

## RUSSEL METALS ANNOUNCES 2024 SECOND QUARTER RESULTS

### FOR IMMEDIATE RELEASE

TORONTO, CANADA -- July 31, 2024 -- Russel Metals Inc. (RUS - TSX) announces financial results for three months ended June 30, 2024.

**Revenues of \$1.1 Billion and EBITDA<sup>1</sup> of \$86 Million**  
**Invested \$24 Million in Capital Expenditures**  
**Repurchased \$56 Million of Shares**  
**Redeemed \$150 Million of 6% Notes**  
**Liquidity<sup>1</sup> of \$768 Million**

	Three Months Ended			Six Months Ended	
	Jun 30 2024	Mar 31 2024	Jun 30 2023	Jun 30 2024	Jun 30 2023
Revenues	\$ 1,072	\$ 1,061	\$ 1,189	\$ 2,133	\$ 2,376
EBITDA <sup>1</sup>	86	84	131	170	248
Net income	50	50	85	100	159
Earnings per share	0.84	0.82	1.37	1.66	2.56

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

#### Non-GAAP Measures and Ratios

We use a number of measures that are not prescribed by IFRS Accounting Standards ("IFRS" or "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 non-GAAP measures include EBITDA and Liquidity and are defined below. Refer to Non-GAAP Measures and Ratios on page 2 of our Management Discussion and Analysis.

EBIT - represents net earnings before interest and income taxes.

EBITDA - represents net earnings before interest, income taxes, depreciation and amortization.

Liquidity - represents cash on hand less bank indebtedness plus excess availability under our bank credit facility.

Cash (for) from working capital - represents the change in non-cash working capital.

The following table shows the reconciliation of net earnings in accordance with GAAP to EBITDA for 2024 and 2023:

(\$ millions, except per share data)	Three Months Ended			Six Months Ended	
	Jun 30 2024	Mar 31 2024	Jun 30 2023	Jun 30 2024	Jun 30 2023
Net earnings	\$ 49.9	\$ 49.7	\$ 85.0	\$ 99.6	\$ 158.9
Provision for income taxes	16.9	16.7	26.9	33.6	49.2
Interest (income) expense, net	1.4	(0.1)	2.8	1.3	6.6
EBIT <sup>1</sup>	68.2	66.3	114.7	134.5	214.7
Depreciation and amortization	17.6	17.7	16.7	35.3	33.1
EBITDA <sup>1</sup>	\$ 85.8	\$ 84.0	\$ 131.4	\$ 169.8	\$ 247.8
Basic earnings per share	\$ 0.84	\$ 0.82	\$ 1.37	\$ 1.66	\$ 2.56

<sup>1</sup> Defined in Non-GAAP Measures and Ratios

Our earnings per share of \$0.84 for the quarter ended June 30, 2024, was higher than the \$0.82 recorded in the 2024 first quarter but lower than the \$1.37 per share recorded in the second quarter of 2023. For the six months ended June 30, 2024, our earnings per share of \$1.66 compared to \$2.56 for the same period in 2023. Revenues of \$1.1 billion were consistent with the 2024 first quarter and lower than the \$1.2 billion experienced in second quarter of 2023. Our gross margins of 21.0% compared to 22.4% in the 2024 first quarter and 23.1% in the same quarter of 2023.

Our EBITDA for the quarter was \$86 million compared to \$84 million in the first quarter of 2024 and \$131 million in the same quarter of 2023. EBITDA in the second quarter of 2024 was negatively impacted by \$1 million in non-recurring expenses relating to the announced acquisition from Samuel, Son & Co. Limited ("Samuel") and positively impacted by an \$8 million expense recovery related to the non-cash mark-to-market on our stock-based compensation.

### *Market Conditions*

The average price for hot rolled coil and plate decreased by 17% and 12%, respectively, in the second quarter of 2024 as compared to the first quarter of 2024. By contrast, our metals service centers only experienced a 4% reduction in its average selling prices for the second quarter of 2024 as compared to the first quarter of 2024. We shipped 2% higher volumes in the second quarter of 2024 as compared to the first quarter of 2024, due to slightly higher demand. Our energy field stores have reported consistent revenues over the past several quarters as a reflection of steady business activity.

### *Capital Investment Growth Initiatives*

On June 4, 2024, we announced that we had received regulatory clearance to proceed with our previously announced transaction with Samuel, whereby we agreed to acquire five of their service center locations in Western Canada and two of their locations in the Northeastern United States. We expect this transaction to close in the 2024 third quarter. At the time of the acquisition announcement, we had a plan to substantially reduce the capital invested in the business in order to achieve our target return on capital. In the period since the acquisition announcement, Samuel's inventory position has declined by approximately \$40 million between September 30, 2023 and June 30, 2024. As a result, our purchase price will be adjusted on a dollar-for-dollar basis for the change in working capital.

In the 2024 second quarter, we made capital expenditure investments of \$24 million and for the six months ended June 30, 2024, we invested \$48 million. To date, our capital expenditures included metals service center facility modernizations of: (i) \$11 million for our greenfield facility in Saskatoon (Saskatchewan) that is scheduled to open in the fall of 2024; (ii) \$7 million for the expansion of our Texarkana (Texas) facility that is scheduled to be complete in the 2024 fourth quarter, and (iii) \$7 million for the expansions of our locations in Joplin, Missouri and Little Rock, Arkansas to be complete in the 2024 fourth quarter.

### *Returning Capital to Shareholders*

We have adopted a flexible approach to returning capital to shareholders through: (i) our ongoing dividend; and (ii) share buy backs.

In May 2024, we announced a 5% increase in our quarterly dividend from \$0.40 to \$0.42 per share and in the 2024 second quarter, we paid dividends of \$25 million. We have declared a dividend of \$0.42 per share, payable on September 16, 2024, to shareholders of record at the close of business on August 28, 2024.

In August 2023, we renewed our normal course issuer bid to purchase for cancellation up to 6.1 million of our common shares over 12 months. In the 2024 second quarter, we purchased and cancelled 1.5 million common shares at an average price per share of \$38.08 for total consideration of \$56 million (excluding the impact of the recently enacted 2% federal tax on share repurchases). In the period since the August 2022 normal course issuer bid was established, we purchased approximately 5 million common shares, which represents approximately 8% of our then outstanding shares, at an average price per share of \$36.31 for total consideration of \$180 million. In August 2024, we intend to renew our normal course issuer bid, subject to approval from the Toronto Stock Exchange, to purchase for cancellation up to approximately 5.8 million of our common shares representing 10% of our public float over a 12-month period.

### *Liquidity and Capital Structure*

During the 2024 second quarter, we generated \$69 million of cash from operating activities and ended the quarter with total available Liquidity of \$768 million.

On May 2, 2024, we redeemed the \$150 million 6% senior unsecured notes at par plus accrued and unpaid interest. This redemption will reduce our interest expense while maintaining strong ongoing liquidity.

On July 15, 2024, we entered into a new credit facility with an extended term. The new credit facility's total availability increased by \$150 million to \$600 million, is unsecured with no borrowing base restrictions and includes more flexible investment grade type financial covenants.

The new bank structure, in combination with the recent redemption of the \$150 million 6% senior unsecured notes and the flexibility that we will have to par call the remaining \$150 million of our legacy term notes in October 2024, will provide us with greater flexibility as we continue with our growth initiatives.

### *Outlook*

Steel prices declined over the past several quarters but are expected to stabilize at levels that are above historical averages, as the industry exhibits inventory discipline. Our average margins, however, are expected to be lower in the third quarter versus the second quarter, as a result of the lower margins towards the end of the second quarter as compared to the second quarter average. Margins should rebound once the lag effect of lower cost inventories continue to work through our cost of goods sold and selling prices stabilize.

Our end market activity remains steady and is expected to continue into the third quarter, other than the impact from reduced shipping days from various seasonal holidays in North American. We expect to benefit from higher shipment activity in both Western Canada and the U.S. once the Samuel acquisition closes later in the third quarter. Over the medium-term, we expect growth in North American steel consumption as a result of onshoring activities and infrastructure spending initiatives in both Canada and the U.S. In addition, we are positioned to gain market share through our ongoing investment initiatives. Our energy field stores are expected to continue to benefit from solid energy activity in 2024.

### *Investor Conference Call*

The Company will be holding an Investor Conference Call on Thursday, August 1, 2024, at 9:00 a.m. ET to review its 2024 second 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, Thursday, August 15, 2024. You will be required to enter pass code 447383# 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 Inc.*

Russel Metals is one of the largest metals distribution companies in North America with a growing focus on value-added processing. It carries on business in three segments: metals service centers, energy field stores and steel distributors. Its network of metals service centers carries an extensive line of metal products in a wide range of sizes, shapes and specifications, including carbon hot rolled and cold finished steel, pipe and tubular products, stainless steel, aluminum and other non-ferrous specialty metals. Its energy field stores carry a specialized product line focused on the needs of energy industry customers. Its steel distributors operations act as master distributors selling steel in large volumes to other steel service centers and large equipment manufacturers mainly on an "as is" basis.

### **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: volatility in metal prices; cyclical nature of the metals industry; future acquisitions; facilities modernization; volatility in the energy industry; product claims; significant competition; sources of supply and supply chain disruptions; manufacturers selling directly; material substitution; failure of our key computer-based systems; cybersecurity; credit risk; currency exchange risk; restrictive debt covenants; goodwill or long-term asset impairments; the unexpected loss of key individuals; decentralized operating structure; labour interruptions; laws and governmental regulations; litigious environment; environmental liabilities; climate change; carbon emissions; health and safety laws and regulations; geopolitical risk and common share risk.*

*While we believe that the expectations reflected in our forward-looking statements are reasonable, no assurance can be given that these expectations will prove to be correct, and our forward-looking statements included in this 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 as otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*

If you would like to **unsubscribe** from receiving Press Releases, you may do so by emailing [subscriber@russelmetals.com](mailto:subscriber@russelmetals.com); or by calling our Investor Relations Line: 905-816-5178.

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## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)

<i>(in millions of Canadian dollars, except per share data)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
Revenues	\$ 1,071.5	\$ 1,189.6	\$ 2,132.6	\$ 2,376.3
Cost of materials	846.2	914.2	1,669.4	1,840.6
Employee expenses	89.1	105.4	188.9	206.3
Other operating expenses	68.0	61.8	139.8	130.1
Earnings from joint venture	-	(6.5)	-	(15.4)
<b>Earnings before interest and provision for income taxes</b>	68.2	114.7	134.5	214.7
Interest expense, net	1.4	2.8	1.3	6.6
<b>Earnings before provision for income taxes</b>	66.8	111.9	133.2	208.1
Provision for income taxes	16.9	26.9	33.6	49.2
Net earnings for the period	\$ 49.9	\$ 85.0	\$ 99.6	\$ 158.9
<b>Basic earnings per common share</b>	\$ 0.84	\$ 1.37	\$ 1.66	\$ 2.56
<b>Diluted earnings per common share</b>	\$ 0.84	\$ 1.37	\$ 1.66	\$ 2.56

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<b>Net earnings for the period</b>	\$ 49.9	\$ 85.0	\$ 99.6	\$ 158.9
Other comprehensive income (loss)				
<b>Items that may be reclassified to earnings</b>				
Unrealized foreign exchange gains (losses) on translation of foreign operations	9.5	(19.0)	31.7	(19.7)
<b>Items that may not be reclassified to earnings</b>				
Actuarial gains on pension and similar obligations, net of taxes	0.3	1.6	3.9	1.3
Other comprehensive income (loss)	9.8	(17.4)	35.6	(18.4)
<b>Total comprehensive income</b>	\$ 59.7	\$ 67.6	\$ 135.2	\$ 140.5

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	June 30 2024	December 31 2023
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 386.2	\$ 629.2
Accounts receivable	498.7	457.4
Inventories	861.5	840.3
Prepays and other	26.0	26.2
Income taxes receivable	11.4	8.2
	1,783.8	1,961.3
<b>Property, Plant and Equipment</b>	372.6	339.9
<b>Right-of-Use Assets</b>	104.2	100.0
<b>Deferred Income Tax Assets</b>	0.9	1.2
<b>Pension and Benefits</b>	47.5	43.6
<b>Financial and Other Assets</b>	4.1	3.9
<b>Goodwill and Intangibles</b>	118.1	120.2
<b>Total Assets</b>	\$ 2,431.2	\$ 2,570.1
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 446.3	\$ 454.2
Short-term lease obligations	17.0	15.7
Income taxes payable	0.3	3.6
	463.6	473.5
<b>Long-Term Debt</b>	148.9	297.2
<b>Pensions and Benefits</b>	1.9	2.0
<b>Deferred Income Tax Liabilities</b>	20.0	17.5
<b>Long-term Lease Obligations</b>	113.5	109.6
<b>Provisions and Other Non-Current Liabilities</b>	27.6	30.4
<b>Total Liabilities</b>	775.5	930.2
<b>Shareholders' Equity</b>		
Common shares	541.7	556.3
Retained earnings	953.6	954.6
Contributed surplus	10.0	10.3
Accumulated other comprehensive income	150.4	118.7
<b>Total Shareholders' Equity</b>	1,655.7	1,639.9
<b>Total Liabilities and Shareholders' Equity</b>	\$ 2,431.2	\$ 2,570.1

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2024	2023	2024	2023
<b>Operating Activities</b>				
Net earnings for the period	\$ 49.9	\$ 85.0	\$ 99.6	\$ 158.9
Depreciation and amortization	17.6	16.7	35.3	33.1
Provision for income taxes	16.9	26.9	33.6	49.2
Interest expense, net	1.4	2.8	1.3	6.6
Gain on sale of property, plant and equipment	(0.2)	(0.3)	(0.4)	(0.5)
Earnings from joint venture	-	(6.5)	-	(15.4)
Difference between pension expense and amount funded	0.6	0.6	1.3	0.6
Debt accretion, amortization and other	1.3	0.3	1.7	0.6
Interest received (paid) net, including interest on lease obligations	(2.5)	(2.3)	(2.1)	(6.0)
Cash from operating activities before non-cash working capital	85.0	123.2	170.3	227.1
<b>Changes in Non-Cash Working Capital Items</b>				
Accounts receivable	13.3	18.0	(37.1)	(87.9)
Inventories	(15.8)	(14.2)	(11.2)	1.0
Accounts payable and accrued liabilities	7.8	16.6	(12.3)	84.1
Other	0.5	6.5	0.2	9.0
Change in non-cash working capital	5.8	26.9	(60.4)	6.2
Income tax paid, net	(21.9)	(19.4)	(38.8)	(35.3)
<b>Cash from operating activities</b>	<b>68.9</b>	<b>130.7</b>	<b>71.1</b>	<b>198.0</b>
<b>Financing Activities</b>				
Issue of common shares	0.8	3.2	1.6	11.8
Repurchase of common shares	(57.0)	(44.2)	(71.9)	(44.2)
Dividends on common shares	(25.0)	(24.7)	(49.1)	(48.4)
Repayment of long-term debt	(150.0)	-	(150.0)	-
Lease obligations	(4.6)	(4.4)	(9.3)	(8.3)
<b>Cash used in financing activities</b>	<b>(235.8)</b>	<b>(70.1)</b>	<b>(278.7)</b>	<b>(89.1)</b>
<b>Investing Activities</b>				
Purchase of property, plant and equipment	(24.2)	(15.4)	(48.0)	(29.6)
Proceeds on sale of property, plant and equipment	0.3	0.3	0.5	0.6
Dividends received from joint venture	-	9.8	-	13.7
<b>Cash used in investing activities</b>	<b>(23.9)</b>	<b>(5.3)</b>	<b>(47.5)</b>	<b>(15.3)</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>2.5</b>	<b>(6.3)</b>	<b>12.1</b>	<b>(6.5)</b>
(Decrease) Increase in cash and cash equivalents	(188.3)	49.0	(243.0)	87.1
Cash and cash equivalents, beginning of the period	574.5	401.1	629.2	363.0
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 386.2</b>	<b>\$ 450.1</b>	<b>\$ 386.2</b>	<b>\$ 450.1</b>

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2024	\$ 556.3	\$ 954.6	\$ 10.3	\$ 118.7	\$ 1,639.9
Payment of dividends	-	(49.1)	-	-	(49.1)
Net earnings for the period	-	99.6	-	-	99.6
Other comprehensive income for the period	-	-	-	35.6	35.6
Share options exercised	1.9	-	(0.3)	-	1.6
Shares repurchased	(16.5)	(55.4)	-	-	(71.9)
Transfer of net actuarial gains on defined benefit plans	-	3.9	-	(3.9)	-
<b>Balance, June 30, 2024</b>	<b>\$ 541.7</b>	<b>\$ 953.6</b>	<b>\$ 10.0</b>	<b>\$ 150.4</b>	<b>\$ 1,655.7</b>

<i>(in millions of Canadian dollars)</i>	Common Shares	Retained Earnings	Contributed Surplus	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2023	\$ 562.4	\$ 844.6	\$ 12.2	\$ 140.1	\$ 1,559.3
Payment of dividends	-	(48.4)	-	-	(48.4)
Net earnings for the period	-	158.9	-	-	158.9
Other comprehensive loss for the period	-	-	-	(18.4)	(18.4)
Share options exercised	13.7	-	(1.9)	-	11.8
Shares repurchased	(11.4)	(32.8)	-	-	(44.2)
Transfer of net actuarial gains on defined benefit plans	-	1.3	-	(1.3)	-
<b>Balance, June 30, 2023</b>	<b>\$ 564.7</b>	<b>\$ 923.6</b>	<b>\$ 10.3</b>	<b>\$ 120.4</b>	<b>\$ 1,619.0</b>