



**Real Industry's Third Quarter 2015 Earnings Call  
November 9, 2015**

**Operator:** Greetings and welcome to Real Industry Inc.'s Third Quarter 2015 Financial Results Conference Call. At this time, all participants are in a listen-only mode. A question and answer session will follow the presentation. If anyone should require operator assistance during the conference, press star, zero on your telephone keypad. As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Kyle Ross. Please go ahead, sir.

**Mr. Kyle Ross:** Thank you, operator. Welcome, all, to Real Industry's Third Quarter 2015 Earnings Conference Call. I'm joined today by Craig Bouchard, our Chairman and Chief Executive Officer, and Terry Hogan, President of Real Alloy. After comments by Craig, Terry and myself, we will take your questions.

For anyone who's not able to listen to today's entire call, an archived version will be available shortly. Please visit the IR section of our corporate website to access the replay.

Before beginning our discussion, we want to make you aware that our prepared remarks and responses to questions may include forward-looking statements that involve risks and uncertainties and that actual results could differ materially from any forward-looking statements made by us. Information concerning factors that could cause actual results to differ may be found in Real Industry's annual reports and the company's quarterly reports filed with the SEC under the risk factors section of each filing and other filings with the SEC.

In addition, our comments today refer to non-GAAP financial measures such as segment adjusted EBITDA. Reconciliations to the most directly comparable GAAP financial measures are provided in our earnings release filed this morning that we furnished with the SEC and posted to our website. We believe these non-GAAP measures provide useful information for evaluating our business performance. This information should be considered as supplemental in nature and should not be considered as a substitute for the related financial information prepared in accordance with GAAP.

In addition, these non-GAAP financial measures may not be the same as similarly entitled measures reported by other companies.

Please be advised that the content of this conference call contains time sensitive information that is accurate only as of the day of the live broadcast. Real Industry undertakes no obligations to revise our [sic] update any forward looking statements to reflect events or circumstances after the date of this conference call except as required by law.

Now that we've covered these cautionary comments, I'd like to turn the call over to Craig.

**Mr. Craig Bouchard:** Kyle, exciting as always. Thank you.

November 9, 2015

Welcome to both our equity and our debt investors, our analysts and other interested parties. It's a pleasure to be here and talking to you. Obviously, we had a good quarter. We're happy with it. It was better than what I personally expected, and it's because we've got a great team of 1,700 people working really hard every day.

I thought I'd just give a little bit of a report card. The marketplace is obviously tough, and we're doing pretty well. Some other commodities aren't doing--companies aren't doing so well. And so, I thought I'd talk a little bit about our company, a little bit about the macro environment, and then, at the end of the call, I'll come back and discuss a little bit about the acquisition path that we're on.

So you know, here's where I'll start—when we began, what we were looking for in our first acquisition was a well-managed business, a market leader with sustainable competitive advantage, a strong customer base, cost leader and something that we thought we could take risk and cost out of. We bought Real Alloy, what is now called Real Alloy, and as we came out of the box, we bought the company at a 6.25 multiple with 4.5x leverage, 4.5x EBITDA. Our goal and stated goal at that time was to reduce that to a 3 handle, 3.9 or less inside 18 months and to implement a Sig Sigma-dominated transition effort, integrate the company while reducing our cost of goods sold by 1 percent for the year and hopefully in additional years. But, that's what we said, that was our goal.

What I didn't know a year ago was that the commodities market would have such a difficult time in 2015. It's, I think, surprised us all in that regard. And as I think everybody knows, aluminum prices recently hit a six-year low.

So, one year after striking the deal to buy Real Alloy and eight months after closing, we've just about exceeded all of our targets so far. And those last two words, so far, are important because we still have a ways to go. But, we've exceeded all of our targets so far, and I am very happy with the company that we bought and the team that we have building this business.

On January 1st of this year, our stock price was \$7.45. Our bonds were trading at 90. Today, we're trading around \$9.30, close to 25 percent up, and our secured bond is quoted at 102, and by the way, at a lower yield than the fine company Aleris, their secured bonds, which is the company that sold us Real Alloy. And of course, it's a pretty good price relative to many larger and more substantial metals companies the price of our debt. We're very proud of that.

So, if you don't mind, I'm just gonna take a second here to say thank you to our 1,700 employees who have been working their tails off on two continents and six countries. And I want to thank our equity and debt investors who supported us. We've got a really strong cast of people that have placed their trust in us, and we are going to do our very best to reward them for that.

I know you're all hopeful of yet a higher stock and bond price because that's your business. And we exist for the benefit of our investors, so I have to tell you, we are sure gonna try.

That being said, as the leader of our company, I'm not overly focused on short-term results. I'm focused on allocating capital well, taking risk out of our businesses, making everything we own leaner this year and increasing shareholder value through accretive acquisitions. That's what my job is about.

November 9, 2015

There is no better platform for growth than the one that we possess. The Real Industry with our NOL is magnificent, and we fully intend to take full advantage of that platform and to make it a big profitable one.

Our quarter was, again, a very strong quarter, quite frankly better than I expected, given the commodities market, and it was better than the analysts projected. The reasons are this - our Six Sigma transition has well worked, I guess is the answer. Our numbers improved across more than 25 Six Sigma projects, A3s as we refer to them in the Hoshin Kanri system, and has put a few million dollars on our EBITDA line this quarter.

Most of these projects are continuous improvement, and that means that they're improvements that will continue to pay dividends. It's an important point.

So while the macroeconomic environment wasn't great, our company performed well this quarter, perhaps the finest performance of a public aluminum company in the United States.

Let me take a couple minutes to comment on the macroeconomic picture. There's a lot of discussion out there, and there are positives and negatives about it. And let me touch a little bit on both as I talk today.

First, unlike most other commodities, the aluminum market--unlike most of the other commodities markets--the aluminum market continues to grow. It's not a fast rate, but it's growing, both in the US and in Europe. The auto body in white trend we invested into is real, and it's important.

Unlike other commodities, aluminum doesn't have a demand problem. And I think that's something everybody should keep in mind. The LME price fell because the scrap is less, the cost of energy declined, and at the same time, over the past year, the LME warehouse restrictions were relaxed, and more aluminum hit the street than in prior years. LME prices came down, and regional premiums plummeted.

That's the environment. We're in a cyclical business. Things go up and down, and the sun will come out, and the aluminum market will regain its strength at some point.

We're happy that we've been able to manage risk, take out cost and maintain our business in this kind of a market. It bodes well for us in the future.

I'm often asked about China and what's going on with the smelters, so I'll comment on it here. I talk to investors a lot, and this question is on almost every single call. So in short form, China produces and consumes half the world's commodities. We all know that. Simply put, China has seen a decline in the demand for them inside China. And in spite of that, China has not reduced its supply of key commodities, and the question is why. And people are looking for complex answers. There isn't one. Having lived there and worked there, you know, my observation is pretty simple—Chinese leaders don't wake up each day worried about our economy. They wake up each day worried about how to feed 1.4 billion people. There's nothing new about this. It's their cultural mindset, and we need to understand it. The Chinese protect jobs because jobs feed people, and the Chinese have, will and will continue to protect the jobs in their country and feed their people.

November 9, 2015

So we shouldn't expect any big correction coming out of China. It's what they do. Specifically, last year, the world reduced its aluminum capacity by 6 million tons. That's a good thing. Unfortunately, that's the world outside of China. The Chinese added 6 million tons even as their demand declined. So you need to understand that.

Their new smelting capacity is lower cost than ours. But their older smelters are higher cost than ours, and they should really be shut down. Instead of doing that, their regional governments tend to subsidize losing businesses by providing favorable terms on their huge power contracts, and that's the story of smelting.

The Chinese then take the surplus of semi-finished products--exporting finished products basically has a 15 percent tariff to it, and so they export semi-finished product. And benefiting from the weak currency, they ship the surplus to Europe and the Americas while we each allow them to do it.

In the US, we have about eight smelters left, and it's up to our government to decide whether we want our smelters to survive or allow the Chinese smelters to provide. It's a pretty interesting question.

I once wrote about this, specifically about foreigners buying American steel mills with the majority being owned by Russian or the foreigners. Foreign ownership of our US steel mills exceeded 50 percent. I said at the time that, while that's not preferable, it presented no national security threat. I will say, and I think some of our industrial leaders have to stand up and say, if we give up our smelting industry to the Chinese, this would certainly present the United States with a national security risk. And I think it's worth saying even in a conference call like this.

With all that being said, the smelters are not our principal customer. Others feel this problem much more than we do. As some of you or many of you know, half of our volumes are toll processing, half are molten aluminum. There's no competition there being impacted on the Chinese side.

We feel the effects of the China chill on our ingot business. And we can feel them in Germany and on the West Coast of the US where we have two of our 24 plants, and we feel it more than we did six months ago. So, that--those are sort of the facts.

However, for us, this is really a secondary event. For many aluminum players, it's a more serious event.

Finally, with respect to this macro in the industry, on my calls, I also often get asked about seasonality. You know, we're uniquely positioned in my opinion in the aluminum supply chain. We touch almost every part of it, and we can observe the bigger picture I think better than any other company. The aluminum mills all the way down to the OEMs are all our customers. And so, we get to see the picture.

And the picture is a bit like this. Scrap prices recently stabilized—that's a good thing—while the LME came down a little bit more. So, the spreads just in recent times here have been a little less attractive.

November 9, 2015

The good news there, scrap prices stabilizing, typically, in the past, that's been often an indicator of prices going back up. I don't know what'll happen this time, but there is a historical positive correlation with rising scrap prices and aluminum prices.

So, it feels to me, and lots of people aren't saying this, but it feels to me like 2016 could end up being a pretty good year. Inventory levels are in decent shape. You have this unusual issue right now in the market that I'll just point out, which is that the cost of prime has actually fallen slightly below the cost to recycle. That is a very rare event. It's only happened a few times in the last decade--in the last couple decades. So, it's an interesting thing. It's something that I watch.

The topic of seasonality comes up in my investor calls. And historically, the fourth quarter isn't as good as the third. The reasons are that Thanksgiving and Christmas typically slow down in auto with vacation timing and plant shutdowns for maintenance. I see this year as typical in that respect.

This issue of prime having fallen slightly below the cost of recycle is something that I'm watching. But, in sum, with all that put together, I want to really compliment our managers. We've had a pretty good year thus far. Medium- and long-term prospects look extremely good for us. We love what we bought. And we will move on and do good things as best we can. So, the picture for this year looks good.

I'd like to say just a little bit about our small cosmetics business because people are starting to ask about it. It's a business I inherited two years ago, and we've accomplished quite a makeover, no pun intended. Cosmedicine has been restaffed. The packaging--all of the products have been repackaged. The web presence is excellent. And we have relaunched the product line.

And as you probably know, this was not a well-managed business for us before two years ago. We in essence replaced all the employees, and Jaunique Sealey has turned out to be an incredible leader of this business for us. We have 50 products inline at Cosmedicine, 30 being brought to market now and over the next two years, many of which have proprietary characteristics to them.

We hope to announce to work out and announce partnerships with the shopping networks and one or two of the well-known prestige stores and be on shelves in 2016. Cosmedicine was a break-even to our P&L in the quarter, better--a little better than a break-even. So, we are very proud, and I have a feeling it's gonna be a very good business for us.

That being said, I'm gonna turn this back to Terry Hogan to talk a little bit more about the business, and I'll return at the end of the call to discuss our acquisition front. Terry?

**Mr. Terry Hogan:** Thanks, Craig.

So, as Craig just mentioned, the third quarter was a very solid quarter for us overall, led by the strong automotive market both in Europe and in North America as that market continues to be a key driver for our overall business. The aerospace demand was also solid, although we are expecting to see some slowdown for inventory adjustments between now and the end of the year. I think the outlook in the aerospace industry is quite good as we look forward based upon some recent public announcements that have been made.

November 9, 2015

On the other side of the coin, we've seen some softening in the building and construction market in North America, and certainly, a very weak steel market exists both in Europe and in North America, which is dampening some of the overall results.

Craig touched on the overall aluminum industry, but clearly, it's a very unusual situation with unprecedented flows of prime and near prime aluminum coming from China into both of our regions. This is also having an impact on scrap dynamics. As Craig mentioned, a number of rod producers are now using higher amounts of primed aluminum and lower volumes of scrap to make their products as a result of the low price of prime, lower Midwest and Rotterdam premiums and the general decline in other commodities that are used in alloy in the aluminum - so, interesting times that are out there that are not often seen, you know, in the marketplace or in the industry.

And then, obviously, the impact that we've seen recently with the announced shutdowns of most of the remaining US smelters, and so since those announcements, we've seen some movement upward in the LME and the Midwest premiums. You know, how this story plays out I think remains to be seen. It's still being written as we sit here today.

But, for our business, again, as Craig mentioned, scrap flow was quite strong throughout the third quarter in both regions. We have started to see some seasonal scrap flow slowdowns and also firming in scrap prices while we continue to see some overall declines in recent times on metal prices. So, we're able to effectively purchase scrap today, but we have seen some modest changes in spreads as we've gotten into the fourth quarter.

Craig also mentioned our strong focus on productivity, which continues to position us to be in a better position to deal with the market fluctuations that we've seen and be able to overall maintain our results throughout the third quarter. Through the third quarter, I'm happy to say that we're tracking very close to the 1 percent of COGS target that Craig threw out at the end of the first quarter right after the acquisition, and we'll continue to stay focused on that through the fourth quarter and as we head into 2016.

Craig also mentioned normal seasonal slowdowns, both in North America and in Europe with the holiday season upon us. The past couple years, those shutdowns have been minimal. And right now, we're assuming and planning on normal shutdowns, but realistically, those final decisions will get made here in the next few weeks, three to four weeks. So, by early December, we'll get a final word on what the overall scheduled shutdowns are, and a lot of that's obviously driven by automotive demand in the marketplace.

So, a good quarter, and, you know, Craig thanked everybody, and I'd like to echo those comments. And with that, I'll turn it back to Craig.

**Mr. Kyle Ross:** Yep. I'll take it from here. For the financial report for the quarter, on a consolidated basis, Real Industry reported sales of \$338 million, and operating profit of \$7.4 million, net earnings of \$1.2 million, or 2 cents per share for the quarter ended September 30. The results represent the second full quarter of performance for our Real Alloy business, and in the aggregate, Real Alloy generated \$22.8 million in adjusted EBITDA in the quarter on 300,000 invoiced tons.

Compared to the second quarter of 2015 and the prior-year period when the business was owned by Aleris, this quarter's volumes were down by less than 1 percent globally. As a result

November 9, 2015

of a higher percentage of tolling business during the quarter combined with lower scrap metal prices due to the previously mentioned six-year lows in prime aluminum and premium charges that have a directional impact on scrap prices, our revenues decreased more significantly compared to the prior periods.

But, despite the decreased volume and revenue, productivity initiatives and a stable scrap spread environment allowed for improvements in profitability per ton, resulting in Real Alloy's adjusted EBITDA being flat with the second quarter of 2015. Capex during the quarter was \$8.6 million.

Drilling down in each of our segments, Real Alloy North America, or RANA, reported revenues of \$205.2 million and Adjusted EBITDA of \$15.4 million on 200,000 tons invoiced. We estimate that approximately 60 percent of RANA's invoiced sales volume was used in automotive applications. On a sequential basis, Adjusted EBITDA was lower by 3 percent and volumes were down by 2 percent.

Real Alloy Europe, or RAEU, reported revenues of \$133.4 million and Adjusted EBITDA of \$7.4 million on 99,500 tons invoiced. In Europe, we estimate that approximately 70 percent of invoiced sales volume was used in automotive applications. On a sequential basis, Adjusted EBITDA was improved by 5.7 percent in Europe on slightly higher volume.

With respect to purchase accounting, which we talked about on the last call, we made some minor modifications to our estimation of fair values during the quarter, and we expect to be complete with that work during the fourth quarter. We expensed \$1.3 million related to the amortization of the fair value adjustments to acquired inventory during the quarter. That's a non-cash item. And year to date, we've expensed \$8.5 million of the \$10.6 million in total fair value adjustments on the inventory.

Operating costs and corporate other were \$3.2 million, a decrease of just shy of \$1 million compared to the 2015 second quarter, primarily due to lower compensation and professional fees. And as of quarter-end on a consolidated basis, Real Industry had \$349.7 million in total debt and \$44.9 million in cash.

From a liquidity standpoint, Real Alloy maintained over \$20 million of availability in borrowings under its North American ABL and approximately 30 million euro and availability under its German factoring line.

And with that, I'd like to turn things back to Craig.

**Mr. Craig Bouchard:** Okay, thank you. A few comments on the acquisition side. Everybody's always got some interest in that. First, with respect to the market, people say, hey, isn't there a lot of money out there chasing not enough deals and a lot of private equity money on the sidelines, and therefore, how are you gonna find something that's really great for you? And that's sort of the question.

I would say that, in the two years now that we have been going at it here, we today see the most favorable acquisition environment that we've seen in that time period. I've mentioned before that we tend to work on a short list of five opportunities. We indeed have five opportunities on our table right now. Two of those are basically auctions, and three of those are not and were private

November 9, 2015

types of transactions. A couple of these are short term, obviously, and a couple of them are longer term in the discussion.

But, we are very happy with what we're seeing in the multiples of everything that we're looking at are in that range of what we find to be attractive, which is typically 5x EBITDA to 7.5x EBITDA. Everything is in that range.

So, the marketplace is a very, very good place to be right now. Obviously, the turmoil in commodities has contributed to it. And I would mention something else that I just think it's worth our investors kind of understanding and knowing a little bit more about - we have lots of them on the phone today. I'm seeing a change in the marketplace, and the change is quite interesting. I've never quite observed it quite like it is right now. And particularly across the industrial spaces, there have been, you know, an awful lot of transactions done in recent years in the high-yield market. Good companies, well-managed companies with good market positions took on high-yield debt as a part of their refinancings, their acquisitions or whatever.

And with the turmoil in the markets this past year, so their EBITDA's fallen, that debt, of course, hasn't fallen very much. And as a result, companies that were 4 or 5 times levered a couple years ago wake up today 6.5, 7, 8 times levered, and with good businesses, good customer bases, etc., but with those kinds of leverage figures, unable to execute their plans like they should.

And what I'm seeing is an opportunity that's developing out there where some of those firms are in essence gonna take the 363 prepackage route, and others, similar stories where secured creditors may take control of the companies, and they're looking for people to manage them well and to do good for them going forward.

And I only mention it because it started off with just one or two coming my way, and now there's—it's not a flood yet, but there are a lot of them coming our way because people know that we're in the marketplace. And the volume of it has surprised me to the point where I'm mentioning it in this call. It's a distinct trend in the market. There's gonna be a rebalancing of these balance sheets.

For us, this is a different set of opportunities, but some really good opportunities in the sectors that we're in and like. And so, I just add that to the possibilities for us going forward. You know, we're seeing some really great things, and we're working actively towards our next acquisition. And we are working at the parent company, which tend to be larger deals, and at the Real Alloy level looking at a few bolt-on opportunities, as well.

So, with that, you know, no deal is a deal until it's a deal, and we don't talk about any specifics about things until we have binding agreements to talk about. But, I really like our position.

And with that, I would like to thank everybody and open it up to questions.



November 9, 2015

## Q&A Session

**Operator:** {prompts} Our first question today is coming from Steve Dyer from Craig-Hallum. Please proceed with your question.

**Mr. Steve Dyer:** Thanks. Good afternoon. Thorough remarks, as always, Craig, so I don't have a lot. One question I did have, maybe more for Terry, Novelis this morning had sort of given the indication that, in their view, the auto sector is moving to aluminum maybe slower than they would have expected. I don't know what they were expecting. That's not been sort of my observation. But, just wondering maybe your two cents worth on it, Terry?

**Mr. Terry Hogran:** Yeah, Steve, I did not see that comment, but I would agree. I'm a little surprised. It feels like, with the expansions all announced, everything is moving forward pretty quickly, and certainly, there's a lot of material hitting the marketplace and a lot of publicity around the F-150 still. So, we're definitely not seeing that.

**Mr. Steve Dyer:** Okay. And then, Craig, maybe just a little bit more on the acquisition front - obviously, you know, you mentioned it a little bit more today. The stuff that you're looking at, or the stuff that's really cheap right now, put it that way, you know, is stuff that's sort of in your industry, around this industry, that being commodities metals, etc. And, you know, your stated sort of goal at the outset was to build, kind of build these countercyclical cash flows, and it strikes me that your next kind of great opportunity might not be sort of countercyclical to what you own at all. Is there any, you know, sort of--is there any bonus or detraction from your next deal just in looking at kind of what industry it's in and if it sort of tips you too heavy in one direction?

**Mr. Craig Bouchard:** Yeah, Steve, it's a good question. Thank you very much. The answer's a mix. So, because of our presence in the aluminum sector, we tend to see interesting things in the aluminum sector. So, those would, in general, not be countercyclical, but those are, in general, bolt-on possibilities to Real Alloy.

And when I talk about countercyclical nature of a portfolio that we would build over the next couple years, it's really what the parent company owns, which will consist of a portfolio of independent companies that we own with financings done separately at those subsidiaries. So, that's been our strategy.

And there we typically tend not to look in the aluminum sector, and we're looking at things that I would say in general are countercyclical to the aluminum business or at least a neutral. And when I say that, you know, we understand what the aluminum cycle is, and it's a defined cycle. So, designing some things that balance it, you know, are somewhat easy to do when you know what they are.

So, I would say that we're not backing off our strategy. We're kind of going right down the strategy that we've elucidated to the general public and our investors.

**Mr. Steve Dyer:** So, are you willing maybe to break out of the five that are--you know, you're looking hard at right now maybe how many would be bolt-on versus entirely new different direction for the parent company?

November 9, 2015

**Mr. Craig Bouchard:** Well, we're looking at five transactions--I mean, by the way we manage our M&A effort, we have a short list of five. If something's gonna come onto it, something has to come off. And of the five on the parent company target list, none of them are in the aluminum business.

**Mr. Steve Dyer:** Okay. I will hop back in the queue. Thanks, guys.

**Mr. Craig Bouchard:** As you can tell, you get my normal direct answers, Steve.

**Operator:** Thank you. Our next question today is coming from Josh Nichols from B Riley. Please proceed with your question.

**Mr. Josh Nichols:** Yeah, okay. So looking here, looks like we have some pretty strong tolling tonnage growth, especially particularly in Europe. And I was wondering, could you provide a little bit more detail about what's driving that? Is it new partnerships or higher volume at existing partnerships in auto or any color?

**Mr. Craig Bouchard:** Well, Terry--we'll let Terry take a shot at that one.

**Mr. Terry Hogan:** Yeah, I think the main thing that's driving that really is the flexibility that we have within our facilities to be able to take advantage of what the customer's looking for. So, from an opportunity standpoint, we've seen a number of opportunities along the tolling front that have presented themselves. And so, as a result, we've sort of reacted to take advantage of them and service the customer where they had metal that they needed to have converted. And so, we've taken advantage of that.

Other times, they may not have metals already in house that they need converted, and so then there would be a greater mix of buy-sell. So, I think it's much more of an opportunistic situation and the flexibility that we have within our operating facilities.

**Mr. Josh Nichols:** And then, quickly, I mean, everything's still on track, it sounds like, for the termination of the \$8 million transaction service agreement and potential expansion with the Post Falls, Idaho plant with some additional furnaces?

**Mr. Terry Hogan:** Yeah, the Post Falls furnace is now up. We're doing some maintenance on the existing furnace that's there. And so, we're actually gonna have a little less volume through there in the fourth quarter than we had planned, but, again, see it bounce back as we get into Q1 on the aerospace side of things.

And from a transition service agreement, yeah, we're on track to get things done. We'll be mostly off of everything by the end of the year. And if you recall, the TSA runs two years in some cases, and we'll be off everything mostly by the end of the year, and what's left, we'll be off by the end of the first quarter.

**Mr. Josh Nichols:** Great. And then last question from me, and then I'll pass it off. But Craig, you made some comments about the scrap market, what you're seeing here as far as pricing. Is some of the pressure that you kind of noticing recently, is that more higher demand for scrap, or is that an issue where maybe there's some reduced supply of scrap to be purchased in the market for some reason?

November 9, 2015

**Mr. Craig Bouchard:** Look, scrap is one of the true demand-supply businesses, right? I mean, it's almost the classic case of demand and supply, and though, at the same time, the scrap market has been, you know, pushed so low this year, and it's not just aluminum. Scrap in general has just had this, you know, significant fall.

And you're now at the levels where, you know, the bigger guys are playing an important role in the market, a very important role. And I think it's--you know, they've had enough. But, at the same time, there is a reasonable demand for scrap occurring out there. And at some point, the cycle plays out. So, things go up, and things go down, and then they go up again, and there's a pretty defined cycle here to observe historically.

And it just looks to me we're at an inflexion point. I could be proved wrong, but sort of that's my feeling about it.

**Mr. Josh Nichols:** Great. Thanks, Craig.

**Mr. Craig Bouchard:** Sure, Josh.

**Operator:** Thank you. Our next question today is coming from Daniel Moore from CJS Securities. Please proceed with your question.

**Mr. Daniel Moore:** Good afternoon. Thank you. Can you just remind us of the sort of typical seasonal decline in terms of either volumes or EBITDA in Q4 relative to Q3? And based on your prepared remarks, it sounds like it's fair to expect maybe a little bit of a stronger decline this year. Just trying to see if I'm triangulating that properly.

**Mr. Craig Bouchard:** Yeah. You know, look, we're in the early part of November, so it's hard to call the fourth quarter. There's lots of good things going on, and you've got this typical seasonality that happens because of what the car companies do.

Every--as our investors know, directly or indirectly, we're--you know, a little bit higher than 50 percent of our revenues depend on the auto market, in one way or another, and the auto guys tend to shut down over Christmas. So, there's nothing significant there.

Our company actually had a better fourth quarter in 2014 than perhaps the historic, so it's kind of hard to tell how this one will come out versus last year. We didn't--you know, the Real--what was then called GRSA, now called Real Alloy, had a pretty good fourth quarter last year. But I like to give everybody my straight view of things, and historically, if you sort of look on it year-over-year-over year, third and fourth quarter--fourth quarter versus third quarter, you know, can be a certain percentage less on average.

So, whether that's 1 or 2 or 3 or \$4 million, we don't make that call. I just like our investors to know that second and third quarter usually are the strongest ones. The first is usually okay, and the fourth is usually a little bit weaker than the others. It's not a more dramatic thing historically than that.

**Mr. Daniel Moore:** Very good. And maybe just talk a little bit--you mentioned obviously the gyrations in the capital markets--a little bit about your ability or how you see your ability to tap the debt capital markets to fund larger deals relative to where you were maybe 9 or 12 months ago.

November 9, 2015

**Mr. Craig Bouchard:** Well, that's an interesting one because no one could have thought when we were a company with 40 million of revenue and no EBITDA that we could tap the high-yield market for \$305 million and then, of course, build our bond price after that. So, look, last year--and through February to close the Real Alloy deal, you know, we raised that high-yield money, we did a primary, we did our stapled rights offering, we sold our only operating company, and we did it all inside 90 days. It couldn't get harder than that. If there's ever a hard one, that was a hard one. Anything after that is easier.

I would say that our support on Wall Street now is at an unprecedentedly high level. We haven't looked at anything that we can't finance quite easily, and some of them are pretty big opportunities. And of course, some deals come with stapled financings and all that stuff, but I see no difficulty in any of our markets financing our next transaction. I think it's gonna be not easy but bordering on easy.

**Mr. Daniel Moore:** That helps. Thank you.

**Mr. Craig Bouchard:** Yeah.

**Operator:** Thank you. Our next question today is coming from Justine Fisher from Goldman Sachs. Please proceed with your question.

**Ms. Justine Fisher:** Good afternoon.

**Mr. Craig Bouchard:** Hello, Justine.

**Ms. Justine Fisher:** The first question that I have is on the scrap spread, and I was wondering--and I know this is hard because you guys haven't done it in the past, but whether or not you could quantify the move in the scrap spread that you saw during the quarter? And the reason I ask is that I think a lot of investors, especially when you bought the bond deal, were still trying to get their hands around the volatility in your numbers depending on the widening or the narrowing of the scrap spread. And so, you know, I know you said the scrap spread was relatively stable for the quarter, but even if it was tighter by, you know, a cent or a few cents, is there any way that this quarter's results could help people understand what the sensitivity is to scrap spread changes going forward?

**Mr. Craig Bouchard:** Yeah, it's tough--it's a tough thing, Justine. And by the way, I'm really happy to see--even at--Goldman Sachs even interested in a couple of cents of a difference in scrap spread. That's fantastic.

It's tough because it's like a differential equation. There's a lot of moving variables in these prices. And as everybody here probably knows by now, scrap spreads to us are a little bit different than for some other people because of how we price our contracts, because of what percentage of our revenues are related to scrap spreads and which aren't and the fact that, the Platts and Metal Bulletin indices are far more important to us than the LME prices, etc.

So, it's not a number that's easy for outsiders to quantify. Our numbers come off of our internal database about what we pay every day when we buy scrap, and when we buy scrap every single day somewhere on two continents and in most places every day versus the way our

November 9, 2015

prices are in our customer contracts, right? And those customer contracts are each a little bit different and etc., etc.

So, now, with that soft answer, I'm gonna turn it over to Terry to see if he can be any more helpful to you on it. I think it's just a tough one to call.

**Mr. Terry Hogan:** Yeah, Justine, I would have to agree with Craig. It's a combination of a lot of things. I think the best way to look at it is over time, and that's probably to continue to look at the published numbers, as we've talked about in the past, between, you know, Platts and Metal Bulletin and American Metal Market and, you know, draw your own correlations is probably the most effective way to do it.

**Ms. Justine Fisher:** And so, maybe then even as far as your specific results are concerned, if we see from the market data that the scrap spread has narrowed at the end of the next quarter but your results are still maybe better than people expected or still relatively stable, then once we see a few quarters of results from you guys, we may better be able to detect what your specific sensitivity would be. But, I guess because there's only one quarter now, we can't really look historically and see.

**Mr. Craig Bouchard:** Well, you've got the second and third that you can look at. You know, the first was only 33 days. But, I guess--I think it's a positive thing, but how I think about this topic is you've got a marketplace which is weaker and an improvement in productivity which is stronger, and those numbers are offsetting. And in our case, that offset has produced two of the best quarters that this company's had.

But, as we go forward, we'll see where the market goes. If the market's worse than it's been, then, you know, you can't just keep making up numbers with Six Sigma projects forever. It's a positive effect. Today, it's been a very powerful effect for us. If the market were to improve, by the way, with scrap prices stabilized the way they are heading to a slightly up-sloping aluminum price, then scrap spreads would expand.

So, we're not dead certain of lessening scrap spreads going forward. Quite frankly, I'm a 50-50. It could go either direction from where we are today.

**Ms. Justine Fisher:** Okay.

**Mr. Craig Bouchard:** But, you have to look at those two things, you know, versus each other. We have still lots of opportunity. We're on our second 25 Six Sigma projects now, and we have lots of opportunities to keep going on the things we're working on. So, you know, I think it's a tough call. But, you know, look, we're a young company in its current form, and so people will get a chance each quarter to follow how it's going.

**Ms. Justine Fisher:** Okay, thanks for that. And then the next question I had is on the closure of US smelters. Is there a chance that you guys might be able to benefit even just from--in some regions because of those smelters? I mean, you said that there's a lot of Chinese material coming into the West Coast, but if the, you know, some of the smelters that have been closed are in the Eastern US, is there an opportunity for your recycled product to take some share there, or are the imports kind of hitting on all fronts?

**Mr. Craig Bouchard:** Terry, you can go first here.

November 9, 2015

**Mr. Terry Hogan:** Yeah, I think that, as imports come in in the long run, that does--or could create some opportunities because, you know, from the material that's coming in, scrap is going to be generated from it. And to the extent that that scrap is not going, you know, directly back to the rolling mill or fabricator, or maybe it is, that could give us some additional opportunities. There's more material--more drosses are generated from scrap than they are from the primary smelters, and so, yeah, I think you're right, Justine. I think there could be a number of opportunities that come our way if imports continue to be at high levels.

**Ms. Justine Fisher:** Okay, thanks. And then the last question is just on the price difference between scrap and the prime. I know you had said earlier that you now source prime either at the same level or slightly cheaper than scrap and that, Craig, you continue to watch that trend. So, my question is what's the end game of that trend? I mean, if that doesn't change--and I know there are some people out there who are really bearish aluminum and say, look, this is just kind of a flat market for the next few years. So, if that doesn't change, can you guys do anything on the product side in order to make sure that that prime material doesn't take too much share from you guys, or what's the company's strategy if it ends up that that LME price, that prime price is lower for longer?

**Mr. Terry Hogan:** Yeah, I think what we would expect to see is that, to the extent that prime is replacing scrap in some applications, that scrap is not finding its way to a landfill or anything else. It's finding its way to another value-added product. And so, maybe something that historically has gone into a rod product will now find its way into a cast product or whatever the case might be.

So, I think as scrap is generated, you know, we're very well positioned with, you know, where we operate to take advantage of that scrap in whatever form and to whatever end market it ultimately will go to. So, certainly, there is some pressure--especially on the rod product side to where prime can be used instead of scrap. But, again, that scrap is finding a home. And so, with that, we think we'd be well positioned to take advantage of it.

**Ms. Justine Fisher:** Okay, thanks very much.

**Operator:** Thank you. Our next question today is coming from Mike Crawford from B Riley and Company. Please proceed with your question.

**Mr. Mike Crawford:** Thank you. Craig, what's been the duration of time a company stays on your top five list?

**Mr. Craig Bouchard:** Well, until they say no. I don't know if there's an average duration. Let me describe the process. Maybe that's a good way to go at it, and there's two different types of things that, you know, that we take a look at.

The first are basically a company comes out to auction. That means an investment bank writes the book, we get sent the book, we read it, we like it, we say we'd like to be in the process. And that then begins an effort. You make a first round bid. Several companies typically get accepted into the second round. You make a final bid, and somebody gets chosen for exclusivity to do their diligence, negotiate a transaction and hopefully to get it done during a period of exclusivity, which would tend to average about 60 days or so.

November 9, 2015

And in all of that, for us, our expertise runs in the lines of, one, I think we're pretty good negotiators, but, two, we're extremely good in diligence. And that's why we have a background, my team, of not making bad decisions. We're very, very thorough in diligence, using the same participants on our diligence team, which is our managers, our engineers, often E&Y Global Due Diligence, the best environmental companies, the best deal lawyers and the best human resource consultants, etc.

So, by the time we all get done, it's the same group of people every time. We know what we're buying, and we know what's the right value. We know how to get taken in the missing of details in the closing of the acquisition. And all of that put together is a six-month process.

So, from the very first day that we have a glimmer in our eye to going through all of that to the finish line, it's typically about six months. When we have a list of five--that's early stage for all of that. We don't spend any of that money unless we've got a commitment on the other side. So, when I say five, we have five in the earliest stages of that in discussion with us, in meetings with us, in conversations, in negotiation potentially, us submitting prices. And it's only when we sign a binding agreement to buy something subject to due diligence would we announce it publicly.

So, I don't know what the smallest amount of time is. We get the book, Kyle and I talk about it maybe with John and a few other people, we don't like it, the next day it's over. So, they're not on the list. And then with the five people on the list, they can be on there for a month or two months as we go through the early stages of that process.

**Mr. Mike Crawford:** Okay. Thank you. So, in New York in July, you had talked about this top five list. You had also disclosed that you had recently bid on one or two potential targets.

**Mr. Craig Bouchard:** Yeah.

**Mr. Mike Crawford:** So, of maybe the five that were on the list in July, do any of those still remain? And also, have you made any other bids subsequently? Thank you.

**Mr. Craig Bouchard:** Yeah. No, so we've made two bids that were unsuccessful that were serious bids and companies that we liked, and we lost on value. We don't feel bad when we lose on value. Someone was willing to pay more than us, and we tend not to change our number. So, there have been two.

The five parties that are on the list right now, I would say three we've been working on for some time and two are newer. That's not unusual because we tend to get things sent to us almost weekly these days to look at.

But, there's five serious ones there, and that's, again, how we manage our business. We can't make it six, seven or ten because we don't have enough human resource to commit to looking seriously at something if we get past that kind of a number. And that being said, you know, 80 percent of our work will go into number one and two on the list.

**Mr. Mike Crawford:** Great. Thank you very much.

**Mr. Craig Bouchard:** Sure.

November 9, 2015

**Operator:** Thank you. Our next question today is coming from Nick Jarmoszuk from Stifel. Please proceed with your question.

**Mr. Nick Jarmoszuk:** Hi. Thanks for taking my question. Wanted to get back to the cost of prime being less than the cost of recycled. Wanted to get a sense for how that's gonna impact your margins. Is this potentially margin enhancing because you're making greater than expected profits on your hedges?

**Mr. Craig Bouchard:** Well, it's not a hedging question, but it's an unusual situation where prime becomes more attractive than our product. So, it's not a positive in general for our business.

Terry, why don't you take a shot at this one? It's in the heart of what you're looking at right now.

**Mr. Terry Hogan:** Yeah, once again, the scrap is going to find a home, and where that home is is gonna be where the greatest value is, and the same could be said for the prime. So, as prime becomes more desirable on some products, the scrap that would have been used to make that rod product a year ago, say, is now going into another product. It may be going into an engine block or, you know, some other alloy in another segment of the aluminum industry.

So, as Craig said, the hedging doesn't really come into play because the prime is being used by what would typically be our customer rather than directly by us. And so, as far as does it create--the second part of your question, does it create a margin enhancing opportunity. I mean, that could be yes, it could be no. It just depends on how the market will swing as we move forward.

**Mr. Nick Jarmoszuk:** Okay. And then could you refresh us with the hedges that you enter into on a quarterly basis and then what percent of the book is hedged?

**Mr. Terry Hogan:** Yeah, we hedge where we have--typically have prime based sales or sales that are based on a primary aluminum and LME-based formula and also where we're buying some scrap mostly in Europe based on an LME-based formula. And the overall percent of that business is--about 15 percent of the overall business is LME based, and so, therefore, we would have LME hedges in place against that on either the buy and/or the sell side.

**Mr. Nick Jarmoszuk:** Great. Thank you.

**Operator:** Thank you. Our next question today is coming from Daniel Moore from CJS Securities. Please proceed with your question.

**Mr. Daniel Moore:** Yes, thank you again. Craig, you began the call with a fair degree of caution in your voice, which is certainly understandable and the candor very appreciated, given all the macro gyrations. But, you know, the execution's been exceptional. Your bonds are trading at 1 or 2, and you mentioned, you know, a flood of opportunity. I think you'd be like kind of a kid in a candy store and salivating. But, help me understand where we are, you know, all that being said, for the three to five year picture relative to where we were maybe six months ago with the macro backdrop.

**Mr. Craig Bouchard:** Well, as you know, I like to be really direct on these topics, whether it's positive or negative. So I always take this kind of a question seriously. I think the potential of our company if you're looking out on the long term, I don't know if it's three to five years or two



November 9, 2015

years, but probably longer than a year or something like that, is logarithmically greater than it was six months ago.

We have an incredible opportunity in front of us. I expect us to make our objectives for profitable and accretive acquisitions. I expect us to be a very significant company. And those opportunities are presenting themselves.

So, while I'm an optimist at heart and a glass is half full person, I can say that I am more excited about what our future is now than at any day in the last two years. The team of people that we have assembled is capable of achieving my objectives that I've given them and determined to.

And so, from the sort of the longer term perspective, I can't paint any kind of a negative picture. I think we're gonna be very successful, and I believe that our stock price is mispriced in the marketplace, and I think we have a tremendous upside to it for our equity investors.

Our bonds have traded at a price--I mean, if you take the greater commodity marketplace, there's hundreds of high-yield bonds out there. There is not one that I know of that has appreciated more than ours during the last six months, and so I'm very happy about that. Obviously, taking risk out and credit related things are very important to us, so I'm very happy about that part.

But, you know, look, it's a tough world, and everybody should keep their eyes open. Everybody should plan for the trough as well as plan for the big year, and we're really good at that. And so, we have all these plans well done by our management team, and we're ready for whatever the future brings. I think it's gonna be really good, but I don't focus on a quarter-by-quarter basis.

We've had two nearly record quarters in a row. I don't want people to expect that. We can't do that every quarter. But, I think that we're gonna do really well going forward. I'm a complete bull on what's gonna happen with us in the near- and in the long-term picture.

**Mr. Daniel Moore:** Thank you for the color again.

**Mr. Craig Bouchard:** Sure.

**Operator:** Thank you. Our next question today is coming from Andrew Shapiro from Lawndale Capital Management. Please proceed with your question.

**Mr. Andrew Shapiro:** Hi, thank you. Can you discuss or better explain where and how the drop in aluminum prices and regional premiums creates a problem for others but not for Real Industry and the opportunity that that drop is creating for us?

**Mr. Craig Bouchard:** Yeah. Yeah, when I first started looking at the Real Alloy--or the GRSA business as an acquisition, I sort of viewed it as somewhat of a simple business, and you learn more every day and all that. And it's not simple. It's very complex how prices are set and how, both on the input side and on the sale price, how they come off in the marketplace. So, I would start with that.

With respect to the LME and the regional premiums, if you take the rolling mills as example, you know, the Alcoas, Novelis, Alerises of the world, and others, Novelis, Kaiser, you know, it's a long list, but if you take those guys, they're far more tied in--their performance is far more tied

November 9, 2015

into the LME price and the regional price than ours because we price our transactions more off of the Platts indices, which get adjusted twice every week and surveyed every day, and that's in the US and Metal Bulletin and in Europe. And then we buy scrap on a daily basis with trucks pulling into our facilities. Of course, some are bigger relationships, but some are just literally truckloads of scrap coming in. And we price those as individual negotiations, and so they aren't tied to anything, per se, other than they're all watching Platts and the Metal Bulletin, and so there's some correlation.

So, therefore--and half of our business, which is toll processing, none of that matters. It's just the volume times the contractual cents per pound. But, in half of our business, the scrap spread that I described there does apply.

That's a lot different than what a rolling mill has its cost structure and its pricing with its customers based on, which is more LME and regional premium. Problems that they have run into in recent times are many, obviously, because if it's a tough market. But if I had to pick one out that is so clearly different and doesn't affect us very much is that they need to hedge the LME and the regional premiums, and the rolling mills have historically not, to be honest, been very good at that, and most of them don't hedge the premium, the regional premium.

And there's no direct hedge for that available. You'd have to construct something that synthesizes it. But, because the regional premiums--I don't know what the exact number is today--it was 67 percent fall in the last six months a few weeks ago when I checked. Because that had--that fell so dramatically, most of the rolling mills got caught in that fall unhedged, right?

And so, that's something that we don't worry about. We hedge via our contractual basis of our aluminum, long aluminum exposure. We have long aluminum exposure in the form of piles of scrap sitting in our yards. We know how much that is. It's measured very accurately. And we actually do hedge that long component into the LME market.

The rest of our big exposures tend to be more in energy, natural gas and electricity for which we have a large percentage of--nearly all of 2015 fully hedged out, a very good chunk of 2016 hedged in the natural gas and electricity market, and we have some of 2017 hedged already. So, we are--we have what is my opinion one of the best risk management teams in our industry, and they're at work every day trying to take these risks out of the marketplace. And Kyle and I sit on that risk committee and very carefully contribute to and monitor this on a weekly basis that we meet with that team.

I think that's a significant one. The other part is that others are just far more exposed to this China problem that we described. We can feel it. Other people are getting slaughtered by it.

**Mr. Andrew Shapiro:** So, what do you see then as the opportunity this creates for you? Are we talking about share gain, acquisition, and what kind of companies are suffering that you would then want to acquire, and--?

**Mr. Craig Bouchard:** Well, okay, do you mind if I hypothetically create an example for you?

**Mr. Andrew Shapiro:** Sure. Go ahead.

**Mr. Craig Bouchard:** Because, one, I wouldn't talk about specific companies, but if we wanted to look either at the parent for an acquisition or at the subsidiary Real Alloy as a bolt-on

November 9, 2015

acquisition, I'll just give you an example. Good company, you know, 50--I'll just pick a number--50 million of EBITDA and, you know, a year and a half ago had a debt to EBITDA ratio of five times. That would be a little bit high by--where I like to be. I like to be with a three handle, but others feel comfortable there.

And with the problems that have occurred in the industry, you know, they've still got an EBITDA even if they're hanging in there at roughly 50 million of EBITDA--or, I'm sorry. If I use 50 as the example--now, maybe they're 40 million of EBITDA or something, but as a result, being in the high-yield side of the debt market, their debt to EBITDA might now be six or seven or eight times, depending on the situation.

That is an unsustainable level of debt for that company. And if the secured creditors of that company say we're gonna take the keys, they will then go out and look for someone to buy the company, restructure it, and they'll use the 363 prepackage, or they'll just foreclose and take it. And I see more of that activity now than I've seen in my career in the marketplace.

So that company might be a company we could acquire at three times EBITDA. That would be a price that would be painful for others, but they'd have a really good owner or someone that could build value for them going forward as--and potentially participate with us in a small ownership piece of that company. Due to our 382 rule on NOLs, we have to own 80 percent of that transaction.

But we could take a really great company and acquire at a multiple like that. That's quite shocking. That opportunity would not have existed two years ago.

**Mr. Andrew Shapiro:** Okay.

**Mr. Craig Bouchard:** I've seen several of those in recent times.

**Mr. Andrew Shapiro:** So, it's really basically deals--.

**Mr. Craig Bouchard:** --That's where the big opportunity is.

**Mr. Andrew Shapiro:** It's deals with debt holders who have or are in effect taking the keys.

**Mr. Craig Bouchard:** Correct.

**Mr. Andrew Shapiro:** Okay. Your release said the Sig Sigma implementation is ahead of schedule. How complete would you say your process of implementing is?

**Mr. Craig Bouchard:** Well, the original project was really a timeline of about a year and a half from close with, you know, the heavy lifting done in the first year. Most of the heavy lifting is now done. And there are a number of the key items that we've closed off ahead of plan and ahead of the timeline. There are still a number of things that'll be finished in the--roughly in the first quarter. But most of the tough stuff is now done, and, you know, the team--there's some IT projects, there's some human resource projects. We have to replace some benefit plans, which are more easily done at the end of the year, and things like that. But, the tough stuff is done and successful, and that's why we're aggressively now in the market.

November 9, 2015

**Mr. Andrew Shapiro:** Okay. Since the aluminum body Ford F-150 has been selling really well, what other models or parts are you seeing aluminum becoming the standard going forward, or have lower gas prices put the migration on hold?

**Mr. Craig Bouchard:** Oh, far from on hold. I--going back to that earlier question, one, the F-150's been a mega success both in terms of, you know, coming out of the box plus its strength and durability tests that have come since then. And the only problem that Ford had is not having enough of them available to sell quickly enough, and they're trying to correct that.

I don't think there's anything on hold. I see the mega trend in exactly the way I saw it six months ago with obviously America being slower than Europe because the Audi A6 was all aluminum, you know, I don't know how many--eight years ago or something, some such long number like that. So, both in Europe and the United States, I see every major car company going down this path, even including GM, in spite of their TV commercials.

And, Terry, you might just comment today on people think about body in white, but, you know, whether it's drive trains or engines or anything else, why don't you comment on the aluminum components?

**Mr. Terry Hogan:** Yeah, I mean, I think light-weighting is definitely, you know, a key component for where their areas of focus are. And besides the body in white side of it, there's a lot of work being done on light-weighting structural components and so forth. So, as they take weight out of the body, then they also can take weight out of the power train, so a lot of work being done on that side of the business also.

**Mr. Andrew Shapiro:** Okay. And lastly, you know, we're all here on the call talking about how undervalued the security is, and the security multiple is in effect our cost of capital, and we are very acquisitive minded. What are the IR presentations or plans or non-deal road show events you have on the calendar for the coming three to six months trying to--you know, you're gonna operate the company as best you can. I know you're not gonna let the short-term stock fluctuations be an influencer. But, what's the game plan here to widen our valuation multiple on our equity?

**Mr. Craig Bouchard:** It's a great question, of course, and shareholder value is what counts most for us. We believe that we have to do a couple of things on an ongoing basis. We have to make each company that we buy more lean, and therefore over time, more profitable. We tend to buy good things and well managed and with good market positions, etc., and then, very importantly, because of the NOL, to make accretive acquisitions. And when I think about our stock price, you know, I don't really think about the day to day. I believe it's gonna act something like a step function.

You know, our stock price went up a little bit this year. With the next acquisition that we do, the market will take a look at that, a very close look at that. And if they like it, our stock price will go up, and we'll be building two companies instead of one company.

And then, something like a year later, we'll make another major acquisition, and the same thing will happen and so forth and so on, with each of them probably getting a little bit bigger in size - not necessarily. Big isn't necessarily great, but generally, we tend to look at bigger things.

November 9, 2015

So, the tasks for us are to manage well, to make everything leaner and to acquire accretively. And if we do that and we burn off our NOL in a reasonable period of time, I believe we will bring roughly 300 million of additional value to our shareholders via our stock price that isn't in our equation today, and of course, you know, bringing the value of the new things we bring to the table.

But, that's how I view it. None of us are in this for a small increase in stock price. None of us are in this to try to increase our stock price 10 percent a year - doesn't even enter our thinking. Nothing that small enters our thinking. So, I'm, you know, pretty positive about our future.

**Mr. Andrew Shapiro:** Well, technically, if you could create 300 million of incremental value on 30 million of fully diluted shares, that's \$10 a share.

**Mr. Craig Bouchard:** Well, put it this way - our market cap today, I didn't see it exactly today, but around 280. I think that we can add another 300 to that, doubling the market cap with the inclusion of value, of full valuation and a quick burn-off of our NOL.

And remember, our NOL is a very special NOL in many ways. One, it's very long tailed, but two, we could burn off a chunk of it every year for a lot of years, or we could be creative and do a transaction that burns it off, all off in one year, two years or three years. And these are very different scenarios for our stock price.

**Mr. Andrew Shapiro:** Great, thank you.

**Mr. Craig Bouchard:** Sure. I think we've got time for one more question. I know there's probably plenty more on the list, but I wanted to make this a one hour call, but people keep asking, so we'll take one more question, then we'll conclude.

**Operator:** Thank you. Our final question today is coming from Bruce Pate from Pate Capital Partners. Please proceed with your question.

**Mr. Bruce Pate:** Good morning. Just very quickly, are there any implications to us of the micro mill technology coming out of Alcoa, and then secondly, any comments on Toyota's joint venture acquisition of Bermco Aluminum?

**Mr. Craig Bouchard:** Sure. I'll let Terry take that on. He deals with both of those things.

**Mr. Terry Hogan:** Yeah, the Alcoa micro mill first, I think they've apparently made great strides in that technology. And again, any time aluminum is used in a manufacturing process, scrap and byproducts are generated.

So, to the extent that that enhances the amount of aluminum being used in automotive and other applications, I think that will create some upside opportunities for us in the industry.

As far as Toyota's acquisition of Bermco, that really just, I would say replaces the name of the placard with a, probably a more household name in Toyota versus Bermco. But, Bermco's been established in the Southeast for many years, and so I think Toyota coming in, they'll continue to operate the facility, and we'll continue to compete with them. But, Bermco is a good competitor, and I would expect Toyota to be the same, so I don't expect any significant changes in the region as a result of that.

November 9, 2015

**Mr. Bruce Pate:** Is there anything to imply from it in terms of the vertical integration they seem to be doing?

**Mr. Terry Hogan:** Well, Toyota's operated in the secondary business for a number of years through their MOST subsidiary, and they have a number of facilities. And so they've added Bermco as one more.

I think that, you know, from a distance looking in, it appears strategically that that's one of their areas that they want to control. Will that have an impact? Perhaps. I guess time will tell. Toyota is a customer of ours, but they're also a competitor and have been for a number of years.

**Mr. Bruce Pate:** Okay. Thank you very much.

**Operator:** Thank you. We've reached the end of our question and answer session. I'd like to turn the floor back over to management for any further or closing comments.

**Mr. Craig Bouchard:** I want to thank everybody for participating. We're gonna try to get our calls to one hour in the future, and it's one--it's now 2:15 East Coast, so we're 15 minutes past that. At the same time, we always want to be helpful to our investors. So, thank you very much. We will endeavor to build a great company, and I think we're all along for a fun and very good ride, and we'll see you next time.

**Operator:** Thank you. That does conclude today's teleconference. You may disconnect your lines at this time, and have a wonderful day. We thank you for your participation today.