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METALS USA INC
Form 8-K
October 15, 2002

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FORM 8-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Date of Report: October 15, 2002

Commission File Number 1-13123

METALS USA, INC.
(Exact name of Registrant as Specified in its Charter)

DELAWARE
(State or other jurisdiction
of incorporation or organization)

76-0533626
(I.R.S. Employer
Identification Number)

THREE RIVERWAY, SUITE 600
HOUSTON, TEXAS
(Address of Principal Executive Offices)

77056
(Zip Code)

Registrant's telephone number, including area code: (713) 965-0990

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METALS USA, INC.

FORM 8-K

ITEM 9.

Pursuant to the Company's Reorganization Plan and previously announced planned divestitures, the Company has completed the sale of certain assets, the proceeds of which, in the aggregate, exceed 10% of the Company's total consolidated assets. The assets held for sale at December 31, 2001, did not meet the requirements for discontinued operations presentation. Cash has been the only consideration received for the asset sales. As disclosed in the Form 10-Q for the six months ended June 30, 2002, several asset sales were completed with aggregate cash proceeds of \$18.0 million. Subsequent to June 30, 2002 and through September 30, 2002 six additional asset sale

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transactions were completed for total cash proceeds of \$63.2 million. In addition, \$18.2 million of accounts receivable related to these operations was retained and will be collected by the Company. Three of the six asset sales transactions which occurred in the third quarter, account for the majority of the proceeds as follows.

The inventory and fixed assets of the Company's Specialty Metals Northwest operations, with five facilities located throughout the northwestern United States were sold on September 10, 2002, to Reliance Steel & Aluminum Co. for aggregate cash consideration of \$30.0 million. Accounts receivable related to these operations to be collected by the Company total \$6.9 million.

The inventory and fixed assets of the Company's Plates and Shapes Northcentral operations located in Milwaukee, Wisconsin were sold on September 10, 2002, to I. Bahcall Steel & Pipe, Inc. for aggregate cash consideration of \$10.9 million. Twenty-five percent of the accounts receivable (\$0.9 million) related to this operation will be collected by the Company.

The inventory and fixed assets of the Company's Plates and Shapes Southwest operations located in Houston and San Antonio, Texas and Shreveport, Louisiana were sold on September 30, 2002, to Triple-S Steel Supply Co. for aggregate cash consideration of \$16.8 million. Accounts receivable related to these operations to be collected by the Company total \$6.2 million.

The net proceeds from all of the asset sales have been used to reduce the balance outstanding under the Company's secured bank loans, which as of October 2, 2002, were \$136.9 million.

Attached hereto are Pro Forma Consolidated Statements of Operations for the Six Months Ended June 30, 2002 and the Year Ended December 31, 2001, which have been adjusted to eliminate the results of operations of the facilities which have been sold, as of January 1, 2001, and to reflect a reduction in interest expense as the net proceeds from the asset sales were used to reduce outstanding indebtedness. The reduction in interest expense for each period was based upon the actual and estimated net proceeds for the applicable assets and the Company's weighted average borrowing rate on its revolving credit facilities during the relevant periods presented.

Accordingly, the following schedules present the pro forma results of operations for the periods presented.

METALS USA, INC. PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

	Six Months Ended June 30, 2002		
	As Reported	Results of Operations of Facilities Sold	Pro Forma
Net sales	\$ 484.3	\$ (21.5)	\$ 462.8
Cost of sales	365.7	(16.9)	348.8

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Gross profit	118.6	(4.6)	114.0
Operating and delivery	61.9	(3.2)	58.7
Selling, general and administrative	48.0	(3.7)	44.3
Depreciation and amortization	4.2	(0.0)	4.2
Asset impairment	3.5	-	3.5
	-----	-----	-----
Operating income	1.0	2.3	3.3
Interest and securitization expense	10.4	(3.7)	6.7
Reorganization expenses	9.1	-	9.1
Other expense	(0.4)	-	(0.4)
	-----	-----	-----
Loss before income taxes and discontinued operations	(18.1)	6.0	(12.1)
Benefit for income taxes	(3.7)	1.2	(2.5)
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Loss before discontinued operations	(14.4)	4.8	(9.6)
Discontinued operations, net of income tax benefit	0.2	(1.3)	(1.1)
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Net loss	\$ (14.2)	\$ 3.5	\$ (10.7)
	=====	=====	=====
Loss per share for basic and diluted:			
Before discontinued operations	\$ (0.39)	\$ 0.13	\$ (0.26)
Discontinued operations	-	(0.03)	(0.03)
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Total	\$ (0.39)	\$ 0.10	\$ (0.29)
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METALS USA, INC.
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended December 31, 2001		
	As Reported	Results of Operations of Facilities Sold	Pro Forma
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Net sales	\$ 1,562.0	\$ (352.9)	\$ 1,209.1
Cost of sales	1,205.7	(279.5)	926.2
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Gross profit	356.3	(73.4)	282.9
Operating and delivery	195.2	(38.6)	156.6
Selling, general and administrative	142.5	(32.3)	110.2
Depreciation and amortization	26.2	(5.2)	21.0
Integration credit	(2.1)	-	(2.1)
Asset impairments	386.2	-	386.2
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Operating income (loss)	(391.7)	2.7	(389.0)
Interest and securitization expense	46.7	(7.8)	38.9
Reorganization expenses	19.4	-	19.4
Other expense	1.8	-	1.8
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Loss Before Taxes and Extraordinary Item	(459.6)	10.5	(449.1)

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Provision (benefit) for income Taxes	(52.3)	1.2	(51.1)
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Loss before extraordinary item	(407.3)	9.3	(398.0)
Extraordinary Charge from early extinguishment of debt, net of income taxes	1.8	-	1.8
	-----	-----	-----
Net loss	\$ (409.1)	\$ 9.3	\$ (399.8)
	=====	=====	=====
Loss per share for basic and diluted:			
Before extraordinary item	\$ (11.16)	\$ 0.26	\$ (10.90)
Extraordinary item	(0.05)	-	(0.05)
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Total	\$ (11.21)	\$ 0.26	\$ (10.95)
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, who has signed this report on behalf of the Registrant.

METALS USA, INC.

Date: October 15, 2002

By: /s/ Terry L. Freeman

Terry L. Freeman
Senior Vice President, Treasurer
and Chief Accounting Officer