



## NEWS

### FOR IMMEDIATE RELEASE

## **RUSSEL METALS ANNOUNCES 2016 ANNUAL AND FOURTH QUARTER RESULTS**

TORONTO, CANADA – February 16, 2017 -- Russel Metals Inc. (RUS - TSX) today announced financial results for the 2016 fourth quarter and for the year ended December 31, 2016.

	Three Months Ended December 31		Year Ended December 31	
	2016	2015	2016	2015
Revenues	\$ 654	\$ 673	\$ 2,579	\$ 3,112
EBIT <sup>1</sup>	\$ 19	\$ (29)	\$ 93	\$ 57
Net Income (Loss)	\$ 23	\$ (135)	\$ 63	\$ (88)
Earnings per Share	\$ 0.37	\$ (2.19)	\$ 1.02	\$ (1.42)
Cash from Operations	\$ 55	\$ 188	\$ 172	\$ 366
Dividends paid <sup>2</sup>	\$ 0.38	\$ 0.38	\$ 1.52	\$ 1.52

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

<sup>1</sup> EBIT is a non-GAAP measure. EBIT represents earnings before interest and taxes.

<sup>2</sup> Dividends paid during the period.

For the year ended December 31, 2016, we reported net income of \$63 million, or \$1.02 per share on revenues of \$2.6 billion. These results compare to a loss of \$88 million or \$1.42 per share on revenues of \$3.1 billion in 2015. The 2016 net income includes a pre-tax gain on sale of certain properties in Arkansas, British Columbia, Quebec and Ontario of \$28 million or \$0.27 per share and withholding tax on the repatriation of funds from the United States to Canada of \$3 million or \$0.03 per share.

Revenues of \$330 million in our metals service center segment were 1% higher than the 2015 fourth quarter due to higher selling prices as the selling price per ton increased by 1% over the 2015 comparable quarter. Tons shipped remained consistent compared to the 2015 fourth quarter. Gross margin was 20.6% compared to 19.1% for the fourth quarter of 2015 due to our continued growth in value-added processing. Our metals service center operating profits in the 2016 fourth quarter were \$7 million which was 71% stronger than the 2015 fourth quarter, mainly due to the improved margins.

Fourth quarter 2016 revenues in our energy products segment decreased 12% to \$242 million compared to the 2015 fourth quarter due to continued reduced activity in the energy sector as

North American rig counts remained at historic lows. Gross margin percentage of 13.8% in the 2016 fourth quarter was double the 2015 fourth quarter. Inventory provisions of \$5 million were recorded in the 2016 fourth quarter compared to \$27 million in the 2015 fourth quarter. Operating expenses were reduced by 15% from 2015 levels as our operations continued to reduce costs to coincide with the lower activity levels. Operating profits were \$5 million in the 2016 fourth quarter compared to an operating loss of \$15 million in the same quarter last year.

Revenues in our steel distributors segment in the 2016 fourth quarter of \$79 million were 11% higher than the 2015 fourth quarter. Gross margin as a percentage of revenues was 16.1% compared to negative margins in the same period in 2015 as metal prices have significantly improved over 2015 levels. Inventory provisions of \$1 million were recorded in the 2016 fourth quarter compared to \$19 million in the same quarter last year. Operating profits in the fourth quarter were \$8 million compared to a loss of \$18 million in 2015 as a result of stronger pricing.

Mr. Brian R. Hedges, CEO commented "I am pleased that the pricing environment improved late in 2016. We look forward to a positive first quarter of 2017 and a pickup in demand compared to 2016. Our increased profitability in 2016 reflects the constant attention of our operators to match expenses with business activity and their focus on managing the working capital levels of their businesses."

Mr. Hedges continued, "In the 2016 fourth quarter we optimized the utilization of two operations through the sale of properties. In addition we repatriated US\$40 million in funds from our U.S. operations to reduce our future interest cost."

<b>Reconciliation of Net Earnings</b> <i>(millions, net of tax)</i>	Quarters Ended December 31		Year Ended December 31	
	2016	2015	2016	2015
GAAP Net Earnings	\$ 23	\$ (135)	\$ 63	\$ (88)
Less:				
Sale of Properties	(17)	-	(17)	-
Asset Impairments	-	115	-	115
Change in Fair Value of Contingent Consideration	-	(21)	-	(27)
Product Warranty Claim and other	2	19	2	19
Adjusted Net Earnings	\$ 8	\$ (22)	\$ 48	\$ 19

The Board of Directors approved a quarterly dividend of \$0.38 per common share payable March 15, 2017 to shareholders of record as of March 3, 2017.

The Company will be holding an Investor Conference Call on Friday, February 17, 2017 at 9:00 a.m. ET to review its 2016 fourth quarter results. The dial-in telephone numbers for the call are 416-764-8688 (Toronto and International callers) and 1-888-390-0546 (U.S. and Canada). Please dial in 10 minutes prior to the call to ensure that you get a line.

A replay of the call will be available at 416-764-8677 (Toronto and International callers) and 1-888-390-0541 (U.S. and Canada) until midnight ET Friday March 3, 2017. You will be required to enter pass code 348549# in order to access the call.

Additional supplemental financial information is available in our investor conference call package located on our website at [www.russelmetals.com](http://www.russelmetals.com).

## **About Russel Metals**

Russel Metals is one of the largest metals distribution companies in North America. It carries on business in three metals distribution segments: metals service centers, energy products and steel distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Loubier, Alberta Industrial Metals, Apex Distribution, Apex Monarch, Apex Remington, Apex Western Fiberglass, Arrow Steel Processors, B&T Steel, Baldwin International, Comco Pipe and Supply, Fedmet Tubulars, JMS Russel Metals, Leroux Steel, McCabe Steel, Mégantic Métal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec, Norton Metals, Pioneer Pipe, Russel Metals Processing, Russel Metals Specialty Products, Russel Metals Williams Bahcall, Spartan Energy Tubulars, Sunbelt Group, Triumph Tubular & Supply, Wirth Steel and York-Ennis.

## **Cautionary Statement on Forward-Looking Information**

*Certain statements contained in this press release 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: the volatility in metal prices; volatility in oil and natural gas prices; cyclicity of the metals industry and the industries that purchase our products; decreased capital and other expenditures in the energy industry; product claims from customers; significant competition that could reduce our market share; the interruption in sources of metals supply; manufacturers selling directly to our customer base; material substitution; credit risk of our customers; lack of credit availability; change in our credit ratings; currency exchange risk; restrictive debt covenants; non-cash asset impairments; the unexpected loss of key individuals; decentralized operating structure; the availability of future acquisitions and their integration; the failure of our key computer-based systems, including our enterprise resource and planning systems, failure to renegotiate any of our collective agreements and work stoppages; litigious business environment; environmental liabilities; environmental concerns or changes in government regulations; legislation on carbon emissions; workplace health and safety laws and*

*regulations; significant changes in laws and governmental regulations; fluctuation of our common share price; dilution; and variability of dividends.*

*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 press release should not be unduly relied upon. These statements speak only as of the date of this press release 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" in our 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](http://www.sedar.com).*

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## CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

<i>(in millions of Canadian dollars, except per share data)</i>	Quarters ended December 31		Years ended December 31	
	2016	2015	2016	2015
<b>Revenues</b>	\$ 653.6	\$ 673.0	\$ 2,578.6	\$ 3,111.6
Cost of materials	536.6	604.7	2,076.9	2,624.6
Employee expenses	64.5	55.6	250.5	254.8
Other operating expenses	35.4	42.0	159.9	174.8
Impairment of goodwill and long-lived assets	-	123.5	-	123.5
Gain on sale of properties	(27.7)	-	(27.7)	-
Product warranty provision	-	20.0	-	20.0
<b>Earnings (loss) before interest, finance expense and provision for income taxes</b>	<b>44.8</b>	<b>(172.8)</b>	<b>119.0</b>	<b>(86.1)</b>
Interest expense	5.2	11.9	21.7	40.6
Other finance income	-	(21.2)	-	(26.7)
<b>Earnings (loss) before provision for income taxes</b>	<b>39.6</b>	<b>(163.5)</b>	<b>97.3</b>	<b>(100.0)</b>
Provision for (recovery of) income taxes	16.9	(28.2)	34.5	(12.4)
<b>Net earnings (loss) for the period</b>	<b>\$ 22.7</b>	<b>\$ (135.3)</b>	<b>\$ 62.8</b>	<b>\$ (87.6)</b>
<b>Basic earnings (loss) per common share</b>	<b>\$ 0.37</b>	<b>\$ (2.19)</b>	<b>\$ 1.02</b>	<b>\$ (1.42)</b>
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.36</b>	<b>\$ (2.19)</b>	<b>\$ 1.01</b>	<b>\$ (1.42)</b>

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2016	2015	2016	2015
<b>Net earnings (loss) for the period</b>	<b>\$ 22.7</b>	<b>\$ (135.3)</b>	<b>\$ 62.8</b>	<b>\$ (87.6)</b>
Other comprehensive income				
<b>Items that may be reclassified to earnings</b>				
Unrealized foreign exchange (losses) gains on translation of foreign operations	11.6	15.0	(14.8)	82.8
<b>Items that may not be reclassified to earnings</b>				
Actuarial gains on pension and similar obligations, net of taxes	8.0	3.4	0.8	0.9
Other comprehensive income (loss)	19.6	18.4	(14.0)	83.7
<b>Total comprehensive income (loss)</b>	<b>\$ 42.3</b>	<b>\$ (116.9)</b>	<b>\$ 48.8</b>	<b>\$ (3.9)</b>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in millions of Canadian dollars)</i>	December 31 2016	December 31 2015
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 181.8	\$ 143.4
Accounts receivable	359.4	333.5
Inventories	615.8	712.5
Prepaid expenses	8.5	10.7
Income taxes	6.6	24.2
	1,172.1	1,224.3
<b>Property, Plant and Equipment</b>	<b>239.7</b>	<b>267.8</b>
<b>Deferred Income Tax Assets</b>	<b>5.9</b>	<b>15.8</b>
<b>Financial and Other Assets</b>	<b>5.1</b>	<b>7.1</b>
<b>Goodwill and Intangibles</b>	<b>85.7</b>	<b>92.0</b>
	<b>\$ 1,508.5</b>	<b>\$ 1,607.0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	\$ 34.9	\$ 94.2
Accounts payable and accrued liabilities	313.5	303.1
Income taxes payable	5.3	0.4
Current portion long-term debt	0.1	0.5
	353.8	398.2
<b>Long-Term Debt</b>	<b>295.8</b>	<b>295.2</b>
<b>Pensions and Benefits</b>	<b>11.0</b>	<b>21.7</b>
<b>Deferred Income Tax Liabilities</b>	<b>14.5</b>	<b>14.2</b>
<b>Provisions and Other Non-Current Liabilities</b>	<b>8.1</b>	<b>8.8</b>
	<b>683.2</b>	<b>738.1</b>
<b>Shareholders' Equity</b>		
Common shares	532.4	531.7
Retained earnings	161.9	192.1
Contributed surplus	15.9	15.2
Accumulated other comprehensive income	115.1	129.9
<b>Total Shareholders' Equity</b>	<b>825.3</b>	<b>868.9</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 1,508.5</b>	<b>\$ 1,607.0</b>

## CONSOLIDATED STATEMENTS OF CASHFLOW

<i>(in millions of Canadian dollars)</i>	Quarters ended December 31		Years ended December 31	
	2016	2015	2016	2015
<b>Operating activities</b>				
Net earnings (loss) for the period	\$ 22.7	\$ (135.3)	\$ 62.8	\$ (87.6)
Depreciation and amortization	8.7	8.7	35.1	35.1
Provision for (recovery of) income taxes	16.9	(28.2)	34.5	(12.4)
Interest expense	5.2	11.9	21.7	40.6
Gain on sale of property, plant and equipment	(28.6)	0.1	(29.2)	(1.9)
Share-based compensation	0.2	0.3	0.9	1.2
Difference between pension expense and amount funded	(0.4)	(2.0)	(9.7)	(3.9)
Impairment of goodwill and long-lived assets	-	123.5	-	123.5
Debt accretion, amortization and other	0.2	5.4	0.7	9.5
Interest paid	(10.9)	(11.3)	(22.7)	(38.5)
Change in fair value of contingent consideration	-	(21.2)	-	(26.7)
<b>Cash from operating activities before non-cash working capital</b>	<b>14.0</b>	<b>(48.1)</b>	<b>94.1</b>	<b>38.9</b>
<b>Changes in non-cash working capital items</b>				
Accounts receivable	(11.4)	111.8	(26.1)	258.1
Inventories	24.7	119.8	92.5	276.3
Accounts payable and accrued liabilities	19.9	7.0	12.2	(172.6)
Other	1.8	0.2	2.2	0.8
<b>Change in non-cash working capital</b>	<b>35.0</b>	<b>238.8</b>	<b>80.8</b>	<b>362.6</b>
Income tax paid, net	5.9	(2.6)	(2.9)	(35.3)
<b>Cash from operating activities</b>	<b>54.9</b>	<b>188.1</b>	<b>172.0</b>	<b>366.2</b>
<b>Financing activities</b>				
Increase (decrease) in bank borrowings	(80.3)	80.6	(59.3)	70.0
Issue of common shares	0.6	0.1	0.6	0.5
Dividends on common shares	(23.5)	(23.5)	(93.8)	(93.8)
Issuance of long-term debt	-	-	0.2	-
Repayment of long-term debt	(0.4)	(174.5)	(0.7)	(174.9)
Deferred financing	-	-	-	(1.0)
<b>Cash used in financing activities</b>	<b>(103.6)</b>	<b>(117.3)</b>	<b>(153.0)</b>	<b>(199.2)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(5.0)	(8.8)	(16.7)	(38.3)
Proceeds on sale of property, plant and equipment	40.4	0.1	45.8	3.3
Purchase of business	(4.7)	-	(4.7)	(27.3)
Proceeds on sale of investment	1.8	-	1.8	-
Payment of contingent consideration	-	-	(0.1)	(17.5)
<b>Cash from (used in) investing activities</b>	<b>32.5</b>	<b>(8.7)</b>	<b>26.1</b>	<b>(79.8)</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>5.2</b>	<b>(13.1)</b>	<b>(6.7)</b>	<b>2.8</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(11.0)</b>	<b>49.0</b>	<b>38.4</b>	<b>90.0</b>
Cash and cash equivalents, beginning of the period	192.8	94.4	143.4	53.4
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 181.8</b>	<b>\$ 143.4</b>	<b>\$ 181.8</b>	<b>\$ 143.4</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
<b>Balance, January 1, 2016</b>	\$ 531.7	\$ 192.1	\$ 15.2	\$ 129.9	\$ 868.9
Payment of dividends	-	(93.8)	-	-	(93.8)
Net income for the year	-	62.8	-	-	62.8
Other comprehensive income for the year	-	-	-	(14.0)	(14.0)
Recognition of share-based compensation	-	-	0.9	-	0.9
Share options exercised	0.7	-	(0.2)	-	0.5
Transfer of net actuarial gains on defined benefit plans	-	0.8	-	(0.8)	-
<b>Balance, December 31, 2016</b>	<b>\$ 532.4</b>	<b>\$ 161.9</b>	<b>\$ 15.9</b>	<b>\$ 115.1</b>	<b>\$ 825.3</b>

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Equity Component of Convertible Debentures	Total
<b>Balance, January 1, 2015</b>	\$ 531.2	\$ 344.0	\$ 14.1	\$ 47.1	\$ 28.6	\$ 965.0
Payment of dividends	-	(93.8)	-	-	-	(93.8)
Net loss for the year	-	(87.6)	-	-	-	(87.6)
Other comprehensive income for the year	-	-	-	83.7	-	83.7
Recognition of share-based compensation	-	-	1.2	-	-	1.2
Share options exercised	0.5	-	(0.1)	-	-	0.4
Redemption of debentures	-	28.6	-	-	(28.6)	-
Transfer of net actuarial gains on defined benefit plans	-	0.9	-	(0.9)	-	-
<b>Balance, December 31, 2015</b>	<b>\$ 531.7</b>	<b>\$ 192.1</b>	<b>\$ 15.2</b>	<b>\$ 129.9</b>	<b>\$ -</b>	<b>\$ 868.9</b>