

Ryerson Holding Corp  
Form 10-Q  
May 01, 2019

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 March 31, 2019

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., 27<sup>th</sup> 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 every Interactive Data File required to be submitted 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 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", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Emerging growth company

Non-accelerated filer Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Yes No

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 April 29, 2019, there were 37,783,761 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 Ended March 31,	
	2019	2018
Net sales	\$1,230.8	\$941.3
Cost of materials sold	999.5	776.4
Gross profit	231.3	164.9
Warehousing, delivery, selling, general, and administrative	163.7	130.5
Restructuring and other charges	0.3	—
Operating profit	67.3	34.4
Other income and (expense), net	(0.8 )	3.6
Interest and other expense on debt	(23.9 )	(23.3 )
Income before income taxes	42.6	14.7
Provision for income taxes	13.0	4.1
Net income	29.6	10.6
Less: Net income attributable to noncontrolling interest	0.1	0.2
Net income attributable to Ryerson Holding Corporation	\$29.5	\$10.4
Comprehensive income	\$33.1	\$9.6
Less: Comprehensive income attributable to noncontrolling interest	0.2	0.2
Comprehensive income attributable to Ryerson Holding Corporation	\$32.9	\$9.4
Basic earnings per share	\$0.79	\$0.28
Diluted earnings per share	\$0.78	\$0.28

See Notes to Condensed Consolidated Financial Statements.

## RYERSON HOLDING CORPORATION AND SUBSIDIARY COMPANIES

## Condensed Consolidated Statements of Cash Flows (Unaudited)

(In millions)

Three Months  
Ended  
March 31,  
2019 2018

Operating activities:		
Net income	\$29.6	\$10.6
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	14.2	11.5
Stock-based compensation	0.8	0.7
Deferred income taxes	11.9	3.0
Provision for allowances, claims, and doubtful accounts	1.3	1.2
Restructuring and other charges	0.3	—
Loss on retirement of debt	0.2	—
Non-cash (gain) loss from derivatives	(2.8 )	0.8
Other items	0.3	(0.1 )
Change in operating assets and liabilities:		
Receivables	(69.8 )	(95.7 )
Inventories	(69.5 )	(62.0 )
Other assets	1.0	6.3
Accounts payable	81.0	145.4
Accrued liabilities	(7.3 )	18.3
Accrued taxes payable/receivable	(2.8 )	0.6
Deferred employee benefit costs	(6.9 )	(8.9 )
Net adjustments	(48.1 )	21.1
Net cash provided by (used in) operating activities	(18.5 )	31.7
Investing activities:		
Capital expenditures	(11.3 )	(7.6 )
Proceeds from sale of property, plant, and equipment	8.5	0.1
Net cash used in investing activities	(2.8 )	(7.5 )
Financing activities:		
Repayment of debt	(11.8 )	(0.1 )
Net proceeds (repayments) of short-term borrowings	21.4	(12.4 )
Net increase (decrease) in book overdrafts	12.5	(17.4 )
Principal payments on finance lease obligations	(3.0 )	(3.1 )
Contingent payment related to acquisitions	(0.4 )	—
Net cash provided by (used in) financing activities	18.7	(33.0 )
Net decrease in cash, cash equivalents, and restricted cash	(2.6 )	(8.8 )
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	1.4	(0.9 )
Net change in cash, cash equivalents, and restricted cash	(1.2 )	(9.7 )
Cash, cash equivalents, and restricted cash—beginning of period	24.3	78.5
Cash, cash equivalents, and restricted cash—end of period	\$23.1	\$68.8

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Supplemental disclosures:		
Cash paid during the period for:		
Interest paid to third parties, net	\$6.3	\$3.9
Income taxes, net	3.2	0.6
Noncash investing activities:		
Asset additions under adoption of accounting principal ASC 842	82.3	—
Asset additions under operating leases	2.6	—
Asset additions under finance leases and sale-leasebacks	0.1	1.9
Asset additions under financing arrangements	—	0.3
Noncash financing activities:		
Short term debt converted to capital lease	7.6	—

See Notes to Condensed Consolidated Financial Statements.

## RYERSON HOLDING CORPORATION AND SUBSIDIARY COMPANIES

## Condensed Consolidated Balance Sheets

(In millions, except shares)

	March 31, 2019 (unaudited)	December 31, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 22.0	\$ 23.2
Restricted cash	1.1	1.1
Receivables less provisions of \$3.6 in 2019 and \$2.5 in 2018	590.4	521.0
Inventories	876.9	806.3
Prepaid expenses and other current assets	56.9	61.5
Total current assets	1,547.3	1,413.1
Property, plant, and equipment, at cost	839.4	838.4
Less: Accumulated depreciation	358.7	349.4
Property, plant, and equipment, net	480.7	489.0
Operating lease assets	79.9	—
Other intangible assets	56.3	58.1
Goodwill	120.3	120.3
Deferred charges and other assets	5.2	5.8
Total assets	\$ 2,289.7	\$ 2,086.3
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 483.5	\$ 390.2
Salaries, wages, and commissions	39.7	66.6
Other accrued liabilities	95.1	77.0
Short-term debt	18.7	27.3
Current portion of operating lease liabilities	17.4	—
Current portion of deferred employee benefits	7.9	7.9
Total current liabilities	662.3	569.0
Long-term debt	1,137.8	1,126.0
Deferred employee benefits	250.7	258.4
Noncurrent operating lease liabilities	68.1	—
Other noncurrent liabilities	58.0	57.0
Total liabilities	2,176.9	2,010.4
<b>Commitments and contingencies</b>		
<b>Equity</b>		
Ryerson Holding Corporation stockholders' equity:		
Preferred stock, \$0.01 par value; 7,000,000 shares authorized and no shares issued at 2019 and 2018	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized; 37,665,580 and 37,656,505 shares issued at 2019 and 2018, respectively	0.4	0.4
Capital in excess of par value	381.8	381.0

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Retained earnings	46.7	14.2
Treasury stock at cost – Common stock of 212,500 shares in 2019 and 2018	(6.6 )	(6.6 )
Accumulated other comprehensive loss	(312.4 )	(315.8 )
Total Ryerson Holding Corporation stockholders' equity	109.9	73.2
Noncontrolling interest	2.9	2.7
Total equity	112.8	75.9
Total liabilities and equity	\$ 2,289.7	\$ 2,086.3

See Notes to Condensed Consolidated Financial Statements.



RYERSON HOLDING CORPORATION AND SUBSIDIARY COMPANIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 1: FINANCIAL STATEMENTS

Ryerson Holding Corporation (“Ryerson Holding”), a Delaware corporation, is the parent company of Joseph T. Ryerson & Son, Inc. (“JT Ryerson”), a Delaware corporation. Affiliates of Platinum Equity, LLC (“Platinum”) own approximately 21,037,500 shares of our common stock, which is approximately 56% of our issued and outstanding common stock.

We are a leading value-added processor and distributor of industrial metals, with operations in the United States through JT Ryerson, in Canada through our indirect wholly-owned subsidiary Ryerson Canada, Inc., a Canadian corporation (“Ryerson Canada”), and in Mexico through our indirect wholly-owned subsidiary Ryerson Metals de Mexico, S. de R.L. de C.V., a Mexican corporation (“Ryerson Mexico”). In addition to our North American operations, we conduct materials distribution operations in China through an indirect wholly-owned subsidiary, Ryerson China Limited (“Ryerson China”). Unless the context indicates otherwise, Ryerson Holding, JT Ryerson, Ryerson Canada, Ryerson China, and Ryerson Mexico together with their subsidiaries, are collectively referred to herein as “Ryerson,” “we,” “us,” “our,” or the “Company.”

Results of operations for any interim period are not necessarily indicative of results of any other periods or for the year. The condensed consolidated financial statements as of March 31, 2019 and for the three months ended March 31, 2019 and 2018 are unaudited, but in the opinion of management, include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of results for such periods. The year-end condensed consolidated balance sheet data contained in this report was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

NOTE 2: RECENT ACCOUNTING PRONOUNCEMENTS

Impact of Recently Issued Accounting Standards—Adopted

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, “Leases” codified in Accounting Standards Codification (“ASC”) 842, “Leases” (“ASC 842”). The guidance in ASU 2016-02 and subsequently issued amendments requires lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than twelve months. The amendment also requires disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information.

We adopted the standard effective January 1, 2019 using the alternative modified retrospective transition method, which allows for application of the guidance at the beginning of the period in which it is adopted, rather than at the beginning of the earliest comparative period presented.

Adoption of the new standard resulted in the recording of operating lease assets and liabilities of \$82.3 million and \$87.6 million within our Condensed Consolidated Balance Sheet, respectively, as of January 1, 2019. As part of the adoption, we recorded an adjustment to retained earnings of \$3.0 million related to the reassessment of a failed sale-leaseback under ASC 842. The standard had no impact on our Condensed Consolidated Statements of Comprehensive Income or our Condensed Consolidated Statements of Cash Flows. See Note 5: Leases for further details.

In February 2018, the FASB issued ASU 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." The guidance allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the U.S. Tax Cuts and Jobs Act ("U.S. Tax Act"). It also requires certain disclosures about stranded tax effects. However, the underlying guidance that requires that the effect of a change in tax laws or rates be included in income from continuing operations is not affected. The guidance is effective for interim and annual reporting periods beginning after December 15, 2018 and should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the U.S. Tax Act is recognized. Adoption of this standard had no impact on our Condensed Consolidated Financial Statements. We have elected not to reclassify stranded tax effects from accumulated other comprehensive income to retained earnings related to the U.S. Tax Act as the balances are not material to our consolidated financial statements.

#### Impact of Recently Issued Accounting Standards—Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments." The amendment requires financial assets measured at amortized cost basis to be presented at the net amount

expected to be collected, thus eliminating the probable initial recognition threshold and instead reflecting the current estimate of all expected credit losses. The amendment also requires that credit losses relating to available-for-sale debt securities be recorded through an allowance for credit losses rather than a write-down, thus enabling the ability to record reversals of credit losses in current period net income. The update is effective for interim and annual reporting periods beginning after December 15, 2019. An entity will apply the amendment through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective (that is, a modified-retrospective approach). A prospective transition approach is required for debt securities for which an-other-than-temporary impairment had been recognized before the effective date. The effect of the prospective transition approach is to maintain the same amortized cost basis before and after the effective date of this update. Early adoption is permitted only for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We will adopt this guidance for our fiscal year beginning January 1, 2020. We are still assessing the impact of adoption on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, “Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement.” The guidance amends the fair value measurement disclosures by modifying the disclosure requirements in Topic 820, Fair Value Measurement. The update is effective for interim and annual reporting periods beginning after December 15, 2019. The guidance allows for early adoption to remove or modify disclosures upon issuance of this amendment, and for delayed adoption of the additional disclosures until their effective date. We are still assessing the impact of adoption on our current fair value measurement disclosures.

In August 2018, the FASB issued ASU 2018-14, “Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans.” The amendment removes certain employee benefit plan disclosures that no longer are considered cost-beneficial, clarifies the specific requirements of certain disclosures, and adds certain disclosure requirements identified as relevant. The update is effective for annual reporting periods beginning after December 15, 2020 and should be applied on a retrospective basis to all periods presented. Early adoption is permitted. We are still assessing the impact of adoption on our current employee benefit plans disclosures.

In August 2018, the FASB issued ASU 2018-15, “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.” The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). Accordingly, the guidance requires an entity (customer) in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. The guidance is effective for interim and annual reporting periods beginning after December 15, 2019 and should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. Early adoption is permitted. We are still assessing the impact of adoption on our consolidated financial statements.

### NOTE 3: CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Condensed Consolidated Balance Sheets that sum to the total of the beginning and ending cash balances shown in the Condensed Consolidated Statements of Cash Flows:

	March 31, 2019		December 31, 2018	
	(In millions)			
Cash and cash equivalents	\$22.0	\$	23.2	
Restricted cash	1.1		1.1	

Total cash, cash equivalents, and restricted cash \$23.1 \$ 24.3

We have cash restricted for purposes of covering letters of credit that can be presented for potential insurance claims.

NOTE 4: INVENTORIES

The Company primarily uses the last-in, first-out (LIFO) method of valuing inventory. Interim LIFO calculations are based on actual inventory levels.

Inventories, at stated LIFO value, were classified at March 31, 2019 and December 31, 2018 as follows:

	March 31,	December 31,
	2019	2018
	(In millions)	
In process and finished products	\$876.9	\$ 806.3

If current cost had been used to value inventories, such inventories would have been \$2 million lower and \$18 million higher than reported at March 31, 2019 and December 31, 2018, respectively. Approximately 91% of inventories are accounted for under the LIFO method at March 31, 2019 and December 31, 2018. Non-LIFO inventories consist primarily of inventory at our foreign facilities using the moving average cost and the specific cost methods. Substantially all of our inventories consist of finished products.

The Company has consignment inventory at certain customer locations, which totaled \$9.1 million and \$9.3 million at March 31, 2019 and December 31, 2018, respectively.

#### NOTE 5: LEASES

The Company leases various assets including real estate, trucks, trailers, mobile equipment, processing equipment, and IT equipment. The Company has noncancelable operating leases expiring at various times through 2028, and finance leases expiring at various times through 2024.

#### Policy Elections & Practical Expedients

The Company has made an accounting policy election not to record leases with an initial term of 12 months or less (“short term leases”) on the balance sheet as allowed within ASC 842. Short term lease expense is recognized on a straight-line basis over the lease term. The Company has elected to apply the practical expedient that allows for the combination of lease and non-lease components for all asset classes. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification for leases that existed at the transition date.

#### Significant Judgments

Many of the real estate leases include one or more options to renew, with renewal terms that can extend the lease term from one to 5 years or more. To determine the expected lease term, we include any noncancelable period within the lease agreement as well as any period covered by an option to extend the lease if we are reasonably certain to exercise the option. The equipment leases do not typically include options for renewal but do include options for purchase at the end of the lease. We determine the likelihood of exercising the option for purchase by assessing the option price versus the estimated fair value at the end of the lease term to determine if the option price is low enough that we are reasonably certain to exercise it. The depreciable life of finance lease assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Lease payments include fixed payments, the exercise price of a purchase option that is reasonably certain of exercise, variable payments based on a known index, and the amount probable that the Company will owe under a residual value guarantee. Variable lease payments that are not based on a known index are not included in lease payments and rather are expensed as incurred.

For discount rates that are used to determine the amount of right of use assets, lease liabilities, and lease classification, the Company uses the interest rate implicit in the lease when known. If the rate implicit in the lease is not known, the Company will use its incremental borrowing rate defined as the interest rate swap rate that approximates the lease term plus the long-term expected spread on the \$1.0 billion revolving credit facility amended as of June 28, 2018 (the “Ryerson Credit Facility”).

We sublease certain real estate to third parties for facilities that we have closed.



The following table summarizes the location and amount of lease assets and lease liabilities reported in our Condensed Consolidated Balance Sheet as of March 31, 2019:

Leases	Balance Sheet Location	March 31, 2019 (In millions)
<b>Assets</b>		
Operating lease assets	Operating lease assets	\$ 79.9
Finance lease assets	Property, plant, and equipment, net <sup>(a)</sup>	57.3
Total lease assets		\$ 137.2
<b>Liabilities</b>		
<b>Current</b>		
Operating	Current portion of operating lease liabilities	\$ 17.4
Finance	Other accrued liabilities	13.7
<b>Noncurrent</b>		
Operating	Noncurrent operating lease liabilities	68.1
Finance	Other noncurrent liabilities	25.9
Total lease liabilities		\$ 125.1

(a) Finance lease assets are recorded net of accumulated amortization of \$16.3 million as of March 31, 2019. The following table summarizes the location and amount of lease expense reported in our Condensed Consolidated Statement of Comprehensive Income for the three months ended March 31, 2019:

Lease Expense	Location of Lease Expense Recognized in Income	Three Months Ended March 31, 2019 (In millions)
Operating lease expense	Warehousing, delivery, selling, general, and administrative	\$ 5.6
Finance lease expense		
Amortization of lease assets	Warehousing, delivery, selling, general, and administrative	1.6
Interest on lease liabilities	Interest and other expense on debt	0.4
Variable lease expense	Warehousing, delivery, selling, general, and administrative	0.7
Short-term lease expense	Warehousing, delivery, selling, general, and administrative	0.5
Total lease expense		\$ 8.8

The following table presents maturity analysis of lease liabilities at March 31, 2019:

Maturity of Lease Liabilities	Operating Leases <sup>(a)</sup>	Finance Leases (In millions)	Total
2019	\$ 15.4	\$ 11.7	\$27.1
2020	18.9	13.1	32.0
2021	16.7	8.3	25.0
2022	13.3	5.0	18.3
2023	10.4	2.7	13.1
After 2023	20.2	2.2	22.4
Total lease payments	94.9	43.0	137.9
Less: Interest <sup>(b)</sup>	(9.4 )	(3.4 )	(12.8 )
Present value of lease liabilities <sup>(c)</sup>	\$ 85.5	\$ 39.6	\$125.1

(a) There were no operating leases with options to extend lease terms that are reasonably certain of being exercised and the operating lease payments exclude \$7.9 million of legally binding minimum lease payments for leases signed but not yet commenced.

(b) Calculated using the discount rate for each lease.

(c) Includes the current portion of \$17.4 million for operating leases and \$13.7 million for finance leases.

The following table shows the weighted-average remaining lease term and discount rate for operating and finance leases, respectively, at March 31, 2019:

Lease Term and Discount Rate	March 31, 2019
Weighted-average remaining lease term (years)	
Operating leases	5.6
Finance leases	3.2
Weighted-average discount rate	
Operating leases	3.8 %
Finance leases	4.8 %

Other information reported in our Condensed Consolidated Statement of Cash Flows for the three months ended March 31, 2019 is summarized below:

Three  
Months  
Ended  
March 31,



Other Information	2019 (In millions)
<b>Cash paid for amounts included in the measurement of lease liabilities</b>	
Operating cash flows from operating leases	\$ 5.1
Operating cash flows from finance leases	0.4
Financing cash flows from finance leases	3.0
<b>Assets obtained in exchange for lease obligations:</b>	
Adoption of accounting principal ASC 842	82.3
Operating leases	2.6
Finance leases	0.1

#### NOTE 6: GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill, which represents the excess of cost over the fair value of net assets acquired, amounted to \$120.3 million at March 31, 2019 and December 31, 2018. No additional goodwill was recognized during the first three months of 2019. Pursuant to ASC 350, "Intangibles – Goodwill and Other," we review the recoverability of goodwill annually as of October 1 or whenever significant events or changes occur which might impair the recovery of recorded amounts. The most recently completed impairment test of goodwill was performed as of October 1, 2018, and it was determined that no impairment existed.

Other intangible assets with finite useful lives continue to be amortized over their useful lives. We review the recoverability of our long-lived assets whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable.

## NOTE 7: ACQUISITIONS

On July 2, 2018 (“the acquisition date”) JT Ryerson purchased Central Steel & Wire Company (“CS&W”). CS&W is a leading metal service center with locations across the Central and Eastern United States offering a wide selection of products and capabilities, with a commercial portfolio centered on bar, tube, plate, and steel products. We believe that the acquisition of CS&W will expand our long, tube, and plate portfolio. Our combined commercial, operational, and processing strengths will provide a broader and deeper array of products to our customers in the Midwest and Northeast United States. The fair value of the consideration totaled \$163.5 million on the acquisition date.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the acquisition date.

	At July 2, 2018 (In millions)
Cash and cash equivalents	\$ 10.0
Receivables, less provisions	80.0
Inventories	179.8
Prepaid expenses and other current assets	1.7
Property, plant, and equipment	66.5
Other intangible assets	16.1
Total identifiable assets acquired	354.1
Accounts payable	(49.7 )
Salaries, wages, and commissions	(4.9 )
Other accrued liabilities	(6.5 )
Deferred income taxes	(27.7 )
Deferred employee benefits	(31.8 )
Total liabilities assumed	(120.6 )
Net identifiable assets acquired	233.5
Bargain purchase gain	(70.0 )
Total purchase price	\$ 163.5

The Company used third-party valuation firms to estimate the fair values of property, plant, and equipment and intangible assets as well as to remeasure the deferred employee benefits liabilities. Inventory was valued by the Company using acquisition date fair values of the metals.

The fair value of accounts receivables acquired is \$80.0 million, with a gross amount of \$81.8 million. The Company expects \$1.8 million to be uncollectible.

The \$16.1 million of acquired intangible assets is related to a trademark acquired with a useful life of 10 years.

The transaction resulted in a bargain purchase gain primarily due to higher inventory and property, plant, and equipment fair values compared to book values. The Company believes that the bargain purchase gain was primarily the result of the decision by majority stockholders of CS&W to sell their interests as CS&W had been experiencing increasing net losses. The agreed upon purchase price reflected the fact the seller would have needed to incur significant costs on future integration initiatives and to upgrade their infrastructure and computer systems in order to restore CS&W to a profitable basis. With our existing nationwide service center operations, we believe that our infrastructure will allow the necessary operational improvements to be implemented more efficiently than the seller. The gain of \$70.0 million was included in Other income and (expense), net in the Condensed Consolidated Statements

of Comprehensive Income in the second half of 2018. The Company recognized \$1.6 million in acquisition-related fees, which was included in Warehousing, delivery, selling, general, and administrative expense in the Condensed Consolidated Statements of Comprehensive Income in the second half of 2018.

Included in the three-month period ended March 31, 2019 financial results is \$172.2 million of revenue and \$4.4 million of net income from CS&W.

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The following unaudited pro forma information presents consolidated results of operations for the three months ended March 31, 2019 and 2018 as if the acquisition of CS&W on July 2, 2018 had occurred on January 1, 2018:

	Pro Forma Three Months Ended March 31, 2019 2018 (In millions)	
Net sales	\$1,230.8	\$1,112.4
Net income attributable to Ryerson Holding Corporation	29.5	6.7

On April 2, 2018, Ryerson Holding acquired Fanello Industries, LLC (“Fanello”), a privately owned metal service company located in Lavonia, Georgia. The acquisition is not material to our consolidated financial statements.

Pro forma information related to the acquisition of Fanello is not provided above as the impact on the Condensed Consolidated Statements of Comprehensive Income is not material.

NOTE 8: LONG-TERM DEBT

Long-term debt consisted of the following at March 31, 2019 and December 31, 2018:

	March 31, 2019	December 31, 2018
	(In millions)	
Ryerson Credit Facility	\$558.3	\$ 535.9
11.00% Senior Secured Notes due 2022	587.9	599.5
Foreign debt	18.7	19.5
Other debt	0.6	8.3
Unamortized debt issuance costs and discounts		