UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2019

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _________ to _________.

Commission File Number: 001-34530

U.S. CONCRETE, INC.
(Exact name of registrant as specified in its charter)

Delaware	**76-0586680**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Address of principal executive offices, including zip code: **331 N. Main Street, Euless, Texas 76039**
Registrant's telephone number, including area code: **(817) 835-4105**

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, par value $.001	**USCR**	**The Nasdaq Stock Market LLC**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company

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

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

There were 16,698,539 shares of common stock, par value $.001 per share, of the registrant outstanding as of October 31, 2019.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

U.S. CONCRETE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

($ in millions)	September 30, 2019	December 31, 2018
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	**$ 27.0**	$ 20.0
Trade accounts receivable, net of allowances of $4.1 as of September 30, 2019 and $6.1 as of December 31, 2018	**259.3**	226.6
Inventories	**53.9**	51.2
Other receivables, net	**13.3**	18.4
Prepaid expenses and other	**9.0**	7.9
Total current assets	**362.5**	324.1
Property, plant and equipment, net of accumulated depreciation, depletion and amortization of $276.9 as of September 30, 2019 and $236.1 as of December 31, 2018	**676.3**	680.2
Operating lease assets	**69.3**	—
Goodwill	**239.5**	239.3
Intangible assets, net	**98.0**	116.6
Other assets	**10.7**	11.1
Total assets	**$ 1,456.3**	$ 1,371.3
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**$ 135.8**	$ 125.8
Accrued liabilities	**90.3**	96.3
Current maturities of long-term debt	**35.6**	30.8
Current operating lease liabilities	**13.5**	—
Total current liabilities	**275.2**	252.9
Long-term debt, net of current maturities	**670.1**	683.3
Long-term operating lease liabilities	**58.6**	—
Other long-term obligations and deferred credits	**44.0**	54.8
Deferred income taxes	**44.9**	43.1
Total liabilities	**1,092.8**	1,034.1
Commitments and contingencies (Note 12)		
Equity:		
Preferred stock	**—**	—
Common stock	**—**	—
Additional paid-in capital	**346.2**	329.6
Retained earnings	**27.2**	16.2
Treasury stock, at cost	**(35.6)**	(33.4)
Total shareholders' equity	**337.8**	312.4
Non-controlling interest	**25.7**	24.8
Total equity	**363.5**	337.2
Total liabilities and equity	**$ 1,456.3**	$ 1,371.3

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

U.S. CONCRETE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions except per share)	**2019**	**2018**	**2019**	**2018**
Revenue	**$ 408.9**	$ 404.3	**$ 1,109.5**	$ 1,136.3
Cost of goods sold before depreciation, depletion and amortization	**321.2**	325.3	**886.4**	912.7
Selling, general and administrative expenses	**32.0**	32.2	**103.3**	96.4
Depreciation, depletion and amortization	**22.3**	25.5	**70.2**	68.2
Change in value of contingent consideration	**0.3**	0.4	**1.6**	(0.9)
Impairment of assets	**—**	—	**—**	1.3
Loss (gain) on sale/disposal of assets and business, net	**(0.2)**	(14.1)	**0.8**	(14.6)
Operating income	**33.3**	35.0	**47.2**	73.2
Interest expense, net	**11.6**	11.7	**34.8**	34.6
Other income, net	**(0.2)**	(1.1)	**(7.8)**	(4.1)
Income before income taxes	**21.9**	24.4	**20.2**	42.7
Income tax expense	**8.3**	8.6	**8.3**	14.5
Net income	**13.6**	15.8	**11.9**	28.2
Less: Net income attributable to non-controlling interest	**(0.6)**	(0.2)	**(0.9)**	(0.2)
Net income attributable to U.S. Concrete	**$ 13.0**	$ 15.6	**$ 11.0**	$ 28.0
Earnings per share attributable to U.S. Concrete:				
Basic earnings per share	**$ 0.79**	$ 0.95	**$ 0.67**	$ 1.70
Diluted earnings per share	**$ 0.79**	$ 0.94	**$ 0.67**	$ 1.70
Weighted average shares outstanding:				
Basic	**16.5**	16.5	**16.4**	16.5
Diluted	**16.5**	16.5	**16.4**	16.5

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

U.S. CONCRETE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF TOTAL EQUITY
(Unaudited)

(in millions)	Common Stock # of Shares	Common Stock Par Value	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Non-controlling Interest	Total Equity
BALANCE, December 31, 2018	16.6	$ —	$ 329.6	$ 16.2	$ (33.4)	$ 312.4	$ 24.8	$ 337.2
Stock-based compensation	—	—	1.7	—	—	1.7	—	1.7
Stock options exercised	—	—	0.2	—	—	0.2	—	0.2
Treasury share purchases	—	—	—	—	(1.1)	(1.1)	—	(1.1)
Net income (loss)	—	—	—	(2.7)	—	(2.7)	0.1	(2.6)
BALANCE, March 31, 2019	16.6	—	331.5	13.5	(34.5)	310.5	24.9	335.4
Stock-based compensation	—	—	9.4	—	—	9.4	—	9.4
Restricted stock vesting	0.1	—	—	—	—	—	—	—
Treasury share purchases	—	—	—	—	(1.1)	(1.1)	—	(1.1)
Net income	—	—	—	0.7	—	0.7	0.2	0.9
BALANCE, June 30, 2019	16.7	—	340.9	14.2	(35.6)	319.5	25.1	344.6
Stock-based compensation	—	—	5.3	—	—	5.3	—	5.3
Net income	—	—	—	13.0	—	13.0	0.6	13.6
BALANCE, September 30, 2019	16.7	$ —	$ 346.2	$ 27.2	$ (35.6)	$ 337.8	$ 25.7	$ 363.5

U.S. CONCRETE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF TOTAL EQUITY (continued)
(Unaudited)

	Common Stock							
(in millions)	# of Shares	Par Value	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock	Total Shareholders' Equity	Non-controlling Interest	Total Equity
BALANCE, December 31, 2017	16.7	$ —	$ 319.0	$ (13.8)	$ (24.8)	$ 280.4	$ 21.7	$ 302.1
Stock-based compensation	—	—	2.2	—	—	2.2	—	2.2
Restricted stock grants, net of cancellations	0.1	—	—	—	—	—	—	—
Treasury share purchases	—	—	—	—	(1.2)	(1.2)	—	(1.2)
Measurement period adjustments for prior year business combinations	—	—	—	—	—	—	(0.1)	(0.1)
Net income (loss)	—	—	—	(3.9)	—	(3.9)	—	(3.9)
BALANCE, March 31, 2018	16.8	—	321.2	(17.7)	(26.0)	277.5	21.6	299.1
Stock-based compensation	—	—	3.0	—	—	3.0	—	3.0
Treasury share purchases	—	—	—	—	(0.6)	(0.6)	—	(0.6)
Net income	—	—	—	16.3	—	16.3	—	16.3
BALANCE, June 30, 2018	16.8	—	324.2	(1.4)	(26.6)	296.2	21.6	317.8
Stock-based compensation	—	—	2.9	—	—	2.9	—	2.9
Net income	—	—	—	15.6	—	15.6	0.2	15.8
BALANCE, September 30, 2018	16.8	$ —	$ 327.1	$ 14.2	$ (26.6)	$ 314.7	$ 21.8	$ 336.5

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

U.S. CONCRETE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

($ in millions)	Nine Months Ended September 30,	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	**$ 11.9**	$ 28.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	**70.2**	68.2
Amortization of debt issuance costs	**1.3**	1.4
Change in value of contingent consideration	**1.6**	(0.9)
Loss (gain) on sale/disposal of assets and business, net	**0.8**	(14.6)
Gains from eminent domain matter and property insurance claims	**(6.0)**	—
Impairment of assets	**—**	1.3
Deferred income taxes	**2.0**	10.1
Provision for doubtful accounts and customer disputes	**2.2**	3.4
Stock-based compensation	**16.4**	8.1
Other, net	**(1.0)**	(0.8)
Changes in assets and liabilities, excluding effects of acquisitions:		
Accounts receivable	**(33.9)**	(44.4)
Inventories	**(2.7)**	(0.2)
Prepaid expenses and other current assets	**2.9**	(4.8)
Other assets and liabilities	**(1.3)**	(1.6)
Accounts payable and accrued liabilities	**27.7**	36.8
Net cash provided by operating activities	**92.1**	90.2
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	**(28.6)**	(32.2)
Payments for acquisitions, net of cash acquired	**—**	(72.3)
Purchases of environmental credits	**—**	(2.8)
Proceeds from disposals of businesses and property, plant and equipment	**1.2**	18.6
Proceeds from eminent domain matter and property insurance claims	**6.0**	2.1
Net cash used in investing activities	**(21.4)**	(86.6)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolver borrowings	**273.3**	338.2
Repayments of revolver borrowings	**(277.2)**	(310.7)
Proceeds from stock option exercises	**0.2**	0.1
Payments of other long-term obligations	**(33.4)**	(5.6)
Payments for other financing	**(24.2)**	(21.5)
Treasury share purchases	**(2.2)**	(1.9)
Other proceeds	**—**	0.5
Net cash used in financing activities	**(63.5)**	(0.9)
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	**(0.2)**	(0.1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**7.0**	2.6
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**20.0**	22.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 27.0**	$ 25.2

U.S. CONCRETE, INC. AND SUBSIDARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(Unaudited)

($ in millions)	Nine Months Ended September 30,	
	2019	**2018**
Supplemental Disclosure of Cash Flow Information:		
Net cash paid for interest	**$ 24.4**	$ 24.5
Net cash paid for income taxes	**$ 2.5**	$ 2.9
Capital expenditures funded by finance leases and promissory notes	**$ 19.4**	$ 30.7
Acquisitions funded by contingent consideration	**$ —**	$ 1.1

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

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements include the accounts of U.S. Concrete, Inc. and its subsidiaries (collectively, "we," "us," "our," the "Company," or "U.S. Concrete") and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for reporting interim financial information. Some information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") have been condensed or omitted pursuant to the SEC's rules and regulations. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 10-K"). In the opinion of our management, all material adjustments necessary to state fairly the information in our unaudited condensed consolidated financial statements have been included. All adjustments are of a normal or recurring nature. All amounts are presented in United States dollars, unless otherwise noted. Certain computations may be impacted by the effect of rounding in this report. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year. Certain reclassifications have been made to prior year amounts to conform with the current year presentation.

The preparation of financial statements and accompanying notes in conformity with U.S. GAAP requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions that we consider significant in the preparation of our financial statements include those related to our allowance for doubtful accounts, business combinations, goodwill, intangibles, valuation of contingent consideration, accruals for self-insurance, income taxes, the valuation of inventory and the valuation and useful lives of property, plant and equipment.

2. RECENT ACCOUNTING PRONOUNCEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Recently Adopted - Lease Accounting. In February 2016, the Financial Accounting Standards Board ("FASB") issued a new lease accounting standard intended to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability, measured on a discounted basis, at the commencement date for all leases, excluding mineral interest leases, with terms greater than twelve months. Additionally, this guidance requires disclosures to help investors and other financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. We adopted the guidance as of January 1, 2019, using the transition approach that permitted application of the new standard at the adoption date instead of the earliest comparative period presented in the financial statements. We implemented processes and information technology tools to assist in our ongoing lease data collection and analysis and in updating internal controls that were impacted by the new guidance.

In addition, we elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed us to carry forward the historical lease classification. We also elected the practical expedient related to land easements, allowing us to carry forward our accounting treatment for land easements on existing agreements. We elected to exclude leases with an initial term of 12 months or less from the balance sheet. We made an accounting policy election to combine lease and non-lease components when calculating the lease liability under the new standard. Non-lease components, which may include taxes, maintenance, insurance and certain other expenses applicable to the leased property, are primarily considered variable costs. We did not elect the hindsight practical expedient to determine the lease term for existing leases.

As a result of adopting the new standard, we recorded additional lease assets and lease liabilities of approximately $76.9 million and $79.2 million, respectively, on the balance sheet as of January 1, 2019. The additional lease assets equal the lease liabilities, excluding the impact of deferred rent, which was previously recorded in accrued liabilities. The standard did not materially impact our consolidated net earnings and had no impact on cash flows.

Not Yet Adopted - Credit Losses. In June 2016, the FASB issued an update on the measurement of credit losses on financial instruments, which requires entities to use a forward-looking approach based on expected losses rather than the current model of incurred losses to estimate credit losses on certain types of financial instruments, including trade accounts receivable. Application of the new model may result in the earlier recognition of allowances for losses. The guidance becomes effective for us on January 1, 2020, with early adoption permitted. We are in the process of assessing the impact of this new standard on our consolidated financial statements.

For our other significant accounting policies, see Note 1 to the consolidated financial statements in our2018 10-K.

3. LEASES

We are the lessee in a lease contract when we obtain the right to control the asset. We lease certain land, office space, equipment and vehicles. Most leases include one or more options to renew, with renewal terms that can extend the lease term fromone to 20 years or more. The exercise of lease renewal options is primarily at our discretion. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Certain of our lease agreements include rental payments based on a percentage of volume sold over contractual levels and others include rental payments adjusted periodically for inflation. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Where observable, we use the implicit interest rate in determining the present value of future payments. Where the implicit interest rate is not observable, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. We give consideration to our outstanding debt as well as publicly available data for instruments with similar characteristics when calculating our incremental borrowing rates.

Leases *($ in millions)*	**Balance Sheet Classification**	**September 30, 2019**	
Assets:			
Operating lease assets	Operating lease assets	**$ 69.3**	
Finance lease assets	Property, plant and equipment, net	**98.0**	(1)
Total lease assets		**$ 167.3**	
Liabilities:			
Current liabilities:			
Operating	Current operating lease liabilities	**$ 13.5**	
Finance	Current maturities of long-term debt	**26.6**	
Long-term liabilities:			
Operating	Long-term operating lease liabilities	**58.6**	
Finance	Long-term debt, net of current maturities	**45.5**	
Total lease liabilities		**$ 144.2**	

(1) Net of accumulated amortization of $23.6 million.

Lease Cost *($ in millions)*	**Statement of Operations Classification**	**Three Months Ended September 30, 2019**	**Nine Months Ended September 30, 2019**
Operating lease cost	Selling, general and administrative expenses	$ 6.8 (1)	$ 19.8 (2)
Finance lease cost:			
Amortization of leased assets	Depreciation, depletion and amortization	3.0	8.6
Interest on lease liabilities	Interest expense, net	0.6	1.9
Total finance lease cost		3.6	10.5
Total		$ 10.4	$ 30.3

(1) Includes short-term lease and variable lease costs of approximately $1.9 million.
(2) Includes short-term lease and variable lease costs of approximately $5.2 million.

Maturity of Lease Liabilities *($ in millions)*	**Operating Leases**	**Finance Leases**	**Total**
2019 (remainder of year)	$ 4.6	$ 10.4	$ 15.0
2020	16.7	24.1	40.8
2021	14.9	19.3	34.2
2022	11.9	13.4	25.3
2023	10.3	7.9	18.2
2024	8.5	1.8	10.3
Thereafter	23.6	—	23.6
Total lease payments	90.5	76.9	167.4
Less interest	18.4	4.8	23.2
Present value of lease liabilities	$ 72.1	$ 72.1	$ 144.2

Lease Term and Discount Rate	**September 30, 2019**
Weighted-average remaining lease term (years):	
Operating leases	6.6
Finance leases	3.2
Weighted-average discount rate:	
Operating leases	6.2%
Finance leases	3.8%

Other Information *($ in millions)*	**Nine Months Ended September 30, 2019**
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	$ 14.0
Operating cash flows for finance leases	1.9
Financing cash flows for finance leases	16.2
Leased assets obtained in exchange for new finance lease liabilities	17.1
Leased assets obtained in exchange for new operating lease liabilities	4.7

4. BUSINESS COMBINATIONS

We completed five acquisitions during 2018 that expanded our ready-mixed concrete operations in the Atlantic Region (which we define to include New York, New Jersey, Washington, D.C. and Pennsylvania) and expanded our ready-mixed concrete, aggregate products and other non-reportable operations in West Texas. The aggregate fair value consideration for these acquisitions, which were all accounted for as business combinations, was $70.8 million. The acquisitions included the assets and certain liabilities of the following:

- On Time Ready Mix, Inc. ("On Time") located in Flushing, New York on January 10, 2018;
- Cutrell Trucking, LLC, Dumas Concrete, LLC, Pampa Concrete Co., Inc., Panhandle Concrete, LLC, and Texas Sand & Gravel Co., Inc. (collectively "Golden Spread") located in Amarillo, Texas on March 2, 2018;
- Leon River Aggregate Materials, LLC ("Leon River") located in Proctor, Texas on August 29, 2018; and
- Two individually immaterial ready-mixed concrete operations in our Atlantic Region and West Texas Region on March 5, 2018 and September 14, 2018, respectively.

The aggregate fair value consideration for these five acquisitions included $69.9 million in cash and fair value contingent consideration of $1.1 million and was net of a working capital receivable of $0.2 million. We funded the cash portion through a combination of cash on hand and borrowings under our Revolving Facility (as defined in Note 7). The combined assets acquired through these acquisitions included 149 mixer trucks, 20 concrete plant facilities and two aggregate facilities. To effect these transactions, during the three and nine months ended September 30, 2018, we incurred $0.3 million and $0.9 million of transaction costs, respectively, which were included in selling and general administrative expenses in our condensed consolidated statements of operations. See Note 6 for a description of our measurement period adjustments.

The following table presents the total consideration for the 2018 acquisitions and the amounts related to the assets acquired and liabilities assumed based on the estimated fair values as of their respective acquisition dates:

($ in millions)	**2018 Acquisitions**
Inventory	$ 1.1
Other current assets	0.1
Property, plant and equipment	37.4
Definite-lived intangible assets	19.8
Total assets acquired	58.4
Current liabilities	0.1
Other long-term liabilities	1.1
Total liabilities assumed	1.2
Goodwill	13.6
Total consideration (fair value)(1)	$ 70.8

(1) Included $1.1 million of contingent consideration.

Acquired Intangible Assets and Goodwill

A summary of the intangible assets acquired in 2018 and their estimated useful lives is as follows:

($ in millions)	**Weighted Average Amortization Period (In Years)**	**Fair Value At Acquisition Date**
Customer relationships	5.5	$ 18.5
Non-compete agreements	5.0	1.3
Total		$ 19.8

As of September 30, 2019, the estimated future aggregate amortization expense of definite-lived intangible assets from the 2018 acquisitions was as follows (in millions):

2019 (remainder of the year)	**$**	**0.9**
2020		**3.6**
2021		**2.8**
2022		**2.6**
2023		**1.6**
Thereafter		**1.8**
Total	**$**	**13.3**

During the three and nine months ended September 30, 2019, we recorded $1.1 million and $3.6 million of amortization expense related to these intangible assets, respectively. For the three months ended September 30, 2019, there were no measurement period adjustments related to these intangible assets. For the nine months ended September 30, 2019, there were measurement period adjustments of $0.5 million related to these intangible assets. During the three and nine months ended September 30, 2018, we recorded $1.1 million and $1.9 million of amortization expense related to these intangible assets, respectively. For the three and nine months ended September 30, 2018, there were measurement period adjustments of $0.2 million and $0.3 million related to these intangible assets, respectively.

The goodwill ascribed to the 2018 acquisitions is related to the synergies we expect to achieve with expansion in the markets in which we already operate as well as entry into new metropolitan areas of our existing geographic markets. The goodwill relates to our ready-mixed concrete and other non-reportable segments in the amounts of $12.8 million and $0.8 million, respectively. We generally expect all $13.6 million of goodwill from the 2018 acquisitions to be deductible for tax purposes. See Note 10 for additional information regarding income taxes.

Impact of Acquisitions

During the three months ended September 30, 2018, we recorded $12.0 million of revenue and $1.4 million of operating loss in our condensed consolidated statements of operations related to the 2018 acquisitions following their respective dates of acquisition. During the nine months ended September 30, 2018, we recorded approximately $33.6 million of revenue and $2.3 million of operating income in our condensed consolidated statements of operations related to the 2018 acquisitions following their respective dates of acquisition.

The information presented below reflects the unaudited pro forma combined financial results for the 2018 acquisitions, excluding the individually immaterial acquisitions as described above, as historical financial results for these operations were not material and were impractical to obtain from the former owners. All other acquisitions have been included and represent our estimate of the 2018 results of operations as if the 2018 acquisitions had been completed on January 1, 2017. The impact to the 2019 results of operations if the 2018 acquisitions had been completed on January 1, 2017 was not materially different from our reported results.

($ in millions except per share)		**Three Months Ended September 30, 2018**		**Nine Months Ended September 30, 2018**
Revenue	$	405.5	$	1,153.1
Net income attributable to U.S. Concrete	$	15.2	$	27.4
Net income per share attributable to U.S. Concrete - basic	$	0.92	$	1.67
Net income per share attributable to U.S. Concrete - diluted	$	0.92	$	1.66

The above pro forma results are unaudited and were prepared based on the historical U.S. GAAP results of the Company and the historical results of the acquired companies for which financial information was available, based on data provided by the former owners. These results are not necessarily indicative of what the Company's actual results would have been had the 2018 acquisitions occurred on January 1, 2017.

The unaudited pro forma amounts above reflect the following adjustments:

($ in millions)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Decrease (increase) in intangible amortization expense	$ 0.2	$ (0.7)
Exclusion of buyer transaction costs	—	0.7
Decrease in income tax expense	0.2	0.2

The unaudited pro forma results do not reflect any operational efficiencies or potential cost savings that may occur as a result of consolidation of the operations.

5. INVENTORIES

($ in millions)	September 30, 2019	December 31, 2018
Raw materials	**$ 48.5**	$ 46.4
Building materials for resale	**3.6**	2.8
Other	**1.8**	2.0
Total	**$ 53.9**	$ 51.2

6. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The accumulated impairment was as follows:

($ in millions)	September 30, 2019	December 31, 2018
Goodwill, gross	**$ 245.3**	$ 245.1
Accumulated impairment	**(5.8)**	(5.8)
Goodwill, net	**$ 239.5**	$ 239.3

The changes in goodwill by reportable segment were as follows:

($ in millions)	Ready-Mixed Concrete Segment	Aggregate Products Segment	Other Non-Reportable Segments	Total
Goodwill, net at December 31, 2018	**$ 147.7**	**$ 86.2**	**$ 5.4**	**$ 239.3**
Measurement period adjustments for prior year business combinations(1)	**0.2**	**—**	**—**	**0.2**
Goodwill, net at September 30, 2019	**$ 147.9**	**$ 86.2**	**$ 5.4**	**$ 239.5**

(1) Property, plant and equipment acquired in 2018 was reduced by $0.2 million.

Other Intangible Assets

Our purchased intangible assets were as follows:

	September 30, 2019			
($ in millions)	**Gross**	**Accumulated Amortization**	**Net**	**Weighted Average Remaining Life (In Years)**
Definite-lived intangible assets				
Customer relationships	**$ 108.5**	**$ (55.7)**	**$ 52.8**	4.1
Trade names	**44.5**	**(13.1)**	**31.4**	19.3
Non-competes	**18.3**	**(14.6)**	**3.7**	2.4
Leasehold interests	**12.5**	**(6.3)**	**6.2**	5.5
Favorable contracts	**4.0**	**(3.9)**	**0.1**	1.2
Environmental credits	**2.8**	**(0.2)**	**2.6**	16.3
Total definite-lived intangible assets	**190.6**	**(93.8)**	**96.8**	9.3
Indefinite-lived intangible assets				
Land rights(1)	**1.2**	**—**	**1.2**	
Total purchased intangible assets	**$ 191.8**	**$ (93.8)**	**$ 98.0**	

(1) Land rights acquired in a prior year acquisition will be reclassified to property, plant, and equipment upon the division of certain shared properties and settlement of the associated deferred payment.

	December 31, 2018			
($ in millions)	**Gross**	**Accumulated Amortization**	**Net**	**Weighted Average Remaining Life (In Years)**
Definite-lived intangible assets				
Customer relationships	$ 108.5	$ (43.1)	$ 65.4	4.7
Trade names	44.5	(11.1)	33.4	19.6
Non-competes	18.3	(12.1)	6.2	2.6
Leasehold interests	12.5	(5.1)	7.4	5.9
Favorable contracts	4.0	(3.8)	0.2	1.9
Environmental credits	2.8	—	2.8	17.0
Total definite-lived intangible assets	190.6	(75.2)	115.4	9.8
Indefinite-lived intangible assets				
Land rights(1)	1.2	—	1.2	
Total purchased intangible assets	$ 191.8	$ (75.2)	$ 116.6	

(1) Land rights acquired in a prior year acquisition will be reclassified to property, plant, and equipment upon the division of certain shared properties and settlement of the associated deferred payment.

As of September 30, 2019, the estimated remaining amortization of our definite-lived intangible assets was as follows (in millions):

2019 (remainder of the year)	$	**5.5**
2020		**20.9**
2021		**18.6**
2022		**12.7**
2023		**6.3**
Thereafter		**32.8**
Total	$	**96.8**

Also included in other long-term obligations and deferred credits in the accompanying condensed consolidated balance sheets were unfavorable lease intangibles with a gross carrying amount of $1.5 million as of both September 30, 2019 and December 31, 2018, and a net carrying amount of $0.6 million and $0.8 million as of September 30, 2019 and December 31, 2018, respectively. These unfavorable lease intangibles had a weighted average remaining life of 4.1 years as of September 30, 2019.

We recorded $5.8 million and $6.4 million of amortization expense on our definite-lived intangible assets and unfavorable lease intangibles for the three months ended September 30, 2019 and 2018, respectively. We recorded $18.4 million and $17.9 million of amortization expense on our definite-lived intangible assets and unfavorable lease intangibles for the nine months ended September 30, 2019 and 2018, respectively.

7. DEBT

($ in millions)	**September 30, 2019**		**December 31, 2018**	
Senior unsecured notes due 2024 and unamortized premium(1)	**$**	**607.2**	$	608.4
Asset based revolving credit facility		**11.1**		15.0
Finance leases		**72.1**		71.2
Other financing		**23.0**		28.5
Debt issuance costs		**(7.7)**		(9.0)
Total debt		**705.7**		714.1
Less: current maturities		**(35.6)**		(30.8)
Long-term debt, net of current maturities	**$**	**670.1**	$	683.3

(1) The effective interest rate for these notes was 6.56% as of both September 30, 2019 and December 31, 2018.

Asset Based Revolving Credit Facility

As of September 30, 2019, we had $17.5 million of undrawn standby letters of credit under our senior secured credit facility ("Revolving Facility"). Loans under the Revolving Facility are in the form of either base rate loans or LIBOR loans denominated in U.S. dollars. The interest rate for the facility was 5.25% as of September 30, 2019.

Our actual maximum credit availability under the Revolving Facility varies from time to time and is determined by calculating the value of our eligible accounts receivable, inventory, mixer trucks and machinery, minus reserves imposed by the lenders and certain other adjustments. Our availability under the Revolving Facility at September 30, 2019 was $236.1 million. We are required, upon the occurrence of certain events, to maintain a fixed charge coverage ratio of at least 1.0 to 1.0 for each period of 12 calendar months. As of September 30, 2019, we were in compliance with all covenants under the loan agreement that governs the Revolving Facility.

8. FAIR VALUE DISCLOSURES

Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Accounting guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect our assumptions about the factors market participants would use in valuing the asset or liability. The guidance establishes three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. We review the fair value hierarchy classification on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification of levels for certain assets and liabilities within the fair value hierarchy. There were no transfers of assets or liabilities between the fair value measurement levels for the three and nine months ended September 30, 2019 or the year ended December 31, 2018.

We estimate the fair value of acquisition-related contingent consideration arrangements using a Monte Carlo simulation model, an income approach or a discounted cash flow technique, as appropriate. The fair value of the contingent consideration arrangements is sensitive to changes in the forecasts of earnings and/or the relevant operating metrics and changes in discount rates. The fair value of the contingent consideration is reassessed quarterly based on assumptions used in our latest projections and input provided by practice leaders and management. Any change in the fair value estimate is recorded in our consolidated statement of operations for that period. The current portion of contingent consideration is included in accrued liabilities while the long-term portion is included in other long-term obligations and deferred credits, both of which are in our condensed consolidated balance sheets. The use of different estimates and assumptions could increase or decrease the estimated fair value of our contingent consideration liability, which would result in different impacts to our consolidated balance sheets and consolidated statements of operations. These fair value measurements are based on significant inputs not observable in the market, and thus represent Level 3 inputs. Our recurring Level 3 fair value liability, contingent consideration, including the current portion, was $26.0 million as of September 30, 2019 and $60.7 million as of December 31, 2018.

The following tables present the inputs for the models used to value our acquisition-related contingent consideration:

	September 30, 2019	
Valuation Inputs	**Monte Carlo Simulation**	**Income Approach**
Fair value (in millions)	**$ 23.6**	**$ 2.4**
Discount rate	**11.00%**	**3.70% - 10.75%**
Payment cap (in millions)	**$ 26.3**	**$ 2.5**
Expected payment period remaining (in years)	**2.6**	**0 - 4**
Management projections of the payout criteria	**EBITDA**	**Volumes**

	December 31, 2018		
Valuation Inputs	**Monte Carlo Simulation**	**Income Approach**	**Discounted Cash Flow Technique**
Fair value (in millions)	$ 33.2	$ 26.5	$ 1.0
Discount rate	10.75% - 12.25%	3.70% - 5.00%	6.03% - 15.75%
Payment cap (in millions)	$ 37.3	$ 27.3	$ 1.1
Expected payment period remaining (in years)	1-3	1	1-4
Management projections of the payout criteria	EBITDA/Volumes	Permitted reserves/Volumes	Volumes

The following table provides a reconciliation of the changes in Level 3 fair value measurements fromDecember 31, 2018 to September 30, 2019:

($ in millions)	**Contingent Consideration**
Balance at December 31, 2018	**$ 60.7**
Change in valuation	**1.6**
Payments of contingent consideration	**(36.3)**
Balance at September 30, 2019	**$ 26.0**

Other Financial Instruments

Our other financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and long-term debt. We consider the carrying values of cash and cash equivalents, accounts receivable, and accounts payable to be representative of their respective fair values because of their short-term maturities or expected settlement dates. The fair value of our 6.375% senior unsecured notes due 2024 ("2024 Notes"), which was estimated based on quoted market prices (i.e., Level 2 inputs), was $615.7 million as of September 30, 2019. The carrying value of the outstanding amounts under our Revolving Facility approximates fair value due to the floating interest rate.

Other Assets and Liabilities Measured on a Non-Recurring Basis

In connection with our acquisitions described in Note 4, the assets acquired and liabilities assumed were recorded at their fair value on a non-recurring basis as of their respective acquisition dates. We generally use a third-party valuation firm to assist us with developing our estimates of fair value. The fair value of property, plant and equipment was based primarily on a market valuation approach. Additionally, we may use a cost valuation approach to value long-lived assets when a market valuation approach is unavailable. In determining the fair value of intangible assets, we utilized the cost approach (primarily through the cost-to-recreate method), the market approach and the income approach. The income approach may incorporate the use of a discounted cash flow method. In applying the discounted cash flow method, the estimated future cash flows and residual values for each intangible asset are discounted to a present value using a discount rate based on an estimated weighted average cost of capital for the building materials industry. These cash flow projections were based on management’s estimates of economic and market conditions including revenue growth rates, operating margins, capital expenditures and working capital requirements. The valuations were prepared using Level 3 inputs.

9. STOCK-BASED COMPENSATION

Effective February 13, 2019, we amended the U.S. Concrete, Inc. Long Term Incentive Plan (the "Amendment") to reserve an additional 0.9 million shares of common stock for future issuance as equity-based awards to management and employees. On March 1, 2019, the Compensation Committee of the Board of Directors approved grants of 0.3 million restricted stock units (the "2019 RSU Grant"), conditioned upon obtaining stockholder approval of the Amendment. The Amendment was approved by the Company's stockholders at the Company's annual meeting in May 2019, and the stockholder approval condition related to the 2019 RSU Grant was satisfied.

We recognized stock-based compensation expense of $5.3 million and $16.4 million during the three and nine months ended September 30, 2019, respectively, and $2.9 million and $8.1 million during the three and nine months ended September 30, 2018, respectively. Stock-based compensation expense is reflected in selling, general and administrative expenses in our consolidated statements of operations.

The 2019 RSU Grant consisted of a 60% time-vested component that vests annually over a three-year period and a 40% stock performance hurdle component. The stock performance hurdle component triggers vesting upon our stock price reaching certain thresholds and may vest up to 200% of the target number of performance stock units granted.

The fair value of the 2019 RSU Grant subject only to time-based vesting restrictions was determined based upon the closing price of our common stock on the effective date of the grant. The fair value of the 2019 RSU Grant subject to market performance hurdles was determined utilizing a Monte Carlo financial valuation model. Compensation expense determined utilizing the Monte Carlo simulation is recognized regardless of whether the common stock reaches the defined thresholds, provided that each grantee remains an employee at the end of the expected term. The assumptions used to estimate the fair value of performance-based restricted stock units granted in 2019 were as follows:

Expected term (years)	0 to 0.5
Expected volatility	41.1%
Risk-free interest rate	2.1%
Vesting price(1)	\$45.90 - \$58.60
Grant date fair value per share	\$39.60 - \$48.75

(1) The vesting price is the average of the daily volume-weighted average share price of U.S. Concrete's common stock over any period of 20 consecutive trading days within the three-year period beginning on the date of grant. These hurdles were established on March 1, 2019.

10. INCOME TAXES

We recorded income tax expense of $8.3 million for both the three and nine months ended September 30, 2019. For both periods ended September 30, 2019, our effective tax rate was negatively impacted by (i) losses generated by certain of our Canadian subsidiaries for which no income tax benefit was recognized due to a related full valuation allowance, (ii) our estimated annual interest expense limitation in accordance with the Tax Cuts and Jobs Act (the "Tax Act") and related proposed regulations for which a full valuation allowance is anticipated, (iii) our estimated global intangible low-taxed income ("GILTI") inclusion for U.S. tax purposes, (iv) anticipated Section 162(m) limitations on executive compensation and (v) net unfavorable discrete items, including a net tax shortfall recognized for share-based compensation. These unfavorable discrete items were partially offset by certain additional federal and state income tax benefits.

For the three and nine months ended September 30, 2018, we recorded income tax expense of $8.6 million and $14.5 million, respectively. For both periods ended September 30, 2018, our effective tax rate differed from the federal statutory rate primarily due to (i) losses generated by certain of our Canadian subsidiaries for which no income tax benefit was recognized due to a related full valuation allowance, (ii) adjustments related to the tax rate change enacted as part of the Tax Act and (iii) state income taxes.

In accordance with U.S. GAAP, we reduce the value of deferred tax assets to the amount that is more likely than not to be realized in future periods. The ultimate realization of the benefit of deferred tax assets from deductible temporary differences or tax carryovers depends on generating sufficient taxable income during the periods in which those temporary differences become deductible. We considered the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on these considerations, we relied upon the reversal of certain deferred tax liabilities to realize a portion of our deferred tax assets and maintained valuation allowances as of September 30, 2019 and December 31, 2018 for certain deferred tax assets because of uncertainty regarding their ultimate realization. Our total net deferred tax liability was $40.0 million as of September 30, 2019 and $38.0 million as of December 31, 2018, of which $44.9 million and $43.1 million, respectively, were recorded as non-current liabilities. Deferred tax assets for certain state and foreign taxing jurisdictions, which were recorded as non-current assets, were $4.9 million as of September 30, 2019 and $5.1 million as of December 31, 2018.

We record changes in our unrecognized tax benefits based on anticipated federal and state tax filing positions on a quarterly basis. For the three and nine months ended September 30, 2019, we recognized a net of $0.5 million and $0.1 million, respectively, for previously unrecognized tax benefits. For the three and nine months ended September 30, 2018, we recorded unrecognized tax benefits of $0.1 million and $0.3 million, respectively.

11. EARNINGS PER SHARE

The potentially dilutive shares excluded from the diluted earnings per share calculation related to unvested restricted stock awards and restricted stock units, as their effect would have been anti-dilutive or they had not met their performance target, and totaled 0.3 million and 0.4 million for the three and nine months ended September 30, 2019, respectively, and 0.2 million for both the three and nine months ended September 30, 2018. The potentially dilutive shares for the three and nine months ended September 30, 2019 included the maximum number of shares of common stock that may be issued for performance stock units.

12. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, and currently, we are subject to various claims and litigation brought by employees, customers and other third parties for, among other matters, personal injuries, property damages, product defects and delay damages that have, or allegedly have, resulted from the conduct of our operations. As a result of these types of claims and litigation, we must periodically evaluate the probability of damages being assessed against us and the range of possible outcomes. In each reporting period, if we determine that the likelihood of damages being assessed against us is probable, and if we believe we can estimate a range of possible outcomes, then we will record a liability. The amount of the liability will be based upon a specific estimate, if we believe a specific estimate to be likely, or it will reflect the low end of our range. Currently, there are no material legal proceedings pending against us.

In the future, we may receive funding deficiency demands related to multi-employer pension plans to which we contribute. We are unable to estimate the amount of any potential future funding deficiency demands because the actions of each of the other contributing employers in the plans has an effect on each of the other contributing employers, and the development of a rehabilitation plan by the trustees and subsequent submittal to and approval by the Internal Revenue Service is not predictable. Further, the allocation of fund assets and return assumptions by trustees are variable, as are actual investment returns relative to the plan assumptions.

As of November 8, 2019, there were no material product defect claims pending against us. Accordingly, our existing accruals for claims against us do not reflect any material amounts relating to product defect claims. While our management is not aware of any facts that would reasonably be expected to lead to material product defect claims against us that would have a material adverse effect on our business, financial condition or results of operations, it is possible that claims could be asserted against us in the future. We do not maintain insurance that would cover all damages resulting from product defect claims. In particular, we generally do not maintain insurance coverage for the cost of removing and rebuilding structures. In addition, our indemnification arrangements with contractors or others, when obtained, generally provide only limited protection against product defect claims. Due to inherent uncertainties associated with estimating unasserted claims in our business, we cannot estimate the amount of any future loss that may be attributable to such unasserted product defect claims related to ready-mixed concrete we have delivered prior to September 30, 2019.

We believe that the resolution of any litigation currently pending or threatened against us or any of our subsidiaries will not materially exceed our existing accruals for those matters. However, because of the inherent uncertainty of litigation, there is a risk that we may have to increase our accruals for one or more claims or proceedings to which we or any of our subsidiaries is a party as more information becomes available or proceedings progress, and any such increase in accruals could have a material adverse effect on our consolidated financial condition or results of operations. We expect in the future that we and our operating subsidiaries will, from time to time, be a party to litigation or administrative proceedings that arise in the normal course of our business.

We are subject to federal, state and local environmental laws and regulations concerning, among other matters, air emissions and wastewater discharge. Our management believes we are in substantial compliance with applicable environmental laws and regulations. From time to time, we receive claims from federal and state environmental regulatory agencies and entities asserting that we may be in violation of environmental laws and regulations. Based on experience and the information currently available, our management does not believe that these claims will materially exceed our related accruals. Despite compliance and experience, it is possible that we could be held liable for future charges, which might be material, but are not currently known to us or cannot be estimated by us. In addition, changes in federal or state laws, regulations or requirements, or discovery of currently unknown conditions, could require additional expenditures.

As permitted under Delaware law, we have agreements that provide indemnification of officers and directors for certain events or occurrences while the officer or director is or was serving at our request in such capacity. The maximum potential amount of future payments that we could be required to make under these indemnification agreements is not limited; however, we have a director and officer insurance policy that potentially limits our exposure and enables us to recover a portion of future amounts that may be paid. As a result of the insurance policy coverage, we believe the potential liability of these indemnification agreements is minimal. Accordingly, we have not recorded any liabilities for these agreements as of September 30, 2019.

We and our subsidiaries are parties to agreements that require us to provide indemnification in certain instances when we acquire businesses and real estate and in the ordinary course of business with our customers, suppliers, lessors and service providers. As of November 8, 2019, there were no material pending claims related to such indemnification.

Royalty Assessment

In 2014, Eagle Rock Materials Ltd. (“ERM”), a subsidiary of our Canadian aggregates operation, Polaris Materials ("Polaris"), was notified by the British Columbia Ministry of Forests, Lands and Natural Resource Operations that royalties were due for 2012 and 2013, based on the tenure date, in respect of Polaris's quarrying lease for the Eagle Rock Quarry project. In 2016, ERM was notified that further royalties were due for 2014, 2015 and 2016 (up to October) based on the tenure date, and in 2017, ERM was notified of interest charges. While the Company had previously disputed the claim, ERM settled the claim in May 2019 for CAD $4 million and entered into a repayment agreement that extended the payment terms, as defined.

Eminent Domain Matter

In 2018, we incurred $0.7 million of expenses to dismantle and move a ready-mixed concrete plant and office to another location, because the District of Columbia exercised its power of eminent domain over the former site. We incurred certain additional expenditures that were capitalized for the new facilities. In June 2019, we received $5.3 million, net of attorney's fees, from the District of Columbia as reimbursement for our costs, which is reported in other income, net, in our consolidated statement of operations. We expect to file an additional request for reimbursement of certain other expenses not included in the initial submission, but have not recognized a receivable for such reimbursement pending approval by a third-party right-of-way agent and the District of Columbia Department of Transportation.

Insurance Programs

We maintain third-party insurance coverage against certain workers’ compensation, automobile and general liability risks. Under certain components of our insurance program, we share the risk of loss with our insurance underwriters by maintaining high deductibles subject to aggregate annual loss limitations. Generally, our insurance program deductible retentions per occurrence are $1.0 million to $2.0 million for workers’ compensation and general liability and $2.0 million to $10.0 million for automobile, although certain of our operations are self-insured for workers’ compensation. We have deductibles and record an expense for expected losses under the programs. The expected losses are determined using a combination of our historical loss experience and subjective assessments of our future loss exposure. The estimated losses are subject to uncertainty, including changes in claims reporting patterns, claims settlement patterns, judicial decisions, legislation and economic conditions. Although we believe that the estimated losses we have recorded are reasonable, significant differences related to the items noted above could materially affect our insurance obligations and future expense. The amount accrued for self-insurance claims, which was recorded in accrued liabilities and other long-term obligations, was $19.4 million as of September 30, 2019 and $20.4 million as of December 31, 2018.

Performance Bonds

In the normal course of business, we and our subsidiaries were contingently liable under$18.4 million in performance bonds that various contractors, states and municipalities have required as of September 30, 2019. The bonds principally relate to construction contracts, reclamation obligations, licensing and permitting. We and our subsidiaries have indemnified the underwriting insurance company against any exposure under the performance bonds. No material claims have been made against these bonds.

13. SEGMENT INFORMATION

Our two reportable segments consist of ready-mixed concrete and aggregate products as described below.

Our ready-mixed concrete segment produces and sells ready-mixed concrete. This segment serves the following markets: Texas, California, New York, New Jersey, Washington, D.C., Pennsylvania, Oklahoma and the U.S. Virgin Islands. Our aggregate products segment produces crushed stone, sand and gravel and serves the markets in which our ready-mixed concrete segment operates as well as the West Coast and Hawaii. Other operations and products not associated with a reportable segment include our aggregates distribution operations, building materials stores, hauling operations, ARIDUS® Rapid Drying Concrete technology, brokered product sales and recycled aggregates. Other operations and products also previously included lime slurry operations until they were sold on September 5, 2018.

Our customers are generally involved in the construction industry, which is a cyclical business and is subject to general and more localized economic conditions. In addition, our business is impacted by seasonal variations in weather conditions, which vary by regional market. Accordingly, demand for our products and services during the winter months is typically lower than in other months of the year because of inclement weather. Also, sustained periods of inclement weather and other adverse weather conditions could cause the delay of construction projects during other times of the year.

Our chief operating decision maker evaluates segment performance and allocates resources based on Adjusted EBITDA. We define Adjusted EBITDA as our net income (loss), excluding the impact of income tax expense (benefit), depreciation, depletion and amortization, net interest expense and certain other non-cash, non-recurring and/or unusual, non-operating items including, but not limited to: non-cash stock compensation expense, non-cash change in value of contingent consideration, impairment of assets, acquisition-related costs, officer transition expenses, quarry dredge costs for specific event, and hurricane-related losses, net of recoveries. Acquisition-related costs consist of fees and expenses for accountants, lawyers and other professionals incurred during the negotiation and closing of strategic acquisitions and certain acquired entities' management severance costs. Acquisition-related costs do not include fees or expenses associated with post-closing integration of strategic acquisitions. Many of the impacts excluded to derive Adjusted EBITDA are similar to those excluded in calculating our compliance with our debt covenants.

We consider Adjusted EBITDA to be an indicator of the operational strength and performance of our business. We have included Adjusted EBITDA because it is a key financial measure used by our management to (1) internally measure our operating performance and (2) assess our ability to service our debt, incur additional debt, and meet our capital expenditure requirements.

Adjusted EBITDA should not be construed as an alternative to, or a better indicator of, operating income or loss, is not based on U.S. GAAP, and is not a measure of our cash flows or ability to fund our cash needs. Our measurements of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies, and may not be comparable to similarly titled measures used in the agreements governing our debt.

We generally account for inter-segment sales at market prices. Corporate includes executive, administrative, financial, legal, human resources, business development and risk management activities that are not allocated to reportable segments and are excluded from segment Adjusted EBITDA. Eliminations include transactions to account for intercompany activity.

The following tables set forth certain financial information relating to our operations by reportable segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in millions)	**2019**	**2018**	**2019**	**2018**
Revenue by Segment:				
Ready-mixed concrete				
Sales to external customers	**$ 354.1**	$ 346.3	**$ 958.5**	$ 985.5
Aggregate products				
Sales to external customers	**37.9**	41.1	**105.8**	100.9
Intersegment sales	**15.0**	12.4	**39.5**	35.3
Total aggregate products	**52.9**	53.5	**145.3**	136.2
Total reportable segment revenue	**407.0**	399.8	**1,103.8**	1,121.7
Other products and eliminations	**1.9**	4.5	**5.7**	14.6
Total revenue	**$ 408.9**	$ 404.3	**$ 1,109.5**	$ 1,136.3
Reportable Segment Adjusted EBITDA:				
Ready-mixed concrete	**$ 51.5**	$ 47.5	**$ 124.1**	$ 140.3
Aggregate products	**16.3**	12.2	**38.9**	29.1
Total reportable segment Adjusted EBITDA	**$ 67.8**	$ 59.7	**$ 163.0**	$ 169.4
Reconciliation of Total Reportable Segment Adjusted EBITDA to Net Income:				
Total reportable segment Adjusted EBITDA	**$ 67.8**	$ 59.7	**$ 163.0**	$ 169.4
Other products and eliminations from operations	**1.3**	16.6	**2.8**	21.0
Corporate overhead	**(14.3)**	(15.7)	**(51.2)**	(45.8)
Depreciation, depletion and amortization for reportable segments	**(20.7)**	(23.7)	**(64.8)**	(63.8)
Acquisition-related costs	**—**	—	**—**	(1.0)
Impairment of assets	**—**	—	**—**	(1.3)
Hurricane-related loss recoveries, net	**—**	—	**2.1**	0.2
Quarry dredge costs for specific event	**—**	(0.2)	**—**	(0.8)
Purchase accounting adjustments for inventory	**—**	—	**—**	(0.7)
Interest expense, net	**(11.6)**	(11.7)	**(34.8)**	(34.6)
Change in value of contingent consideration for reportable segments	**(0.3)**	(0.4)	**(1.6)**	0.9
Eminent domain matter	**—**	(0.6)	**5.3**	(0.6)
Loss on mixer truck fire	**—**	—	**(0.7)**	—
Corporate, other products and eliminations other income (loss), net	**(0.3)**	0.4	**0.1**	(0.2)
Income from operations before income taxes	**21.9**	24.4	**20.2**	42.7
Income tax expense	**8.3**	8.6	**8.3**	14.5
Net income	**$ 13.6**	$ 15.8	**$ 11.9**	$ 28.2

($ in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Capital Expenditures:				
Ready-mixed concrete	**$ 4.1**	$ 4.3	**$ 15.7**	$ 17.7
Aggregate products	**6.3**	6.9	**11.9**	13.0
Other products and corporate	**0.1**	0.2	**1.0**	1.5
Total capital expenditures	**$ 10.5**	$ 11.4	**$ 28.6**	$ 32.2

($ in millions)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Revenue by Product:				
Ready-mixed concrete	**$ 354.1**	$ 346.3	**$ 958.5**	$ 985.5
Aggregate products	**37.9**	41.1	**105.8**	100.9
Building materials	**8.6**	7.0	**21.5**	20.2
Aggregates distribution	**6.5**	6.1	**18.2**	16.5
Hauling	**1.2**	1.2	**3.5**	3.9
Lime	**—**	1.9	**—**	7.4
Other	**0.6**	0.7	**2.0**	1.9
Total revenue	**$ 408.9**	$ 404.3	**$ 1,109.5**	$ 1,136.3

($ in millions)	September 30, 2019	December 31, 2018
Identifiable Property, Plant and Equipment Assets:		
Ready-mixed concrete	**$ 293.6**	$ 295.5
Aggregate products	**356.4**	355.0
Other products and corporate	**26.3**	29.7
Total identifiable assets	**$ 676.3**	$ 680.2

14. SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION

Our 2024 Notes are fully and unconditionally and jointly and severally guaranteed on a senior unsecured basis by each direct and indirect wholly owned domestic subsidiary of the Company, each a guarantor subsidiary. Each guarantor subsidiary is directly or indirectly 100% owned by the Company. Neither the net book value nor the purchase price of any of our recently acquired guarantor subsidiaries were 20% or more of the aggregate principal amount of our 2024 Notes. The 2024 Notes are not guaranteed by any direct or indirect foreign subsidiaries of the Company or domestic subsidiaries that are not wholly owned, each a non-guarantor subsidiary. Consequently, we are required to provide condensed consolidating financial information in accordance with Rule 3-10 of Regulation S-X.

The following condensed consolidating financial statements present, in separate columns, financial information for (1) the Company, as Parent on a parent-only basis, (2) the guarantor subsidiaries on a combined basis, (3) the non-guarantor subsidiaries on a combined basis, (4) the eliminations and reclassifications necessary to arrive at the information for the Company on a consolidated basis, and (5) the Company on a consolidated basis.

The following condensed consolidating financial statements of U.S. Concrete and its subsidiaries present investments in consolidated subsidiaries using the equity method of accounting. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

CONDENSED CONSOLIDATING BALANCE SHEET
SEPTEMBER 30, 2019
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	U.S. Concrete Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ —	$ 17.8	$ 9.2	$ —	$ 27.0
Trade accounts receivable, net	—	239.9	19.4	—	259.3
Inventories	—	43.2	10.7	—	53.9
Other receivables, net	10.9	9.0	0.5	(7.1)	13.3
Prepaid expenses and other	—	8.4	0.6	—	9.0
Intercompany receivables	9.7	—	0.3	(10.0)	—
Total current assets	20.6	318.3	40.7	(17.1)	362.5
Property, plant and equipment, net	—	470.0	206.3	—	676.3
Operating lease assets	—	56.0	13.3	—	69.3
Goodwill	—	155.7	83.8	—	239.5
Intangible assets, net	—	93.7	4.3	—	98.0
Investment in subsidiaries	633.2	—	—	(633.2)	—
Long-term intercompany receivables	309.8	—	1.1	(310.9)	—
Other assets	—	9.0	1.7	—	10.7
Total assets	$ 963.6	$ 1,102.7	$ 351.2	$ (961.2)	$ 1,456.3
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ —	$ 131.7	$ 4.1	$ —	$ 135.8
Accrued liabilities	13.9	75.7	7.8	(7.1)	90.3
Current maturities of long-term debt	0.3	34.7	0.6	—	35.6
Current operating lease liabilities	—	11.7	1.8	—	13.5
Intercompany payables	—	—	10.0	(10.0)	—
Total current liabilities	14.2	253.8	24.3	(17.1)	275.2
Long-term debt, net of current maturities	611.6	56.9	1.6	—	670.1
Long-term operating lease liabilities	—	46.8	11.8	—	58.6
Other long-term obligations and deferred credits	—	39.0	5.0	—	44.0
Deferred income taxes	—	22.4	22.5	—	44.9
Long-term intercompany payables	—	192.8	118.1	(310.9)	—
Total liabilities	625.8	611.7	183.3	(328.0)	1,092.8
Total shareholders' equity	337.8	491.0	142.2	(633.2)	337.8
Non-controlling interest	—	—	25.7	—	25.7
Total equity	337.8	491.0	167.9	(633.2)	363.5
Total liabilities and equity	$ 963.6	$ 1,102.7	$ 351.2	$ (961.2)	$ 1,456.3

CONDENSED CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2018
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	U.S. Concrete Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ —	$ 10.8	$ 9.2	$ —	$ 20.0
Trade accounts receivable, net	—	219.7	6.9	—	226.6
Inventories	—	42.4	8.8	—	51.2
Other receivables	11.1	7.0	0.3	—	18.4
Prepaid expenses and other	—	7.1	0.8	—	7.9
Intercompany receivables	9.7	—	0.3	(10.0)	—
Total current assets	20.8	287.0	26.3	(10.0)	324.1
Property, plant and equipment, net	—	468.3	211.9	—	680.2
Goodwill	—	155.5	83.8	—	239.3
Intangible assets, net	—	111.8	4.8	—	116.6
Investment in subsidiaries	604.1	—	—	(604.1)	—
Long-term intercompany receivables	308.9	—	1.1	(310.0)	—
Other assets	—	10.8	0.3	—	11.1
Total assets	$ 933.8	$ 1,033.4	$ 328.2	$ (924.1)	$ 1,371.3
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ —	$ 122.4	$ 3.4	$ —	$ 125.8
Accrued liabilities	4.7	83.2	8.4	—	96.3
Current maturities of long-term debt	0.3	29.9	0.6	—	30.8
Intercompany payables	—	—	10.0	(10.0)	—
Total current liabilities	5.0	235.5	22.4	(10.0)	252.9
Long-term debt, net of current maturities	615.5	67.6	0.2	—	683.3
Other long-term obligations and deferred credits	0.9	51.0	2.9	—	54.8
Deferred income taxes	—	22.4	20.7	—	43.1
Long-term intercompany payables	—	188.7	121.3	(310.0)	—
Total liabilities	621.4	565.2	167.5	(320.0)	1,034.1
Total shareholders' equity	312.4	468.2	135.9	(604.1)	312.4
Non-controlling interest	—	—	24.8	—	24.8
Total equity	312.4	468.2	160.7	(604.1)	337.2
Total liabilities and equity	$ 933.8	$ 1,033.4	$ 328.2	$ (924.1)	$ 1,371.3

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 2019
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	U.S. Concrete Consolidated
Revenue	$ —	$ 378.5	$ 30.4	$ —	$ 408.9
Cost of goods sold before depreciation, depletion and amortization	—	300.0	21.2	—	321.2
Selling, general and administrative expenses	—	30.0	2.0	—	32.0
Depreciation, depletion and amortization	—	19.1	3.2	—	22.3
Change in value of contingent consideration	—	0.3	—	—	0.3
Loss (gain) on sale/disposal of assets and business, net	—	(0.2)	—	—	(0.2)
Operating income	—	29.3	4.0	—	33.3
Interest expense, net	10.1	0.9	0.6	—	11.6
Other expense (income), net	0.2	(0.3)	(0.1)	—	(0.2)
Income (loss) before income taxes, equity in earnings of subsidiaries and non-controlling interest	(10.3)	28.7	3.5	—	21.9
Income tax expense/(benefit)	(3.8)	11.0	1.1	—	8.3
Net income (loss) before equity in earnings of subsidiaries and non-controlling interest	(6.5)	17.7	2.4	—	13.6
Equity in earnings of subsidiaries	19.5	—	—	(19.5)	—
Net income (loss)	13.0	17.7	2.4	(19.5)	13.6
Less: Net income attributable to non-controlling interest	—	—	(0.6)	—	(0.6)
Net income (loss) attributable to U.S. Concrete	$ 13.0	$ 17.7	$ 1.8	$ (19.5)	$ 13.0

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30, 2018
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	U.S. Concrete Consolidated
Revenue	$ —	$ 370.2	$ 34.1	$ —	$ 404.3
Cost of goods sold before depreciation, depletion and amortization	—	300.0	25.3	—	325.3
Selling, general and administrative expenses	—	30.5	1.7	—	32.2
Depreciation, depletion and amortization	—	21.3	4.2	—	25.5
Change in value of contingent consideration	—	0.4	—	—	0.4
Loss (gain) on sale/disposal of assets and business, net	—	(14.1)	—	—	(14.1)
Operating income	—	32.1	2.9	—	35.0
Interest expense, net	9.7	0.9	1.1	—	11.7
Other expense (income), net	—	(1.4)	0.3	—	(1.1)
Income (loss) before income taxes and equity in earnings of subsidiaries	(9.7)	32.6	1.5	—	24.4
Income tax expense (benefit)	(3.1)	10.7	1.0	—	8.6
Net income (loss) before equity in earnings of subsidiaries	(6.6)	21.9	0.5	—	15.8
Equity in earnings of subsidiaries	22.1	—	—	(22.1)	—
Net income (loss)	15.5	21.9	0.5	(22.1)	15.8
Less: Net income attributable to non-controlling interest	—	—	(0.2)	—	(0.2)
Net income (loss) attributable to U.S. Concrete	$ 15.5	$ 21.9	$ 0.3	$ (22.1)	$ 15.6

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2019
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	U.S. Concrete Consolidated
Revenue	$ —	$ 1,019.8	$ 89.7	$ —	$ 1,109.5
Cost of goods sold before depreciation, depletion and amortization	—	823.2	63.2	—	886.4
Selling, general and administrative expenses	—	97.9	5.4	—	103.3
Depreciation, depletion and amortization	—	58.8	11.4	—	70.2
Change in value of contingent consideration	—	1.6	—	—	1.6
Loss (gain) on sale/disposal of assets and business, net	—	0.8	—	—	0.8
Operating income	—	37.5	9.7	—	47.2
Interest expense, net	29.8	2.9	2.1	—	34.8
Other expense (income), net	0.2	(6.0)	(2.0)	—	(7.8)
Income (loss) before income taxes, equity in earnings of subsidiaries and non-controlling interest	(30.0)	40.6	9.6	—	20.2
Income tax expense (benefit)	(10.9)	17.6	1.6	—	8.3
Net income (loss) before equity in earnings of subsidiaries and non-controlling interest	(19.1)	23.0	8.0	—	11.9
Equity in earnings of subsidiaries	30.1	—	—	(30.1)	—
Net income (loss)	11.0	23.0	8.0	(30.1)	11.9
Less: Net income attributable to non-controlling interest	—	—	(0.9)	—	(0.9)
Net income (loss) attributable to U.S. Concrete	$ 11.0	$ 23.0	$ 7.1	$ (30.1)	$ 11.0

**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2018
(in millions)**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	U.S. Concrete Consolidated
Revenue	$ —	$ 1,054.3	$ 82.0	$ —	$ 1,136.3
Cost of goods sold before depreciation, depletion and amortization	—	849.2	63.5	—	912.7
Selling, general and administrative expenses	—	90.6	5.8	—	96.4
Depreciation, depletion and amortization	—	57.0	11.2	—	68.2
Change in value of contingent consideration	—	(0.9)	—	—	(0.9)
Impairment of assets	—	1.3	—	—	1.3
Loss (gain) on sale/disposal of assets and business, net	—	(14.6)	—	—	(14.6)
Operating income	—	71.7	1.5	—	73.2
Interest expense, net	29.6	2.7	2.3	—	34.6
Other expense (income), net	0.8	(3.9)	(1.0)	—	(4.1)
Income (loss) before income taxes and equity in earnings of subsidiaries	(30.4)	72.9	0.2	—	42.7
Income tax expense (benefit)	(8.9)	22.3	1.1	—	14.5
Net income (loss) before equity in earnings of subsidiaries	(21.5)	50.6	(0.9)	—	28.2
Equity in earnings of subsidiaries	49.5	—	—	(49.5)	—
Net income (loss)	28.0	50.6	(0.9)	(49.5)	28.2
Less: Net income attributable to non-controlling interest	—	—	(0.2)	—	(0.2)
Net income (loss) attributable to U.S. Concrete	$ 28.0	$ 50.6	$ (1.1)	$ (49.5)	$ 28.0

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2019
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	U.S. Concrete Consolidated
Net cash provided by (used in) operating activities	$ (24.0)	$ 103.6	$ 7.3	$ 5.2	$ 92.1
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment	—	(25.4)	(3.2)	—	(28.6)
Proceeds from disposals of businesses and property, plant and equipment	—	1.2	—	—	1.2
Proceeds from eminent domain matter and property insurance claims	—	5.3	0.7	—	6.0
Investment in subsidiaries	1.0	—	—	(1.0)	—
Net cash provided by (used in) investing activities	1.0	(18.9)	(2.5)	(1.0)	(21.4)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from revolver borrowings	273.3	—	—	—	273.3
Repayments of revolver borrowings	(277.2)	—	—	—	(277.2)
Proceeds from exercise of stock options	0.2	—	—	—	0.2
Payments of other long-term obligations	(0.8)	(32.6)	—	—	(33.4)
Payments for other financing	(0.2)	(23.6)	(0.4)	—	(24.2)
Treasury share purchases	(2.2)	—	—	—	(2.2)
Intercompany funding	29.9	(21.5)	(4.2)	(4.2)	—
Net cash provided by (used in) financing activities	23.0	(77.7)	(4.6)	(4.2)	(63.5)
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	—	—	(0.2)	—	(0.2)
NET INCREASE IN CASH AND CASH EQUIVALENTS	—	7.0	—	—	7.0
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	—	10.8	9.2	—	20.0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ —	$ 17.8	$ 9.2	$ —	$ 27.0

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2018
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	U.S. Concrete Consolidated
Net cash provided by (used in) operating activities	$ (20.8)	$ 108.5	$ 2.8	$ (0.3)	$ 90.2
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property, plant and equipment	—	(29.3)	(2.9)	—	(32.2)
Payments for acquisitions, net of cash acquired	—	(72.3)	—	—	(72.3)
Proceeds from disposals of businesses and property, plant and equipment	—	18.6	—	—	18.6
Purchases of environmental credits	—	—	(2.8)	—	(2.8)
Proceeds from eminent domain matter and property insurance claims	—	1.6	0.5	—	2.1
Net cash provided by (used in) investing activities	—	(81.4)	(5.2)	—	(86.6)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from revolver borrowings	338.2	—	—	—	338.2
Repayments of revolver borrowings	(310.7)	—	—	—	(310.7)
Proceeds from stock option exercises	0.1	—	—	—	0.1
Payments of other long-term obligations	(2.2)	(3.4)	—	—	(5.6)
Payments for other financing	—	(20.6)	(0.9)	—	(21.5)
Treasury share purchases	(1.9)	—	—	—	(1.9)
Other proceeds	—	0.5	—	—	0.5
Intercompany funding	(2.7)	4.3	(1.9)	0.3	—
Net cash provided by (used in) financing activities	20.8	(19.2)	(2.8)	0.3	(0.9)
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	—	—	(0.1)	—	(0.1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	—	7.9	(5.3)	—	2.6
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	—	7.0	15.6	—	22.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ —	$ 14.9	$ 10.3	$ —	$ 25.2

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the accompanying quarterly unaudited condensed consolidated financial statements and our Annual Report on Form 10-K for the year ended December 31, 2018 ("2018 10-K"). Our 2018 10-K includes additional information about our significant and critical accounting policies, as well as a detailed discussion of the most significant risks associated with our financial condition and operating results.

Overview

Our principal business is producing ready-mixed concrete and supplying aggregates in select geographic markets from our operations in the United States, the U.S. Virgin Islands and Canada. The geographic markets for our products are generally local, except for our Canadian aggregate products operation, Polaris Materials ("Polaris"), that primarily serves markets in California. Our customers are generally involved in the construction industry, which is a cyclical business and is subject to general and more localized economic conditions as well as variations in seasonal and inclement weather conditions, particularly rainy weather that can impede the installation of ready-mixed concrete. Our operating results are subject to fluctuations in the level and mix of construction activity that occur in our markets. The level of activity affects the demand for our products, while the product mix of activity among the various segments of the construction industry affects both our relative competitive strengths and our operating margins. Commercial and industrial projects generally provide more opportunities to sell value-added products that are designed to meet the high-performance requirements of these types of projects. We conduct our business primarily through two reportable segments: ready-mixed concrete and aggregate products.

Ready-Mixed Concrete. Our ready-mixed concrete segment (which represented 86.4% of our revenue for the nine months ended September 30, 2019) engages principally in the formulation, preparation and delivery of ready-mixed concrete to our customers' job sites. We provide ready-mixed concrete from our operations in Texas, California, New York, New Jersey, Washington, D.C., Pennsylvania, Oklahoma and the U.S. Virgin Islands. Ready-mixed concrete is a highly versatile construction material that results from combining coarse and fine aggregates, such as gravel, crushed stone and sand, with water, various chemical admixtures and cement. We also provide services intended to reduce our customers' overall construction costs by lowering the installed, or "in-place," cost of concrete. These services include the formulation of mixtures for specific design uses, on-site and lab-based product quality control and customized delivery programs to meet our customers' needs.

Aggregate Products. Our aggregate products segment (which represented 9.5% of our revenue for the nine months ended September 30, 2019, excluding $39.5 million of intersegment sales) produces crushed stone, sand and gravel from our aggregates facilities located in British Columbia, Canada; Texas; Oklahoma; New Jersey; and the U.S. Virgin Islands. We sell these aggregates for use in commercial, industrial, and public works projects, as well as consume them internally in the production of ready-mixed concrete. We produced approximately 8.5 million tons of aggregates during the nine months ended September 30, 2019, with Canada representing 42%, Texas/Oklahoma representing 32%, New Jersey representing 22%, and the U.S. Virgin Islands representing 4% of the total production. We believe our aggregate reserves provide us with additional raw materials sourcing flexibility and supply availability.

Acquisitions and Divestitures

We completed five acquisitions during 2018 that expanded our ready-mixed concrete operations in our Atlantic Region (which we define to include New York, New Jersey, Washington, D.C. and Pennsylvania) and expanded our ready-mixed concrete and aggregate products operations in West Texas. During 2018, we divested the following operations that no longer fit into our operating plans: our Dallas/Fort Worth area lime operations and a Michigan aggregates property in the third quarter and a New Jersey aggregates operation in the fourth quarter.

For additional information on our acquisitions, see Note 4, "Business Combinations" to our condensed consolidated financial statements included in Part I of this report.

Results of Operations

($ in millions except selling prices)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	% Change[1]	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	% Change[1]
Revenue	**$ 408.9**	$ 404.3	1.1%	**$ 1,109.5**	$ 1,136.3	(2.4)%
Cost of goods sold before depreciation, depletion and amortization	**321.2**	325.3	(1.3)	**886.4**	912.7	(2.9)
Selling, general and administrative expenses	**32.0**	32.2	(0.6)	**103.3**	96.4	7.2
Depreciation, depletion and amortization	**22.3**	25.5	(12.5)	**70.2**	68.2	2.9
Change in value of contingent consideration	**0.3**	0.4	(25.0)	**1.6**	(0.9)	NM
Impairment of assets	**—**	—	—	**—**	1.3	NM
Loss (gain) on sale/disposal of assets and business, net	**(0.2)**	(14.1)	(98.6)	**0.8**	(14.6)	NM
Operating income	**33.3**	35.0	(4.9)	**47.2**	73.2	(35.5)
Interest expense, net	**11.6**	11.7	(0.9)	**34.8**	34.6	0.6
Other income, net	**(0.2)**	(1.1)	(81.8)	**(7.8)**	(4.1)	90.2
Income before income taxes	**21.9**	24.4	(10.2)	**20.2**	42.7	(52.7)
Income tax expense	**8.3**	8.6	(3.5)	**8.3**	14.5	(42.8)
Net income	**13.6**	15.8	(13.9)	**11.9**	28.2	(57.8)
Less: Net income attributable to non-controlling interest	**(0.6)**	(0.2)	200.0	**(0.9)**	(0.2)	350.0
Net income attributable to U.S. Concrete	**$ 13.0**	$ 15.6	(16.7)	**$ 11.0**	$ 28.0	(60.7)
Ready-Mixed Concrete Data:						
Average selling price ("ASP") per cubic yard	**$ 138.54**	$ 138.10	0.3%	**$ 138.81**	$ 135.94	2.1%
Sales volume in thousand cubic yards	**2,551**	2,503	1.9%	**6,892**	7,222	(4.6)%
Aggregate Products Data:						
Average selling price per ton[2]	**$ 11.86**	$ 11.63	2.0%	**$ 11.93**	$ 11.26	6.0%
Sales volume in thousand tons	**3,116**	3,211	(3.0)%	**8,492**	8,402	1.1%

(1) "NM" is defined as "not meaningful".

(2)Our calculation of the aggregate products segment ASP excludes certain other ancillary revenue and Polaris's freight revenue. We define revenue for our aggregate products ASP calculation as amounts billed to external and internal customers for coarse and fine aggregate products, excluding delivery charges. Our definition and calculation of ASP may differ from other companies in the construction materials industry.

Revenue. For the three months ended September 30, 2019, revenue increased 1.1%, or $4.6 million, compared to the prior year third quarter, primarily driven by higher ready-mixed concrete sales volumes in our Texas markets as a result of improved weather conditions along with increased pricing in 2019. In the third quarter of 2019, ready-mixed concrete sales increased $7.8 million, driven by a 1.9% increase in volume and a 0.3% increase in ASP. The net increase in our ready-mixed concrete segment ASP resulted primarily from price increases in our California and Washington, D.C. markets, while pricing in certain other markets, such as Dallas/Fort Worth and the New York metropolitan area was impacted by product mix and competitive pressures. Aggregate product sales decreased $0.6 million, resulting from 3.0% lower volume partially offset by a 2.0% increase in ASP. The aggregate products sales volume was negatively impacted by certain Polaris shipments being delayed into the fourth quarter due to one of the transportation carrier's ships being temporarily taken out of service, partially offset by increased sales volume in our West Texas market and Atlantic Region. Other products revenue and eliminations (which currently includes building materials stores, aggregates distribution, hauling operations, brokered product sales, recycled aggregates, and eliminations of our intersegment sales) decreased $2.6 million in the third quarter of 2019 compared to the third quarter of 2018. This decline was primarily a result of the September 2018 divestiture of our lime business, which provided $1.9 million of revenue in the third quarter of 2018.

Revenue for the nine months ended September 30, 2019 declined 2.4%, or $26.8 million, compared to the nine months ended September 30, 2018, driven by lower ready-mixed concrete and other products sales, partially offset by an increase in sales of aggregate products. Impacted by inclement weather in the first half of 2019, our ready-mixed concrete volume was 4.6% lower than in the prior year, partially offset by a 2.1% increase in ASP. All of our major markets except North Texas generated higher ASP for ready-mixed concrete for the first nine months of 2019 as compared to the same period of 2018. Aggregate products sales grew $9.1 million in the first nine months of 2019 compared to the same period in 2018, driven by a 6.0% increase in ASP and a 1.1% increase in volume. All of our markets, except those served by Polaris delivered increases in aggregate products ASP for the first nine months of 2019 compared to 2018. The overall aggregate products volume increase in the first nine months of 2019 compared to the prior year was primarily from our operations in West Texas and the U.S. Virgin Islands, partially offset by weather-impacted declines in North Texas and Oklahoma and transportation delays in our Polaris operations. Other products revenue and eliminations, as described above, decreased $8.9 million for the first nine months of 2019 compared to the same period in 2018, primarily due to the divested lime business, which provided $7.4 million of revenue in the first nine months of 2018.

Cost of goods sold before depreciation, depletion and amortization ("DD&A"). Cost of goods sold before DD&A decreased by $4.1 million, or 1.3%, in the third quarter of 2019 compared to the prior year quarter. As a percentage of revenue, cost of goods sold before DD&A decreased by 1.9% in the third quarter of 2019 compared to the third quarter of 2018. Because of the increase in ready-mixed concrete volume during the third quarter of 2019, our raw material costs were higher than in the third quarter of 2018; however, we were able to minimize the impact on margins by operating our plants more efficiently and leveraging our fixed costs. Our ready-mixed concrete delivery expense for the third quarter of 2019 was consistent with that of the 2018 third quarter despite the higher volume, partially due to lower fuel costs in 2019. In addition, the lower volume of aggregate products segment sales resulted in a decrease in our variable costs, particularly freight, associated with the segment.

For the first nine months of 2019, cost of goods sold before DD&A decreased by $26.2 million, or 2.9%, compared to the same period in the prior year. This decline was primarily in raw materials and delivery costs related to lower ready-mixed concrete sales volume, partially offset by increases in variable and fixed costs. Our plant variable costs increased primarily related to our increased aggregate production over the comparable prior year period. Our fixed costs were higher than in the comparable prior year period primarily due to higher costs to operate our facilities. As a percentage of revenue, cost of goods sold before DD&A decreased by 0.3% in the first nine months of 2019 compared to the first nine months of 2018.

Selling, general and administrative expenses. Selling, general and administrative ("SG&A") expenses decreased $0.2 million, or 0.6%, for the quarter ended September 30, 2019 in comparison to the corresponding 2018 quarter primarily as a result of lower acquisition-related costs partially offset by higher stock-based compensation expense. As a percentage of revenue, SG&A expenses decreased to 7.8% in the 2019 third quarter from 8.0% in the 2018 third quarter. The increase in stock-based compensation expense was primarily due the increase in our stock price from the time the annual award was approved by our Board of Directors at the beginning of March 2019 to when our stockholders approved the equity plan amendment (and the award was deemed granted for accounting purposes) at our annual stockholders' meeting in May 2019. If the award issuance date and the accounting grant date were the same, our stock-based compensation expense would have been more comparable to the prior year amount.

For the first nine months of 2019, SG&A expenses increased $6.9 million or 7.2%, compared to the first nine months of 2018, primarily as a result of higher stock-based compensation expense. As a percentage of revenue, SG&A expenses were 9.4% in the first nine months of 2019 compared to 8.5% in the first nine months of 2018.

Depreciation, depletion and amortization. DD&A expense decreased $3.2 million, or 12.5%, for the quarter ended September 30, 2019, in comparison to the prior year period. The third quarter of 2018 contained additional depreciation related to measurement period adjustments of certain of our acquisitions. DD&A expense increased $2.0 million, or 2.9%, for the first nine months of 2019 compared to the corresponding period in 2018, primarily related to depreciation on additional plants, equipment and mixer trucks purchased or leased, partially offset by additional depreciation related to measurement period adjustments of certain of our acquisitions.

Change in value of contingent consideration. For the three and nine months ended September 30, 2019, we recorded non-cash losses on revaluation of contingent consideration of $0.3 million and $1.6 million, respectively, due primarily to the passage of time. For the three months ended September 30, 2018, we recorded a non-cash loss on revaluation of contingent consideration of $0.4 million primarily due to the passage of time. For the nine months ended September 30, 2018, we recorded a non-cash gain on revaluation of contingent consideration of $0.9 million primarily due to updated financial performance expectations for certain previously acquired businesses.

The key inputs in determining the fair value of our contingent consideration of $26.0 million at September 30, 2019 included discount rates ranging from 3.70% to 11.00% and management's estimates of future sales volumes, permitted reserves and EBITDA, as defined in the respective purchase agreements. Changes in these inputs impact the valuation of our contingent consideration and may result in either a gain or loss in each reporting period.

Loss (gain) on sale/disposal of assets and business, net. The loss for the nine months ended September 30, 2019 included $0.7 million related to a mixer truck fire that occurred during the first quarter of 2019. The gain on the sale of business in 2018 was primarily a result of the divestiture of our lime operations in the third quarter of 2018.

Other income, net. Other income, net, for the nine months ended September 30, 2019 included a gain from an eminent domain proceeding in Washington, D.C. and insurance proceeds from the 2017 hurricane losses in our operations in the U.S. Virgin Islands.

Income taxes. We recorded income tax expense of $8.3 million for the three and nine months ended September 30, 2019, respectively. For both periods ended September 30, 2019, our effective tax rate was negatively impacted by (i) losses generated by certain of our Canadian subsidiaries for which no income tax benefit was recognized due to a related full valuation allowance, (ii) our estimated annual interest expense limitation in accordance with the Tax Cuts and Jobs Act (the "Tax Act") and related proposed regulations for which a full valuation allowance is anticipated, (iii) our estimated global intangible low-taxed income ("GILTI") inclusion for U.S. tax purposes, (iv) anticipated Section 162(m) limitations on executive compensation and (v) net unfavorable discrete items including a net tax shortfall recognized for share-based compensation. These unfavorable discrete items were partially offset by certain additional federal and state income tax benefits.

For the three and nine months ended September 30, 2018, we recorded income tax expense of $8.6 million and $14.5 million, respectively. For both periods ended September 30, 2018, our effective tax rate differed from the federal statutory rate primarily due to (i) losses generated by certain of our Canadian subsidiaries for which no income tax benefit was recognized due to a related full valuation allowance, (ii) adjustments related to the tax rate change enacted as part of the Tax Act, and (iii) state income taxes.

Segment Information

Our chief operating decision maker reviews operating results based on our two reportable segments, which are ready-mixed concrete and aggregate products, and evaluates segment performance and allocates resources based on Adjusted EBITDA. We define Adjusted EBITDA as our net income, excluding the impact of income taxes, depreciation, depletion and amortization, net interest expense and certain other non-cash, non-recurring and/or unusual, non-operating items including, but not limited to: non-cash stock compensation expense, non-cash change in value of contingent consideration, impairment of assets, acquisition-related costs, officer transition expenses, quarry dredge costs for specific event, and hurricane-related losses, net of recoveries. Acquisition-related costs consist of fees and expenses for accountants, lawyers and other professionals incurred during the negotiation and closing of strategic acquisitions and certain acquired entities' management severance costs. Acquisition-related costs do not include fees or expenses associated with post-closing integration of strategic acquisitions. Many of the impacts excluded to derive Adjusted EBITDA are similar to those excluded in calculating our compliance with our debt covenants.

We consider Adjusted EBITDA to be an indicator of the operational strength and performance of our business. We have included Adjusted EBITDA because it is a key financial measure used by our management to (1) internally measure our operating performance and (2) assess our ability to service our debt, incur additional debt and meet our capital expenditure requirements.

Adjusted EBITDA should not be construed as an alternative to, or a better indicator of, operating income or loss, is not based on accounting principles generally accepted in the United States of America ("U.S. GAAP"), and is not a measure of our cash flows or ability to fund our cash needs. Our measurements of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies, and may not be comparable to similarly titled measures used in agreements that govern our debt.

See the prior discussion of revenue within this Item 2 as well as Note 13, "Segment Information" to our condensed consolidated financial statements in this report for additional information regarding our segments and the reconciliation of Adjusted EBITDA to income before income taxes.

Ready-Mixed Concrete

($ in millions except selling prices)	**Three Months Ended September 30, 2019**	**Three Months Ended September 30, 2018**	**Increase/ (Decrease) %**	**Nine Months Ended September 30, 2019**	**Nine Months Ended September 30, 2018**	**Increase/ (Decrease) %**
Ready-Mixed Concrete Segment:						
Revenue	**$ 354.1**	$ 346.3	2.3%	**$ 958.5**	$ 985.5	(2.7)%
Segment revenue as a percentage of total revenue	**86.6%**	85.6%		**86.4%**	86.7%	
Adjusted EBITDA	**$ 51.5**	$ 47.5	8.4%	**$ 124.1**	$ 140.3	(11.5)%
Adjusted EBITDA as a percentage of segment revenue	**14.5%**	13.7%		**12.9%**	14.2%	
Ready-Mixed Concrete Data:						
Average selling price per cubic yard[1]	**$ 138.54**	$ 138.10	0.3%	**$ 138.81**	$ 135.94	2.1%
Sales volume in thousand cubic yards	**2,551**	2,503	1.9%	**6,892**	7,222	(4.6)%

(1) Calculation excludes certain ancillary revenue that is reported within the segment.

Adjusted EBITDA. Adjusted EBITDA for the third quarter of 2019 increased $4.0 million, or 8.4%, from the comparable 2018 period. This improvement was primarily the result of higher sales volumes coupled with operating efficiencies that drove higher margins. In addition, our margins benefited from lower fuel costs in the 2019 third quarter compared to the same period in 2018 despite using more fuel to deliver a higher volume of ready-mixed concrete in the third quarter of 2019.

For the nine months ended September 30, 2019, Adjusted EBITDA for our ready-mixed concrete segment decreased $16.2 million, or 11.5%, from the comparable 2018 period. The change in Adjusted EBITDA for the nine months ended September 30, 2019 was primarily because our fixed costs (which include, primarily, property taxes, equipment rental, quality control, dispatch and plant management costs) were not fully leveraged. This included the impact of a full nine months of fixed costs from our acquisitions that occurred throughout 2018, which due to inclement weather in 2019 were not yet able to fully benefit our Adjusted EBITDA.

Aggregate Products

($ in millions except selling prices)	Three Months Ended September 30, 2019		Three Months Ended September 30, 2018		Increase/ (Decrease) %	Nine Months Ended September 30, 2019		Nine Months Ended September 30, 2018		Increase/ (Decrease) %
Aggregate Products Segment:										
Sales to external customers	**$**	**37.9**	$	41.1		**$**	**105.8**	$	100.9	
Intersegment sales[1]	**$**	**15.0**	$	12.4		**$**	**39.5**	$	35.3	
Total aggregate products revenue	**$**	**52.9**	$	53.5	(1.1)%	**$**	**145.3**	$	136.2	6.7%
Segment revenue, excluding intersegment sales, as a percentage of total company revenue		**9.3%**		10.2%			**9.5%**		8.9%	
Adjusted EBITDA	**$**	**16.3**	$	12.2	33.6%	**$**	**38.9**	$	29.1	33.7%
Adjusted EBITDA as a percentage of total aggregate products revenue		**30.8%**		22.7%			**26.8%**		21.3%	
Aggregate Products Data:										
Average selling price per ton[2]	**$**	**11.86**	$	11.63	2.0%	**$**	**11.93**	$	11.26	6.0%
Sales volume in thousand tons		**3,116**		3,211	(3.0)%		**8,492**		8,402	1.1%

(1) We sell aggregate products to our ready-mixed concrete segment businesses at market price.

(2) Our calculation of the aggregate products segment ASP excludes certain other ancillary revenue and Polaris's freight revenue. We define revenue for our aggregate products ASP calculation as amounts billed to customers for coarse and fine aggregate products, excluding delivery charges. Our definition and calculation of ASP may differ from other companies in the construction materials industry.

Adjusted EBITDA. Adjusted EBITDA for our aggregate products segment in the third quarter of 2019 increased $4.1 million, or 33.6%, in the third quarter of 2019 compared to the third quarter of 2018 despite a 1.1% decline in segment revenue. Margins benefited in the third quarter of 2019 compared to the third quarter of 2018 from lower freight costs in our Polaris operations due to transportation delays that deferred certain shipments into the fourth quarter, and our margins benefited from our ability to leverage fixed costs on higher volumes in other markets, particularly our West Texas market and Atlantic Region. Overall, our segment Adjusted EBITDA as a percentage of segment revenue increased to 30.8% in the third quarter of 2019 from 22.7% in the third quarter of 2018. The third quarter of 2018 had a higher impact of zero-margin, customer-paid pass-through freight costs.

For the nine months ended September 30, 2019, Adjusted EBITDA for our aggregate products segment increased $9.8 million, or 33.7%, compared to the nine months ended September 30, 2018. Our segment Adjusted EBITDA as a percentage of segment revenue increased to 26.8% in the first nine months of 2019 from 21.3% in the comparable period of 2018. Adjusted EBITDA for the first nine months of 2019 benefited from lower freight costs and our ability to leverage fixed costs on higher volumes compared to the same period in 2018. Both periods had a comparable level of zero-margin, customer-paid pass-through freight costs.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are cash generated from operations, available cash and cash equivalents, and access to our asset-based revolving credit facility (the "Revolving Facility"), which provides for borrowings of up to $350.0 million, subject to a borrowing base. As of September 30, 2019, we had $27.0 million of cash and cash equivalents and $236.1 million of available borrowing capacity under the Revolving Facility, providing total available liquidity of $263.1 million.

The following key financial measurements reflect our financial condition as of September 30, 2019 and December 31, 2018:

($ in millions)	**September 30, 2019**	**December 31, 2018**
Cash and cash equivalents	**$ 27.0**	$ 20.0
Working capital	**87.3**	71.2
Total debt (1)	**705.7**	714.1

(1) Total debt includes long-term debt, net of unamortized debt issuance costs, including current maturities, finance leases, notes payable and borrowings under the Revolving Facility.

Our primary liquidity needs over the next 12 months consist of (1) financing working capital requirements; (2) servicing our indebtedness; (3) purchasing property, plant and equipment; and (4) payments related to strategic acquisitions, including approximately $12.0 million to $14.0 million of contingent and deferred consideration for past acquisitions. Our primary portfolio strategy includes acquisitions in various regions and markets. We may seek financing for acquisitions, including additional debt or equity capital.

Our working capital needs are typically at their lowest level in the first quarter, increase in the second and third quarters to fund increases in accounts receivable and inventories during those periods, and then decrease in the fourth quarter. Availability under the Revolving Facility is governed by a borrowing base primarily determined by our eligible accounts receivable, inventory, mixer trucks and machinery. Our borrowing base also typically declines during the first quarter due to lower accounts receivable balances as a result of normal seasonality of our business caused by winter weather.

The projection of our cash needs is based upon many factors, including without limitation, our expected volume, pricing, cost of materials and capital expenditures. Based on our projected cash needs, we believe that cash on hand, availability under the Revolving Facility and cash generated from operations will provide us with sufficient liquidity in the ordinary course of business, not including potential acquisitions. If, however, availability under the Revolving Facility, cash on hand and our operating cash flows are not adequate to fund our operations, we would need to obtain other equity or debt financing or sell assets to provide additional liquidity.

The principal factors that could adversely affect the amount of our internally generated funds include:

- deterioration of revenue, due to lower volume and/or pricing, because of weakness in the markets in which we operate;
- declines in gross margins due to shifts in our product mix or increases in fixed or variable costs;
- any deterioration in our ability to collect our accounts receivable from customers as a result of weakening in construction demand or payment difficulties experienced by our customers; and
- inclement weather beyond normal patterns that could reduce our sales volumes.

The discussion that follows provides a description of our arrangements relating to our outstanding indebtedness.

Asset Based Revolving Credit Facility

We have a senior secured asset-based credit facility with certain financial institutions named therein as lenders (the "Lenders") and Bank of America, N.A., as agent for the Lenders that provides for up to $350.0 million of revolving borrowings. The Revolving Facility also permits the incurrence of other secured indebtedness not to exceed certain amounts as specified therein. The Revolving Facility provides for swingline loans up to a $15.0 million sublimit and letters of credit up to a $50.0 million sublimit. Loans under the Revolving Facility are in the form of either base rate loans or “LIBOR loans” denominated in U.S. dollars.

Our actual maximum credit availability under the Revolving Facility varies from time to time and is determined by calculating the value of our eligible accounts receivable, inventory, mixer trucks and machinery, minus reserves imposed by the Lenders and other adjustments, as specified in the Third Amended and Restated Loan and Security Agreement (the "Third Loan Agreement"), which matures August 31, 2022.

The Third Loan Agreement contains usual and customary covenants including, but not limited to, restrictions on our ability to consolidate or merge; substantially change the nature of our business; sell, lease or otherwise transfer any of our assets; create or incur indebtedness; create liens; pay dividends or make other distributions; make loans; prepay certain indebtedness; and make investments or acquisitions. The covenants are subject to certain exceptions as specified in the Third Loan Agreement. The Third Loan Agreement also requires that we, upon the occurrence of certain events, maintain a fixed charge coverage ratio of at least 1.0 to 1.0 for each period of 12 calendar months. As of September 30, 2019, we were in compliance with all covenants under the Third Loan Agreement.

Senior Unsecured Notes due 2024

We have issued $600.0 million aggregate principal amount of 6.375% senior unsecured notes due 2024 (the "2024 Notes"). The 2024 Notes are governed by an indenture (the “Indenture”) dated as of June 7, 2016, by and among U.S. Concrete, Inc., as issuer, the subsidiary guarantors party thereto, and U.S. Bank National Association, as trustee. The 2024 Notes accrue interest at a rate of 6.375% per annum, which is payable on June 1 and December 1 of each year. The 2024 Notes mature on June 1, 2024, and are redeemable at our option prior to maturity at prices specified in the Indenture. The Indenture contains negative covenants that restrict our ability and our restricted subsidiaries' ability to engage in certain transactions, as described below, and also contains customary events of default.

The 2024 Notes were issued by U.S. Concrete, Inc., the parent company, and are guaranteed on a full and unconditional basis by each of our restricted subsidiaries that guarantees any obligations under the Revolving Facility or that guarantees certain of our other indebtedness or certain indebtedness of our restricted subsidiaries (other than foreign restricted subsidiaries that guarantee only indebtedness incurred by another foreign subsidiary). The guarantees are joint and several. U.S. Concrete, Inc. does not have any independent assets or operations, and none of its foreign subsidiaries guarantee the 2024 Notes.

The 2024 Notes and the guarantees thereof are effectively subordinated to all of our and our guarantors' existing and future secured obligations, including obligations under the Revolving Facility, to the extent of the value of the collateral securing such obligations; senior in right of payment to any of our and our guarantors' future subordinated indebtedness; pari passu in right of payment with any of our and our guarantors' existing and future senior indebtedness, including our and our guarantors' obligations under the Revolving Facility; and structurally subordinated to all existing and future indebtedness and other liabilities, including preferred stock, of any non-guarantor subsidiaries.

For additional information regarding our guarantor and non-guarantor subsidiaries, see the information set forth in Note 14, “Supplemental Condensed Consolidating Financial Information” to our condensed financial statements included in Part I of this report.

Other Debt

We have financing agreements with various lenders for the purchase of mixer trucks and other machinery and equipment with $94.9 million of remaining principal as of September 30, 2019.

For additional information regarding our arrangements relating to outstanding indebtedness, see the information set forth in Note 7, "Debt" to our consolidated financial statements included in this report.

Cash Flows

Our net cash provided by operating activities generally reflects the cash effects of transactions and other events used in the determination of net income or loss. Net cash provided by operating activities was $92.1 million for the nine months ended September 30, 2019, compared to $90.2 million for the nine months ended September 30, 2018.

We used $21.4 million to fund investing activities during the nine months ended September 30, 2019 and $86.6 million for the nine months ended September 30, 2018. We used $28.6 million and $32.2 million in the nine months ended September 30, 2019 and 2018, respectively, to fund purchases of machinery and equipment as well as mixer trucks and other vehicles to service our business. During the first nine months of 2019, we received $6.0 million of proceeds from an eminent domain matter and insurance proceeds relating to property damage suffered due to the 2017 hurricanes in the U.S. Virgin Islands. Investing activities also included proceeds from the sale of property, plant and equipment of $1.2 million during the first nine months of 2019 and $18.6 million of proceeds from the sale of businesses and property, plant and equipment during the first nine months of 2018. In addition, during the nine months ended September 30, 2018, we paid $72.3 million to fund acquisitions.

Our net cash used in financing activities was $63.5 million for the nine months ended September 30, 2019, as compared to net cash used in financing activities of $0.9 million for the comparable period of 2018. Financing activities during the first nine months of 2019 included $3.9 million of net repayments under our Revolving Facility. In addition, we repaid $24.2 million of finance leases used to fund capital expenditures and other financings and paid $33.4 million for contingent and deferred consideration obligations. Financing activities during the first nine months of 2018 included $27.5 million of net borrowings under our Revolving Facility to operate our business and fund acquisitions. In addition, during the first nine months of 2018, we made payments of $21.5 million related to our finance leases and other financings and paid $5.6 million for contingent and deferred consideration obligations.

Inflation

We experienced minimal increases in operating costs during the first nine months of 2019 related to inflation. However, in non-recessionary conditions, cement prices and certain other raw material prices, including aggregates, have generally risen faster than regional inflationary rates. When these price increases have occurred, we have generally been able to mitigate our cost increases with price increases we obtain for our products.

Critical Accounting Policies

We prepared the preceding discussion based on the accompanying interim unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. GAAP. Such preparation of financial statements requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are based on historical experience, currently available information and various other assumptions that we believe to be reasonable under the circumstances. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily available from other sources. Actual results could differ from those estimates. We described our critical accounting policies in Item 7 of Part II of our 2018 10-K. Our critical accounting policies involve the use of estimates in the recording of business combinations, goodwill and intangible assets and any related impairment, accruals for self-insurance, accruals for income taxes, assessing impairment of long-lived assets, and accounting for contingent consideration. See Note 1, "Organization and Summary of Significant Accounting Policies" to our consolidated financial statements included in Item 8 of Part II of the 2018 10-K for a discussion of our critical and significant accounting policies and Note 2, "Recent Accounting Pronouncements and Significant Accounting Policies" to our interim unaudited condensed consolidated financial statements for a discussion of the impact of the new lease accounting standard that we adopted as of January 1, 2019.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements and information in this Quarterly Report on Form 10-Q may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "intends," "should," "expect," "plan," "anticipate," "believe," "estimate," "outlook," "predict," "potential," or "continue," the negative of such terms or other comparable terminology. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, those summarized below:

- *general economic and business conditions, which will, among other things, affect demand for new residential and commercial construction;*
- *our ability to successfully identify, manage, and integrate acquisitions;*
- *the cyclical nature of, and changes in, the real estate and construction markets, including pricing changes by our competitors;*
- *governmental requirements and initiatives, including those related to mortgage lending, financing or deductions, funding for public or infrastructure construction, land usage, and environmental, health, and safety matters;*
- *disruptions, uncertainties or volatility in the credit markets that may limit our, our suppliers' and our customers' access to capital;*
- *our ability to successfully implement our operating strategy;*
- *seasonal and inclement weather conditions, which impede the installation of ready-mixed concrete;*
- *our substantial indebtedness and the restrictions imposed on us by the terms of our indebtedness;*
- *the effects of currency fluctuations on our results of operations and financial condition;*
- *our ability to maintain favorable relationships with third parties who supply us with equipment and essential supplies;*
- *our ability to retain key personnel and maintain satisfactory labor relations; and*
- *product liability, property damage, results of litigation, and other claims and insurance coverage issues.*

For additional information regarding known material factors that could cause our actual results to differ from our projected results, please see "Risk Factors" in Item 1A of Part I of our 2018 10-K and "Risk Factors" in Item 1A of Part II of this report.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise, except as required by federal securities laws.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes from the information previously reported under Part II, Item 7A of our2018 10-K.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Based on their evaluation of our disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q, our principal executive officer and principal financial officer concluded our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2019, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth under the heading "Legal Proceedings" in Note 12, "Commitments and Contingencies" to our condensed consolidated financial statements included in Part I of this report is incorporated by reference into this Item 1.

Item 1A. Risk Factors

There have been no material changes in our risk factors as previously disclosed in "Risk Factors" in Item 1A of Part I of the 2018 10-K. Readers should carefully consider the factors discussed in "Risk Factors" in Item 1A of Part 1 of the 2018 10-K, which could materially affect our business, financial condition or future results. The risks described in the 2018 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information with respect to purchases by the Company of shares of our common stock during the three months ended September 30, 2019:

Calendar Month	Total Number of Shares Acquired (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Approximate Dollar Value of Shares That May Yet Be Purchased Under Plans or Programs (in millions) (2)
July 1 - July 31, 2019	—	$ —	—	$ 43.3
August 1 - August 31, 2019	480	41.36	—	43.3
September 1 - September 30, 2019	—	—	—	43.3
Total	480	$ 41.36	—	$ 43.3

(1) The total number of shares purchased includes shares of our common stock acquired from employees who elected for us to make their required tax payments upon vesting of certain restricted shares by withholding a number of those vested shares having a value on the date of vesting equal to their tax obligations.

(2) On March 1, 2017, our Board approved a share repurchase program that allows us to repurchase up to $50.0 million of our common stock until the earlier of March 31, 2020, or a determination by the Board to discontinue the program. The program does not obligate us to acquire any specific number of shares.

Item 4. Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 to this Quarterly Report on Form 10-Q.

Item 6. Exhibits

3.1*	—Amended and Restated Certificate of Incorporation of U.S. Concrete, Inc. (incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form 8-A/A filed on August 31, 2010 (File No. 000-26025)).
3.2*	—Third Amended and Restated By-Laws of U.S. Concrete, Inc. (incorporated by reference to Exhibit 2 to the Company's Registration Statement on Form 8-A/A filed on August 31, 2010 (File No. 000-26025)).
3.3*	—Amendment No. 1 to Third Amended and Restated Bylaws of U.S. Concrete, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 20, 2015 (File No. 001-34530)).
31.1	—Certification of Periodic Report pursuant to Rule 13a-14(a) and Rule 15d-14(a).
31.2	—Certification of Periodic Report pursuant to Rule 13a-14(a) and Rule 15d-14(a).
32.1	—Certification pursuant to 18 U.S.C. Section 1350.
32.2	—Certification pursuant to 18 U.S.C. Section 1350.
95.1	—Mine Safety Disclosures.
101.INS	—XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	—Inline XBRL Taxonomy Extension Schema Document.
101.CAL	—Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	—Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	—Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	—Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	—Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Incorporated by reference to the filing indicated.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

U.S. CONCRETE, INC.

Date:	November 8, 2019	By:	/s/ Gibson T. Dawson
			Gibson T. Dawson
			Vice President, Corporate Controller and Chief Accounting Officer
			(Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, William J. Sandbrook, certify that:

1. I have reviewed this quarterly report on Form 10-Q of U.S. Concrete, Inc. for the quarterly period endedSeptember 30, 2019;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	November 8, 2019 By:	/s/ William J. Sandbrook
		William J. Sandbrook Chairman and Chief Executive Officer (Principal Executive Officer)

31.2

CERTIFICATION

I, John E. Kunz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of U.S. Concrete, Inc. for the quarterly period endedSeptember 30, 2019;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	November 8, 2019	By:	/s/ John E. Kunz
			John E. Kunz
			Senior Vice President and Chief Financial Officer
			(Principal Financial Officer)

32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of U.S. Concrete, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2019 (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, I, William J. Sandbrook, President, Chief Executive Officer and Vice Chairman of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 8, 2019	By:	/s/ William J. Sandbrook
			William J. Sandbrook
			Chairman and Chief Executive Officer
			(Principal Executive Officer)

32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of U.S. Concrete, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2019 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, John E. Kunz, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date:	November 8, 2019	By:	/s/ John E. Kunz
			John E. Kunz
			Senior Vice President and Chief Financial Officer
			(Principal Financial Officer)

95.1

Section 1503. Mine Safety Disclosures

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Act, was enacted. Section 1503 of the Act contains reporting requirements regarding mine safety. We are committed to providing a safe workplace for all of our employees, including those working at our quarries. The operation of our quarries is subject to regulation by the federal Mine Safety and Health Administration, or MSHA, under the Federal Mine Safety and Health Act of 1977. Set forth below is the required information regarding certain mining safety and health matters for the quarter ended September 30, 2019. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the quarry, (ii) the number of citations issued will vary from inspector-to-inspector and mine-to-mine, and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed. The table below includes references to specific sections of the Mine Act.

We are providing the information in the table by mine as that is how we manage and operate our business.

Mine Name/ID	(A) Section 104 S&S	(B) Section 104(b)	(C) Section 104(d)	(D) Section 110(b)(2)	(E) Section 107(a)	(F) Proposed Assessments	(G) Fatalities	(H) Pending Legal Action
Leon River / Proctor 4105206	1	-	-	-	-	-	-	-
Cox Bend Quarry / 4102977	-	-	-	-	-	-	-	-
Bronte Quarry / 4104210	-	-	-	-	-	-	-	-
Waurika Quarry / 3400362	1	-	-	-	-	$ 626	-	-
Vernon Quarry / 3401820	-	-	-	-	-	-	-	-
Ingram North Amarillo / 4103599	-	-	-	-	-	-	-	-
Chatfield Plant / 4104209	-	-	-	-	-	$ 484	-	-
Red River Quarry / 3401945	-	-	-	-	-	-	-	-
Hamburg Quarry / 2800011	-	-	-	-	-	-	-	-
Glen Gardner Quarry / 2800009	2	1	-	-	-	$ 18,119	-	1
Wantage Quarry / 2801035	-	-	-	-	-	-	-	-
Quinton Twp Pit / 2801014	-	-	-	-	-	-	-	-
Springfield Quarry / 5500002	2	-	-	-	-	$ 3,139	-	-
Brookman Quarry / 5500008	-	-	-	-	-	$ 1,280	-	-

(A) The total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the Mine Safety and Health Act of 1977 (30 U.S.C. 814) for which the operator received a citation from the Mine Safety and Health Administration.

(B) The total number of orders issued under section 104(b) of such Act (30 U.S.C. 814(b)).

(C) The total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of such Act (30 U.S.C. 814(d)).

(D) The total number of flagrant violations under section 110(b)(2) of such Act (30 U.S.C. 820(b)(2)).

(E) The total number of imminent danger orders issued under section 107(a) of such Act (30 U.S.C. 817(a)).

(F) The total dollar value of proposed assessments from the Mine Safety and Health Administration under such Act (30 U.S.C. 801 et seq.).

(G) The total number of mining-related fatalities.

(H) Any pending legal action before the Federal Mine Safety and Health Review Commission involving such coal or other mine.