



FIXED INCOME INVESTOR UPDATE

OCTOBER 2020

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This presentation includes forward-looking information within the meaning of applicable securities laws in Canada and financial measures that are not determined in accordance with Canadian generally accepted accounting principles (“GAAP”). See “Forward-Looking Information” and “Non-GAAP Measures” on slides 27 and 28, respectively, of this presentation. Information in this presentation pertaining to historical results is for information purposes only and is not, and should not be relied on as, an indication or guarantee of future results. Unless otherwise stated, all financial information is presented in Canadian dollars. Certain information contained herein is based on, or derived from, market and industry data, forecasts and other information obtained from independent third-party sources. Russel Metals believes that such information is accurate and that the sources from which it has been obtained are reliable; however, Russel Metals has not independently verified such information and does not assume any responsibility for the accuracy or completeness of such information.

An investment in our securities involves certain risks and uncertainties, including the risks described under “Risk Management and Risks Affecting Our Business” in our annual information form for the year ended December 31, 2019 and the heading “Risk” in our MD&A for the six months ended June 30, 2020. Investing in our debt securities involves additional risks and uncertainties including the following risks: (i) we have incurred, and may in the future incur, significant debt that could adversely affect our business and prevent us from meeting our obligations under our debt; (ii) in certain circumstances we may not be able to service or refinance our debt, including if we are obligated to repay our debt due to a change of control; (iii) our debt securities are unsecured obligations, effectively subordinated to our secured debt, and structurally subordinated to the obligations of our subsidiaries except to the extent those subsidiaries guarantee such debt securities (and those guarantees may be released upon the occurrence of certain events or may be voided or enforceable); (iv) our credit ratings may not reflect all risks of an investment in our debt securities; (v) the rights and remedies of a debt holder may be impaired by bankruptcy and insolvency laws; and (vi) we could enter into significant transactions that could adversely affect our risk profile but would not require us to repurchase our debt securities.

The information presented herein is only current as of the date on the cover of this presentation. Except as required by law, Russel Metals undertakes no obligation to revise or update this information.

INTRODUCTIONS

Presenting Team



John Reid

Chief Executive Officer, President & Director

- ◆ Chief Executive Officer since May 2018
- ◆ Previously President & Chief Operating Officer since 2016
- ◆ Joined JMS Metals Services in 1991 (President from 1994 to 2007), which was acquired by Russel Metals in 2007



Marty Juravsky

Chief Financial Officer, EVP & Secretary

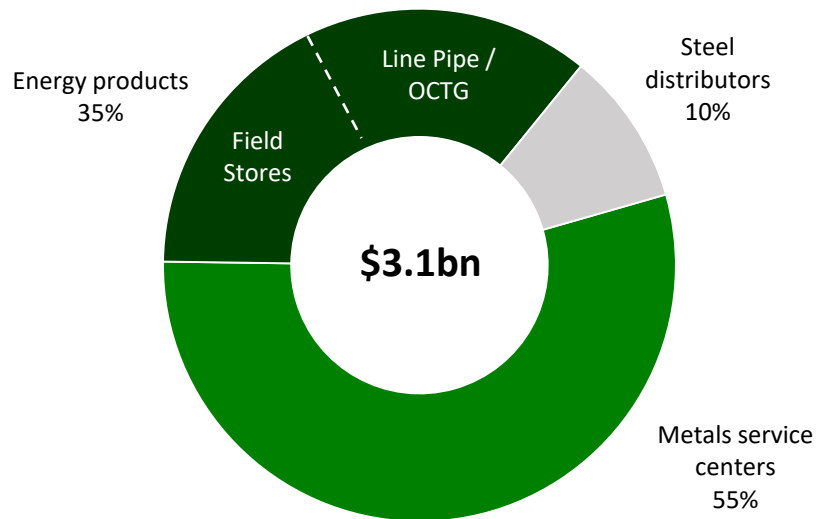
- ◆ Joined Russel Metals in May 2020
- ◆ Previously Senior Vice President and Chief Financial Officer of Interfor Corporation and prior to that spent over 20 years in investment banking

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 (Q2 2020 LTM)



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

CREDIT 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 \$124 million during the first half of 2020
- Extended \$450 million credit facility to September 21, 2023 and updated credit agreement to provide additional flexibility
- Announced redemption of \$150 million of existing \$300 million senior unsecured notes due 2022
- Pro forma the note redemption, Russel Metals will have total leverage of 2.8x⁽¹⁾ and liquidity of ~\$328 million undrawn on the revolver (as of June 30, 2020)

Experienced Management Team

- Average of ~30 years of industry experience
- John Reid succeeded Brian Hedges as CEO in May 2018 and Marty Juravsky succeeded Marion Britton as CFO, in July 2020

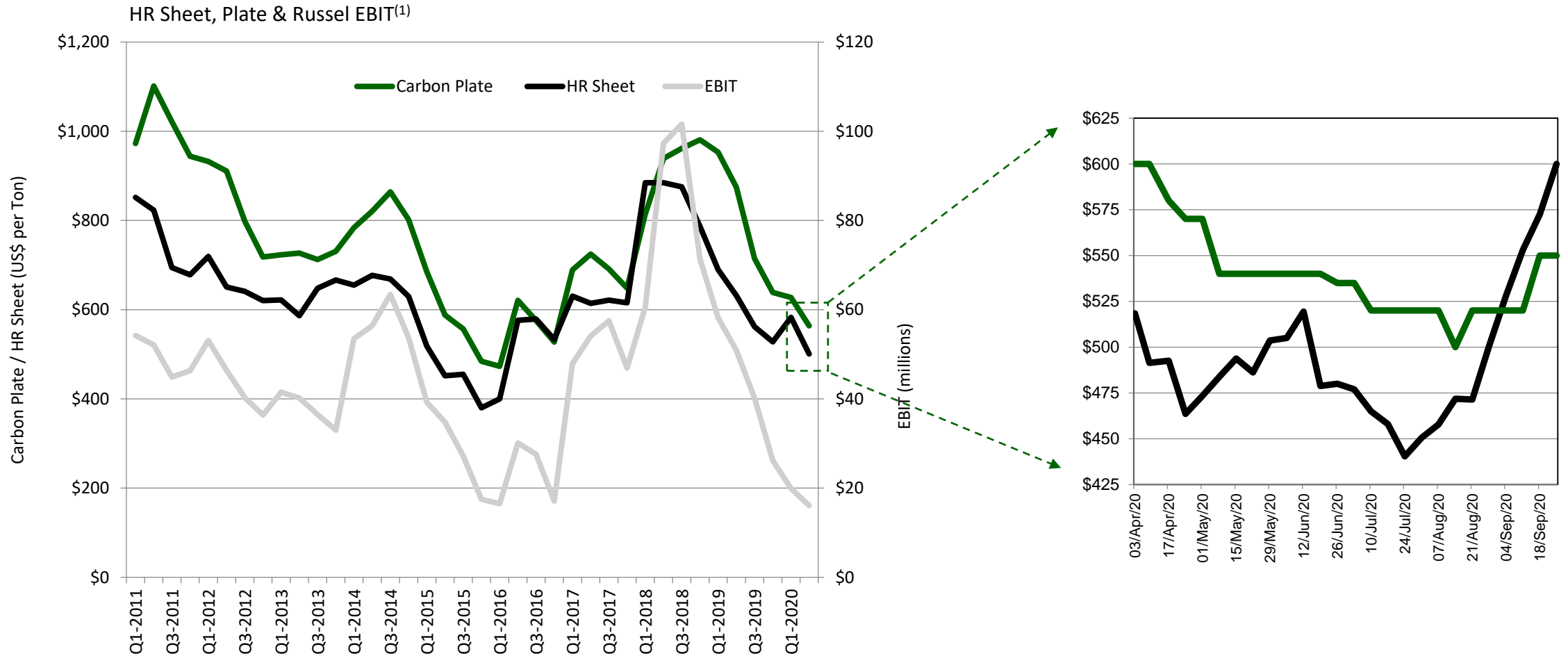
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I. MARKET TRENDS

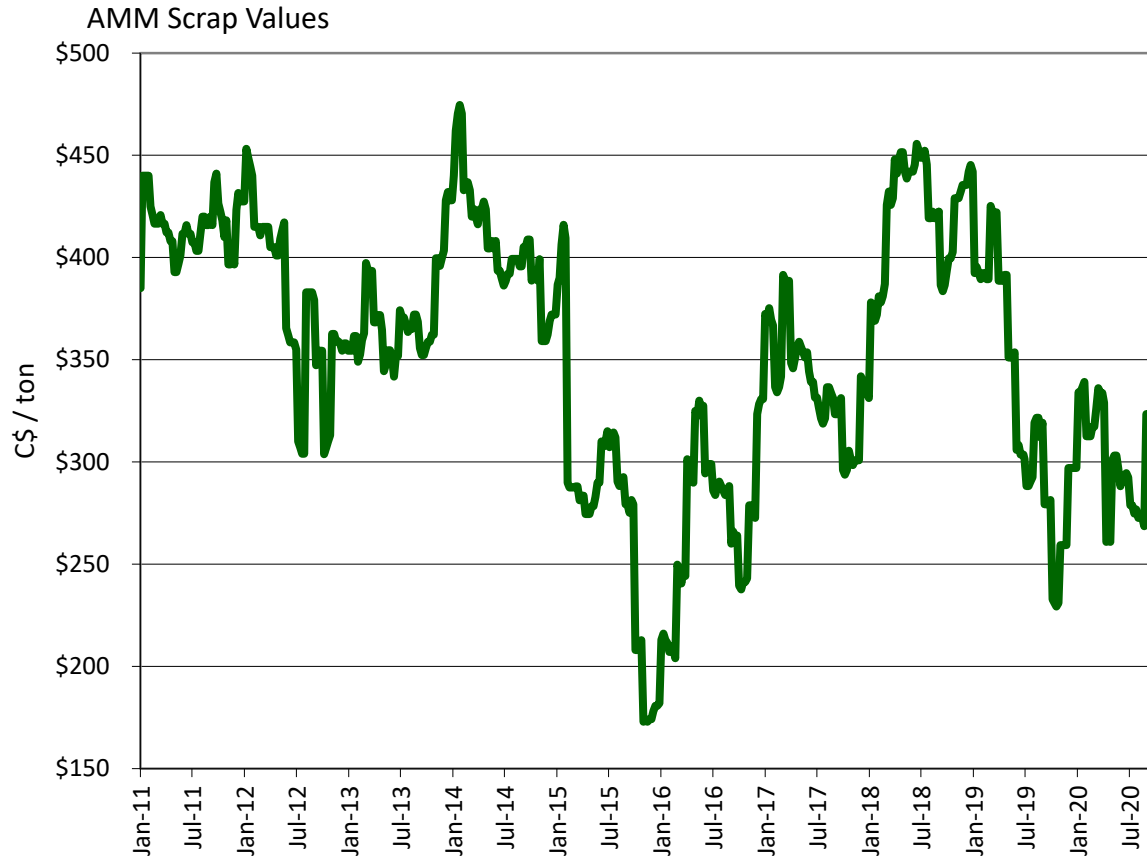
STEEL PRICES VS. RUSSEL EBIT



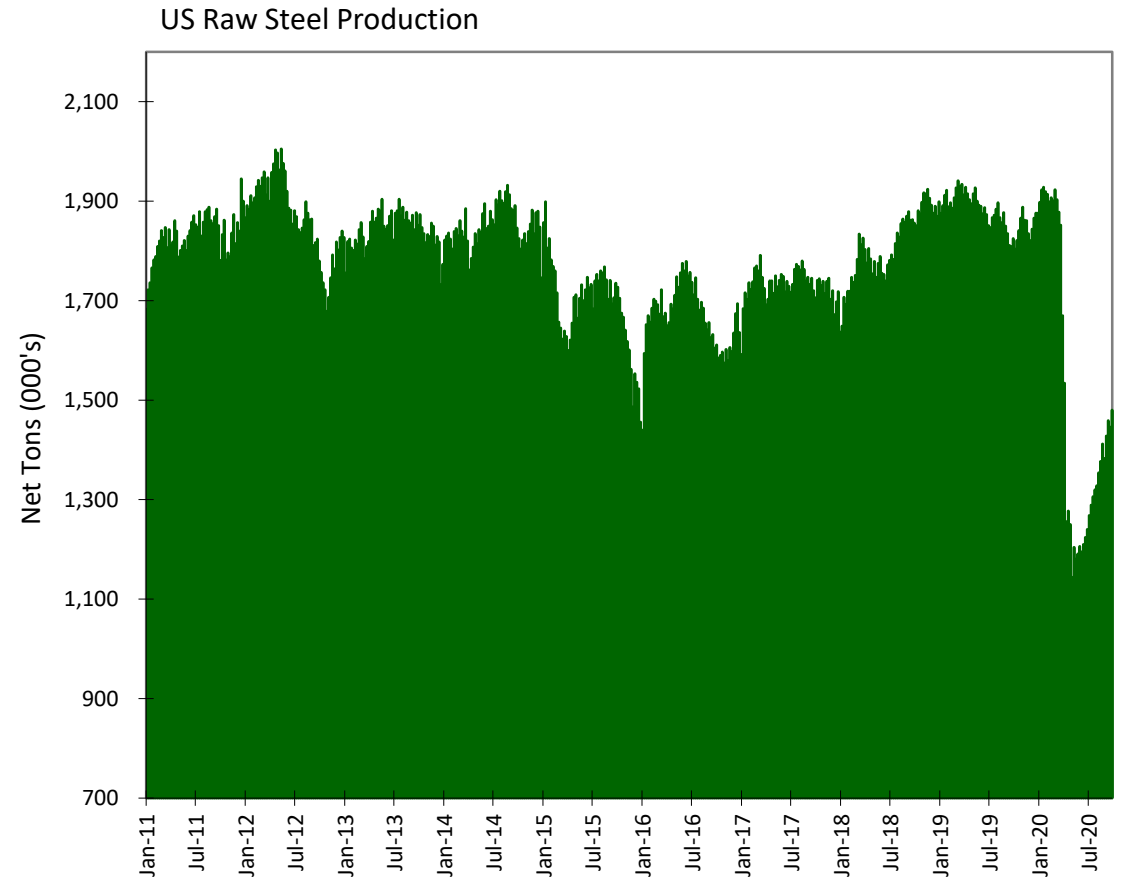
Source: American Metal Market

(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

SCRAP AND STEEL PRODUCTION

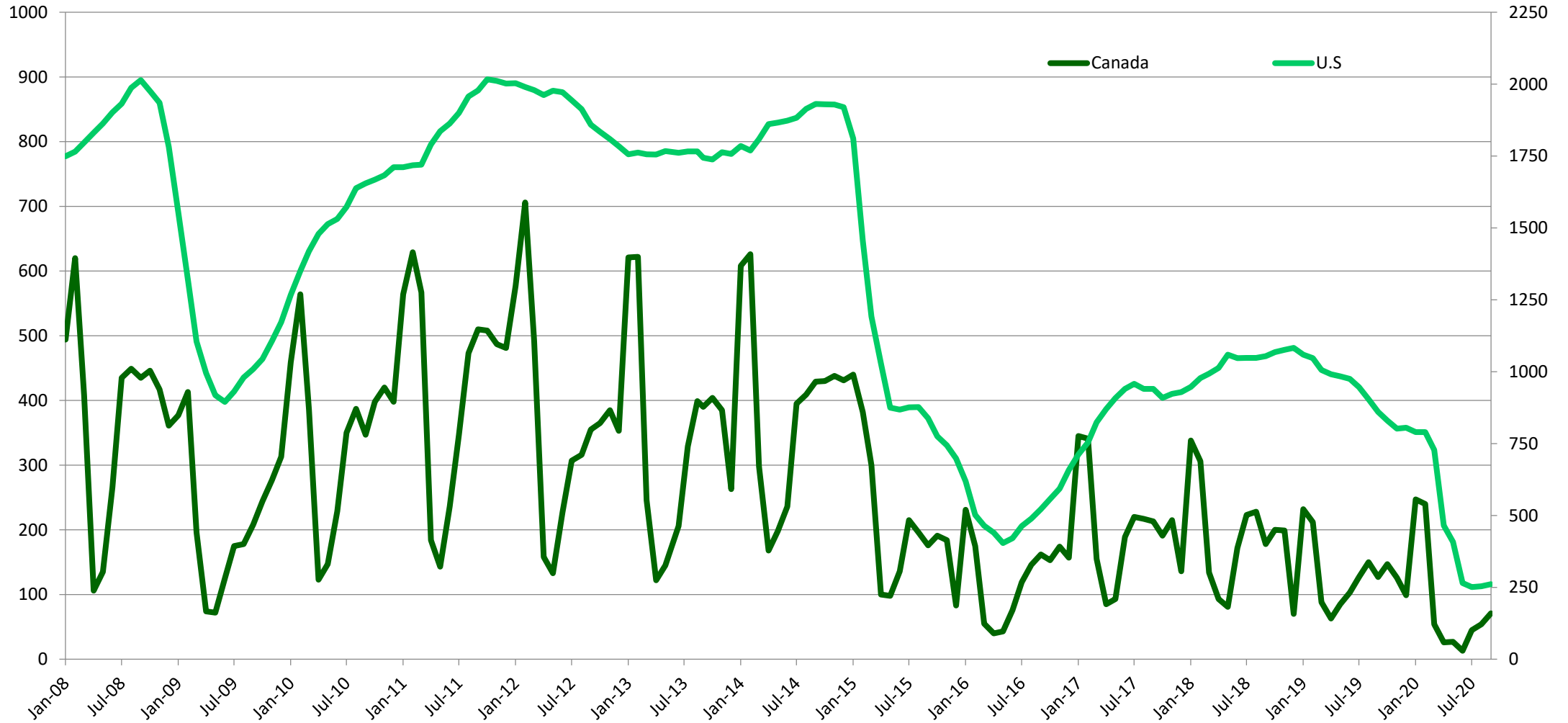


Source: American Metal Market



Source: American Iron and Steel Institute

NORTH AMERICAN RIG COUNTS





II. COMPANY OVERVIEW

SERVICE CENTER / DISTRIBUTION LANDSCAPE

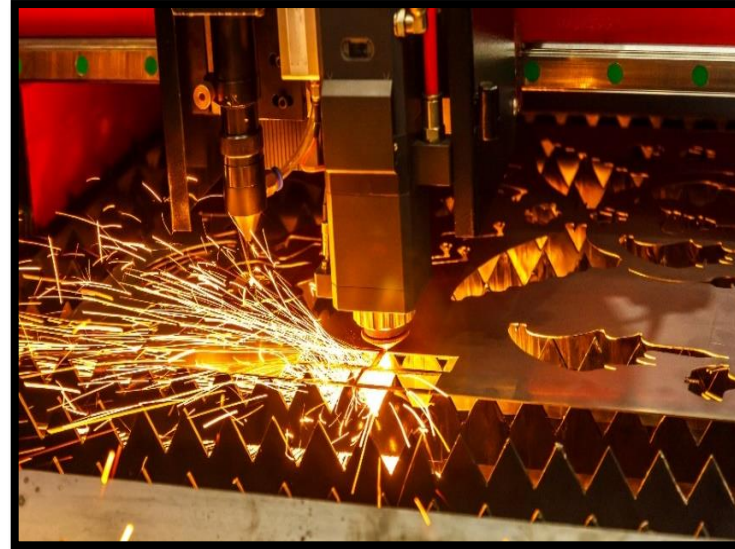
Russel is one of the largest service center companies in North America

Ranked by Revenue

(in US\$ billions)

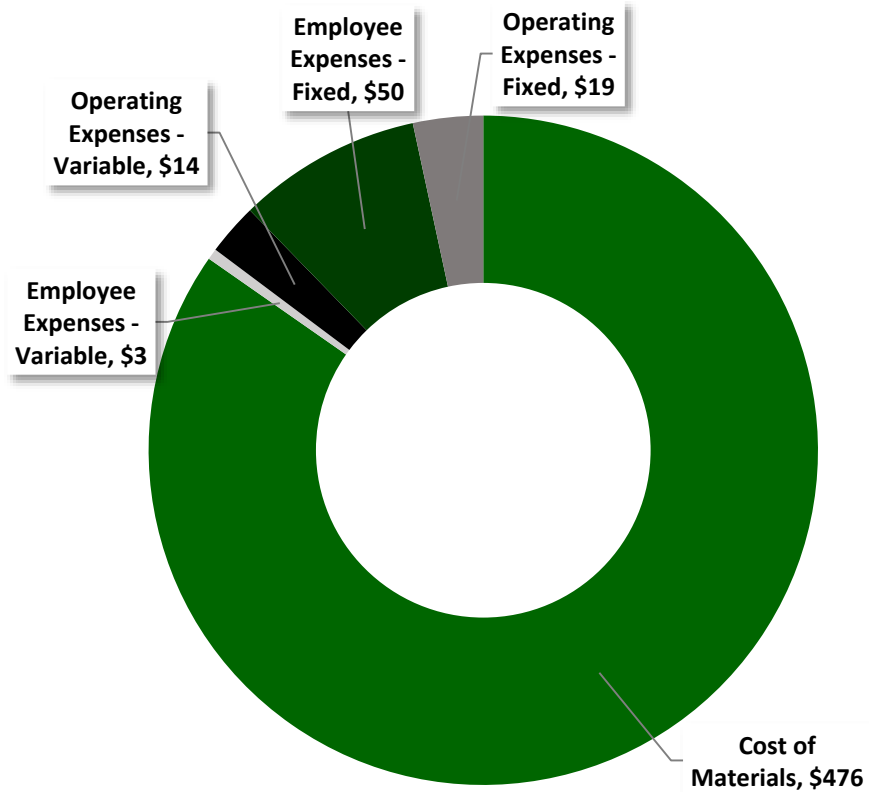
	2019	2018
Reliance Steel & Aluminum Co.	\$11.0	\$11.5
Ryerson Inc.	\$4.5	\$4.4
Thyssenkrupp Materials NA Inc.	\$3.2	\$3.2
Kloeckner Metals Corp.	\$3.0	\$3.2
Russel Metals Inc.	\$2.8	\$3.2
Samuel, Son & Co	\$2.8	\$2.9
Toyota Tsusho America	\$2.5	\$2.3
O'Neal Industries Inc.	\$2.4	\$2.7
Steel Technologies 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

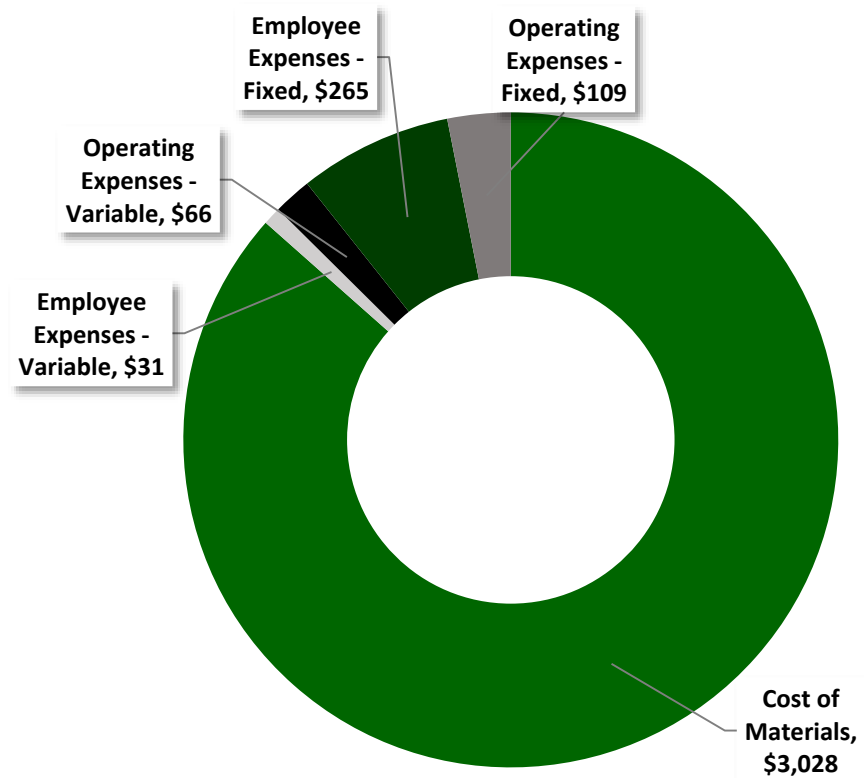


VARIABLE COST MODEL – BREAKDOWN OF CASH COSTS

THREE MONTHS ENDED JUNE 30, 2020
\$562 Million



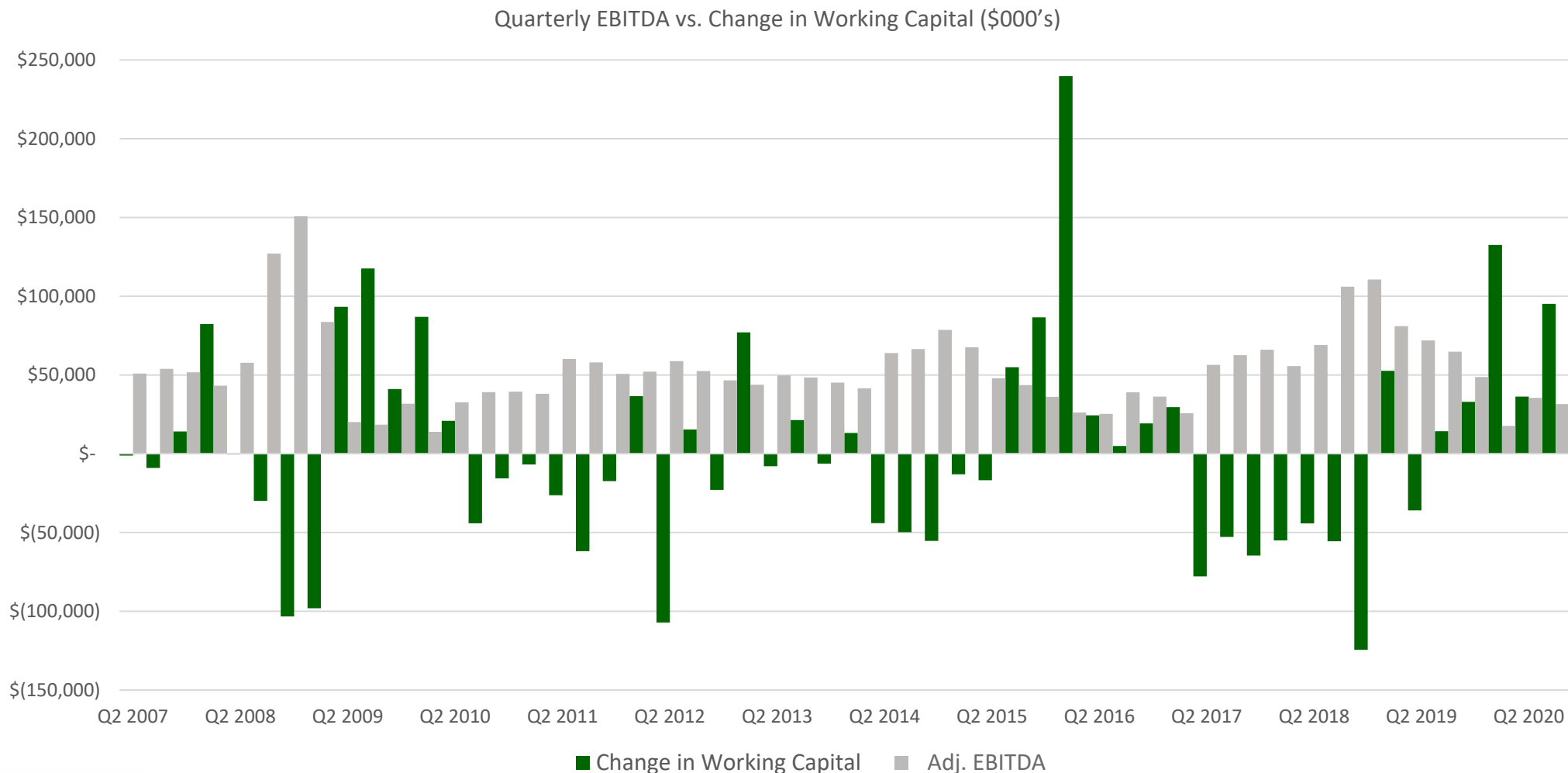
YEAR ENDED DECEMBER 31, 2019
\$3,499 Million



RECENT HEADCOUNT REDUCTION OF ~15%

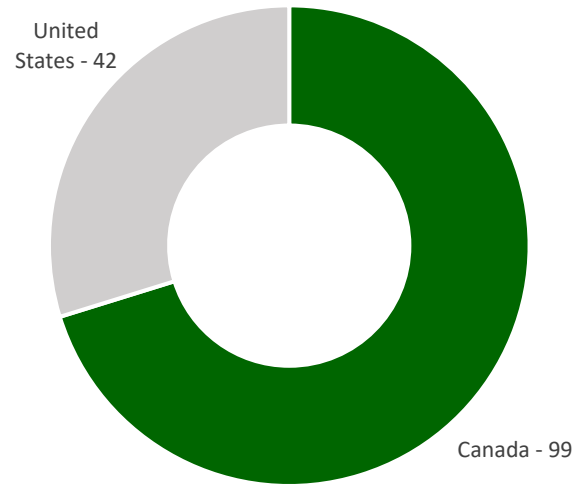
COUNTERCYCLICAL CASH FLOWS

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

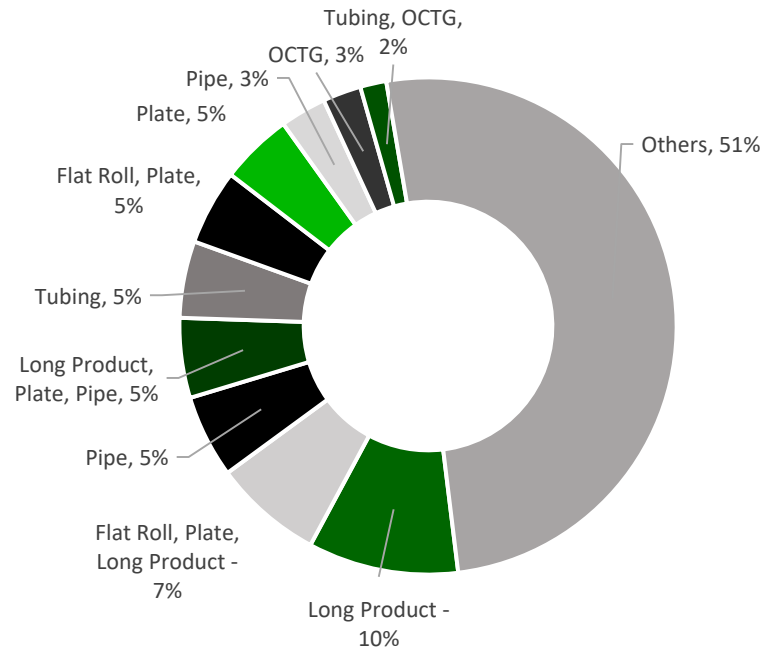


DIVERSIFIED BUSINESS

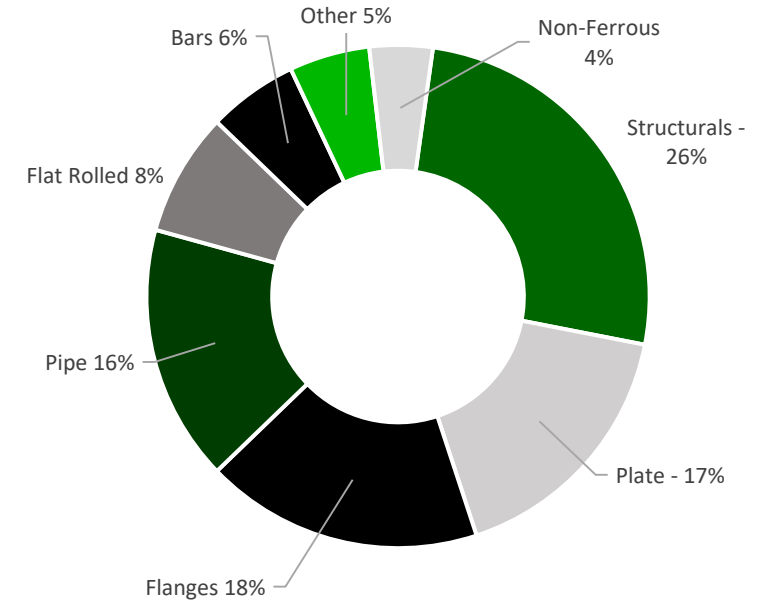
Geography - 141 Locations



Supplier by Products Type



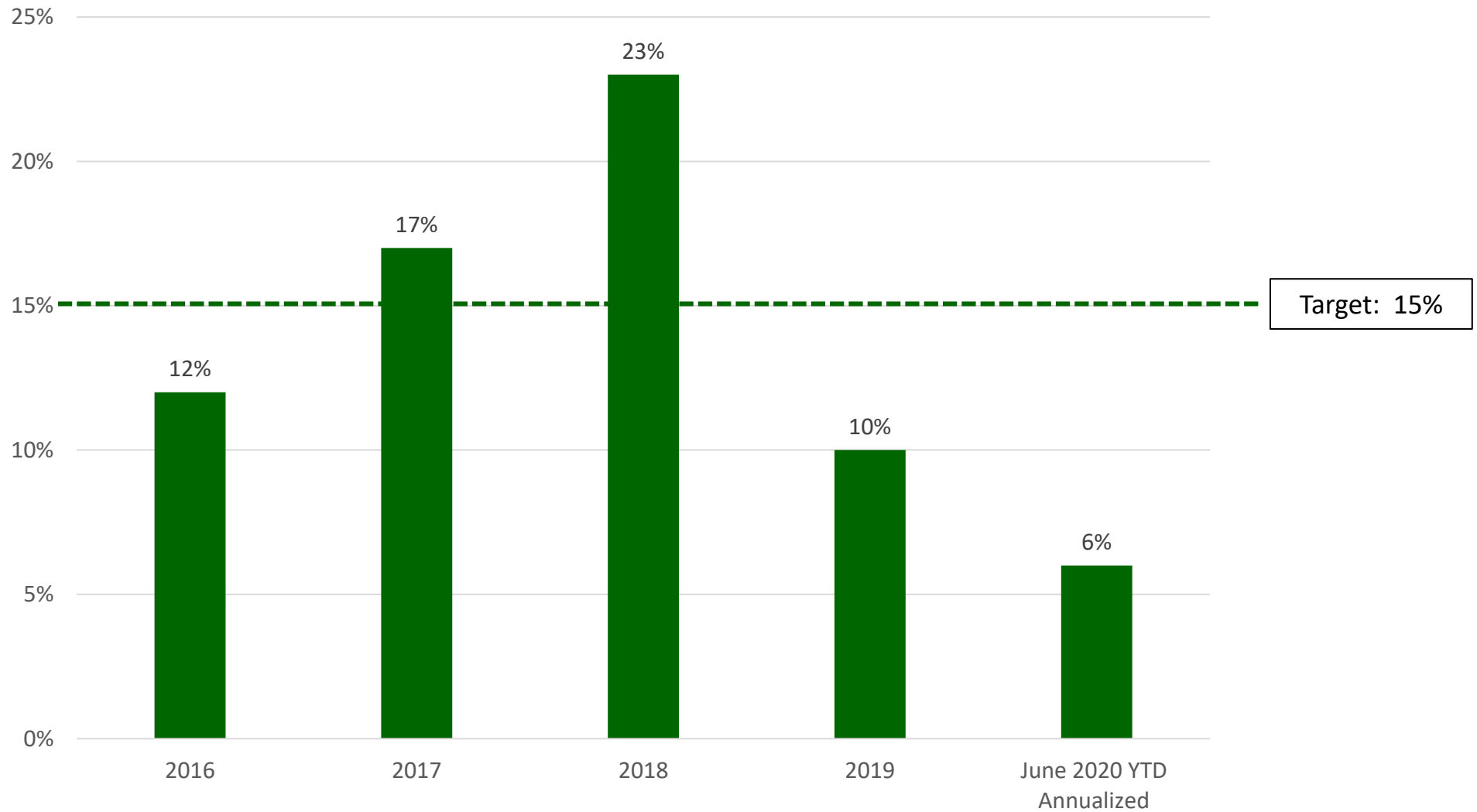
Product Mix



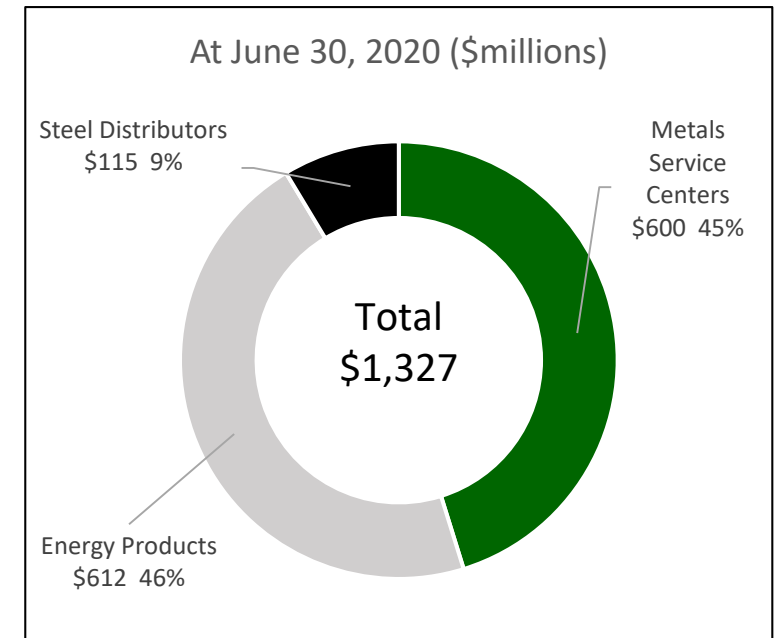
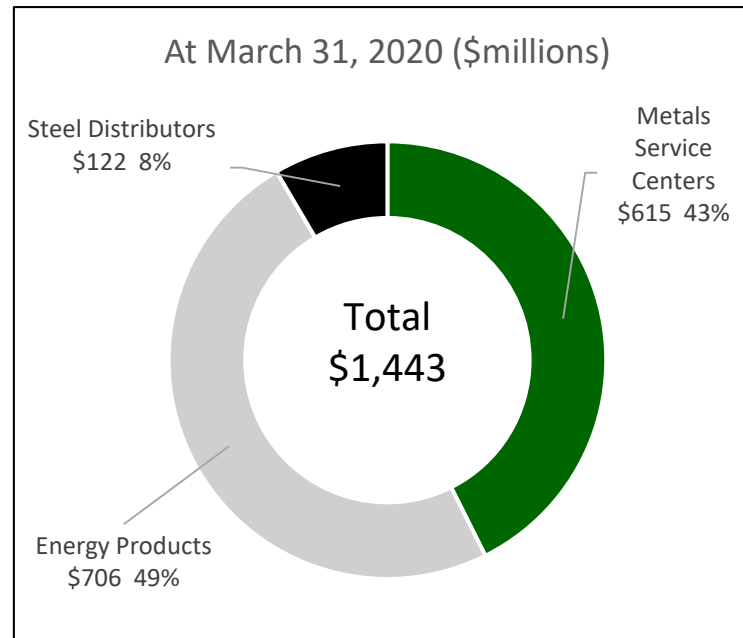
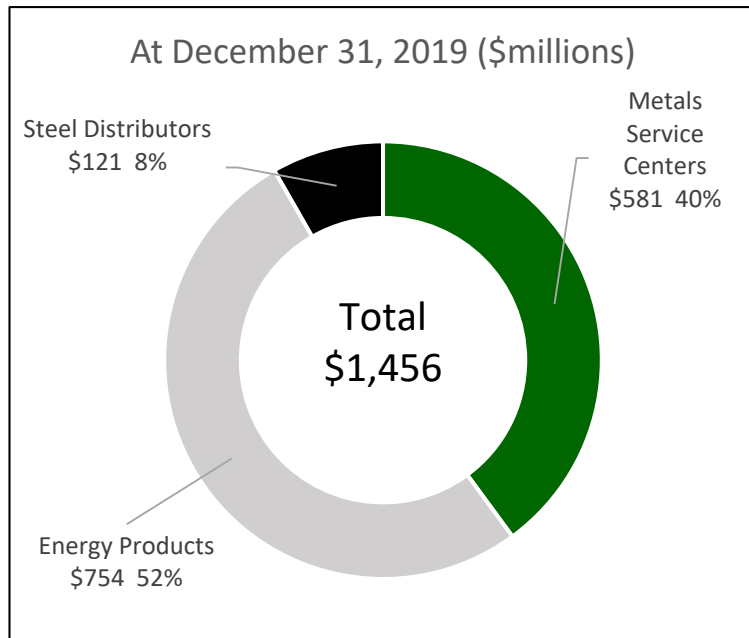
Customers

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

RETURN ON CAPITAL EMPLOYED OVER THE CYCLE



SEGMENT BREAKDOWN: NET IDENTIFIABLE ASSETS⁽¹⁾



(1) Includes total current and non-current identifiable assets less liabilities included in segments.

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 steel service centers
- 60% of energy segment's 2018/19 revenues
- \$214 mm of net working capital (6/30/20)

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 steel service centers
- 40% of energy segment's 2018/19 revenues
- \$267 mm of net working capital (6/30/20)

Energy Strategy:

- Reduce absolute and relative exposure
- Repatriate substantial working capital over the next 12-18 months
- Rationalize operations and reduce costs

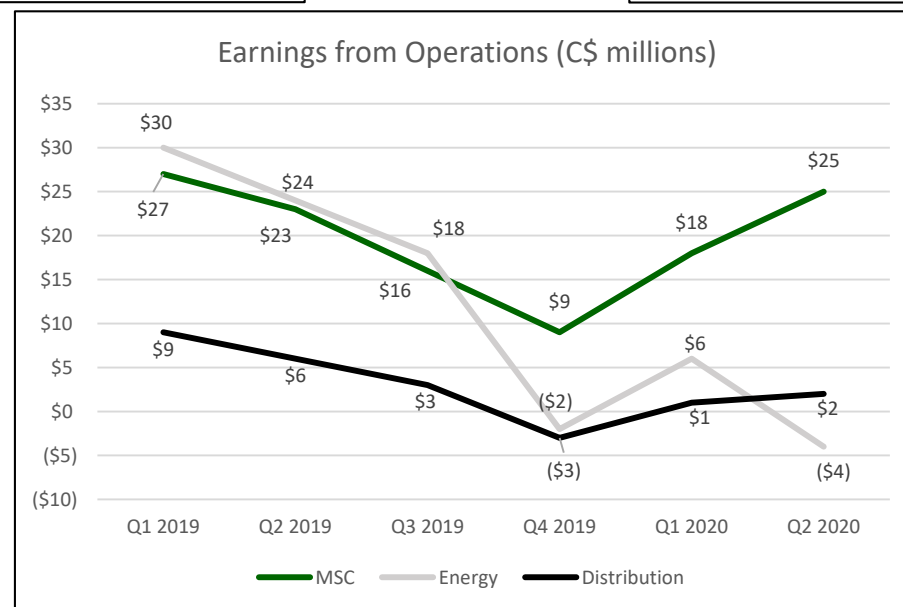
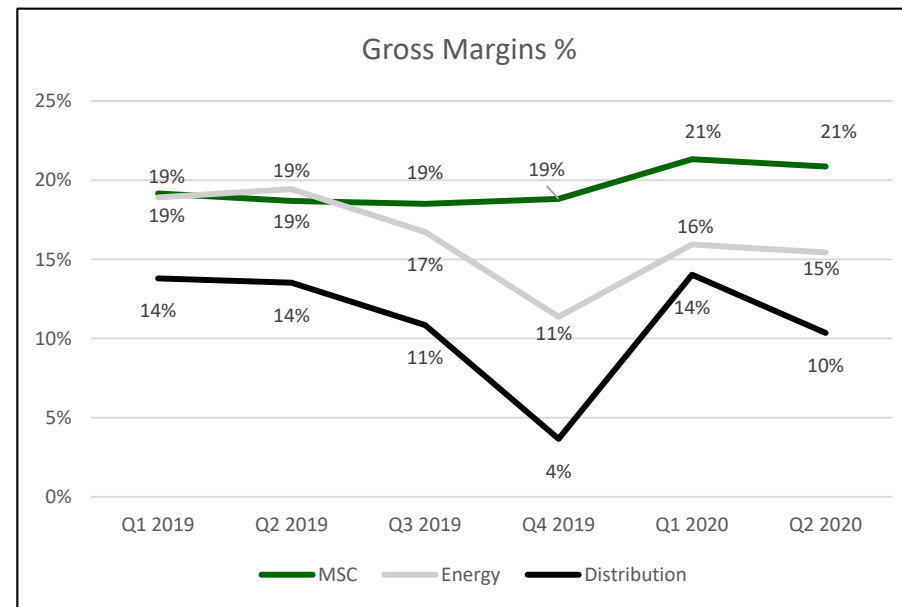
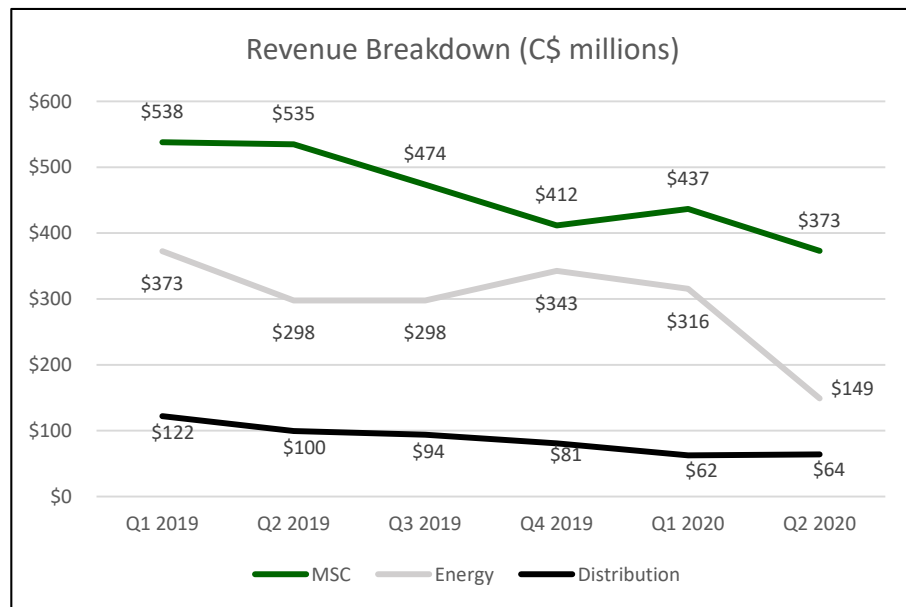


III. FINANCIAL OVERVIEW

FINANCIAL HIGHLIGHTS

\$million, unless otherwise stated	Q2 2019	Q1 2020	Q2 2020	Q2 2020 Observations:
Income Statement:				
Revenues	\$937	\$815	\$588	
Gross Margin (\$million/ %)	\$176 / 18.8%	\$152 / 18.7%	\$110 / 18.7%	<ul style="list-style-type: none"> Gross margin % holding steady, but lower total \$ Significant reduction in operating expenses Stock-based comp: \$3 million expense in Q2 vs. \$4 million recovery in Q1 Inventory reserve increased by \$5 million
EBITDA (\$million/ %)	\$65 / 6.9%	\$36 / 4.4%	\$32 / 5.4%	
EBIT (\$million/ %)	\$51 / 5.4%	\$20 / 2.4%	\$16 / 2.7%	
Net Income	\$31	\$11	\$5	
Cash Flow:				
Changes in non-cash working capital	\$14	\$36	\$95	<ul style="list-style-type: none"> Significant cash generation from WC (AR: +\$151 million; Inventory: +\$34 million; AP: -\$94 million) Capex of \$5 million is below depreciation
Capex	\$(9)	\$(7)	\$(5)	
Balance Sheet:				
Net Debt	\$482	\$443	\$372	<ul style="list-style-type: none"> Reduced net debt by \$124 million in the first half of 2020 Liquidity is strong
Shareholders' Equity	\$980	\$980	\$931	
Available Liquidity	\$445	\$393	\$478	
Net Debt/Capitalization	33%	31%	27%	

SEGMENT BREAKDOWN: OPERATING RESULTS



NOTE REDEMPTION: PRO FORMA CAPITALIZATION

	Pro Forma Capitalization		
	Historical	Partial Redemption	Pro Forma
As at June 30, 2020			
<i>(C\$ millions, unless otherwise noted)</i>			
Cash and Cash Equivalents	\$89.1	(89.1)	\$-
Secured Debt			
Revolving Credit Facility	11.3	60.9	72.2
Total Secured Debt	\$11.3	\$60.9	\$72.2
Unsecured Debt			
6.000% Senior Unsecured Notes due 2022	300.0	(150.0)	150.0
6.000% Senior Unsecured Notes due 2026	150.0	-	150.0
Total Debt	\$461.3	(\$89.1)	\$372.2
Lease Obligations	110.9	-	110.9
Total Debt + Leases	\$572.2	(\$89.1)	\$483.1
Shareholders' Equity	931.0	-	931.0
Total Capitalization (excluding lease liabilities)	\$1,392.3	(\$89.1)	\$1,303.2
Financial Data as at LTM Ended Q2 2020			
EBITDA ⁽¹⁾	\$133.3		\$133.3
Selected Financial Ratios			
Total Debt / EBITDA	3.5x		2.8x
Net Debt / EBITDA	2.8x		2.8x
EBITDA / Net Interest ⁽²⁾	3.5x		4.3x
Total Debt / Total Capitalization ⁽³⁾	33.1%		28.6%
Net Debt / Total Capitalization ⁽³⁾	26.7%		28.6%

Free cash flow positive through recent market volatility, allowing the Company to continue to de-lever the balance sheet

On September 29, Russel Metals announced an extension and amendment to its \$450 million credit facility

- The credit facility has been extended from September 2021 to September 2023
- The facility was also amended to provide additional flexibility, improving liquidity for the company

On October 1, Russel Metals announced a redemption of \$150 million of their existing 2022 notes at par

- Will be redeemed using cash on hand with the balance drawn from the revolver
- Following the partial refinancing of the senior unsecured notes, RUS' credit facility remains \$328 million undrawn

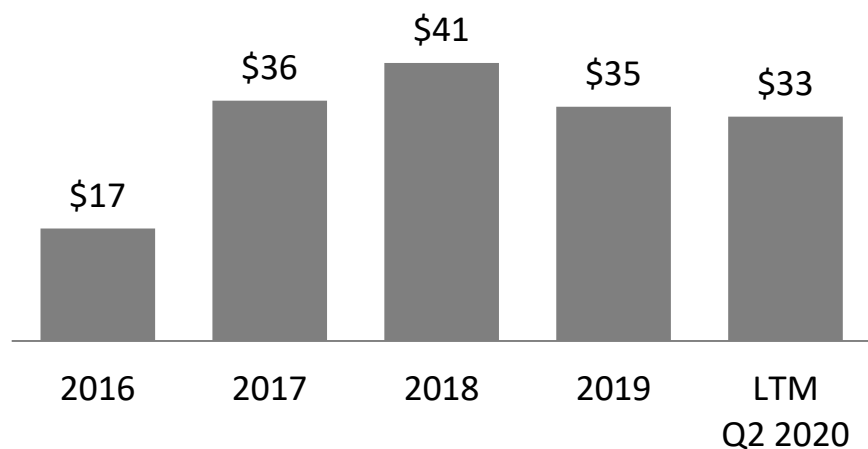
1) EBITDA is presented on a post IFRS-16 basis

2) Pro Forma Q2 2020 net interest deducts the 6.000% interest expense on the C\$150 million partially refinanced senior unsecured notes and includes incremental interest expense of BA + 2.25% on the drawn revolver used to finance the transaction

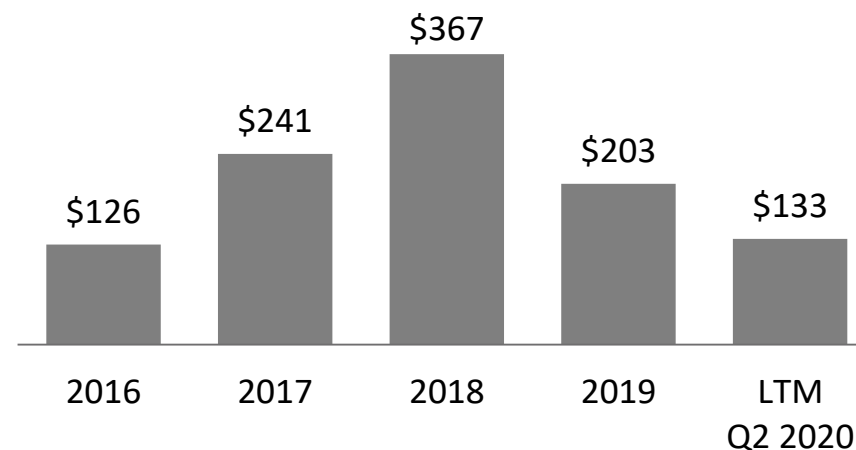
3) Total Capitalization defined as Total Debt + Shareholders' Equity reported for the period

STRONG FINANCIAL POSITION

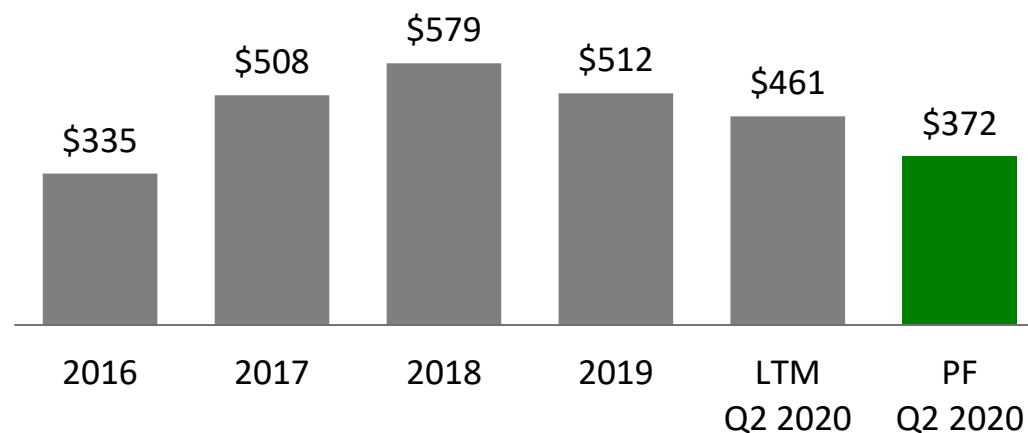
Capital Expenditures



Adj. EBITDA^(1,2)



Total Debt⁽³⁾



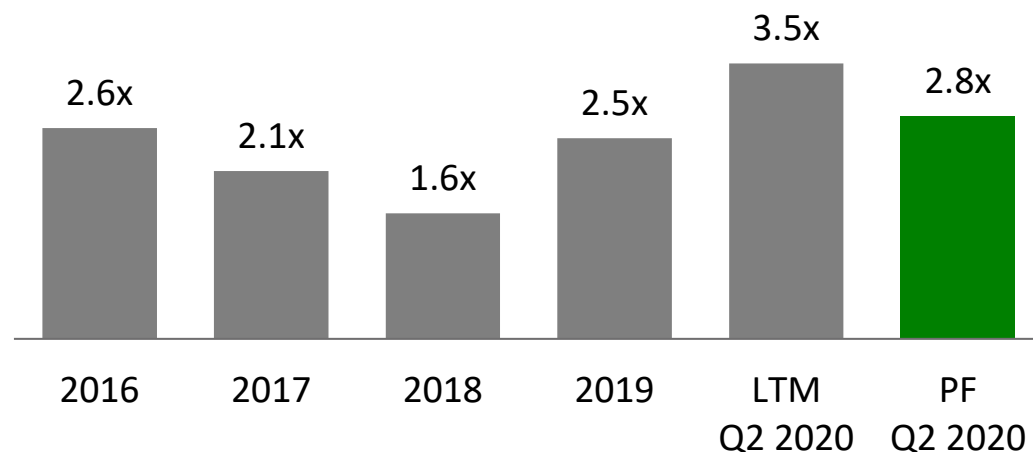
1) Effective January 1, 2019, the Company adopted IFRS 16 and started stating EBITDA on that basis

2) Adj. EBITDA means EBITDA adjusted in 2016 for gain on sale of properties

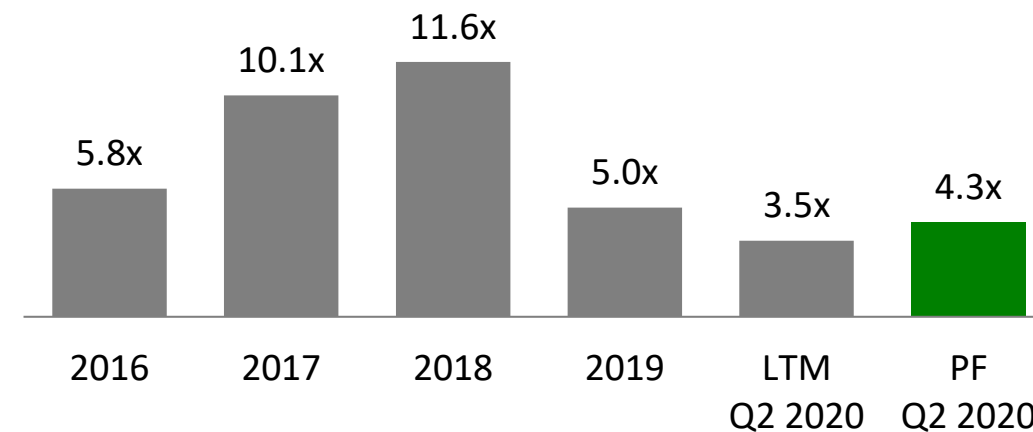
3) Debt is presented excluding lease liabilities; PF Q2 2020 is presented pro forma for the C\$150 million partial refinancing of the senior unsecured notes

STRONG LEVERAGE PROFILE AND LIQUIDITY POSITION

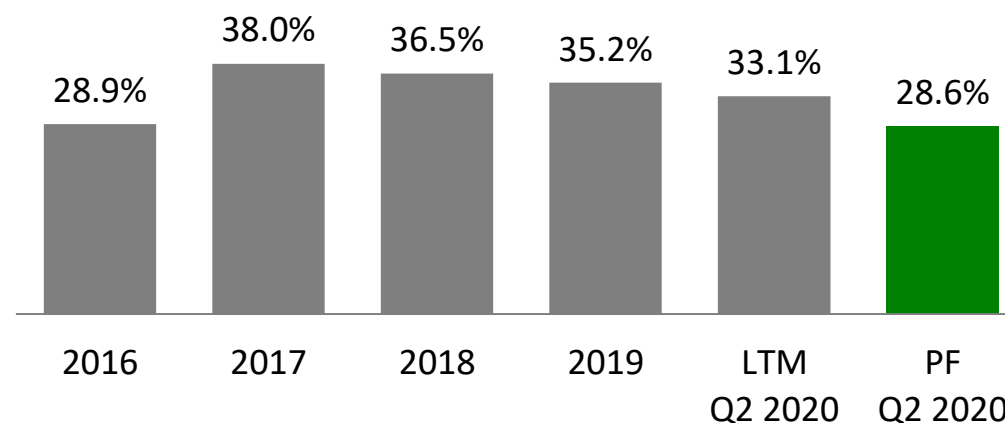
Total Debt / Adj. EBITDA^(1,2)



Adj. EBITDA / Net Interest^(2,3)



Total Debt / Total Capitalization^(1,4)



1) Debt is presented excluding lease liabilities; PF Q2 2020 is presented pro forma for the C\$150 million partial refinancing of the senior unsecured notes

2) Adj. EBITDA means EBITDA adjusted in 2016 for gain on sale of properties

3) Pro Forma Q2 2020 net interest deducts the 6.000% interest expense on the C\$150 million partially refinanced senior unsecured notes and includes incremental interest expense of BA + 2.25% on the drawn revolver used to finance the transaction

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CREDIT HIGHLIGHTS

Compelling Market Position with Strong Supplier Relationships and Market Insight

- One of the largest metals distribution and processing companies in North America
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Diversified Products and Customer Base

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Experienced Management Team

- Average of ~30 years of industry experience
- John Reid succeeded Brian Hedges as CEO in May 2018 and Marty Juravsky succeeded Marion Britton as CFO, in July 2020

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) cyclicity 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 six months ended June 30, 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.

- EBITDA means earnings before interest, finance expense, taxes, depreciation and amortization.
- Adj. or Adjusted EBITDA means EBITDA adjusted in 2016 for gain on sale of properties.
- EBIT means earnings before interest, finance expense and taxes.
- Net Debt means total debt gross of deferred financing charges, excluding cash on hand and lease obligations.
- Total Debt to Adj. EBITDA means total debt gross of deferred financing charges, divided by Adj. EBITDA.
- Net Debt to Adj. EBITDA means total debt gross of deferred financing charges, excluding cash on hand, divided by Adj. EBITDA.
- Adj. EBITDA to Net Interest means Adj. EBITDA divided by net interest.
- Total Debt to Total Capitalization means Total Debt, divided by Total Debt and shareholders' equity.
- Net Debt to Capitalization means Net Debt, divided by Total Debt and shareholders' equity.
- Free cash flow is cash from operating activities before change in working capital less capital expenditures.
- Total Debt includes total debt gross of deferred financing charges and excluding lease obligations.
- Return on capital employed means EBITDA divided by net assets.



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