

STEEL DYNAMICS INC
Form 10-Q
May 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2012

OR

o Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 0-21719

Steel Dynamics, Inc.

(Exact name of registrant as specified in its charter)

Indiana

(State or other jurisdiction of incorporation or organization)

35-1929476

(I.R.S. Employer Identification No.)

7575 West Jefferson Blvd, Fort Wayne, IN

46804

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(260) 969-3500**

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (see definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act). (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of April 30, 2012, Registrant had 219,084,717 outstanding shares of common stock.

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STEEL DYNAMICS, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	March 31, 2012 (unaudited)	December 31, 2011
Assets		
Current assets		
Cash and equivalents	\$ 357,809	\$ 390,761
Investments in short-term commercial paper	64,982	84,830
Accounts receivable, net	737,531	679,898
Accounts receivable-related parties	51,643	42,893
Inventories	1,270,941	1,199,584
Deferred income taxes	26,089	25,341
Income taxes receivable	2,833	16,722
Other current assets	15,029	15,229
Total current assets	2,526,857	2,455,258
Property, plant and equipment, net	2,199,509	2,193,745
Restricted cash	26,994	26,528
Intangible assets, net	442,277	450,893
Goodwill	743,441	745,066
Other assets	104,549	107,736
Total assets	\$ 6,043,627	\$ 5,979,226
Liabilities and Equity		
Current liabilities		
Accounts payable	\$ 462,492	\$ 414,240
Accounts payable-related parties	9,765	6,584
Income taxes payable	14,383	10,880
Accrued expenses	186,247	185,964
Accrued profit sharing	9,348	38,671
Current maturities of long-term debt	439,633	444,078
Total current liabilities	1,121,868	1,100,417
Long-term debt		
Term loan	257,812	
7 3/8% senior notes, due 2012		261,250
5.125% convertible senior notes, due 2014	287,500	287,500
6 3/4% senior notes, due 2015	500,000	500,000
7 3/4% senior notes, due 2016	500,000	500,000
7 5/8% senior notes, due 2020	350,000	350,000
Other long-term debt	36,707	37,272
Total long-term debt	1,932,019	1,936,022
Deferred income taxes	500,642	489,915
Other liabilities	82,613	82,278
Commitments and contingencies		
Redeemable noncontrolling interest	73,924	70,694

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Equity

Common stock voting, \$.0025 par value; 900,000,000 shares authorized; 255,171,906 and 255,052,811 shares issued; and 219,074,339 and 218,873,720 shares outstanding, as of March 31, 2012 and December 31, 2011, respectively	636	636
Treasury stock, at cost; 36,097,567 and 36,179,091 shares, as of March 31, 2012 and December 31, 2011, respectively	(721,024)	(722,653)
Additional paid-in capital	1,031,043	1,026,157
Retained earnings	2,035,569	2,011,801
Total Steel Dynamics, Inc. equity	2,346,224	2,315,941
Noncontrolling interests	(13,663)	(16,041)
Total equity	2,332,561	2,299,900
Total liabilities and equity	\$ 6,043,627	\$ 5,979,226

See notes to consolidated financial statements.

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STEEL DYNAMICS, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in thousands, except per share data)

	Three Months Ended March 31,	
	2012	2011
Net sales		
Unrelated parties	\$ 1,905,075	\$ 1,941,664
Related parties	76,965	74,305
Total net sales	1,982,040	2,015,969
Costs of goods sold	1,780,776	1,720,215
Gross profit	201,264	295,754
Selling, general and administrative expenses	64,384	65,141
Profit sharing	8,072	15,203
Amortization of intangibles	8,992	10,084
Total selling, general and administrative expenses	81,448	90,428
Operating income	119,816	205,326
Interest expense, net of capitalized interest	41,112	43,346
Other expense (income), net	10,248	(4,567)
Income before income taxes	68,456	166,547
Income taxes	26,679	62,317
Net income	41,777	104,230
Net loss attributable to noncontrolling interests	3,898	1,673
Net income attributable to Steel Dynamics, Inc.	\$ 45,675	\$ 105,903
Basic earnings per share attributable to Steel Dynamics, Inc. stockholders	\$.21	\$.49
Weighted average common shares outstanding	218,996	217,992
Diluted earnings per share attributable to Steel Dynamics, Inc. stockholders, including the effect of assumed conversions when dilutive	\$.20	\$.46
Weighted average common shares and share equivalents outstanding	236,526	236,224
Dividends declared per share	\$.100	\$.100

See notes to consolidated financial statements.

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STEEL DYNAMICS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)

	Three Months Ended March 31,	
	2012	2011
Operating activities:		
Net income	\$ 41,777	\$ 104,230
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	55,572	54,746
Equity-based compensation	6,123	3,710
Deferred income taxes	9,197	12,935
Gain on disposal of property, plant and equipment	(739)	(43)
Changes in certain assets and liabilities:		
Accounts receivable	(60,820)	(261,748)
Inventories	(55,090)	(72,107)
Other assets	2,963	3,382
Accounts payable	34,902	94,175
Income taxes receivable/payable	17,392	45,439
Accrued expenses	(29,856)	19,218
Net cash provided by operating activities	21,421	3,937
Investing activities:		
Purchases of property, plant and equipment	(45,555)	(18,693)
Other investing activities	(1,864)	(1,143)
Net cash used in investing activities	(47,419)	(19,836)
Financing activities:		
Issuance of current and long-term debt	289,969	5,126
Repayment of current and long-term debt	(283,448)	(7,325)
Debt issuance costs	(2,191)	
Proceeds from exercise of stock options, including related tax effect	1,097	8,296
Contributions from noncontrolling investors, net	9,506	417
Dividends paid	(21,887)	(16,318)
Net cash used in financing activities	(6,954)	(9,804)
Decrease in cash and equivalents	(32,952)	(25,703)
Cash and equivalents at beginning of period	390,761	186,513
Cash and equivalents at end of period	\$ 357,809	\$ 160,810
Supplemental disclosure information:		
Cash paid for interest	\$ 18,753	\$ 15,110