

OREGON STEEL MILLS INC
Form 10-Q
May 02, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2006

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 Number 1-9887

OREGON STEEL MILLS, INC.

(Exact name of registrant as specified in its charter)

Delaware

94-0506370

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

1000 S.W. Broadway, Suite 2200, Portland, Oregon

97205

(Address of principal executive offices)

(Zip Code)

(503) 223-9228

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Large accelerated filer

Accelerated Filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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Yes No
o x

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

Common Stock, \$.01 Par Value

35,726,724

Class

Number of Shares Outstanding
(as of April 25, 2006)

OREGON STEEL MILLS, INC.

TABLE OF CONTENTS

<u>PART I. FINANCIAL INFORMATION</u>	3
<u>Item 1. Consolidated Financial Statements of Oregon Steel Mills, Inc.</u>	3
<u>Notes to Consolidated Financial Statements</u>	6
<u>Consolidated Financial Statements of New CF&I, Inc.</u>	17
<u>Notes to Consolidated Financial Statements</u>	20
<u>Financial Statements of CF&I Steel, L.P.</u>	24
<u>Notes to Financial Statements</u>	27
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	31
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	36
<u>Item 4. Controls and Procedures</u>	36
<u>PART II. OTHER INFORMATION</u>	37
<u>Item 1. Legal Proceedings</u>	37
<u>Item 1A. Risk Factors</u>	37
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	37
<u>Item 5. Other Information</u>	37
<u>Item 6. Exhibits</u>	37
<u>SIGNATURES</u>	38

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

OREGON STEEL MILLS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands except per share amounts)

	March 31, 2006	December 31, 2005
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 64,941	\$ 52,913
Cash and cash equivalents restricted	20,055	22,052
Short-term investments	116,675	103,300
Trade accounts receivable, less allowance for doubtful accounts of \$1,070 and \$996	166,407	138,456
Inventories	260,796	301,546
Deferred income taxes	2,917	1,997
Other	13,754	15,756
	<u>645,545</u>	<u>636,020</u>
Property, plant and equipment:		
Land and improvements	21,575	21,582
Buildings	59,144	58,399
Machinery and equipment	835,662	832,551
Construction in progress	60,710	43,874
	<u>977,091</u>	<u>956,406</u>
Accumulated depreciation	(465,793)	(457,284)
	<u>511,298</u>	<u>499,122</u>
Goodwill	4,458	4,458
Intangibles, net	30,415	30,456
Other assets	5,254	5,824
	<u>4,458</u>	<u>4,458</u>
	<u>30,415</u>	<u>30,456</u>
	<u>5,254</u>	<u>5,824</u>
TOTAL ASSETS	\$ 1,196,970	\$ 1,175,880
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	\$ 2,042	\$ 2,042
Accounts payable	63,548	87,785
Accrued expenses	78,694	77,807
	<u>144,284</u>	<u>167,634</u>
Total current liabilities	144,284	167,634
Long-term debt	307,956	308,337
Deferred employee benefits	69,000	66,135
Environmental liability	25,907	26,147
Deferred income taxes	50,678	43,133
Other long-term liabilities	225	225
	<u>598,050</u>	<u>611,611</u>
Total liabilities	598,050	611,611

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Minority interests	12,867	11,869
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Commitments and contingencies (Note 10)		
STOCKHOLDERS EQUITY		
Capital stock:		
Preferred stock, par value \$.01 per share, 1,000 shares authorized; none issued		
Common stock, par value \$.01 per share, 45,000 shares authorized; 35,727 and 35,714 shares issued and outstanding	357	357
Additional paid-in capital	365,305	364,768
Retained earnings	233,662	200,311
Accumulated other comprehensive income (loss):		
Cumulative foreign currency translation adjustment	487	722
Minimum pension liability	(13,758)	(13,758)
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Total stockholders equity	586,053	552,400
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TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 1,196,970	\$ 1,175,880
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The accompanying notes are an integral part of the Consolidated Financial Statements.

OREGON STEEL MILLS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2006	2005
Sales:		
Product sales	\$ 344,122	\$ 288,832
Freight	11,166	7,133
	355,288	295,965
Costs and expenses:		
Cost of sales	275,432	223,430
Selling, general and administrative expenses	21,288	18,053
Gain on disposal of assets	(168)	(87)
	296,552	241,396
Operating income	58,736	54,569
Other income (expense):		
Interest expense, net	(6,987)	(8,642)
Minority interests	(998)	(3,076)
Other income, net	1,726	1,505
	52,477	44,356
Income before income taxes	52,477	44,356
Income tax expense	(19,126)	(16,006)
	33,351	28,350
Net income	\$ 33,351	\$ 28,350
Basic earnings per share		
Basic earnings per share	\$ 0.93	\$ 0.80
Diluted earnings per share	\$ 0.93	\$ 0.79
Weighted average common shares and common share equivalents outstanding:		
Basic	35,718	35,398
Diluted	35,866	35,676

The accompanying notes are an integral part of the Consolidated Financial Statements.

OREGON STEEL MILLS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2006	2005
Cash flows from operating activities:		
Net income	\$ 33,351	\$ 28,350
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	10,850	9,731
Tax benefit on employee stock option plans		634
Deferred income taxes	6,625	8,265
Gain on disposal of assets	(168)	(87)
Stock compensation expense	1,206	
Minority interests	998	3,076
Other, net	2,073	884
Changes in current assets and liabilities:		
Trade accounts receivables	(27,951)	9,510
In		