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A Strong Balance Sheet Has Russel Metals Well Positioned To Take Advantage Of Any Future Acquisition Opportunities To Grow The Company In The Mature Metals Distribution Industry



**Distributors
Metal Products
(RUS-TSX)**

Russel Metals Inc.

**Suite 210, 1900 Minnesota Court
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Phone: 905-819-7777**



**Ms. Marion E. Britton
VP and Chief Financial Officer**

BIO:

Ms. Britton is a Chartered Accountant. She articulated with Thorne Riddell a predecessor to KPMG. In 1984, Ms. Britton joined Marshall Drummond McCall, which was acquired by Russel Metals in 1987. From 1987 to 1994, Ms. Britton was responsible for financial management for the Metals Operations. From 1994 to 2004 Ms. Britton was Vice Presi-

dent and Controller and from 2004 to 2008 was Vice President and Chief Accounting Officer of Russel Metals, responsible for our internal control systems and financial reporting. On February 18, 2008, Ms. Britton was promoted to Chief Financial Officer.

Company Profile:

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 tubular products and steel distributors, under various names including Russel Metals, A.J. Forsyth, Acier Leroux, Acier Loubier, Acier Richler, Arrow Steel Processors, B&T Steel, Baldwin International, Comco Pipe and Supply, Fedmet Tubulars, JMS Russel Metals, Leroux Steel, McCabe Steel, Mégantic Metal, Métaux Russel, Métaux Russel Produits Spécialisés, Milspec Industries, Pioneer Pipe, Russel Metals Specialty Products, Russel Metals Williams Bahcall, Spartan Steel Products, Sunbelt Group, Triumph Tubular & Supply, Wirth Steel and York-Ennis.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Ms. Britton, what is the vision for Russel Metals?

Ms. Britton: "Russel Metals is a metals distribution company and we are in a mature industry. One of the things that we consider is where our growth opportunities are in North America as opposed to expansion into new products. To describe what our business does, we are in the distribution business whereby we buy from metal producers mainly in North

America and then sell onto smaller customers with some processing of products. What we have done is try to position ourselves; with a strong balance sheet to be ready to take on opportunities as they come up in the future."

CEOCFO: You have grown by acquisition; do you see additional acquisitions?

Ms. Britton: "We anticipate doing additional acquisitions. The US has gone through a lot of consolidation similar to Canada. In Canada, there is less companies and a lot of consolidation already has occurred: whereas, in the US there is a lot more that could occur in the future. We believe that we can expand into certain areas, particularly in the area where JMS Russel Metals operates."

CEOCFO: What are the challenges in your industry and how do you surmount them?

Ms. Britton: "The challenges for steel distributors are reacting to price change. We are not really the drivers in the pricing of steel; it is more driven by steel mills. The mills over time have had problems but with the recent consolidations they seem to be much more stable and much more willing not to overproduce and then lower the price. We, being a distributor feel that their consolidation will help us by providing consistent supply to our customers."

CEOCFO: How is the assimilation of JMS working for you?

Ms. Britton: "The acquisition has done really well. The consolidation that we plan on doing really relates to policies, procedures and then putting them onto our computer system. The benefit was they had a similar culture and there are a

number of people quite willing and open to move forward and grow with Russel Metals.”

CEOCFO: Is there much difference operating in the US than Canada?

Ms. Britton: “Not a lot difference in our industry. We have had operations in the US for sometime. We have a service center in Wisconsin. The one thing that we do is we give a lot of responsibility to our local management as they are the people that know their customer base and know what is going on. The supply of steel in North America is somewhat borderless, mills in Canada supply in the US, and similarly the US mills supply into Canada.”

CEOCFO: Is there any effect in the change in exchange rates on your company?

Ms. Britton: “Some impact. First of all steel is a commodity that is pretty much traded in US dollars around the world so the Canadian pricing does move to the US dollar pricing over a short period of time. The concern we have is the ability of the Canadian customers to get enough money for their product when they export it. The manufacturers in Canada, ship a lot into the US.”

CEOCFO: What is your financial picture like today?

Ms. Britton: “We have a very strong balance sheet. We have enough cash or could borrow to do whatever acquisitions we find. We pay a dividend to our shareholders based on continued balance sheet strength and our strong equity position.”

CEOCFO: What do you see two or three years down the line and how will Russel Metals change?

Ms. Britton: “We have always been a company that is quite conservative but we will have some growth. We look not at the top line or revenue but look at the bottom line because we figure that net income is what we need for future growth. We anticipate growth over time but it is not something we have to have to be successful.”

CEOCFO: You have recently been appointed to the role of CFO and the role of CFO has become more important over the last few years; what do you see as your role at Russel Metals?

Ms. Britton: “I have been with Russel Metals for a number of years and one of

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the hats that I have always worn since I have been here is responsibility for controls and governance within the company. Russel Metals has always taken that area seriously. I will continue my role in ensuring our financial reporting is accurate. A new part of my role will be involved with meeting with external investors and financing partners of the company. I have always played some role in that area as well as acquisitions, so I will be teaming very closely with our CEO and COO on any strategic growth that we see out there.”

CEOCFO: What does the competitive landscape look like, and why are people purchasing from Russel companies?

Ms. Britton: “Russel, particularly in Canada has a number of operations. We have fifty some locations across Canada therefore we can service customer’s needs. We do want to be a supplier for our customers that service just in time, where they want the metal, when they want it. Many of our sales are within 24 to 48 hours of when we take the order. We pride ourselves in being able to take an order and deliver with what our customers needs are.”

CEOCFO: Why should potential investors be interested, and what might they overlook about Russel that should jump out?

Ms. Britton: “Russel is in the industrial group of stocks, but is a bit of a steel play. We are not capital intense, most of our assets are working capital therefore our balance sheet will throw off cash when the earnings go down. We are able to produce cash at most points in the cycle. It is either coming

out of our earnings when they are strong or when the earnings go down we are able to reduce our working capital which takes cash out of our balance sheet.”

CEOCFO: What should people remember most about Russel?

Ms. Britton: “People should take note that Russel Metals has a strong balance sheet, we are in many cities across Canada, and we do have the ability to grow within the US. We are one of the top five largest metals distribution companies in North America.”



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