Real Industry, Inc.
Form 10-Q
August 09, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2016

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 001-08007

REAL INDUSTRY, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	46-3783818
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
15301 Ventura Boulevard, Suite 400	
Sherman Oaks, California 91403	(805) 435-1255
(Address of Principal Executive Offices)(Zip Code)	(Registrant's Telephone Number, including Area Code)

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. þ Yes ¨ No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, 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). þ Yes ¨ No

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 Securities Exchange Act of 1934.

Large Accelerated Filer ¨	Accelerated Filer þ
Non-Accelerated Filer ¨ (Do not check if a smaller reporting company)	Smaller Reporting Company ¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). ¨ Yes þ No

As of August 1, 2016, there were 29,261,586 shares of the Registrant's common stock outstanding.

REAL INDUSTRY, INC.

QUARTERLY REPORT ON FORM 10-Q

For the Period Ended June 30, 2016

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.
REAL INDUSTRY, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except share and per share amounts)	June 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$40.2	$ 35.7
Trade accounts receivable, net	93.7	77.2
Financing receivable	40.9	32.7
Inventories	89.3	101.2
Prepaid expenses, supplies, and other current assets	23.0	24.7
Current assets of discontinued operations	0.3	0.3
Total current assets	287.4	271.8
Property, plant and equipment, net	290.4	301.5
Intangible assets, net	13.8	15.1
Goodwill	104.5	104.3
Other noncurrent assets	8.0	8.2
TOTAL ASSETS	$704.1	$ 700.9
LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade payables	$112.5	$ 100.9
Accrued liabilities	47.5	51.8
Long-term debt due within one year	2.4	2.3
Current liabilities of discontinued operations	0.1	0.1
Total current liabilities	162.5	155.1
Accrued pension benefits	38.8	38.0
Environmental liabilities	11.7	11.7
Long-term debt, net	316.7	312.1
Common stock warrant liability	6.1	6.9
Deferred income taxes	5.9	6.7
Other noncurrent liabilities	6.2	5.4
Noncurrent liabilities of discontinued operations	0.7	0.7
TOTAL LIABILITIES	548.6	536.6
Redeemable Preferred Stock, Series B; $1,000 liquidation preference per share; 100,000 shares designated; 27,438 and 26,502 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	23.3	21.9
Stockholders' equity:		
Preferred stock, Series A Junior Participating; $0.001 par value; 665,000 shares authorized; none issued or outstanding	—	—

Common stock; $0.001 par value; 66,500,000 shares authorized; 29,265,870 and 28,901,464 shares issued; and 29,253,422 and 28,891,766 shares outstanding as of June 30, 2016 and December 31, 2015, respectively	—	—
Additional paid-in capital	545.8	546.0
Accumulated deficit	(414.9)	(403.3)
Treasury stock, at cost; 12,448 and 9,698 shares as of June 30, 2016 and December 31, 2015, respectively	(0.1)	(0.1)
Accumulated other comprehensive income (loss)	0.2	(1.0)
Total stockholders' equity—Real Industry, Inc.	131.0	141.6
Noncontrolling interest	1.2	0.8
TOTAL STOCKHOLDERS' EQUITY	132.2	142.4
TOTAL LIABILITIES, REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY	$704.1	$ 700.9

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

REAL INDUSTRY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Revenues	$320.9	$368.7	$630.3	$506.5
Cost of sales	298.6	347.4	591.4	480.3
Gross profit	22.3	21.3	38.9	26.2
Selling, general and administrative expenses	14.6	15.7	30.0	23.3
Losses (gains) on derivative financial instruments, net	(1.5)	2.1	(0.3)	2.0
Amortization of intangibles	0.6	0.3	1.2	0.4
Other operating expense, net	0.5	0.4	2.0	0.9
Operating profit (loss)	8.1	2.8	6.0	(0.4)
Nonoperating expense (income):				
Interest expense, net	9.1	9.3	18.3	17.4
Change in fair value of common stock warrant liability	(1.3)	6.3	(0.7)	5.6
Acquisition-related costs and expenses	—	0.4	—	14.8
Foreign exchange losses (gains) on intercompany loans	1.6	—	(1.0)	—
Other, net	(0.2)	0.3	(0.2)	0.5
Total nonoperating expense	9.2	16.3	16.4	38.3
Loss from continuing operations before income taxes	(1.1)	(13.5)	(10.4)	(38.7)
Income tax expense (benefit)	0.2	0.2	0.9	(7.2)
Loss from continuing operations	(1.3)	(13.7)	(11.3)	(31.5)
Earnings from discontinued operations, net of income taxes	0.1	2.9	0.1	27.2
Net loss	(1.2)	(10.8)	(11.2)	(4.3)
Earnings from continuing operations attributable to noncontrolling interest	0.3	0.1	0.4	0.2
Net loss attributable to Real Industry, Inc.	$(1.5)	$(10.9)	$(11.6)	$(4.5)
LOSS PER SHARE				
Net loss attributable to Real Industry, Inc.	$(1.5)	$(10.9)	$(11.6)	$(4.5)
Dividends on Redeemable Preferred Stock, in-kind	(0.5)	(0.5)	(0.9)	(0.6)
Accretion of fair value adjustment to	(0.2)	(0.2)	(0.5)	(0.3)

Redeemable Preferred Stock				
Net loss available to common stockholders	$(2.2)	$(11.6)	$(13.0)	$(5.4)
Basic and diluted earnings (loss) per share:				
Continuing operations	$(0.08)	$(0.53)	$(0.43)	$(1.32)
Discontinued operations	0.01	0.11	—	1.10
Basic and diluted loss per share	$(0.07)	$(0.42)	$(0.43)	$(0.22)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

REAL INDUSTRY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Net loss	$(1.2)	$(10.8)	$(11.2)	$(4.3)
Other comprehensive loss:				
Currency translation adjustments	(1.4)	(1.2)	1.3	(0.9)
Amortization of net actuarial gains, net of tax	—	—	(0.1)	—
Comprehensive loss	(2.6)	(12.0)	(10.0)	(5.2)
Comprehensive income attributable to noncontrolling interest	0.3	0.1	0.4	0.2
Comprehensive loss attributable to Real Industry, Inc.	$(2.9)	$(12.1)	$(10.4)	$(5.4)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

REAL INDUSTRY, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Cash flows from operating activities:		
Net loss	$(11.2)	$(4.3)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Earnings from discontinued operations, net of income taxes	(0.1)	(27.2)
Depreciation and amortization	25.3	13.9
Deferred income taxes	(0.7)	(7.2)
Change in fair value of common stock warrant liability	(0.7)	5.6
Share-based compensation expense included in Corporate and Other	1.0	0.6
Amortization of debt issuance costs	2.4	2.4
Unrealized losses (gains) on derivative financial instruments	(1.5)	1.3
Foreign currency exchange losses on intercompany loans	(1.0)	—
Amortization of inventories and supplies purchase accounting adjustments	0.9	7.2
Other	1.2	0.6
Changes in operating assets and liabilities	(5.8)	62.6
Net cash used in operating activities of discontinued operations	0.2	(0.6)
Net cash provided by operating activities	10.0	54.9
Cash flows from investing activities:		
Acquisition of business, net of cash	—	(522.3)
Proceeds from sale of NABCO	3.9	74.1
Purchases of property and equipment	(11.1)	(10.0)
Other	0.1	(0.2)
Net cash used in investing activities	(7.1)	(458.4)
Cash flows from financing activities:		
Payment of NABCO outstanding debt	—	(14.3)
Proceeds from Asset-Based Facility, net of issuance costs	44.0	92.4
Repayments on capital leases and the Asset-Based Facility	(43.1)	(45.3)
Proceeds from issuance of Senior Secured Notes, net of debt issuance costs	—	287.1
Proceeds from exercise of common stock options and Warrants	—	1.1
Proceeds from issuance of common stock, net of issuance costs	—	58.2
Other	0.7	0.1
Net cash used in financing activities of discontinued operations	—	(0.4)
Net cash provided by financing activities	1.6	378.9
Effect of exchange rate changes on cash and cash equivalents	—	0.2
Increase (decrease) in cash and cash equivalents	4.5	(24.4)
Cash and cash equivalents, beginning of period	35.8	63.0
Cash and cash equivalents, end of period	$40.3	$38.6
Cash and cash equivalents, end of period—continuing operations	$40.2	$38.5
Cash and cash equivalents, end of period—discontinued operations	0.1	0.1
Cash and cash equivalents, end of period	$40.3	$38.6

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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REAL INDUSTRY, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BUSINESS AND OPERATIONS

Real Industry, Inc. ("Real Industry," the "Company," "we," "us" or "our"), formerly known as Signature Group Holding, Inc., a Delaware holding company that operates through its operating subsidiaries. Management expects to grow the Company through acquisitions, as well as through organic efforts within our existing operations described below. Our current business strategy seeks to leverage our public company status, considerable United States ("U.S.") federal net operating tax loss carryforwards ("NOLs") and the experience of our executive management team to acquire operating businesses at prices and on terms that are aligned with our growth plans.

During the first quarter of 2015, the Company underwent a considerable transformation. On January 9, 2015, we completed the sale of North American Breaker Co., LLC ("NABCO"), previously our primary operating business. On February 27, 2015, we acquired the global recycling and specification alloys business (the "Real Alloy Business") of Aleris Corporation ("Aleris") (the "Real Alloy Acquisition"). The Real Alloy Business, operating under Real Alloy Intermediate Holding, LLC ("Real Alloy Parent") through its wholly owned subsidiary Real Alloy Holding, Inc. ("Real Alloy"), is a global leader in third-party aluminum recycling. Real Alloy offers a broad range of products and services to wrought alloy processors, automotive original equipment manufacturers, and foundries and casters. Real Alloy's customers include companies that participate in or sell to the automotive, consumer packaging, steel and durable goods, aerospace, and building and construction industries. Real Alloy processes scrap aluminum and by-products, and delivers recycled metal in solid or molten form according to customer specifications. Real Alloy's facilities are capable of processing industrial (new) scrap, post-consumer (old/obsolete) scrap, and various aluminum by-products, providing a great degree of flexibility in reclaiming high-quality recycled aluminum. Real Alloy currently operates twenty-four facilities strategically located throughout North America and Europe and, as of June 30, 2016, had approximately 1,700 employees.

Other significant milestones achieved in 2015 included: on April 21, 2015, our common stock began trading on the Nasdaq Stock Market ("NASDAQ") under the symbol "RELY" as part of the NASDAQ Global Select Market; on May 28, 2015, our stockholders approved an amendment to our charter to change our name to Real Industry, Inc.; and in June 2015, Real Industry became a member of the Russell Global®, Russell 2000® and Russell Microcap® indexes.

As a result of the transformative nature of the acquisition and divestiture activities described above, our operations for the six months ended June 30, 2015, which included the results of operations of Real Alloy for approximately four months, are not comparable to the results of operations for the six months ended June 30, 2016, in which Real Alloy is reporting results for the full six months in this Quarterly Report on Form 10-Q (the "Report"). See Note 11—Segment Information for additional information about our reportable segments.

The assets and liabilities and results of operations of NABCO, prior to its divestiture, are included in discontinued operations for all periods presented as a result of its sale in the first quarter of 2015, and the strategic shift in the Company's operations. Discontinued operations also includes certain assets and liabilities related to the former businesses of our subsidiary SGGH, LLC ("SGGH"), then known as Fremont General Corporation ("Fremont") and its primary operating subsidiary, Fremont Investment & Loan ("FIL"). See Note 12—Discontinued Operations for additional information about our discontinued operations.

NOTE 2—FINANCIAL STATEMENT PRESENTATION AND RECENT ACCOUNTING UPDATES

The accompanying unaudited condensed consolidated financial statements comprise the accounts of Real Industry and its wholly owned and majority-owned subsidiaries, and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information, and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments considered necessary for a fair presentation, have been included. The Company evaluates subsequent events through the date of filing with the Securities and Exchange Commission (“SEC”). Operating results for the six months ended June 30, 2016 may not necessarily be indicative of the results that may be expected for the full year ending December 31, 2016. These interim period unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements as of and for the year ended December 31, 2015, which are included in the Company’s Annual Report on Form 10-K, as filed with the SEC on March 14, 2016 (the “Annual Report”).

During the quarter ended March 31, 2016, the Company identified an error in the depreciation expense reported in the December 31, 2015 consolidated financial statements, which resulted in the overstatement of property, plant and equipment, net, by $3.8 million, overstated deferred tax liability by $1.1 million and overstated net earnings by $2.7 million. The error occurred in the quarter ended December 31, 2015, and was corrected during the quarter ended March 31, 2016. As a result of the correction, cost of sales; gross profit; selling, general and administrative (“SG&A”) expenses; operating loss; loss from continuing operations; and net loss are each impacted by the correction, with $3.7 million of the adjustment classified in cost of sales and $0.1 million in SG&A expenses presented in the results of operations during the six months ended June 30, 2016. Management has concluded that the error reflected in the December 31, 2015 consolidated financial statements was not material and that the error correction in 2016 is not expected to be material to the full year results of operations.

Recent accounting updates

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”), which was the result of a joint project by the FASB and the International Accounting Standards Board to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and International Financial Reporting Standards. The issuance of a comprehensive and converged standard on revenue recognition is expected to enable financial statement users to better understand and consistently analyze an entity’s revenue across industries, transactions and geographies. The standard will require additional disclosures to help financial statement users better understand the nature, amount, timing, and potential uncertainty of the revenue that is recognized. ASU 2014-09 will be effective for the Company on January 1, 2018, and management is evaluating the application methods available, but has yet to select from either retrospective application to each prior reporting period presented or retrospective application with the cumulative effect of initially applying the standard recognized at the date of adoption. Management continues to evaluate the impact ASU 2014-09 will have on the Company’s financial position, results of operations, and disclosure requirements. The adoption and implementation of the accounting and disclosure requirements of ASU 2014-09 is expected to have a substantial impact on financial statement disclosures.

In April 2016, the FASB issued ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing (“ASU 2016-10”), which clarifies two aspects of Topic 606, identifying performance obligations and the licensing implementation guidance, while retaining the related principles for those areas. Before an entity can identify its performance obligations in a contract with a customer, the entity first identifies the promised goods or services in the contract. ASU 2016-10 is intended to clarify the operability and understandability of the licensing implementation guidance. ASU 2016-10 will be effective for the Company in conjunction with the effective date of ASU 2014-09. The Company is currently evaluating the impact of adopting this guidance in connection with the adoption of ASU 2014-09.

In May 2016, the FASB issued ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients (“ASU 2016-10”), which provides clarification to Topic 606 on how to assess collectability, present sales tax, treat noncash consideration, and account for completed and modified contracts at the time of transition. In addition, ASU 2016-12 clarifies that an entity retrospectively applying the guidance in Topic 606 is not required to disclose the effect of the accounting change in the period of adoption. The effective date and transition requirements for these amendments are the same as the effective date and transition requirements of ASU 2014-09, which is effective January 1, 2018. The Company is currently evaluating the impact of adopting this guidance in connection with the adoption of ASU 2014-09.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”), which generally requires companies to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet. This guidance will be effective for the Company in fiscal years beginning after December 31, 2018 on a modified retrospective basis and early adoption is permitted. The Company is currently evaluating the effect this guidance will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-06, Derivatives and Hedging (Topic 815) (“ASU 2016-06”), which clarifies what steps are required when assessing whether the economic characteristics and risks of call or put options are clearly and closely related to the economic characteristics and risks of their debt hosts, which is one of the criteria for bifurcating an embedded derivative. Consequently, when an option is contingently exercisable, an entity does not have to assess whether the event that triggers the ability to exercise the option is related to interest rates or credit risks. ASU

2016-06 is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. The Company is currently evaluating the effect this guidance will have on our consolidated financial statements and related disclosures.

In March 2016, the FASB issued ASU 2016-09, Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"), which simplifies the accounting for share-based payment transactions, including the income tax consequences, an option to recognize gross share-based compensation expense with actual forfeitures recognized as they occur, as well as certain classifications in the statement of cash flows. This guidance will be effective for fiscal years beginning after December 15, 2016, and early adoption is permitted. The Company is currently evaluating the effect this guidance will have on our consolidated financial statements and related disclosures.

NOTE 3—INVENTORIES

The following table presents the components of inventories as of June 30, 2016 and December 31, 2015:

(In millions)	June 30, 2016	December 31, 2015
Real Alloy:		
Finished goods	$31.2	$ 32.2
Raw materials and work in process	57.2	68.1
Total Real Alloy inventories	88.4	100.3
Cosmedicine - finished goods	0.9	0.9
Total inventories	$89.3	$ 101.2

NOTE 4—DEBT AND REDEEMABLE PREFERRED STOCK

The following table presents the Company’s long-term debt as of June 30, 2016 and December 31, 2015:

(In millions)	June 30, 2016	December 31, 2015
Senior Secured Notes:		
Principal amount outstanding	$305.0	$ 305.0
Unamortized original issue discount and issuance costs	(12.3)	(14.3)
Senior Secured Notes, net	292.7	290.7
Asset-Based Facility:		
Principal amount outstanding	24.0	22.0
Unamortized debt issuance costs	(1.9)	(2.4)
Asset-Based Facility, net	22.1	19.6
Capital leases	4.3	4.1
Current portion of long-term debt	(2.4)	(2.3)
Total long-term debt, net	$316.7	$ 312.1

Long-term debt

Senior Secured Notes

The Senior Secured Notes mature on January 15, 2019 and interest is payable on January 15 and July 15 of each year through the date of maturity. For the three months ended June 30, 2016 and 2015, interest expense associated with the Senior Secured Notes was $8.5 million and $8.7 million, respectively, including $1.0 million and $1.1 million of noncash expense related to the amortization of the original issue discount and debt issuance costs, respectively. For the six months ended June 30, 2016 and 2015, interest expense was $17.3 million and $16.7 million, respectively, including $2.0 million and $2.1 million, respectively, of amortization of debt discount and issuance costs. As of June 30, 2016, the borrowers were in compliance with all applicable covenants under the Indenture of the Senior Secured Notes.

Asset-Based Facility

For the three months ended June 30, 2016 and 2015, interest expense associated with the Asset-Based Facility was $0.6 million and $0.5 million, respectively, including $0.2 million and $0.2 million, respectively, related to the amortization of debt issuance costs. For the six months ended June 30, 2016 and 2015, interest expense was $1.0 million and $0.6 million, respectively, including $0.4 million and $0.2 million, respectively, related to the amortization of debt issuance costs. As of June 30, 2016, the borrowers were in compliance with all applicable covenants under the Asset-Based Facility.

Capital Leases

In the normal course of operations, Real Alloy enters into capital leases to finance office and other equipment for its operations. As of June 30, 2016, $2.4 million of the $4.3 million in capital lease obligations are due within the next twelve months.

Redeemable Preferred Stock

The Redeemable Preferred Stock was issued to Aleris on February 27, 2015 as a portion of the purchase price for the Real Alloy Acquisition and has a liquidation preference of $27.4 million, as of June 30, 2016. The Redeemable Preferred Stock pays quarterly dividends at a rate of 7% for the first eighteen months after the date of issuance, 8% for the next twelve months, and 9% thereafter. Dividends may be paid in-kind for the first two years, and thereafter will be paid in cash. All accrued and accumulated dividends on the Redeemable Preferred Stock will be prior and in preference to any dividend on any of the Company’s common stock or other junior securities.

The Company may generally redeem the shares of Redeemable Preferred Stock at any time at the liquidation preference, and the holders may require the Company to redeem their shares of Redeemable Preferred Stock at the liquidation preference upon a change of control as defined in the Indenture of the Senior Secured Notes (or any debt facility that replaces or redeems the Senior Secured Notes) to the extent that the change of control does not provide for such redemption at the liquidation preference. A holder of Redeemable Preferred Stock may require the Company to redeem all, but not less than all, of such holder’s Redeemable Preferred Stock sixty-six months after the issuance date. In addition, the Company shall redeem shares of Redeemable Preferred Stock to the extent Aleris is required to indemnify the Company under the Real Alloy Purchase Agreement for the Real Alloy Acquisition. The Redeemable Preferred Stock is not transferrable (other than to another subsidiary of Aleris) for eighteen months following issuance (or such longer period in connection with any ongoing indemnity claims under the Real Alloy Purchase Agreement).

The carrying value of Redeemable Preferred Stock is based on the estimated fair value of the instrument as of the issuance date plus dividends paid in-kind and accretion of the fair value adjustment to the Redeemable Preferred Stock. The difference between the liquidation preference and the estimated fair value as of the issuance date is being accreted over the period preceding the holder’s right to redeem the instrument, or sixty-six months.

The following table presents the activity related to the carrying value of Redeemable Preferred Stock during the six months ended June 30, 2016:

(In millions)	
Balance, December 31, 2015	$21.9
Dividends on Redeemable Preferred Stock, in-kind	0.9
Accretion of fair value adjustment to Redeemable Preferred Stock	0.5
Balance, June 30, 2016	$23.3

NOTE 5—STOCKHOLDERS’ EQUITY AND NONCONTROLLING INTEREST

The following table summarizes the activity within stockholders’ equity attributable to Real Industry and noncontrolling interest for the six months ended June 30, 2016:

(In millions)	Equity Attributable to Real Industry, Inc.	Noncontrolling Interest	Total Equity
Balance, December 31, 2015	$ 141.6	$ 0.8	$ 142.4
Net earnings (loss)	(11.6)	0.4	(11.2)
Dividends and accretion of fair value adjustment to Redeemable Preferred Stock	(1.4)	—	(1.4)
Share-based compensation expense	1.0	—	1.0
Warrants exercised	0.2	—	0.2
Change in accumulated other comprehensive income (loss)	1.2	—	1.2
Balance, June 30, 2016	$ 131.0	$ 1.2	$ 132.2

The following table reflects changes in the shares of common stock outstanding during the six months ended June 30, 2016:

	Shares of Common Stock Outstanding
Balance, December 31, 2015	28,891,766
Restricted common stock awards granted, net of treasury shares reissued	344,406
Common stock issued from the exercise of Warrants	20,000
Treasury shares acquired, net of reissuance	(2,750)
Balance, June 30, 2016	29,253,422

NOTE 6—ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the activity within accumulated other comprehensive income (loss) for the six months ended June 30, 2016:

(In millions)	Currency Translation Adjustments	Pension Benefit Adjustments	Accumulated Other Comprehensive Income (Loss)
Balance, beginning of period	$ (6.0)	$ 5.0	$ (1.0)
Current period currency translation adjustments	1.2	0.1	1.3
Amortization of net actuarial gains, net of tax	—	(0.1)	(0.1)
Balance, end of period	$ (4.8)	$ 5.0	$ 0.2

Included in current period currency translation adjustments are $1.0 million of currency translation adjustment losses associated with intercompany loans considered long-term in nature.

See Note 8—Employee Benefit Plans for additional information about the Company’s periodic benefit expense.

NOTE 7—INCOME TAXES

At the end of each reporting period, Real Industry makes an estimate of its annual effective income tax rate. The estimate used for the six months ended June 30, 2016 may change in subsequent periods. The effective tax rate for the six months ended June 30, 2016 differed from the federal statutory rate applied to earnings and losses before income taxes primarily as a result of the mix of earnings, losses and tax rates between tax jurisdictions, and changes in valuation allowances. The income tax expense for the three months ended June 30, 2016 and 2015 was $0.2 million income tax expense. For the six months ended June 30, 2016, income tax expense was $0.9 million, compared to a $7.2 million income tax benefit for the six months ended June 30, 2015.

As of December 31, 2015, the Company has estimated U.S. federal NOLs of $871.8 million and non-U.S. NOLs of $27.6 million. The U.S. federal NOLs have a 20-year life and begin to expire after the 2027 tax year. Additionally, the Company has state NOLs in amounts that are comparable to the U.S. federal NOLs. Real Industry has valuation allowances recorded to reduce certain deferred tax assets to amounts that are more likely than not to be realized. Real Industry intends to maintain its valuation allowances until sufficient positive evidence exists to support their realization through achieving profitability.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, various state and local jurisdictions, as well as foreign jurisdictions located in Canada, Mexico, Germany, Norway, and the United Kingdom. With few exceptions, the 2010 through 2015 tax years remain open to examination.

NOTE 8—EMPLOYEE BENEFIT PLANS

The following table presents the components of net periodic benefit expense under the German defined benefit pension plans for the three and six months ended June 30, 2016 and 2015:

(In millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Service cost	$0.2	$0.3	$0.4	$0.4
Interest cost	0.3	0.2	0.5	0.3
Amortization of net actuarial gains	—	—	(0.1)	—
Expected return on plan assets	(0.1)	—	(0.1)	—
Net periodic benefit expense	$0.4	$0.5	$0.7	$0.7

NOTE 9—LOSS PER SHARE

The Company computes earnings (loss) per share using the two-class method, as unvested restricted common stock and unvested performance shares contain non-forfeitable rights to dividends and meet the criteria of participating securities. Under the two-class method, earnings are allocated between common stock and participating securities. The presentation of basic and diluted earnings per share is required only for each class of common stock and not for participating securities. As such, the Company presents basic and diluted earnings per share for its one class of common stock.

The two-class method includes an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared and undistributed earnings for the period. The Company's reported net earnings are reduced by the amount allocated to participating securities to arrive at the earnings allocated to common stockholders for purposes of calculating earnings per share.

Basic earnings (loss) per share is computed by dividing net earnings (loss) attributable to Real Industry, Inc., less dividends and accretion on the fair value adjustment to Redeemable Preferred Stock, by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For the calculation of diluted earnings per share, the basic weighted average number of common shares outstanding is increased by the dilutive effect of unvested restricted common stock awards, common stock options, unvested performance shares and the Warrants, determined using the treasury stock method.

The following table sets forth the computation of basic and diluted earnings (loss) per share for the three and six months ended June 30, 2016 and 2015:

(In millions, except share and per share amounts)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Loss from continuing operations	$(1.3)	$(13.7)	$(11.3)	$(31.5)
Earnings from discontinued operations, net of income taxes	0.1	2.9	0.1	27.2
Net loss	(1.2)	(10.8)	(11.2)	(4.3)
Earnings from continuing operations attributable to noncontrolling interest	0.3	0.1	0.4	0.2
Net loss attributable to Real Industry, Inc.	(1.5)	(10.9)	(11.6)	(4.5)
Dividends on Redeemable Preferred Stock, in-kind	(0.5)	(0.5)	(0.9)	(0.6)
Accretion of fair value adjustment to Redeemable Preferred Stock	(0.2)	(0.2)	(0.5)	(0.3)
Numerator for basic and diluted earnings (loss) per share—Net loss available to common stockholders	$(2.2)	$(11.6)	$(13.0)	$(5.4)
Denominator for basic and diluted earnings (loss) per share—Weighted average shares outstanding	29,252,343	27,631,795	29,160,245	24,689,253
Basic and diluted earnings (loss) per share:				
Continuing operations	$(0.08)	$(0.53)	$(0.43)	$(1.32)
Discontinued operations	0.01	0.11	—	1.10
Basic and diluted loss per share	$(0.07)	$(0.42)	$(0.43)	$(0.22)

Unvested restricted common stock, common stock options, unvested performance shares and the Warrants are antidilutive and excluded from the computation of diluted earnings per share if the assumed proceeds upon exercise or vesting are greater than the cost to reacquire the same number of shares at the average market price during the period. For the three and six months ended June 30, 2016 and 2015, the impact of all outstanding unvested shares of restricted common stock, common stock options, unvested performance shares and the Warrants are excluded from diluted loss per share as their impact would be antidilutive.

The following tables provide details on the average market price of Real Industry common stock; the outstanding shares of unvested restricted common stock, common stock options, unvested performance shares and Warrants that were potentially dilutive; and summary information about the potentially dilutive common stock equivalents for each of the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Average market price of Real Industry common stock	$8.12	$9.63	$7.51	$8.44
Potentially dilutive common stock equivalents:				
Unvested restricted common stock	491,286	264,630	491,286	264,630
Common stock options	775,650	815,650	775,650	815,650
Unvested performance shares	381,823	260,000	381,823	260,000
Warrants	1,448,333	1,485,000	1,448,333	1,485,000
Total potentially dilutive common stock equivalents	3,097,092	2,825,280	3,097,092	2,825,280

(In millions, except exercise prices)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Average unamortized share-based compensation expense:				
Unvested restricted common stock awards	$3.0	$ 1.6	$2.6	$ 1.3
Unvested performance share awards	$2.1	$ 0.6	$2.0	$ 0.3
Range of exercise prices on common stock options	$3.00 - $10.00	$3.00 - $10.00	$3.00 - $10.00	$3.00 - $10.00
Weighted average exercise price of the Warrants	$5.64	$ 5.64	$5.64	$ 5.81

NOTE 10—DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

Derivatives

Real Alloy may use forward contracts and options, as well as contractual price escalators, to reduce the risks associated with its metal, natural gas, and certain currency exposures. Generally, Real Alloy enters into master netting arrangements with its counterparties and offsets net derivative positions with the same counterparties against amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral under those arrangements in our unaudited condensed consolidated balance sheets. For classification purposes, Real Alloy records the net fair value of each type of derivative position expected to settle in less than one year (by counterparty) as a net current asset or liability and each type of long-term position as a net long-term asset or liability.

Metal hedging

Primarily in our RAEU segment, London Metal Exchange (“LME”) future swaps or forward contracts are sold as metal is purchased to fill fixed-priced customer sales orders. As sales orders are priced, LME future or forward contracts may be purchased, which generally settle within six months. Real Alloy may also buy put option contracts for managing metal price exposures. Option contracts require the payment of a premium, which is recorded as a realized loss upon settlement or expiration of the option contract. Upon settlement of the put option contracts, Real Alloy receives cash and recognizes a related gain if the LME closing price is less than the strike price of the put option. If the put option strike price is less than the LME closing price, no amount is paid and the option expires. As of June 30, 2016, Real Alloy had 30.0 thousand metric tons of metal buy and sell derivative contracts.

Natural gas hedging

To manage the price exposure for natural gas purchases, Real Alloy may fix the future price of a portion of its natural gas requirements by entering into financial hedge agreements. Under these swap agreements, payments are made or received based on the differential between the monthly closing price on the New York Mercantile Exchange (“NYMEX”) and the contractual hedge price. Natural gas cost can also be managed through the use of cost escalators included in some long-term supply contracts with customers, which limits exposure to natural gas price risk. As of June 30, 2016, Real Alloy had 2.5 trillion British thermal unit forward buy contracts.

Currency exchange hedging

From time to time, Real Alloy may enter into currency forwards, futures, call options and similar derivative financial instruments to limit its exposure to fluctuations in currency exchange rates. As of June 30, 2016, no currency derivative contracts were outstanding.

Credit risk

Real Alloy is exposed to losses in the event of nonperformance by the counterparties to the derivative financial instruments discussed above; however, management does not anticipate any nonperformance by the counterparties. The counterparties are evaluated for creditworthiness and risk assessment prior to initiating trading activities with the brokers and periodically throughout each year while actively trading. As of June 30, 2016, no cash collateral was posted or held.

The table below presents gross amounts of recognized assets and liabilities, the amounts offset in the unaudited condensed consolidated balance sheets and the net amounts of assets and liabilities presented therein. As of June 30, 2016, there were no amounts subject to an enforceable master netting arrangement or similar agreement that have not been offset in the unaudited condensed consolidated balance sheets.

	Fair Value of Derivatives as of June 30, 2016		Fair Value of Derivatives as of December 31, 2015	
(In millions)	Asset	Liability	Asset	Liability
Metal	$ 0.3	$ —	$0.2	$ (0.3)
Natural gas	0.5	—	—	(0.6)
Total	0.8	—	0.2	(0.9)
Effect of counterparty netting arrangements	—	—	(0.2)	0.2
Net derivatives assets (liabilities) as classified in the consolidated balance sheets	$ 0.8	$ —	$—	$ (0.7)

The following table presents details of the fair value of Real Alloy's derivative financial instruments as of June 30, 2016 and December 31, 2015, as recorded in the unaudited condensed consolidated balance sheets:

(In millions)	Balance Sheet Location	June 30, 2016	December 31, 2015
Derivative assets:			
Metal	Prepaid expenses, supplies, and other current assets	$0.3	$ —
Natural Gas	Prepaid expenses, supplies, and other current assets	0.3	—
Natural Gas	Other noncurrent assets	0.2	—
Total derivative assets		$0.8	$ —
Derivative liabilities:			
Metal	Accrued liabilities	$—	$ 0.1
Natural Gas	Accrued liabilities	—	0.6
Total derivative liabilities		$—	$ 0.7

Common stock warrant liability

On June 11, 2010, warrants to purchase an aggregate of 1.5 million shares of Real Industry's common stock were issued (the "Warrants"). The aggregate purchase price for the Warrants was $0.3 million, due in equal installments as the Warrants vested, 20% upon issuance and, thereafter, 20% annually on the anniversary of the issuance date and, as of June 30, 2015, the Warrants are 100% vested. The Warrants expire in June 2020 and had an original exercise price of $10.30 per share. The Warrants were issued without registration in reliance on the exemption set forth in Section 4(a)(2) of the Securities Act of 1933, as amended.

The Warrants include customary terms that provide for certain adjustments of the exercise price and the number of shares of common stock to be issued upon the exercise of the Warrants in the event of stock splits, stock dividends, pro rata distributions and certain other fundamental transactions. Additionally, the Warrants are subject to pricing protection provisions. During the term of the Warrants, the pricing protection provisions provide that certain issuances of new shares of common stock at prices below the current exercise price of the Warrants automatically reduce the exercise price of the Warrants to the lowest per share purchase price of common stock issued. In February 2015, the

Company issued shares of common stock in the Rights Offering at $5.64 per share, thereby reducing the exercise price of the Warrants to $5.64 per share. During the six months ended June 30, 2016, 20,000 Warrants were exercised on a cashless basis and, as of June 30, 2016, there were 1,448,333 Warrants outstanding.

The common stock warrant liability is a derivative liability related to the anti-dilution and pricing protection provisions of the Warrants. The fair value of the common stock warrant liability is based on a Monte Carlo simulation that utilizes various assumptions, including estimated volatility of 49.8% and an expected term of 3.9 years as of June 30, 2016, and 49.9% volatility and an expected term of 4.4 years as of December 31, 2015, along with a 60% equity raise probability assumption, and a 15% equity raise price discount assumption in the periods following the measurement date. The most significant input in determining the fair value of the common stock warrant liability is the price of our common stock on the measurement date. Significant decreases in the expected term or the equity raise probability and related assumptions would result in a minor decrease in the estimated fair value of the common stock warrant liability, while significant increases in the expected term or the equity raise probability and related assumptions would result in a minor increase in the estimated fair value of the common stock warrant liability. A 10% increase or decrease in any or all of the unobservable inputs would not have a material impact on the estimated fair value of the common stock warrant liability.

The following table presents changes in the fair value of the common stock warrant liability during the three and six months ended June 30, 2016 and 2015:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2016	2015	2016	2015
Balance, beginning of period	$7.5	$4.9	$6.9	$5.6
Warrants exercised	(0.1)	(0.1)	(0.1)	(0.1)
Change in fair value of common stock warrant liability	(1.3)	6.3	(0.7)	5.6
Balance, end of period	$6.1	$11.1	$6.1	$11.1

Fair values

Derivative contracts are recorded at fair value using quoted market prices and significant other observable inputs. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3—Inputs that are both significant to the fair value measurement and unobservable.

We endeavor to utilize the best available information in measuring fair value. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence and unobservable inputs. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables set forth financial assets and liabilities and their level in the fair value hierarchy that are accounted for at fair value on a recurring basis as of June 30, 2016 and December 31, 2015:

		Estimated Fair Value	
(In millions)	Fair Value Hierarchy	June 30, 2016	December 31, 2015
Derivative assets	Level 2	$0.8	$ 0.2

Derivative liabilities	Level 2	—	(0.9)
Net derivative assets (liabilities)		$0.8	$ (0.7)
Common stock warrant liability	Level 3	$(6.1)	$ (6.9)

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Both realized and unrealized gains and losses on derivative financial instruments are included within losses (gains) on derivative financial instruments in the unaudited condensed consolidated statements of operations. The following table presents losses (gains) on derivative financial instruments during the three and six months ended June 30, 2016 and 2015:

(In millions)	Three Months Ended June 30, 2016	2015	Six Months Ended June 30, 2016	2015
Realized losses:				
Metal	$0.2	$0.8	$0.4	$0.7
Natural gas	0.2	—	0.8	—
Total realized losses	0.4	0.8	1.2	0.7
Unrealized losses (gains):				
Metal	(0.8)	1.3	(0.4)	1.3
Natural gas	(1.1)	—	(1.1)	—
Total unrealized losses (gains)	(1.9)	1.3	(1.5)	1.3
Losses (gains) on derivative financial instruments	$(1.5)	$2.1	$(0.3)	$2.0

Other Financial Instruments

The following tables present the carrying values and estimated fair values of other financial instruments as of June 30, 2016 and December 31, 2015:

(In millions)	Fair Value Hierarchy	June 30, 2016 Carrying Amount	Estimated Fair Value
Assets			
Cash and cash equivalents	Level 1	$40.2	$ 40.2
Financing receivable	Level 2	40.9	40.9
Loans receivable, net (other noncurrent assets)	Level 3	1.0	1.0
Liabilities			
Long-term debt:			
Senior Secured Notes	Level 1	$292.7	$ 305.0
Asset-Based Facility	Level 2	22.1	24.0
Redeemable Preferred Stock	Level 3	$23.3	$ 21.3

(In millions)	Fair Value Hierarchy	December 31, 2015 Carrying Amount	Estimated Fair Value

Assets			
Cash and cash equivalents	Level 1	$35.7	$ 35.7
Financing receivable	Level 2	32.7	32.7
Restricted cash held in escrow (other current assets)	Level 1	3.9	3.9
Loans receivable, net (other noncurrent assets)	Level 3	1.1	1.1
Liabilities			
Long-term debt:			
Senior Secured Notes	Level 1	$290.7	$ 310.9
Asset-Based Facility	Level 2	19.6	22.0
Redeemable Preferred Stock	Level 3	$21.9	$ 18.7

The Company used the following methods and assumptions to estimate the fair value of each financial instrument as of June 30, 2016 and December 31, 2015:

Cash and cash equivalents and restricted cash held in escrow

Cash and cash equivalents and restricted cash held in escrow are recorded at historical cost. The carrying value is a reasonable estimate of fair value as these instruments have short-term maturities and market interest rates.

Financing receivable

Financing receivable represents the net amount due from the sale and transfer of trade accounts receivable under a €50 million factoring facility (the “Factoring Facility”). The Factoring Facility provides for the transfer and sale of eligible receivables to a counterparty, the settlement of which generally occurs within thirty days of transfer, which are accounted for as true sales, and are included in operating cash flows. During the three and six months ended June 30, 2016, $83.7 million and $173.5 million, respectively, of receivables were transferred on a nonrecourse basis and proceeds of $81.6 million and $170.0 million, respectively, were received. During the three months ended June 30, 2015, $117.2 million of trade receivables were transferred and $119.0 million of proceeds were received. Administrative fees and expenses associated with the Factoring Facility were $0.2 million in each of the three months ended June 30, 2016 and 2015, and $0.4 million in each of the six months ended June 30, 2016 and 2015.

The transferred receivables are isolated from Real Alloy’s accounts. Real Alloy maintains continuing involvement with the transferred receivables through limited servicing obligations, primarily related to recordkeeping. Real Alloy retains no rights to the transferred receivables, or associated collateral, and does not collect a servicing fee. Following transfer, Real Alloy has no further rights to any cash flows or other assets to any party related to the transfer.

The carrying value is a reasonable estimate of fair value as the financing receivable is generally outstanding for no more than thirty days and the counterparty is a large creditworthy financial institution.

Loans receivable, net

Loans receivable, net, consists of commercial real estate loans. The estimated fair value considers the collateral coverage of assets securing the loans and estimated credit losses, as well as variable interest rates, which approximate market interest rates.

Long-term debt – Senior Secured Notes

The estimated fair value of the Senior Secured Notes is based on observable market prices.

Long-term debt – Asset-Based Facility

The estimated fair value of the Asset-Based Facility is based on its market characteristics, including interest rates and maturity dates generally consistent with market terms.

Redeemable Preferred Stock

The estimated fair value of Redeemable Preferred Stock is determined based on a discounted cash flow analysis using the Hull & White model, with a remaining term of fifty months, assuming either the holder will put or the issuer will call at the redemption date. The cash dividend yield and the Redeemable Preferred Stock, including the payment-in-kind Redeemable Preferred Stock, were discounted at the spot rate plus a 17.0% credit spread adjustment to a zero coupon yield curve, based on similar market instruments.

NOTE 11—SEGMENT INFORMATION

Segment information is prepared on the same basis that our chief operating decision-maker (“CODM”), who is our chief executive officer, manages the segments, evaluates financial results, and makes key operating decisions, and for which discrete financial information is available. As of June 30, 2016, the Company had two reportable segments: Real Alloy North America (“RANA”) and Real Alloy Europe (“RAEU”).

Measurement of segment income or loss and segment assets and liabilities

Our measure of profitability for our reportable segments is earnings before interest, taxes, depreciation and amortization and excludes certain other items (“Adjusted EBITDA”). Certain of the Company’s assets and liabilities have not been allocated to our reportable segments, including corporate cash, the common stock warrant liability, deferred income taxes, and long-term debt, none of which our CODM uses to evaluate the performance of our reportable segments. Additionally, certain of the Company’s corporate administrative expenses are not allocated to the reportable segments.

Reportable segment information

The following tables show segment revenues from external customers (there were no intersegment revenues) and Adjusted EBITDA for the three and six months ended June 30, 2016 and 2015 and reconciliations of Adjusted EBITDA to net loss for each period presented. Although the three month periods are comparable, the year-to-date periods are not comparable as the results for 2015 include the results of operations for the period from the Real Alloy acquisition date to June 30, 2015, or approximately four months.

	Three Months Ended June 30, 2016		
(In millions)	RANA	RAEU	Total
Revenues	$212.4	$108.4	$320.8
Adjusted EBITDA	$14.3	$6.6	$20.9

	Three Months Ended June 30, 2015		
(In millions)	RANA	RAEU	Total
Revenues	$231.0	$137.6	$368.6
Adjusted EBITDA	$15.9	$7.0	$22.9

	Six Months Ended June 30, 2016		
(In millions)	RANA	RAEU	Total
Revenues	$413.2	$217.0	$630.2
Adjusted EBITDA	$27.5	$11.7	$39.2

	Six Months Ended June 30, 2015		
(In millions)	RANA	RAEU	Total
Revenues	$316.5	$189.9	$506.4
Adjusted EBITDA	$20.9	$9.5	$30.4

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2016	2015	2016	2015
Adjusted EBITDA	$20.9	$22.9	$39.2	$30.4
Unrealized gains (losses) on derivative financial instruments	1.9	(1.3)	1.5	(1.3)
Segment depreciation and amortization	(10.6)	(10.2)	(25.3)	(13.9)
Amortization of inventories and supplies purchase accounting adjustments	(0.3)	(3.5)	(0.9)	(7.2)
Corporate and Other:				
Operating loss—excludes share-based compensation expense	(3.1)	(3.8)	(5.9)	(6.7)
Share-based compensation expense	(0.5)	(0.3)	(1.0)	(0.6)
Other	(0.2)	(1.0)	(1.6)	(1.1)

Operating profit (loss)	8.1	2.8	6.0	(0.4)
Nonoperating expenses	(9.2)	(16.3)	(16.4)	(38.3)
Income tax benefit (expense)	(0.2)	(0.2)	(0.9)	7.2
Earnings from discontinued operations, net of income taxes	0.1	2.9	0.1	27.2
Net loss	$(1.2)	$(10.8)	$(11.2)	$(4.3)

The following tables present summarized balance sheet information for each of our reportable segments and reconciliations to consolidated assets and liabilities as of June 30, 2016 and December 31, 2015:

	June 30, 2016		December 31, 2015	
(In millions)	RANA	RAEU	RANA	RAEU
Segment Assets				
Current assets:				
Cash and cash equivalents	$16.4	$5.3	$8.1	$7.2
Trade accounts receivable, net	77.6	16.0	63.7	13.5
Financing receivable	—	40.9	—	32.7
Inventories	57.3	31.1	61.7	38.5
Prepaid expenses, supplies, and other current assets	15.7	5.9	12.5	6.8
Total current assets	167.0	99.2	146.0	98.7
Property, plant and equipment, net	193.2	97.2	199.3	102.2
Intangible assets, net	13.8	—	15.0	—
Goodwill	95.4	9.1	95.4	8.9
Other noncurrent assets	5.0	2.0	4.9	1.9
Total segment assets	$474.4	$207.5	$	