

Ryerson Holding Corp  
Form 10-K  
March 05, 2019

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2018

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 No. 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)

(312) 292-5000

(Registrant's telephone number, including area code)

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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock - \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions 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
Non-accelerated filer	Smaller reporting company
	Emerging growth 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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the closing price of a share of the registrant's common stock on June 30, 2018 as reported by the New York Stock Exchange on such date was approximately \$175,719,730. Shares of the registrant's common stock held by each executive officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are

affiliates of the registrant for any other purpose.

As of February 28, 2019 there were 37,453,080 shares of our Common Stock, par value \$0.01 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required to be furnished pursuant to Part III of this Form 10-K will be set forth in, and incorporated by reference from, the registrant's definitive proxy statement for the annual meeting of stockholders (the "2018 Proxy Statement"), which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year ended December 31, 2018.

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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains “forward-looking statements.” Such statements can be identified by the use of forward-looking terminology such as “objectives,” “goals,” “preliminary,” “range,” “believes,” “expects,” “may,” “estimates,” “should,” “plans” or “anticipates” or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and may involve significant risks and uncertainties, and that actual results may vary materially from those anticipated or implied in the forward-looking statements as a result of various factors. Among the factors that significantly impact the metals distribution industry and our business are:

- highly cyclical fluctuations resulting from, among others, seasonality, market uncertainty, and costs of goods sold;
- remaining competitive and maintaining market share in the highly competitive and fragmented metals distribution industry;
- managing the costs of purchased metals relative to the price at which we sell our products during periods of rapid price escalation;
- our substantial indebtedness and the covenants in instruments governing such indebtedness;
- the impairment of goodwill that could result from, among other things, volatility in the markets in which we operate;
- the failure to effectively integrate newly acquired operations;
- the regulatory and other operational risks associated with our operations located outside of the United States (or “U.S.”);
- the management of inventory and other costs and expenses;
- the adequacy of our efforts to mitigate cyber security risks and threats;
- reduced production schedules, layoffs or work stoppages by our own, our suppliers’, or customers’ personnel;
- certain employee retirement benefit plans are underfunded and the actual costs could exceed current estimates;
- future funding for postretirement employee benefits may require substantial payments from current cash flow;
- prolonged disruption of our processing centers;
- the ability to retain and attract management and key personnel;
- the ability of management to focus on North American and foreign operations;
- the ability to comply with the terms of our asset-based credit facility and our indenture;
- the incurrence of substantial costs or liabilities to comply with, or as a result of violations of, environmental laws;
- the impact of new or pending litigation against us;
- the risk of product liability claims;
- our risk management strategies may result in losses;
- currency fluctuations in the U.S. dollar versus the Canadian dollar and the Chinese renminbi;
- customer, supplier, and competitor consolidation, bankruptcy or insolvency;
- the ownership of a majority of our equity securities by a single investor group.

These risks and uncertainties could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should, therefore, be considered in light of various factors, including those set forth in this Annual Report under “Risk Factors” and the caption “Industry and Operating Trends” included in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Annual Report. Moreover, we caution you not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. We do not undertake any obligation to revise or publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Annual Report or to reflect the occurrence of unanticipated events.



## PART I

### ITEM 1. BUSINESS.

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 metals service center, a 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 processing and 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.”

#### Our Company

We believe we are one of the largest value-add processors and distributors of industrial metals in North America measured in terms of sales. Our industry is highly fragmented with the largest companies accounting for only a small percentage of total market share. Our customer base ranges from local, independently owned fabricators and machine shops to large, international original equipment manufacturers. We carry a full line of over 75,000 products in stainless steel, aluminum, carbon steel, and alloy steels and a limited line of nickel and red metals in various shapes and forms. More than 75% of the products we sell are processed to meet customer requirements. Specifically, we provide a wide range of flat and long metals products, we offer numerous value-added processing and fabrication services such as bending, beveling, blanking, blasting, burning, cutting-to-length, drilling, embossing, flattening, forming, grinding, laser cutting, machining, notching, painting, perforating, polishing, punching, rolling, sawing, scribing, shearing, slitting, stamping, tapping, threading, welding, or other techniques to process materials to a specified thickness, length, width, shape, and surface quality pursuant to specific customer orders. Our value proposition also includes providing a superior level of customer service and responsiveness, technical services, and inventory management solutions. Our range of products together with our breadth of services allows us to create long-term partnerships with our customers and enhances our profitability. We continue to focus on our systems and enhance our online services to provide increased functionality and flexibility to our customers.

We track the processing, if any, performed on sold material for over 95% of our total revenues. The activities we track broadly fall into four main processing categories: (1) sheet processing (excludes fabrication activities), (2) as-is long and plate, (3) cut long and plate, and (4) fabrication. A key metric that we track is the percentage mix of revenue that comes from our fabrication capabilities. In 2010, the mix of revenue from fabrication activities was 6.7% of our sales, while in 2018, our mix of revenue from fabrication activities was 10.2% of our sales largely due to the strategic investments we have made in value-added processing capital expenditures. On July 2, 2018, JT Ryerson acquired Central Steel and Wire Company (“CS&W”) 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 operate 97 facilities across North America and five facilities in China. Our service centers are strategically located near our customers, which allows us to quickly process and deliver our products and services, often within the next day of receiving an order. We own, lease, or contract a fleet of tractors and trailers, allowing us to efficiently meet our customers’ delivery demands. In addition, our scale enables us to maintain low operating costs. Our operating expenses



as a percentage of sales for the years ended December 31, 2018 and 2017 were 14.0% and 14.3%, respectively.

We serve approximately 45,000 customers across a wide range of manufacturing end markets. Our geographic network and broad range of products and services allow us to serve large, international manufacturing companies across multiple locations. We believe the diverse end markets we serve reduce the volatility of our business in the aggregate.

#### Industry Overview

Metals service centers serve as key intermediaries between metal producers and end users of metal products. Metal producers offer commodity products and typically sell metals in the form of standard-sized coils, sheets, plates, structurals, bars, and tubes. Producers, mostly steel and aluminum mills, prefer large order quantities, longer lead times, and limited inventory to maximize capacity utilization across their typically higher capital-intensive structure.

End users of metal products seek to purchase metals with customized specifications, including value-added processing. End-users in highly diverse industries such as machinery, construction, and transportation often look for “one-stop” suppliers that can offer processing services along with lower order volumes, shorter lead times, and more reliable delivery.

As an intermediary, metals service centers aggregate end-users’ demand, purchase metal in bulk to take advantage of economies of scale, and then process and sell metal that meets specific customer requirements.

The metals service center industry is comprised of many companies, the majority of which have limited product lines and inventories, with customers located in a specific geographic area. In general, competition is based on quality, service, price, and geographic proximity.

The metals service center industry typically experiences cash flow trends that are counter-cyclical to the revenue and volume growth of the industry. During an industry downturn, companies generally reduce working capital assets and generate cash as inventory and accounts receivable balances decline. As a result, operating cash flow and liquidity tend to increase during a downturn, which typically facilitates industry participants’ ability to cover fixed costs and repay outstanding debt.

We compete with many other metals service centers and to a lesser extent with primary metal producers. Primary metal producers typically sell to larger customers that require regular shipments of higher volumes of steel than the traditional service center customer.

#### Competitive Strengths

##### Leading Market Position in North America.

Based on sales, we believe we are one of the largest service center companies for carbon, stainless steel, and aluminum in the North American market where we have a broad geographic presence with 97 facilities.

Our service centers are located near our customer locations, enabling us to provide timely delivery to customers across numerous geographic markets. Additionally, our widespread network of locations in the United States, Canada, and Mexico helps us to utilize our expertise to more efficiently serve customers with complex supply chain requirements across multiple manufacturing locations. We believe this is a key differentiator for customers who need a supplier that can reliably and consistently support them. Our ability to transfer inventory among our facilities better enables us to more timely and profitably source and process specialized items at regional locations throughout our network than if we were required to maintain inventory of all products and specialized equipment at each location.

##### Broad Geographic Reach Across Attractive End Markets.

Our operations serve a diverse range of industries including commercial ground transportation manufacturing, metal fabrication and machine shops, industrial machinery and equipment manufacturing, consumer durable equipment, HVAC manufacturing, construction equipment manufacturing, food processing and agricultural equipment manufacturing, and oil and gas. We believe this broad range of industries in which we sell our products and services reduces our risk related to a downturn in a specific industry. We believe that our ability to quickly adjust our offering based on regional and industry specific trends creates stability while also providing the opportunity to access specific growth markets.

##### Established Platform for Organic and Acquisition Growth.

Although there can be no guarantee of growth, we believe a number of our strategies, such as investing in value-added processing capabilities, analytically targeting attractive customers and end markets with our supply chain optimization service model, industry consolidation through targeted M&A, and providing customers faster and easier solutions to their metal needs will provide us with growth opportunities.

Given the highly fragmented nature of the metals service center industry, we believe there are numerous additional opportunities to acquire businesses and incorporate them into our existing infrastructure. Given our large scale and geographic reach, we believe we can add value to these businesses in a number of ways, including providing greater purchasing power, improving expense and working capital management, access to additional end markets, and broadening product mix.

#### Lean Operating Structure Providing Operating Leverage.

Ryerson has demonstrated the ability to effectively manage expenses through tactical productivity and spending improvements. In a stronger metals service center environment characterized by increases in demand and/or pricing, we believe that most additional expenses to service higher revenue and margins would come from variable expenses while further leveraging economies of scale on our existing fixed expenses. We effectively managed our costs in 2018 with increased volume and cost inflation, as expenses as a percentage of sales declined from 14.3% in 2017 to 14.0% in 2018.

We also continue to focus on inventory management. Average inventory days excluding LIFO increased from 71 days in 2017 to 73 days in 2018. This increase is due to the acquisition of CS&W in July 2018. On a same-store basis, days of supply remained at 71 days, within management's target range of 70 to 75 days. As a result of our initiatives, we maintain financial flexibility and believe we have a favorable cost structure compared to many of our peers.

#### Extensive Breadth of Products and Services for Diverse Customer Base.

We believe our broad product mix and marketing approach provides customers with a "one-stop shop" solution few other metals service center companies are able to offer. We provide a broad range of processing and fabrication services to meet the needs of our approximately 45,000 customers and typically fulfill more than 1,500,000 orders per year. We provide supply chain solutions, including just-in-time delivery and value-added processing to many original equipment manufacturing customers.

For the year ended December 31, 2018, no single customer, including their subcontractors, accounted for more than 6% of our sales, and our top 10 customers, including their subcontractors accounted for less than 15% of our sales.

#### Strong Relationships with Suppliers.

We are among the largest purchasers of metals in North America and have long-term relationships with many of our North American suppliers. We believe we are frequently one of the largest customers of our suppliers and that concentrating our orders among a core group of suppliers is effective for obtaining favorable pricing and service. We believe we have the opportunity to further leverage this strength through continued focus on price and volume using an analytics-driven approach to procurement. In addition, we view our strategic suppliers as supply chain partners. We focus on logistics, lead times, rolling schedules, and scrap return programs to drive value-based buying that is advantageous for us. Metals producers worldwide are consolidating, and large, geographically diversified customers, such as Ryerson, are desirable partners for these larger suppliers. Our relationships with suppliers often provide us with access to metals when supply is constrained. Through our knowledge of the global metals marketplace and capabilities of specific mills we believe we have developed an advantageous global purchasing strategy.

#### Experienced Management Team with Deep Industry Knowledge.

Our senior management team has extensive industry and operational experience and has been instrumental in optimizing and implementing our strategy over the last five years. Our senior management has an average of more than 20 years of experience in the metals or service center industries. Our CEO, Mr. Edward Lehner, who joined the Company in August 2012 as CFO and became CEO in June 2015, has nearly 30 years of experience, predominantly in the metals industry. Mr. Erich Schnauffer, who joined the Company in 2005 and became CFO in January 2016, has nearly 30 years of financial and accounting experience and over 10 years with Ryerson.

#### Industry Outlook

The United States economy has grown since the recession of 2008. According to the Institute for Supply Management, the Purchasing Managers' Index ("PMI") was above 50% for 33 of the last 36 months, indicating general expansion in the U.S. manufacturing economy for the last three years. The PMI measures the economic health of the manufacturing sector and is a composite index based on five indicators: new orders, inventory levels, production, supplier deliveries, and the employment environment. PMI readings can be a good indicator of industrial activity and general economic growth.

Additionally, the overall U.S. economy is projected to maintain growth as evidenced by the Federal Reserve's midrange forecasted real GDP growth rates of 2.5%, 2.0%, and 1.8% for 2019, 2020, and 2021, respectively.

Steel demand in North America is largely dependent on growth of the automotive, industrial equipment, consumer appliance, and construction end markets. One of our key end markets is the industrial equipment sector, and according to the latest Livingston Survey, published by the Federal Reserve Bank of Philadelphia, U.S. industrial production expanded by 3.8% in 2018 and is expected to grow by 2.9% in 2019, and 2.0% in 2020.

China continues to be a key driver in the growth of global metals demand. According to the International Monetary Fund, China's GDP maintained growth of 6.6% in 2018 and is projected to grow 6.2% in 2019, and 6.2% in 2020.

### Products and Services

We carry a full line of carbon steel, stainless steel, alloy steels, and aluminum, and a limited line of nickel and red metals. These materials are stocked in a number of shapes, including coils, sheets, rounds, hexagons, square and flat bars, plates, structurals, and tubing.

The following table shows our percentage of sales by major product lines for 2018, 2017, and 2016:

Product Line	2018	2017	2016
Carbon Steel Flat	27 %	28 %	28 %
Carbon Steel Plate	11	10	9
Carbon Steel Long	14	12	13
Stainless Steel Flat	16	18	17
Stainless Steel Plate	4	4	4
Stainless Steel Long	4	4	3
Aluminum Flat	15	15	16
Aluminum Plate	3	3	3
Aluminum Long	4	4	5
Other	2	2	2
Total	100 %	100 %	100 %

More than 75% of the materials sold by us are processed. We use processing and fabricating techniques such as bending, beveling, blanking, blasting, burning, cutting-to-length, drilling, embossing, flattening, forming, grinding, laser cutting, machining, notching, painting, perforating, polishing, punching, rolling, sawing, scribing, shearing, slitting, stamping, tapping, threading, welding, or other techniques to process materials to specified thickness, length, width, shape, and surface quality pursuant to specific customer orders. Among the most common processing techniques used by us are slitting, which involves cutting coiled metals to specified widths along the length of the coil, and leveling, which involves flattening coiled metals and cutting them to exact lengths. We also use third-party fabricators to outsource certain processes (such as pickling and other coating processes or heat treating).

The plate burning and fabrication processes are particularly important to us. These processes require sophisticated and expensive processing equipment. As a result, rather than making investments in such equipment, manufacturers have increasingly outsourced these processes to metals service centers.

As part of securing customer orders, we also provide services to our customers to assure cost effective material application while maintaining or improving the customers' product quality. Among our services are: just-in-time inventory programs, production of configured kits containing multiple custom products for ease of assembly by the customer, consignment arrangements, and the placement of our employees at a customer's site for inventory management and production and technical assistance. We also provide special stocking programs in which products that would not otherwise be stocked by us are held in inventory to meet certain customers' needs. These services are designed to reduce customers' costs by minimizing their investment in inventory and processing equipment and improving their production efficiency.

## Customers

Our customer base is diverse, numbering approximately 45,000 and including most metal-consuming industries, most of which are cyclical. For the year ended December 31, 2018, no customer, including their subcontractors, accounted for more than 6 percent of our sales, and the top 10 customers, including their subcontractors, accounted for less than 15 percent of our sales. Substantially all of our sales are attributable to our U.S. operations and substantially all of our long-lived assets are located in the United States. The following table shows the Company's percentage of sales by metal consuming industry for 2018, 2017, and 2016:

Metal Consuming Industry	Percentage of Sales		
	2018	2017	2016
Metal fabrication and machine shops	22 %	20 %	18 %
Industrial machinery and equipment	18	18	18
Commercial ground transportation	16	16	16
Consumer durable	11	11	11
Food processing and agricultural equipment	10	10	9
Construction equipment	8	9	9
HVAC	6	7	7
Oil & gas	5	5	5
Other	4	4	7
Total	100%	100 %	100 %

Some of our largest customers have procurement programs with us, typically ranging from three months to one year in duration. Pricing for these contracts is generally based on a pricing formula rather than a fixed price for the program duration. However, certain customer contracts are at fixed prices; to minimize our financial exposure, we generally match these fixed-price sales programs with fixed-price supply programs. In general, sales to customers are priced at the time of sale based on prevailing market prices.

## Suppliers

For the year ended December 31, 2018, our top 25 suppliers, including their subcontractors, accounted for approximately 74% of our purchase dollars. We purchase the majority of our inventories at prevailing market prices from key suppliers with which we have established relationships to obtain improvements in price, quality, delivery, and service. We are generally able to meet our materials requirements because we use many suppliers, there is a substantial overlap of product offerings from these suppliers, and there are several other suppliers able to provide identical or similar products. Because of the competitive nature of the business, when metal prices increase due to product demand, mill surcharges, input costs, supplier consolidation, or other factors that in turn lead to supply constraints or longer mill lead times and higher procured material costs, we may not be able to fully pass increased material costs to customers. In recent decades, there have been significant consolidations among suppliers of carbon steel, stainless steel, and aluminum. We believe we will be able to meet our material requirements and believe we will continue to be among the largest customers of our suppliers.

## Sales and Marketing

We maintain our own professional sales force. In addition to our office sales staff, we market and sell our products through the use of our field sales force that we believe has extensive product and customer knowledge and offers a

comprehensive catalog of our products. Our office and field sales staffs, which together consist of approximately 790 employees, include technical personnel.

A portion of our customers experience seasonal slowdowns. Our sales, as measured in tonnage sold, in the months of July, November, and December traditionally have been lower than in other months because of a reduced number of shipping days and holiday or vacation closures for some customers. Consequently, our sales in the first two quarters of the year are usually higher than in the third and fourth quarters.

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## Capital Expenditures

We continue to make capital investments to maintain, improve, and expand processing capabilities. Investments by us in property, plant, and equipment, together with asset retirements for the five years ended December 31, 2018, excluding the initial purchase price of acquisitions are set forth below. The net capital change during such period aggregated to an increase of \$79.6 million.

### Retirements

	Additions	Sales	Net
	(In millions)		
2018	\$38.4	\$ 5.5	\$32.9
2017	25.1	24.9	0.2
2016	23.0	5.0	18.0
2015	22.3	9.1	13.2
2014	21.6	6.3	15.3

We currently anticipate capital expenditures, excluding acquisitions, of up to approximately \$35 million for 2019. We expect capital expenditures will be funded from cash generated by operations and available borrowings.

## Employees

As of December 31, 2018, we employed approximately 4,300 persons in North America and 300 persons in China. Our North American workforce was comprised of approximately 1,800 office employees and approximately 2,500 plant employees. Sixteen percent of our plant employees were members of various unions, including the United Steel Workers and The International Brotherhood of Teamsters.

Renewals of six union contracts covering approximately 107 employees were successfully negotiated in 2018. Four contracts covering 89 employees are currently scheduled to expire in 2019.

## Environmental, Health, and Safety Matters

Our facilities and operations are subject to many foreign, federal, state, and local laws and regulations relating to the protection of the environment and to health and safety. In particular, our operations are subject to extensive requirements relating to waste disposal, recycling, air and water emissions, the handling of regulated materials, remediation, underground storage tanks, asbestos-containing building materials, workplace exposure, and other matters. We believe that our operations are currently in substantial compliance with all such laws and do not presently anticipate substantial expenditures in the foreseeable future in order to meet environmental, workplace health or safety requirements, or to pay for any investigations, corrective action, or claims. Claims, enforcement actions, or investigations regarding personal injury, property damage, or violation of environmental laws could result in substantial costs to us, divert our management's attention, and result in significant liabilities, fines, or the suspension or interruption of our facilities.

We continue to analyze and implement safeguards to mitigate any environmental, health, and safety risks we may face. As a result, additional costs and liabilities may be incurred to comply with future requirements or to address newly discovered conditions, and these costs and liabilities could have a material adverse effect on the results of

operations, financial condition, or cash flows. For example, there is increasing likelihood that additional regulation of greenhouse gas emissions will occur at the foreign, federal, state, and local level, which could affect us, our suppliers, and our customers. While the costs of compliance could be significant, given the uncertain outcome and timing of future action by the U.S. federal government and states on this issue, we cannot accurately predict the financial impact of future greenhouse gas regulations on our operations or our customers at this time. We do not currently anticipate any new programs disproportionately impacting us compared to our competitors.

Some of the properties currently or previously owned or leased by us are located in industrial areas or have a long history of heavy industrial use. We may incur environmental liabilities with respect to these properties in the future including costs of investigations, corrective action, claims for natural resource damages, claims by third parties relating to property damages, or claims relating to contamination at sites where we have sent waste for treatment or disposal. Based on currently available information we do not expect any investigation, remediation matters, or claims related to properties presently or formerly owned, operated, or to which we have sent waste for treatment or disposal would have a material adverse effect on our financial condition, results of operations, or cash flows.

In October 2011, the United States Environmental Protection Agency (the “EPA”) named us as one of more than 100 businesses that may be a potentially responsible party for the Portland Harbor Superfund Site (the “PHS Site”). On January 6, 2017, the EPA issued an initial Record of Decision (“ROD”) regarding the site. The ROD includes a combination of dredging, capping, and enhanced natural recovery that would take approximately thirteen years to construct plus additional time for monitored natural recovery, at an estimated present value cost of \$1.05 billion. At a meeting on December 4, 2018, the EPA announced that it expects parties to submit a plan to remediate the river and harbor per the original ROD within the next 2-3 years. It also expects allocation of amounts among the parties to be determined in the same time frame. It is willing to consider de minimus and de micromis settlements but is unlikely to approve any before completion of the remedial design process.

The EPA has not yet allocated responsibility for the contamination among the potentially responsible parties, including JT Ryerson. We do not currently have sufficient information available to us to determine whether the ROD will be executed as currently stated, whether and to what extent JT Ryerson may be held responsible for any of the identified contamination, and how much (if any) of the final plan’s costs might ultimately be allocated to JT Ryerson. Therefore, management cannot predict the ultimate outcome of this matter or estimate a range of potential loss at this time.

Excluding any potential additional remediation costs resulting from any corrective action for the properties described above, we expect spending for pollution control projects to remain at historical levels below \$500,000 per year.

Our United States operations are also subject to the Department of Transportation Federal Motor Carrier Safety Regulations. We operate a private trucking motor fleet for making deliveries to some of our customers. Our drivers do not carry any material quantities of hazardous materials. Our foreign operations are subject to similar regulations. Future regulations could increase maintenance, replacement, and fuel costs for our fleet. These costs could have a material adverse effect on our results of operations, financial condition, or cash flows.

#### Intellectual Property

We own several U.S. and foreign trademarks, service marks, and copyrights. Certain of the trademarks are registered with the U.S. Patent and Trademark Office and, in certain circumstances, with the trademark offices of various foreign countries. We consider certain other information owned by us to be trade secrets. We protect our trade secrets by, among other things, entering into confidentiality agreements with our employees regarding such matters and implementing measures to restrict access to sensitive data and computer software source code on a need-to-know basis. We believe that these safeguards adequately protect our proprietary rights and we vigorously defend these rights. While we consider all our intellectual property rights as a whole to be important, we do not consider any single right to be essential to our operations as a whole.

#### Available Information

All periodic and current reports and other filings that we are required to file with the Securities and Exchange Commission (“SEC”), including our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant Section 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge from the SEC’s website ([www.sec.gov](http://www.sec.gov)) or through our Investor Relations website at [www.ir.ryerson.com](http://www.ir.ryerson.com). Such documents are available as soon as reasonably practicable after electronic filing of the material with the SEC. Copies of these reports (excluding exhibits) may also be obtained free of charge, upon written request to: Investor Relations, Ryerson Holding Corporation, 227 W. Monroe St., 27th Floor, Chicago, Illinois 60606.

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The Company also posts its Code of Ethics on its website. See “Directors, Executive Officers, and Corporate Governance—Code of Ethics” for more information regarding our Code of Ethics.

Our website address is included in this report for information purposes only. Our website and the information contained therein or connected thereto are not incorporated into this annual report on Form 10-K.

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## ITEM 1A. RISK FACTORS.

Our business faces many risks. You should carefully consider the risks and uncertainties described below, together with the other information in this report, including the consolidated financial statements and notes to consolidated financial statements. We cannot assure you that any of the events discussed in the risk factors below will not occur. These risks could have a material and adverse impact on our business, results of operations, financial condition, and cash flows.

### Risks Related to Our Business and Industry

Weakness in the economy, market trends, and other conditions affecting the profitability and financial stability of our customers could negatively impact our sales growth and results of operations.

Economic and industry trends affect our business environments. We serve several industries in which the demand for our products and services is sensitive to the production activity, capital spending, and demand for products and services of our customers. Many of these customers operate in markets that are subject to highly cyclical fluctuations resulting from seasonality, market uncertainty, costs of goods sold, currency exchange rates, foreign competition, offshoring of production, oil and natural gas prices, geopolitical developments, and a variety of other factors beyond our control. Any of these factors could cause customers to idle or close facilities, delay purchases, reduce production levels, or experience reductions in the demand for their own products or services.

Any of these events could impair the ability of our customers to make full and timely payments or reduce the volume of products and services these customers purchase from us and could cause increased pressure on our selling prices and terms of sale.

We do not expect the cyclical nature of our industry to change and any downturn in our customers' industries could reduce our revenues and profitability or a significant or prolonged slowdown in activity in the United States (U.S.), Canada, or any other major world economy, or a segment of any such economy, could negatively impact our sales growth and results of operations.

The metals services business is very competitive and increased competition could reduce our revenues and gross margins.

The metals services industry is highly fragmented and competitive, consisting of a large number of small companies and a few relatively large companies. We face competition in all markets we serve. Competition is based principally on price, service, quality, production capabilities, inventory availability, and timely delivery. Competition in the various markets in which we participate comes from companies of various sizes, some of which have greater financial resources than we have and some of which have more established brand names in the local markets we serve. Increased competition could reduce our market share, force us to lower our prices, or to offer increased services at a higher cost, which could reduce our profitability.

Changing metals prices may have a significant impact on our liquidity, net sales, gross margins, operating income, and net income.

The metals services industry as a whole is cyclical and, at times, pricing and availability of metal can be volatile due to numerous factors beyond our control, including general domestic and international economic conditions, labor costs, sales levels, competition, levels of inventory held by other metals service centers, consolidation of metals producers, higher raw material costs for the producers of metals, import duties and tariffs, and currency exchange rates. This volatility can significantly affect the availability and cost of materials for us.

Our ability to pass on increases in costs in a timely manner depends on market conditions and may result in lower gross margins. We maintain substantial inventories of metal to accommodate the short lead times and just-in-time delivery requirements of our customers. Accordingly, we purchase metals in an effort to maintain our inventory at levels that we believe to be appropriate to satisfy the anticipated needs of our customers based upon historic buying practices, contracts with customers, and market conditions. When metals prices decline, customer demands for lower prices and our competitors' responses to those demands result in lower sale prices and, consequently, lower margins as we use existing metals inventory. Declines in prices or further reductions in sales volumes could adversely impact our ability to maintain our liquidity and to remain in compliance with certain financial covenants under our \$1 billion revolving credit facility (the "Ryerson Credit Facility"), as well as result in us incurring inventory or goodwill impairment charges. Changing metals prices therefore could significantly impact our liquidity, net sales, gross margins, operating income, and net income.

Changes in inflation may adversely affect gross margins.

Inflation impacts the costs at which we can procure product and the ability to increase prices to customers over time. Prolonged periods of deflation could adversely affect the degree to which we are able to increase sales through price increases.

Unexpected product shortages could negatively impact customer relationships, resulting in an adverse impact on results of operations.

Disruptions could occur due to factors beyond our control, including economic downturns, political unrest, port slowdowns, trade issues, including increased export or import duties or trade restrictions, and other factors, any of which could adversely affect a supplier's ability to manufacture or deliver products. For our sources of lower cost products from Asia and other areas of the world, the risk for disruptions has increased due to the additional lead time required and distances involved, and the current political climate seeking trade reform. If we were to experience difficulty in obtaining products, there could be a short-term adverse effect on results of operations and a longer-term adverse effect on customer relationships and our reputation. In addition, we have strategic relationships with a number of vendors. In the event we are unable to maintain those relations, there might be a loss of competitive pricing advantages which could, in turn, adversely affect results of operations.

Changes in customer or product mix could cause the gross margin percentage to decline.

From time to time, we experience changes in customer and product mix that affect gross margin. Changes in customer and product mix result primarily from business acquisitions, changes in customer demand, customer acquisitions, selling and marketing activities, and competition. If rapid growth with lower margin customers occurs, we will face pressure to maintain current gross margins, as these customers receive more discounted pricing due to their higher sales volume. There can be no assurance that we will be able to maintain historical gross margins in the future.

The volatility of the market could result in a material impairment of goodwill.

We evaluate goodwill annually on October 1 and whenever events or changes in circumstances indicate potential impairment. Events or changes in circumstances that could trigger an impairment review include significant underperformance relative to our historical or projected future operating results, significant changes in the manner or the use of our assets or the strategy for our overall business, and significant negative industry or economic trends. We test for impairment of goodwill by assessing various qualitative factors with respect to development in our business and the overall economy and calculating the fair value of a reporting unit using a combination of an income approach based on discounted future cash flows and a market approach at the date of valuation. Under the discounted cash flow method, the fair value of each reporting unit is estimated based on expected future economic benefits discounted to a present value at a rate of return commensurate with the risk associated with the investment. Projected cash flows are discounted to present value using an estimated weighted average cost of capital, which considers both returns to equity and debt investors. Please refer to the Section titled "Critical Accounting Estimates - Goodwill," of Item 7, "Management's Discussion and Analysis of Financial Conditions and Results of Operations," and Note 1 — "Summary of Accounting and Financial Policies" of Part II, Item 8 "Financial Statements and Supplementary Data" for further information.

We may not be able to successfully consummate and complete the integration of future acquisitions, and if we are unable to do so, it could disrupt operations and cause unanticipated increases in costs and/or decreases in revenues and results of operations.

We have grown through a combination of internal expansion, acquisitions, and joint ventures. We intend to continue to grow through selective acquisitions, but we may not be able to identify appropriate acquisition candidates, obtain financing on satisfactory terms, consummate acquisitions, or integrate acquired businesses effectively and profitably into our existing operations. Restrictions contained in the agreements governing our notes, the Ryerson Credit Facility, or our other existing or future debt may also inhibit our ability to make certain investments, including acquisitions, and participations in joint ventures.

Acquisitions, partnerships, joint ventures, and other business combination transactions, both foreign and domestic, involve various inherent risks, such as uncertainties in assessing value, strengths, weaknesses, liabilities, and potential profitability. There is also risk relating to our ability to achieve identified operating and financial synergies anticipated to result from the transactions. Additionally, problems could arise from the integration of acquired businesses, including unanticipated changes in the business or industry or general economic conditions that affect the assumptions underlying the acquisition. Our future success will depend on our ability to complete the integration of these future acquisitions successfully into our operations. Specifically, after any acquisition, customers may choose to diversify their supply chains to reduce reliance on a single supplier for a portion of their metals needs. We may not be able to retain all of our and an acquisition's customers, which may adversely affect our business and sales. Integrating acquisitions, particularly large acquisitions, requires us to enhance our operational and financial systems and employ additional qualified personnel, management, and financial resources, and may adversely affect our business by diverting management away from



day-to-day operations. Further, failure to successfully integrate acquisitions may adversely affect our profitability by creating significant operating inefficiencies that could increase our operating expenses as a percentage of sales and reduce our operating income. In addition, we may not realize expected cost savings from acquisitions. Any one or more of these factors could cause us to not realize the benefits anticipated or have a negative impact on the fair value of the reporting units. Accordingly, goodwill and intangible assets recorded as a result of acquisitions could become impaired.

We may not be able to retain or expand our customer base if the North American manufacturing industry continues to erode through moving offshore or through acquisition and merger or consolidation activity in our customers' industries.

Our customer base primarily includes manufacturing and industrial firms. Some of our customers operate in industries that are undergoing consolidation through acquisition and merger activity; some are considering or have considered relocating production operations overseas or outsourcing particular functions overseas; and some customers have closed as they were unable to compete successfully with overseas competitors. Our facilities are predominately located in the United States and Canada. To the extent that our customers cease U.S. operations, relocate or move operations overseas to regions in which we do not have a presence, we could lose their business. Acquirers of manufacturing and industrial firms may have suppliers of choice that do not include us, which could impact our customer base and market share.

Certain of our operations are located outside of the United States, which subjects us to risks associated with international activities.

Certain of our operations are located outside of the United States, primarily in Canada, China, and Mexico. We are subject to the Foreign Corrupt Practices Act ("FCPA"), which generally prohibits U.S. companies and their intermediaries from making corrupt payments or otherwise corruptly giving any thing of value to foreign officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment, and requires companies to maintain adequate record-keeping and internal accounting practices. The FCPA applies to covered companies, individual directors, officers, employees, and agents. Under the FCPA, U.S. companies may be held liable for some actions taken by strategic or local partners or representatives. If we or our intermediaries fail to comply with the requirements of the FCPA, governmental authorities in the United States could seek to impose civil and/or criminal penalties.

We may be adversely affected by currency fluctuations in the U.S. dollar versus the Canadian dollar and the Chinese renminbi.

We have significant operations in Canada which incur the majority of their metal supply costs in U.S. dollars but earn the majority of their sales in Canadian dollars. Additionally, we have significant assets in China. We may from time to time experience losses when the value of the U.S. dollar strengthens against the Canadian dollar or the Chinese renminbi, which could have a material adverse effect on our results of operations. In addition, we are subject to translation risk when we consolidate our Canadian and Chinese subsidiaries' net assets into our balance sheet. Fluctuations in the value of the U.S. dollar versus the Canadian dollar or Chinese renminbi could reduce the value of these assets as reported in our financial statements, which could, as a result, reduce our stockholders' equity.

The Chinese government exerts substantial influence over the manner in which we must conduct our business activities, particularly with regards to the land our facilities are located on.

The Chinese government has exercised and continues to exercise substantial control over the Chinese economy through regulation and state ownership. Our ability to operate in China may be harmed by changes in its laws and

regulations, including those relating to taxation, import and export tariffs, environmental regulations, land use rights, property, and other matters. We believe that our operations in China are in material compliance with all applicable legal and regulatory requirements. However, the central or local governments of the jurisdictions in which we operate may impose new, stricter regulations or interpretations of existing regulations that would require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations. Moreover, the Chinese court system does not provide the same property and contract right guarantees as do courts in the United States and, accordingly, disputes may be protracted and resolution of claims may result in significant economic loss.

Additionally, there is no private ownership of land in China and all land ownership is held by the government of China, its agencies, and collectives, which issue land use rights that are generally renewable. We lease the land where our Chinese facilities are located from the Chinese government. If the Chinese government decided to terminate our land use rights agreements, our assets could become impaired and our ability to meet customer orders could be impacted.

Damage to our information technology infrastructure could harm our business.

The unavailability of any of our computer-based systems for any significant period of time could have a material adverse effect on our operations. In particular, our ability to manage inventory levels successfully largely depends on the efficient operation of our

computer hardware and software systems. We use management information systems to track inventory information at individual facilities, communicate customer information, and aggregate daily sales, margin, and promotional information. Difficulties associated with upgrades, installations of major software or hardware, and integration with new systems could have a material adverse effect on results of operations. We could be required to expend substantial resources to integrate our information systems with the systems of companies we have acquired. The integration of these systems may disrupt our business or lead to operating inefficiencies. In addition, these systems are vulnerable to, among other things, damage or interruption from fire, flood, tornado, and other natural disasters, power loss, computer system and network failures, operator negligence, physical and electronic loss of data, or security breaches and computer viruses.

We are subject to cybersecurity risks and may incur increasing costs in an effort to minimize those risks.

We depend on the proper functioning and availability of our information technology platform, including communications and data processing systems, in operating our business. These systems include software programs that are integral to the efficient operation of our business. We have established security measures, controls, and procedures, including established recovery procedures for critical systems and business functions, to safeguard our information technology systems and to prevent unauthorized access to such systems and any data processed or stored in such systems, and we periodically evaluate and test the adequacy of such systems, measures, controls, and procedures; however, there can be no guarantee that such systems, measures, controls, and procedures will be effective. Security breaches could expose us to a risk of loss or misuse of our information, litigation, and potential liability. In addition, cyber incidents that impact the availability, reliability, speed, accuracy, or other proper functioning of these systems could have a significant impact on our operations, and potentially on our results. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyberattacks. A significant cyber incident, including system failure, security breach, disruption by malware, or other damage could interrupt or delay our operations, result in a violation of applicable privacy and other laws, damage our reputation, cause a loss of customers, or give rise to monetary fines and other penalties, which could be significant.

Any significant work stoppages can harm our business.

As of December 31, 2018, we employed approximately 4,300 persons in North America and 300 persons in China. Our North American workforce was comprised of approximately 1,800 office employees and approximately 2,500 plant employees. Sixteen percent of our plant employees were members of various unions, including the United Steel Workers and The International Brotherhood of Teamsters.

Renewals of six union contracts covering approximately 107 employees were successfully negotiated in 2018. Four union contracts covering 89 employees are currently scheduled to expire in 2019.

Certain employee retirement benefit plans are underfunded and the actual cost of those benefits could exceed current estimates, which would require us to fund the shortfall.

As of December 31, 2018, our pension plan had an unfunded liability of \$181 million. Our actual costs for benefits required to be paid may exceed those projected and future actuarial assessments to the extent that those costs exceed the current assessment. Under those circumstances, the adjustments required to be made to our recorded liability for these benefits could have a material adverse effect on our results of operations and financial condition and cash payments to fund these plans could have a material adverse effect on our cash flows. We may be required to make substantial future contributions to improve the plan's funded status.

Future funding for postretirement employee benefits other than pensions also may require substantial payments from current cash flow.

We provide postretirement life insurance and medical benefits to certain eligible retired employees. Our unfunded postretirement benefit obligation as of December 31, 2018 was \$70 million. Our actual costs for benefits required to be paid may exceed those projected and future actuarial assessments to the extent that those costs exceed the current assessment. Under those circumstances, adjustments will be required to be made to our recorded liability for these benefits.

Any prolonged disruption of our processing centers could harm our business.

We have dedicated processing centers that permit us to produce standardized products in large volumes while maintaining low operating costs. We may suffer prolonged disruption in the operations of any of these facilities, whether due to labor or technical difficulties, destruction, or damage to any of the facilities or otherwise.

If we are unable to retain, attract, and motivate management and key personnel, it may adversely affect our business.

In order to compete and have continued growth, we must attract, retain, and motivate executives and other key employees, including those in managerial, technical, sales, marketing, and support positions. We believe that our success is due, in part, to our experienced management team. Losing the services of one or more members of our management team such as our CEO, Edward J. Lehner, and CFO, Erich S. Schnauffer, could adversely affect our business and possibly prevent us from improving our operational, financial, and information management systems and controls. We compete to hire employees and then must train them and develop their skills and competencies. In the future, we may need to retain and hire additional qualified sales, marketing, administrative, operating, and technical personnel, and to train and manage new personnel. Our ability to implement our business plan is dependent on our ability to retain, hire, and train a large number of qualified employees each year. Our results of operations could be adversely affected by increased costs due to increased competition for employees, higher employee turnover, or increased employee benefit costs.

Our international operations and potential joint ventures may cause us to incur costs and risks that may distract management from effectively operating our North American business, and such operations or joint ventures may not be profitable.

We maintain foreign operations in Canada, China, and Mexico. International operations are subject to certain risks inherent in conducting business in, and with, foreign countries, including price controls, exchange controls, export controls, economic sanctions, duties, tariffs, limitations on participation in local enterprises, nationalization, expropriation and other governmental action, and changes in currency exchange rates. While we believe that our current arrangements with local partners provide us with experienced business partners in foreign countries, events or issues, including disagreements with our partners, may occur that require attention of our senior executives and may result in expenses or losses that erode the profitability of our foreign operations or cause our capital investments abroad to be unprofitable.

Lead time and the cost of our products could increase if we were to lose one of our primary suppliers.

If, for any reason, our primary suppliers of aluminum, carbon steel, stainless steel, or other metals should curtail or discontinue their delivery of such metals in the quantities needed and at prices that are competitive, our business could suffer. The number of available suppliers could be reduced by factors such as industry consolidation and bankruptcies affecting steel and metal producers. For the year ended December 31, 2018, our top 25 suppliers represented approximately 74% of our purchases. We could be significantly and adversely affected if delivery were disrupted from a major supplier. If, in the future, we were unable to obtain sufficient amounts of the necessary metals at competitive prices and on a timely basis from our traditional suppliers, we may not be able to obtain such metals from alternative sources at competitive prices to meet our delivery schedules, which could have a material adverse effect on our sales and profitability.

Global metal overcapacity and imports of metal products into the United States have adversely affected, and may again adversely affect, United States metal prices, which could impact our sales and results of operations.

Global metal production capacity currently exceeds global consumption of metal products. Such excess capacity sometimes results in metal manufacturers in certain countries exporting steel at prices that are lower than prevailing domestic prices and sometimes at or below their cost of production. Excessive imports of metal into the United States, such as in recent years, have exerted and may continue to exert, downward pressure on United States steel prices which negatively affects our ability to increase our sales and results of operations.

The U.S. government has enacted several trade actions in 2018 including tariffs on imported steel and aluminum products under Section 232 of the Trade Expansion Act. It is expected that these trade actions, while in effect, will limit metal imports from non-exempt countries. These trade actions have favorably impacted Ryerson's average selling prices and gross margins in 2018. If these trade actions are relaxed, repealed, or if relatively higher U.S. metal prices make it attractive for foreign metal producers to export their products to the U.S., despite the presence of duties or tariffs, the resurgence of substantial imports of foreign steel could create downward pressure on U.S. metal prices which could have a material adverse effect on sales prices and future results of operations. Further, foreign administrations have responded to the trade actions imposed by the U.S. with trade actions in kind, adding further uncertainty to U.S. pricing and supply conditions. To the extent these tariffs and other trade actions result in a decrease in international demand for steel and aluminum, or products manufactured therefrom and, produced in the United States, or otherwise negatively impact demand for our products, our business may be adversely impacted.

We could incur substantial costs related to environmental, health, and safety laws.

Our operations are subject to increasingly stringent environmental, health, and safety laws. These include laws that impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage, and disposal of

regulated materials, and the investigation and remediation of contaminated soil, surface water, and groundwater. Failure to maintain or achieve compliance with these laws or with the permits required for our operations could result in substantial increases in operating costs and capital expenditures. In addition, we may be subject to fines and civil or criminal sanctions, third party claims for property damage or personal injury, worker's compensation or personal injury claims, cleanup costs, or temporary or permanent discontinuance of operations. Certain of our facilities are located in industrial areas, have a history of heavy industrial use and have been in operation for many years and, over time, we and other predecessor operators of these facilities have generated, used, handled, and disposed of hazardous and other regulated wastes. Environmental liabilities could exist, including cleanup obligations at these facilities or at off-site locations where materials from our operations were disposed of, which could result in future expenditures that cannot be currently quantified and which could have a material adverse effect on our financial position, results of operations, or cash flows. Such liabilities may be imposed without regard to fault or the legality of a party's conduct and may, in certain circumstances, be joint and several. Future changes to environmental, health, and safety laws, including those related to climate change, could result in material liabilities and costs, constrain operations or make such operations more costly for us, our suppliers, and our customers.

In October 2011, the United States Environmental Protection Agency ("EPA") named us as one of more than 100 businesses that may be a potentially responsible party for the Portland Harbor Superfund Site (the "PHS Site"). On January 6, 2017, the EPA issued an initial Record of Decision ("ROD") regarding the site. The ROD includes a combination of dredging, capping, and enhanced natural recovery that would take approximately thirteen years to construct plus additional time for monitored natural recovery, at an estimated present value cost of \$1.05 billion. At a meeting on December 4, 2018, the EPA announced that it expects parties to submit a plan to remediate the river and harbor per the original ROD within the next 2-3 years. It also expects allocation of amounts among the parties to be determined in the same time frame. It is willing to consider de minimus and de micromis settlements but is unlikely to approve any before completion of the remedial design process.

The EPA has not yet allocated responsibility for the contamination among the potentially responsible parties, including JT Ryerson. We do not currently have sufficient information available to us to determine whether the ROD will be executed as currently stated, whether and to what extent JT Ryerson may be held responsible for any of the identified contamination, and how much (if any) of the final plan's costs might ultimately be allocated to JT Ryerson. Therefore, management cannot predict the ultimate outcome of this matter or estimate a range of potential loss at this time.

Regulations related to conflict-free minerals may force us to incur additional expenses and place us at a competitive disadvantage.

On August 22, 2012, under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), the United States SEC adopted new requirements for reporting companies that use certain minerals and metals, known as "conflict minerals", in their products, whether or not these products are manufactured by third parties. These requirements require companies to diligence, disclose, and report whether or not such minerals originate from the Democratic Republic of Congo and adjoining countries. Since our supply chain is complex, we may not be able to conclusively verify the origins for all metals used in our products and we may face reputational challenges with our customers. Additionally, as there may be only a limited number of suppliers offering "conflict free" metals, we cannot be sure that we will be able to obtain necessary metals from such suppliers in sufficient quantities or at competitive prices. Accordingly, we could incur significant cost related to the compliance process, including potential difficulty or added costs in satisfying the disclosure requirements. Moreover, we may encounter challenges to satisfy those customers who require that all of the components of our products be certified as conflict free which could place us at a competitive disadvantage if we are unable to do so.

Tax changes could affect our effective tax rate, the value of our deferred tax assets, and future profitability.

Our future results could be adversely affected by changes in the effective tax rate or changes in the treatment of deferred tax assets as a result of changes in Ryerson's overall profitability, changes in the mix of earnings in countries with differing statutory tax rates, changes in tax legislation, the results of the examination of previously filed tax returns, and continuing assessment of the Company's tax exposures. In particular, although the passage of the Tax Cut and Jobs Act of 2017 reduced the U.S. tax rate to 21%, our future earnings could be negatively impacted by changes in tax legislation including changing tax rates and tax base such as limiting, phasing-out, or eliminating deductions or tax credits, changing rules for earnings repatriations and changing other tax laws in the U.S. or other countries. In addition, it is uncertain if, and to what extent, various states will conform to the new tax law and foreign countries will react by adopting tax legislation or taking other actions that could adversely affect our business.

We are subject to litigation that could strain our resources and distract management.

From time to time, we are involved in a variety of claims, lawsuits, and other disputes arising in the ordinary course of business. These suits concern issues including product liability, contract disputes, employee-related matters, and personal injury matters. It is not feasible to predict the outcome of all pending suits and claims, and the ultimate resolution of these matters as well as future lawsuits that could have a material adverse effect on our business, financial condition, results of operations, cash flows, or reputation.



We may face product liability claims that are costly and create adverse publicity.

If any of the products that we sell cause harm to any of our customers, we could be exposed to product liability lawsuits. If we were found liable under product liability claims, we could be required to pay substantial monetary damages. Further, even if we successfully defended ourselves against this type of claim, we could be forced to spend a substantial amount of money in litigation expenses, our management could be required to spend valuable time in the defense against these claims, and our reputation could suffer.

Our risk management strategies may result in losses.

From time to time, we may use fixed-price and/or fixed-volume supplier contracts to offset contracts with customers. Additionally, we may use foreign exchange contracts and interest rate swaps to hedge Canadian dollar, Euro, and floating rate debt exposures. These risk management strategies pose certain risks, including the risk that losses on a hedge position may exceed the amount invested in such instruments. Moreover, a party in a hedging transaction may be unavailable or unwilling to settle our obligations, which could cause us to suffer corresponding losses. A hedging instrument may not be effective in eliminating all of the risks inherent in any particular position. Our profitability may be adversely affected during any period as a result of use of such instruments.

#### Risks Related to Ownership of Our Common Stock

The market price for our common stock may be volatile.

Historically, there has been volatility in the market price for our common stock. Furthermore, the market price of our common stock could fluctuate substantially in the future in response to a number of factors, including, but not limited to, the risk factors described herein. Examples include:

- changes in commodity prices, especially metals;
- announcement of our quarterly operating results or the operating results of other metals service centers;
- changes in financial estimates or recommendations by stock market analysts regarding us or our competitors;
- the operating and stock performance of other companies that investors may deem comparable;
- press releases, earnings releases, or publicity relating to us or our competitors or relating to trends in the metals service center industry;
- inability to meet securities analysts' and investors' quarterly or annual estimates or targets of our performance;
- sales of our common stock by large or controlling shareholders;
- the amount of shares acquired for short-term investments;
- general domestic or international economic, market, and political conditions; and
- announcements by us or our competitors of significant acquisitions, dispositions or joint ventures, or other material events impacting the domestic or global metals industry.

In the past, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to their specific operating performance. These factors may adversely affect the trading price of our common stock, regardless of actual operating performance.

In addition, stock markets from time to time experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies. In the past, some shareholders have brought securities class action lawsuits against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation, regardless of whether our defense is ultimately successful, could result in substantial costs and divert management's attention and resources.



We have a substantial amount of indebtedness, which could adversely affect our financial position and prevent us from fulfilling our financial obligations.

We currently have a substantial amount of indebtedness. As of December 31, 2018, our total indebtedness was approximately \$1,153.3 million and we had approximately \$392 million of unused capacity under the Ryerson Credit Facility. Our substantial indebtedness may:

- make it difficult for us to satisfy our financial obligations, including making scheduled principal and interest payments on our outstanding notes and our other indebtedness;
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, or other general corporate purposes;
- limit our ability to use our cash flow for future working capital, capital expenditures, acquisitions, or other general corporate purposes;
- require us to use a substantial portion of our cash flow from operations to make debt service payments;
- limit our flexibility to plan for, or react to, changes in our business and industry;
- place us at a competitive disadvantage compared to our less leveraged competitors; and
- increase our vulnerability to the impact of adverse economic and industry conditions.

We may also incur additional indebtedness in the future. The terms of the Ryerson Credit Facility and the indenture governing our outstanding notes restrict but do not prohibit us from doing so, and the indebtedness incurred in compliance with these restrictions could be substantial. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify.

The covenants in the Ryerson Credit Facility and the indenture governing our notes impose, and covenants contained in agreements governing indebtedness that we incur in the future may impose, restrictions that may limit our operating and financial flexibility.

The Ryerson Credit Facility and the indenture governing our outstanding notes contain a number of significant restrictions and covenants that limit our ability and the ability of our restricted subsidiaries, including JT Ryerson, to:

- incur additional debt;
- pay dividends on our capital stock or repurchase our capital stock;
- make certain investments or other restricted payments;
- create liens or use assets as security in other transactions;
- merge, consolidate, transfer, or dispose of substantially all of our assets; and
- engage in transactions with affiliates.

The terms of the Ryerson Credit Facility require that, in the event availability under the facility declines to a certain level, we maintain a minimum fixed charge coverage ratio at the end of each fiscal quarter. Total credit availability is limited by the amount of eligible accounts receivable, inventory, and qualified cash pledged as collateral under the agreement insofar as the Company is subject to a borrowing base comprised of the aggregate of these three amounts, less applicable reserves. As of December 31, 2018, total credit availability was \$392 million. See discussion regarding the Ryerson Credit Facility in the “Liquidity and Capital Resources” section of Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Additionally, subject to certain exceptions, the indenture governing the outstanding notes restricts JT Ryerson’s ability to pay Ryerson Holding dividends. Our future indebtedness may contain covenants more restrictive in certain respects than the restrictions contained in the Ryerson Credit Facility and the indenture governing the notes. Operating results below current levels or other adverse factors, including a significant increase in interest rates, could result in our being unable to comply with financial covenants that are contained in the Ryerson Credit Facility or that may be contained in any future indebtedness. In addition, complying with these covenants may also cause us to take actions that are not

favorable to holders of our notes and may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions.

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We may not be able to generate sufficient cash to service all of our indebtedness.

We are highly leveraged. Our ability to make payments on our indebtedness depends on our ability to generate cash in the future. Our outstanding notes, the Ryerson Credit Facility, and our other outstanding indebtedness are expected to account for significant cash interest expenses. Accordingly, we will have to generate significant cash flows from operations to meet our debt service requirements. If we do not generate sufficient cash flow to meet our debt service and working capital requirements, we may be required to sell assets, seek additional capital, reduce capital expenditures, restructure or refinance all or a portion of our existing indebtedness, or seek additional financing. Moreover, insufficient cash flow may make it more difficult for us to obtain financing on terms that are acceptable to us, or at all.

The right to receive payment on the 2022 Notes and the guarantees will be subordinated to the liabilities of non-guarantor subsidiaries.

The notes and related guarantees are structurally subordinated to all indebtedness of our subsidiaries that are non-guarantors of the 2022 Senior Secured Notes (the "2022 Notes"). While the indenture governing the 2022 Notes limits the indebtedness and activities of these non-guarantor subsidiaries, holders of indebtedness of, and trade creditors of, non-guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before those assets are made available for distribution to any guarantor, as direct or indirect shareholder. While the non-guarantor subsidiaries have agreed under the indenture not to pledge or encumber their assets (other than with respect to permitted liens) without equally and ratably securing the notes, they will not guarantee the 2022 Notes notwithstanding any such pledge or encumbrance in favor of the 2022 Notes.

The non-guarantor subsidiaries represented, respectively, 10.4% and 8.3% of our net sales and EBITDA for the fiscal year ended December 31, 2018. In addition, these non-guarantor subsidiaries represented respectively, 11.2% and 4.8% of our assets and liabilities, as of December 31, 2018.

Accordingly, in the event that any of the non-guarantor subsidiaries or joint venture entities become insolvent, liquidates, or otherwise reorganizes:

- the creditors of the guarantors (including the holders of the 2022 Notes) will have no right to proceed against such subsidiary's assets; and
- the creditors of such non-guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of assets of such subsidiary, as direct or indirect shareholder, and will be entitled to receive any distributions from such subsidiary.

Because a portion of our indebtedness bears interest at rates that fluctuate with changes in certain prevailing short-term interest rates, we are vulnerable to interest rate increases.

A portion of our indebtedness, including the Ryerson Credit Facility, bears interest at rates that fluctuate with changes in certain short-term prevailing interest rates. As of December 31, 2018, we had approximately \$535.9 million of outstanding borrowings under the Ryerson Credit Facility, with an additional \$392 million available for borrowing under such facility. Assuming a consistent level of debt through-out 2018, a 100 basis point change in the interest rate on our floating rate debt effective from the beginning of the year would increase or decrease our interest expense under the Ryerson Credit Facility by approximately \$4.0 million on an annual basis. If interest rates increase dramatically, we could be unable to service our debt, which could have a material adverse effect on our business, financial condition, results of operations, or cash flows.

Changes in our credit ratings and outlook may reduce access to capital and increase borrowing costs.

Our credit ratings are based on a number of factors, including our financial strength and factors outside of our control, such as conditions affecting our industry generally or the introduction of new rating practices and methodologies. We cannot provide assurances that our current credit ratings will remain in effect or that the ratings will not be lowered, suspended, or withdrawn entirely by the rating agencies. If rating agencies lower, suspend, or withdraw the ratings, the market price or marketability of our securities may be adversely affected. In addition, any negative change in ratings could make it more difficult for us to raise capital on acceptable terms, impact the ability to obtain adequate financing, and result in higher interest costs for our existing credit facilities, including the Ryerson Credit Facility, or on future financings.

Platinum owns a significant percentage of our stock and has the right to nominate a majority of the members of the Corporation's board and will be able to exert control over matters subject to stockholder approval.

Platinum owns approximately 21,037,500 shares of our common stock, which is approximately 56% of our issued and outstanding common stock. Therefore, Platinum may be able to determine all matters requiring stockholder approval. For example, Platinum may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that our stockholders may believe are in their best interest as stockholders.

The Company is party to an investor rights agreement (the "Investor Rights Agreement") with certain affiliates of Platinum which provides, among other things, that for so long as Platinum collectively beneficially owns (i) at least 30% of the voting power of the outstanding capital stock of the Company, Platinum will have the right to nominate for election to the board of directors of the Company no fewer than that number of directors that would constitute a majority of the number of directors if there were no vacancies on the board, (ii) at least 15% but less than 30% of the voting power of the outstanding capital stock of the Company, Platinum will have the right to nominate two directors and (iii) at least 5% but less than 15% of the voting power of the outstanding capital stock of the Company, Platinum will have the right to nominate one director. The agreement also provides that if the size of the board of directors is increased or decreased at any time, Platinum's nomination rights will be proportionately increased or decreased, respectively, rounded up to the nearest whole number. As a result of Platinum's ownership of a majority of the Company's outstanding capital stock as well its board nomination rights pursuant to the Investor Rights Agreement, Platinum may significantly influence or effectively control our policies and operations, including the appointment of management, future issuances of our common stock or other securities, and the payment of dividends. In addition, Platinum has significant control over our decisions to enter into any other corporate transaction.

The interests of Platinum may not in all cases be aligned with the interests of the other holders of our common stock. For example, a sale of a substantial number of shares of stock in the future by Platinum could cause our stock price to decline. Further, Platinum could cause us to make acquisitions that increase the amount of the indebtedness that is secured or senior to the Company's existing debt or sell revenue-generating assets, impairing our ability to make payments under such debt. Additionally, Platinum is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Accordingly, Platinum may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. In addition, Platinum may have an interest in pursuing acquisitions, divestitures, and other transactions that, in their judgment, could enhance their equity investment, even though such transactions might involve risks to holders of our common stock.

We are exempt from certain corporate governance requirements because we are a "controlled company" within the meaning of the NYSE rules and, as a result, our stockholders do not have the protections afforded by these corporate governance requirements.

Because Platinum controls more than 50% of the voting power of our common stock, we are considered to be a "controlled company" for purposes of the New York Stock Exchange ("NYSE") listing requirements. Under the NYSE rules, a "controlled company" may elect not to comply with certain NYSE corporate governance requirements, including (1) the requirement that a majority of our Board of Directors consist of independent directors, (2) the requirement that the nominating and corporate governance committee of our Board of Directors be composed entirely of independent directors, (3) the requirement that the compensation committee of our Board of Directors be composed entirely of independent directors, and (4) the requirement for an annual performance evaluation of the nomination/corporate governance and compensation committees. Given that Platinum controls a majority of the voting power of our common stock, we are permitted, and have elected, to opt out of compliance with certain NYSE corporate governance

requirements. Accordingly, holders of our common stock do not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.



Our corporate documents and Delaware law contain provisions that could discourage, delay, or prevent a change in control of the Company.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult without the approval of our Board of Directors. These provisions:

- establish a classified Board of Directors so that not all members of our Board of Directors are elected at one time;
- authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of common stock;
- provide that the Board of Directors is expressly authorized to make, alter, or repeal our amended and restated bylaws;
- prohibit stockholders from acting by written consent if less than a majority of the voting power of our outstanding stock is controlled by Platinum; and
- establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These anti-takeover provisions and other provisions under Delaware law could discourage, delay, or prevent a transaction involving a change in control of our company, even if doing so would benefit our stockholders. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire.

Any issuance of preferred stock could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our Board of Directors will have the authority to issue preferred stock and to determine the preferences, limitations, and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend, and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium over the market price, and adversely affect the market price and the voting and other rights of the holders of our common stock.

We have not and do not intend to pay regular cash dividends on our stock.

We do not anticipate declaring or paying regular cash dividends on our common stock or any other equity security in the foreseeable future. The amounts that may be available to us to pay cash dividends are restricted under our debt agreements. Any payment of cash dividends on our common stock in the future will be at the discretion of our Board of Directors and will depend upon our results of operations, earnings, capital requirements, financial condition, future prospects, contractual restrictions, and other factors deemed relevant by our Board of Directors. Therefore, you should not rely on dividend income from shares of our common stock. For more information, see "Dividend Policy." Your only opportunity to achieve a return on your investment in us may be if the market price of our common stock appreciates and you sell your shares at a profit, but there is no guarantee that the market price for our common stock will ever exceed the price that you pay for our common stock.

#### ITEM 1B.UNRESOLVED STAFF COMMENTS.

Not applicable.



## ITEM 2. PROPERTIES.

As of December 31, 2018, the Company's facilities are set forth below:

## Operations in the United States

JT Ryerson maintains 84 operational facilities, including 6 locations that are dedicated to administration services. All of our metals service center facilities are in good condition and are adequate for JT Ryerson's existing operations. Approximately 40% of these facilities are leased. The lease terms expire at various times through 2028. Owned properties noted as vacated below have been closed and are in the process of being sold. JT Ryerson's properties and facilities are adequate to serve its present and anticipated needs.

Location	Own/Lease
Birmingham, AL	Owned
Mobile, AL	Owned
Fort Smith, AR	Owned
Hickman, AR**	Leased
Little Rock, AR**	Owned
Phoenix, AZ	Owned
Dos Palos, CA	Leased
Fresno, CA	Leased
Livermore, CA	Leased
Vernon, CA	Owned
Commerce City, CO	Owned
South Windsor, CT	Leased/Vacated
Wilmington, DE	Owned
Jacksonville, FL	Owned
Tampa Bay, FL	Owned
Lavonia, GA	Owned
Norcross, GA	Leased
Norcross, GA**	Owned
Des Moines, IA	Owned
Eldridge, IA**	Leased
Marshalltown, IA	Owned
Chicago, IL (Headquarters)*	Leased
Chicago, IL	Owned
Chicago, IL	Leased
Chicago, IL	Leased/Vacated
Dekalb, IL	Leased
Elgin, IL	Leased
Lisle, IL*	Leased
Burns Harbor, IN	Owned
Indianapolis, IN	Owned
Portage, IN	Leased
Wichita, KS	Leased
Shelbyville, KY**	Owned
Shreveport, LA	Owned
St. Rose, LA	Owned

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Devens, MA	Owned
Detroit, MI*	Leased
Grand Rapids, MI*	Leased
Lansing, MI	Leased
Minneapolis, MN	Owned
Plymouth, MN	Owned
Maryland Heights, MO	Leased
North Kansas City, MO	Owned
Jackson, MS	Owned

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Charlotte, NC**	Owned
Charlotte, NC	Leased
Greensboro, NC (2)	Owned
Pikeville, NC	Leased
Youngsville, NC	Leased
Omaha, NE	Owned
Lancaster, NY	Owned
Cincinnati, OH	Owned
Columbus, OH	Leased
Hamilton, OH*	Leased
Hilliard, OH	Owned
Streetsboro, OH	Leased
Strongsville, OH	Owned
Warren, OH	Leased/Vacated
Oklahoma City, OK	Owned
Tulsa, OK	Owned
Tigard, OR	Leased
Ambridge, PA**	Owned
Fairless Hills, PA**	Leased
Pittsburgh, PA*	Leased/Vacated
Charleston, SC**	Owned
Greenville, SC	Owned
Wellford, SC	Owned
Chattanooga, TN	Owned
Chattanooga, TN	Leased
Gallatin, TN	Leased
Knoxville, TN*	Leased
Memphis, TN	Owned
Dallas, TX	Owned
El Paso, TX	Leased
Houston, TX	Owned
Houston, TX (2)	Leased
McAllen, TX	Leased
Odessa, TX	Leased/Vacated
Salt Lake City, UT	Leased
Pounding Mill, VA	Owned
Richmond, VA	Owned
Renton, WA	Owned
Spokane, WA	Owned
Green Bay, WI	Owned
Green Bay, WI	Leased
Hammond, WI	Leased
Milwaukee, WI	Owned
Milwaukee, WI	Owned/Vacated

\*Office space only

\*\*Processing centers



### Operations in Canada

Ryerson Canada, a wholly-owned indirect Canadian subsidiary of Ryerson Holding, has nine operational facilities in Canada. All of the metals service center facilities are in good condition and are adequate for Ryerson Canada's existing and anticipated operations. Four facilities are leased. The lease terms expire at various times through 2025.

Location	Own/Lease
Calgary, AB	Owned
Edmonton, AB	Owned
Richmond, BC	Owned
Winnipeg, MB	Owned
Winnipeg, MB	Leased
Saint John, NB	Owned
Brampton, ON	Leased
Burlington, ON (includes Canadian Headquarters)	Leased
Laval, QC	Leased/Vacated
Vaudreuil, QC	Leased

### Operations in China

Ryerson China, an indirect wholly owned subsidiary of Ryerson Holding, has five service and processing centers in China, at Guangzhou, Dongguan, Kunshan, and Tianjin, performing coil processing, sheet metal fabrication, and plate processing. Ryerson China's headquarters office building is located in Kunshan. We own four buildings in China and have purchased the related land use rights. The remaining facility is leased. All of the facilities are in good condition and are adequate for Ryerson China's existing and anticipated operations.

### Operations in Mexico

Ryerson Mexico, an indirect wholly owned subsidiary of Ryerson Holding, has four facilities in Mexico. We have service centers in Monterrey, Tijuana, Hermosillo, and Queretaro, all of which are leased. The facilities are in good condition and are adequate for Ryerson Mexico's existing and anticipated operations.

### ITEM 3. LEGAL PROCEEDINGS.

In October 2011, the United States Environmental Protection Agency (the "EPA") named us as one of more than 100 businesses that may be a potentially responsible party for the Portland Harbor Superfund Site ("Portland Harbor"). On January 6, 2017, the EPA issued an initial Record of Decision ("ROD") regarding the site. The ROD includes a combination of dredging, capping, and enhanced natural recovery that would take approximately thirteen years to construct plus additional time for monitored natural recovery, at an estimated present value cost of \$1.05 billion. At a meeting on December 4, 2018, the EPA announced that it expects parties to submit a plan to remediate the river and harbor per the original ROD within the next 2-3 years. It also expects allocation of amounts among the parties to be determined in the same time frame. It is willing to consider de minimus and de micromis settlements but is unlikely to approve any before completion of the remedial design process.

The EPA has not yet allocated responsibility for the contamination among the potentially responsible parties, including JT Ryerson. We do not currently have sufficient information available to us to determine whether the ROD will be executed as currently stated, whether and to what extent JT Ryerson may be held responsible for any of the

identified contamination, and how much (if any) of the final plan's costs might ultimately be allocated to JT Ryerson. Therefore, management cannot predict the ultimate outcome of this matter or estimate a range of potential loss at this time.

There are various other claims and pending actions against the Company. The amount of liability, if any, for those claims and actions at December 31, 2018 is not determinable but, in the opinion of management, such liability, if any, will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. We maintain liability insurance coverage to assist in protecting our assets from losses arising from or related to activities associated with business operations.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.



## PART II

### ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND 5. ISSUER PURCHASES OF EQUITY SECURITIES.

#### Market Information for Common Stock

Our common stock has been listed on the New York Stock Exchange under the symbol "RYT" and was first traded on August 13, 2014.

#### Holdings

As of February 28, 2019, there were 2 stockholders of record of our common stock. Because many shares of our common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial stockholders represented by these record holders.

#### Dividend Policy

We have not declared any cash dividends for the past two years and we do not anticipate declaring or paying any regular cash dividends on our common stock in the foreseeable future. Any payment of cash dividends on our common stock in the future will be at the discretion of our Board of Directors and will depend upon our results of operations, earnings, capital requirements, financial condition, future prospects, contractual restrictions, including under the Ryerson Credit Facility and our outstanding notes, and other factors deemed relevant by our Board of Directors.

## Performance Graph

The following graph and accompanying table show the cumulative total return to stockholders of Ryerson Holding's common stock relative to the cumulative total returns of the S&P 500 and a metals service center peer group (the "Peer Group"). The graph tracks the performance of a \$100 investment in each of the indices (with reinvestment of dividends) from August 13, 2014 to December 31, 2018. As of December 31, 2018 the Peer Group consisted of Reliance Steel & Aluminum Co. and Olympic Steel Inc., each of which has securities listed for trading on the NASDAQ; and Russel Metals Inc., which has securities listed for trading on the Toronto Stock Exchange. The returns of each member of the Peer Group are weighted according to that member's stock market capitalization. The stock price performance included in this graph is not necessarily indicative of future stock price performance.

## Comparison of 53 Month Cumulative Total Return

Assumes Initial Investment of \$100

December 2018

This graph is not deemed to be "filed" with the U.S. Securities and Exchange Commission (SEC) or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act), and should not be deemed to be incorporated by reference into any of our prior or subsequent filings under the Securities Act of 1933 or the Exchange Act.

	8/13/14	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
Ryerson Holding	\$ 100.00	\$ 96.41	\$ 45.34	\$ 129.61	\$ 100.97	\$ 61.55
S&P 500	\$ 100.00	\$ 107.12	\$ 108.55	\$ 120.94	\$ 145.93	\$ 140.09
Peer Group	\$ 100.00	\$ 86.21	\$ 78.54	\$ 118.09	\$ 127.92	\$ 108.23

## Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

## Recent Sale of Unregistered Securities and Use of Proceeds

None.

## ITEM 6. SELECTED FINANCIAL DATA.

The following table sets forth our selected historical consolidated financial information. Our selected historical Consolidated Statements of Operations data for the years ended December 31, 2016, 2017 and 2018 and the summary historical balance sheet data as of December 31, 2017 and 2018 have been derived from our audited consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data." The selected historical Consolidated Statements of Operations data for the years



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ended December 31, 2014 and 2015 and the summary historical balance sheet data as of December 31, 2014, 2015, and 2016 were derived from the audited financial statements and related notes thereto, which are not included in this Form 10-K.

The following consolidated financial information should be read together with Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the audited Consolidated Financial Statements of Ryerson Holding Corporation and the Notes thereto included in Item 8. “Financial Statements and Supplementary Data.”

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA AND OPERATING RESULTS

(Dollars in millions, except per ton and per share data)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
<b>Statements of Operations Data:</b>					
Net sales	\$4,408.4	\$3,364.7	\$2,859.7	\$3,167.2	\$3,622.2
Cost of materials sold	3,650.3	2,782.2	2,289.1	2,599.5	3,028.4
Gross profit	758.1	582.5	570.6	567.7	593.8
Warehousing, delivery, selling, general, and administrative (1)					
(2)	614.7	481.4	447.5	451.9	512.2
Gain on sale of assets	—	—	—	(1.9 )	(1.8 )
Restructuring and other charges	4.2	—	1.0	2.5	—
Impairment charges on assets	—	—	—	7.7	—
Operating profit	139.2	101.1	122.1	107.5	83.4
Other income and (expense), net (2) (3)	76.7	6.6	(6.1 )	(9.3 )	(2.9 )
Interest and other expense on debt (4)	(99.2 )	(91.0 )	(89.9 )	(96.3 )	(107.4 )
Income (loss) before income taxes	116.7	16.7	26.1	1.9	(26.9 )
Provision (benefit) for income taxes	10.3	(1.3 )	7.2	3.7	(0.7 )
Net income (loss)	106.4	18.0	18.9	(1.8 )	(26.2 )
Less: Net income (loss) attributable to noncontrolling interest	0.4	0.9	0.2	(1.3 )	(0.5 )
Net income (loss) attributable to Ryerson Holding Corporation	\$106.0	\$17.1	\$18.7	\$(0.5 )	\$(25.7 )
<b>Earnings (loss) per share of common stock: (5)</b>					
Basic earnings (loss) per share	\$2.84	\$0.46	\$0.55	\$(0.02 )	\$(1.01 )
Diluted earnings (loss) per share	\$2.81	\$0.46	\$0.54	\$(0.02 )	\$(1.01 )
Weighted average shares outstanding — Basic	37.3	37.2	34.3	32.1	25.4
Weighted average shares outstanding — Diluted	37.7	37.3	34.4	32.1	25.4
<b>Balance Sheet Data (at period end):</b>					
Cash and cash equivalents	\$23.2	\$77.4	\$80.7	\$63.2	\$60.0
Restricted cash	1.1	1.1	1.0	1.2	2.0
Working capital	844.1	701.2	665.4	643.0	846.0
Property, plant, and equipment, net	489.0	422.9	388.2	400.3	428.2
Total assets	2,086.3	1,711.9	1,558.7	1,545.2	1,855.6
Long-term debt, including current maturities	1,153.3	1,045.7	963.5	1,023.5	1,242.1
Total equity (deficit)	75.9	(7.4 )	(49.3 )	(140.9 )	(124.5 )
<b>Other Financial Data:</b>					
Cash flows provided by (used in) operations	\$57.4	\$(2.5 )	\$24.8	\$258.9	\$(73.3 )

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Cash flows used in investing activities	(200.2 )	(70.3 )	(19.8 )	(18.0 )	(34.0 )
Cash flows provided by (used in) financing activities	92.9	65.7	11.4	(232.0 )	100.5
Capital expenditures	38.4	25.1	23.0	22.3	21.6
Depreciation and amortization	52.9	47.1	42.5	43.7	45.6
Volume and Per Ton Data:					
Tons shipped (000)	2,268	2,000	1,903	1,897	2,024
Average selling price per ton	\$1,944	\$1,682	\$1,503	\$1,670	\$1,790
Gross profit per ton	334	291	300	299	293
Operating expenses per ton	273	241	236	243	252
Operating profit per ton	61	50	64	56	41

(1) The year ended December 31, 2014 includes \$32.7 million of one-time IPO-related expenses.

(2)As a result of adopting Accounting Standards Update 2017-07, "Compensation - Retirement Benefits: Improving the Presentation of Net Periodic Pension Cost and Net Periodic Post Retirement Benefit Cost," we have reclassified benefits of \$8.9 million, \$11.1 million, \$1.1 million, and \$3.0 million in the year ended December 31, 2017, 2016, 2015, and 2014, respectively, from Warehousing, delivery, selling, general, and administrative expense to Other income and (expense), net.

(3)The year ended December 31, 2018 includes a \$70.0 million gain on bargain purchase related to our Central Steel and Wire Company acquisition. The year ended December 31, 2017 includes an other-than-temporary impairment charge of \$0.2 million related to an equity investment. The year ended December 31, 2016 includes an other-than-temporary impairment charge of \$4.7 million related to an equity investment and a \$8.7 million loss on the retirement of debt related to the purchases and retirement of our 9.0% Senior Notes due 2017 (the “2017 Notes”) and 11.25% Senior Notes due 2018 (the “2018 Notes”). The year ended December 31, 2015 includes an other-than-temporary impairment charge of \$12.3 million in the first quarter of 2015 related to an equity investment and a \$0.3 million gain on the retirement of debt related to the purchases of a portion of our 2017 Notes and 2018 Notes. The year ended December 31, 2014 includes \$11.2 million of expense related to the premium paid to redeem \$99.5 million of 2018 Notes. Remaining amounts in each year are related to foreign currency gains (losses).

(4)The year ended December 31, 2018 included a \$0.5 million write off of debt issuance costs related to the repurchase of the 2022 Notes. The year ended December 31, 2015 includes a \$2.9 million write off of debt issuance costs associated with our prior credit facility upon entering into a new revolving credit facility on July 24, 2015.

(5) On July 23, 2014, our Board of Directors approved a 4.25 for 1.00 stock split (the “Stock Split”) of the Company’s common stock effective August 5, 2014. The following amounts related to earnings per share and shares outstanding have been adjusted for the Stock Split for all periods reported.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis should be read in conjunction with Item 6. "Selected Financial Data" and the audited Consolidated Financial Statements of Ryerson Holding Corporation and Subsidiaries and the Notes thereto in Item 8. "Financial Statements and Supplementary Data." This discussion contains forward-looking statements that involve risks and uncertainties. See the section entitled "Special Note Regarding Forward-Looking Statements." Our actual results and the timing of selected events could differ materially from those discussed in these forward-looking statements as a result of certain factors, including those discussed in Item 1A. "Risk Factors" and elsewhere in this Form 10-K.

### Overview

#### Business

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 metals service center, a 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 processing and 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."

#### Industry and Operating Trends

We are a metals service center providing value-added processing and distribution of industrial metals with operations in the United States, Canada, Mexico, and China. We purchase large quantities of metal products from primary producers and sell these materials in smaller quantities to a wide variety of metals-consuming industries. More than 75% of the metals products sold are processed by us by bending, beveling, blanking, blasting, burning, cutting-to-length, drilling, embossing, flattening, forming, grinding, laser cutting, machining, notching, painting, perforating, polishing, punching, rolling, sawing, scribing, shearing, slitting, stamping, tapping, threading, welding, or other techniques to process materials to a specified thickness, length, width, shape, and surface quality pursuant to specific customer orders.

Similar to other metals service centers, we maintain substantial inventories of metals to accommodate the short lead times and just-in-time delivery requirements of our customers. Accordingly, we purchase metals to maintain our inventory at levels that we believe to be appropriate to satisfy the anticipated needs of our customers based upon customer forecasts, historic buying practices, supply agreements with customers, mill lead times, and market conditions. Our commitments to purchase metals are generally at prevailing market prices in effect at the time we place our orders. At the request of our customers, we have entered into swaps in order to mitigate our customers' risk of volatility in the price of metals and we have entered into metals hedges to mitigate our own risk of volatility in the price of metals. We have no long-term, fixed-price metals purchase contracts. When metals prices decline, customer demands for lower prices and our competitors' responses to those demands could result in lower sale prices and, consequently, lower gross profits and earnings as we sell existing metals inventory. When metals prices increase,

competitive conditions will influence how much of the price increase we may pass on to our customers.

The metals service center industry is cyclical and volatile in both demand and pricing, and difficult to predict. In 2018, we saw improved demand when viewed against the year ago period. According to the Metal Service Center Institute, U.S. service center volumes have increased by four percent compared to the year-ago period. In 2018, we experienced year-over-year growth in shipment volumes to nearly all of our end markets, most notably in the ground transportation and metal fabrication and machine shop sectors. We saw year-over-year shipment declines only in the HVAC and construction equipment sectors.

Overall, commodity prices trended higher in 2018. CRU hot-rolled carbon steel prices rose 21%, Midwest aluminum prices rose 3%, and stainless 304 surcharge prices rose 2% during the year. Higher commodity prices translated into higher selling prices for Ryerson, with per ton pricing increases of 16% during the year. Stronger demand and pricing were offset by higher procured metal costs, which resulted in flat gross margins in 2018.



## Recent Industry Developments

On March 1, 2018, the White House announced a 25% tariff on all imported steel products and 10% tariff on all imported aluminum products for an indefinite amount of time under Section 232 of the Trade Expansion Act. Subsequently, the White House announced steel quotas, in lieu of tariffs, with South Korea. On May 1, 2018, the White House further announced agreements-in-principle with Argentina, Australia, and Brazil for permanent exemptions from the tariffs in exchange for export quotas or voluntary export restraints, with the exception of Australia which has not agreed to quotas at the time of this release. In August 2018, steel tariffs were increased to 50% for Turkey to offset inflation in the Turkish Lira.

Further trade actions announced by the U.S. under Section 301 of the Trade Act of 1974 imposed a 25% additional duty on \$34 billion worth of Chinese imports effective July 6, 2018. In September 2018, the U.S. imposed a 10% tariff on \$200 billion in additional Chinese imported goods to increase to 25% by March 1, 2019. Ryerson expects upward price pressure on metal products in the U.S. to the extent the Section 232 tariffs or other trade actions remain enacted with U.S. trading partners.

Foreign administrations have responded to the trade actions imposed by the U.S. with trade actions in kind, adding further uncertainty to U.S. pricing and supply conditions.

## Acquisitions

On April 2, 2018, we acquired Fanello Industries (“Fanello”), a privately-owned metal service company located in Lavonia, Georgia. Fanello is a processor and service provider that supplies blanking, stamping, laser cutting, bending, and machining metal solutions to a diverse group of industries in the Southeastern United States.

On July 2, 2018, JT Ryerson acquired Central Steel and 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. CS&W expanded 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. Included in the 2018 financial results is \$347.5 million of revenue and \$78.5 million, including a \$70.0 million bargain purchase gain, of net income from CS&W since the acquisition date. Please refer to Note 2 — “Acquisitions” of Part II, Item 8 “Financial Statements and Supplementary Data” for further information on our 2018 acquisition of CS&W.

## Components of Results of Operations

We generate substantially all of our revenue from sales of our metals products. The majority of revenue is recognized upon delivery of product to customers. The timing of shipment is substantially the same as the timing of delivery to customers given the proximity of our distribution sites to our customers. Revenues associated with products which we believe have no alternative use, and where the Company has an enforceable right to payment, are recognized on an over-time basis. Over-time revenues are recorded in proportion with the progress made toward completing the performance obligation.

Sales, cost of materials sold, gross profit, and operating expense control are the principal factors that impact our profitability:

**Net Sales.** Our sales volume and pricing are driven by market demand, which is largely determined by overall industrial production and conditions in specific industries in which our customers operate. Sales prices are also

primarily driven by market factors such as overall demand and availability of product. Our net sales include revenue from product sales, net of returns, allowances, customer discounts, and incentives.

Cost of materials sold. Cost of materials sold includes metal purchase and in-bound freight costs, third-party processing costs, and direct and indirect internal processing costs. The cost of materials sold fluctuates with our sales volume and our ability to purchase metals at competitive prices. Increases in sales volume generally enable us both to improve purchasing leverage with suppliers, as we buy larger quantities of metals inventories.

Gross profit. Gross profit is the difference between net sales and the cost of materials sold. Our sales prices to our customers are subject to market competition. Achieving acceptable levels of gross profit is dependent on our acquiring metals at competitive prices, our ability to manage the impact of changing prices, and efficiently managing our internal and external processing costs.

Operating expenses. Optimizing business processes and asset utilization to lower fixed expenses such as employee, facility, and truck fleet costs which cannot be rapidly reduced in times of declining volume, and maintaining low fixed cost structure in times of increasing sales volume, have a significant impact on our profitability. Operating expenses include costs related to warehousing and distributing our products as well as selling, general, and administrative expenses.

## Results of Operations

The following table sets forth our condensed consolidated statements of income data:

	Year Ended December 31, 2018	% of Net Sales	Year Ended December 31, 2017	% of Net Sales	Year Ended December 31, 2016	% of Net Sales
Net sales	\$ 4,408.4	100.0%	\$ 3,364.7	100.0%	\$ 2,859.7	100.0%
Cost of materials sold	3,650.3	82.8	2,782.2	82.7	2,289.1	80.0
Gross profit	758.1	17.2	582.5	17.3	570.6	20.0
Warehousing, delivery, selling, general, and administrative expenses	614.7	13.9	481.4	14.3	447.5	15.7
Restructuring and other charges	4.2	0.1	—	—	1.0	—
Operating profit	139.2	3.2	101.1	3.0	122.1	4.3
Other expenses	(22.5 )	(0.6 )	(84.4 )	(2.5 )	(96.0 )	(3.4 )
Income before income taxes	116.7	2.6	16.7	0.5	26.1	0.9
Provision (benefit) for income taxes	10.3	0.2	(1.3 )	—	7.2	0.2
Net income	106.4	2.4	18.0	0.5	18.9	0.7
Less: Net income attributable to noncontrolling interest	0.4	—	0.9	—	0.2	—
Net income attributable to Ryerson Holding Corporation	\$ 106.0	2.4 %	\$ 17.1	0.5 %	\$ 18.7	0.7 %
Basic earnings per share	\$ 2.84		\$ 0.46		\$ 0.55	
Diluted earnings per share	\$ 2.81		\$ 0.46		\$ 0.54	

The following table shows the Company's percentage of sales by major product line:

Product Line	Year Ended December 31,		
	2018	2017	2016
	(Percentage of Sales)		
Carbon Steel Flat	27 %	28 %	28 %
Carbon Steel Plate	11	10	9
Carbon Steel Long	14	12	13
Stainless Steel Flat	16	18	17
Stainless Steel Plate	4	4	4
Stainless Steel Long	4	4	3
Aluminum Flat	15	15	16
Aluminum Plate	3	3	3

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Aluminum Long	4	4	5
Other	2	2	2
Total	100%	100%	100%

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Comparison of the year ended December 31, 2018 with the year ended December 31, 2017

Net Sales

	Year Ended		Dollar change	Percentage change	
	December 31, 2018	2017			
	(\$ in millions)				
Net sales	\$4,408.4	\$3,364.7	\$1,043.7	31.0	%
Net sales, same-store	\$4,060.9	\$3,364.7	\$696.2	20.7	%

	Year Ended		Tons change	Percentage change	
	December 31, 2018	2017			
	(in thousands)				
Tons sold	2,268	2,000	268	13.4	%
Tons sold, same-store	2,081	2,000	81	4.1	%

	Year Ended		Price change	Percentage change	
	December 31, 2018	2017			
Average selling price per ton sold	\$1,944	\$1,682	\$262	15.6	%
Average selling price per ton sold, same-store	\$1,951	\$1,682	\$269	16.0	%

Revenue for the year ended December 31, 2018 increased from the same period a year ago due to higher average selling prices and higher tons sold reflecting improved economic conditions in the metals market. Net sales and tons sold also increased in 2018 due to the acquisition of CS&W on July 2, 2018. Excluding CS&W (same-store results), average selling price per ton increased for all of our product lines in 2018 with the largest increases in our carbon plate, aluminum plate, and stainless plate products. Prices increased for our product lines in 2018 compared to 2017 as the impact of Section 232 tariffs favorably impacted metal prices along with improved demand. As more fully discussed in Item 1A “Risk Factors” of this Annual Report on Form 10-K, the tariffs imposed on certain metal products under Section 232 of the Trade Expansion Act of 1962 have led to significant increases in the prices of the products we sell and our profitability. A rapid decline in metal prices from current levels could result in a significant adverse effect on our revenues, gross profit, and net income. Excluding CS&W, tons sold also increased in 2018 for all of our product lines with the largest increases in shipments of our carbon plate, stainless plate, and aluminum flat product lines. Tons sold per ship day were 9,000 in 2018 as compared to 7,968 in 2017. Excluding CS&W, tons sold per ship day were 8,258 in 2018.

Cost of Materials Sold

	Year Ended December 31,		% of Net Sales	% of Net Sales	Dollar change	Percentage change	
	2018	2017					
	(\$ in millions)						
Cost of materials sold	\$3,650.3	\$2,782.2	82.8%	82.7%	\$868.1	31.2	%

	Year Ended		Dollar change	Percentage change	
	December 31, 2018	2017			
Average cost of materials per ton sold	\$1,610	\$1,391	\$ 219	15.7	%

The increase in cost of materials sold in 2018 compared to 2017 was primarily due to an increase in the average cost of materials sold per ton and the increase in tons sold. The average cost of materials sold increased for all of our product lines during 2018 with our carbon plate, stainless plate, and stainless long product lines increasing more than our other products lines.

During 2018, LIFO expense was \$90 million related to increases in pricing for all product lines. During 2017, LIFO expense was \$44 million related to increases in pricing for all product lines. LIFO expense in 2017 was offset by a \$24 million credit to reverse the lower of cost or market inventory reserve.

## Gross Profit

	Year Ended December 31,			Dollar	Percentage	
	2018	2017				
	% of		% of			
	Net		Net	change	change	
	\$ Sales	\$ Sales				
	(\$ in millions)					
Gross profit	\$758.1	17.2%	\$582.5	17.3%	\$175.6	30.1%

Gross profit dollars increased in 2018 compared to 2017 due to the increases in average selling price and tons sold as well as the acquisition of CS&W. During 2018, our revenue per ton increased at approximately the same pace as the increase in cost of materials sold per ton resulting in stable gross margins compared to the prior year.

## Operating Expenses

	Year Ended December 31,			Dollar	Percentage	
	2018	2017				
	% of		% of			
	Net		Net	change	change	
	\$ Sales	\$ Sales				
	(\$ in millions)					
Warehousing, delivery, selling, general, and administrative expenses	\$614.7	13.9%	\$481.4	14.3%	\$133.3	27.7%
Warehousing, delivery, selling, general, and administrative expenses, same-store	\$548.4	13.5%	\$481.4	14.3%	\$67.0	13.9%
Restructuring and other charges	\$4.2	0.1%	\$—	—	\$4.2	—

Total operating expenses in 2018 were \$137.5 million higher than in 2017 primarily due to the acquisition of CS&W on July 2, 2018, which increased operating expenses by \$66.3 million excluding restructuring charges. In addition, improved demand, higher employment levels, and general inflationary factors impacted expenses with increases in the following categories:

- Higher incentive compensation expense of \$29.5 million;
- higher salaries and wages of \$11.9 million;
  - higher delivery expenses of \$9.4 million, primarily due to the increase in tons sold in 2018;
- higher facility expenses of \$6.2 million, primarily due to higher operating supply costs and higher depreciation expense;
- a restructuring charge of \$4.2 million in 2018 related primarily to severance costs for corporate staff reductions and two facility closures;
- higher sales expenses of \$2.8 million; and
- higher purchase consideration and other transaction costs of \$2.6 million.

On a per ton basis, operating expenses increased to \$273 per ton in 2018 from \$241 per ton in 2017.

Operating Profit

Year Ended  
December 31,