

Reliance Steel & Aluminum Co. Reports 2011 Fourth Quarter and Year End Financial Results

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LOS ANGELES--([BUSINESS WIRE](#))--Reliance Steel & Aluminum Co. (NYSE:RS) reported today its financial results for the fourth quarter and year ended December 31, 2011. For the 2011 fourth quarter, Reliance reported net income of \$67.9 million, up 72% from the 2010 fourth quarter net income of \$39.5 million, and down 20% from \$84.9 million in the 2011 third quarter. Earnings per diluted share were \$.91 in the 2011 fourth quarter, up 72% from the 2010 fourth quarter earnings per diluted share of \$.53, and down 19% from \$1.13 in the 2011 third quarter. Sales for the 2011 fourth quarter were \$2.03 billion, up 28% from 2010 fourth quarter sales of \$1.58 billion, and down 5% from 2011 third quarter sales of \$2.14 billion. The 2011 fourth quarter financial results include in cost of sales a pre-tax LIFO charge, or expense, of \$17.8 million, compared with a pre-tax LIFO charge of \$10.0 million for the 2010 fourth quarter, and \$22.5 million for the 2011 third quarter.

For the 2011 year, net income amounted to \$343.8 million, up 77% compared with net income of \$194.4 million for the 2010 year. Earnings per diluted share were \$4.58 for the year ended December 31, 2011, up 75% compared with earnings of \$2.61 per diluted share for the year ended December 31, 2010. Sales for the 2011 year were \$8.13 billion, up 29% compared with the 2010 year of \$6.31 billion. The 2011 financial results include in cost of sales a pre-tax LIFO charge, or expense, of \$85.3 million compared with a pre-tax LIFO charge of \$34.8 million for the 2010 year. The LIFO adjustments, in effect, reflect cost of sales at current replacement costs.

Reliance's tons sold in 2011 were up 13% from 2010 and the average price per ton sold in 2011 was up 15% compared to 2010. For 2011, carbon steel sales were 53% of net sales; aluminum sales were 15%; stainless steel sales were 15%; alloy sales were 10%; toll processing sales were 2%; and other sales were 5%.

David H. Hannah, Chairman and CEO of Reliance, said, "The 2011 fourth quarter started out slower than we expected, with tons sold in October up only slightly over September on a per day basis. However, November and December tons sold were stronger than we had anticipated resulting, overall, in a solid fourth quarter demand environment. Our full year 2011 results improved nicely from 2010. Demand continued to improve slowly and steadily in many markets where we sell our products. Those industries where we experienced more significant improvements over 2010 were energy (oil & gas), agriculture and mining. Aerospace, semiconductor and electronics, and our toll processing businesses, primarily related to the auto industry, were also solid. Even non-residential construction improved slightly over 2010, but significantly lagged compared to the improvements in our other markets."

"Our balance sheet provides a strong foundation for our operations and our growth strategies, with a net debt-to-capital ratio of only 28.4% at December 31, 2011. We had \$645 million outstanding on our new \$1.5 billion credit facility at December 31, 2011, providing ample room for continued organic growth as well as additional acquisitions," Hannah added.

"Currently, the prices of most of the metals we sell are increasing over the fourth quarter levels, and we expect pricing, overall, to remain relatively strong through the 2012 first quarter. Additionally, we anticipate demand to continue to improve slowly but steadily, except for the energy (oil & gas), aerospace, heavy equipment (farm and mining), and auto industries where we look for higher than average growth. Given these expectations, 2012 earnings should be higher than 2011 and, at this time, we estimate earnings per diluted share in a range of \$1.15 to \$1.25 for the 2012 first quarter," concluded Hannah.

Effective August 1, 2011, Reliance acquired Continental Alloys & Services, Inc., headquartered in Houston, Texas, and its affiliates that, combined, comprise a leading global materials management company focused on high-end steel and alloy pipe, tube and bar products and precision manufacturing of various tools designed for well completion programs of global energy service companies with 12 locations in seven countries including Canada, Malaysia, Mexico, Singapore, the U.A.E., the United Kingdom and the United States. Continental had sales of \$205 million for the five months ended December 31, 2011.

Also, effective February 1, 2012, Reliance acquired McKey Perforating Co., Inc., headquartered in New Berlin, Wisconsin, and

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its subsidiary McKey Perforated Products Co., Inc., located in Manchester, Tennessee, through its wholly-owned subsidiary Diamond Manufacturing Company. McKey was founded in 1867 and is a contract manufacturer that provides a full range of metal perforating and fabrication services to customers located primarily in the U.S. For the year 2011, McKey's net sales were approximately \$18 million.

On February 14, 2012, the Board of Directors declared a regular quarterly cash dividend, and increased the quarterly dividend rate to \$.15 per share of common stock, a 25% increase from \$.12 per share paid in 2011. The dividend is payable on March 23, 2012 to shareholders of record March 2, 2012. The Company has increased its dividend 17 times since the IPO in 1994 and has paid regular quarterly dividends for 52 consecutive years.

Reliance will host a conference call that will be broadcast live over the Internet (listen only mode) regarding the fourth quarter and 12 months financial results for the period ended December 31, 2011. All interested parties are invited to listen to the web cast on **February 16, 2012 at 11:00 a.m. Eastern Time** at: <http://www.rsac.com> on the **Investor Information** section or <http://www.streetevents.com>. Player format: Windows Media and RealPlayer. The web cast will remain on the Reliance web site at: www.rsac.com on the **Investor Information** section through **March 16, 2012** and a printed transcript will be posted on the Reliance web site after the completion of the conference call.

Reliance Steel & Aluminum Co., headquartered in Los Angeles, California, is the largest metals service center company in North America. Through a network of more than 220 locations in 38 states and Belgium, Canada, China, Malaysia, Mexico, Singapore, South Korea, the U.A.E. and the United Kingdom, the Company provides value-added metals processing services and distributes a full line of over 100,000 metal products to more than 125,000 customers in a broad range of industries.

Reliance Steel & Aluminum Co.'s press releases and additional information are available on the Company's web site at www.rsac.com. The Company was named to the 2010 "Fortune 500" List, and the 2010 Fortune List of "The World's Most Admired Companies."

This release may contain forward-looking statements. Actual results and events may differ materially as a result of a variety of factors, many of which are outside of Reliance Steel & Aluminum Co.'s control. Risk factors and additional information are included in Reliance Steel & Aluminum Co.'s reports on file with the Securities and Exchange Commission, including Reliance Steel & Aluminum Co.'s Annual Report on Form 10-K for the year ended December 31, 2010 and Quarterly Report on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011.

[View entire release with tables](#)

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