



Schnitzer

Financial Results:
Third Quarter
Fiscal 2018

June 26, 2018

Safe Harbor

SAFE HARBOR

Statements and information included in this presentation by Schnitzer Steel Industries, Inc. (the "Company") that are not purely historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and are made pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Except as noted herein or as the context may otherwise require, all references to “we,” “our,” “us,” “Company,” “Schnitzer,” and “SSI” refer to the Company and its consolidated subsidiaries. Forward-looking statements in this presentation include statements regarding future events or our expectations, intentions, beliefs and strategies regarding the future, which may include statements regarding trends, cyclicality and changes in the markets we sell into; the Company's outlook, growth initiatives or expected results or objectives, including pricing, margins, sales volumes and profitability; strategic direction or goals; targets; changes to manufacturing and production processes; the cost of and the status of any agreements or actions related to our compliance with environmental and other laws; expected tax rates, deductions and credits and the impact of the recently enacted federal tax reform; the impact of tariffs and other trade actions; the realization of deferred tax assets; planned capital expenditures; liquidity positions; ability to generate cash from continuing operations; the potential impact of adopting new accounting pronouncements; obligations under our retirement plans; benefits, savings or additional costs from business realignment, cost containment and productivity improvement programs; and the adequacy of accruals. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and often contain words such as “outlook,” “target,” “aim,” “believes,” “expects,” “anticipates,” “intends,” “assumes,” “estimates,” “evaluates,” “may,” “will,” “should,” “could,” “opinions,” “forecasts,” “projects,” “plans,” “future,” “forward,” “potential,” “probable,” and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking.

We may make other forward-looking statements from time to time, including in reports filed with the Securities and Exchange Commission, press releases, presentations and on public conference calls. All forward-looking statements we make are based on information available to us at the time the statements are made, and we assume no obligation to update any forward-looking statements, except as may be required by law. Our business is subject to the effects of changes in domestic and global economic conditions and a number of other risks and uncertainties that could cause actual results to differ materially from those included in, or implied by, such forward-looking statements. Some of these risks and uncertainties are discussed in “Item 1A. Risk Factors” in Part I of our most recent Annual Report on Form 10-K, as supplemented by our subsequently filed Quarterly Reports on Form 10-Q. Examples of these risks include: potential environmental cleanup costs related to the Portland Harbor Superfund site or other locations; the cyclicality and impact of general economic conditions; uncertainty in global markets including the impact of tariffs and other trade actions; volatile supply and demand conditions affecting prices and volumes in the markets for both our products and raw materials we purchase; imbalances in supply and demand conditions in the global steel industry; the impact of goodwill impairment charges; the impact of long-lived asset and cost and equity method investment impairment charges; inability to sustain the benefits from productivity and restructuring initiatives; difficulties associated with acquisitions and integration of acquired businesses; customer fulfillment of their contractual obligations; increases in the relative value of the U.S. dollar; the impact of foreign currency fluctuations; potential limitations on our ability to access capital resources and existing credit facilities; restrictions on our business and financial covenants under our bank credit agreement; the impact of consolidation in the steel industry; inability to realize expected benefits from investments in technology; freight rates and the availability of transportation; the impact of equipment upgrades, equipment failures and facility damage on production; product liability claims; the impact of legal proceedings and legal compliance; the adverse impact of climate change; the impact of not realizing deferred tax assets; the impact of tax increases and changes in tax rules; the impact of one or more cybersecurity incidents; environmental compliance costs and potential environmental liabilities; inability to obtain or renew business licenses and permits or renew facility leases; compliance with greenhouse gas emission laws and regulations; reliance on employees subject to collective bargaining agreements; and the impact of the underfunded status of multiemployer plans in which we participate.

NON-GAAP FINANCIAL MEASURES

This presentation contains certain non-GAAP financial measures as defined under SEC rules. Reconciliations of the non-GAAP financial measures contained in this presentation to the most directly comparable U.S. GAAP measure are provided in the Appendix. These non-GAAP financial measures should be considered in addition to, but not as a substitute for, the most directly comparable U.S. GAAP measures.

Agenda

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- Summary
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Third Quarter
Fiscal Year 2018

Third Quarter Fiscal 2018 Financial Highlights

($M except selling prices and per share data)	3Q18	3Q17		2Q18	
AMR Ferrous Average Net Selling Prices ($/LT)	$337	$258	↑	$314	↑
AMR Ferrous Sales Volumes (000s LT)	983	825	↑	896	↑
AMR Nonferrous Sales Volumes (M Lbs)	146	150	↓	130	↑
AMR Adjusted Operating Income per Fe Ton	$54	$34	↑	$50	↑
CSS Finished Steel Sales Volumes (000s ST)	140	141	↔	125	↑
SSI Total Ferrous Volumes (000s LT)	1,119	951	↑	1,062	↑
Consolidated Adjusted Operating Income	$50	$18	↑	$33	↑
AMR	$54	$28	↑	$45	↑
CSS	$11	$1	↑	$5	↑
Consolidated GAAP Operating Income	$51	$19	↑	$33	↑
Adjusted EBITDA	$63	$31	↑	$46	↑
Adjusted EPS from continuing operations	$1.26	$0.56	↑	$1.42	↑
*Discrete income tax benefit included in EPS**	--	--		*$0.52*	
EPS from continuing operations	$1.31	$0.60	↑	$1.42	↑
*Discrete income tax benefit included in EPS**	--	--		*$0.52*	

*2Q18 EPS of $1.42 includes discrete income tax benefits of $0.52 from tax reform and from the release of valuation allowances on certain deferred tax assets.

Adjusted EPS of $1.26, more than double YoY

Adjusted consolidated operating income of $50M, almost triple YoY and best quarterly performance since FY11

- *AMR adjusted operating income per ton of $54, 59% higher YoY, driven by expansion of metals spread and benefits from commercial initiatives*
- *CSS operating income increased $10M YoY, reflecting expanded metal spreads as steel prices outpaced the rise in steelmaking raw material costs*
- *Adjusted EBITDA of $63M, double YoY*

Increased operating leverage and productivity

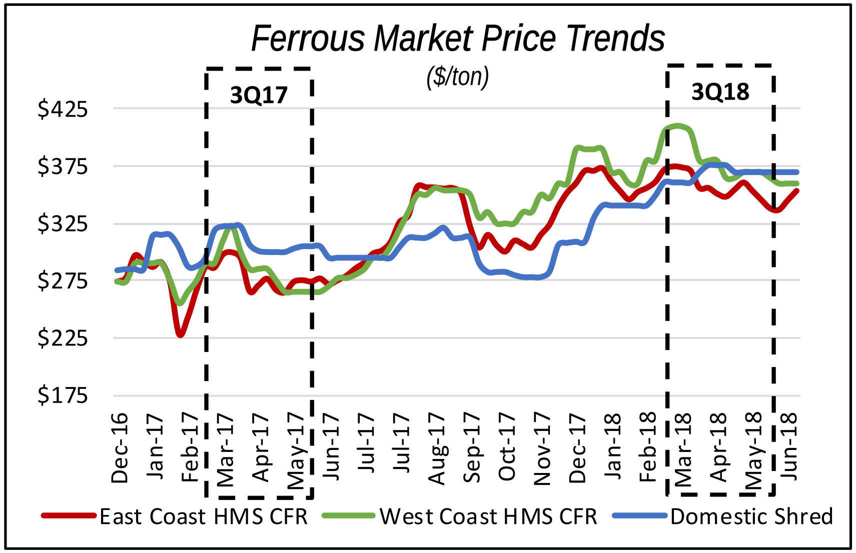
- *SSI total ferrous volumes up 18% YoY*
- *Sustained contributions from productivity improvements and CSS integration synergies*

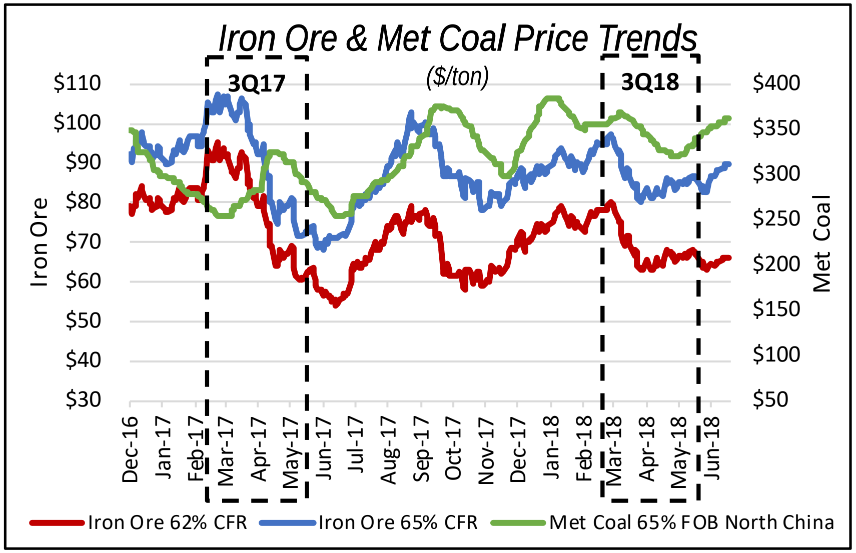
Positive market conditions

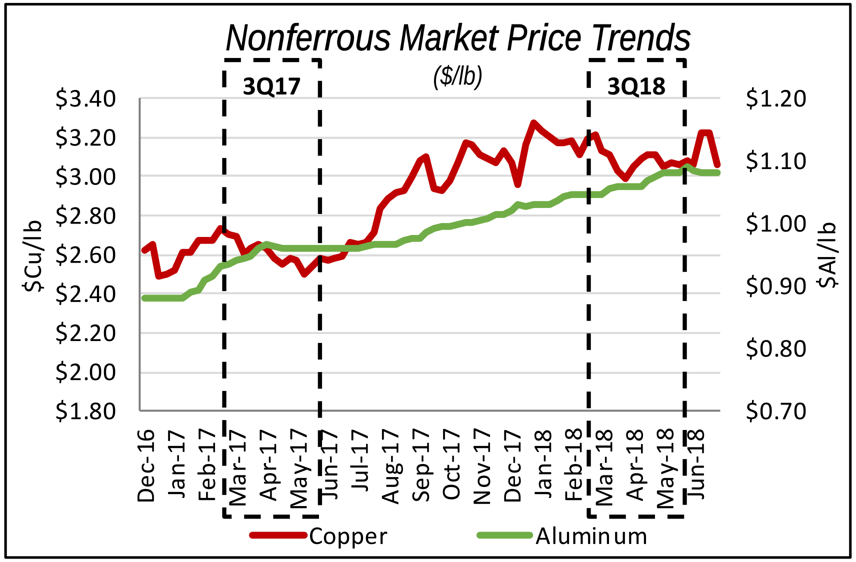
- *Synchronous global growth driving strong scrap demand and supply flows*

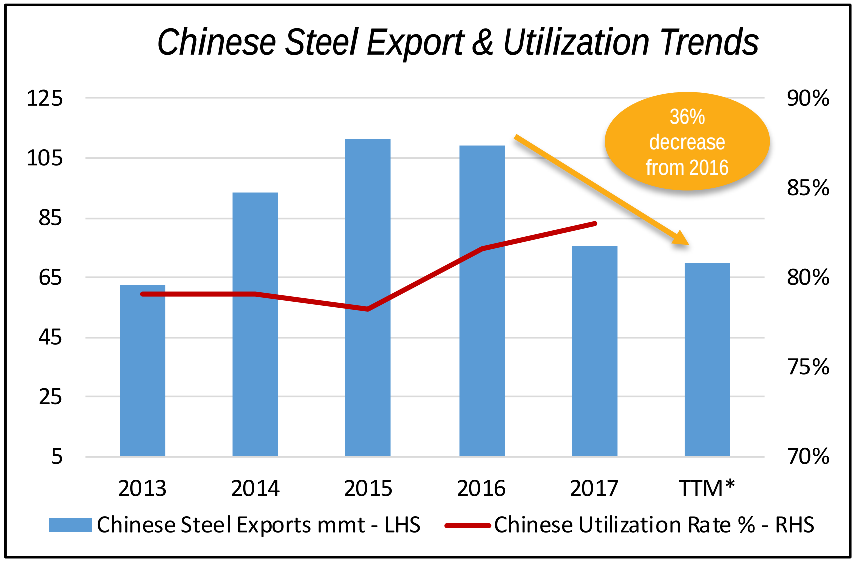
Note: For a reconciliation to U.S. GAAP of adjusted EBITDA, adjusted operating income, and adjusted EPS from continuing operations, see appendix.

Metal Market Trends







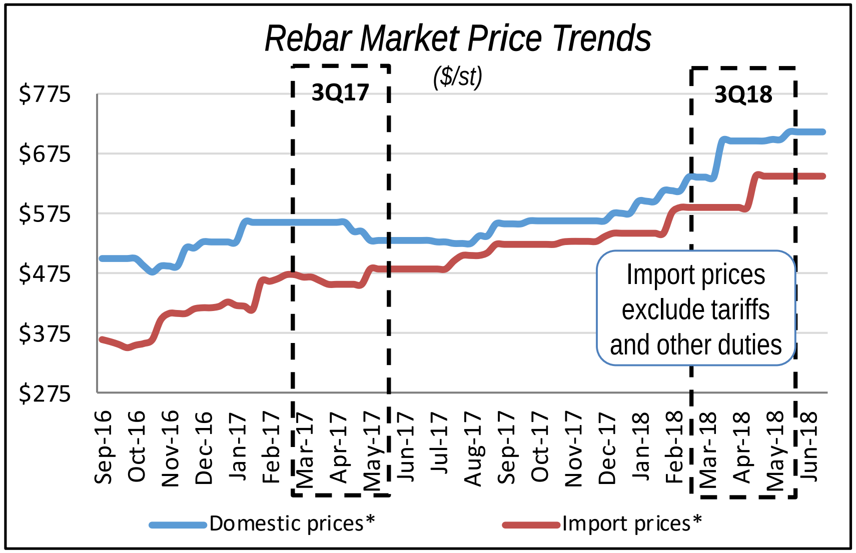


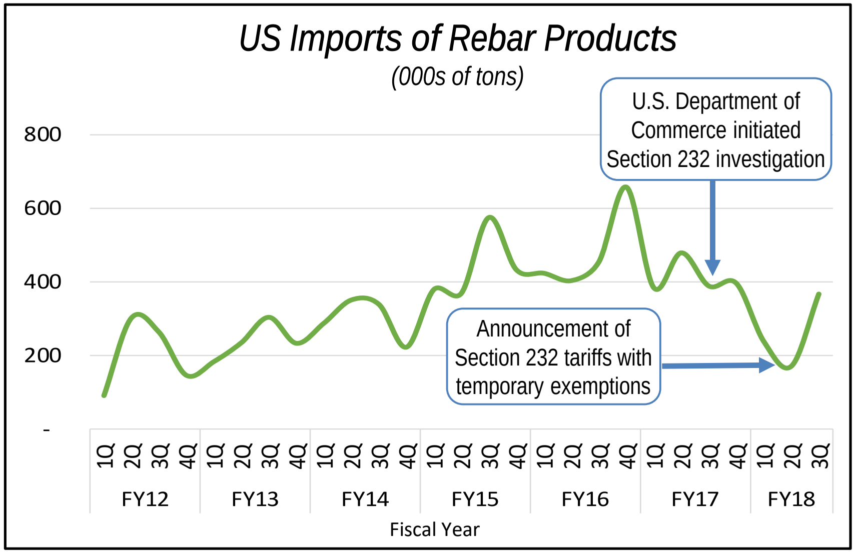
Sources: Platts, Argus, AMM.com, Worldsteel.org, OECD

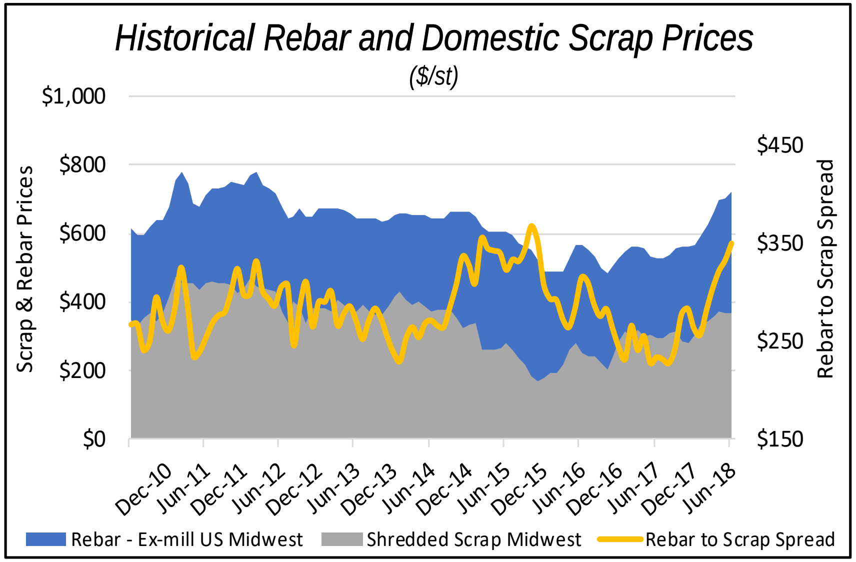
CFR price includes loading and transportation costs to the destination port; FOB price only includes loading and transportation costs to the named location.

*Trailing 12 months ended April 30, 2018

Steel Market Trends







Average 3Q18 domestic rebar market prices were up $140/short ton or 26%, YoY

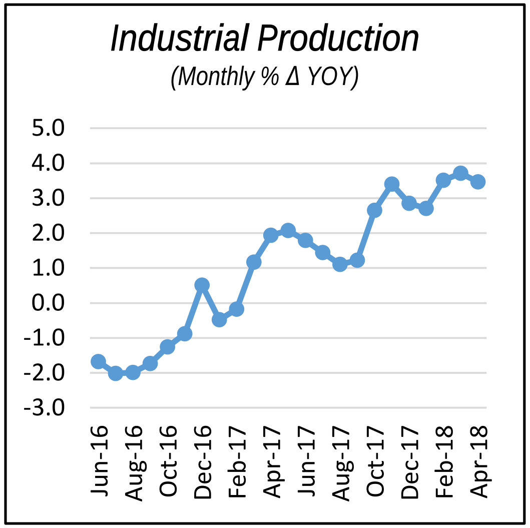
- Increases in selling prices outpaced increases in the cost of steelmaking raw materials
- Reduced pressure from rebar imports

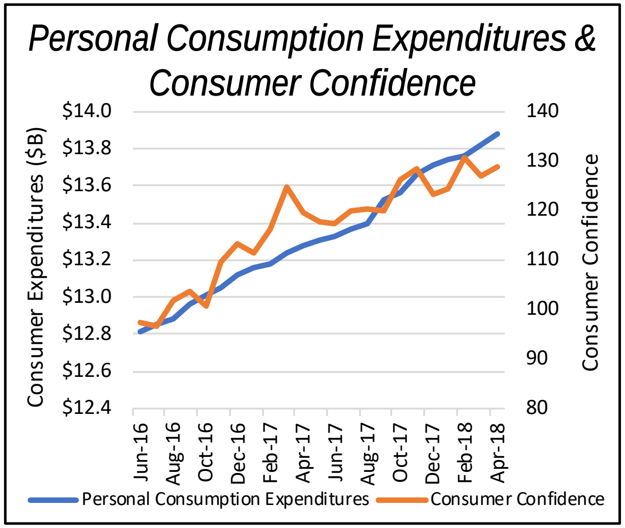
Rebar prices approximate FY12 levels

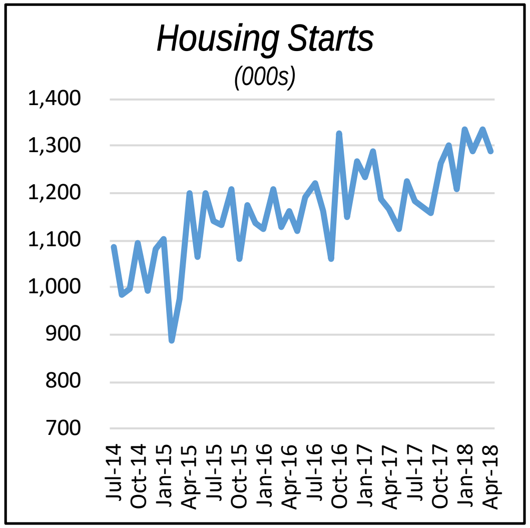
- Rebar to scrap spread highest since 1Q16 as scrap prices have not kept pace with steel price increases

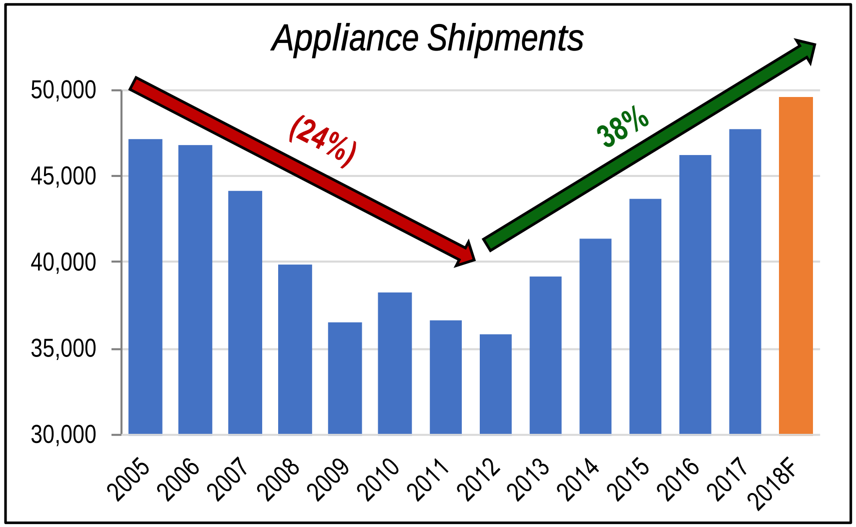
Sources: Platts, US Census Bureau, SBB
*Domestic and import prices based on US Midwest and Houston import prices, respectively.

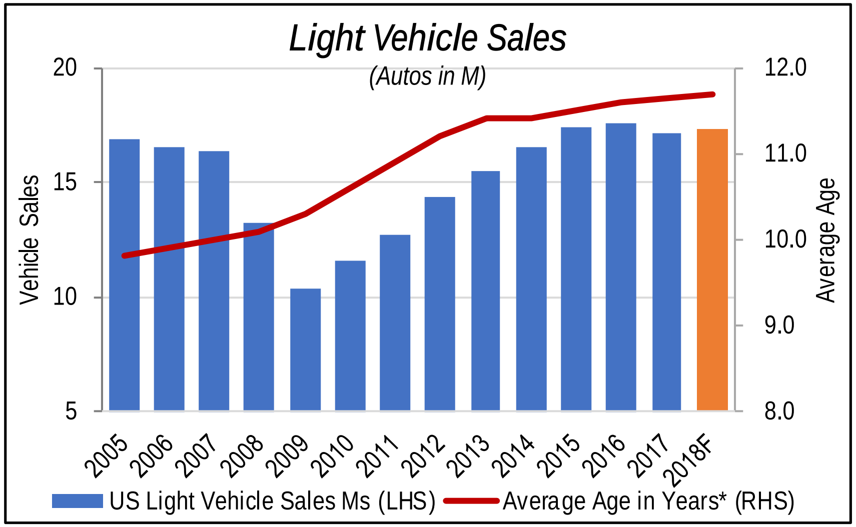
Leading U.S. Economic Trends











Source: Federal Reserve, US Census Bureau, Whirlpool Corporation estimates of US appliance shipments, Conference Board, KeyBanc Research estimates, AHAM, BTS
*2017 Average Age in Years is a forecast amount

Strategic Initiatives and Positive Market Conditions Delivering Growth

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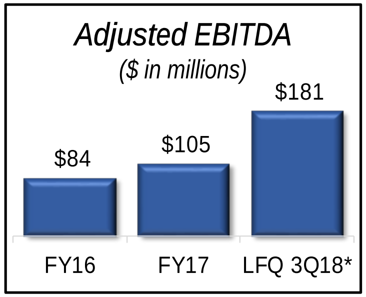
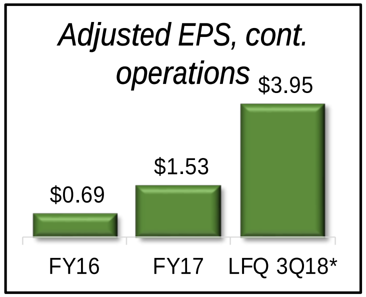
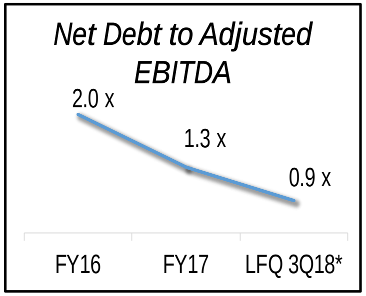
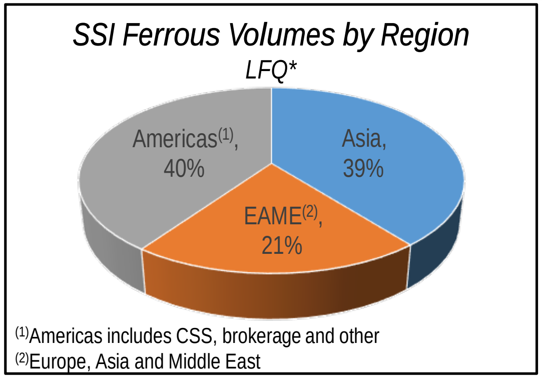
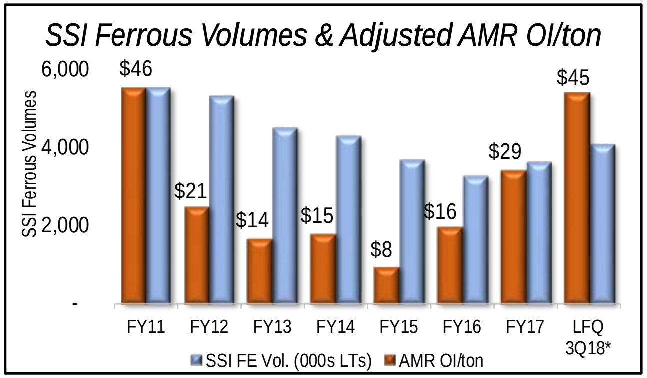






Strategic initiatives to increase volumes and expand margins, supported by positive market conditions, have been delivering steady growth





Continuing to diversify our customer base to enable us to access demand wherever it is greatest

AMR average operating income/ton of $45 LFQ similar to FY11 at which time SSI volumes and ferrous prices were approximately 25% higher

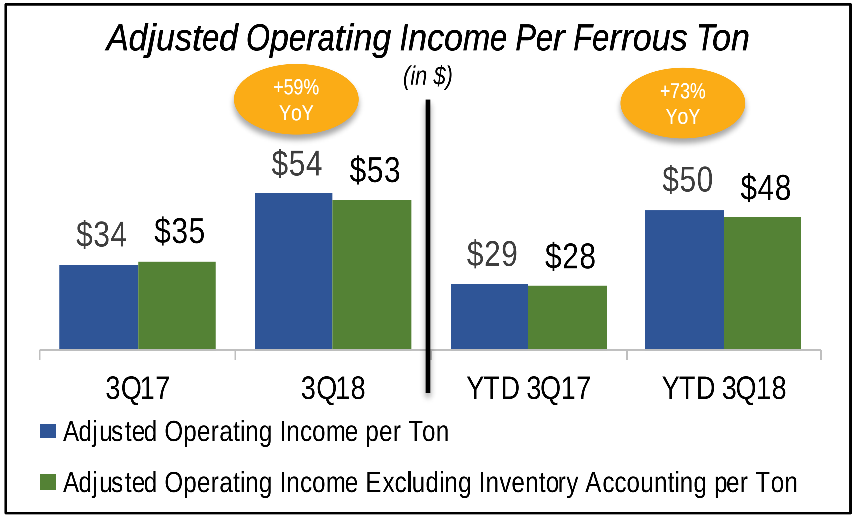
Opportunity for Additional Operating Leverage:

- Accelerating SSI ferrous volume target of 5 million tons by one year to FY20, reflecting retained capacity
- Assumes continuation of positive market conditions

*Last four quarters ended May 31, 2018; for adjusted EPS, LFQ 3Q18 is based on the sum of each quarter's EPS (subject to rounding) and includes discrete income tax benefits of $0.52 from tax reform and from the release of valuation allowances on certain deferred tax assets.

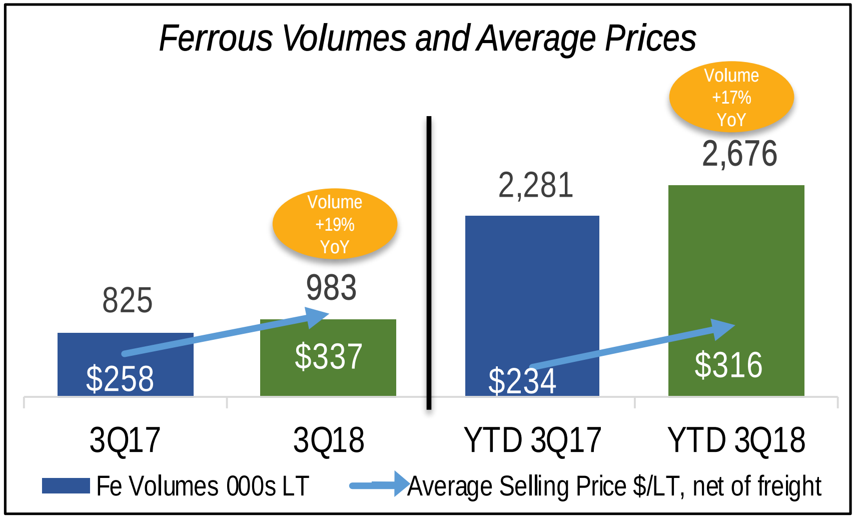
Note: For a reconciliation to U.S. GAAP of adjusted operating income, adjusted EBITDA and adjusted EPS, see appendix.

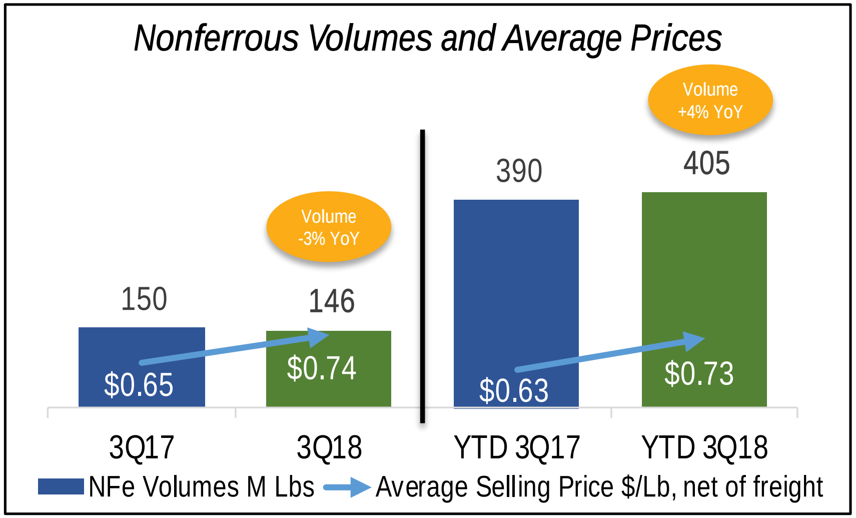
AMR Volume and Operating Trends



Best quarterly AMR operating performance since 2011

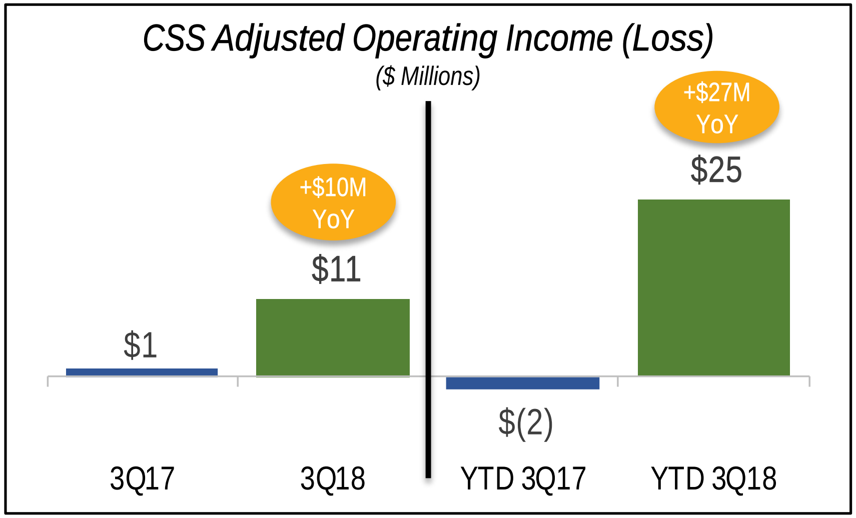
- 3Q18 adjusted operating income per ton of $54, up 59% YoY
- Ferrous sales volumes and average net selling prices were up YoY 19% and 31% in 3Q18, respectively
- Nonferrous average net selling prices were up YoY 14%; volumes down 3% YoY
- Operating benefits from expanded metal spreads and higher ferrous volumes





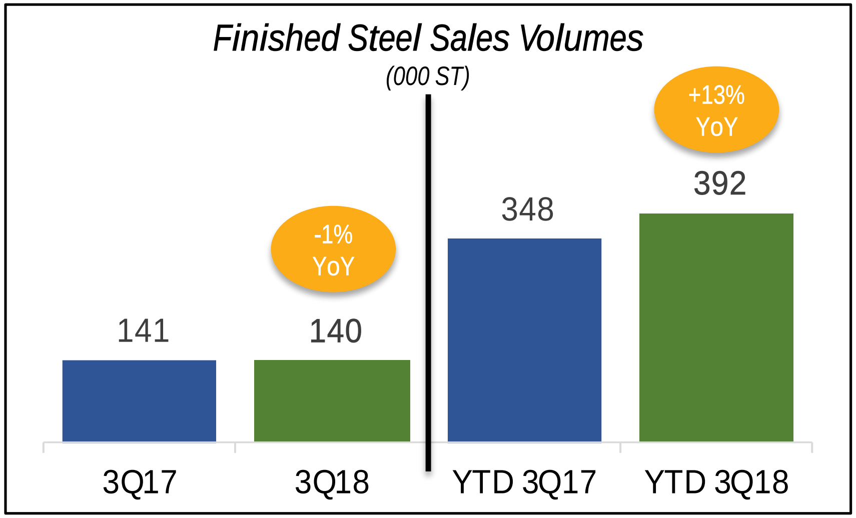
Note: For a reconciliation to U.S. GAAP of adjusted operating income, including quarterly estimated impact of average inventory accounting, see appendix.

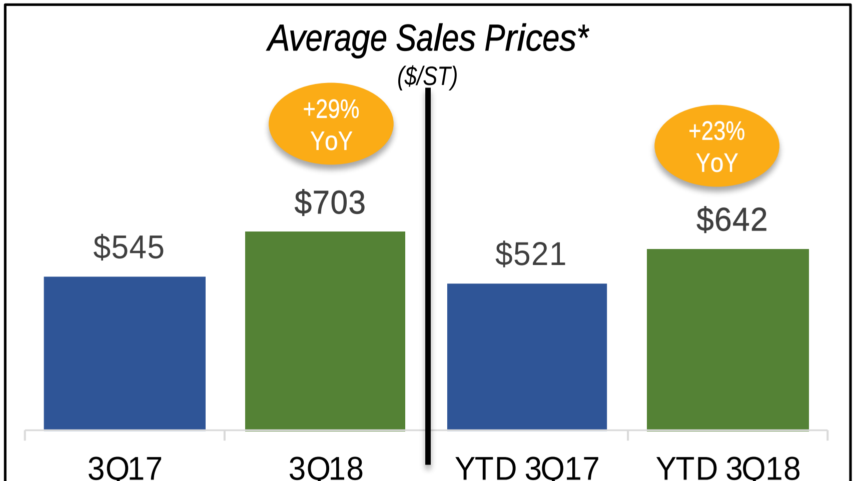
CSS Volume and Operating Trends



3Q18 and YTD performance improved significantly YoY

- 3Q18 adjusted operating income improved $10 million:
  - Selling prices up 29% YoY in 3Q18 reflecting the impact of higher raw material costs
  - Expanded finished steel metal margins
  - 3Q18 finished steel sales volumes consistent YoY
  - Benefits from integration synergies, productivity improvements and mill investments

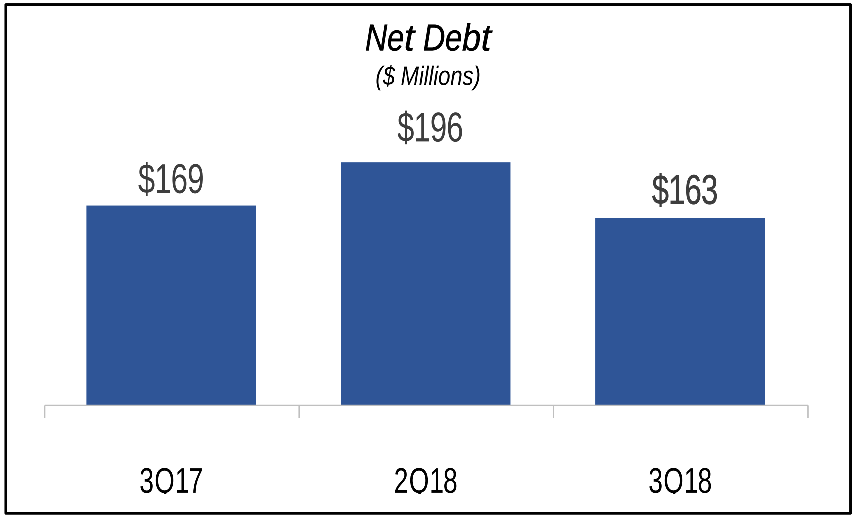


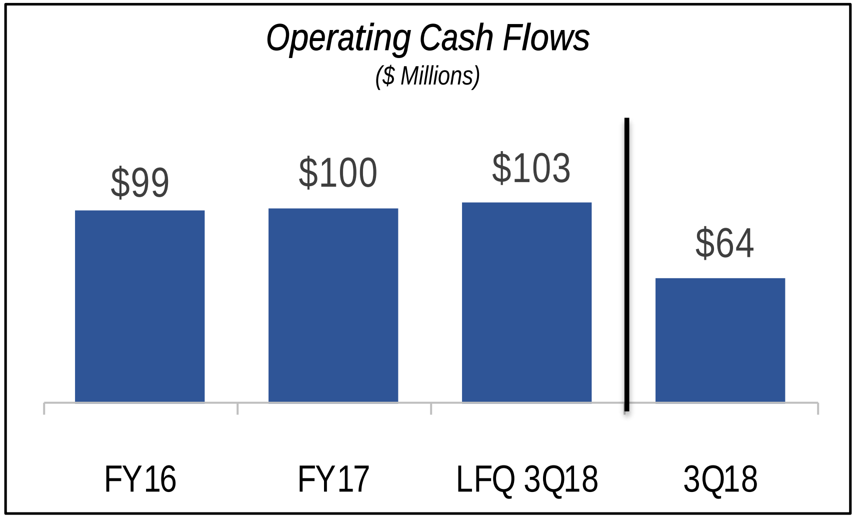


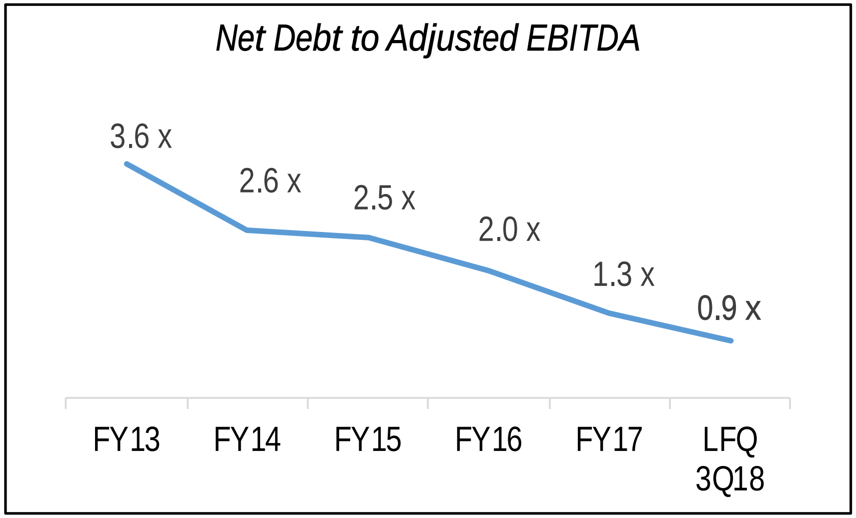
*Average selling prices are net of freight

Note: For a reconciliation to U.S. GAAP of adjusted operating income (loss), see appendix. Amounts may not add due to rounding.

Capital Structure







Cash Flows & Debt

- 3Q18 operating cash flows of $64M driven by higher profitability
- Positive free cash flow supports a sequential reduction in net debt by $33 million in 3Q18

Strong Balance Sheet

- LFQ net debt to adj. EBITDA ratio of 0.9x
- Net leverage ratio of 21%

Capital Allocation Priorities

- Capital expenditures, investing in growth, and returning capital to shareholders while maintaining prudent leverage
- Repurchased 266 thousand shares YTD, approximately 1% of total outstanding shares

Note: Net debt is total debt, net of cash. For a reconciliation to U.S. GAAP of net debt, net debt leverage to adjusted EBITDA, and net debt to net capital ratio, see appendix.

Summary

Delivering Sustainable Growth

Strong Operating Performance

- SSI ferrous volume growth of 18% YoY
- Q3 AMR adjusted operating income of $54 per ton and LFQ of $45 per ton
- Significant YoY improvement in CSS operating income
- 3Q18 operating cash flow of $64 million driven by EBITDA profitability

Delivering on Growth Targets

- AMR exceeded the OI/ton FY19 target significantly ahead of schedule – demonstrated ability to achieve OI/ton in $45-$55 range in current market conditions
- Accelerating achievement of 5 million ton ferrous volume target by one year to FY20

Key Growth Enablers

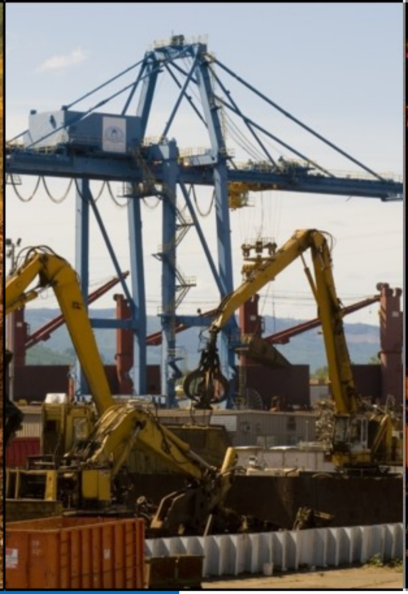
- Advanced processing technology
- Enhanced automation and commercial analytics
- Transactional growth opportunities
- Strong balance sheet

Market Conditions

- Leading macro-economic and industry indicators trending positively, subject to impact of trade and regulatory actions and Chinese restrictions on nonferrous imports

Note: For a reconciliation to U.S. GAAP of adjusted operating income (loss), see appendix.





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Q&A





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APPENDIX

Third Quarter Fiscal 2018

Non-GAAP Financial Measures

This presentation contains performance based on adjusted net income (loss) and adjusted diluted earnings (loss) per share from continuing operations attributable to SSI; adjusted consolidated, AMR and CSS operating income (loss); adjusted EBITDA; net debt, net debt leverage ratio, and net debt to adjusted EBITDA leverage ratio; and adjusted operating income excluding average inventory accounting which are non-GAAP financial measures as defined under SEC rules. As required by SEC rules, the Company has provided reconciliations of these measures for each period discussed to the most directly comparable U.S. GAAP measure. Management believes that presenting non-GAAP financial measures provides a meaningful presentation of our results from business operations excluding adjustments for goodwill impairment, other asset impairment charges net of recoveries, restructuring charges and other exit-related activities, recoveries related to the resale or modification of certain previously contracted shipments, the non-cash write-off of debt issuance costs, and the income tax expense (benefit) allocated to these adjustments, items which are not related to underlying business operational performance, and improves the period-to-period comparability of our results from business operations. Adjusted operating results in fiscal 2015 excluded the impact from the resale or modification of the terms, each at significantly lower prices due to sharp declines in selling prices, of certain previously-contracted bulk shipments for delivery during fiscal 2015. Recoveries resulting from settlements with the original contract parties, which began in the third quarter of fiscal 2016 and concluded in the first quarter of fiscal 2018, are reported within selling, general and administrative expense in the quarterly statements of income and are also excluded from these measures. Further, management believes that debt, net of cash is a useful measure for investors because, as cash and cash equivalents can be used, among other things, to repay indebtedness, netting this against total debt is a useful measure of our leverage. Management believes that the ratio of total debt to total capital, both net of cash and cash equivalents, is also a useful measure of our leverage. These non-GAAP financial measures should be considered in addition to, but not as a substitute for, the most directly comparable U.S. GAAP measures.

Further, management believes that:

- Adjusted EBITDA is a useful measure of the Company's financial performance and liquidity;
- Net Debt to Adjusted EBITDA Ratio is a useful measure of the Company's liquidity; and
- Adjusted operating income excluding estimated impacts of average inventory accounting is a useful indicator of the Company's financial performance because it excludes the impact of the rapid changes in purchase prices compared to our cost of goods sold which adjusts more slowly due to use of average inventory accounting and provides a measure of operating performance excluding the differential.

These non-GAAP financial measures should be considered in addition to, but not as a substitute for, the most directly comparable U.S. GAAP measures.

Non-GAAP Financial Measures

The following is a reconciliation of each of these measures to the most directly comparable U.S. GAAP measure:

Consolidated Operating Income ($ in millions)	Quarter 3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
Operating income	$ 51	$ 33	$ 26	$ 22	$ 19	$ 14	$ 1
Other asset impairment charges, net of recoveries	(1)	—	—	—	(1)	—	—
Restructuring charges and other exit-related activities	—	—	—	—	—	—	—
Contract resale or modification, net of recoveries	—	—	—	—	—	—	—
Consolidated adjusted operating income(1)	$ 50	$ 33	$ 26	$ 22	$ 18	$ 13	$ 1

AMR Operating Income ($ in millions)	Quarter 3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
Operating income	$ 55	$ 45	$ 35	$ 24	$ 30	$ 25	$ 13
Other asset impairment charges, net of recoveries	(1)	—	—	1	(1)	—	—
Contract resale or modification, net of recoveries	—	—	—	—	—	—	—
Adjusted AMR operating income(1)	$ 54	$ 45	$ 35	$ 24	$ 28	$ 25	$ 12

CSS Operating Income (Loss) ($ in millions)	Quarter 3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
Operating income (loss)	$ 11	$ 5	$ 8	$ 8	$ 1	$ (1)	$ (3)
Other asset impairment charges, net of recoveries	—	—	—	(1)	—	—	—
Adjusted CSS operating income (loss)(1)	$ 11	$ 5	$ 8	$ 7	$ 1	$ (1)	$ (2)

(1) May not foot due to rounding.

Non-GAAP Financial Measures

The following is a reconciliation of each of these measures to the most directly comparable U.S. GAAP measure:

AMR Operating Income ($ in millions)	YTD FY17	FY16	FY15	FY14	FY13	FY12	FY11
Operating income	$ 91	$ 23	$ (166)	$ 54	$ (284)	$ 88	$ 201
Goodwill impairment charges	—	9	141	—	321	—	—
Other asset impairment charges, net of recoveries	(0)	16	44	1	13	—	—
Contract resale or modification, net of recoveries	(1)	(1)	7	—	—	—	—
Adjusted AMR operating income(1)	$ 90	$ 48	$ 26	$ 55	$ 50	$ 88	$ 201
AMR Ferrous Volumes (000s LT)	3,145	2,899	3,186	3,591	3,666	4,237	4,332
AMR Adjusted Operating Income Per Ton	$ 29	$ 16	$ 8	$ 15	$ 14	$ 21	$ 46

(1) May not foot due to rounding.

(2) The AMR segment was most recently reorganized in the fourth quarter of fiscal 2017 with its results recast back to fiscal 2013. We developed AMR segment results and activities for fiscal 2011 and 2012 presented herein using a consistently applied recasting methodology.

Non-GAAP Financial Measures

The following is a reconciliation of each of these measures to the most directly comparable U.S. GAAP measure:

Net Income (Loss) from Continuing Operations Attributable to SSI	Quarter							LFQ[3]	Fiscal Year[1]	
($ in millions)	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	3Q18	FY17	FY16
Net income (loss) from continuing operations attributable to SSI	$ 37	$ 41	$ 18	$ 18	$ 17	$ 11	$ (1)	$ 115	$ 45	$ (18)
Goodwill impairment charge	—	—	—	—	—	—	—	—	—	9
Other asset impairment charges, net of recoveries	(1)	—	—	—	(1)	—	—	(2)	(1)	21
Restructuring charges and other exit-related activities	—	—	—	—	—	—	—	—	—	7
Contract resale or modification, net of recoveries	—	—	—	—	—	—	—	(1)	(1)	(1)
Non-cash write-off of debt issuance costs	—	—	—	—	—	—	—	—	—	1
Income tax expense (benefit) allocated to adjustments[2]	—	—	—	—	—	—	—	—	—	1
Adjusted net income (loss) from continuing operations attributable to SSI[1]	$ 36	$ 41	$ 18	$ 18	$ 16	$ 10	$ (1)	$ 113	$ 43	$ 19

Diluted EPS from Continuing Operations Attributable to SSI	Quarter							LFQ[3]	Fiscal Year[1]	
($ per share)	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	3Q18	FY17	FY16
Net income (loss) per share attributable to SSI	$ 1.31	$ 1.42	$ 0.64	$ 0.64	$ 0.60	$ 0.40	$ (0.05)	$ 4.01	$ 1.58	$ (0.71)
Income (loss) per share from discontinued operations attributable to SSI	—	0.01	—	—	—	—	—	—	(0.01)	(0.05)
Net income (loss) per share from continuing operations attributable to SSI[1]	$ 1.31	$ 1.42	$ 0.64	$ 0.65	$ 0.60	$ 0.40	$ (0.05)	$ 4.01	$ 1.60	$ (0.66)
Goodwill impairment charge	—	—	—	—	—	—	—	—	—	0.32
Other asset impairment charges, net of recoveries	(0.05)	—	—	—	(0.04)	—	0.01	(0.06)	(0.03)	0.76
Restructuring charges and other exit-related activities	—	—	—	—	0.00	(0.02)	0.01	0.01	—	0.25
Contract resale or modification, net of recoveries	—	—	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.03)	(0.04)	(0.03)
Non-cash write-off of debt issuance costs	—	—	—	—	—	—	—	—	—	0.03
Income tax expense (benefit) allocated to adjustments[2]	—	—	—	—	—	—	—	0.01	—	0.02
Adjusted diluted EPS from continuing operations attributable to SSI[1]	$ 1.26	$ 1.42	$ 0.63	$ 0.63	$ 0.56	$ 0.37	$ (0.03)	$ 3.95	$ 1.53	$ 0.69

(1) May not foot due to rounding.

(2) Income tax allocated to adjustments reconciling reported and adjusted net income (loss) from continuing operations attributable to SSI and diluted earnings per share from continuing operations attributable to SSI is determined based on a tax provision calculated with and without the adjustments.

(3) Last four quarters adjusted EPS is based on the sum of each quarter's EPS figures (subject to rounding).

Non-GAAP Financial Measures

Adjusted EBITDA

- Adjusted EBITDA – Earnings before interest, taxes, depreciation, amortization, goodwill impairments and other asset impairments net of recoveries, restructuring charges and other exit-related activities, net income attributable to noncontrolling interests, discontinued operations, and contract resale or modification, net of recoveries.

- The following is a reconciliation of net income (loss) attributable to SSI and Adjusted EBITDA:

Adjusted EBITDA	Quarter						
($ 000s)	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
Net Income (loss) attributable to SSI	$ 37,402	$ 41,016	$ 18,364	$ 18,235	$ 16,565	$ 11,037	$ (1,326)
Plus net income attributable to noncontrolling interests	1,046	903	857	500	687	662	618
Plus interest expense	2,483	2,281	2,059	2,112	2,131	2,097	1,741
Plus tax expense (benefit)	10,650	(10,577)	5,957	586	161	637	(62)
Plus depreciation & amortization	12,327	12,160	12,522	12,381	12,318	12,598	12,543
Plus goodwill & other asset impairments, net	(1,465)	-	(88)	(74)	(1,044)	-	401
Plus restructuring charges and other exit-related activities	70	91	100	90	93	(494)	201
Plus loss from discontinued operations, net of tax	56	(164)	35	114	127	95	53
Plus contract resale or modification, net of recoveries	-	-	(417)	(417)	(171)	(417)	(139)
Total Adjusted EBITDA	$ 62,569	$ 45,710	$ 39,389	$ 33,527	$ 30,867	$ 26,215	$ 14,030

Non-GAAP Financial Measures

Net Debt Leverage Ratio

- Debt, net of cash is the difference between (i) the sum of long-term debt and short-term debt (i.e., total debt) and (ii) cash and cash equivalents.
- The leverage ratio of net debt to net capital is the net debt as a percentage of net debt plus total equity.
- The following is a reconciliation of the net debt leverage ratio:

Net Debt Leverage Ratio	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
($000s)	5/31/2018	2/28/2018	11/30/2017	8/31/2017	5/31/2017	2/28/2017	11/30/2016
Total Debt	$ 172,691	$ 210,824	$ 184,882	$ 145,124	$ 184,443	$ 209,477	$ 187,645
Less Cash	(10,090)	(15,007)	(9,194)	(7,287)	(15,209)	(9,830)	(8,100)
Net Debt	$ 162,601	$ 195,817	$ 175,688	$ 137,837	$ 169,234	$ 199,647	$ 179,545
Total Debt	$ 172,691	$ 210,824	$ 184,882	$ 145,124	$ 184,443	$ 209,477	$ 187,645
Total Equity	619,562	587,096	551,617	537,493	517,558	502,684	494,067
Total Capital	$ 792,253	$ 797,920	$ 736,499	$ 682,617	$ 702,001	$ 712,161	$ 681,712
Less Cash	(10,090)	(15,007)	(9,194)	(7,287)	(15,209)	(9,830)	(8,100)
Net Capital	$ 782,163	$ 782,913	$ 727,305	$ 675,330	$ 686,792	$ 702,331	$ 673,612
Total Debt to Capital Ratio	21.8 %	26.4 %	25.1 %	21.3 %	26.3 %	29.4 %	27.5 %
Impact excluding cash from both Total Debt and Total Capital	(1.0)%	(1.4)%	(0.9)%	(0.8)%	(1.6)%	(1.0)%	(0.9)%
Net Debt Leverage Ratio	20.8 %	25.0 %	24.2 %	20.4 %	24.6 %	28.4 %	26.7 %

Non-GAAP Financial Measures

Net Debt to Adjusted EBITDA Ratio

- The following is a reconciliation of cash flows from operating activities to adjusted EBITDA; debt to debt, net of cash; the debt to cash flows from operating activities ratio; and the net debt to adjusted EBITDA ratio:

Net Debt to Adjusted EBITDA Ratio	LFQ	Fiscal Year				
($ in 000)	3Q18	2017	2016	2015	2014	2013
Cash Flows from Operating Activities	$ 102,729	$ 100,370	$ 99,240	$ 144,628	$ 141,252	$ 39,289
Exit-related gains, asset impairments and accelerated depreciation, net	—	407	(1,790)	(6,502)	(566)	—
Write-off of debt issuance costs	—	—	(768)	—	—	—
Inventory write-down	(38)	—	(710)	(3,031)	—	—
Deferred income taxes	8,965	(2,278)	(507)	1,988	3,815	59,102
Undistributed equity in earnings of joint ventures	1,702	3,674	819	1,490	1,196	1,183
Share-based compensation expense	(15,480)	(10,847)	(10,437)	(10,481)	(14,506)	(11,475)
Excess tax benefit from share-based payment arrangements	—	—	—	343	194	343
Gain (loss) on disposal of assets	(457)	(448)	465	2,875	1,126	(131)
Unrealized foreign exchange gain (loss), net	(92)	(361)	109	1,909	(240)	(1,583)
Bad debt (expense) recoveries, net	(398)	(126)	(131)	264	(449)	(584)
Change in current assets and current liabilities	74,870	10,666	(19,317)	(76,736)	(39,011)	53,654
Changes in other operating assets and liabilities	(5,715)	(4,958)	(405)	2,252	(2,550)	(2,699)
Interest expense	8,935	8,081	8,889	9,191	10,595	9,623
Tax expense (benefit)	6,616	1,322	735	(12,615)	2,583	(56,943)
Restructuring charges and other exit-related activities	351	(109)	6,782	13,008	6,830	7,906
Loss from discontinued operations, net of tax	41	390	1,348	7,227	2,809	4,242
Depreciation and amortization from discontinued operations	—	—	—	(821)	(1,335)	(861)
Contract resale or modification, net of recoveries	(834)	(1,144)	(694)	6,928	—	—
Adjusted EBITDA	$ 181,195	$ 104,639	$ 83,628	$ 81,917	$ 111,743	$ 101,066
Debt	172,691	145,124	192,518	228,156	319,365	381,837
Cash and cash equivalents	(10,090)	(7,287)	(26,819)	(22,755)	(25,672)	(13,481)
Net Debt	$ 162,601	$ 137,837	$ 165,699	$ 205,401	$ 293,693	$ 368,356
Debt to Cash Flows from Operating Activities Ratio	1.7	1.4	1.9	1.6	2.3	9.7
Net Debt to Adjusted EBITDA Ratio	0.9	1.3	2.0	2.5	2.6	3.6

Non-GAAP Financial Measures

Adjusted Operating Income Excluding Estimated Average Inventory Accounting

- Estimated Effect of Average Inventory Accounting – We account for the cost of our inventory using the average cost method. In periods of rising or falling selling prices for our products, we seek to adjust the purchase price paid for raw materials. However, the cost of our inventory changes more slowly than the purchase prices due to the effect of the average cost method. As a result, changes in the average inventory cost recorded through our cost of goods sold lag the changes in purchase prices, thus generally impacting our operating results positively in periods of rising market prices and negatively in periods of falling market prices.
- The following is a presentation of the estimated impact of average inventory accounting during the comparable periods:

AMR Adjusted Operating Income Excluding Estimated Average Inventory Accounting Impact ($ in millions except for data per ton)	LFQ 3Q18	Quarter 3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	YTD 3Q18	YTD 3Q17
Adjusted Operating Income	$ 158	$ 54	$ 45	$ 35	$ 24	$ 28	$ 25	$ 12	$ 133	$ 66
Estimated Average Inventory Accounting Impact	9	2	4	—	3	(1)	4	(2)	6	2
Adjusted Operating Income excluding estimated average inventory accounting(1)	$ 149	$ 52	$ 41	$ 35	$ 22	$ 29	$ 21	$ 14	$ 127	$ 64
Ferrous Volumes (000s LT)	3,540	983	896	797	864	825	739	717	2,676	2,281
Adjusted Operating Income Per Ton	$ 45	$ 54	$ 50	$ 44	$ 28	$ 34	$ 34	$ 17	$ 50	$ 29
Adjusted Operating Income Per Ton excluding estimated average inventory accounting	$ 42	$ 53	$ 45	$ 43	$ 25	$ 35	$ 28	$ 20	$ 48	$ 28

(1) May not foot due to rounding.

Historical Segment Data

The following provides recast values of segment data for AMR and CSS following the completed reorganization in 4Q17:

Recast Segment Financials ($000s)	Quarter										
Auto and Metals Recycling	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Reported operating income	$ 54,980	$ 45,132	$ 35,172	$ 23,992	$ 29,520	$ 25,288	$ 12,606	$ 18,865	$ 26,219	$ (22,841)	$ 925
Adjusted operating income	53,515	45,132	34,755	24,435	28,305	24,871	12,467	18,310	26,080	2,415	925
Cascade Steel and Scrap	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Reported operating income (loss)	$ 10,793	$ 5,413	$ 8,476	$ 8,019	$ 1,163	$ (1,280)	$ (2,628)	$ 2,559	$ 408	$ (2,849)	$ 4,578
Adjusted operating income (loss)	10,793	5,413	8,388	7,085	1,163	(1,280)	(2,227)	4,783	408	(881)	4,578
Consolidated	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Reported operating income	$ 51,234	$ 33,358	$ 26,423	$ 22,108	$ 19,147	$ 14,171	$ 587	$ 18,376	$ 14,886	$ (37,076)	$ (4,028)
Adjusted operating income	49,839	33,449	26,018	21,707	18,025	13,260	1,050	19,069	15,289	(4,482)	(2,103)

Recast Segment and Total SSI Volumes	Quarter										
Auto and Metals Recycling	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Ferrous volumes (LT)[1]	983,342	896,309	796,618	864,098	825,391	739,175	716,765	805,384	737,363	651,683	704,359
Nonferrous volumes (000 LB)[1]	146,043	129,549	129,137	150,343	150,356	114,275	125,817	139,425	114,726	116,452	103,135
Car Purchase Volumes (000s)	109	102	108	113	108	96	94	92	79	70	77
Cascade Steel and Scrap	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Finished steel volumes (ST)	140,221	124,711	127,220	147,431	141,221	105,989	100,875	122,562	132,851	109,651	123,138
SSI Total Volumes[2]	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Ferrous volumes (LT)	1,118,743	1,062,260	912,145	990,516	951,230	852,036	833,889	914,284	832,001	737,124	805,279
Nonferrous volumes (000s LB)	162,667	144,024	141,046	164,342	161,832	122,554	136,057	153,287	122,244	123,675	111,077

(1) Includes inter-segment sales to CSS.

(2) Ferrous and nonferrous volumes sold externally by AMR and CSS and delivered to our steel mill for finished steel production.

Historical Segment Operating Statistics

The following provides recast values of segment data for AMR and CSS following the completed reorganization in 4Q17:

	1Q18	2Q18	3Q18	YTD 2018	1Q17	2Q17	3Q17	4Q17	Year 2017	1Q16	2Q16	3Q16	4Q16	Year 2016
Auto and Metals Recycling														
Ferrous selling prices ($/LT)[1]														
Domestic	$ 259	$ 278	$ 314	$ 286	$ 169	$ 237	$ 263	$ 257	$ 236	$ 167	$ 155	$ 206	$ 214	$ 188
Export	$ 306	$ 327	$ 347	$ 328	$ 203	$ 252	$ 255	$ 263	$ 244	$ 180	$ 175	$ 218	$ 207	$ 196
Average	$ 292	$ 314	$ 337	$ 316	$ 194	$ 247	$ 258	$ 262	$ 242	$ 176	$ 169	$ 214	$ 209	$ 193
Ferrous sales volume (LT)														
Domestic	237,464	239,571	293,323	770,358	197,255	220,975	291,227	238,930	948,387	189,250	196,759	227,861	244,742	858,612
Export	559,154	656,738	690,019	1,905,911	519,510	518,200	534,164	625,168	2,197,042	515,109	454,924	509,502	560,642	2,040,177
Total	796,618	896,309	983,342	2,676,269	716,765	739,175	825,391	864,098	3,145,429	704,359	651,683	737,363	805,384	2,898,789
Nonferrous average price ($/LB)[1][2]	$ 0.73	$ 0.72	$ 0.74	$ 0.73	$ 0.58	$ 0.64	$ 0.65	$ 0.64	$ 0.63	$ 0.61	$ 0.58	$ 0.59	$ 0.60	$ 0.60
Nonferrous sales volume (000s LB)[2]	129,137	129,549	146,043	404,729	125,817	114,275	150,356	150,343	540,791	103,135	116,452	114,726	139,425	473,737
Car purchase volume (000s)[3]	108	102	109	319	94	96	108	113	411	77	70	79	92	319
Auto stores at end of quarter	53	53	53	53	52	52	53	53	53	55	55	53	52	52
Cascade Steel and Scrap														
Finished steel average sales price ($/ST)[1]	$ 599	$ 619	$ 703	$ 642	$ 492	$ 517	$ 545	$ 565	$ 534	$ 554	$ 504	$ 501	$ 528	$ 522
Sales volume (ST)														
Rebar	84,243	79,718	91,603	255,564	73,903	69,136	84,166	96,323	323,528	85,899	71,935	84,193	88,591	330,618
Coiled products	40,928	43,056	46,673	130,657	23,934	34,371	54,629	48,349	161,283	32,482	33,742	42,168	29,891	138,283
Merchant bar and other	2,049	1,937	1,945	5,931	3,038	2,482	2,426	2,759	10,705	4,757	3,974	6,490	4,080	19,301
Finished steel products sold	127,220	124,711	140,221	392,152	100,875	105,989	141,221	147,431	495,516	123,138	109,651	132,851	122,562	488,202
Rolling mill utilization[4]	95 %	83 %	91 %	90 %	65 %	89 %	85 %	95 %	83 %	68 %	61 %	53 %	71 %	63 %

(1) Price information is shown after a reduction for the cost of freight incurred to deliver the product to the customer.

(2) Excludes PGM metals in catalytic converters.

(3) Cars purchased by auto stores only.

(4) Rolling mill utilization for fiscal 2017 and 2018 is based on effective annual production capacity under current conditions of 580 thousand tons of finished steel products, reflecting a decrease in effective finished steel production capacity resulting from the decommissioning of the older rolling mill during the first quarter of fiscal 2017.