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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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, 2024

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 **0-21719**

Steel Dynamics, Inc.

(Exact name of registrant as specified in its charter)

<u>Indiana</u> (State or other jurisdiction of incorporation or organization)	<u>35-1929476</u> (I.R.S. Employer Identification No.)
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<u>7575 West Jefferson Blvd, Fort Wayne, IN</u> (Address of principal executive offices)	<u>46804</u> (Zip Code)
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Registrant's telephone number, including area code: **(260) 969-3500**

Not Applicable

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

Securities registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock voting, \$0.0025 par value	STLD	NASDAQ Global Select Market

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 8, 2024, Registrant had 157,133,196 outstanding shares of common stock.

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STEEL DYNAMICS, INC.
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STEEL DYNAMICS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	March 2024
	(unaudited)
Assets	
Current assets	
Cash and equivalents	\$ 1,039,
Short-term investments	653,
Accounts receivable, net	1,665,
Accounts receivable-related parties	73,
Inventories	3,027,
Other current assets	138,
Total current assets	6,597,
Property, plant and equipment, net	7,063,
Intangible assets, net	250,
Goodwill	477,
Other assets	637,
Total assets	<u>\$15,026,</u>
Liabilities and Equity	
Current liabilities	
Accounts payable	\$ 1,174,
Accounts payable-related parties	9,
Income taxes payable	150,
Accrued payroll and benefits	209,
Accrued expenses	329,
Current maturities of long-term debt	425,
Total current liabilities	2,298,
Long-term debt	2,612,
Deferred income taxes	923,
Other liabilities	144,
Total liabilities	5,978,
Commitments and contingencies	
Redeemable noncontrolling interests	171,
Equity	
Common stock voting, \$0.0025 par value; 900,000,000 shares authorized; 268,142,204 and 268,112,991 shares issued; and 157,878,760 and 160,018,100 shares outstanding, as of March 31, 2024 and December 31, 2023, respectively	
Treasury stock, at cost; 110,263,444 and 108,094,891 shares, as of March 31, 2024 and December 31, 2023, respectively	(6,182,
Additional paid-in capital	1,197,
Retained earnings	14,056,
Accumulated other comprehensive income (loss)	
Total Steel Dynamics, Inc. equity	9,072,
Noncontrolling interests	(195,
Total equity	8,876,
Total liabilities and equity	<u>\$15,026,</u>

See notes to consolidated financial statements.

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STEEL DYNAMICS, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share data)

	Three-Month Periods Ended March 31,	
	2024	2023
Net sales		
Unrelated parties	\$4,496,819	\$4,745,353
Related parties	197,184	147,853
Total net sales	4,694,003	4,893,206
Costs of goods sold	3,713,205	3,837,084
Gross profit	980,798	1,056,122
Selling, general and administrative expenses	159,507	144,309
Profit sharing	62,652	69,575
Amortization of intangible assets	7,664	6,878
Operating income	750,975	835,360
Interest expense, net of capitalized interest	11,978	22,507
Other (income) expense, net	(26,784)	(34,936)
Income before income taxes	765,781	847,789
Income tax expense	178,281	203,456
Net income	587,500	644,333
Net income attributable to noncontrolling interests	(3,459)	(7,023)
Net income attributable to Steel Dynamics, Inc.	\$ 584,041	\$ 637,310
Basic earnings per share attributable to Steel Dynamics, Inc. stockholders	\$ 3.68	\$ 3.71
Weighted average common shares outstanding	158,666	171,597
Diluted earnings per share attributable to Steel Dynamics, Inc. stockholders, including the effect of assumed conversions when dilutive	\$ 3.67	\$ 3.70
Weighted average common shares and share equivalents outstanding	159,354	172,479
Dividends declared per share	\$ 0.46	\$ 0.425

See notes to consolidated financial statements.

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STEEL DYNAMICS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(in thousands)

	Three-Month Periods Ended March 31,	
	2024	2023
Net income	\$587,500	\$644,333
Other comprehensive income - net unrealized (loss) gain on cash flow hedging derivatives, net of income tax benefit of \$139 and income tax expense of \$291 for the three months ended March 31, 2024 and 2023, respectively	(434)	911
Comprehensive income	587,066	645,244
Comprehensive income attributable to noncontrolling interests	(3,459)	(7,023)
Comprehensive income attributable to Steel Dynamics, Inc.	\$583,607	\$638,221

See notes to consolidated financial statements.

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STEEL DYNAMICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Three-Month Periods Ended March 31,	
	2024	2023
Operating activities:		
Net income	\$ 587,500	\$ 644,333
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	115,252	107,694
Equity-based compensation	15,612	16,078
Deferred income taxes	(21,024)	9,008
Other adjustments	18,705	(10,006)
Changes in certain assets and liabilities:		
Accounts receivable	(130,753)	(70,922)
Inventories	(133,025)	141,112
Other assets	(12,176)	7,842
Accounts payable	29,499	117,312
Income taxes receivable/payable	165,664	189,247
Accrued expenses	(280,037)	(417,915)
Net cash provided by operating activities	355,217	733,783
Investing activities:		
Purchases of property, plant and equipment	(374,310)	(226,319)
Purchases of short-term investments	(205,873)	(356,777)
Proceeds from maturities of short-term investments	272,994	271,107
Other investing activities	14,255	2,343
Net cash used in investing activities	(292,934)	(309,646)
Financing activities:		
Issuance of current and long-term debt	379,268	393,910
Repayment of current and long-term debt	(413,939)	(405,279)
Dividends paid	(68,008)	(58,798)
Purchases of treasury stock	(298,059)	(353,997)
Other financing activities	(23,108)	(23,449)
Net cash used in financing activities	(423,846)	(447,613)
Decrease in cash, cash equivalents, and restricted cash	(361,563)	(23,476)
Cash, cash equivalents, and restricted cash at beginning of period	1,406,464	1,633,919
Cash, cash equivalents, and restricted cash at end of period	\$1,044,901	\$1,610,443
Supplemental disclosure information:		
Cash paid for interest	\$ 9,327	\$ 9,596
Cash paid for income taxes, net	\$ 28,390	\$ 4,703

See notes to consolidated financial statements.

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STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Description of the Business and Significant Accounting Policies

Description of the Business

Steel Dynamics, Inc. (SDI), together with its subsidiaries (the company), is one of the largest and most diversified domestic steel producers and metals recycler, combined with a meaningful steel fabrication manufacturing platform. Effective the fourth quarter 2023, the company changed its reportable segments, consistent with how it currently manages the business, representing four reporting segments: steel operations, metals recycling operations, steel fabrication operations, and aluminum operations. Segment information provided within this Form 10-Q, including within Note 7. Segment Information, has been recast for all prior periods consistent with the current reportable segment presentation.

Steel Operations Segment. Steel operations include the company's electric arc furnace (EAF) steel mills, including Butler Flat Roll Division, Columbus Flat Roll Division, Southwest-Sinton Flat Roll Division, Structural and Rail Division, Engineered Bar Products Division, Roanoke Bar Division, Steel of West Virginia, steel coating and processing operations at The Techs, Heartland Flat Roll Division, United Steel Supply (USS), Vulcan Threaded Products, Inc., warehouse operations in Mexico, and SDI Biocarbon Solutions, LLC, a joint venture to construct and operate a biocarbon production facility.

Metals Recycling Operations Segment. Metals recycling operations include the company's OmniSource ferrous and nonferrous processing, transportation, marketing, brokerage, and scrap management services primarily throughout the United States and in Central and Northern Mexico.

Steel Fabrication Operations Segment. Steel fabrication operations include the company's New Millennium Building Systems' joist and deck plants located throughout the United States, and in Northern Mexico. Revenues from these plants are generated from the fabrication of trusses, girders, steel joists and steel deck used within the non-residential construction industry.

Aluminum Operations Segment. Aluminum operations include the recycled aluminum flat rolled products mill being constructed in Columbus, Mississippi, and two satellite recycled aluminum slab centers in Arizona and Mexico. The flat rolled products mill is a joint venture concurrently formed with Unity Aluminum, Inc. of which SDI has a 94.4% equity interest. Construction has begun on the flat rolled products mill and the recycled aluminum slab centers with the flat rolled mill operations expected to begin mid-2025 and operations at the Mexico and Arizona recycled slab centers in late 2024 and mid-2025, respectively.

Other. Other operations consist of subsidiary operations that are below the company's quantitative thresholds required for reportable segments and primarily consist of certain joint ventures and the company's idled Minnesota ironmaking operations. Also included in "Other" are certain unallocated corporate accounts, such as the

company's senior unsecured credit facility, senior notes, certain other investments and certain profit sharing expenses.

Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Steel Dynamics, Inc., together with its wholly- and majority-owned or controlled subsidiaries, after elimination of intercompany accounts and transactions. Noncontrolling and redeemable noncontrolling interests represent the noncontrolling owners' proportionate share in the equity, income, or losses of the company's majority-owned or controlled consolidated subsidiaries. Redeemable noncontrolling interests related to USS (owned 90% by SDI) are \$60.0 million at March 31, 2024, and December 31, 2023. Redeemable noncontrolling interests related to Mesabi Nugget (owned 86% by SDI) are \$111.2 million at March 31, 2024, and December 31, 2023.

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STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Description of the Business and Significant Accounting Policies (Continued)

Use of Estimates

These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States, and accordingly, include amounts that require management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and in the notes thereto. Actual results may differ from these estimates and assumptions.

In the opinion of management, these financial statements reflect all normal recurring adjustments necessary for a fair presentation of the interim period results. These consolidated financial statements and notes should be read in conjunction with the audited financial statements and notes thereto included in the company's Annual Report on Form 10-K for the year ended December 31, 2023.

Cash and Equivalents, and Restricted Cash

Cash and equivalents include all highly liquid investments with a maturity of three months or less at the date of acquisition. Restricted cash is primarily funds held in escrow as required by various insurance and government organizations. The balance of cash, cash equivalents and restricted cash in the consolidated statements of cash flows includes restricted cash of \$5.5 million at March 31, 2024, \$5.6 million at December 31, 2023, \$5.5 million at March 31, 2023, and \$5.5 million at December 31, 2022, which are recorded in Other Assets (noncurrent) in the company's consolidated balance sheets.

Short-Term Investments

Short-term investments include investments with maturity dates of longer than three months but less than one year when purchased. The company's short-term investments are classified as trading securities. Interest income from invested cash and short-term investments was \$26.3 million and \$26.0 million for the three-month periods ended March 31, 2024 and 2023, respectively, and is recorded in other (income) expense, net as earned. The company's short-term investments were \$653.3 million and \$721.2 million as of March 31, 2024 and December 31, 2023, respectively.

Goodwill

The company's goodwill consisted of the following at March 31, 2024, and December 31, 2023 (in thousands):

	March 31, December 31,	
	2024	2023
Steel Operations Segment	\$ 272,133	\$ 272,133
Metals Recycling Operations Segment	203,413	203,413
Steel Fabrication Operations Segment	1,925	1,925

<u>\$ 477,471</u>	<u>\$ 477,471</u>
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STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Description of the Business and Significant Accounting Policies (Continued)

Credit Losses

The company is exposed to credit risk in the event of nonpayment of accounts receivable by customers. The company mitigates its exposure to credit risk, which it generally extends on an unsecured basis, by performing ongoing credit evaluations and taking further action if necessary, such as requiring letters of credit or other security interests to support the customer receivable. The allowance for credit losses for accounts receivable is based on the company's reasonable estimate of known credit risks and historical experience, adjusted for current and anticipated economic and other pertinent factors affecting the company's customers, that may differ from historical experience. Customer accounts receivable are written off when all collection efforts have been exhausted and the amounts are deemed uncollectible.

At March 31, 2024, the company reported \$1,739.1 million of accounts receivable, net of allowances for credit losses of \$8.2 million. Changes in the allowance were not material for each of the three-month periods ended March 31, 2024 and 2023.

Derivative Financial Instruments

The company routinely enters into forward exchange traded futures to manage price risk associated with nonferrous metal inventory, as well as purchases and sales of nonferrous (primarily aluminum and copper) and ferrous metals, to reduce exposure to commodity related price fluctuations. The company does not enter into these derivative financial instruments for speculative purposes. The company recognizes all derivatives as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value. Derivatives that are not designated as hedges must be adjusted to fair value through earnings. Changes in the fair value of derivatives that are designated as hedges, depending on the nature of the hedge, are recognized as either an offset against the change in fair value of the hedged balance sheet item in the case of fair value hedges or as other comprehensive income in the case of cash flow hedges, until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings for fair value hedges. The company offsets fair value amounts recognized for derivative instruments executed with the same counterparty under master netting agreements.

The fair value of the Company's derivative instruments, along with required margin deposit amounts with the same counterparty under master netting arrangements, totaled \$19.8 million at March 31, 2024, and \$24.0 million at December 31, 2023, and are reflected in other current assets in the consolidated balance sheets. Total gains and losses related to derivatives in fair value hedging relationships, as well as those not designated as hedging instruments, are recognized in costs of goods sold and were not material for each of the three-month periods ended March 31, 2024 and 2023. Derivatives accounted for as cash flow hedges, for which gains and losses are recognized in other comprehensive income, along with net gains reclassified from

accumulated other comprehensive income, were not material for each of the three-month periods ended March 31, 2024 and 2023.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The guidance is to be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The company is currently evaluating the potential impact of adopting this new guidance on the consolidated financial statements and related disclosures.

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STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1. Description of the Business and Significant Accounting Policies (Continued)

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which modifies the rules on income tax disclosures to require entities to disclose specific categories in the rate reconciliation, the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and income tax expense or benefit from continuing operations (separated by federal, state and foreign). ASU 2023-09 also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 is to be applied on a prospective basis, but retrospective application is permitted. The company is currently evaluating the potential impact of adopting this new guidance on the consolidated financial statements and related disclosures.

Note 2. Earnings Per Share

Basic earnings per share is based on the weighted average shares of common stock outstanding during the period. Diluted earnings per share assumes the weighted average dilutive effect of common share equivalents outstanding during the period applied to the company's basic earnings per share. Common share equivalents represent potentially dilutive restricted stock units, deferred stock units, restricted stock, and performance awards, and are excluded from the computation in periods in which they have an anti-dilutive effect. There were no anti-dilutive common share equivalents as of or for the three-month periods ended March 31, 2024 and 2023.

	Three-Month Periods Ended March 31, 2024			
	2024		2023	
	Weighted Average		Weighted Average	
	Net Income	Shares	Per Share Net Income	Net Income
	(Numerator)	(Denominator)	Amount	(Numerator)(Denominator)
Basic earnings per share	\$ 584,041	158,666	\$ 3.68	\$ 637,310
Dilutive common share equivalents	-	688	-	-
Diluted earnings per share	\$ 584,041	159,354	\$ 3.67	\$ 637,310

Note 3. Inventories

Inventories are stated at lower of cost or net realizable value. Cost is determined using a weighted average cost method for raw materials (including scrap and purchased steel substrate) and supplies, and on a first-in, first-out basis for other inventory. Inventory consisted of the following (in thousands):

March 31, 2024	December 31, 2023
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Raw materials	\$ 1,277,714	\$ 1,226,272
Supplies	730,243	711,653
Work in progress	330,222	296,932
Finished goods	688,964	659,775
Total inventories	<u>\$ 3,027,143</u>	<u>\$ 2,894,632</u>

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STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 4. Changes in Equity

The following tables provide a reconciliation of the beginning and ending carrying amounts of total equity, equity attributable to stockholders of Steel Dynamics, Inc., and equity and redeemable amounts attributable to noncontrolling interests for each of the three-month periods ended March 31, 2024 and 2023 (in thousands).

	Stockholders of Steel Dynamics, Inc.					
	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Balances at December 31, 2023	\$ 651	\$(5,897,606)	\$1,217,610	\$13,545,590	\$ 421	\$(198,351)
Dividends declared	-	-	-	(72,624)	-	-
Noncontrolling investors, net	-	-	-	-	-	(96,351)
Share repurchases	-	(298,059)	-	-	-	-
Equity-based compensation	-	13,391	(20,434)	(139)	-	-
Net income	-	-	-	584,041	-	3,451
Other comprehensive income, net of tax	-	-	-	-	(434)	-
Balances at March 31, 2024	<u>\$ 651</u>	<u>\$(6,182,274)</u>	<u>\$1,197,176</u>	<u>\$14,056,868</u>	<u>\$ (13)</u>	<u>\$(195,861)</u>

	Stockholders of Steel Dynamics, Inc.					
	Common Stock	Treasury Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Balances at December 31, 2022	\$ 650	\$(4,459,513)	\$1,212,566	\$11,375,765	\$ 889	\$(216,051)
Dividends declared	-	-	-	(72,316)	-	-
Noncontrolling investors, net	-	-	-	-	-	(7,381)
Share repurchases	-	(353,997)	-	-	-	-
Equity-based compensation	-	12,997	(18,487)	(138)	-	-
Net income	-	-	-	637,310	-	7,021
Other comprehensive income, net of tax	-	-	-	-	911	-
Balances at March 31, 2023	<u>\$ 650</u>	<u>\$(4,800,513)</u>	<u>\$1,194,079</u>	<u>\$11,940,621</u>	<u>\$ 1,800</u>	<u>\$(216,411)</u>

Note 5. Fair Value Measurements

Accounting standards provide a comprehensive framework for measuring fair value and sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for

identical assets and liabilities and the lowest priority to unobservable value inputs. Levels within the hierarchy are defined as follows:

- Level 1—Unadjusted quoted prices for identical assets and liabilities in active markets;
- Level 2—Quoted prices for similar assets and liabilities in active markets (other than those included in Level 1) which are observable for the asset or liability, either directly or indirectly; and
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

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STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 5. Fair Value Measurements (Continued)

The following table sets forth financial assets and liabilities measured at fair value on a recurring basis in the consolidated balance sheets and the respective levels to which the fair value measurements are classified within the fair value hierarchy as of March 31, 2024 and December 31, 2023 (in thousands):

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2024				
Short-term investments	\$653,255	\$ -	\$ 653,255	\$ -
Commodity futures - financial assets	3,576	-	3,576	-
Commodity futures - financial liabilities	5,989	-	5,989	-
December 31, 2023				
Short-term investments	\$721,210	\$ -	\$ 721,210	\$ -
Commodity futures - financial assets	2,483	-	2,483	-
Commodity futures - financial liabilities	9,305	-	9,305	-

The carrying amounts of financial instruments including cash equivalents approximate fair value (Level 1). The fair values of short-term investments and commodity futures contracts are estimated by the use of quoted market prices, estimates obtained from brokers, and other appropriate valuation techniques based on references available (Level 2). The fair value of long-term debt, including current maturities, as determined by quoted market prices (Level 2), was approximately \$2.8 billion at March 31, 2024 and December 31, 2023 (with a corresponding carrying amount in the consolidated balance sheet of \$3.1 billion at March 31, 2024 and December 31, 2023).

Note 6. Commitments and Contingencies

The company is involved in various routine litigation matters, including administrative proceedings, regulatory proceedings, governmental investigations, environmental matters, and commercial and construction contract disputes, none of which are expected to have a material impact on the company's financial condition, results of operations, or liquidity.

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STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 7. Segment Information

The company's operations are primarily organized and managed by reportable operating segments. In the fourth quarter 2023, the company changed its reportable segments, consistent with how it currently manages the business, which include steel operations (including warehousing operations previously included in "Other"), metals recycling operations, steel fabrication operations, and a newly created aluminum operations. The segment operations are more fully described in Note 1 to the consolidated financial statements. Operating segment performance and resource allocations are primarily based on operating results before income taxes. The accounting policies of the reportable segments are consistent with those described in Note 1 to the consolidated financial statements. Intra-segment sales and any related profits are eliminated in consolidation. Amounts included in the category "Other" are from subsidiary operations that are below the quantitative thresholds required for reportable segments and primarily consist of certain joint ventures and the idled Minnesota ironmaking operations. Also included in "Other" are certain unallocated corporate accounts, such as the company's senior unsecured credit facility, senior notes, certain other investments and certain profit sharing expenses.

The company's segment results, with prior periods recast consistent with our current reportable segments presentation, including disaggregated revenue by segment to external, external non-United States, and other segment customers, are as follows (in thousands):

For the three-month period ended March 31, 2024	Metals		Steel		Other	Eliminations
	Steel Operations	Recycling Operations	Fabrication Operations	Aluminum Operations		
Net sales - disaggregated revenue						
External	\$3,133,610	\$ 390,923	\$ 446,096	\$ -	\$ 307,859	\$ -
External Non-U.S.	232,627	178,550	1,083	-	3,255	-
Other segments	148,291	524,568	4,584	-	-	(677,443)
	<u>3,514,528</u>	<u>1,094,041</u>	<u>451,763</u>	<u>-</u>	<u>311,114</u>	<u>(677,443)</u>
Operating income (loss)	670,931	18,728	178,340	(13,531)	(97,872) ⁽¹⁾	(5,621)
Income (loss) before income taxes	674,812	21,509	178,367	(13,811)	(89,073)	(6,023)
Depreciation and amortization	87,507	18,470	2,682	20	6,573	-
Capital expenditures	95,833	31,864	5,436	237,328	3,849	-
As of March 31, 2024						
Assets	\$8,890,778	\$1,507,536	\$ 768,832	\$1,606,906	\$3,121,797 ⁽²⁾	\$ (869,099) ⁽³⁾

Footnotes related to the three-month period ended March 31, 2024, segment results (in millions):

(1)Corporate selling, general, & administrative expenses	\$(25.3)	(2)Cash and equivalents	\$911.1
Companywide equity-based compensation	(14.5)	Short-term and other investments	886.4
Company profit sharing component	(63.0)	Accounts receivable	31.6
Other, net	4.9	Inventories	59.3
	<u>\$(97.9)</u>	Property, plant and equipment, net	136.2
		Intra-company debt	789.7
		Investments in unconsolidated affiliates	214.4
		Other	93.1
			<u>\$3,121.</u>

(3) Elimination of intra-company receivables	\$(58.3)
Elimination of intra-company debt	(789.7)
Other	(21.1)
	<u><u>\$ (869.1)</u></u>

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STEEL DYNAMICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 7. Segment Information (Continued)

For the three-month period ended March 31, 2023	Metals		Steel		Other	Eliminations
	Steel Operations	Recycling Operations	Fabrication Operations	Aluminum Operations		
Net sales - disaggregated revenue						
External	\$2,847,248	\$ 382,803	\$ 868,702	\$ -	\$352,267	\$ -
External Non-U.S.	241,242	200,665	66	-	213	-
Other segments	83,209	578,459	36	-	-	(661,704)
	<u>3,171,699</u>	<u>1,161,927</u>	<u>868,804</u>	<u>-</u>	<u>352,480</u>	<u>(661,704)</u>
Operating income (loss)	341,908	39,688	551,272	(2,422)	(96,666) ⁽¹⁾	1,580
Income (loss) before income taxes	343,089	45,549	551,412	(2,406)	(91,079)	1,224
Depreciation and amortization	84,532	14,365	2,331	-	6,466	-
Capital expenditures	120,628	19,697	4,496	74,820	6,678	-

Footnotes related to the three-month period ended March 31, 2023, segment results (in millions):

(1) Corporate selling, general, & administrative expenses	\$ (23.6)
Companywide equity-based compensation	(13.6)
Company profit sharing component	(68.9)
Other, net	9.4
	<u>\$ (96.7)</u>

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This report contains some predictive statements about future events, including statements related to conditions in domestic or global economies, conditions in steel, aluminum, and recycled metals market places, Steel Dynamics' revenues, costs of purchased materials, future profitability and earnings, and the operation of new, existing or planned facilities. These statements, which we generally precede or accompany by such typical conditional words as "anticipate", "intend", "believe", "estimate", "plan", "seek", "project", or "expect", or by the words "may", "will", or "should", are intended to be made as "forward-looking", subject to many risks and uncertainties, within the safe harbor protections of the Private Securities Litigation Reform Act of 1995. These statements speak only as of this date and are based upon information and assumptions, which we consider reasonable as of this date, concerning our businesses and the environments in which they operate. Such predictive statements are not guarantees of future performance, and we undertake no duty to update or revise any such statements. Some factors that could cause such forward-looking statements to turn out differently than anticipated include: (1) domestic and global economic factors; (2) global steelmaking overcapacity and imports of steel, together with increased scrap prices; (3) pandemics, epidemics, widespread illness or other health issues; (4) the cyclical nature of the steel industry and the industries we serve; (5) volatility and major fluctuations in prices and availability of scrap metal, scrap substitutes and supplies, and our potential inability to pass higher costs on to our customers; (6) cost and availability of electricity, natural gas, oil, and other energy resources are subject to volatile market conditions; (7) increased environmental, greenhouse gas emissions and sustainability considerations from our customers or related regulations; (8) compliance with and changes in environmental and remediation requirements; (9) significant price and other forms of competition from other steel and aluminum producers, scrap processors and alternative materials; (10) availability of an adequate source of supply of scrap for our metals recycling operations; (11) cybersecurity threats and risks to the security of our sensitive data and information technology; (12) the implementation of our growth strategy; (13) litigation and legal compliance; (14) unexpected equipment downtime or shutdowns; (15) governmental agencies may refuse to grant or renew some of our licenses and permits; (16) our senior unsecured credit facility contains, and any future financing agreements may contain, restrictive covenants that may limit our flexibility; and (17) the impacts of impairment charges.

More specifically, we refer you to our more detailed explanation of these and other factors and risks that may cause such predictive statements to turn out differently, as set forth in our most recent Annual Report on Form 10-K under the headings Special Note Regarding Forward-Looking Statements and Risk Factors for the year ended December 31, 2023, in our quarterly reports on Form 10-Q, or in other reports which we from time to time file with the Securities and Exchange Commission. These reports are available publicly on the Securities and

Exchange Commission website, www.sec.gov, and on our website, www.steeldynamics.com under “Investors – SEC Filings.”

Description of the Business

We are one of the largest domestic steel producers and metal recyclers in the United States, based on estimated steelmaking and steel coating capacity of approximately 16 million tons and actual metals recycling volumes, with one of the most diversified product and end market portfolios in the domestic steel industry, combined with meaningful downstream steel fabrication operations. The company’s primary sources of revenue are currently from the manufacture and sale of steel products, the processing and sale of recycled ferrous and nonferrous metals, and the fabrication and sale of steel joists and deck products.

Operating Statement Classifications

Net Sales. Net sales from our operations are a factor of volumes shipped, product mix and related pricing. We charge premium prices for certain grades of steel, product dimensions, certain smaller volumes, and for value-added processing or coating of our steel products. Except for the steel fabrication operations, we recognize revenues from sales and the allowance for estimated returns and claims from these sales at the point in time control of the product transfers to the customer, upon shipment or delivery. Our steel fabrication operations recognize revenues over time based on completed fabricated tons to date as a percentage of total tons required for each contract.

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Costs of Goods Sold. Our costs of goods sold represent all direct and indirect costs associated with the manufacture of our products. The principal elements of these costs are scrap and scrap substitutes (which represent the most significant single component of our consolidated costs of goods sold), steel substrate, direct and indirect labor and related benefits, alloys, zinc, transportation and freight, repairs and maintenance, utilities such as electricity and natural gas, and depreciation.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist of all costs associated with our sales, finance and accounting, and administrative departments, including, among other items, labor and related benefits, and professional services.

Companywide profit sharing and amortization of intangible assets are each separately presented in the statement of income.

Interest Expense, net of Capitalized Interest. Interest expense consists of interest associated with our senior credit facilities and other debt, net of interest costs that are required to be capitalized during the construction period of certain capital investment projects.

Other (Income) Expense, net. Other income consists of interest income earned on our temporary cash deposits, short-term and other investments, and any other non-operating income activity, including income from investments in unconsolidated affiliates accounted for under the equity method. Other expense consists of any non-operating costs, such as certain acquisition and financing expenses.

Results Overview

In the first quarter of 2024 we achieved near-record quarterly steel shipments of 3.3 million tons, as steel demand remained steady. Our metals recycling operations benefitted from consistent domestic steel industry demand during the first quarter of 2024 compared to the same period in 2023, while our steel fabrication segment achieved historically strong results on solid non-residential construction demand.

Consolidated operating income decreased \$84.4 million, or 10%, to \$751.0 million for the first quarter of 2024, compared to the first quarter of 2023 as metal spread contracted in our metals recycling and steel fabrication operations, more than offsetting metal spread expansion in our steel operations. First quarter 2024 net income attributable to Steel Dynamics, Inc. decreased \$53.3 million, or 8%, to \$584.0 million, compared to the first quarter of 2023, consistent with decreased operating income.

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Segment Operating Results 2024 vs. 2023 (dollars in thousands)

	Three Months Ended March 31,		
	2024	% Change	2023
Net sales:			
Steel Operations Segment	\$ 3,514,528	11%	\$ 3,171,699
Metals Recycling Operations Segment	1,094,041	(6)%	1,161,927
Steel Fabrication Operations Segment	451,763	(48)%	868,804
Aluminum Operations Segment	-	-	-
Other	311,114	(12)%	352,480
	<u>5,371,446</u>		<u>5,554,910</u>
Intra-company	(677,443)		(661,704)
	<u>\$ 4,694,003</u>	(4)%	<u>\$ 4,893,206</u>
Operating income (loss):			
Steel Operations Segment	\$ 670,931	96%	\$ 341,908
Metals Recycling Operations Segment	18,728	(53)%	39,688
Steel Fabrication Operations Segment	178,340	(68)%	551,272
Aluminum Operations Segment	(13,531)	(459)%	(2,422)
Other	(97,872)	(1)%	(96,666)
	<u>756,596</u>		<u>833,780</u>
Intra-company	(5,621)		1,580
	<u>\$ 750,975</u>	(10)%	<u>\$ 835,360</u>

Steel Operations Segment

Steel operations include our electric arc furnace (EAF) steel mills, including Butler Flat Roll Division, Columbus Flat Roll Division, Southwest-Sinton Flat Roll Division, Structural and Rail Division, Engineered Bar Products Division, Roanoke Bar Division, Steel of West Virginia, steel coating and processing operations at The Techs, Heartland Flat Roll Division, United Steel Supply (USS), Vulcan Threaded Products, Inc., warehouse operations in Mexico, and SDI Biocarbon Solutions, LLC, a joint venture to construct and operate a biocarbon production facility. Steel operations accounted for 72% and 63% of our consolidated net sales during the three-month periods ended March 31, 2024 and 2023, respectively.

Steel Operations Segment Shipments (tons):

	Three Months Ended March 31,		
	2024	% Change	2023
Total shipments	3,255,594	(3)%	3,345,148
Intra-segment shipments	(332,633)		(391,380)
Steel Operations Segment shipments	<u>2,922,961</u>	(1)%	<u>2,953,768</u>
External shipments	<u>2,803,569</u>	(2)%	<u>2,869,321</u>

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Graphic

Steel Operations Segment Results 2024 vs. 2023

During the first quarter of 2024, our steel operations achieved near-record shipments of 3.3 million tons (2.9 million excluding intra-segment), including 467,000 tons from Sinton during the first quarter 2024. Customer order activity and steel demand were solid during the quarter, supporting consistent shipping volumes. Sheet steel pricing was 19% higher than the first quarter of 2023, as prices rebounded after decreasing for much of 2023. First quarter 2024 total steel segment average selling prices increased 12%, or \$128 per ton, compared to first quarter of 2023. Steel operations segment shipments decreased 1% in the first quarter 2024, as compared to record shipments in the first quarter of 2023. Net sales for the steel operations in the first quarter 2024 increased 11% compared to the same period in 2023, due to the increase in average steel selling prices coupled with stable shipments.

Metallic raw materials used in our electric arc furnaces represent our single most significant steel manufacturing cost, generally comprising approximately 55% to 65% of our steel mill operations' manufacturing costs. Our metallic raw material cost per net ton consumed in our steel operations was consistent in the first quarter of 2024, compared to the same period in 2023, increasing \$3 per ton.

In the first quarter of 2024, as a result of average selling prices increasing (particularly for our sheet steel products) more than scrap costs, metal spread (which we define as the difference between average steel mill selling prices and the cost of ferrous scrap consumed in our steel mills) increased 18% compared to the first quarter of 2023. As a result of this metal spread expansion, operating income for the steel operations increased 96%, to \$670.9 million, in the first quarter of 2024, compared to the same period in 2023.

Metals Recycling Operations Segment

Metals recycling operations include our OmniSource ferrous and nonferrous processing, transportation, marketing, brokerage, and scrap management services primarily throughout the United States and in Central and Northern Mexico. Our steel mills utilize a large portion of the ferrous scrap sold by our metals recycling operations as raw material in our steelmaking operations, and the remainder is sold to other consumers, such as other steel manufacturers and foundries. In the first quarters of 2024 and 2023, 63% and 61%, respectively, of metals recycling operations ferrous scrap was sold to our own steel mills, while our steel mill utilization was 87% and 86% in the first quarters of 2024 and 2023, respectively. Metals recycling operations accounted for 12% of our consolidated net sales during the three-month periods ended March 31, 2024 and 2023.

Metals Recycling Operations Segment Shipments:

	Three Months Ended March 31,		
	2024	% Change	2023
Ferrous metal (gross tons)			
Total	1,453,619	0%	1,452,821
Inter-company	(916,646)		(885,418)
External shipments	<u>536,973</u>	(5)%	<u>567,403</u>
Nonferrous metals (thousands of pounds)			
Total	289,436	1%	285,837
Inter-company	(29,480)		(45,106)
External shipments	<u>259,956</u>	8%	<u>240,731</u>

Metals Recycling Operations Segment Results 2024 vs. 2023

During the first quarter of 2024, our metals recycling operations benefited from solid domestic steel industry demand, with flat ferrous and nonferrous scrap shipments compared to the same period in 2023. Ferrous scrap average selling prices were flat during the first quarter of 2024 compared to the same period in 2023, while nonferrous scrap prices decreased 15%, resulting in decreased segment net sales of 6%. Ferrous metal spreads (which we define as the difference between average selling prices and the cost of purchased scrap) decreased 9% during the first quarter of 2024 compared to the same period in 2023, and nonferrous metal spreads decreased 3%. As a result of the decreased metals spreads, metals recycling operations operating income decreased 53% to \$18.7 million in the first quarter of 2024 compared to the first quarter of 2023.

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Steel Fabrication Operations Segment

Steel fabrication operations include the company’s New Millennium Building Systems’ joist and deck plants located throughout the United States, and in Northern Mexico. Revenues from these plants are generated from the fabrication of trusses, girders, steel joists and steel deck used within the non-residential construction industry. Steel fabrication operations accounted for 10% and 18% of our consolidated net sales during the three-month periods ended March 31, 2024 and 2023.

Graphic

Steel Fabrication Operations Segment Results 2024 vs. 2023

Net sales for the steel fabrication operations decreased 48% during the first quarter of 2024 compared to the same period in 2023, as average selling prices decreased \$1,880 per ton, or 37%, and volume decreased 17% from the first quarter of 2023. In spite of historically strong demand, first quarter 2024 was negatively impacted by lower shipments, coupled with falling selling prices, which remain above pre-pandemic pricing levels. Our steel fabrication operations continue to benefit from the solid non-residential construction market, as evidenced by a historically strong order backlog that extends through the third quarter 2024. The continued onshoring of manufacturing, coupled with the robust U.S. infrastructure and industrial build-outs, supports consistent strong demand.

The purchase of various steel products is the largest single cost of production for our steel fabrication operations, historically representing approximately two-thirds of the total cost of manufacturing. The average cost per ton of steel consumed was flat in the first quarter of 2024, compared to the same period in 2023. As a result of decreased selling

prices per ton, metal spread (which we define as the difference between average selling prices and the cost of purchased steel) contracted 49% in the first quarter of 2024 compared to the same period in 2023. This metal spread compression coupled with decreased volume resulted in operating income decreasing 68% to \$178.3 million in the first quarter 2024, compared to \$551.3 million in the same period in 2023.

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Aluminum Operations Segment

Aluminum operations include the recycled aluminum flat rolled products mill being constructed in Columbus, Mississippi, and two satellite recycled aluminum slab centers in Arizona and Mexico. The flat rolled products mill is a joint venture concurrently formed with Unity Aluminum, Inc. of which SDI has a 94.4% equity interest. Construction has begun on the flat rolled products mill and the recycled aluminum slab centers with the flat rolled mill operations expected to begin mid-2025 and operations at the Mexico and Arizona recycled slab centers in late 2024 and mid-2025, respectively. The results of this segment currently consist of construction and start-up costs recorded in selling, general and administrative expenses, included within the discussion of consolidated results within the Other Consolidated Results section below. During the first quarter of 2024, there were no additional results of operations, such as those related to shipments or production, to be discussed.

Other Consolidated Results

First Quarter Consolidated Results 2024 vs. 2023

Selling, General and Administrative Expenses. Selling, general and administrative expenses of \$159.5 million during the first quarter of 2024 increased 11% from \$144.3 million during the first quarter of 2023 primarily due to a 9% increase in payroll and benefits expense related to the execution of our growth strategy during 2024. Selling, general and administrative expenses represented 3.4% and 2.9% of net sales during first quarter 2024 and 2023, respectively.

Profit sharing expense during the first quarter of 2024 of \$62.7 million decreased 10% from the \$69.6 million during the same period in 2023, consistent with decreased pretax earnings. Profit sharing expense for eligible employees is 8% of consolidated pretax income excluding noncontrolling interests and other items.

Interest Expense, net of Capitalized Interest. During the first quarter of 2024, interest expense was \$12.0 million, a decrease of \$10.5 million compared to the first quarter of 2023. The lower interest expense in the first quarter 2024 compared to the same period in 2023 was due to higher capitalized interest in 2024 related to construction at our Sinton and Heartland divisions, and within the aluminum operations segment.

Other (Income) Expense, net. Net other income was \$26.8 million in the first quarter of 2024, compared to \$34.9 million in the first quarter of 2023, due primarily to a decrease in net earnings from equity investments.

Income Tax Expense. First quarter 2024 income tax expense of \$178.3 million, at an effective income tax rate of 23.3%, decreased 12% compared to the \$203.5 million, at an effective income tax rate of 24.0%, during the first quarter of 2023, consistent with decreased pretax earnings.

Liquidity and Capital Resources

Capital Resources and Long-term Debt. Our business is capital intensive and requires substantial expenditures for, among other things, the purchase and maintenance of equipment used in our operations, and to remain in compliance with environmental laws. Our short-term and long-term liquidity needs arise primarily from working capital requirements, capital expenditures, including expansion projects, principal and interest payments related to our outstanding indebtedness, dividends to our shareholders, and potential stock repurchases and acquisitions or investments. We have met and intend to continue to meet these liquidity requirements primarily with available cash and cash provided by operations, long-term borrowings, and we also have availability under our unsecured Revolver. Our liquidity at March 31, 2024, is as follows (in thousands):

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Cash and equivalents	\$1,039,421
Short-term and other investments	886,400
Revolver availability	<u>1,190,737</u>
Total liquidity	<u>\$3,116,558</u>

Our total outstanding debt of \$3.1 billion is consistent with our total outstanding debt at December 31, 2023. Our total long-term debt to capitalization ratio (representing our long-term debt, including current maturities, divided by the sum of our long-term debt, redeemable noncontrolling interests, and our total stockholders' equity) was 25.1% and 25.8% at March 31, 2024 and December 31, 2023, respectively.

Our unsecured credit agreement has a senior unsecured revolving credit facility (Facility), which provides a \$1.2 billion Revolver and matures in July 2028. Subject to certain conditions, we have the ability to increase the Facility size by \$500.0 million. The unsecured Revolver is available to fund working capital, capital expenditures, and other general corporate purposes. The Facility contains financial covenants and other covenants pertaining to our ability to incur indebtedness and permit liens on certain assets. Our ability to borrow funds within the terms of the unsecured Revolver is dependent upon our continued compliance with the financial and other covenants. At March 31, 2024, we had \$1.2 billion of availability on the Revolver, \$9.3 million of outstanding letters of credit and other obligations which reduce availability, and there were no borrowings outstanding.

The financial covenants under our Facility state that we must maintain an interest coverage ratio of not less than 2.50:1.00. Our interest coverage ratio is calculated by dividing our last-twelve-months (LTM) consolidated Adjusted EBITDA as defined in the Facility (earnings before interest, taxes, depreciation, amortization, and certain other non-cash transactions as defined in the Facility) by our LTM gross interest expense, less amortization of financing fees. In addition, a debt to capitalization ratio of not more than 0.60:1.00 must be maintained. At March 31, 2024, our interest coverage ratio and debt to capitalization ratio were 35.44:1.00 and 0.25:1.00, respectively. We were, therefore, in compliance with these covenants at March 31, 2024, and we anticipate we will continue to be in compliance during the next twelve months.

Working Capital (representing excess of current assets over current liabilities). We generated cash flow from operations of \$355.2 million in the first quarter of 2024 compared to \$733.8 million in the same 2023 period. Working capital decreased \$1.4 billion, or 25%, during the first quarter of 2024 to \$4.3 billion at March 31, 2024, due to a \$565.5 million decrease in cash and equivalents, a \$387.9 million decrease in receivables and a \$379.2 million increase in current maturities of long-term debt as our \$400 million 2.800% senior notes were recorded as current in December 2023.

Capital Investments. During the first quarter of 2024, we invested \$374.3 million in property, plant and equipment, primarily within our steel operations segment and aluminum operations segment, compared with \$226.3 million invested during the same period in 2023. We are currently executing our plan to invest \$2.7 billion in a new state-of-the-art low-carbon recycled aluminum flat rolled products mill with two supporting satellite recycled aluminum slab centers, which is planned to be funded by available cash and cash flow from operations. Related expenditures began in the third quarter of 2022 and are expected to continue through early 2025. Our liquidity of \$3.1 billion and anticipated future operating cash flow generation is sufficient to provide for our planned 2024 capital requirements.

Cash Dividends. As a reflection of continued confidence in our current and future cash flow generation capability and financial position, we increased our quarterly cash dividend by 8% to \$0.46 per share in the first quarter of 2024 (from \$0.425 per share for each quarter in 2023), resulting in declared cash dividends of \$72.6 million during the first quarter of 2024, compared to \$72.3 million during the same period in 2023. We paid cash dividends of \$68.0 million and \$58.8 million during the first quarters of 2024 and 2023, respectively. Our board of directors, along with executive management, approves the payment of dividends on a quarterly basis. The determination to pay cash dividends in the future is at the discretion of our board of directors, after taking into account various factors, including our financial condition, results of operations, outstanding indebtedness, current and anticipated cash needs and growth plans.

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Other. Our board of directors has authorized share repurchase programs during prior years, the most recent of which occurred in November 2023 for a program of up to \$1.5 billion of the company's common stock. Under the share repurchase programs, purchases take place as and when we determine in open market or private transactions made based upon the market price of our common stock, the nature of other investment opportunities or growth projects, our cash flows from operations, and general economic conditions. The share repurchase programs do not require us to acquire any specific number of shares, and may be modified, suspended, extended, or terminated by us at any time. The share repurchase programs do not have an expiration date. There were \$298.1 million and \$354.0 million of share repurchases during the first quarters of 2024 and 2023, respectively. As of March 31, 2024, we had \$1.1 billion remaining available to purchase under the November 2023 share repurchase program.

Our ability to meet our debt service obligations and reduce our total debt will depend upon our future performance which, in turn, will depend upon general economic, financial, and business conditions, along with competition, legislation and regulatory factors that are largely beyond our control. In addition, we cannot assure that our operating results, cash flows, access to credit markets and capital resources will be sufficient for repayment of our indebtedness in the future. We believe that based upon current levels of operations and anticipated growth, cash flows from operations, together with other available sources of funds, including borrowings under our Facility, if necessary, will be adequate for the next twelve months for making required payments of principal and interest on our indebtedness, funding working capital requirements, and funding anticipated capital expenditures.

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**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES
ABOUT MARKET RISK**

Commodity Risk

In the normal course of business, we are exposed to the market risk and price fluctuations related to the sale of our products and to the purchase of raw materials used in our operations, such as metallic raw materials, electricity, natural gas and its transportation services, fuel, air products, zinc, and electrodes. Our risk strategy associated with product sales has generally been to obtain competitive prices for our products and to allow operating results to reflect market price movements dictated by supply and demand.

Our risk strategy associated with the purchase of raw materials utilized within our operations has generally been to make some commitments with suppliers relating to future expected requirements for some commodities such as electricity, water, natural gas and its transportation services, fuel, air products, zinc, and electrodes. Certain of these commitments contain provisions which require us to “take or pay” for specified quantities without regard to actual usage for periods of generally up to 5 years for physical commodity requirements and commodity transportation requirements, with some extending beyond, and for up to 16 years for air products and 28 years for water products. We utilized such “take or pay” requirements during the past three years under these contracts. We believe that production requirements will be such that consumption of the products or services purchased under these commitments will occur in the normal production process.

In our metals recycling and steel operations, we have certain fixed price contracts with various customers and suppliers for future delivery of nonferrous and ferrous metals. Our risk strategy has been to enter into base metal financial contracts with the goal to protect the profit margin, within certain parameters, that was contemplated when we entered into the transaction with the customer or vendor. As of March 31, 2024, substantially all of these financial contracts have a settlement date within the next twelve months. We believe the customer contracts associated with the financial contracts will be fully consummated.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As required, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures, as defined in rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our principal executive officer and principal financial officer concluded that, as of March 31, 2024, the end of the period covered by this quarterly report, our disclosure controls and procedures were designed to provide and were effective to provide reasonable assurance that the information required to be

disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Controls Over Financial Reporting

No changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended March 31, 2024, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in various litigation matters, including administrative proceedings, regulatory proceedings, governmental investigations, environmental matters, and commercial and construction contract disputes, none of which are currently expected to have a material impact on our financial condition, results of operations, or liquidity.

We may also be involved from time to time in various governmental investigations, regulatory proceedings or judicial actions seeking penalties, injunctive relief, and/or remediation under federal, state and local environmental laws and regulations. The United States EPA has conducted such investigations and proceedings involving us, in some instances along with state environmental regulators, under various environmental laws, including RCRA, CERCLA, the Clean Water Act and the Clean Air Act. Some of these matters have resulted in fines or penalties, exclusive of interest and costs, which did not exceed \$1 million in aggregate, as of March 31, 2024.

ITEM 1A. RISK FACTORS

No material changes have occurred to the indicated risk factors as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Issuer Purchases of Equity Securities

We purchased the following equity securities registered by us pursuant to Section 12 of the Exchange Act during the three-month period ended March 31, 2024.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Maximum Dollar Value of Shares That May Yet be Purchased Under the Programs (in thousands) (1)
Quarter ended March 31, 2024				
January 1 - 31	1,148,345	\$ 116.56	1,148,345	\$ 1,261,727
February 1 - 29	908,005	124.65	908,005	1,149,684
March 1 - 31	374,453		374,453	

	136.26	1,099,172
<u>2,430,803</u>	<u>2,430,803</u>	

- (1) In November 2023, our board of directors authorized a share repurchase program of up to \$1.5 billion of the company's common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

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ITEM 5. OTHER INFORMATION

During the three-month period ended March 31, 2024, none of the Company's directors or executive officers adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as such terms are defined under Item 408 of Regulation S-K.

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ITEM 6. EXHIBITS

Reference is made to the Exhibit Index preceding the signature page hereto, which Exhibit Index is hereby incorporated into this item.

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EXHIBIT INDEX

Articles of Incorporation

- | | |
|-----|--|
| 3.1 | Amended and Restated Articles of Incorporation of Steel Dynamics, Inc., reflecting all amendments thereto through May 11, 2023, incorporated herein by reference from Exhibit 3.1 to our Form 10-Q filed August 8, 2023. |
| 3.2 | Amended and Restated Bylaws of Steel Dynamics, Inc., reflecting all amendments thereto through January 31, 2024, incorporated herein by reference from Exhibit 3.2 to our Form 10-K filed February 29, 2024. |

Executive Officer Certifications

- | | |
|-------|---|
| 31.1* | Certification of Chief Executive Officer required by Item 307 of Regulation S-K as promulgated by the Securities and Exchange Commission and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of Chief Financial Officer required by Item 307 of Regulation S-K as promulgated by the Securities and Exchange Commission and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1* | Certification of Chief Executive Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2* | Certification of Chief Financial Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

XBRL Documents

- | | |
|----------|---|
| 101.INS* | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Document |
| 101.DEF* | Inline XBRL Taxonomy Definition Document |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Document |
| 101.PRE* | Inline XBRL Taxonomy Presentation Document |
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

* Filed concurrently herewith

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SIGNATURE

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.

May 10, 2024

STEEL DYNAMICS, INC.

By: /s/ Theresa E. Wagler

Theresa E. Wagler
Executive Vice President and Chief
Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)