

Metals USA Holdings Corp.
Form S-1/A
June 29, 2006
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As filed with the Securities and Exchange Commission on June 29, 2006

Registration No. 333-134533

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

METALS USA HOLDINGS CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
Incorporation)

5051
(Primary Industrial
Classification Code Number)

20-3779274
(I.R.S. Employer
Identification Number)

One Riverway, Suite 1100

Houston, Texas 77056

(713) 965-0990

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John A. Hageman

Senior Vice President and Chief Legal Officer

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Approximate date of commencement of proposed sale of securities to the public: As promptly as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Proposed	
	Maximum	Amount Of
	Aggregate	
Common Stock, \$0.01 par value(3)	Offering Price(1) \$200,000,000	Registration Fee(2) \$21,400.00

- (1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
- (2) Registration fee previously paid in connection with the initial filing of the registration statement.
- (3) Includes shares of Common Stock subject to the underwriters' over-allotment option.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion. Dated June 29, 2006

Shares

Metals USA Holdings Corp.

Common Stock

This is an initial public offering of shares of common stock of Metals USA Holdings Corp., which was formerly named Flag Holdings Corporation. All of the shares of common stock are being sold by the company.

We intend to use approximately \$ million of the net proceeds from the shares being sold in this offering to pay a cash dividend of approximately \$ million to our existing stockholders, and approximately \$ million of the net proceeds to repay a portion of the amounts drawn under the six-year \$450.0 million senior secured asset-based revolving credit facility of Metals USA, Inc., our indirect subsidiary.

Prior to this offering, there has been no public market for our common stock. It is currently estimated that the initial public offering price per share will be between \$ and \$. We intend to apply to list our common stock on The New York Stock Exchange under the symbol MUX.

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from us at the initial public offering price less the underwriting discount. We intend to use the net proceeds from any shares of our common stock sold pursuant to the underwriters' over-allotment option for general corporate purposes.

Investing in our common stock involves risks. See Risk Factors on page 19.

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	<u>Price to Public</u>	<u>Underwriting Discounts and Commissions</u>	<u>Proceeds to Metals USA Holdings Corp.</u>
Per Share	\$	\$	\$
Total	\$	\$	\$

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2006.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Goldman, Sachs & Co. **Credit Suisse** **CIBC World Markets**

The date of this prospectus is _____, 2006.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Dealer Prospectus Delivery Obligation

Until , 2006 (25 days after commencement of the offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

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PROSPECTUS SUMMARY

This summary highlights all material information appearing elsewhere in this prospectus. Because this is a summary, it may not contain all of the information that you should consider before investing in our common stock and you should carefully read the entire prospectus, including the financial data and related notes and the information presented under the caption Risk Factors.

Except as otherwise indicated herein or as the context otherwise requires, references in this prospectus to (a) Metals USA Holdings, the company, we, our, and us refer collectively to (1) Metals USA, Inc. and its subsidiaries on a consolidated basis prior to the consummation of the Merger described below and (2) Metals USA Holdings Corp., which was formerly named Flag Holdings Corporation, Flag Intermediate Holdings Corporation, Metals USA, Inc. and Metals USA, Inc.'s subsidiaries on a consolidated basis after the consummation of the Apollo Transaction described below, and (b) Metals USA refers collectively to Metals USA, Inc. and its subsidiaries.

Our Company

As one of the largest metals service center businesses in the United States, we are a leading provider and distributor of value-added processed carbon steel, stainless steel, aluminum, red metals and manufactured metal components. We are an important intermediary between primary metals producers, which produce and sell large volumes of metals in a limited number of sizes and configurations, and end-users, such as contractors and original equipment manufacturers, which we refer to in this prospectus as OEMs, which often require smaller quantities of more customized products delivered on a just-in-time basis. We earn a margin over the cost of metal based upon value-added processing enhancements, which adds stability to our financial results and significantly reduces our earnings volatility relative to metals producers. In addition to our metals service center and distribution activities, we have a building products business, which supplies a range of products to the residential remodeling industry. We recently completed two acquisitions to bolster the market position and organic growth of our service center and building products businesses and have an active pipeline of additional acquisition targets. See Recent Developments. As of the date of this prospectus, we served more than 30,000 customers annually from 80 operating locations throughout the United States and Canada.

Our business is divided into three primary operating groups: Plates and Shapes Group; Flat Rolled Group; and Building Products Group:

Plates and Shapes Group (42% of 2005 net sales). We believe we are one of the largest distributors of metal plates and shapes in the United States. The products we sell include wide-flange beams, plate, tubing, angles, bars and other structural shapes in a number of alloy grades and sizes. Additional processing we provide includes blasting and painting, tee-splitting, cambering, leveling, cutting, sawing, punching, drilling, beveling, surface grinding, bending and shearing. The majority of our products are sold to a diversified customer base, including a number of small customers who purchase products in small order sizes and require just-in-time delivery. Our Plates and Shapes customers generally operate in a limited geographic region and are primarily in the fabrication, construction, machinery and equipment, transportation and energy industries. In May 2006, we completed the acquisition of Port City Metal Services, Inc., which we refer to in this prospectus as Port City, a high-value-added plates processing facility located in Tulsa, Oklahoma, that bolsters our presence in the construction and oil-field services sector. See Recent Developments. We serve our customers from 22 metals

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service centers located primarily in the southern and eastern half of the United States with each center close to its metal suppliers and customers.

Flat Rolled Group (46% of 2005 net sales). The Flat Rolled Group's products include carbon and stainless steel, aluminum, brass and copper in a number of alloy grades and sizes. As relatively few end-users can handle metal in the form shipped by mills (sizes less than a quarter of an inch in thickness in continuous coils that typically weigh 40,000 to 60,000 pounds), substantially all materials sold by our Flat Rolled Group undergo value-added processing including precision blanking, slitting, shearing, punching, bending and leveling. Our customers are primarily in the electrical manufacturing, fabrication, furniture, appliance manufacturing, machinery and equipment and transportation industries and include many larger customers (a number of whom purchase through pricing agreements or contractual arrangements) who value the high-quality products that we provide together with our customer service and reliability. We serve our customers from 12 metals service centers in the midwestern and southern regions of the United States, that are located near our metal suppliers and our customers.

Building Products Group (12% of 2005 net sales). The Building Products Group's operations and end-markets significantly differ from those of our metals service center business. Approximately 95% of our Building Products Group sales are attributable to the residential remodeling industry. The Building Products Group primarily manufactures and sells sunrooms, roofing products, awnings and solariums for use in residential applications. Because these products are used in residential remodeling, their demand is not correlated to housing starts or interest rates, nor are their prices subject to fluctuations in the demand or price of metal. Most customers of this group are in the home improvement, construction, wholesale trade and building material industries. We believe we are one of only a few suppliers with national scale in the products we manufacture and distribute. We generally distribute our products through a network of independent distributors and home improvement contractors, and as of the date of this prospectus, we operate through 19 manufacturing locations and 27 sales and distribution facilities throughout the southern and western regions of the United States and Canada. In May 2006, we completed the acquisition of Dura-Loc Roofing System, Ltd, which we refer to in this prospectus as Dura-Loc, a metal roofing manufacturer and distributor headquartered near Toronto, Ontario, Canada that we believe broadens our footprint and solidifies our position as one of the largest stone-coated metal roofing manufacturers in North America. See Recent Developments.

Industry Overview

Our operations focus on two industry segments: the metals service center business, which includes the Plates and Shapes Group and the Flat Rolled Group, and the buildings products segment, which includes our Buildings Products Group.

Metals Service Centers. In contrast to primary metals producers, who generally produce and sell a limited number of products in large volumes, metals service centers provide customization of metals in a wide range of products and volumes as well as assist in just-in-time delivery to our customers, who are end-users, such as contractors and OEMs. End-users incorporate processed metals into finished products, in some cases with little further modification. The service center industry is highly fragmented, with as many as 5,000 participants throughout North America, and generated more than \$115 billion in net sales in 2005. Metals service centers accounted for approximately one quarter of U.S. steel shipments in 2005 based on volume, a market share which has been relatively constant for the last 15 years.

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We believe that both primary metals producers and end-users are increasingly seeking to have their metals processing and inventory management requirements met by value-added metals service centers. Primary metals producers, as they have consolidated, increasingly require service centers and processors to perform value-added services for end customers. As a result, most end-users cannot obtain processed products directly from primary metals producers which results in over 300,000 OEMs, contractors and fabricators nationwide often relying on service centers. End-users have recognized that outsourcing their customized metals processing and inventory requirements has economic advantages as it allows them to reduce total production costs by shifting the responsibility for pre-production processing to service centers, which have greater efficiencies in performing these processing services.

Value-added service centers, including ourselves, have benefited from growing customer demand for inventory management and just-in-time delivery services. These supply-chain services, which are normally not provided by primary metals producers, enable end-users to reduce input costs, decrease capital required for inventory and equipment and save time, labor and other expenses.

The metals services industry has been consolidating due to the economies of scale and other advantages that the larger metals service centers enjoy. For example, primary metals producers appear to be reducing their operating costs by limiting the number of service centers with which they do business and end-users increasingly are seeking larger service centers capable of providing sophisticated processing services. We believe larger and better capitalized companies, like us, enjoy significant advantages over smaller companies in areas such as obtaining higher discounts associated with volume purchases, the ability to service customers with operations in multiple locations and the use of more sophisticated information systems.

Building Products. The residential remodeling industry has experienced strong and steady growth over the last ten years and, we believe, is poised for continued growth in the future. The Home Improvement Research Institute estimates that homeowners and rental property owners spend approximately \$290 billion annually on remodeling their homes, which accounts for over 40% of all residential construction and improvement spending. Industry growth has been due to a number of macroeconomic and demographic factors (many of which we expect to continue), including rising disposable incomes, increased rates of house ownership and the aging of the domestic home supply. As Americans continue to improve and upgrade their homes, we believe an increasing number will turn to remodeling as a cost-effective alternative, including the installation or replacement of popular products such as pool enclosures, lattices, patio covers, sunrooms and roofing, all of which we manufacture and distribute.

Our Competitive Strengths

Our competitive strengths include:

Leading Market Position Provides Platform for Growth. We are one of the leading participants in most of the markets we serve, which gives us an excellent platform to make strategic acquisitions that will further enhance our strong market position. We have 80 operating facilities in total, which are focused by group on specific regions, giving us leading positions in each market in which we participate. The service center and building products industries are both highly fragmented, which we believe will provide us with opportunities to generate meaningful synergies through add-on acquisitions. In late-2005, we established and trained a dedicated acquisitions team that is responsible for identifying, evaluating, executing, integrating and monitoring acquisitions. We completed two acquisitions of companies focusing on higher

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margin plates and shapes processing and building products in our Plates and Shapes Group and Building Products Group, respectively, in the second quarter of this year and have an active pipeline of additional acquisition opportunities that we continue to explore. See *Recent Developments* and *Risk Factors* *Risks Related to Our Business*. We may not successfully implement our acquisition strategy, and acquisitions that we pursue may present unforeseen integration obstacles and costs, increase our leverage and negatively impact our performance.

Margin Over Metal Creates Financial Stability. Our metals service centers are an important intermediary between large metals producers and smaller end-users, which allows us to utilize a *cost plus* business model. Our cost plus business model allows us to earn a margin over the cost of metal for the value-added processing enhancements we add to our products. As a result, over time, we are able to pass along changes in metal prices to our customers. Given that metal costs typically and currently represent approximately 75% of our net sales, our ability to pass through changes in pricing and our cost plus business model significantly reduce the volatility of our earnings and free cash flow relative to metals producers.

Diversified Customer Base and End-Markets. Our three groups supply a broad range of products to a large, diversified customer base (over 30,000 customers per year) which serves a variety of end-markets and industries (as set forth in the chart below), including fabricated metal products, industry machinery & equipment, home improvement and electrical equipment, among others. The automotive sector, where we sell only to primary and secondary parts suppliers, represented less than 4% of our net sales in 2005. No single customer accounted for more than 3% of our net sales in 2005, while our ten largest customers represented less than 12% of our net sales in 2005. We are also diversified on a geographic market basis, with each of our groups focusing on distinct geographic regions, protecting us against regional fluctuations in demand.

Broad Product Offering with Superior Customer Service. Our broad range of high-quality products and customized value-added services allows us to offer one-stop shopping to our customers, which we believe provides a significant competitive advantage over smaller service centers (which generally stock fewer products than we do). We seek strong relationships with our customers through regular interaction between our field sales force and our customers, allowing us to better assess their supply chain requirements, offer just-in-time delivery and respond to short lead-time orders. Our ability to provide leading customer service is enhanced

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by the breadth of our geographic footprint, as a substantial portion of our customers are located within 250 miles of a facility, allowing us to provide critical value-added services with short turnaround times. We believe the quality of our products and timeliness and reliability of our service have resulted in increased customer loyalty and have significantly enhanced our marketing efforts to new customers.

State-of-the-Art Processing Facilities. Our state-of-the-art processing facilities provide a significant advantage over smaller metals service centers that do not have the capital resources to invest in value-added equipment. We recently increased our laser and plasma cutting, painting and other value-added capabilities at select locations, further increasing our ability to quickly and efficiently process metals to customer specified requirements. Our new Port City facility further increases our ability to provide high-value-added and technologically advanced plates and shapes processing. Our value-added services enable our customers to improve their manufacturing processes while also reducing their total cost of manufacturing.

Strong Relationships with Key Suppliers. We have established strong relationships with large domestic and international metal suppliers. Because we are a significant customer of our major suppliers, we obtain volume discounts and can obtain metal materials in periods of tight supply. For instance, our strong relationships and large purchasing volumes enabled us to maintain ample access to metal when supply became constrained during 2004. Our negotiation of purchase agreements with suppliers is centralized to leverage our buying power and global market insights.

Skilled Inventory Management. We manage our inventory to minimize our investment in working capital while maintaining sufficient stock to respond quickly to customer orders. Our inventory and processing services are tailored to the needs of the market where a particular service center is located and our service centers share inventory with each other, thereby improving inventory management and customer service. All of our groups utilize management information systems and computer-aided manufacturing technology to track and allocate inventory on a real-time basis. These advanced information systems combined with our strong regional footprint allow our service centers to lower their overall inventories without limiting our ability to meet our customers' needs through the sharing of inventory. We believe that our decentralized inventory management processes, monitored by senior leadership with their global market insights, and our recently improved capital structure flexibility have allowed us to react more quickly than most of our competitors to changing metals prices and customer needs, thereby optimizing our use of working capital. Also, due to the countercyclical nature of cash flows in our business, by proactively managing inventory, we have been able to generate significant earnings during rising metal price environments and generate significant free cash flow in declining metal price environments.

Experienced and Proven Management Team. We have a seasoned senior management team which, on average, has over 20 years of experience in the metals industry and has a deep understanding of the dynamics between the various levels of the supply chain. Our President, Chief Executive Officer and Chairman, C. Lourenço Gonçalves, has 25 years of experience in the metals industry, including as Chief Executive Officer of California Steel Industries (the largest U.S. steel slab re-roller, which we refer to in this prospectus as CSI) which had many of the same value chain dynamics as a service center. Under his leadership, we have implemented a number of operational improvements that have significantly improved our performance. In the last year, we have continued to attract, add and promote quality management talent. Robert McPherson became Chief Financial Officer in December 2005 and Joe Longo, David Martens and Gerard Papazian assumed their new responsibilities as the presidents of the Plates and Shapes Group East, Plates and Shapes Group West and the Building Products Group, respectively. See Management.

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Our Strategy

Our business strategy includes focusing on the following:

Increase Our Market Share of Higher Margin Products. We will maintain our focus on selling higher margin products such as non-ferrous metals as well as products that require significant value-added processing or that are highly customized. This focus will enable us to further leverage our state-of-the-art processing facilities and provide higher margin value-added processing functions such as precision blanking, laser and plasma cutting and painting. We believe this will also enable us to fulfill a greater proportion of our customers' processing requirements and lead to an increased stability in the demand for our products and services. Both acquisitions completed in May 2006 further this goal.

Expand Value-Added Services Provided to Customers. We are focused on expanding the range of our value-added services to enhance our relationships with existing customers and to build new customer relationships. We believe customers recognize the benefit from our ability to provide value-added services, including our new supply chain solutions, and that there are significant opportunities to expand the range of such services in areas such as processing equipment, inventory management and logistics systems. We believe that our size, organizational structure and operating expertise enable us to better provide these value-added services and further differentiate ourselves from smaller metals service centers.

Execute Strategic Acquisitions to Improve Market Position. We will continue to look for value-added businesses that we can acquire at reasonable prices. To drive this effort, in late-2005, we combined experienced metals industry veterans and deal professionals to form a dedicated acquisitions team. The team has identified and closed two acquisitions to date in 2006, which have bolstered our position in the Plates and Shapes market in the south-central United States and the Building Products market in the northeastern United States. We believe that we were able to acquire these two businesses at reasonable prices and that they will generate meaningful strategic and financial synergies. Our acquisitions team is currently evaluating several additional transactions that complement the higher margin and fastest growing portions of our business. See [Recent Developments](#) and [Risk Factors](#) [Risks Related to Our Business](#). We may not successfully implement our acquisition strategy, and acquisitions that we pursue may present unforeseen integration obstacles and costs, increase our leverage and negatively impact our performance.

Capitalize on Changing Market Dynamics and Increasing Demands. As one of the largest metals service centers in the U.S., we intend to use our significant resources to exploit the opportunities presented by the consolidation of steel producers and the fragmentation of our customer base. Steel producers continue to seek long-term relationships with metals service centers that have access to numerous customers, while customers are seeking relationships with metals service centers that can provide a reliable source of high-quality products combined with value-added services. In light of current economic conditions, we believe that demand for products manufactured by our customers will be robust. This increase in end-market demand will drive increased sales of our products and, when combined with the initiatives we have proactively taken to increase the value-added nature of our product mix, is expected to further enhance our profitability and free cash flow.

Maintain Strong Focus on Inventory Management. We will continue managing our inventory to maximize our profitability and cash flow while maintaining sufficient inventory to respond quickly to customer orders. In addition, we intend to further integrate our salespeople and operating employees into the operations of our customers to enhance our visibility into in-process orders and allow us to further improve our just-in-time delivery and customer service.

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Continue to Focus on Improving the Performance of Our Building Products Group. In August 2004, we undertook a restructuring to focus the Building Products Group on the steadily growing residential remodeling industry. As part of this restructuring, we closed 11 underperforming locations, expanded our production capabilities and reduced the operating cost structure of the group. Since that time, the financial performance of the group has improved significantly. We expect it to become an increasingly larger part of our business as we continue to capitalize on the benefits resulting from the restructuring and take advantage of the attractive fundamentals of the residential remodeling industry.

Risk Factors

Despite our competitive strengths discussed elsewhere in this prospectus, investing in our common stock involves substantial risk. Among others, we are exposed to risks relating to the demand for our goods and services, our supply of raw materials, the competitive and fragmented industry in which we operate and the debt component in our capital structure.

Demand for our goods and services can be adversely affected by many factors, including:

competition;

downturns in economic cycles, which are difficult to predict and to manage, in the numerous industries we service;

significant increases or decreases in the prices for the goods and services we provide to our customers; and

impediments to our ability to provide goods and services in a timely manner.

A material interruption in our supply of raw materials could damage our customer relationships. Supply interruptions could result from, among other things, increases in demand for (or reductions in supplies of) a particular raw material or changes in our relationships with our suppliers.

We are in a highly competitive industry. Some of our competitors' financial resources are more significant than ours, which can enhance our competitors' ability to access reliable supplies of raw materials, offer customers lower prices and hire and maintain an effective work force.

Our business strategy contemplates a capital structure with leverage, which may be substantial from time to time. The more debt we incur, the more vulnerable we may become to economic cycles, competition and other risks related to our business and our strategy. Increases in debt result in increases in interest costs, exposure to liquidity concerns and limitations on our activities. In addition to providing for scheduled and unscheduled principal repayments, credit agreements, indentures and other credit arrangements impose restrictions on our activities, including our ability to acquire or dispose of assets, repay or incur debt, issue equity, or declare or pay dividends.

The risks described under the heading "Risk Factors" immediately following this summary may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Before you invest in our common stock, you should carefully consider all the information in this prospectus, including matters set forth under the heading "Risk Factors."

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The Apollo Transaction

On November 30, 2005, Flag Acquisition Corporation, a Delaware corporation, which in turn was a wholly-owned subsidiary of Metals USA Holdings Corp., merged with and into Metals USA, with Metals USA as the surviving company. This merger is referred to in this prospectus as the Merger. Metals USA is wholly-owned by Flag Intermediate Holdings Corporation, a Delaware corporation, which we refer to in this prospectus as Flag Intermediate, and which is our wholly-owned subsidiary. Metals USA Holdings was formed by Apollo Management V, L.P. (which we refer to in this prospectus as Apollo Management and, together with its affiliated investment management entities, Apollo) solely for the purpose of consummating the Merger, and it has no assets, obligations, employees or operations other than those resulting from the Merger and this offering. All of our operations are conducted by Metals USA.

In connection with the Merger, (a) Metals USA entered into a six-year \$450.0 million senior secured asset-based revolving credit facility at the effective time of the Merger, which we refer to in this prospectus as the ABL facility, and (b) Flag Acquisition Corporation completed a private placement of \$275.0 million aggregate principal amount of its 11 1/8% senior secured notes due 2015, which we refer to in this prospectus as the old notes, and Metals USA, pursuant to the Merger, assumed all liabilities of Flag Acquisition pursuant to the old notes. By means of a separate prospectus, Metals USA intends to offer to exchange up to \$275.0 million aggregate principal amount of 11 1/8% senior secured notes due 2015, that will have been registered under the Securities Act of 1933, which we refer to in this prospectus as the exchange notes and, together with the old notes, the notes, for an equal principal amount of the old notes. This prospectus shall not be deemed to be an offer to exchange the old notes. See Description of Certain Indebtedness 11/8% Senior Secured Notes of Metals USA.

In addition, at the effective time of the Merger, Apollo and certain members of management of Metals USA contributed \$140.0 million to Metals USA Holdings in exchange for common stock of Metals USA Holdings. The proceeds from the issuance of the old notes, borrowings under the ABL facility, and the equity investment by Apollo and our management members were used to pay the Merger consideration to the previous equity holders of Metals USA, to paydown certain existing debt of Metals USA, and to pay transaction expenses related to the Merger, including \$6.0 million of transaction fees paid to Apollo. The issuance of the old notes, the borrowings under the ABL facility on the date of the Merger, the equity investment by Apollo and our management members, the Merger and other related transactions are collectively referred to in this prospectus as the Apollo Transaction.

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Ownership and Organizational Structure

The following diagram sets forth our ownership and organizational structure as of immediately following the completion of this offering (ownership percentages are given assuming the underwriters do not exercise their option to purchase additional shares). The diagram below does not display all of our subsidiaries.

Recent Developments

On May 17, 2006, Metals USA purchased all of the assets and business operations of Port City, located in Tulsa, Oklahoma, for approximately \$41.3 million, which includes a \$5.0 million contingent payout that may be made in 2009 or earlier, subject to certain performance criteria. Founded in 1977, Port City is a value-added processor of steel plate. Port City has experienced very strong sales growth over the past few years with sales in excess of \$47 million in 2005. Port City uses cutting-edge technologies in laser, plasma and oxyfuel burning, braking and rolling, drilling and machining, and welding to service its customers. Port City's range and depth of processing capabilities are highly complementary to the capital investments we have already made in the Plates and Shapes Group and we believe positions us to be the pre-eminent plate processor in the southern United States. Port City operates out of a 486,000 square foot facility and has over 110 full-time employees. Port City's customers are predominately manufacturers of cranes and other heavy equipment, heat exchangers, and equipment specifically focused on the oil and gas industry. Port City has traditionally purchased metal from service centers and we believe we will gain immediate benefits by consolidating its metal needs into our overall purchasing process. We also expect to realize immediate benefits by selling Port City's high-value-added products through our sales force and to our existing customer base. We believe Port City is an important addition to the south-central region of our Plates and Shapes Group.

On May 12, 2006, Metals USA purchased all of the assets and operations of Dura-Loc, which has one manufacturing facility located near Toronto, Ontario, Canada and a sales and distribution facility

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located in California, for approximately \$10.4 million Canadian dollars (or approximately U.S. \$9.4 million). Dura-Loc, which was established in 1984, is one of the leading stone-coated metal roof manufacturers in North America, and Dura-Loc is also the only manufacturer of such products located in the southern and eastern half of North America, a market not yet fully developed for the high-end, stone-coated metal products we produce. Dura-Loc had sales of \$12.8 million Canadian dollars (or approximately U.S. \$11.3 million) during calendar year 2005 utilizing only one product crew. We believe this acquisition gives us significant additional capacity located in a potentially high growth market and that, by transforming Dura-Loc's production processes to our methodologies, we can reduce Dura-Loc's cost of production, further improving the benefits of the purchase. We believe the addition of Dura-Loc to our stone-coated metal roofing division, Gerard Roofing Technology, provides us with a more economic and efficient way to gain access to an expanded product mix and leverages the combined sales force and research and development personnel, thereby solidifying our position as one of the largest stone-coated metal roofing manufacturers in North America.

We refer to the acquisitions of Port City and Dura-Loc together as the recent acquisitions.

On May 23, 2006, we declared a \$25 million dividend to our stockholders of record as of that date, which we paid on May 24, 2006, which we refer to in this prospectus as the May 2006 dividend.

Principal Stockholder

Apollo was founded in 1990 and is among the most active and successful private equity investment firms in the United States in terms of both number of investment transactions completed and aggregate dollars invested. Since its inception, Apollo has managed investments in excess of \$13 billion in capital in corporate transactions in a wide variety of industries, both domestically and internationally. Companies owned or controlled by Apollo or in which Apollo has a significant equity investment include, among others, Educate, Inc., Goodman Global, Inc., Hexion Specialty Chemicals, Inc., Nalco Company and United Agri Products.

Metals USA Holdings

Metals USA Holdings Corp., which was formerly named Flag Holdings Corporation, was incorporated in Delaware on May 9, 2005 in connection with the Apollo Transaction. The principal executive offices of Metals USA Holdings Corp. are at One Riverway, Suite 1100, Houston, Texas 77056, and the telephone number is (713) 965-0990.

We also maintain an internet site at <http://www.metalsusa.com>. **Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or the registration statement of which this prospectus forms a part, and you should not rely on any such information in making your decision whether to purchase our securities.**

Metals USA was incorporated in Delaware on July 3, 1996, and began operations upon completion of an initial public offering on July 11, 1997. On November 14, 2001, Metals USA filed for voluntary protection from its creditors under Chapter 11 of the United States Bankruptcy laws. It emerged from bankruptcy as a public company on October 31, 2002. Metals USA Holdings acquired

Metals USA on November 30, 2005.

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The Offering

Common stock offered by us	shares
Shares of our common stock to be outstanding immediately following this offering	shares (including shares that will be sold to the underwriters if they exercise their over-allotment option in full)
Use of Proceeds	<p>We estimate that we will receive net proceeds from this offering of approximately \$ million after deducting the estimated underwriting discounts and commissions and expenses, assuming the shares are offered at \$ per share, which represents the mid-point of the range set forth on the cover page of this prospectus.</p> <p>As described in Use of Proceeds and Dividend Policy, we intend to use:</p> <ul style="list-style-type: none"> approximately \$ million to pay a special dividend to our existing stockholders, which include Apollo and certain members of our management; approximately \$ million to repay a portion of the outstanding amounts drawn under the ABL facility, plus accrued and unpaid interest to the date of repayment (which accrued interest we estimate to be approximately \$ million at the time of the closing of this offering); and approximately \$ million for estimated fees and expenses, with any balance to be used for general corporate purposes, including to pay \$ million to Apollo in connection with the termination of the current management agreement we have with Apollo and the related transaction fee. See Certain Relationships and Related Party Transactions Apollo Management Agreements. <p>We intend to use net proceeds from any shares of our common stock sold pursuant to the underwriters over-allotment option for general corporate purposes. For sensitivity analyses as to the offering price and other information, see Use of Proceeds and Dividend Policy.</p>
Dividends	<p>We intend to declare and pay to our existing stockholders two special dividends described in Use of Proceeds and Dividend Policy. Other than the special dividends, we do not anticipate paying any dividends on our common stock in the foreseeable future. See Dividend Policy.</p>
Listing	<p>We intend to apply to list our common stock on The New York Stock Exchange under the trading symbol MUX.</p>

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Other Information About This Prospectus

The information in this prospectus, unless otherwise indicated:

assumes that we will issue a stock dividend of _____ shares of common stock to our existing stockholders prior to the consummation of this offering;

does not take into account the exercise by the underwriters of their over-allotment option; and

does not give effect to the issuance of the following:

1,002,311 shares of our common stock issuable upon the exercise of options that will be outstanding, under our Amended and Restated 2005 Stock Incentive Plan, upon consummation of this offering, 561,156 of which we expect will likely vest upon consummation of this offering, at an exercise price of approximately \$ _____ per share; or

397,689 shares of our common stock which may be issued upon the exercise of options reserved for future issuance under our Amended and Restated 2005 Stock Incentive Plan.

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**SUMMARY HISTORICAL CONSOLIDATED AND
PRO FORMA CONDENSED COMBINED FINANCIAL DATA**

Set forth below is summary historical consolidated financial data and summary unaudited pro forma condensed combined financial data of our business, as of the dates and for the periods indicated. The summary historical consolidated financial data as of December 31, 2004 and for each of the two years in the period ended December 31, 2004 and for the period from January 1, 2005 to November 30, 2005 for the Predecessor Company discussed below and as of December 31, 2005 and for the period from May 9, 2005 to December 31, 2005 for the Successor Company discussed below have been derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The Successor Company had no assets and conducted no operations from May 9, 2005 (date of inception) to November 30, 2005. The summary historical consolidated financial data as of December 31, 2003 presented in this table have been derived from our audited consolidated financial statements not included in this prospectus. The summary historical consolidated financial data for the three months ended March 31, 2005 and 2006 have been derived from our unaudited consolidated financial statements, which are included elsewhere in this prospectus. The March 31, 2005 and 2006 financial statements have been prepared on a basis consistent with our audited consolidated financial statements and reflect all adjustments, consisting of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations for the periods presented. The results of any interim period are not necessarily indicative of the results that may be expected for any other interim period or for the full fiscal year, and the historical results set forth below do not necessarily indicate results expected for any future period.

The summary unaudited pro forma condensed combined statements of operations and other financial data for the year ended December 31, 2005 and the three month period ended March 31, 2006, give effect to the Apollo Transaction, the May 2006 dividend, the stock dividend and this offering, including the application of the net proceeds hereof, in each case, as if they had occurred on January 1, 2005. The summary unaudited pro forma condensed combined balance sheet as of March 31, 2006 gives effect to the Apollo Transaction, the May 2006 dividend, the stock dividend and this offering, including the application of the net proceeds hereof, in each case, as if they had occurred on March 31, 2006. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable.

The summary unaudited pro forma condensed combined financial data are for informational purposes only and do not purport to represent what our results of operations or financial position actually would have been if the Apollo Transaction, the May 2006 dividend, the stock dividend and this offering, including the application of the net proceeds hereof, had occurred at any date, and such data do not purport to project the results of operations for any future period.

After the consummation of the Apollo Transaction, Metals USA Holdings, along with its consolidated subsidiaries, are referred to collectively in this prospectus as the Successor Company. Prior to the consummation of the Apollo Transaction, Metals USA, along with its consolidated subsidiaries, are referred to collectively in this prospectus as the Predecessor Company. We applied Statement of Financial Accounting Standards No. 141, Business Combinations (SFAS 141) on November 30, 2005, or the closing date of the Merger, and as a result, the Merger consideration was allocated to the respective fair values of the assets acquired and liabilities assumed from the Predecessor Company. As a result of the application of purchase accounting, the Successor Company balances and amounts presented in the consolidated financial statements and footnotes are not comparable with those of the Predecessor Company.

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As a result of purchase accounting for the Apollo Transaction, the Merger consideration was allocated to the respective fair values of the assets acquired and liabilities assumed from the Predecessor Company. The fair value of inventories, property and equipment and intangibles (customer lists) were increased by \$14.9 million, \$118.6 million and \$22.2 million, respectively. For the one-month period ended December 31, 2005, the Successor Company's operating costs and expenses increased by \$5.2 million (\$4.1 million for cost of sales and \$1.1 million of additional depreciation and amortization) as the inventory was sold and additional depreciation and amortization was recorded. For the three-month period ended March 31, 2006, the Successor Company's operating costs and expenses increased by \$14.0 million (\$10.8 million for cost of sales and \$3.2 million of additional depreciation and amortization) as the inventory was sold and additional depreciation and amortization was recorded.

The pro forma adjustments relating to the Apollo Transaction are based on preliminary estimates of the fair value of the consideration provided, estimates of the fair values of assets acquired and liabilities assumed and available information and assumptions. The final determination of fair value could result in changes to the pro forma adjustments and the pro forma data included herein.

The summary historical consolidated and unaudited pro forma condensed combined financial data should be read in conjunction with Unaudited Pro Forma Condensed Combined Financial Information, Selected Historical Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations, Risk Factors and our consolidated financial statements and related notes included elsewhere in this prospectus.

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Historical				Pro Forma	Historical	Pro Forma
Predecessor Company		Successor Company		Predecessor Company	Successor Company	
Year Ended December 31,	Period from January 1, 2005 to November 30,	Period from May 9, 2005 (Date of Inception) to December 31,		Year Ended December 31,	Three Months Ended March 31,	
2003	2004	2005	2005	2005	2005	2006