

RELIANCE STEEL & ALUMINUM CO  
Form 10-Q  
August 01, 2016  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 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: 001-13122

RELIANCE STEEL & ALUMINUM CO.

(Exact name of registrant as specified in its charter)

Delaware

95-1142616

(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

350 South Grand Avenue, Suite 5100

Los Angeles, California 90071

(213) 687-7700

(Address of principal executive offices and telephone number)

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 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 the definitions 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

As of July 27, 2016, 72,529,836 shares of the registrant's common stock, \$0.001 par value, were outstanding.

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## PART I -- FINANCIAL INFORMATION

## Item 1. Financial Statements

## RELIANCE STEEL &amp; ALUMINUM CO.

## UNAUDITED CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)

	June 30, 2016	December 31, 2015*
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 116.5	\$ 104.3
Accounts receivable, less allowance for doubtful accounts of \$18.2 at June 30, 2016 and \$16.3 at December 31, 2015	1,036.0	916.6
Inventories	1,623.8	1,436.0
Prepaid expenses and other current assets	60.6	60.8
Income taxes receivable	16.9	36.5
Total current assets	2,853.8	2,554.2
Property, plant and equipment:		
Land	206.4	196.2
Buildings	1,037.4	1,006.3
Machinery and equipment	1,649.5	1,569.8
Accumulated depreciation	(1,216.1)	(1,136.8)
	1,677.2	1,635.5
Goodwill	1,830.9	1,724.8
Intangible assets, net	1,205.3	1,125.4
Cash surrender value of life insurance policies, net	39.2	45.8
Other assets	38.2	35.9
Total assets	\$ 7,644.6	\$ 7,121.6
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 360.8	\$ 247.0
Accrued expenses	79.9	83.0
Accrued compensation and retirement costs	108.6	118.7
Accrued insurance costs	44.0	40.2
Current maturities of long-term debt and short-term borrowings	484.7	500.8
Total current liabilities	1,078.0	989.7

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Long-term debt	1,684.7	1,427.9
Long-term retirement costs	108.2	103.8
Other long-term liabilities	15.3	30.4
Deferred income taxes	629.0	627.1
Commitments and contingencies		
Equity:		
Preferred stock, \$0.001 par value:		
Authorized shares — 5,000,000		
None issued or outstanding	—	—
Common stock and additional paid-in capital, \$0.001 par value:		
Authorized shares — 200,000,000		
Issued and outstanding shares – 72,503,979 at June 30, 2016 and 71,739,072 at December 31, 2015	575.1	533.8
Retained earnings	3,614.5	3,480.0
Accumulated other comprehensive loss	(88.8)	(99.7)
Total Reliance stockholders' equity	4,100.8	3,914.1
Noncontrolling interests	28.6	28.6
Total equity	4,129.4	3,942.7
Total liabilities and equity	\$ 7,644.6	\$ 7,121.6

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\* Amounts were derived from audited financial statements.

See accompanying notes to unaudited consolidated financial statements.

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## RELIANCE STEEL &amp; ALUMINUM CO.

## UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net sales	\$ 2,203.9	\$ 2,423.7	\$ 4,366.6	\$ 5,038.1
Costs and expenses:				
Cost of sales (exclusive of depreciation and amortization shown below)	1,518.8	1,767.8	3,044.8	3,711.5
Warehouse, delivery, selling, general and administrative	456.5	440.8	907.3	886.9
Depreciation and amortization	55.5	54.9	111.6	110.2
	2,030.8	2,263.5	4,063.7	4,708.6
Operating income	173.1	160.2	302.9	329.5
Other income (expense):				
Interest	(21.7)	(21.5)	(43.4)	(42.1)
Other income (expense), net	0.2	(2.8)	1.3	(0.9)
Income before income taxes	151.6	135.9	260.8	286.5
Income tax provision	49.5	44.3	65.2	92.0
Net income	102.1	91.6	195.6	194.5
Less: Net income attributable to noncontrolling interests	1.2	1.4	2.5	3.0
Net income attributable to Reliance	\$ 100.9	\$ 90.2	\$ 193.1	\$ 191.5
Earnings per share attributable to Reliance stockholders:				
Diluted	\$ 1.38	\$ 1.20	\$ 2.65	\$ 2.50
Basic	\$ 1.39	\$ 1.21	\$ 2.68	\$ 2.53