



Schnitzer Steel Industries (Nasdaq: SCHN)

Urban Mining for a Sustainable World

November 2011

Safe Harbor

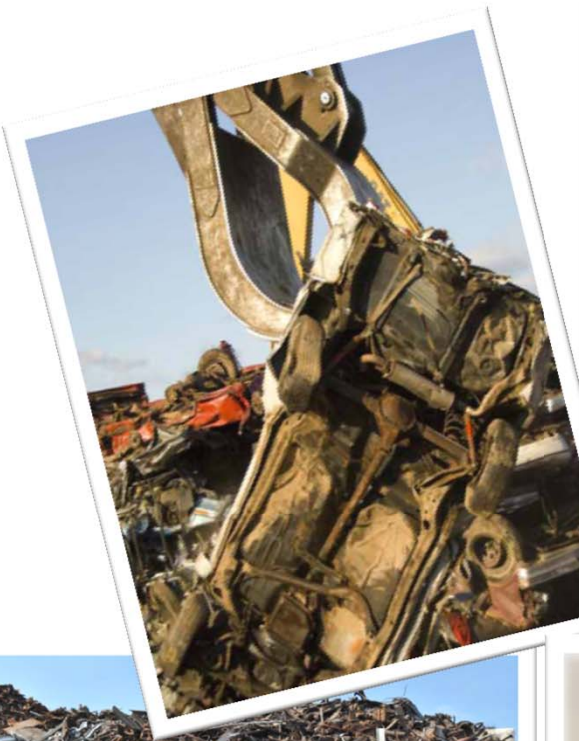
Statements and information included in this presentation that are not purely historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements in this presentation include statements regarding our expectations, intentions, beliefs and strategies regarding the future, including statements regarding trends, cyclicity and changes in the markets we sell into; strategic direction; changes to manufacturing and production processes; the cost of compliance with environmental and other laws; expected tax rates, deductions and credits; 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; expected results, including pricing, sales volumes and profitability; obligations under our retirement plans; savings or additional costs from business realignment and cost containment programs; and the adequacy of accruals.

When used in this report, the words "believes," "expects," "anticipates," "intends," "assumes," "estimates," "evaluates," "may," "could," "opinions," "forecasts," "future," "forward," "potential," "probable," and similar expressions are intended to identify forward-looking statements.

We may make other forward-looking statements from time to time, including in reports filed with the Securities and Exchange Commission, press releases, and 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 world 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 "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent annual report on Form 10-K and quarterly report on Form 10-Q. Examples of these risks include: potential environmental cleanup costs related to the Portland Harbor Superfund site; volatile supply and demand conditions affecting prices and volumes in the markets for both our products and raw materials we purchase; difficulties associated with acquisitions and integration of acquired businesses; the impact of goodwill impairment charges; the inability of customers to fulfill their contractual obligations; the impact of foreign currency fluctuations; potential limitations on ability to access credit facilities; the impact of the consolidation in the steel industry; the impact of imports of foreign steel into the U.S.; inability to realize expected benefits from investments in technology; freight rates and availability of transportation; product liability claims; costs associated with compliance with environmental regulations; the adverse impact of climate change; inability to obtain or renew business licenses and permits; compliance with greenhouse gas emission regulations; reliance on employees subject to collective bargaining agreements; and the impact of the underfunded status of multiemployer plans in which we participate.

Urban Mining: Creating Sustainable Value



FY11 Accomplishments

Record volumes reflect strong and steady demand

5.3M ferrous tons, up **26%**

More than **5** million admissions to APB

\$140M operating cash flow supports disciplined, strategic growth

82% revenues from export sales

569M nonferrous pounds, up **19%**

Exported to **19** countries

Car purchase up **7%**, driving higher parts, scrap and core sales

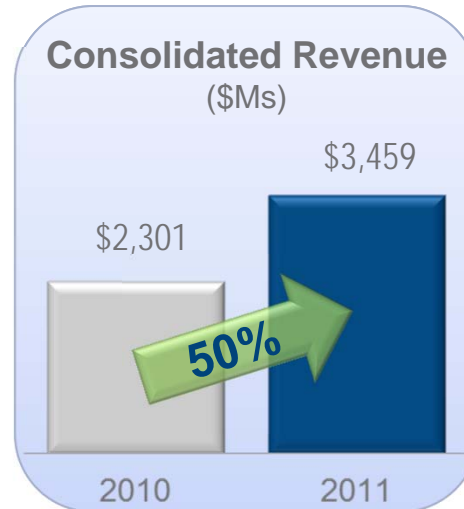
10 acquisitions enhance sources of scrap

Technology investments enable **higher value** extraction



Generating Growth & Delivering Performance

**2011 Scrap Company
of the Year**



FY2011 Financial Performance

Achieved 50% Growth and \$3.5B in Revenues

- 5.3 million ferrous tons shipped, up 26%
- 569 million nonferrous pounds shipped, up 19%
- 7% growth in APB car purchases, more than 5 million customer admissions

Generated \$264M in EBITDA⁽¹⁾, up 38%

- Strong demand and improved supply dynamics
- Enhanced operating efficiencies and productivity

Operating & Net Income up 48%

- Significant organic growth
- Partial year contributions from acquisitions and technology investments

Operating Cash Flow \$140M Supports Long-term Growth

- Invested \$409 million in cap-ex, acquisitions and share repurchases
- Maintained strong, flexible balance sheet, 24% debt leverage⁽¹⁾

Integrated Operating Segments

Metals Recycling Business

- Concentrated collection and processing of scrap on East & West coasts, Hawaii & Puerto Rico
- Typically >80% sales exported

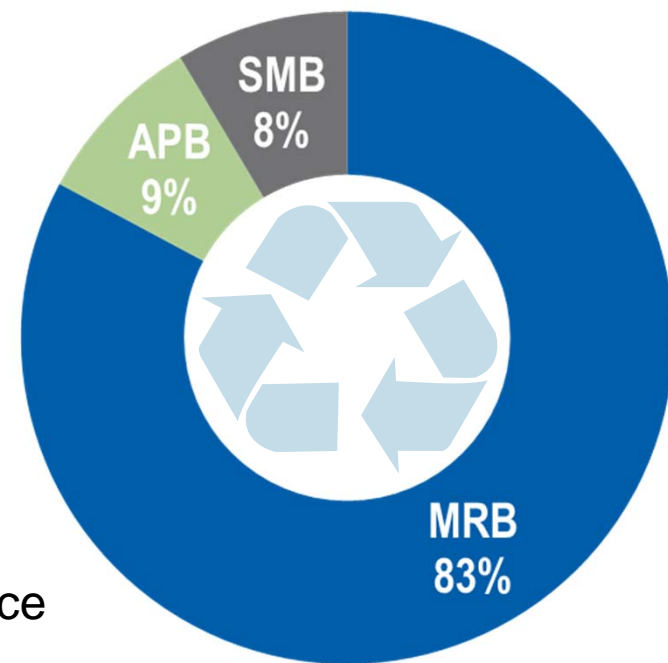
Auto Parts Business

- End-of-life vehicle recycling
- Retail strategy sells used parts, while maximizing value of cores and scrap

Steel Manufacturing Business

- EAF melts scrap supplied by MRB to produce long steel products (rebar, wire rod) for Western U.S. and Canada

FY2011 Revenue



MRB Segment Performance

Revenue Growth

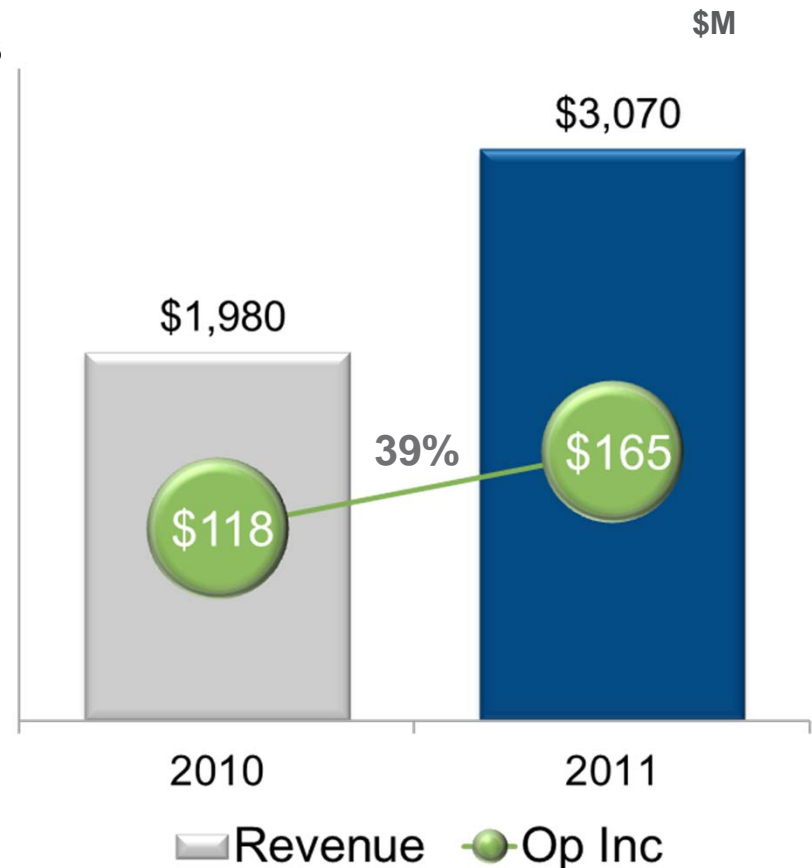
- Record ferrous and nonferrous volumes
- Export demand sustained higher prices

Operating Performance

- Strong upward trend in operating income
- Initial benefits realized from investments

Expanding Geographic Reach

- 7 acquisitions contributed to increased sources of supply and processing capabilities
- Enlarged geographic footprint through acquisitions in Western Canada



APB Segment Performance

Revenue Growth

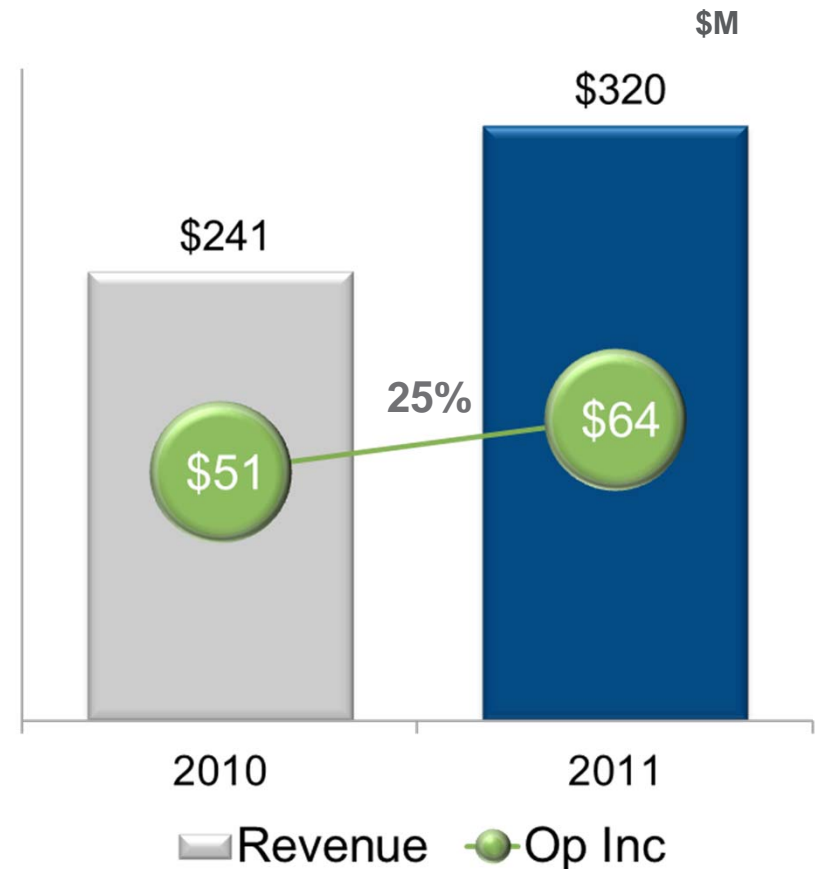
- Higher volumes
- Higher commodity prices
- Improved yields

Operating Performance

- Continuous improvement focus contributed to 20% operating margins

Expanding Geographic Reach

- Acquisition of five stores



SMB Segment Performance

Revenue Growth

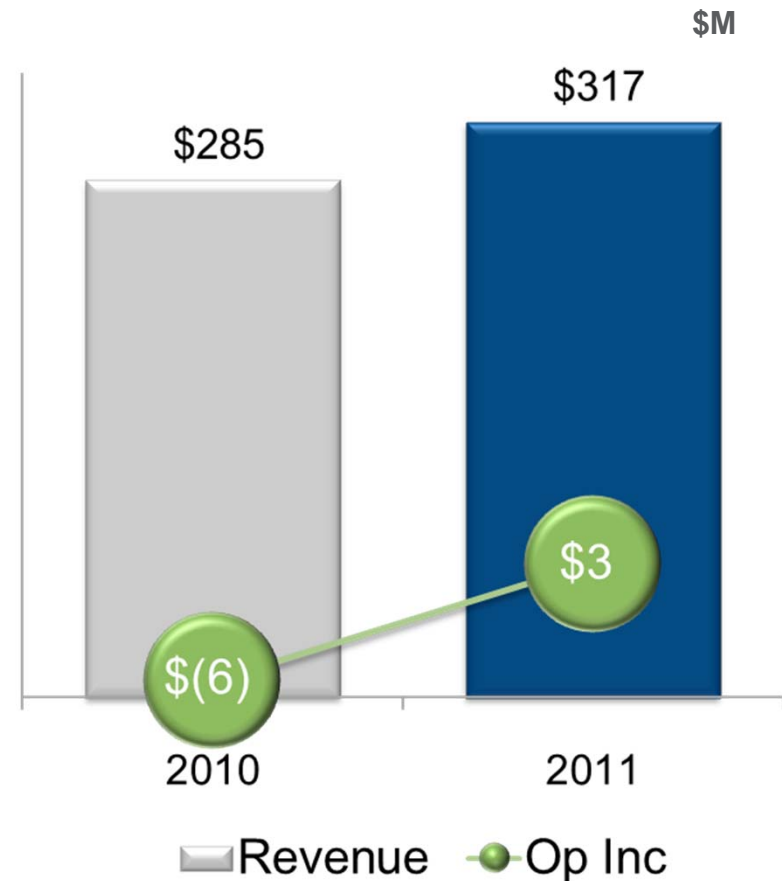
- Higher average selling prices

Operating Performance

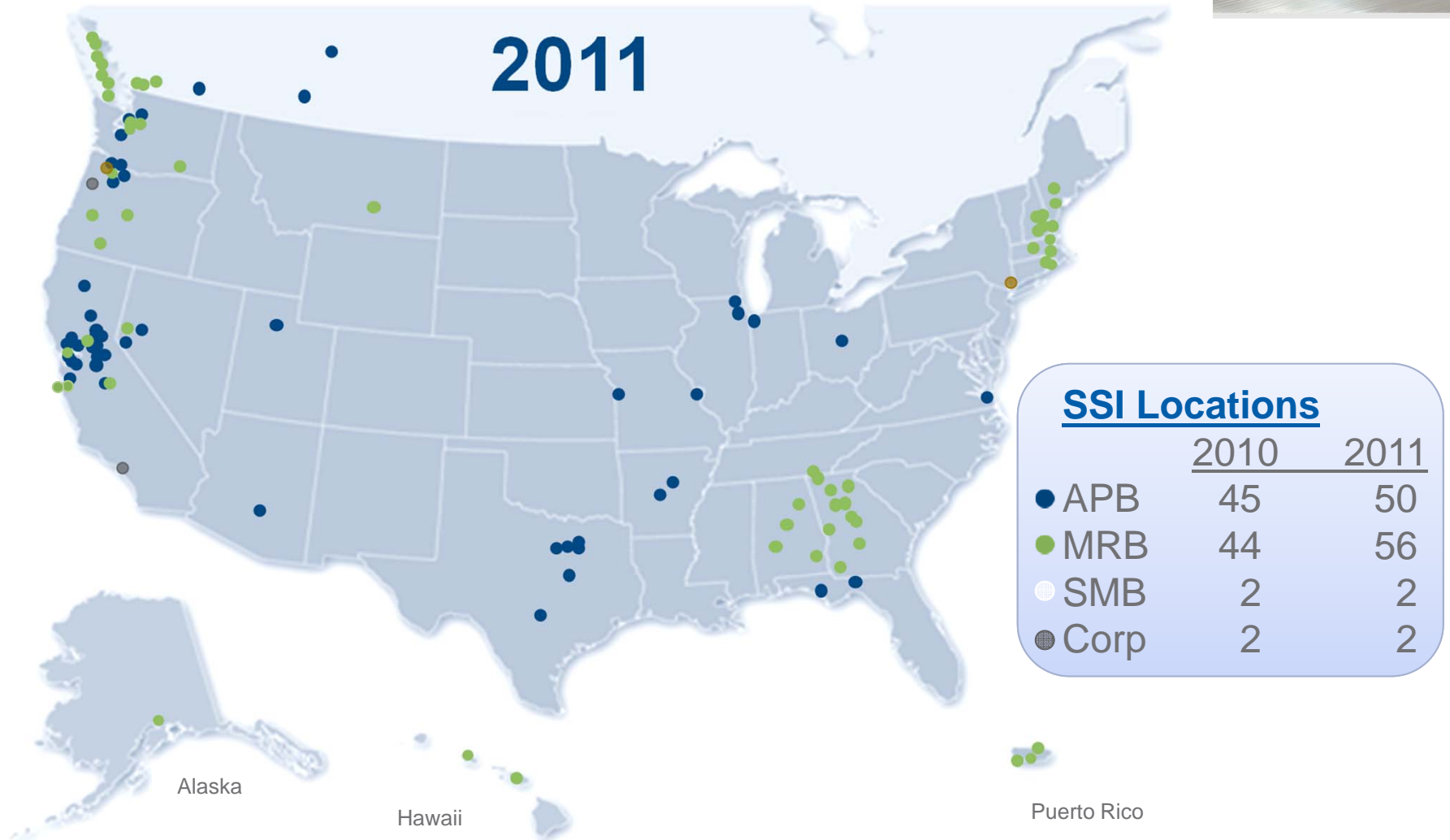
- Operational efficiencies led to improved profitability

Positioning for Future Demand

- Improved efficiencies and product diversification position SMB for market recovery



Strategic Growth Aligned With Demand



Long-term Drivers of Demand

Urbanization in developing economies drives worldwide steel consumption

- Infrastructure investment continues to drive demand

EAF production capacity continues to grow

- Scrap metal is the raw material used in Electric Arc Furnace (EAF) steel production
- Developing world economies are adding EAF capacity due to efficiencies and lower CO₂ output

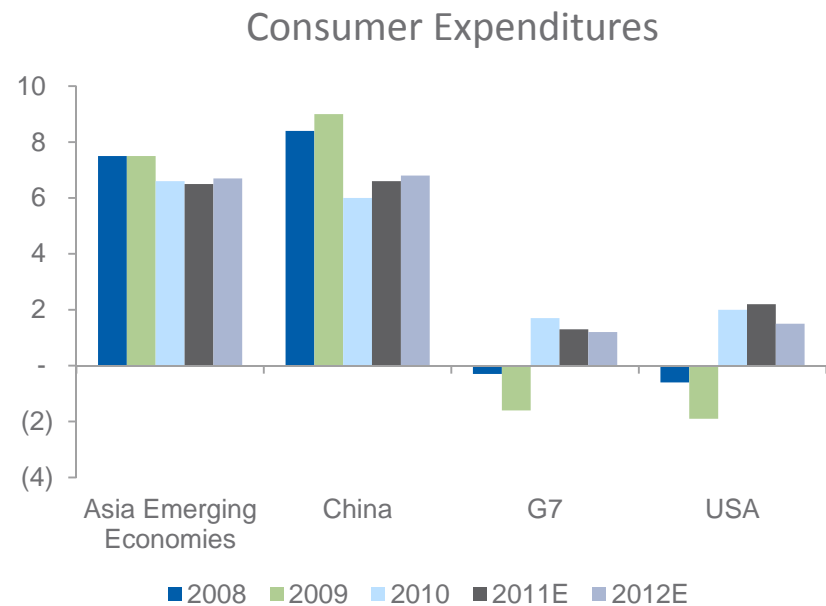
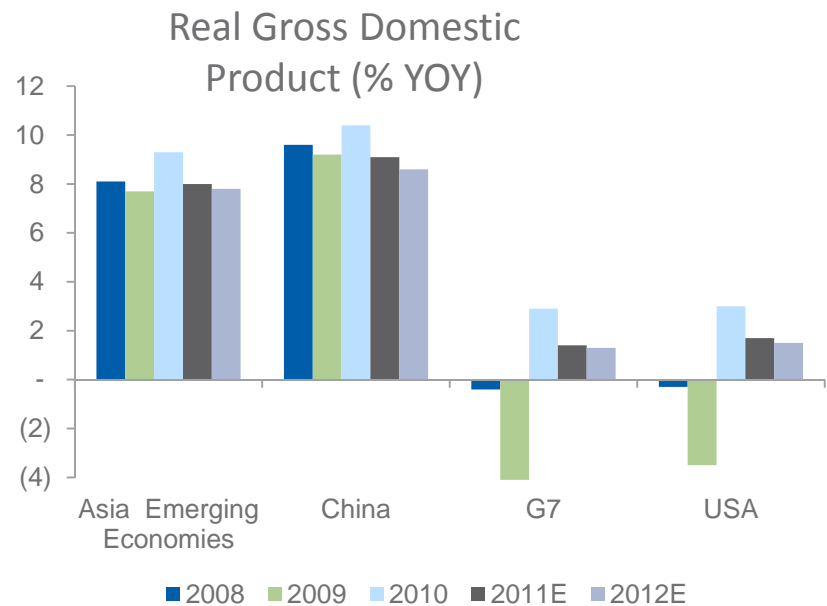
Urbanization in Developing Economies

Global steel consumption and the related demand for steel manufacturing raw materials are driven *by investment in infrastructure and consumer demand*

- GDP Growth: Proxy for measuring the increase in a country's standard of living
- Consumer Expenditures: Indicator of a country's consumer demand
- Fixed Asset Investment: Most important stimulant to steel demand
- Industrial Production: Measures changes in the output of manufacturing, mining and utility sectors

Infrastructure Spending in Developing Economies

Global economic recovery continues to be driven by Asia / China



(1) Asia Emerging Economies = China, Indonesia, Malaysia, Philippines, Thailand and Vietnam

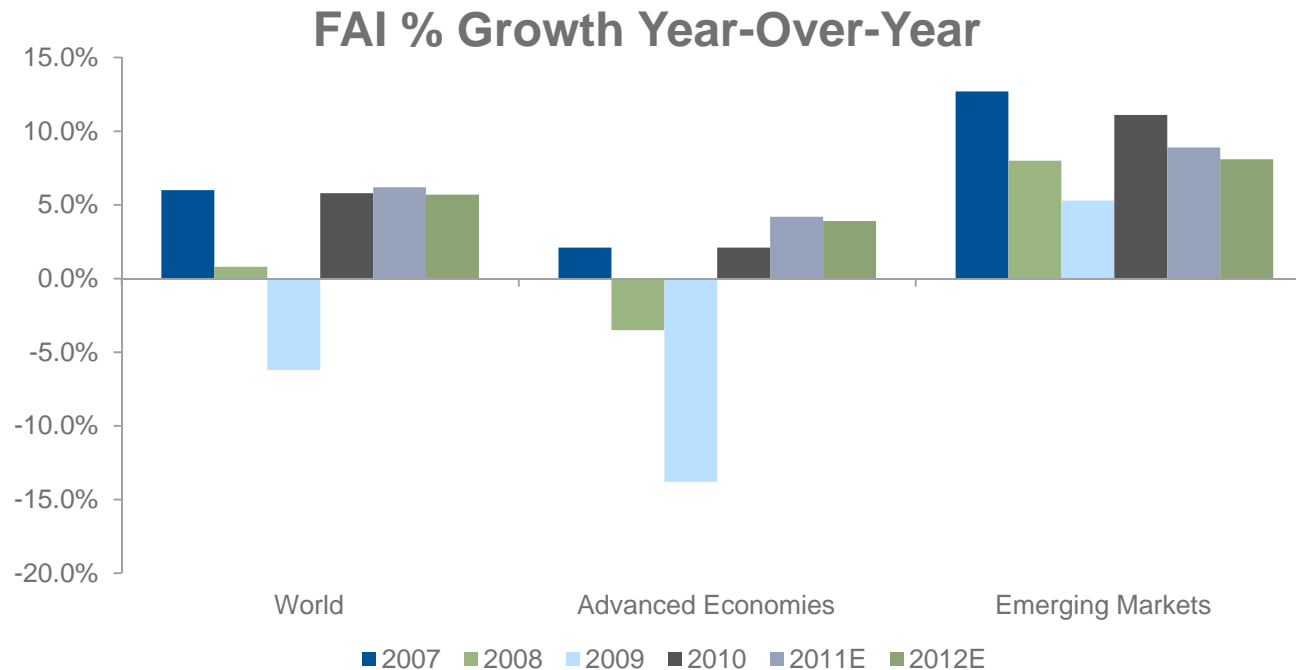
(2) G7 = US, Canada, Germany, France, Italy, UK and Japan

Source: Goldman Sachs Research

Infrastructure Spending in Developing Economies

Fixed Asset Investment

- Emerging markets continue to spend heavily on steel-intensive infrastructure through Fixed Asset Investments (FAI)

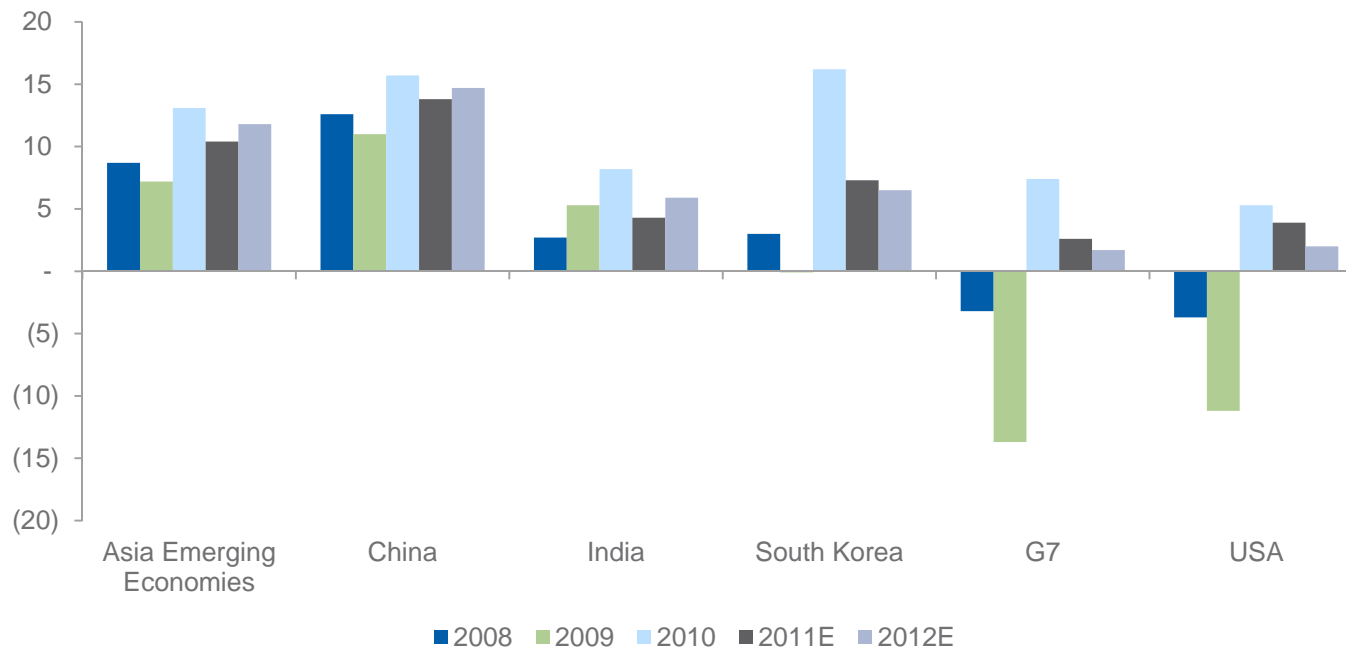


Source: Goldman Sachs Research

Infrastructure Spending in Developing Economies

Industrial Production

- Emerging economies are experiencing significant growth in Industrial Production



(1) Asia Emerging Economies = China, Indonesia, Malaysia, Philippines, Thailand and Vietnam

(2) G7 = US, Canada, Germany, France, Italy, UK and Japan

Source: Goldman Sachs Research

Recycling for Economic & Environmental Benefits

Recycling one ton of steel conserves:

- 2,500 pounds of iron ore
- 1,400 pounds of coal
- 120 pounds of limestone

Using recycled iron and steel instead of virgin iron ore to produce steel results in:

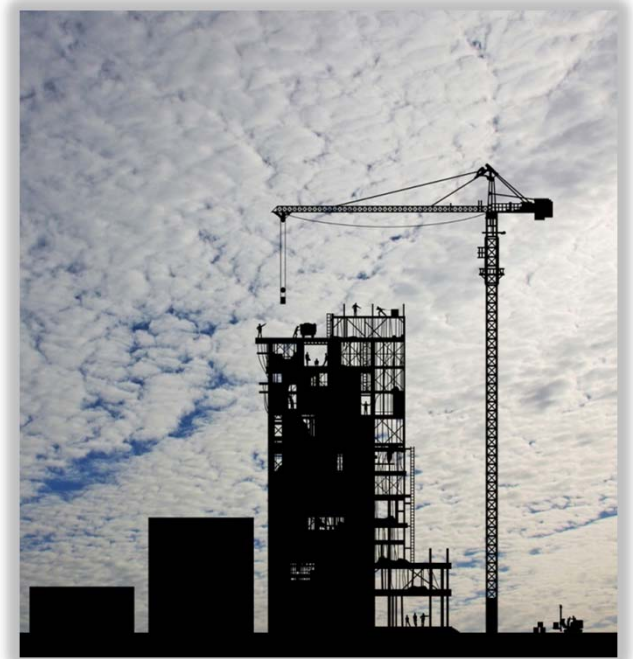
- 74% savings in energy use
- 90% savings in virgin material use
- 40% savings in water use
- 97% savings in mining wastes

Electric Arc Furnaces using recycled steel emit 85% less greenhouse gasses than traditional blast furnaces

Recycling for Economic & Environmental Benefits

EAF Capacity Expansions Continue

- China plans to increase scrap in steel production from 15% to 20%
 - Estimated 30MT/year
- Turkey intends to increase EAF capacity by ~9MT by 2015
 - Largest importer of ferrous scrap in the world, 19MT in 2010
- Russia plans to add ~6MT of EAF capacity
 - Such an increase would absorb nearly all of Russia's exports of steel scrap
- Vietnam plans to add ~5MT of EAF capacity by 2015
 - Up to 20 million tons over next 10 years



SSI Competitive Advantages

Geographically aligned with supply & demand dynamics

- Bi-coastal focus on domestic facilities with diverse supply network
- 7 deep-water ports provide efficient access to markets where demand is greatest

Significant investments in processes and technology

- Continuous improvement programs improving ferrous yield per ton
- Advanced technology creating higher nonferrous yield

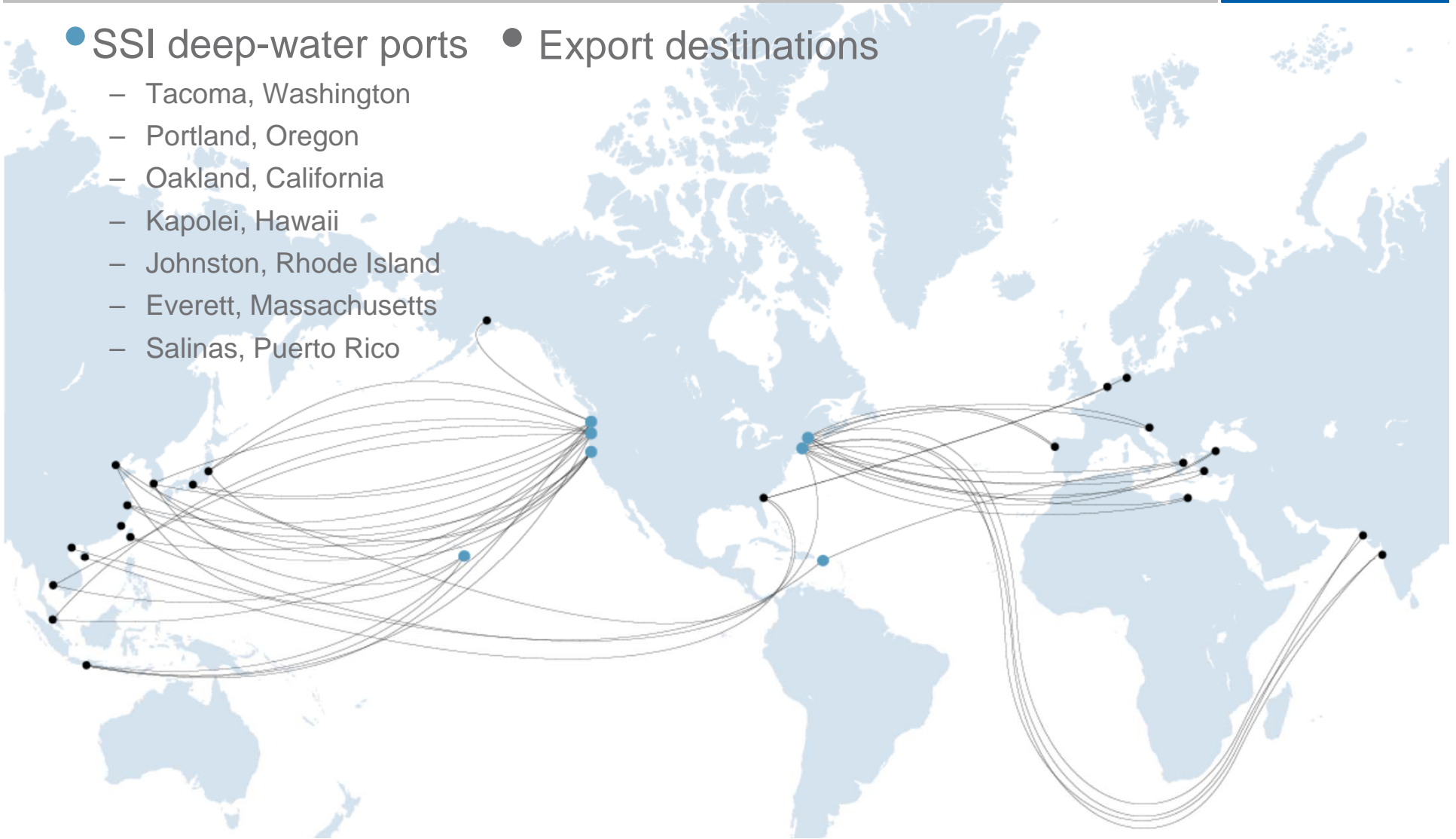
Expanding Markets

- Acquisitions expand supply network in underserved markets
- Focus on nonferrous collection and extraction
- Expansion of retail auto parts business and value-added separation

Geographic Alignment with Supply / Demand

- SSI deep-water ports
- Export destinations

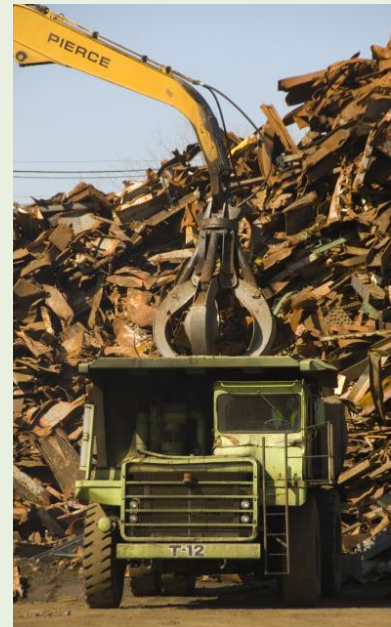
- Tacoma, Washington
- Portland, Oregon
- Oakland, California
- Kapolei, Hawaii
- Johnston, Rhode Island
- Everett, Massachusetts
- Salinas, Puerto Rico



Technology Is Enhancing Processing Yield

Investing for Growth

- SSI recycles over 5MT of ferrous and nonferrous scrap in the U.S. annually
- Significant investments in processing and separation technology increasing yield-per-ton
- Reducing volume of waste sent to the landfill
- Enhancing purity and quality of product grades

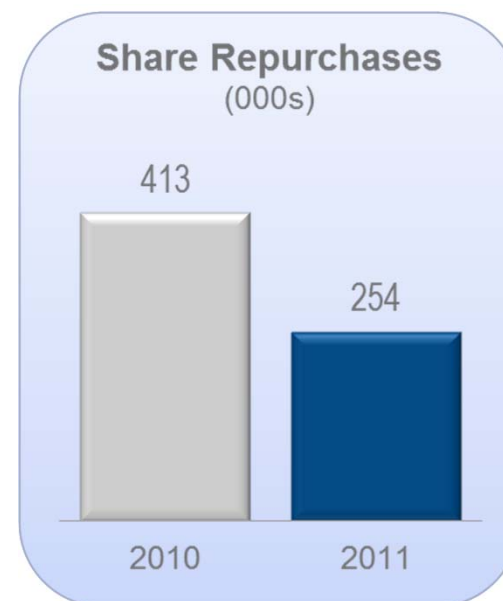
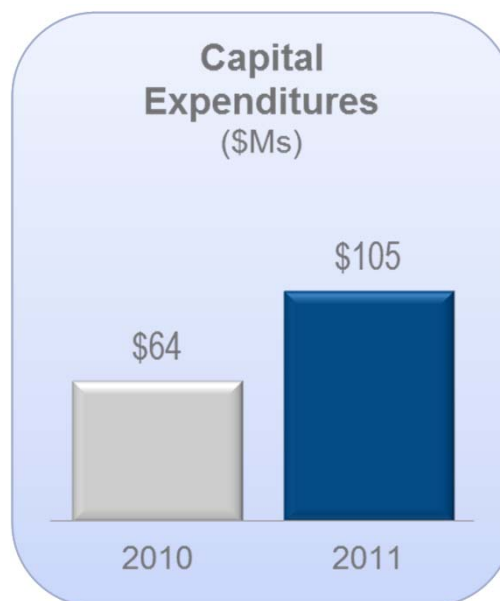
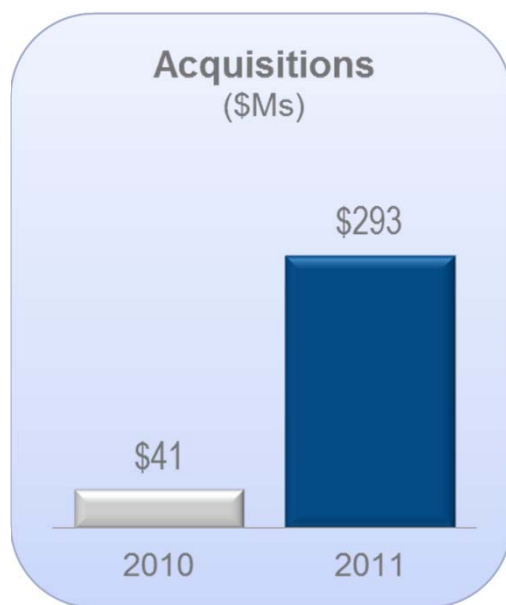


FY11 Consolidated Highlights

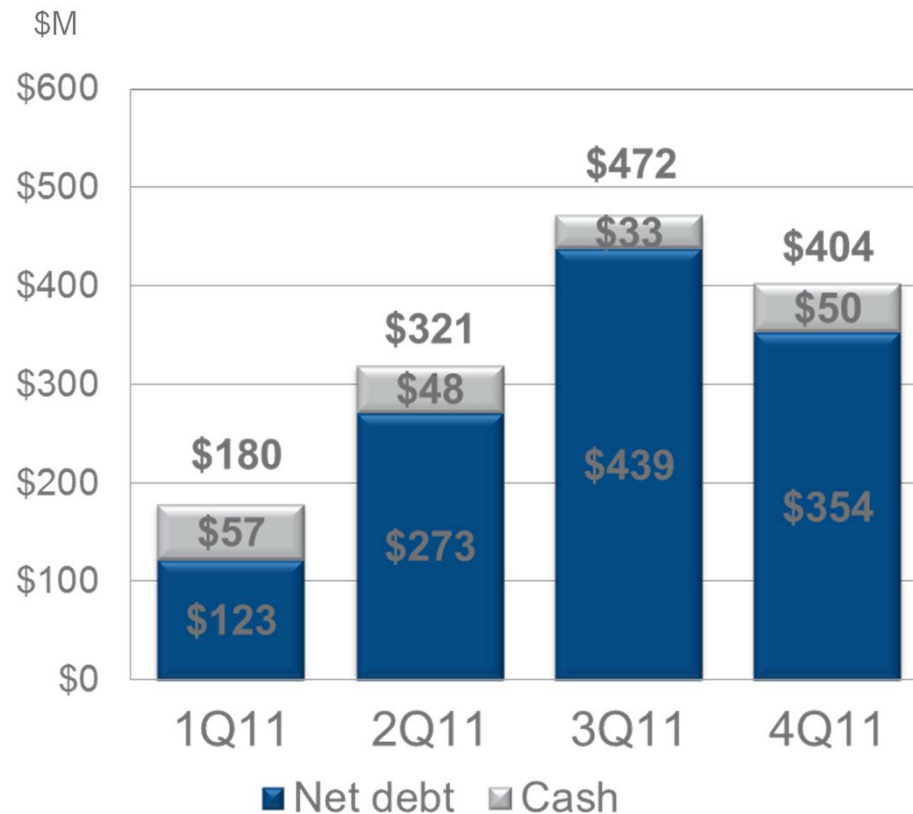
Invested \$398 million in disciplined growth

- Strategic acquisitions
- Investments in technology

Returned capital to shareholders



Capital Structure & Credit Facility



Net Debt⁽¹⁾ & Leverage⁽²⁾

- \$354M net debt includes
 - \$293M⁽³⁾ for 10 acquisitions
 - \$105M cap-ex
 - \$10M share repurchases
- \$140M operating cash flow
- Leverage ratio of 24%
 - Down 5% from 3Q11
- \$650M credit facility, expires 2016

1) Net debt is total debt net of cash. For a reconciliation to GAAP, see appendix.

2) Leverage is net debt as a percentage of net debt plus shareholders equity. For a reconciliation to GAAP, see appendix.

3) Acquisition spend includes cash paid, net of minority interest.

Delivering Sustainable Growth

Balancing Disciplined Investment with Innovation

- Strong value chain of supply, processing and access to global markets leverages high growth emerging market infrastructure needs
 - Concentrated network of bi-coastal collection and processing yards
 - Seven deep water ports access markets around the world and efficiently meet demand wherever it is greatest
 - Broad-based demand provides direct exposure to emerging market infrastructure growth
- Growth through acquisitions in existing and new geographies that create value for our core export markets
- Investing in advanced technologies and process improvements which increase the recovery and separation of recycled materials



Appendix

Schnitzer Steel Industries

Non-GAAP Financial Measures

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. 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.
- The leverage ratio of net debt to capital is the net debt as a percentage of net debt plus total equity. Management believes that this net debt leverage ratio is a useful measure for investors as a meaningful presentation of the change in debt.
- Management believes that these non-GAAP financial measures allow for a better understanding of our operating and financial performance. 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
- The following is a reconciliation of the leverage ratio:

| Leverage Ratio (\$000s) | 4Q11 | 3Q11 | 2Q11 | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 8/31/2011 | 5/31/2011 | 2/28/2011 | 11/30/2010 | 8/31/2010 | 5/31/2010 | 2/28/2010 | 11/30/2009 |
| Total Debt | \$ 403,930 | \$ 471,891 | \$ 320,812 | \$ 179,670 | \$ 100,429 | \$ 100,609 | \$ 101,304 | \$ 169,788 |
| Less Cash | (49,462) | (32,801) | (48,245) | (57,035) | (30,342) | (31,524) | (33,573) | (19,981) |
| Net Debt | 354,468 | 439,090 | 272,567 | 122,635 | 70,087 | 69,085 | 67,731 | 149,807 |
| Total Debt | 403,930 | 471,891 | 320,812 | 179,670 | 100,429 | 100,609 | 101,304 | 169,788 |
| Total Equity | 1,101,236 | 1,073,897 | 1,037,148 | 999,642 | 979,632 | 980,066 | 936,211 | 915,690 |
| Total Capital | 1,505,166 | 1,545,788 | 1,357,960 | 1,179,312 | 1,080,061 | 1,080,675 | 1,037,515 | 1,085,478 |
| Less Cash | (49,462) | (32,801) | (48,245) | (57,035) | (30,342) | (31,524) | (33,573) | (19,981) |
| Net Capital | \$ 1,455,704 | \$ 1,512,987 | \$ 1,309,715 | \$ 1,122,277 | \$ 1,049,719 | \$ 1,049,151 | \$ 1,003,942 | \$ 1,065,497 |
| Total Debt to Capital Ratio | 26.8% | 30.5% | 23.6% | 15.2% | 9.3% | 9.3% | 9.8% | 15.6% |
| Impact excluding cash from both Total Debt and Total Capital Leverage Ratio | (2.4%) | (1.5%) | (2.8%) | (4.3%) | (2.6%) | (2.7%) | (3.0%) | (1.5%) |
| | 24.4% | 29.0% | 20.8% | 10.9% | 6.7% | 6.6% | 6.8% | 14.1% |

Schnitzer Steel Industries

Non-GAAP Financial Measures

Adjusted EBITDA

- EBITDA – Earnings Before Interest, Taxes, Depreciation, Amortization, net income attributable to noncontrolling interests, and loss (gain) on discontinued operations, net of tax. Management believes that EBITDA is a useful measure of the company's financial performance and liquidity.
- Management believes that this non-GAAP financial measures allow for a better understanding of our operating and financial performance. 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.
- The following is a reconciliation of net income and EBITDA:

| Adjusted EBITDA (\$000s) | 4Q11 | 3Q11 | 2Q11 | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 8/31/2011 | 5/31/2011 | 2/28/2011 | 11/30/2010 | 8/31/2010 | 5/31/2010 | 2/28/2010 | 11/30/2009 |
| Net Income attributable to SSI | \$ 36,708 | \$ 33,028 | \$ 30,825 | \$ 17,794 | \$ 17,407 | \$ 40,453 | \$ 17,459 | \$ (8,569) |
| Plus depreciation & amortization | 20,883 | 19,507 | 18,155 | 16,321 | 16,451 | 15,969 | 15,727 | 15,327 |
| Plus tax expense | 14,203 | 18,056 | 15,745 | 9,164 | 7,510 | 21,715 | 9,736 | 1,864 |
| Plus interest expense | 3,553 | 3,127 | 1,157 | 598 | 527 | 503 | 695 | 618 |
| Plus net income attributable to noncontrolling interests | 1,377 | 1,372 | 1,309 | 1,123 | 738 | 1,328 | 1,046 | 814 |
| Plus loss (gain) from discontinued operations, net of tax | 417 | (282) | (11) | (23) | (1,191) | (23) | 72 | 14,974 |
| Total | \$ 77,141 | \$ 74,808 | \$ 67,180 | \$ 44,977 | \$ 41,442 | \$ 79,945 | \$ 44,735 | \$ 25,028 |