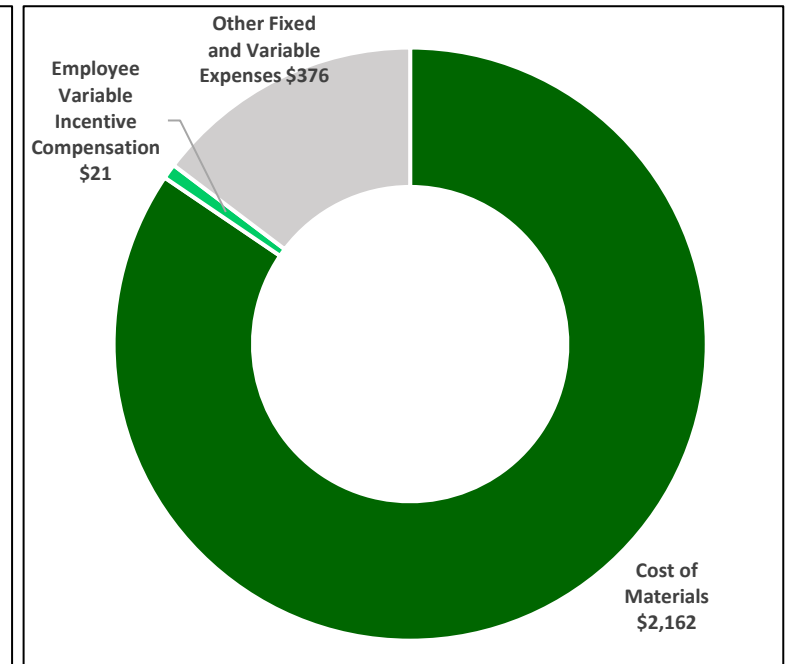
YEAR ENDED DECEMBER 31, 2022



YEAR ENDED DECEMBER 31, 2021



YEAR ENDED DECEMBER 31, 2020

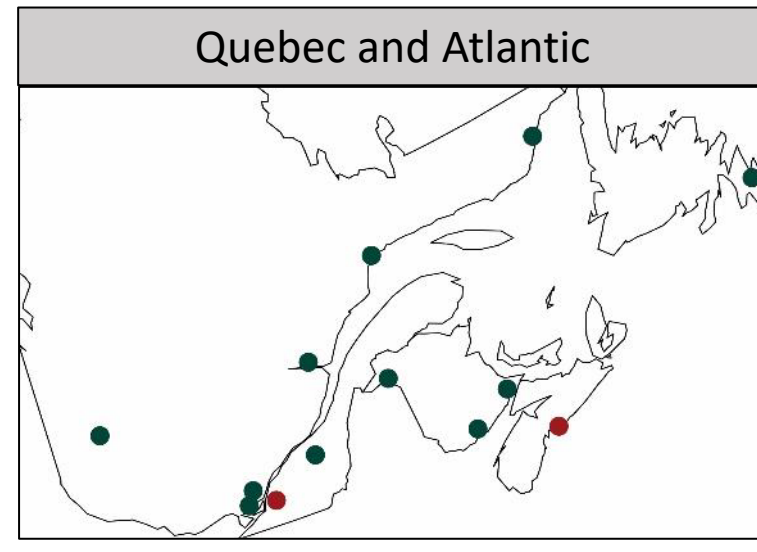
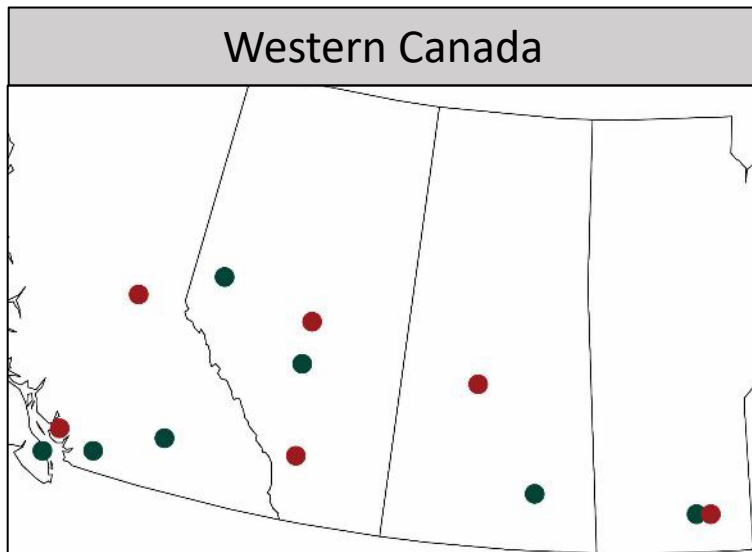
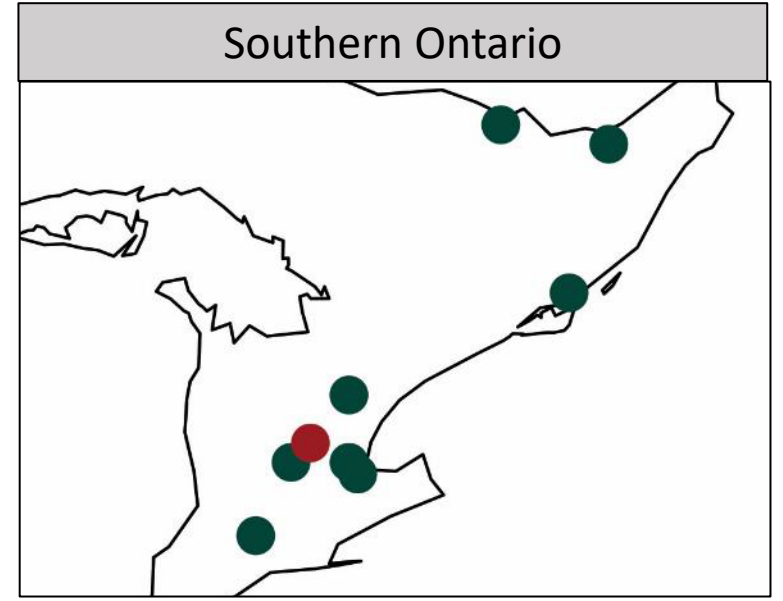
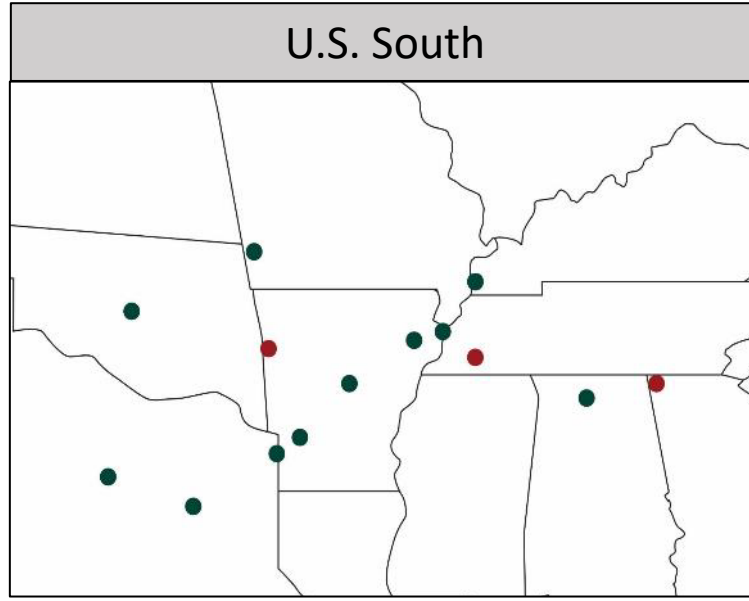
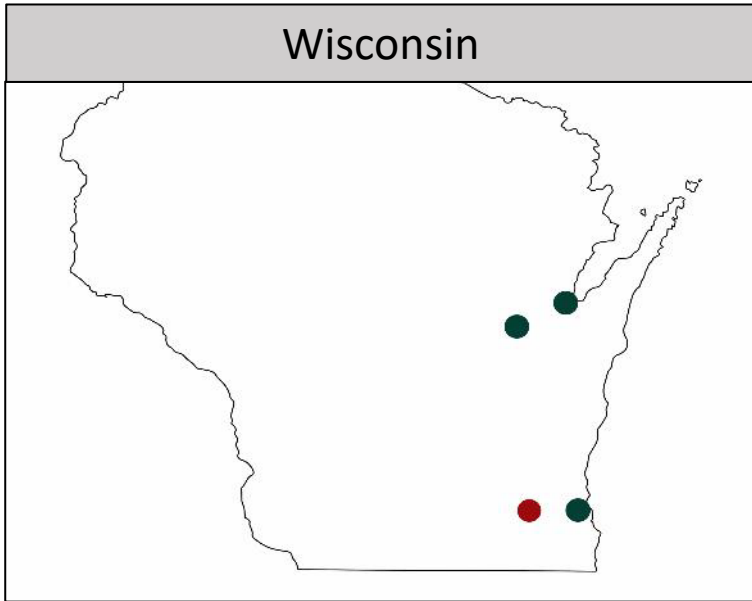


INVESTING IN VALUE-ADDED PROCESSING

- Value-added processing investments over multi-years
- Typically have paybacks of <3 years



INVESTING IN VALUE-ADDED PROCESSING – HUB & SPOKE APPROACH



- Processing center
- Distribution center

ESG FOCUSED

Inaugural Sustainability Report Published April, 2023

<https://www.russelmetals.com/wp-content/uploads/Sustainability-Report-Final-2022-1.pdf>

Environmental

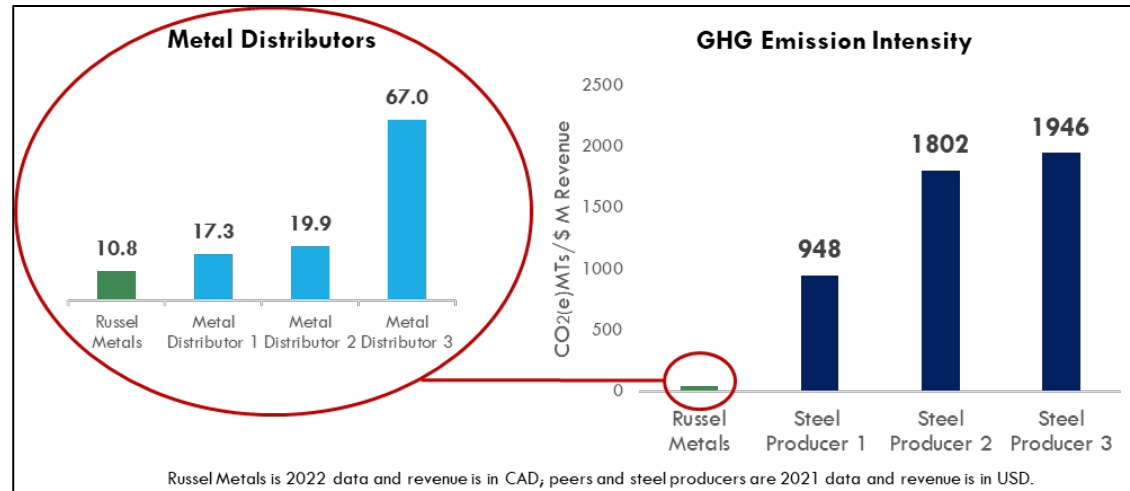
- Divested OCTG/Line Pipe business
- Low carbon emissions from operations
 - GHG emissions in 2022 were 54,806 tonnes CO₂(e)

Social

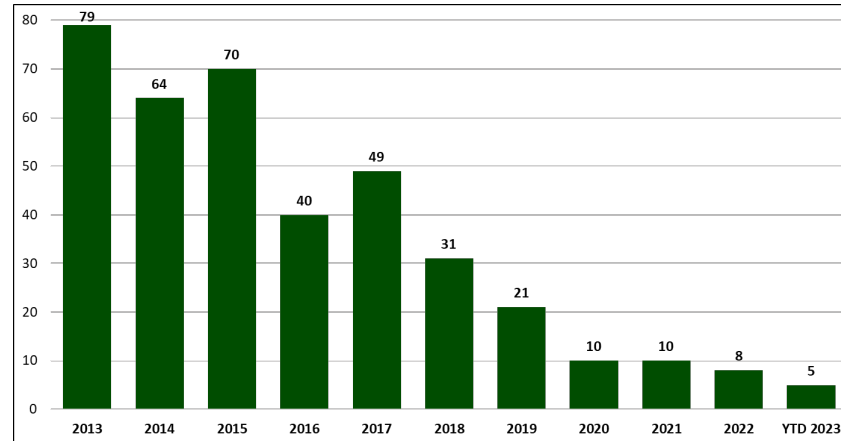
- Structured H&S Program “Mission Zero”
 - Dash cam roll out
 - Trailer fall prevention
 - Material handling/hand injury prevention
- Corporate charitable program, including matching of employee donations
- Scholarship fund for children of employees
- Ethical, Privacy and Social Policies

Governance

- Female/Visible Minority: 50% Board; 30% Corp. Mgt.
- Independent Board and Audit Committee
- Code of Business Conduct
- Independent Whistleblower program



Health and Safety Metrics (LTI's):



See Russel Metals Annual Information Form for definitions and additional information



Dollar for Dollar

Together We Can

CORPORATE GIVING PROGRAM

Our employees have a diversified and far-reaching passion for the communities where they live, and we operate. We share this passion and encourage all of our employees to participate in community-based initiatives and endeavors that have the greatest social impact in their local communities.

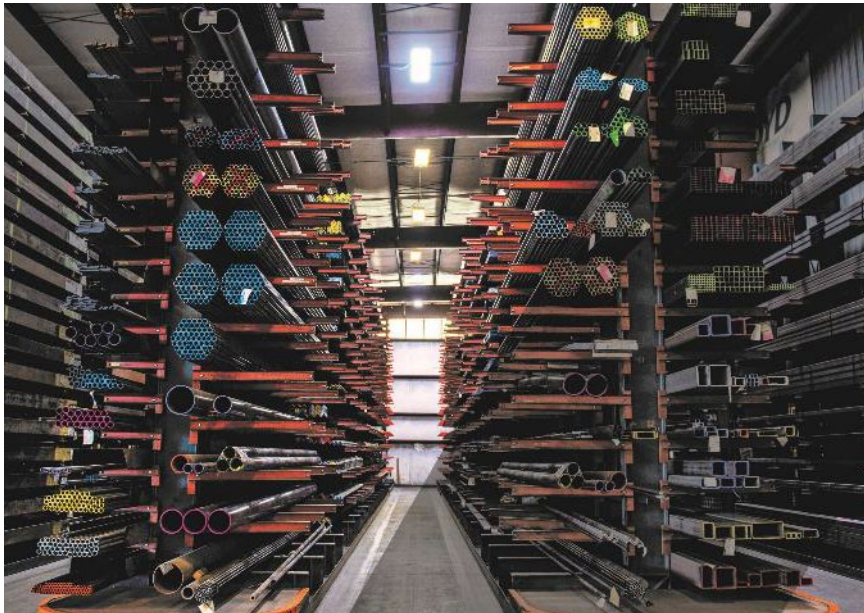
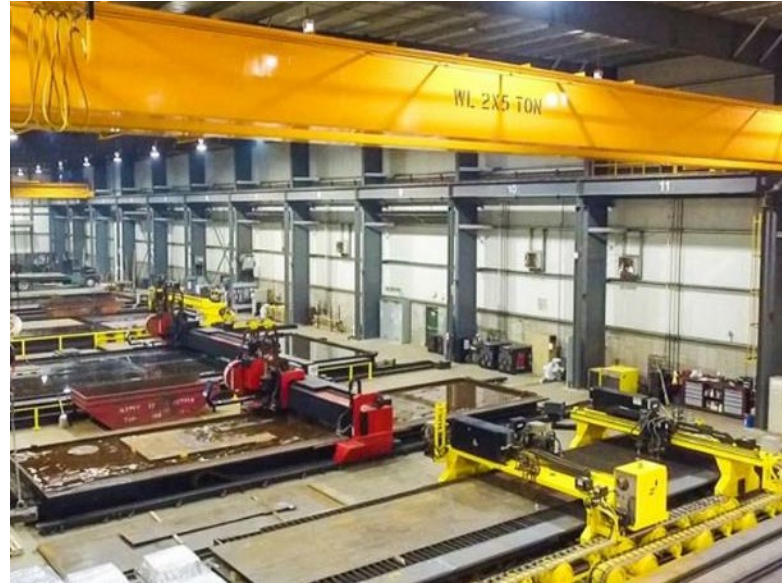
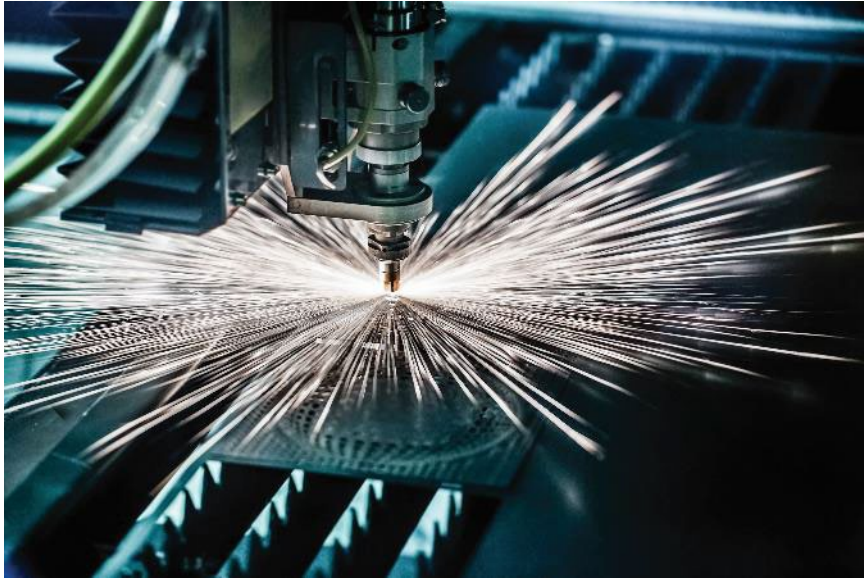
At the end of 2021, we commenced a corporate donation program and provided \$500,000 to a number of charities that support vulnerable people. (www.russelmetals.com/en/corporate-giving)

We would now like to add to our commitment by partnering with all of you through our charitable donation matching program to support the causes that matter the most to you.

- You will receive your username and login information from your Branch/Unit Manager. You can log into the Russel Metals Corporate Giving Program at <https://russelmetals.benevity.org/user/login>
- We have added \$10 to your personalized Giving Account. Log in to view your Giving Account and take advantage of our special launch promotion and find a worthy cause.
- So, go ahead - together we will help the causes that mean the most to you and stay tuned for more exciting program news, campaigns and opportunities.

Russel Metals

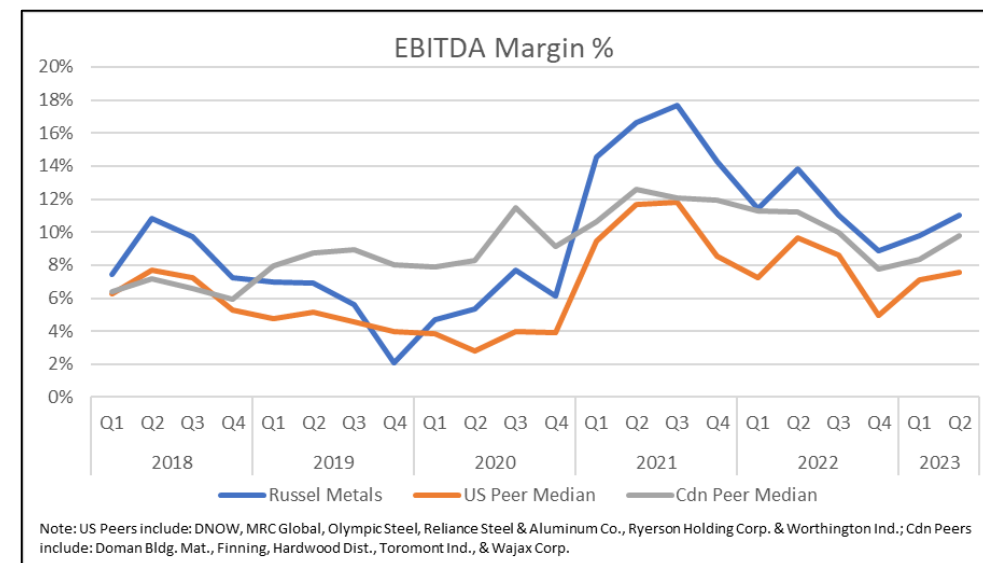
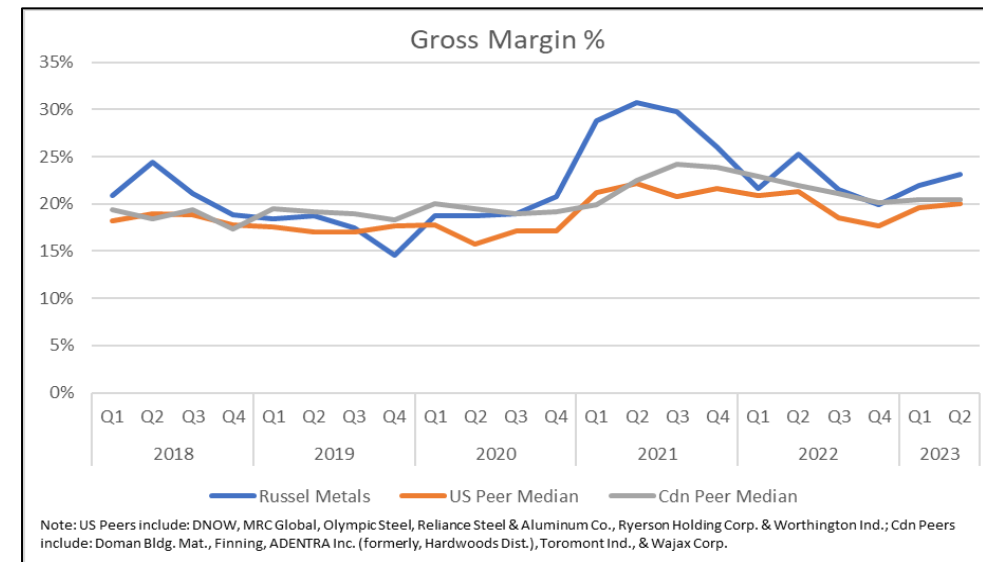
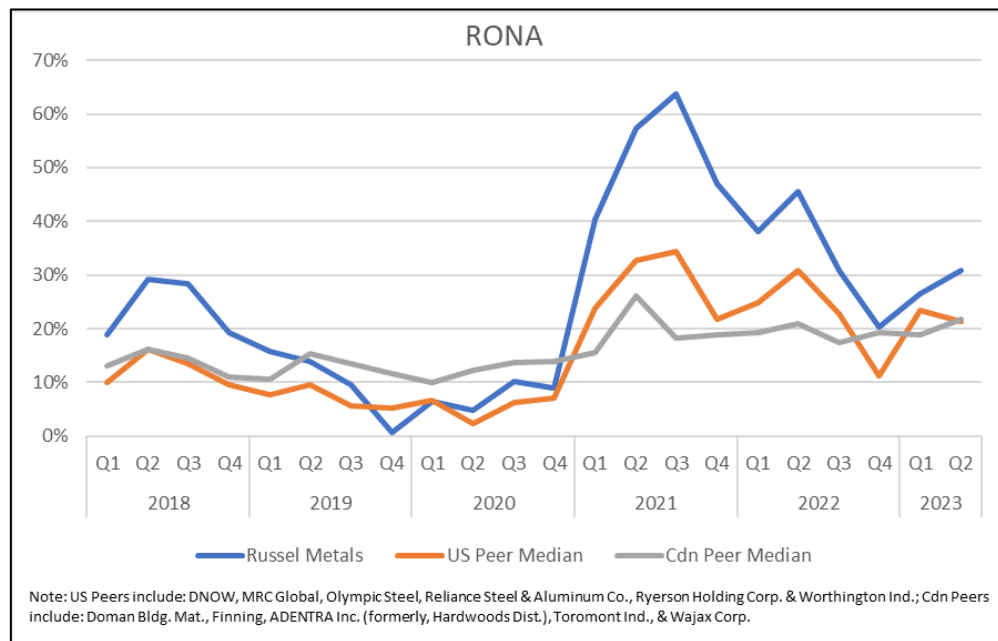
You can reach out to our Corporate Giving Administration team at giving@russelmetals.com with any questions you may have.



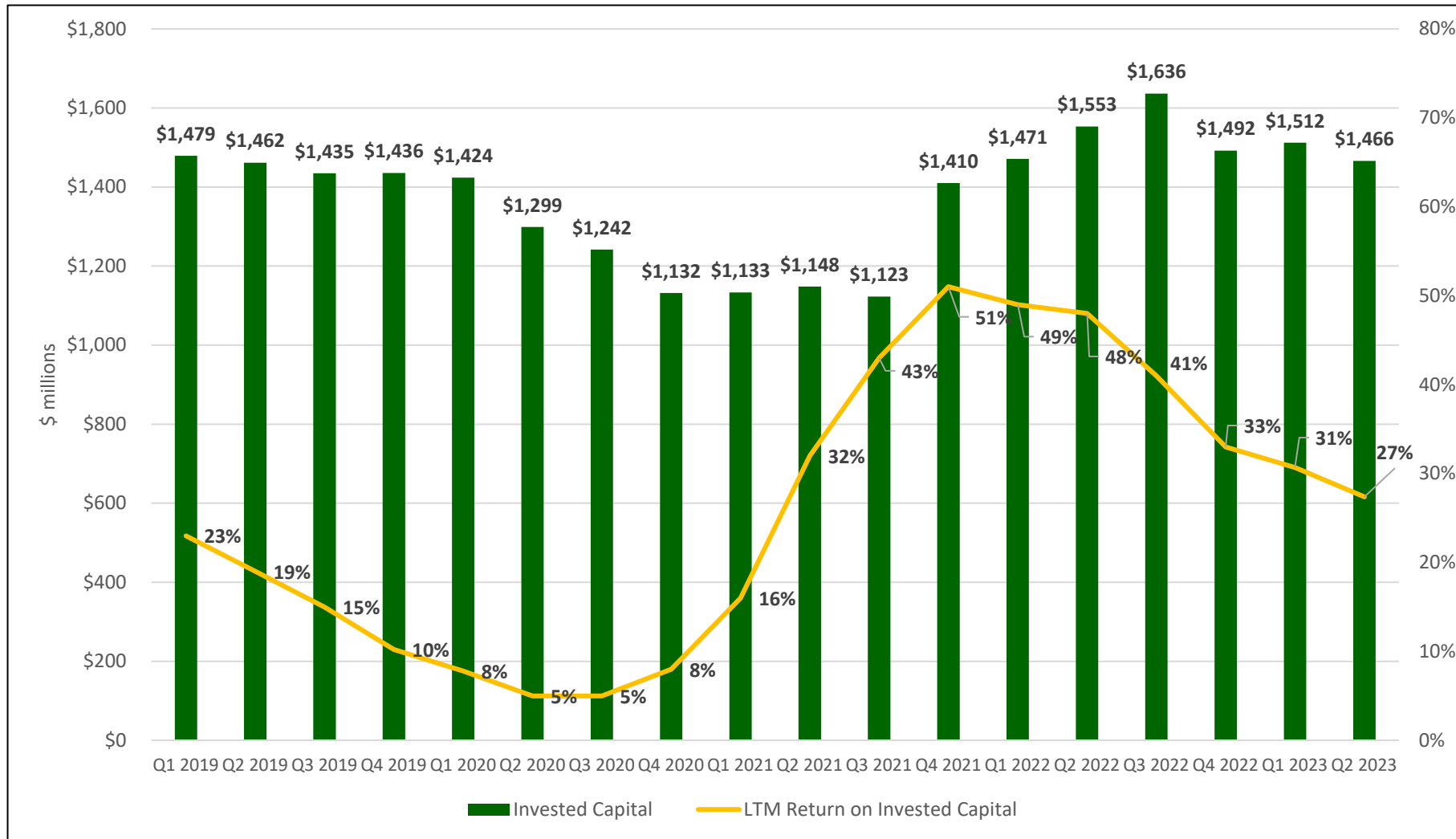
III. FINANCIAL OVERVIEW

STRONG RELATIVE PERFORMANCE

- Russel's margins have been top quartile/decile versus Canadian and US peers.
- The relative performance has improved since the OCTG/line pipe monetization in mid-2021.



RETURN ON CAPITAL FOCUS



RETURN ON INVESTED CAPITAL: SENSITIVITY ANALYSIS

- The following illustrates the implied annual EBITDA under a range of invested capital and return scenarios.

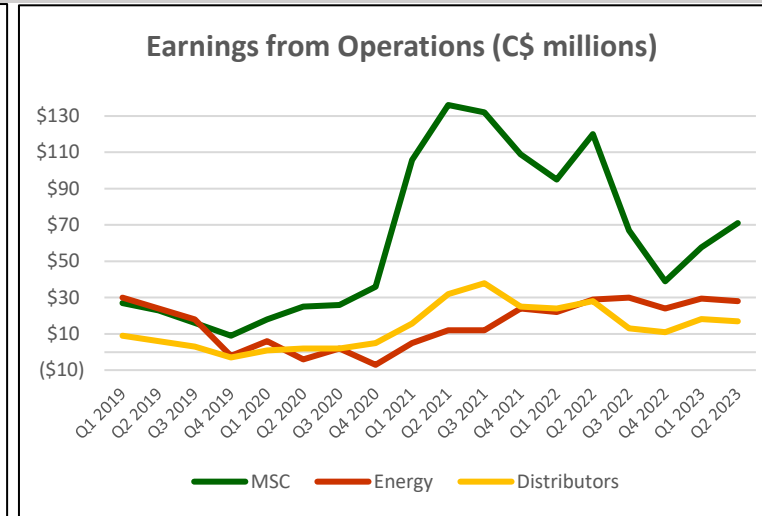
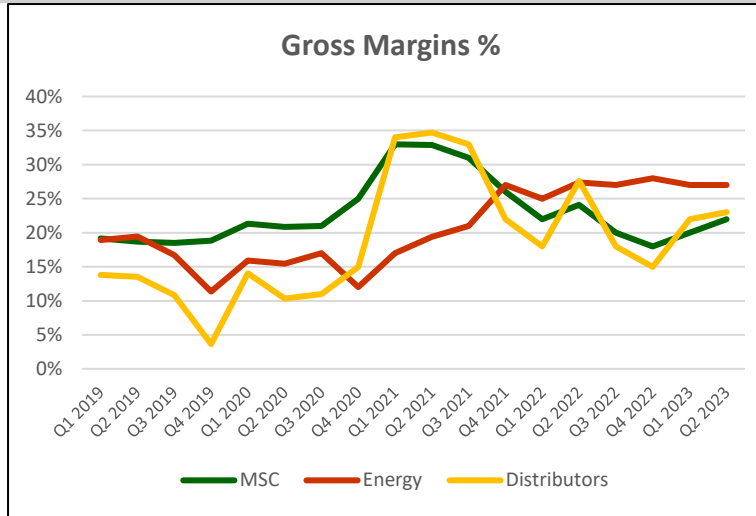
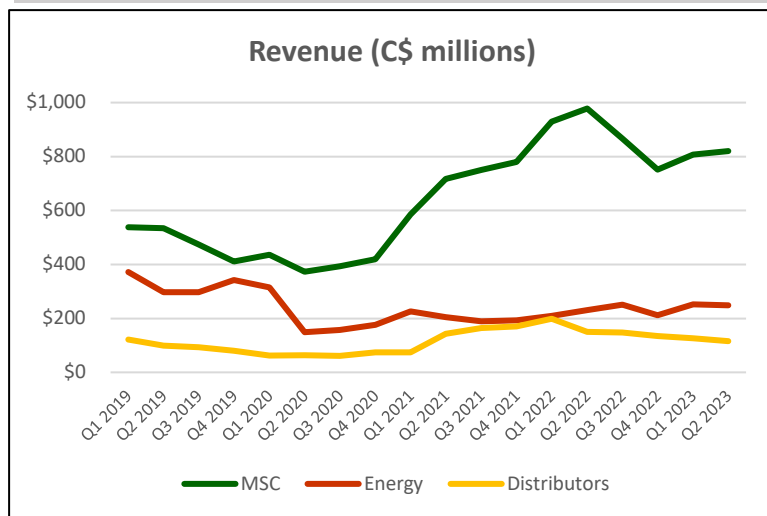
		Invested Capital (C\$ mm)				
		\$1,400	\$1,500	\$1,600	\$1,700	\$1,800
ROIC	10%	\$204	\$214	\$224	\$234	\$244
	15%	\$274	\$289	\$304	\$319	\$334
	20%	\$344	\$364	\$384	\$404	\$424
	25%	\$414	\$439	\$464	\$489	\$514
	30%	\$484	\$514	\$544	\$574	\$604

Note: Assumes DD&A of \$64 million/year.

SUMMARY: FINANCIAL RESULTS

\$ mm, unless otherwise stated	Q2 2022	Q1 2023	Q2 2023	Q2 2023 Observations:
Income Statement:				
Revenues	\$1,362	\$1,187	\$1,189	<ul style="list-style-type: none"> • Revenues were comparable with Q1 • Overall margins improved, led by service centers and steel distributors. • Margins improved during the front part of Q2 but declined towards the end of Q2 • Q2 results impacted by: <ul style="list-style-type: none"> • P/L pick-up from TriMark (\$7 mm = \$6 mm of earnings + \$1 mm of preferred dividends). Dividends of \$10 mm received in Q2 2023. • Mark-to-market of stock-based comp \$2 vs. \$4 mm in Q1 • Inventory reserves decreased by \$3 mm
Gross Margin (\$ mm/%)	\$344 / 25%	\$260 / 22%	\$275 / 23%	
EBITDA (\$ mm/%)	\$189 / 14%	\$116 / 10%	\$131 / 11%	
EBIT (\$ mm/%)	\$173 / 13%	\$100 / 8%	\$115 / 10%	
Interest Expense	\$7	\$4	\$3	
Net Income	\$124	\$74	\$85	
EPS	\$1.96	\$1.19	\$1.37	
Cash Flow:				
Change in non-cash working capital	\$(72)	\$(18)	\$27	<ul style="list-style-type: none"> • Net decrease in working capital: Decrease in AR (\$18 mm) and increase in AP (\$17 mm) offset by small increase in Inv (\$14 mm) • Capex is moving up with discretionary projects. Target \$75 mm/yr over next few years
Capex	\$(8)	\$(14)	\$(16)	
Balance Sheet:				
Net Debt (Cash)	\$108	\$(105)	\$(154)	<ul style="list-style-type: none"> • Total debt of \$297 mm offset by cash/investments of \$450 mm • Liquidity continued to remain strong • C\$ strengthened from \$1.3533 at 3/31/23 to 1.3240 at 6/30/23 • Q2 share buybacks of 1,241k for \$44 mm • Book value of \$26.41/share • Dividend of \$0.40/share
Shareholders' Equity	\$1,444	\$1,617	\$1,619	
Available Liquidity	\$472	\$792	\$837	
Net Debt/Capitalization	7%	<0%	<0%	

SEGMENT BREAKDOWN: OPERATING RESULTS



MSC:

- Strong results with a pick-up in margins
- Prices increased early in Q2 and moderated down towards the end of the quarter
- Gross margin per ton and EBIT remain well above historical averages

Energy Field Stores:

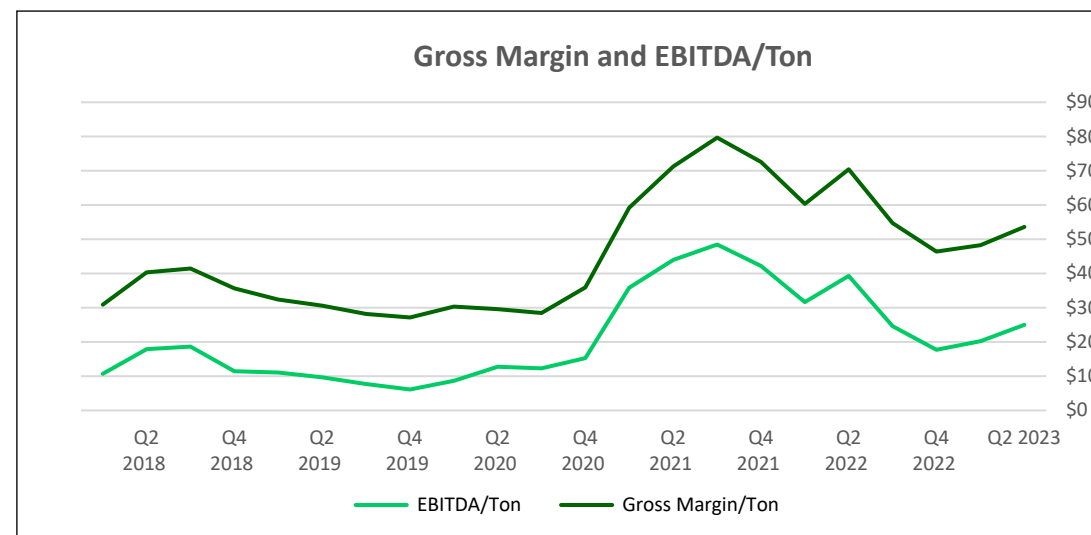
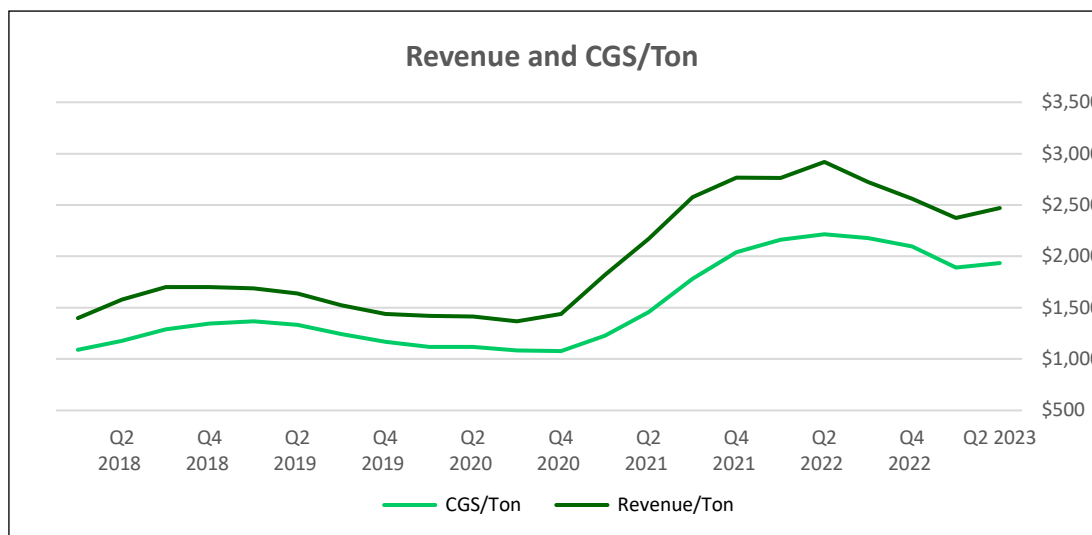
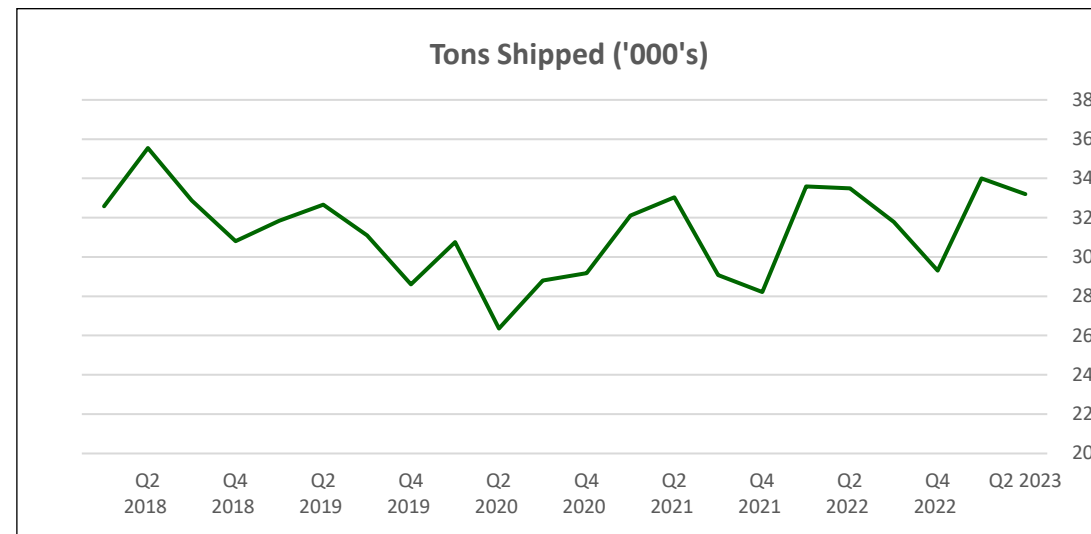
- Market conditions and sentiment continue to improve; spring break-up in Canada impacted Q2, but year-over-year revenues are up and margins remain strong

Distributors:

- Margins and operating profits remained solid with the steel price environment

SERVICE CENTER RESULTS

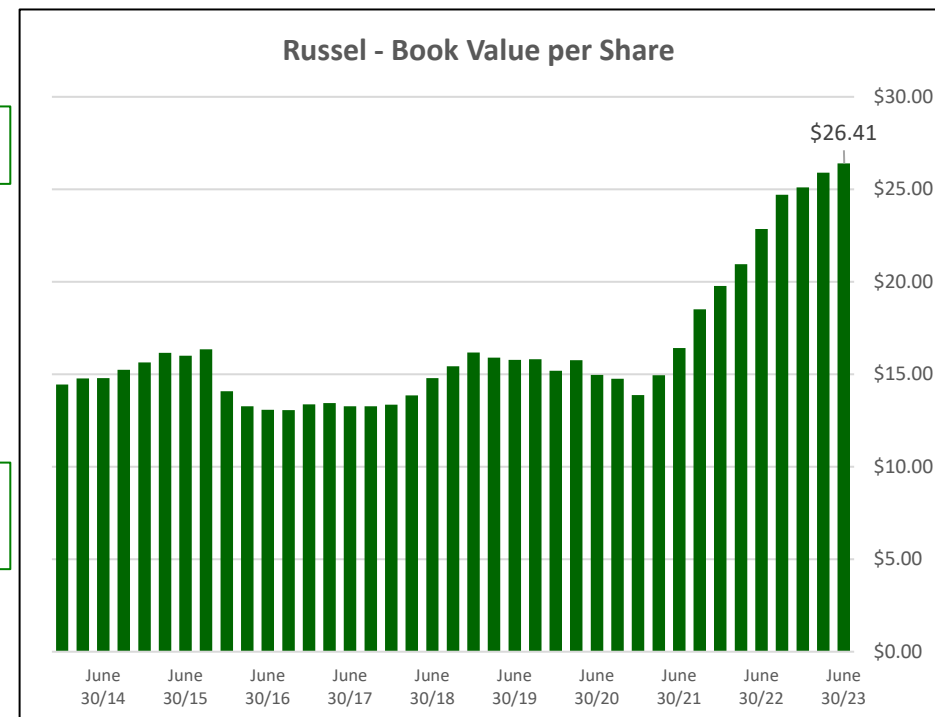
- Q2 2023 tons shipped were comparable vs. Q1 2023 and Q2 2022.
- Price realizations/ton increased (+\$96) more than the CGS/ton increase (+\$43/ton), resulting in higher margins in Q2 vs. Q1.
- Selling prices and margins showed some weakening towards the end of Q2.



LIQUIDITY AND CAPITAL STRUCTURE SUMMARY

- The cash position and book value per share grew further in Q2.
- Proceeds from the sale of our TriMark investment are expected in Q3.

	6/30/22 (C\$ mm)	3/31/23 (C\$ mm)	6/30/23 (C\$ mm)	
Cash	\$187	\$401	\$450	3 Month Change +\$49 mm 12 Month Change +\$263 mm
Bank Lines - Maturity 2025	--	--	--	
5.75% Notes - Due 2025	\$147	\$148	\$149	
6% Notes - Due 2026	\$148	\$148	\$148	
Total Debt	\$295	\$296	\$297	
Shareholders Equity	\$1,444	\$1,617	\$1,619	BV/Share: 3 Month Change +\$0.51/share 12 Month Change +\$3.52/share
Net Debt/Invested Capital	7%	<0%	<0%	
Liquidity	\$472	\$792	\$837	





6600 Financial Drive, Mississauga, Ontario L5N 7J6

Email: info@russelmetals.com

Visit us at: www.russelmetals.com

Investor Relations Line: 905.816.5178