Ryerson Holding Corp
Form 10-K
March 09, 2016

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

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 incorporation or organization) | (I.R.S. Employer Identification No.) |

227 W. Monroe St., 27th Floor

Chicago, Illinois 60606

(Address of principal executive offices)

(312) 292-5000

(Registrant's telephone number, including area code)

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 o No x

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 o No x

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 x No o

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 x No o

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. o

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

| | |
|---|---|
| Large accelerated filer ¨ | Accelerated filer x |
| 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 o No x

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

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, 2015 as reported by the New York Stock Exchange on such date was approximately $98,389,000. 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.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

As of February 29, 2016, there were 32,099,700 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 "2015 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, 2015.

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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 "believes," "expects," "may," "estimates," "will," "should," "plans" or "anticipates" or th 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 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:

- cyclicality of our business, due to the cyclical nature of our customers' businesses;
- impairment of goodwill that could result from, among other things, volatility in the markets in which we operate;
- remaining competitive and maintaining market share in the highly fragmented metals distribution industry, in which price is a competitive tool and in which customers who purchase commodity products are often able to source metals from a variety of sources;
- managing the costs of purchased metals relative to the price at which we sell our products during periods of rapid price escalation, when we may not be able to pass through pricing increases fully to our customers quickly enough to maintain desirable gross margins, or during periods of generally declining prices, when our customers may demand that price decreases be passed fully on to them more quickly than we are able to obtain similar discounts from our suppliers;
- our substantial indebtedness and the covenants in instruments governing such indebtedness;
- the failure to effectively integrate newly acquired operations;
- regulatory and other operational risks associated with our operations located outside of the United States (or "U.S.");
- fluctuating operating results depending on seasonality;
- potential damage to our information technology infrastructure;
- work stoppages;
- 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;
- ability to retain and attract management and key personnel;
- ability of management to focus on North American and foreign operations;
- termination of supplier arrangements;
- 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;
- a 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;
- management of inventory and other costs and expenses; and
- consolidation in the metals producer industry in which we purchase products, which could limit our ability to effectively negotiate and manage costs of inventory or cause material shortages, either of which would impact profitability.

These forward-looking statements involve a number of risks and uncertainties that 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 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.

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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. On December 17, 2014, Ryerson Inc., formerly a direct, wholly-owned subsidiary of Ryerson Holding, merged with and into JT Ryerson, which was previously an indirect, wholly-owned subsidiary of Ryerson Holding, with JT Ryerson as the surviving corporation. As a result of such merger, from and after December 17, 2014, JT Ryerson has been a direct, wholly-owned subsidiary of Ryerson Holding. Affiliates of Platinum Equity, LLC (“Platinum”) own approximately 21,037,500 shares of our common stock, which is approximately 66% of our issued and outstanding common stock.

Ryerson conducts materials distribution operations in the United States through JT Ryerson, in Canada through its indirect wholly-owned subsidiary Ryerson Canada, Inc., a Canadian corporation (“Ryerson Canada”), and in Mexico through its indirect wholly-owned subsidiary Ryerson Metals de Mexico, S. de R.L. de C.V., a Mexican corporation (“Ryerson Mexico”). In addition to our North American operations, we conduct materials distribution operations in China through Ryerson China Limited (“Ryerson China”), a company in which we have a 100% ownership percentage, and in Brazil through Açofran Aços e Metais Ltda (“Açofran”), a company in which we have a 50% direct ownership percentage. Unless the context indicates otherwise, Ryerson Holding, JT Ryerson, Ryerson Canada, Ryerson China, Ryerson Mexico and Açofran, together with their subsidiaries (including Ryerson Inc. prior to its dissolution through merger), are collectively referred to herein as “Ryerson,” “we,” “us,” “our,” or the “Company.”

Our Company

We believe we are one of the largest processors and distributors of metals in North America measured in terms of sales, with operations in North America, China and Brazil. 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 process and distribute a full line of over 65,000 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. We use various processing and fabricating techniques to process materials to a specified thickness, length, width, shape and surface quality pursuant to customer orders. For the year ended December 31, 2015, we purchased 1.8 million tons of materials from suppliers throughout the world.

We operate over 90 facilities across North America, six facilities in China and one facility in Brazil. Our service centers are strategically located in close proximity to 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, 2015 were 14.5%.

We track the processing operations, 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 2015, our mix of revenue from fabrication activities rose to 10.4% of our sales largely due to the strategic investments we have made in value-added processing capital expenditures.

In addition to providing a wide range of flat and long metals products, we offer numerous value-added processing and fabrication services such as sawing, slitting, blanking, cutting to length, leveling, flame cutting, laser cutting, edge trimming, edge rolling, roll forming, tube manufacturing, polishing, shearing, forming, stamping, punching, rolling shell plate to radius and beveling 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 breadth of services allows us to create long-term partnerships with our customers and enhances our profitability.

We serve approximately 40,000 customers across a wide range of manufacturing end markets. We believe the diverse end markets we serve reduce the volatility of our business in the aggregate. Our geographic network and broad range of products and services allow us to serve large, international manufacturing companies across multiple locations.

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 in order 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-market customers 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 end markets for metals service centers are highly diverse and include machinery, manufacturing, construction and transportation.

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. The industry is highly fragmented, with a large number of small companies and few relatively large companies. 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. Companies that participate in the industry have assets that are composed primarily of working capital. During an industry downturn, companies generally reduce working capital investments 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.

The industry is divided into three major groups: general line service centers, specialized service centers, and processing centers, each of which targets different market segments. General line service centers handle a broad line of metals products and tend to concentrate on distribution rather than processing. General line service centers range in size from a single location to a nationwide network of locations. For general line service centers, individual order size in terms of dollars and tons tends to be small relative to processing centers, while the total number of orders is typically high. Specialized service centers focus their activities on a narrower range of product and service offerings than do general line companies. Such service centers provide a narrower range of services to their customers and emphasize product expertise and lower operating costs, while maintaining a moderate level of investment in processing equipment. Processing centers typically process large quantities of metals purchased from primary producers for resale to large industrial customers, such as the automotive industry. Because orders are typically large, operation of a processing center requires a significant investment in processing equipment.

We compete with many other general line service centers, specialized service centers and processing centers on a regional and local basis, some of which may have greater financial resources and flexibility than us. We also compete to a lesser extent with primary metal producers. Primary metal producers typically sell to very large customers that require regular shipments of large volumes of steel. Although these large customers sometimes use metals service centers to supply a portion of their metals needs, metals service center customers typically are consumers of smaller volumes of metals than are customers of primary steel producers. Although we purchase from foreign steelmakers, some of our competitors purchase a higher percentage of metals from foreign steelmakers than we do. Such competitors may benefit from favorable exchange rates or other economic or regulatory factors that may result in a competitive advantage. This competitive advantage may be offset somewhat by higher transportation costs and less dependable delivery times associated with importing metals into North America.

Competitive Strengths

Leading Market Position in North America

We believe we are one of the largest service center companies for carbon and stainless steel as well as aluminum based on sales in the North American market where we have a broad geographic presence with over 90 locations.

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 among 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.

We believe with our significant footprint in the North American market, combined with our significant scale and operating leverage, a cyclical recovery of the service center industry supported by long-term growth trends in our end markets should allow us to experience higher growth rates relative to North American economic improvement, but there can be no guarantee that we will experience such higher growth rates.

Broad Geographic Reach across Attractive End Markets.

Our operations cover a diverse range of industries, including commercial ground transportation manufacturing, metal fabrication and machine shops, industrial machinery and equipment manufacturing, consumer durable production, HVAC manufacturing, construction equipment manufacturing, food processing and agricultural equipment manufacturing and oil and gas. We believe the industries we serve will provide demand for our products and services as the North American manufacturing economy continues to grow. We also believe that the continued trend of moving manufacturing to the United States from overseas should benefit us with our broad North American platform. In addition, we expect to benefit from continued growth in international markets that will help spur demand at domestic manufacturing facilities that sell into the global market. 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.

Since 2011, we have opened ten new service centers in previously underserved North American regions. We have acquired another twelve facilities to complement our existing locations and expanded the product offering in many locations based on customer demand. A significant portion of our capital expenditures since 2011 have been made to expand our long and plate processing capabilities. We believe that our expanded presence in select regions and products positions us well to capture further growth in these regions and products.

Although there can be no guarantee of growth, we believe a number of our other strategies, such as improving our product mix, pricing our products and services based on the value we provide our customers, growing our large national network, and expanding our diverse operating capabilities, will provide us with growth opportunities.

Given the highly fragmented nature of the 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, access to additional end markets and broadening product mix. Although we do not have any current plans to engage in any specific acquisitions, from time to time and in the ordinary course of business, we regularly evaluate potential acquisition opportunities.

Lean Operating Structure Providing Operating Leverage.

Since 2007, we have transformed our operating model by decentralizing our operations and reducing our cost base, improving our operating efficiency while also providing the flexibility for further growth in our target markets. In 2015, warehousing, delivery, selling, general and administrative expenses decreased $58.4 million or 11.5% from 2014. After excluding one-time IPO-related expenses of $32.7 million in 2014, warehousing, delivery, selling, general and administrative expenses declined 5.4% in 2015.

We have also focused on process improvements in inventory management. Average inventory days excluding LIFO decreased from 82 days in 2014 to 80 days in 2015.  Our average inventory days have improved on an overall basis from 100 days in 2006. This reduction has decreased our exposure to metals price movements as well as increased capacity in our facilities to devote to higher margin products. These organizational and operating changes have improved our operating structure, working capital management and efficiency.

As a result of our initiatives, we have increased our financial flexibility and believe we have a favorable cost structure compared to many of our peers. This will provide significant operating leverage if or when demand and/or pricing improve.

Extensive Breadth of Products and Services for Diverse Customer Base.

We carry a full range of over 65,000 products, including aluminum, carbon, stainless and alloy steels and a limited line of nickel and red metals. In addition, we provide a broad range of processing and fabrication services to meet the needs of our approximately 40,000 customers and typically fulfill more than 1,000,000 orders per year. We also provide supply chain solutions, including just-in-time delivery, and value-added components to many original equipment manufacturers.

We believe our broad product mix and marketing approach provides customers with a “one-stop shop” solution few other service center companies are able to offer.

For the year ended December 31, 2015, no single customer accounted for more than 2% of our sales, and our top 10 customers accounted for less than 12% 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 an effective method 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. Our coordinated effort focused on logistics, lead times, rolling schedules, and scrap return programs ultimately results in 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 a global purchasing strategy that allows us to secure favorable prices across our product lines.

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 in the last four years. Our senior management has an average of more than 20 years of experience in the metals or service center industries. The senior executive team’s extensive experience in international markets and outside the service center industry provides perspective to drive profitable growth. 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 Schnaufer, who joined the Company in 2005 and became CFO in January 2016, has over 25 years of financial and accounting experience and over 10 years with Ryerson. Under their leadership, we have increased our focus on positioning the Company for growth and enhanced profitability.

Industry Outlook

We believe that the United States economy has grown since the recession that began in 2008. According to the Institute for Supply Management, the Purchasing Managers’ Index (“PMI”) was above 50% for 53 of the last 60 months, which indicates that the U.S. manufacturing economy was generally expanding over the last five years. However, the PMI index was below 50% for each of the last three months of 2015, indicating a contracting manufacturing economy toward the end of 2015. 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 continue growing as evidenced by the Federal Reserve’s midrange forecasted real GDP growth rates of 2.4%, 2.2%, and 2.0% for 2016, 2017, and 2018, 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 within the industrial equipment sector and according to the latest Livingston Survey, published by the Federal Reserve Bank of Philadelphia, U.S. industrial production grew by 1.5% in 2015 and is expected to grow by 1.5% in 2016 and 2.7% in 2017.

China continues to be a key driver in the growth of global metals demand. According to the International Monetary Fund, China’s GDP grew 6.9% in 2015 and is projected to grow 6.3% in 2016 and 6.0% in 2017.

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 inventoried 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 2015, 2014 and 2013:

| Product Line | 2015 | 2014 | 2013 |
| --- | --- | --- | --- |
| Carbon Steel Flat | 25 % | 25 % | 26 % |
| Carbon Steel Plate | 11 | 12 | 11 |
| Carbon Steel Long | 16 | 15 | 15 |
| Stainless Steel Flat | 16 | 16 | 16 |
| Stainless Steel Plate | 4 | 4 | 4 |
| Stainless Steel Long | 3 | 4 | 3 |
| Aluminum Flat | 16 | 15 | 15 |
| Aluminum Plate | 3 | 3 | 3 |
| Aluminum Long | 4 | 4 | 4 |
| Other | 2 | 2 | 3 |
| Total | 100 % | 100 % | 100 % |

More than 75% of the materials sold by us are processed. We use processing and fabricating techniques such as sawing, slitting, blanking, cutting to length, leveling, flame cutting, laser cutting, edge trimming, edge rolling, polishing and shearing 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 metals and cutting them to exact lengths. We also use third-party fabricators to outsource certain processes that we are not able to perform internally (such as pickling, painting, forming and drilling) to enhance our value-added services.

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. Our services include: just-in-time inventory programs, production of kits containing multiple 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 improving their production efficiency.

Additional financial information is presented in Item 8. "Financial Statements and Supplementary Data" of this Form 10-K and is incorporated herein by reference.

Customers

Our customer base is diverse, numbering approximately 40,000 and includes most metal-consuming industries, most of which are cyclical. For the year ended December 31, 2015, no single customer accounted for more than 2% of our sales, and the top 10 customers accounted for less than 12% 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 end-market customer for 2015, 2014 and 2013:

| | Percentage of Sales | | |
|---|---|---|---|
| End-Market Customer | 2015 | 2014 | 2013 |
| Commercial ground transportation | 18 % | 17 % | 16 % |
| Metal fabrication and machine shops | 18 | 18 | 18 |
| Industrial machinery and equipment | 17 | 18 | 19 |
| Consumer durable | 10 | 11 | 12 |
| HVAC | 8 | 7 | 7 |
| Construction equipment | 8 | 7 | 8 |
| Food processing and agricultural equipment | 7 | 7 | 7 |
| Oil & gas | 7 | 9 | 8 |
| Other | 7 | 6 | 5 |
| 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; in order 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. In 2015, we reviewed our categorization of customers by end market. As a result, the percentages by end-market customer in the table above for 2013 and 2014 have been reclassified to conform to the 2015 presentation.

Suppliers

For the year ended December 31, 2015, our top 25 suppliers 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, because there is a substantial overlap of product offerings from these suppliers, and because there are a number of 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, supplier consolidation or other factors that in turn lead to supply constraints or longer mill lead times, we may not be able to pass our increased material costs fully to customers. In recent years, there have been significant consolidations among suppliers of carbon steel, stainless steel, and aluminum. Continued consolidation among suppliers could lead to disruptions in our ability to meet our material requirements as the sources of our products become more concentrated from fewer producers. We believe we will be able to meet our material requirements because we believe that we have good relationships with our suppliers and believe we will continue to be among the largest customers of our suppliers.

Sales and Marketing

We maintain our own 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 through a comprehensive catalog of our products. Our office and field sales staffs, which together consist of approximately 700 employees, include technical and metallurgical personnel.

A portion of our customers experience seasonal slowdowns. Our sales, as measured in terms of tonnage, 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.

Capital Expenditures

In recent years we have made capital expenditures to maintain, improve and expand processing capabilities. Additions by us to property, plant and equipment, together with retirements for the five years ended December 31, 2015, excluding the initial purchase price of acquisitions and the initial effect of fully consolidating a joint venture, are set forth below. The net capital change during such period aggregated to an increase of $90.1 million.

| | Additions | Retirements or Sales | Net |
|---|---|---|---|
| | (In millions) | | |
| 2015 | $22.3 | $ 9.1 | $13.2 |
| 2014 | 21.6 | 6.3 | 15.3 |
| 2013 | 20.2 | 13.5 | 6.7 |
| 2012 | 40.8 | 18.0 | 22.8 |
| 2011 | 47.0 | 14.9 | 32.1 |

We currently anticipate capital expenditures, excluding acquisitions, of up to approximately $20 million for 2016. We expect capital expenditures will be funded from cash generated by operations and available borrowings.

Employees

As of December 31, 2015, we employed approximately 3,200 persons in North America, 350 persons in China, and 50 persons in Brazil. Our North American workforce was comprised of approximately 1,500 office employees and approximately 1,700 plant employees. Twenty-five percent of our plant employees were members of various unions, including the United Steel Workers and the International Brotherhood of Teamsters. Our relationship with the various unions has generally been good.

Eight renewal contracts covering approximately 182 employees were successfully negotiated in 2015. We also were successful in negotiating the effects of the plant closure of our unionized facility in Etobicoke, Ontario, Canada in 2015. Three contracts covering 66 employees are currently scheduled to expire in 2016.

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, which 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 cost 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 or remediation matters or claims related to properties presently or formerly owned or 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 ("Portland Harbor"). On February 9, 2016, we received correspondence from the EPA stating that its initial Remedial Investigation and Feasibility Study will be completed in "early 2016," a Proposed Plan for the site should be released in April 2016, and a final cleanup decision for the site should be published in the Record of Decision by December 31, 2016.  We do not currently have sufficient information available to us to determine the total cost of any required investigation or remediation of the Portland Harbor site and 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 vigorously defend these rights. While we consider all of 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. The $570 million outstanding under the 9% Senior Secured Notes due 2017 (the “2017 Notes”) is secured by our intellectual property.

Foreign Operations

Our foreign operations as a percentage of total sales for the years ended December 31, 2015, 2014 and 2013 were as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| Foreign Location | 2015 | 2014 | 2013 |
| Canada | 8 % | 8 % | 9 % |
| China | 4 | 4 | 4 |
| Mexico | < 1 | < 1 | < 1 |
| Brazil | < 1 | < 1 | < 1 |

Our foreign assets as a percentage of consolidated assets at December 31, 2015, 2014, and 2013 were as follows:

| | At December 31, | | |
|---|---|---|---|
| Foreign Location | 2015 | 2014 | 2013 |
| Canada | 10 % | 9 % | 10 % |
| China | 5 | 5 | 5 |
| Mexico | 1 | 1 | < 1 |
| Brazil | < 1 | < 1 | < 1 |

See Note 14 “Segment Information” of Part II, Item 8 "Financial Statements and Supplementary Data" for further information on U.S. and foreign revenues and long-lived assets.

Ryerson Canada

Ryerson Canada, an indirect wholly-owned Canadian subsidiary of Ryerson Holding, is a metals service center and processor. Ryerson Canada has facilities in Calgary (AB), Edmonton (AB), Richmond (BC), Winnipeg (MB), Saint John (NB), Brampton (ON), Burlington (ON) (includes Canadian headquarters), Vaudreuil (QC) and Saskatoon (SK), Canada.

Ryerson China

In 2006, Ryerson Inc., formerly the direct subsidiary of Ryerson Holding, and VSC and its subsidiary, CAMP BVI, formed Ryerson China to enable us, through this foreign operation, to provide metals distribution services in China. We invested $28.3

million in Ryerson China for a 40% equity interest. We increased ownership of Ryerson China from 40% to 80% in the fourth quarter of 2008 for a total purchase cost of $18.5 million. We consolidated the operations of Ryerson China as of October 31, 2008. On July 12, 2010, we acquired VSC's remaining 20% equity interest in Ryerson China for $17.5 million. As a result, Ryerson China is now an indirect wholly owned subsidiary of Ryerson. Ryerson China is based in Kunshan and operates six processing and service centers in Guangzhou, Dongguan, Kunshan and Tianjin.

Ryerson Mexico

Ryerson Mexico, an indirect wholly owned subsidiary of Ryerson Holding, operates as a metals service center and processor. Ryerson Holding formed Ryerson Mexico in 2010 to expand operations into the Mexican market. Ryerson Mexico has service centers in Monterrey, Tijuana, and Hermosillo.

Brazil

In February 2012, we acquired 50% of the issued and outstanding capital stock of Açofran. As of such date, we, through Açofran, lease one service center in São Paulo, Brazil.

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 (http://www.sec.gov) or public reference room at 100 F Street N.E., Washington, D.C. 20549 (1-800-SEC-0330) or through our website at http://www.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.

The Company also posts its Code of Ethics on the 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.

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.

We service industries that are highly cyclical, and any downturn in our customers' industries could reduce our sales and profitability.

Many of our products are sold to industries that experience significant fluctuations in demand based on economic conditions, energy prices, seasonality, consumer demand and other factors beyond our control. These industries include manufacturing, electrical production and transportation. We do not expect the cyclical nature of our industry to change.

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 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. Significant changes in any one of the assumptions made as part of our analysis, which could occur as a result of actual events, or further declines in the market conditions for our products, could significantly impact our impairment analysis. An impairment charge, if incurred, could be material.

A substantial decline in the value of our available-for-sale security may result in additional "other than temporary" impairment charges.

We recognized an other-than-temporary impairment charge of $12.3 million in the first quarter of 2015 related to our investment in one available-for-sale security. This investment has continued to decline in value and has unrealized losses of $2.9 million as of December 31, 2015. We may be required to record additional impairment charges on our investment if further declines in value are considered other-than-temporary. Such other-than-temporary impairment charges would adversely affect our earnings. Considerations used to determine other-than-temporary impairment status to investment securities available-for-sale include, but are not limited to, an increase in the severity of the unrealized loss on a particular security, an increase in the length of time unrealized losses continue without an improvement in value, a change in our intent or ability to hold the security for a period of time sufficient to allow for the forecasted recovery, or changes in market conditions or industry or issuer specific factors that would render us unable to forecast a full recovery in value.

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

The principal markets that we serve are highly competitive. The metals distribution industry is fragmented and competitive, consisting of a large number of small companies and a few relatively large companies. 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 served by us. 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.

The economic downturn within the metals industry has reduced metals prices. Changing metals prices may have a significant impact on our liquidity, net sales, gross margins, operating income and net income.

The metals 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.

We, like many other metals service centers, 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, as they did in 2015, 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. Metal prices may further decline in 2016, and declines in those 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 $1.0 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.

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, 2015, our total indebtedness was approximately $1,034.5 million and we had approximately $185 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 and general corporate and other 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 indentures 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 indentures 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 indentures 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 or 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 two amounts, less applicable reserves. As of December 31, 2015, total credit availability was $185 million.

Additionally, subject to certain exceptions, the indentures governing the outstanding notes restrict JT Ryerson’s ability to pay Ryerson Holding dividends to the extent of 50% of future net income, once prior losses are offset. Future net income is defined in the indenture governing the notes as net income adjusted for, among other things, the inclusion of dividends from joint ventures actually received in cash by JT Ryerson, and the exclusion of: (i) all extraordinary gains or losses; (ii) a certain portion of net income allocable to minority interest in unconsolidated persons or investments in unrestricted subsidiaries; (iii) gains or losses in respect of any asset sale on an after tax basis; (iv) the net income from any disposed or discontinued operations or any net gains or losses on disposed or discontinued operations, on an after-tax basis; (v) any gain or loss realized as a result of the cumulative effect of a change in accounting principles; (vi) any fees and expenses paid in connection with the issuance of the notes; (vii) non-cash compensation expense incurred with any issuance of equity interest to an employee; and (viii) any net after-tax gains or losses attributable to the early extinguishment of debt. Our future indebtedness may contain covenants more restrictive in certain respects than the restrictions contained in the Ryerson Credit Facility and the indentures 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.

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

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.

We may not be able to refinance our 2017 Notes and 2018 Notes on acceptable terms, or at all.

As of December 31, 2015, we had $569.9 million outstanding principal of our 2017 Notes and $170.4 million outstanding principal of our 11 ¼% Senior Notes due 2018 (the "2018 Notes"). Our ability to refinance, restructure, extend the maturities of or otherwise enter into transactions to satisfy our obligations under our 2017 Notes and 2018 Notes will be affected by various factors existing at the relevant time, such as the state of the capital markets, our financial condition, the terms of our debt agreements that may restrict us from pursuing certain refinancing transactions, and business, economic and other factors, many of which we cannot control. In order to refinance the 2017 Notes and 2018 Notes, we may be required to reduce or delay investments, capital expenditures or potentially accretive acquisitions, to sell assets or issue equity or equity rights to raise funds, or to borrow more funds, which could have an adverse effect on our financial condition, liquidity or business operations.

We may not be able to accomplish a refinancing of the 2017 Notes or 2018 Notes on terms as favorable as the current terms of the 2017 Notes or 2018 Notes, on other terms acceptable to us, or at all. If we are unable to fulfill our payment or other obligations on the 2017 Notes or 2018 Notes, defaults under, or acceleration of, our other existing debt may occur. If we are unable to accomplish a refinancing of the 2017 Notes and 2018 Notes, we may be forced to consider alternative options. For additional information about the 2017 Notes and 2018 Notes, refer to Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations—Total Debt—2017 and 2018 Notes" and the notes to the consolidated financial statements located in Part II, Item 8 of this Annual Report on Form 10-K.

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, 2015, we had approximately $272.2 million of outstanding borrowings under the Ryerson Credit Facility, with an additional $185 million available for borrowing under such facility. Assuming a consistent level of debt, 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 $3.8 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.

We may not be able to successfully consummate and complete the integration of future acquisitions, and if we are unable to do so, we may be unable to increase our growth rates.

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.

Our future success will depend on our ability to complete the integration of these future acquisitions successfully into our operations. 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, which may also adversely affect our profitability.

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, Mexico and Brazil. 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 other 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.

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, although in recent years the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, 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. Although we believe our relationship with the Chinese government is sound, 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.

Our revenue and operating results may fluctuate, which could result in a decline in our profitability and make it more difficult for us to grow our business.

Our revenue and operating results have historically varied from quarter to quarter. Periods of decline could result in an overall decline in profitability and make it more difficult for us to make payments on our indebtedness and grow our business. We expect our quarterly results to continue to fluctuate in the future due to a number of factors, including:

- general economic conditions in the markets where we operate; and
- the cyclical nature of our customers' business

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 will 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.

Any significant work stoppages can harm our business.

As of December 31, 2015, we employed approximately 3,200 persons in North America, 350 persons in China, and 50 persons in Brazil. Our North American workforce was comprised of approximately 1,500 office employees and approximately 1,700 plant employees. Twenty-five percent of our plant employees were members of various unions, including the United Steel Workers and the International Brotherhood of Teamsters. Our relationship with the various unions has generally been good.

Eight renewal contracts covering approximately 182 employees were successfully negotiated in 2015. We also were successful in negotiating the effects of the plant closure of our unionized facility in Etobicoke, Ontario, Canada in 2015. Three contracts covering 66 employees are currently scheduled to expire in 2016.

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, 2015, our pension plan had an unfunded liability of $238 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 eligible retired employees. Our unfunded postretirement benefit obligation as of December 31, 2015 was $82 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 and attract management and key personnel, it may adversely affect our business.

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, could adversely affect our business and possibly prevent us from improving our operational, financial and information management systems and controls. 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 and hire a large number of qualified employees each year.

Our existing 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, Mexico and Brazil. 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, 2015, 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.

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 EPA named us as one of more than 100 businesses that may be a potentially responsible party for the Portland Harbor Superfund Site. We do not currently have sufficient information available to us to determine the total cost of any required investigation or remediation of the Portland Harbor site and 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 Securities and Exchange Commission ("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.

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 could have a material adverse effect on our business, financial condition, results of operations or 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 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.

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 will be 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.

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 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.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.
As of December 31, 2015, the Company's facilities are set forth below:

Operations in the United States

JT Ryerson maintains 82 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 48% of these facilities are leased. The lease terms expire at various times through 2025. 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 |
| Little Rock, AR | Owned/Vacated |
| 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 | Leased |
| Wilmington, DE | Owned |
| Jacksonville, FL | Owned |
| Tampa Bay, FL | Owned |
| Norcross, GA | Leased |
| Norcross, GA | Owned |
| Des Moines, IA | Owned |
| Eldridge, IA | Leased |
| Marshalltown, IA | Owned |
| Boise, ID | Leased |
| Chicago, IL (Headquarters)* | Leased |
| Chicago, IL(2) | Leased |
| Dekalb, IL | Leased |
| Elgin, IL | Leased |
| Lisle, IL* | Leased |
| Burns Harbor, IN | Owned |
| Indianapolis, IN | Owned |
| Wichita, KS | Leased |
| Shelbyville, KY** | Owned |
| Shreveport, LA | Owned |
| St. Rose, LA | Owned |
| Devens, MA | Owned |

| | |
|---|---|
| Grand Rapids, MI* | Leased |
| Jenison, MI | Owned/Vacated |
| 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 | Owned/Vacated |
| Charlotte, NC | Leased |
| Greensboro, NC | Owned |
| Pikeville, NC | Leased |
| Youngsville, NC | Leased |
| Omaha, NE | Owned |
| Lancaster, NY | Owned |
| Columbus, OH | Leased |
| Hamilton, OH* | Leased |
| Streetsboro, OH | Leased |
| Strongsville, OH | Owned |
| Warren, OH | Leased |
| Oklahoma City, OK | Owned |
| Tulsa, OK | Owned |
| Tigard, OR | Leased |
| Ambridge, PA** | Owned |
| Fairless Hills, PA | Leased |
| Pittsburgh, PA* | Leased |
| Charleston, SC | Owned |
| Greenville, SC | Owned |
| Chattanooga, TN | Owned |
| Chattanooga, TN | Leased |
| Gallatin, TN | Leased |
| Knoxville, TN* | Leased |
| Memphis, TN | Owned |
| Cooper, TX | Leased |
| 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 |
| Baldwin, WI | Leased |
| Green Bay, WI | Leased |
| Green Bay, WI | Owned |
| Milwaukee, WI | Owned |

*Office space only
**Processing centers

Operations in Canada

Ryerson Canada, a wholly-owned indirect Canadian subsidiary of Ryerson Holding, has 10 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 |
| Saskatoon, SK | Owned |

Operations in China

Ryerson China, an indirect wholly owned subsidiary of Ryerson Holding, has six 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 three buildings in China and have purchased the related land use rights. The remainder of our facilities are 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 three facilities in Mexico. We have service centers in Monterrey, Tijuana, and Hermosillo, all of which are leased. The facilities are in good condition and are adequate for Ryerson Mexico's existing and anticipated operations.

Operations in Brazil

On February 17, 2012, we acquired 50% of the issued and outstanding capital stock of Açofran. We, through Açofran, lease one service center in São Paulo, Brazil. The facility is in good condition and is adequate for its existing and anticipated operations.

ITEM 3. LEGAL PROCEEDINGS.

Information concerning our legal proceedings is set forth in Note 12, "Commitments and Contingencies" of the Notes to Consolidated Financial Statements in Item 8.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers are elected by the Board of Directors and hold office until a successor is chosen or qualified or until their earlier resignation or removal. The following lists our executive officers and gives a brief description of their business experience as of February 29, 2016:

Edward J. Lehner, 50, has been our President and Chief Executive Officer since June 2015. Previously, he had served as our Executive Vice President and Chief Financial Officer since August 2012. Prior to joining the Company, he served as chief financial officer and chief administrative officer for PSC Metals, Inc. from 2009 to 2012. PSC Metals is a North American ferrous and non-ferrous scrap processor. Mr. Lehner earned a bachelor’s degree in accounting from the University of Cincinnati.

Erich S. Schnaufer, 48, has been our Chief Financial Officer since January 2016. From August 2015 until that time, he had served as our Interim Chief Financial Officer & Chief Accounting Officer. Previously, he had served the Company as its Interim Chief Financial Officer, Controller & Chief Accounting Officer from June 2015 until August 2015, and as its Controller and Chief Accounting Officer from 2007 until June 2015. Mr. Schnaufer received a bachelor's degree in accounting from the University of Illinois and an MBA from DePaul University.

Michael J. Burbach, 55, has been our President, North-West Region since October 2013. Prior to that time he had served the Company as its President, Midwest Region since 2007. Mr. Burbach began his metals career as an inside sales representative at Vincent Metals in 1984 and has held procurement, sales and product management roles in the metals industry as well as roles in operations and senior management. Mr. Burbach received his Bachelor of Science degree from the University of Wisconsin-La Crosse.

Roger W. Lindsay, 59, is our Chief Human Resources Officer, a position he has held since August 2013. From August 2013 until June 2015 he also served as our President, Canada Region. Previously, Mr. Lindsay served the Company as its Senior Vice President, Human Resources from October 2011 until August 2013. Prior to joining the Company, Mr. Lindsay was president of rail and Latin America for The Timken Company from 2010 until October 2011. He holds a bachelor’s degree in economics and sociology from the University of Southampton and a master’s degree in management from the Massachusetts Institute of Technology.

Kevin D. Richardson, 54, has been our President, South-East Region since October 2007. Mr. Richardson started his metals career in 1985 and held a series of commercial and sales management roles before being named a Vice President of the Company in 2000. Mr. Richardson received a bachelor’s degree in business management and economics from North Carolina State University and an MBA from Case Western Reserve University.

Mark S. Silver, 45, has served as our Executive Vice President, General Counsel & Secretary since February 2016. Previously, he had served as our Vice President, Managing Counsel & Secretary from December 2014 until February 2016 and as our Vice President & Managing Counsel from January 2013 until December 2014. Prior to his time at the Company, from 2006 until 2012, Mr. Silver served as Vice President and Assistant General Counsel of Sara Lee Corporation, a consumer goods company. Mr. Silver earned a bachelor’s degree in political science from the

University of Illinois and a juris doctor from Harvard University.

PART II

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

Market Information for Common Stock

Our common stock has been listed on the New York Stock Exchange ("NYSE") since our initial public offering on August 13, 2014. Prior to that date, there was no public market for our common stock. The following table sets forth the high and low sale prices of our common stock as reported by the NYSE.

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | High | Low | High | Low |
| First Quarter | $10.13 | $5.24 | $— | $— |
| Second Quarter | 9.55 | 5.30 | — | — |
| Third Quarter (1) | 9.61 | 4.96 | 14.28 | 10.01 |
| Fourth Quarter | 6.99 | 3.93 | 13.56 | 9.00 |

(1) The third quarter 2014 represents the period from August 13, 2014, the date of our IPO, through September 30, 2014, the end of the quarter.

On February 29, 2016, the closing price of our common stock on the NYSE was $3.70 per share.

Holders

As of February 29, 2016, 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, 2015. As of December 31, 2015 the Peer Group consisted of Reliance Steel & Aluminum Co., and Olympic Steel Inc., each of which has securities listed for trading on the NASDAQ; A.M. Castle & Co. which has securities listed for trading on the NYSE; 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 17 Month Cumulative Total Return

Assumes Initial Investment of $100

December 2015

| | 8/13/2014 | 9/30/2014 | 12/31/2014 | 3/31/2015 | 6/30/2015 | 9/30/2015 | 12/31/2015 |
|---|---|---|---|---|---|---|---|
| Ryerson Holding | $ 100 | $ 124.27 | $ 96.41 | $ 61.84 | $ 88.35 | $ 50.97 | $ 45.34 |
| S&P 500 | $ 100 | $ 102.06 | $ 106.89 | $ 107.38 | $ 107.13 | $ 99.75 | $ 106.15 |
| Peer Group | $ 100 | $ 100.10 | $ 86.39 | $ 83.10 | $ 82.90 | $ 73.23 | $ 77.14 |

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, 2013, 2014 and 2015 and the summary historical balance sheet data as of December 31, 2014 and 2015 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 ended December 31, 2011 and 2012 and the summary historical balance sheet data as of December 31, 2011, 2012, and 2013 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, | | | | |
|---|---|---|---|---|---|
| | 2011 | 2012 | 2013 | 2014 | 2015 |
| Statements of Operations Data: | | | | | |
| Net sales | $4,729.8 | $4,024.7 | $3,460.3 | $3,622.2 | $3,167.2 |
| Cost of materials sold | 4,071.0 | 3,315.1 | 2,843.7 | 3,028.4 | 2,599.5 |
| Gross profit | 658.8 | 709.6 | 616.6 | 593.8 | 567.7 |
| Warehousing, delivery, selling, general and administrative (1) | 539.7 | 508.9 | 480.1 | 509.2 | 450.8 |
| Gain on sale of assets | — | — | — | (1.8) | (1.9) |
| Restructuring and other charges | 11.1 | 1.1 | 1.9 | — | 2.5 |
| Impairment charges on assets | 9.3 | 1.0 | 10.0 | — | 7.7 |
| Pension and other postretirement benefits curtailment gain | — | (1.7) | — | — | — |
| Operating profit | 98.7 | 200.3 | 124.6 | 86.4 | 108.6 |
| Other income and (expense), net (2) | 4.6 | (33.5) | (0.2) | (5.9) | (10.4) |
| Interest and other expense on debt (3) | (123.1) | (126.5) | (110.5) | (107.4) | (96.3) |
| Income (loss) before income taxes | (19.8) | 40.3 | 13.9 | (26.9) | 1.9 |
| Provision (benefit) for income taxes (4) | (11.0) | (5.5) | (112.3) | (0.7) | 3.7 |
| Net income (loss) | (8.8) | 45.8 | 126.2 | (26.2) | (1.8) |
| Less: Net loss attributable to noncontrolling interest | (0.7) | (1.3) | (1.1) | (0.5) | (1.3) |
| Net income (loss) attributable to Ryerson Holding Corporation | $(8.1) | $47.1 | $127.3 | $(25.7) | $(0.5) |
| Earnings (loss) per share of common stock: | | | | | |
| Basic earnings (loss) per share | $(0.38) | $2.22 | $5.99 | $(1.01) | $(0.02) |
| Diluted earnings (loss) per share | $(0.38) | $2.22 | $5.99 | $(1.01) | $(0.02) |
| Weighted average shares outstanding — Basic | 21.3 | 21.3 | 21.3 | 25.4 | 32.1 |
| Weighted average shares outstanding — Diluted | 21.3 | 21.3 | 21.3 | 25.4 | 32.1 |
| Balance Sheet Data (at period end): | | | | | |
| Cash and cash equivalents | $61.7 | $71.2 | $74.4 | $60.0 | $63.2 |
| Restricted cash | 5.3 | 3.9 | 1.8 | 2.0 | 1.2 |
| Working capital | 939.1 | 920.3 | 900.9 | 846.0 | 643.0 |
| Property, plant and equipment, net | 479.7 | 474.7 | 444.1 | 428.2 | 400.3 |

| | | | | | |
|---|---|---|---|---|---|
| Total assets | 2,021.1 | 1,915.5 | 1,856.8 | 1,872.6 | 1,556.2 |
| Long-term debt, including current maturities | 1,316.2 | 1,305.4 | 1,294.8 | 1,259.1 | 1,034.5 |
| Total equity (deficit) | (267.6 ) | (291.5 ) | (107.7 ) | (124.5 ) | (140.9 ) |
| Other Financial Data: | | | | | |
| Cash flows provided by (used in) operations | $54.5 | $186.5 | $48.1 | $(73.3 ) | $259.1 |
| Cash flows used in investing activities | (115.0 ) | (35.3 ) | (13.5 ) | (34.0 ) | (18.0 ) |
| Cash flows provided by (used in) financing activities | 57.9 | (143.4 ) | (26.6 ) | 100.5 | (232.2 ) |
| Capital expenditures | 47.0 | 40.8 | 20.2 | 21.6 | 22.3 |
| Depreciation and amortization | 43.0 | 47.0 | 46.6 | 45.6 | 43.7 |
| Volume and Per Ton Data: | | | | | |
| Tons shipped (000) | 2,433 | 2,149 | 2,038 | 2,024 | 1,897 |
| Average selling price per ton | $1,944 | $1,873 | $1,698 | $1,790 | $1,670 |
| Gross profit per ton | 271 | 330 | 302 | 293 | 299 |
| Operating expenses per ton | 230 | 237 | 241 | 250 | 242 |
| Operating profit per ton | 41 | 93 | 61 | 43 | 57 |

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

(2) The year ended December 31, 2011 includes a $5.8 million gain on bargain purchase related to our Singer Steel Company ("Singer") acquisition. The year ended December 31, 2012 includes a $32.8 million loss on the retirement of debt related to the redemption of our Floating Rate Senior Secured Notes due November 1, 2014, the 12% Senior Secured Notes due November 1, 2015, and the 14 1⁄2% Senior Discount Notes due 2015. 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. 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 our investment in one available-for-sale security 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.

(3) The year ended December 31, 2011 includes a $1.1 million write off of debt issuance costs associated with our prior credit facility upon entering into an amended revolving credit facility on March 14, 2011. 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.

(4) The year ended December 31, 2011 includes income tax benefits of $18.0 million relating to the purchase accounting impact of the Turret Steel Industries Inc., Sunbelt-Turret Steel, Inc., Wilcox-Turret Cold Drawn, Inc., Imperial Trucking Company, LLC (collectively, "Turret") and Singer acquisitions. The year ended December 31, 2012 includes an income tax benefit of $15.2 million related to the release of valuation allowance associated with certain state deferred tax assets. The year ended December 31, 2013 includes a $124.2 million reduction in the valuation allowance recorded against deferred tax assets.

## 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. On December 17, 2014, Ryerson Inc., formerly a direct, wholly-owned subsidiary of Ryerson Holding, merged with and into JT Ryerson, which was previously an indirect, wholly-owned subsidiary of Ryerson Holding, with JT Ryerson as the surviving corporation. As a result of such merger, from and after December 17, 2014, JT Ryerson has been a direct, wholly-owned subsidiary of Ryerson Holding. Affiliates of Platinum Equity, LLC ("Platinum") own approximately 21,037,500 shares of our common stock, which is approximately 66% of our issued and outstanding common stock.

Ryerson conducts materials distribution operations in the United States through JT Ryerson, in Canada through its indirect wholly-owned subsidiary Ryerson Canada, Inc., a Canadian corporation ("Ryerson Canada"), and in Mexico through its indirect wholly-owned subsidiary Ryerson Metals de Mexico, S. de R.L. de C.V., a Mexican corporation ("Ryerson Mexico"). In addition to our North American operations, we conduct materials distribution operations in China through Ryerson China Limited ("Ryerson China"), a company in which we have a 100% ownership percentage, and in Brazil through Açofran Aços e Metais Ltda ("Açofran"), a company in which we have a 50% direct ownership percentage. Unless the context indicates otherwise, Ryerson Holding, JT Ryerson, Ryerson Canada, Ryerson China, Ryerson Mexico and Açofran, together with their subsidiaries (including Ryerson Inc. prior to its dissolution through merger), are collectively referred to herein as "Ryerson," "we," "us," "our," or the "Company."

On July 23, 2014, our Board of Directors approved a 4.25 for 1.00 stock split of the Company's common stock effective August 5, 2014. Per share and share amounts presented herein have been adjusted for all periods presented to give retroactive effect to 4.25 for 1.00 stock split.

On August 13, 2014, Ryerson Holding completed an initial public offering of 11 million shares of common stock at a price to the public of $11.00 per share. Net proceeds from the offering totaled $112.4 million, after deducting the underwriting discount and offering expenses, and were used to (i) redeem $99.5 million in aggregate principal amount of the 11 ¼% Senior Notes due 2018 (the "2018 Notes"), (ii) pay Platinum Equity Advisors LLC ("Platinum Advisors"), and its affiliates $15.0 million of the $25.0 million owed as consideration for terminating the advisory services agreement between JT Ryerson and Platinum Advisors, an affiliate of Platinum (the remaining $10.0 million was paid in August 2015) and (iii) pay related transaction fees, expenses and debt redemption premiums in connection with the offering, which were approximately $11.2 million. We borrowed an additional $23.3 million under our then existing $1.35 billion revolving credit facility (the "Old Credit Facility") as part of the funding of these transactions.

### Industry and Operating Trends

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 one-half of the metals products sold are processed by us by burning, sawing, slitting, blanking, cutting to length or other techniques. We sell our products and services to many industries, including commercial ground transportation manufacturing, metal fabrication and machine shops, industrial machinery and equipment manufacturing, consumer durable production, HVAC manufacturing, construction equipment manufacturing, food processing and agricultural equipment manufacturing and oil and gas. 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.

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 is 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, and to reduce operating expenses per ton sold.

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.

The metals service center industry is generally considered cyclical with periods of strong demand and higher prices followed by periods of weaker demand and lower prices due to the cyclical nature of the industries in which the largest consumers of metals operate. However, domestic metals prices are volatile and remain difficult to predict due to its commodity nature and the extent which prices are affected by interest rates, foreign exchange rates, energy prices, international supply/demand imbalances, surcharges and other factors.

Results of Operations

| | Year Ended December 31, 2015 | % of Net Sales | Year Ended December 31, 2014 | % of Net Sales | Year Ended December 31, 2013 | % of Net Sales |
|---|---|---|---|---|---|---|
| Net sales | $ 3,167.2 | 100.0% | $ 3,622.2 | 100.0% | $ 3,460.3 | 100.0% |
| Cost of materials sold | 2,599.5 | 82.1 | 3,028.4 | 83.6 | 2,843.7 | 82.2 |
| Gross profit | 567.7 | 17.9 | 593.8 | 16.4 | 616.6 | 17.8 |
| Warehousing, delivery, selling, general and administrative expenses | 450.8 | 14.3 | 509.2 | 14.1 | 480.1 | 13.8 |
| Gain on sale of assets | (1.9) | (0.1) | (1.8) | (0.1) | — | — |
| Restructuring and other charges | 2.5 | 0.1 | — | — | 1.9 | 0.1 |
| Impairment charges on assets | 7.7 | 0.2 | — | — | — | — |
| Operating profit | 108.6 | 3.4 | 86.4 | 2.4 | 124.6 | 3.6 |
| Other expenses | (106.7) | (3.3) | (113.3) | (3.1) | (110.7) | (3.2) |
| Income (loss) before income taxes | 1.9 | 0.1 | (26.9) | (0.7) | 13.9 | 0.4 |
| Provision (benefit) for income taxes | 3.7 | 0.2 | (0.7) | — | (112.3) | (3.2) |
| Net income (loss) | (1.8) | (0.1) | (26.2) | (0.7) | 126.2 | 3.6 |
| Less: Net loss attributable to noncontrolling interest | (1.3) | (0.1) | (0.5) | — | (1.1) | (0.1) |
| | $ (0.5) | — | $ (25.7) | (0.7)% | $ 127.3 | 3.7 % |

| | | | |
|---|---|---|---|
| Net income (loss) attributable to Ryerson Holding Corporation | | | |
| Basic and diluted earnings (loss) per share | $ (0.02) | $ (1.01) | $ 5.99 |

Comparison of the year ended December 31, 2015 with the year ended December 31, 2014

Net Sales

Net sales decreased 12.6% to $3.2 billion in 2015 as compared to $3.6 billion in 2014. Average selling price decreased 6.7% while tons sold decreased 6.3% reflecting weaker economic conditions in the metals market in 2015 compared to 2014. The average selling price per ton decreased in 2015 to $1,670 from $1,790 in 2014. Average selling prices per ton decreased for all of our product lines in 2015 with the largest decrease in our stainless steel plate, carbon steel flat and stainless steel flat product lines. Tons sold in 2015 decreased for most of our product lines, with the largest decrease in our carbon steel long, stainless steel long and carbon plate product lines, partially offset by increased tons sold for our aluminum plate product line. Tons sold per ship day were 7,528 in 2015 as compared to 8,032 in 2014.

Cost of Materials Sold

Cost of materials sold decreased 14.2% to $2.6 billion in 2015 compared to $3.0 billion in 2014. The decrease in cost of materials sold in 2015 compared to 2014 was primarily due to a decrease in the average cost of materials sold per ton in addition to the decrease in tons sold. The average cost of materials sold per ton decreased to $1,371 in 2015 from $1,497 in 2014. The average cost of materials sold for our stainless steel plate, carbon steel flat and carbon steel plate product lines decreased more than our other products, in line with the change in average selling price per ton.

During 2015, LIFO income was $97 million related to decreases in pricing for all product lines. As a result of falling average selling prices, LIFO income in 2015 was partially offset by a $38 million charge to record inventory at the lower of cost or market. During 2014, LIFO expense was $42 million related to increases in pricing for all product lines. In 2015, we also recorded a credit to cost of materials sold of $4 million related to the settlement of litigation regarding the price of materials that we were charged.

Gross Profit

Gross profit as a percentage of sales increased to 17.9% in 2015 compared to 16.4% in 2014 due to, among other things, a decrease in cost of materials sold, as discussed above. Gross profit decreased 4.4% to $567.7 million in 2015 as compared to $593.8 million in 2014.

Operating Expenses

Operating expenses as a percentage of sales increased to 14.5% in 2015 from 14.0% in 2014. Operating expenses in 2015 were $459.1 million, a decrease of $48.3 million from $507.4 million in 2014 primarily due to the following reasons:

- a $25.0 million charge in 2014 to terminate the advisory service agreement with Platinum Advisors in connection with the completion of our initial public offering on August 13, 2014, which is described in Note 13, “Related Parties” of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K,
- transaction-related compensation expense of $7.7 million associated with the initial public offering in 2014,
- lower incentive compensation expense of $16.1 million, and
- lower delivery expense of $6.9 million due to lower volume.

These changes were partially offset by:

- impairment charges on assets of $7.7 million in 2015, primarily due to fixed asset impairments, and
- a restructuring charge of $2.5 million in 2015.

On a per ton basis, operating expenses decreased to $242 per ton in 2015 from $250 per ton in 2014.

Operating Profit

As a result of the factors above, in 2015 we reported an operating profit of $108.6 million, or 3.4% of sales, compared to an operating profit of $86.4 million, or 2.4% of sales, in 2014.

Other Expenses

Interest and other expense on debt decreased to $96.3 million in 2015 from $107.4 million in 2014 primarily due to a lower principal amount outstanding of our 9.0% Senior Notes due 2017 (the “2017 Notes”) and the 2018 Notes after the redemption of $99.5 million of the 2018 Notes in September of 2014 and the purchases of $30.1 million of the 2018 Notes as well as the purchases of $30.1 million of the 2017 Notes in 2015. Partially offsetting the reduction in debt was a $2.9 million charge in 2015 to write-off a portion of the issuance costs associated with the Company's old revolving credit facility agreement upon entering into a new revolving credit facility agreement. Other income and (expense), net was expense of $10.4 million in 2015 compared to expense of $5.9 million in 2014. The year 2015 net expense is primarily related to a $12.3 million charge due to an other-than-temporary impairment recognized on an available-for-sale investment, partially offset by foreign currency gains of $1.5 million. The year 2014 net expense was primarily related to a $11.2 million loss on the early redemption premium on the redemption of the $99.5 million principal amount of the 2018 Notes, partially offset by $5.3 million of foreign currency gains.

Provision for Income Taxes

The Company recorded an income tax expense of $3.7 million in 2015 compared to an income tax benefit of $0.7 million in 2014. The $3.7 million income tax expense in 2015 results predominantly from tax expense on earnings in the U.S. and the inability to benefit losses in our foreign subsidiaries due to valuation allowances. The $0.7 million income tax benefit in 2014 results from a tax benefit in the U.S. and the impact of certain initial public offering related transactions that are recognized differently for U.S. tax purposes, offset by tax expense in foreign subsidiaries.

Noncontrolling Interest

Ryerson China's and Açofran's results of operations was a loss in 2015 and 2014. The portion of the loss attributable to the noncontrolling interest in Ryerson China and Açofran was $1.3 million for 2015 and $0.5 million for 2014.

Earnings Per Share

Basic and diluted earnings (loss) per share was a loss of $0.02 in 2015 and a loss of $1.01 in 2014. The changes in earnings (loss) per share are due to the results of operations discussed above as well as an increase of 6.7 million in average shares outstanding in 2015 compared to 2014 after the issuance of 11.0 million shares of common stock in an initial public offering on August 8, 2014.

Comparison of the year ended December 31, 2014 with the year ended December 31, 2013

Net Sales

Net sales increased 4.7% to $3.6 billion in 2014 as compared to $3.5 billion in 2013. Average selling price increased 5.4% while tons sold decreased 0.7% reflecting stable economic conditions in the metals market in 2014 compared to 2013. The average selling price per ton increased in 2014 to $1,790 from $1,698 in 2013. Average selling prices per ton increased for most of our product lines in 2014 with the largest increase in our stainless steel plate, carbon steel plate and carbon steel flat product lines. Tons sold in 2014 decreased for our carbon steel flat and aluminum long product lines, offset by increased tons sold for our aluminum sheet and aluminum plate product lines. Tons sold per ship day were 8,032 in 2014 as compared to 8,087 in 2013.

Cost of Materials Sold

Cost of materials sold increased 6.5% to $3.0 billion in 2014 compared to $2.8 billion in 2013. The increase in cost of materials sold in 2014 compared to 2013 was primarily due to an increase in the average cost of materials sold per ton. The average cost of materials sold per ton increased to $1,497 in 2014 from $1,396 in 2013. The average cost of materials sold for our carbon steel flat, carbon steel plate and stainless steel flat product lines increased more than our other products, in line with the change in average selling price per ton.

During 2014, LIFO expense was $42 million related to increases in pricing for all product lines. During 2013, LIFO income was $33 million related to decreases in pricing for all product lines.

Gross Profit

Gross profit as a percentage of sales decreased to 16.4% in 2014 compared to 17.8% in 2013 due to, among other things, an increase in cost of materials sold, as discussed above. Gross profit decreased 3.7% to $593.8 million in 2014 as compared to $616.6 million in 2013.

Operating Expenses

Operating expenses as a percentage of sales decreased to 14.0% in 2014 from 14.2% in 2013. Operating expenses in 2014 increased $15.4 million from $492.0 million in 2013 primarily due to the following reasons:

- a $25.0 million charge to terminate the advisory service agreement with Platinum Advisors in connection with the completion of our initial public offering on August 13, 2014, which is described in Note 13, “Related Parties” of the Notes to Consolidated Financial Statements in this Annual Report on Form 10-K,
- we also recognized $7.7 million of transaction-related compensation expense associated with the initial public offering, and
- higher incentive compensation expense of $14.5 million.

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These changes were partially offset by:

- impairment charges on assets of $10.0 million in 2013, primarily due to a goodwill impairment charge of $6.8 million related to one of our reporting units,
- lower salaries and wages of $7.1 million resulting from lower employment levels in 2014 and lower benefit costs of $6.7 million primarily due to lower net periodic benefit cost for pensions in 2014,
- lower reorganization expense in 2014 of $4.7 million,
- a restructuring charge of $1.9 million in 2013, and
- a gain on sale of assets of $1.8 million in 2014.

On a per ton basis, operating expenses increased to $250 per ton in 2014 from $241 per ton in 2013.

Operating Profit

As a result of the factors above, in 2014 we reported an operating profit of $86.4 million, or 2.4% of sales, compared to an operating profit of $124.6 million, or 3.6% of sales, in 2013.

Other Expenses

Interest and other expense on debt decreased to $107.4 million in 2014 from $110.5 million in 2013 primarily due to a lower level of debt outstanding in 2014 after we used a portion of the proceeds from our initial public offering to redeem $99.5 million principal amount of the 2018 Notes in September of 2014. Other income and (expense), net was expense of $5.9 million in 2014 compared to expense of $0.2 million in 2013. The year 2014 net expense was primarily related to a $11.2 million loss on the early redemption premium on the redemption of the $99.5 million principal amount of the 2018 Notes, partially offset by $5.3 million of foreign currency gains.

Provision for Income Taxes

The Company recorded an income tax benefit of $0.7 million in 2014 compared to an income tax benefit of $112.3 million in 2013. The $0.7 million income tax benefit in 2014 results from a tax benefit in the U.S. and the impact of certain initial public offering related transactions that are recognized differently for U.S. tax purposes, offset by tax expense in foreign subsidiaries. The $112.3 million income tax benefit in 2013 primarily relates to a reduction in valuation allowance previously recorded against U.S. deferred tax assets.

Noncontrolling Interest

Ryerson China’s and Açofran’s results of operations was a loss in 2014 and 2013. The portion of the loss attributable to the noncontrolling interest in Ryerson China and Açofran was $0.5 million for 2014 and $1.1 million for 2013.

Earnings Per Share

Basic and diluted earnings (loss) per share was a loss of $1.01 in 2014 and earnings of $5.99 in 2013. The changes in earnings (loss) per share are due to the results of operations discussed above as well as an increase of 4.1 million in average shares outstanding in 2014 compared to 2013 after the issuance of 11.0 million shares of common stock in an initial public offering on August 8, 2014.

Liquidity and Capital Resources

The Company's primary sources of liquidity are cash and cash equivalents, cash flows from operations and borrowing availability under the $1.0 billion revolving credit facility (the "Ryerson Credit Facility") that matures on the earlier of (a) July 24, 2020 and (b) 60 days prior to the stated maturity of any outstanding indebtedness with a principal amount of $50,000,000 or more. Its principal source of operating cash is from the sale of metals and other materials. Its principal uses of cash are for payments associated with the procurement and processing of metals and other materials inventories, costs incurred for the warehousing and delivery of inventories and the selling and administrative costs of the business, capital expenditures, and for interest payments on debt.

The following table summarizes the Company's cash flows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2015 | 2014 | 2013 |
| | (In millions) | | |
| Net cash provided by (used in) operating activities | $259.1 | $(73.3) | $48.1 |
| Net cash used in investing activities | (18.0) | (34.0) | (13.5) |
| Net cash provided by (used in) financing activities | (232.2) | 100.5 | (26.6) |
| Effect of exchange rates on cash | (5.7) | (7.6) | (4.8) |
| Net increase (decrease) in cash and cash equivalents | $3.2 | $(14.4) | $3.2 |

The Company had cash and cash equivalents at December 31, 2015 of $63.2 million, compared to $60.0 million at December 31, 2014 and $74.4 million at December 31, 2013. The Company had $1,035 million, $1,259 million and $1,295 million of total debt outstanding, a debt-to-capitalization ratio of 116%, 111% and 109% and $185 million, $245 million and $234 million available under the revolving credit facility at December 31, 2015, 2014 and 2013, respectively. The Company had total liquidity (defined as cash and cash equivalents, marketable securities and availability under the Ryerson Credit Facility, the Old Credit Facility, and foreign debt facilities) of $273 million, $328 million and $351 million at December 31, 2015, 2014 and 2013, respectively. Total liquidity is not a U.S. generally accepted accounting principles ("GAAP") financial measure. We believe that total liquidity provides additional information for measuring our ability to fund our operations. Total liquidity does not represent, and should not be used as a substitute for, net income or cash flows from operations as determined in accordance with GAAP and total liquidity is not necessarily an indication of whether cash flow will be sufficient to fund our cash requirements.

Below is a reconciliation of cash and cash equivalents to total liquidity:

| | December 31, 2015 | December 31, 2014 | December 31, 2013 |
|---|---|---|---|
| | (In millions) | | |
| Cash and cash equivalents | $63 | $ 60 | $ 74 |
| Marketable securities | 2 | 11 | 21 |
| Availability under Ryerson Credit Facility and foreign debt facilities | 208 | 257 | 256 |
| Total liquidity | $273 | $ 328 | $ 351 |

Of the total cash and cash equivalents as of December 31, 2015, $57 million was held in subsidiaries outside the United States which is deemed to be permanently reinvested. Ryerson does not currently foresee a need to repatriate funds from its non-U.S. subsidiaries. Although the Company has historically satisfied needs for more capital in the U.S. through debt or equity issuances, it could elect to repatriate funds held in foreign jurisdictions which could result in higher effective tax rates. The Company has not recorded a deferred tax liability for the effect of a possible repatriation of these assets as management intends to permanently reinvest these assets outside of the U.S. Specific plans for reinvestment include funding for future international acquisitions and funding of existing international operations.

During the year ended December 31, 2015, net cash provided by operating activities was $259.1 million. During the year ended December 31, 2014, net cash used in operating activities was $73.3 million. During the year ended December 31, 2013, net cash provided by operating activities was $48.1 million. Net income (loss) was a loss of $1.8 million and $26.2 million in 2015 and 2014, respectively, and income of $126.2 million in 2013. Cash provided by operating activities of $259.1 million during the year ended December 31, 2015 was primarily due to a decrease in inventory of $178.1 million as we reduced inventory as metal prices weakened during the year. In addition, accounts receivable declined $88.0 million reflecting lower average selling prices and tons sold in 2015, non-cash depreciation and amortization expense was $43.7 million and we recorded a non-cash charge of $12.3 million due to an other-than-temporary impairment charge recognized on an available-for-sale investment. Partially offsetting the cash inflows were pension contributions of $42.5 million and lower accrued liabilities of $20.0 million primarily due to a lower accrual for incentive compensation in 2015. Cash used in operating activities of $73.3 million during the year ended December 31, 2014 was primarily the result of pension contributions of $55.4 million, the net loss in 2014 of $26.2 million, a decrease in accounts payable of $22.4 million and an increase in accounts receivable of $19.5 million reflecting higher sales in 2014, partially offset by non-cash depreciation and amortization expense of $45.6 million. Cash provided by operating activities of $48.1 million during the year ended December 31, 2013 was primarily the result of the $126.2 million of net income in 2013, non-cash depreciation and amortization expense of $46.6 million, an increase in accounts payable of $15.7 million, non-cash impairment charges on assets of $10.0 million and a decrease in accounts receivable of $9.9 million reflecting lower sales in 2013, partially offset by the non-cash reduction in the valuation allowance recorded against deferred tax assets of $124.2 million and pension contributions of $48.0 million.

Net cash used in investing activities was $18.0 million, $34.0 million and $13.5 million in 2015, 2014 and 2013, respectively. Capital expenditures for the years ended December 31, 2015, 2014 and 2013, were $22.3 million, $21.6 million and $20.2 million, respectively. On August 3, 2015, the Company paid $7.7 million, net of cash acquired, to acquire all of the issued and outstanding capital stock of Southern Tool Steel, Inc. On December 31, 2014, the Company paid $20.1 million to acquire all of the issued and outstanding capital stock of Fay Industries, Inc. and the membership interests of Fay Group, Ltd. In 2015, the Company paid an additional $1.1 million in deferred consideration owed to the sellers of Fay Industries, Inc. The Company sold property, plant and equipment and assets held for sale generating cash proceeds of $10.4 million, $7.3 million and $4.6 million during the years ended December 31, 2015, 2014 and 2013, respectively.

Net cash used in financing activities was $232.2 million for the year ended December 31, 2015. In 2015, net cash used in financing activities was primarily related to the purchases of $30.1 million principal amount of the 2017 Notes repurchased for $29.4 million and the purchases of $30.1 million principal amount of the 2018 Notes repurchased for $30.5 million, and $164.4 million of repayments of credit facility borrowings with cash provided by operations discussed above. Net cash provided by financing activities was $100.5 million for the year ended December 31, 2014. In 2014, we received $112.4 million in proceeds from the issuance of stock in an initial public offering and used $110.7 million of the proceeds to redeem $99.5 million principal amount of our 2018 Notes and pay a $11.2 million redemption premium. In addition, credit facility borrowings in 2014 increased $63.8 million primarily to fund cash used in operating activities as well as capital expenditures and book overdrafts increased $36.0 million. Net cash used in financing activities was $26.6 million for the year ended December 31, 2013. In 2013, credit facility borrowings decreased $10.6 million, we paid $6.6 million to purchase 50,000 shares of our common stock and we paid $3.7 million in fees to amend our credit facility. We believe that cash flow from operations and proceeds from the Ryerson Credit Facility will provide sufficient funds to meet our contractual obligations and operating requirements in the normal course of business.

Total Debt

Total debt at December 31, 2015 decreased $224.6 million to $1,034.5 million from $1,259.1 million at December 31, 2014 as a result of net cash provided by operating activities.

Total debt outstanding as of December 31, 2015 consisted of the following amounts: $272.2 million borrowing under the Ryerson Credit Facility, $569.9 million under the 2017 Notes, $170.4 million under the 2018 Notes, and $22.0 million of foreign debt. Availability at December 31, 2015 under the Ryerson Credit Facility was $185 million and at December 31, 2014 was $245 million under the Old Credit Facility. Discussion of our outstanding debt follows.

Ryerson Credit Facility

On July 24, 2015, Ryerson terminated its $1.35 billion Old Credit Facility and entered into its $1.0 billion Ryerson Credit Facility. Borrowings under the Ryerson Credit Facility were used to repay indebtedness under the Old Credit Facility. The Ryerson Credit Facility has a maturity date of the earlier of (a) July 24, 2020 or (b) 60 days prior to the stated maturity of any outstanding indebtedness with a principal amount of $50,000,000 or more. As a result of the refinancing, the Company recorded a $2.9 million charge in the third quarter of 2015 to write-off a portion of the issuance costs associated with the Old Credit Facility.

At December 31, 2015, Ryerson had $272.2 million of outstanding borrowings, $17 million of letters of credit issued and $185 million available under the Ryerson Credit Facility compared to $435.0 million of outstanding borrowings, $20 million of letters of credit issued and $245 million available at December 31, 2014 under the Old Credit Facility. Total credit availability is limited by the amount of eligible accounts receivable, inventory, and qualified cash pledged as collateral under the agreement insofar as Ryerson is subject to a borrowing base comprised of the aggregate of these three amounts, less applicable reserves. Eligible accounts receivable, at any date of determination, is comprised of the aggregate value of all accounts directly created by a borrower (and in the case of Canadian accounts, a Canadian guarantor) in the ordinary course of business arising out of the sale of goods or the rendering of services, each of which has been invoiced, with such receivables adjusted to exclude various ineligible accounts, including, among other things, those to which a borrower (or guarantor, as applicable) does not have sole and absolute title and accounts arising out of a sale to an employee, officer, director, or affiliate of a borrower (or guarantor, as applicable). Eligible inventory, at any date of determination, is comprised of the aggregate value of all inventory owned by a borrower (and in the case of Canadian accounts, a Canadian guarantor), with such inventory adjusted to exclude various ineligible inventory, including, among other things, (i) any inventory that is classified as “supplies” or is unsaleable in the ordinary course of business, (ii) 50% of the value of any inventory that (A) has not been sold or processed within a 180 day period and (B) which is calculated to have more than 365 days of supply based upon the immediately preceding 6 months consumption, and (iii) 50% of the value of inventory classified as partial inventory pieces on the basis that the inventory has been cut below sales lengths customary for such inventory. Qualified cash consists of cash in an eligible deposit account that is subject to customary restrictions and liens in favor of the lenders. The weighted average interest rate on the borrowings was 2.1 percent under the Ryerson Credit Facility at December 31, 2015 and 2.0 percent under the Old Credit Facility at December 31, 2014.

The total $1.0 billion revolving credit facility has an allocation of $940 million to the Company's subsidiaries in the United States and an allocation of $60 million to Ryerson Holding's Canadian subsidiary that is a borrower. Amounts outstanding under the Ryerson Credit Facility bear interest at (i) a rate determined by reference to (A) the base rate (the highest of the Federal Funds Rate plus 0.50%, Bank of America, N.A.'s prime rate and the one-month LIBOR rate plus 1.00%) or (B) a LIBOR rate or, (ii) for Ryerson Holding's Canadian subsidiary that is a borrower, (A) a rate determined by reference to the Canadian base rate (the greatest of the Federal Funds Rate plus 0.50%, Bank of America-Canada Branch's "base rate" for pricing loans in U.S. Dollars made at its "base rate" and the 30 day LIBOR rate plus 1.00%), (B) the prime rate (the greatest of the Bank of Canada overnight rate plus 0.50%, Bank of America-Canada Branch's "prime rate" for commercial loans made by it in Canada in Canadian Dollars and the one-month Canadian bankers' acceptance rate plus 1.00%) or (C) the bankers' acceptance rate. The spread over the base rate and prime rate is between 0.25% and 0.75% and the spread over the LIBOR and for the bankers' acceptances is between 1.25% and 1.75%, depending on the amount available to be borrowed under the Ryerson Credit Facility. Overdue amounts and all amounts owed during the existence of a default bear interest at 2% above the rate otherwise applicable thereto. Ryerson also pays commitment fees on amounts not borrowed at a rate of 0.25%.

Borrowings under the Ryerson Credit Facility are secured by first-priority liens on all of the inventory, accounts receivables, lockbox accounts and related assets of the borrowers and the guarantors.

The Ryerson Credit Facility also contains covenants that, among other things, restrict Ryerson Holding and its restricted subsidiaries with respect to the incurrence of debt, the creation of liens, transactions with affiliates, mergers and consolidations, sales of assets and acquisitions. The Ryerson Credit Facility also requires that, if availability under the Ryerson Credit Facility declines to a certain level, Ryerson maintain a minimum fixed charge coverage ratio as of the end of each fiscal quarter, and includes defaults upon (among other things) the occurrence of a change of control of Ryerson and a cross-default to other financing arrangements.

The Ryerson Credit Facility contains events of default with respect to, among other things, default in the payment of principal when due or the payment of interest, fees and other amounts due thereunder after a specified grace period, material misrepresentations, failure to perform certain specified covenants, certain bankruptcy events, the invalidity of certain security agreements or guarantees, material judgments and the occurrence of a change of control of Ryerson. If such an event of default occurs, the lenders under the Ryerson Credit Facility will be entitled to various remedies, including acceleration of amounts outstanding under the Ryerson Credit Facility and all other actions permitted to be taken by secured creditors.

The lenders under the Ryerson Credit Facility have the ability to reject a borrowing request if any event, circumstance or development has occurred that has had or could reasonably be expected to have a material adverse effect on the Company. If Ryerson Holding, JT Ryerson, any of the other borrowers or any restricted subsidiaries of JT Ryerson becomes insolvent or commences bankruptcy proceedings, all amounts borrowed under the Ryerson Credit Facility will become immediately due and payable.

Proceeds from borrowings under the Ryerson Credit Facility and repayments of borrowings thereunder that are reflected in the Condensed Consolidated Statements of Cash Flows represent borrowings under the Company's revolving credit agreement with original maturities greater than three months. Net proceeds (repayments) under the Ryerson Credit Facility represent borrowings under the Ryerson Credit Facility with original maturities less than three months.

2017 and 2018 Notes

On October 10, 2012, JT Ryerson issued $600 million in aggregate principal amount of the 2017 Notes and $300 million in aggregate principal amount of the 2018 Notes (together with the 2017 Notes, the “2017 and 2018 Notes”). The 2017 Notes bear interest at a rate of 9% per annum. The 2018 Notes bear interest at a rate of 11.25% per annum. The 2017 Notes are fully and unconditionally guaranteed on a senior secured basis and the 2018 Notes are fully and unconditionally guaranteed on a senior unsecured basis by all of our existing and future domestic subsidiaries that are co-borrowers or that have guarantee obligations under the Ryerson Credit Facility.

The 2017 Notes and related guarantees are secured by a first-priority lien on substantially all of our and our guarantors' present and future assets located in the United States (other than receivables, inventory, related general intangibles, certain other assets and proceeds thereof), subject to certain exceptions and customary permitted liens. The 2017 Notes and related guarantees are secured on a second-priority basis by a lien on the assets that secure our obligations under the Ryerson Credit Facility. The 2018 Notes are not secured. The 2017 and 2018 Notes contain customary covenants that, among other things, limit, subject to certain exceptions, our ability, and the ability of our restricted subsidiaries, to incur additional indebtedness, pay dividends on our capital stock or repurchase our capital stock, make investments, sell assets, engage in acquisitions, mergers or consolidations or create liens or use assets as security in other transactions. Subject to certain exceptions, JT Ryerson may only pay dividends to Ryerson Holding to the extent of 50% of future net income, once prior losses are offset.

The 2017 Notes became redeemable by the Company, in whole or in part on April 15, 2015 (the "2017 Redemption Date") and the 2018 Notes became redeemable, in whole or in part, on October 15, 2015 (the "2018 Redemption Date"), in each case at specified redemption prices. On August 13, 2014, Ryerson Holding completed an initial public offering of 11 million shares of common stock at a price to the public of $11.00 per share. Net proceeds from the offering were used to redeem $99.5 million in aggregate principal amount of the 2018 Notes and pay redemption premiums of $11.2 million, which were recorded within other income and (expense), net on the Consolidated Statements of Operations. If a change of control occurs, JT Ryerson must offer to purchase the 2017 and 2018 Notes at 101% of their principal amount, plus accrued and unpaid interest.

As of December 31, 2015, $569.9 million and $170.4 million of the original outstanding principal amount of the 2017 and 2018 Notes remain outstanding, respectively. The Company has repurchased and in the future may repurchase 2017 and 2018 Notes in the open market. During the year 2015, a principal amount of $30.1 million of the 2017 Notes were repurchased for $29.4 million and retired, resulting in the recognition of a $0.7 million gain within other income and (expense), net on the Consolidated Statements of Operations. During the year 2015, a principal amount of $30.1 million of the 2018 Notes were repurchased for $30.5 million and retired, resulting in the recognition of a $0.4 million loss within other income and (expense), net on the Consolidated Statements of Operations.

Foreign Debt

At December 31, 2015, Ryerson China's total foreign borrowings were $21.8 million, which were owed to banks in Asia at a weighted average interest rate of 4.3% per annum and secured by inventory and property, plant and equipment. At December 31, 2014, Ryerson China's total foreign borrowings were $23.6 million, which were owed to banks in Asia at a weighted average interest rate of 4.4% per annum and secured by inventory and property, plant and equipment. Açofran's total foreign borrowings were $0.2 million and zero at December 31, 2015 and December 31, 2014, respectively.

Availability under the foreign credit lines was $23 million and $12 million at December 31, 2015 and December 31, 2014, respectively. Letters of credit issued by our foreign subsidiaries totaled $2 million at December 31, 2015 and 2014.

Pension Funding

The Company made contributions of $42.5 million in 2015, $55.4 million in 2014 and $48.0 million in 2013 to improve the Company's pension plans funded status. At December 31, 2015, as reflected in Note 11 to the Consolidated Financial Statements, pension liabilities exceeded plan assets by $238 million. The Company anticipates that it will have a minimum required pension contribution of approximately $22 million in 2016 under the Employee Retirement Income Security Act of 1974 ("ERISA"), Pension Protection Act in the U.S and the Ontario Pension Benefits Act in Canada. Future contribution requirements depend on the investment returns on plan assets, the impact of discount rates on pension liabilities, and changes in regulatory requirements. The Company is unable to determine the amount or timing of any such contributions required by ERISA or whether any such contributions would have a material adverse effect on the Company's financial position or cash flows. The Company believes that cash flow from operations and the Ryerson Credit Facility described above will provide sufficient funds to make the minimum required contribution in 2016.

Income Tax Payments

The Company made income tax payments of $3.2 million, $1.6 million and $1.2 million in 2015, 2014 and 2013, respectively.

Off-Balance Sheet Arrangements

In the normal course of business with customers, vendors and others, we have entered into off-balance sheet arrangements, such as letters of credit, which totaled $19 million as of December 31, 2015. Additionally, other than normal course long-term operating leases included in the following Contractual Obligations table, we do not have any material off-balance sheet financing arrangements. None of these off-balance sheet arrangements are likely to have a material effect on our current or future financial condition, results of operations, liquidity or capital resources.

Contractual Obligations

The following table presents contractual obligations at December 31, 2015:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 year | 1 – 3 years | 4 – 5 years | After 5 years |
| Contractual Obligations(1)(2) | (In millions) | | | | |
| 2017 Notes | $570 | $— | $570 | $ — | $ — |
| 2018 Notes | 170 | — | 170 | — | — |
| Ryerson Credit Facility | 272 | — | 272 | — | — |
| Foreign Debt | 22 | 22 | — | — | — |
| Interest on 2017 Notes, 2018 Notes, Foreign Debt and Ryerson Credit Facility(3) | 155 | 76 | 79 | — | — |
| Purchase Obligations(4) | 26 | 25 | 1 | — | — |
| Operating Leases | 98 | 25 | 35 | 21 | 17 |
| Pension Withdrawal Liability | 1 | — | — | — | 1 |
| Capital Leases | 15 | 5 | 7 | 3 | — |
| Total | $1,329 | $153 | $1,134 | $ 24 | $ 18 |

(1) The contractual obligations disclosed above do not include our potential future pension funding obligations (see previous discussion under “Pension Funding” caption).
(2) Due to uncertainty regarding the completion of tax audits and possible outcomes, we do not know the timing of when our obligations related to unrecognized tax benefits will occur, if at all. See Note 18 “Income Taxes” of the notes to our consolidated financial statements for additional detail.
(3) Interest payments related to the variable rate debt were estimated using the weighted average interest rate for the Ryerson Credit Facility.
(4) The purchase obligations with suppliers are entered into when we receive firm sales commitments with certain of our customers.

Capital Expenditures

Capital expenditures during 2015, 2014 and 2013 totaled $22.3 million, $21.6 million and $20.2 million, respectively. Capital expenditures were primarily for machinery and equipment.

The Company anticipates capital expenditures, excluding acquisitions, to be approximately $20 million in 2016. The spending includes maintenance expenditures and improvements to maintain, upgrade, and add to the Company’s North

American processing capabilities.

Restructuring

2015

In 2015, the Company recorded a charge of $2.2 million for employee costs related to expense reduction actions taken in the fourth quarter of 2015. The charge consists primarily of severance costs for 140 employees in addition to $0.2 million of non-cash pensions and other post-retirement benefit costs. During 2015, the Company paid $0.8 million in costs related to this expense reduction initiative. The remaining employee-related costs of $1.2 million are expected to be paid in 2016.

In 2015, the Company also recorded a $0.3 million charge to increase the reserve for tenancy-related costs for a facility closed in 2013. During 2015, the Company paid $0.4 million in tenancy costs related to this facility. The remaining $0.5 million of tenancy-related costs are expected to be paid through 2019.

2014

In 2014, the Company paid $0.7 million in tenancy costs related to a facility closed in 2013. In 2014, the Company also recorded a $0.1 million reduction to the reserve for tenancy-related costs and credited warehousing, delivery, selling, general and administrative expense in the Consolidated Statements of Operations. During 2014, the Company also paid the remaining $0.1 million of employee costs related to the closure of this facility.

2013