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The Associated Press

LOS ANGELES (AP) — Reliance Steel & Aluminum Co. is buying Metals USA Holdings Corp. for about \$766.1 million.

Reliance, which processes metals and distributes about 100,000 metal products, said Wednesday that it will pay \$20.65 per Metals USA share. That's a 13 percent premium to Tuesday's closing price of \$18.30.

The companies put the deal's total enterprise value at around \$1.2 billion.

Metals USA, based in Fort Lauderdale, Florida, makes steel and aluminum components. It has about 37.1 million shares outstanding, according to FactSet. The stock jumped \$2.38, or 13 percent, to \$20.68 in afternoon trading. Earlier in the session, the shares reached \$20.72, the highest level since 2010.

Reliance rose \$6.09, or 9.4 percent, to \$70.78. Its shares touched \$71.38 earlier, their highest point since 2008.

Metals USA had approximately \$2 billion in sales for the year ended Dec. 31. Reliance is expected to have annual sales of more than \$10 billion once the buyout is complete.

The agreement includes a 30-day "go-shop" period that allows Metals USA to seek alternative bids from third parties. If Metals USA terminates its deal with Reliance to accept a third-party offer, Reliance will get an undisclosed breakup fee.

Reliance, based in Los Angeles, said Metals USA will continue to operate under its current brand names. It plans to fund the deal and refinance Metals USA's existing debt from a \$1.5 billion credit facility, along with funds from accessing the bank credit markets and the debt capital markets.

Reliance Chairman and CEO David Hannah will remain in those posts for the combined company.

Hannah said in a statement that the acquisition is Reliance's largest to date and will add 48 service centers in the U.S. to its existing operations.

Reliance has a network of more than 220 locations in 38 states and Australia, Belgium, Canada, China, Malaysia, Mexico, Singapore, South Korea, the United Arab Emirates and the U.K.

"Metals USA is an excellent fit and nicely complements Reliance's existing customer base, product mix and geographic footprint," he added.

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The transaction is expected to immediately add to Reliance's earnings when it closes.

Both companies' boards unanimously approved the acquisition. It still needs the approval of Metals USA shareholders.

Metals USA Chairman, President and CEO Lourenco Goncalves will retire once the buyout is complete, which is expected in the second quarter.

The company reported fourth-quarter earnings of 10 cents per share on revenue of \$437.5 million. Adjusted earnings were 23 cents per share.

Analysts polled by FactSet expected earnings of 30 cents per share on revenue of \$454 million.

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