

Ryerson Holding Corp
Form 10-Q
November 02, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 001-34735

RYERSON HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE 26-1251524
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

227 W. Monroe St., 27th Floor

Chicago, Illinois 60606

(Address of principal executive offices)

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(312) 292-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of November 1, 2016, there were 37,132,019 shares of Common Stock, par value \$0.01 per share, outstanding.

RYERSON HOLDING CORPORATION AND SUBSIDIARY COMPANIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RYERSON HOLDING CORPORATION AND SUBSIDIARY COMPANIES

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(In millions, except per share data)

	Three Months		Nine Months Ended	
	Ended September 30, 2016	2015	September 30, 2016	2015
Net sales	\$735.1	\$790.0	\$2,177.5	\$2,498.4
Cost of materials sold	589.7	639.7	1,721.5	2,032.3
Gross profit	145.4	150.3	456.0	466.1
Warehousing, delivery, selling, general and administrative	109.1	112.8	331.5	343.4
Restructuring and other charges	2.5	—	2.5	—
Impairment charges on fixed assets	—	0.5	—	1.9
Operating profit	33.8	37.0	122.0	120.8
Other income and (expense), net	(0.2)	1.2	(13.2)	(10.7)
Interest and other expense on debt	(23.6)	(25.4)	(67.5)	(74.5)
Income before income taxes	10.0	12.8	41.3	35.6
Provision for income taxes	1.6	6.1	14.0	16.1
Net income	8.4	6.7	27.3	19.5
Less: Net income (loss) attributable to noncontrolling interest	0.2	—	—	(0.5)
Net income attributable to Ryerson Holding Corporation	\$8.2	\$6.7	\$27.3	\$20.0
Comprehensive income (loss)	\$6.9	\$(4.7)	\$34.7	\$6.3
Less: Comprehensive income (loss) attributable to noncontrolling interest	0.1	(0.2)	—	(0.8)
Comprehensive income (loss) attributable to Ryerson Holding Corporation	\$6.8	\$(4.5)	\$34.7	\$7.1
Basic and diluted earnings per share	\$0.23	\$0.21	\$0.82	\$0.62

See Notes to Condensed Consolidated Financial Statements.

RYERSON HOLDING CORPORATION AND SUBSIDIARY COMPANIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In millions)

	Nine Months Ended September 30,	
	2016	2015
Operating activities:		
Net income	\$27.3	\$19.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31.8	33.9
Stock-based compensation	1.0	0.5
Deferred income taxes	13.4	15.0
Provision for allowances, claims and doubtful accounts	2.1	1.9
(Gain) loss on retirement of debt	7.2	(0.3)
Other-than-temporary impairment charge on available-for-sale investments	2.8	12.3
Impairment charges on fixed assets	—	1.9
Restructuring and other charges	2.5	—
Premium and fees paid related to debt modification	(15.6)	—
Other items	(0.2)	(0.6)
Change in operating assets and liabilities:		
Receivables	(54.9)	21.7
Inventories	(67.3)	91.8
Other assets	5.7	9.8
Accounts payable	38.2	30.0
Accrued liabilities	17.9	5.1
Accrued taxes payable/receivable	1.3	(1.0)
Deferred employee benefit costs	(36.1)	(48.9)
Net adjustments	(50.2)	173.1
Net cash provided by (used in) operating activities	(22.9)	192.6
Investing activities:		
Acquisitions, net of cash acquired	—	(7.7)
Decrease in restricted cash	0.2	0.2
Capital expenditures	(19.7)	(22.3)
Proceeds from sale of property, plant and equipment	3.2	2.8
Net cash used in investing activities	(16.3)	(27.0)
Financing activities:		
Net proceeds from issuance of common stock	71.5	—
Long-term debt issued	650.0	—
Repayment of debt	(689.0)	(59.9)
Net proceeds (repayments) of short-term borrowings	3.2	(104.7)
Net increase (decrease) in book overdrafts	20.1	(4.5)
Long-term debt issuance costs	(5.2)	—
Credit facility issuance costs	—	(3.9)
Principal payments on capital lease obligations	(3.9)	(1.2)
Contributions from non-controlling interest	0.3	—

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Net cash provided by (used in) financing activities	47.0	(174.2)
Net increase (decrease) in cash and cash equivalents	7.8	(8.6)
Effect of exchange rate changes on cash and cash equivalents	2.2	(3.1)
Net change in cash and cash equivalents	10.0	(11.7)
Cash and cash equivalents—beginning of period	63.2	60.0
Cash and cash equivalents—end of period	\$73.2	\$48.3
Supplemental disclosures:		
Cash paid during the period for:		
Interest paid to third parties	\$49.2	\$49.2
Income taxes, net	1.4	2.6
Noncash investing activities:		
Asset additions under capital leases	\$2.1	\$1.8

See Notes to Condensed Consolidated Financial Statements.

RYERSON HOLDING CORPORATION AND SUBSIDIARY COMPANIES

Condensed Consolidated Balance Sheets

(In millions, except shares)

	September 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 73.2	\$ 63.2
Restricted cash	1.0	1.2
Receivables less provision for allowances, claims and doubtful accounts of \$5.2 in 2016 and 2015	360.1	305.7
Inventories	625.2	555.8
Prepaid expenses and other current assets	27.4	32.8
Total current assets	1,086.9	958.7
Property, plant, and equipment, at cost	667.3	654.5
Less: Accumulated depreciation	274.0	254.2
Property, plant and equipment, net	393.3	400.3
Deferred income taxes	12.5	31.8
Other intangible assets	42.1	46.2
Goodwill	103.2	103.2
Deferred charges and other assets	5.3	5.0
Total assets	\$ 1,643.3	\$ 1,545.2
Liabilities		
Current liabilities:		
Accounts payable	\$ 265.0	\$ 206.3
Salaries, wages and commissions	35.5	26.3
Other accrued liabilities	60.8	52.0
Short-term debt	20.0	22.0
Current portion of deferred employee benefits	9.2	9.1
Total current liabilities	390.5	315.7
Long-term debt	957.9	1,001.5
Deferred employee benefits	291.4	327.7
Taxes and other credits	36.7	41.1
Total liabilities	1,676.5	1,686.0
Commitments and contingencies		
Redeemable noncontrolling interest	(0.2)	0.1
Equity		
Ryerson Holding Corporation stockholders' equity (deficit):		
Preferred stock, \$0.01 par value; 7,000,000 shares authorized and no shares issued at 2016 and 2015	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized; 37,344,519 shares issued at 2016 and 32,312,200 issued at 2015	0.4	0.3
Capital in excess of par value	375.1	302.6
Accumulated deficit	(103.6)	(130.9)
Treasury stock at cost – Common stock of 212,500 shares in 2016 and 2015	(6.6)	(6.6)

Accumulated other comprehensive loss