Schnitzer

Investor Relations Presentation

Fiscal 2017

November 2017

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. 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; and targets. 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 in “Item 1A. Risk Factors” in Part II of subsequent 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; instability in international markets; 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.

Company Overview

Leading North American Auto and Metals Recycler and West Coast Steel Manufacturer

Auto and Metals Recycling (AMR)

- **Sourcing Scrap**
  - 53 auto parts stores purchase more than 400,000 salvage vehicles annually
  - 39 metals recycling facilities collect obsolete machinery and equipment, railroad cars and tracks, automobiles, home appliances, consumer goods, manufacturing, construction and demolition metal
- **Processing Scrap Metal**
  - 3.1 million long tons of ferrous and 541 million pounds of nonferrous annually for use in steel and other manufacturing globally
  - Six deep water ports on East (2) and West (2) Coasts, Hawaii and Puerto Rico serve domestic and global steel manufacturers

Cascade Steel & Scrap (CSS)

- **Electric Arc Furnace (EAF) Producer of Finished Steel and Recycled Metals**
  - Steel manufacturing facility in McMinnville, OR and metals recycling and deep water export operation in Portland, OR with 4 metals recycling yards
  - Long product producer of wire rod and rebar from recycled scrap for construction markets on the West Coast and Western Canada

Company data as of 4Q fiscal 2017

Geographic Platform Enables Worldwide Access

Sourcing scrap through 97 auto parts and metals recycling facilities in North America and providing processed recycled metals to customers around the world

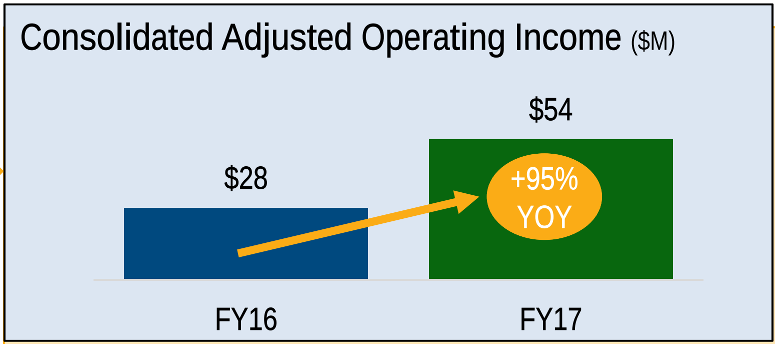
Fiscal 2017 Performance

10%	15%	95%	$100M	20%
SSI Ferrous Volume Growth	SSI Nonferrous Volume Growth	Adjusted Operating Income Growth	Operating Cash Flow	Net Debt Leverage

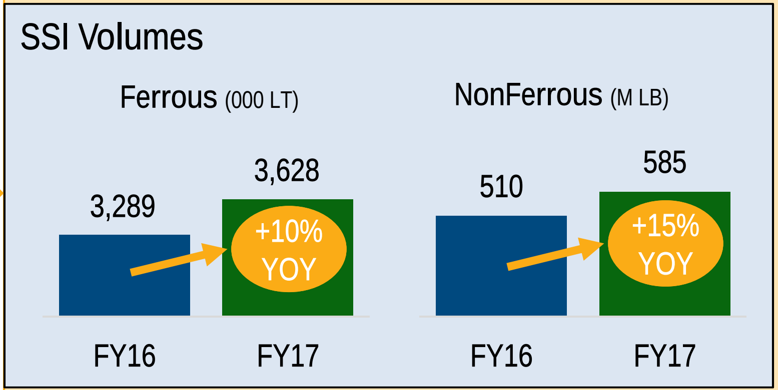
Note: AMR data has been recast for all periods presented to reflect the integration of the Oregon metals recycling operations within the CSS segment in 4Q17.
For a reconciliation to U.S. GAAP of adjusted operating income and net debt leverage, see appendix.

FY17 Financial Highlights

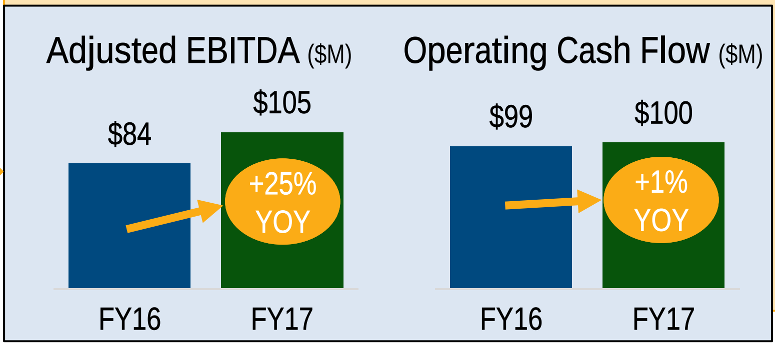
Expanded margins and sustained benefits from productivity initiatives

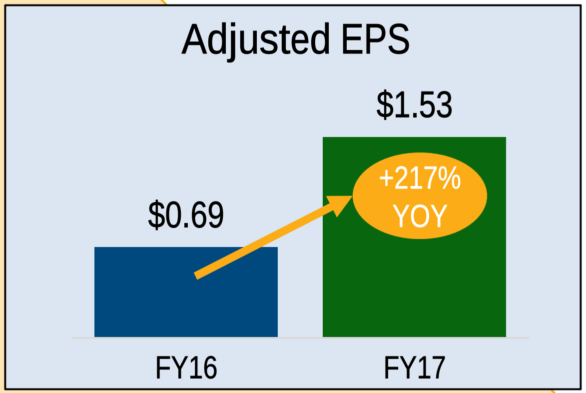


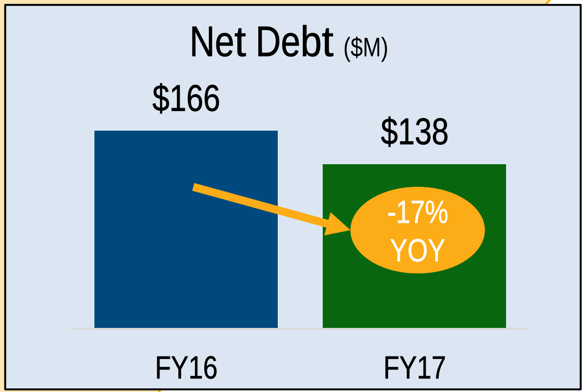
Achieved higher volumes through a combination of expanding supply channels, further diversifying sales, and improved market conditions



Operating cash flow remained strong as higher EBITDA offset greater working capital needs

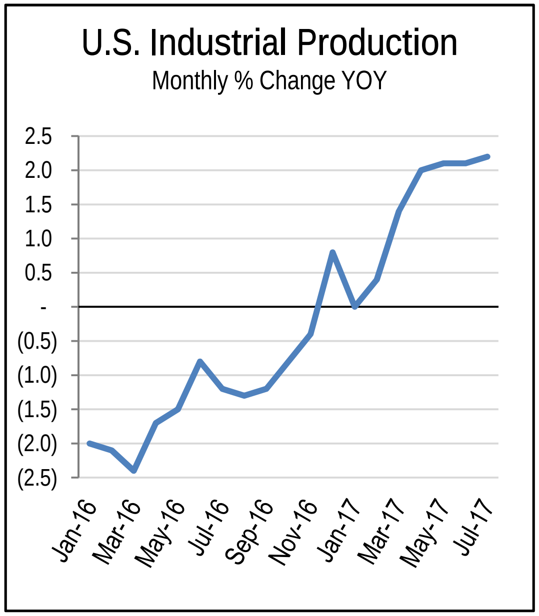


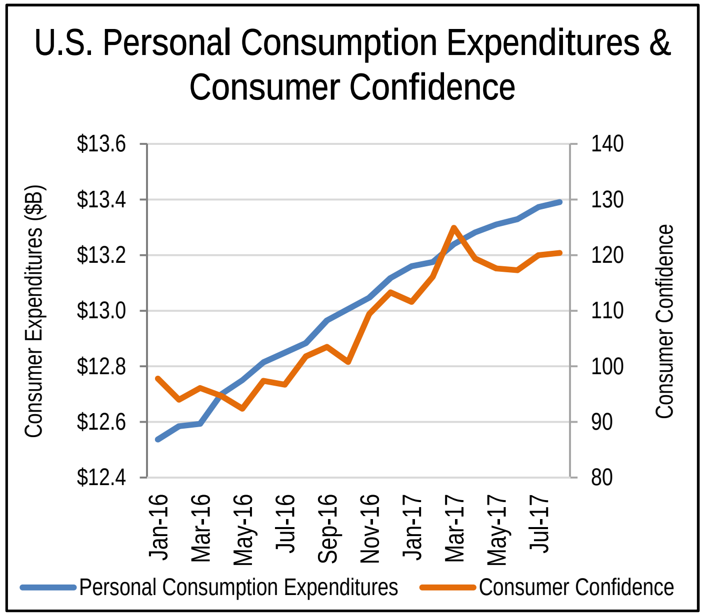


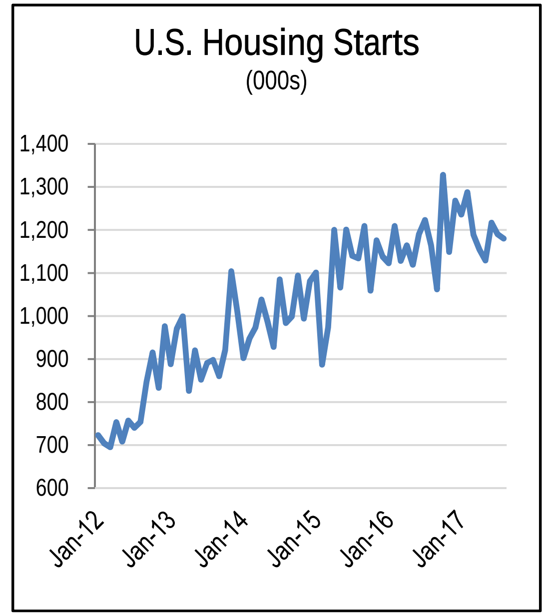


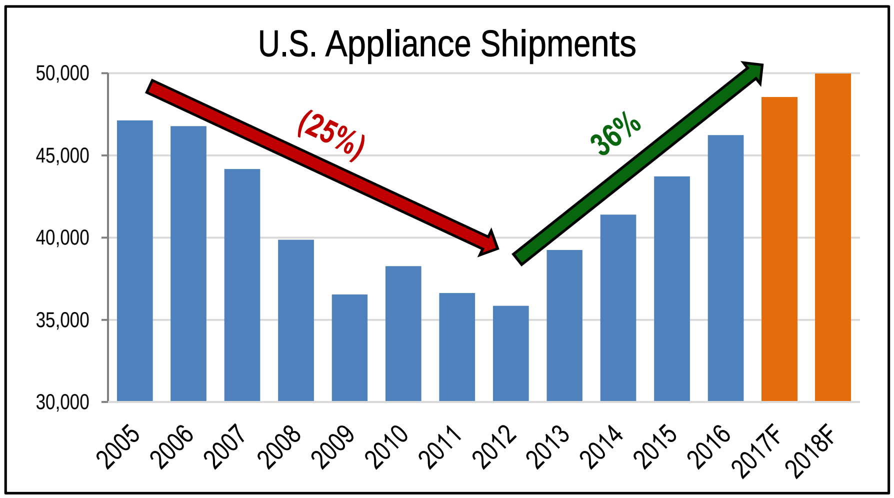
For a reconciliation to U.S. GAAP of adjusted EBITDA, adjusted operating income, adjusted EPS from continuing operations and net debt, see appendix.

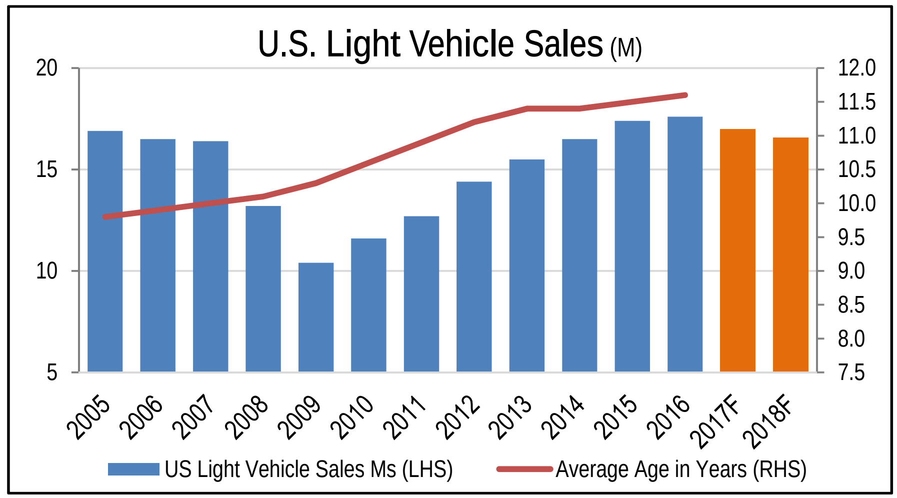
Leading U.S. Economic Trends





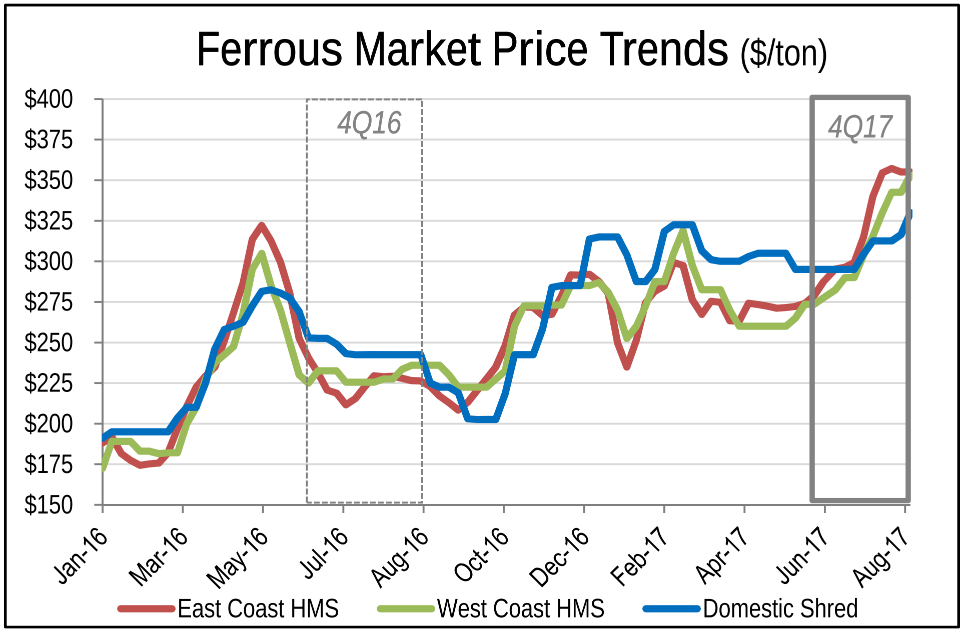


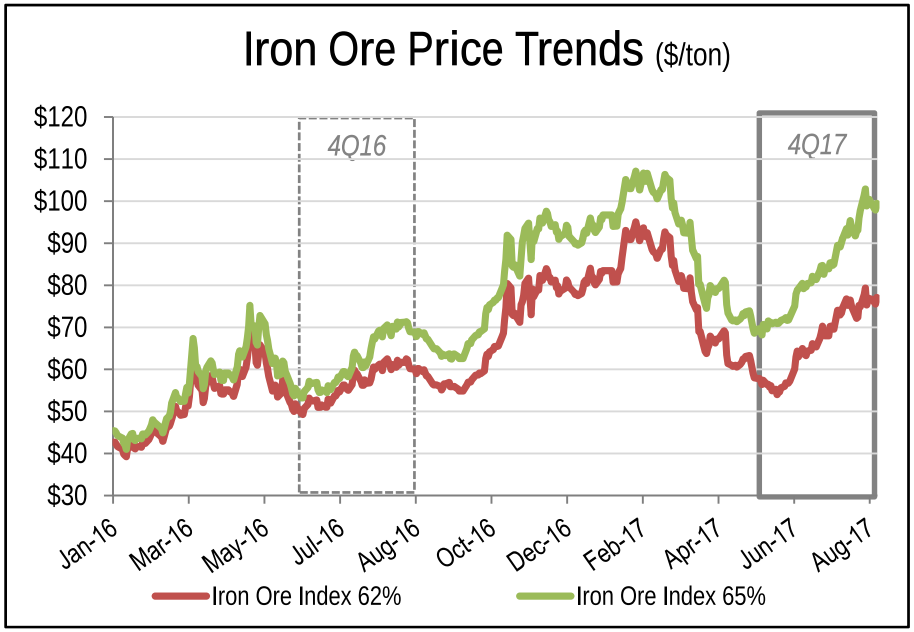


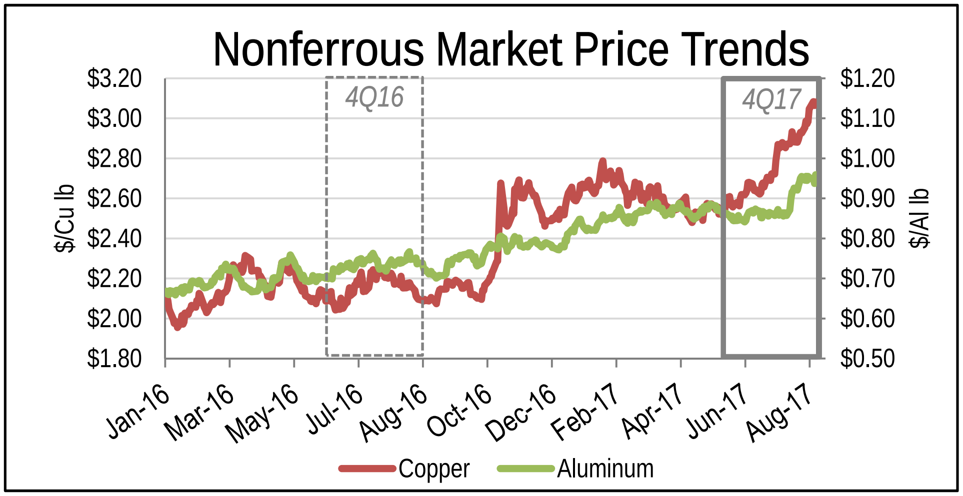


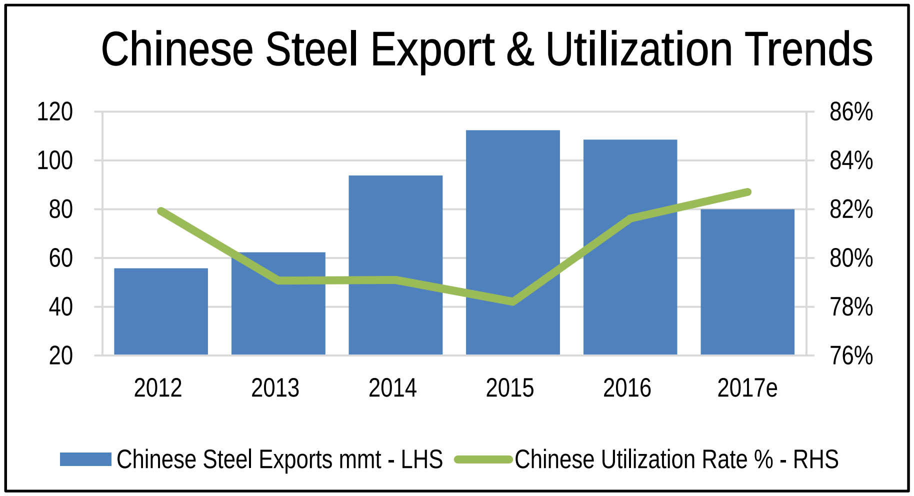
Source: Federal Reserve, Department of Commerce, Whirlpool Corporation estimates of US appliance shipments, Conference Board, KeyBanc Research estimates

Metal Market Trends



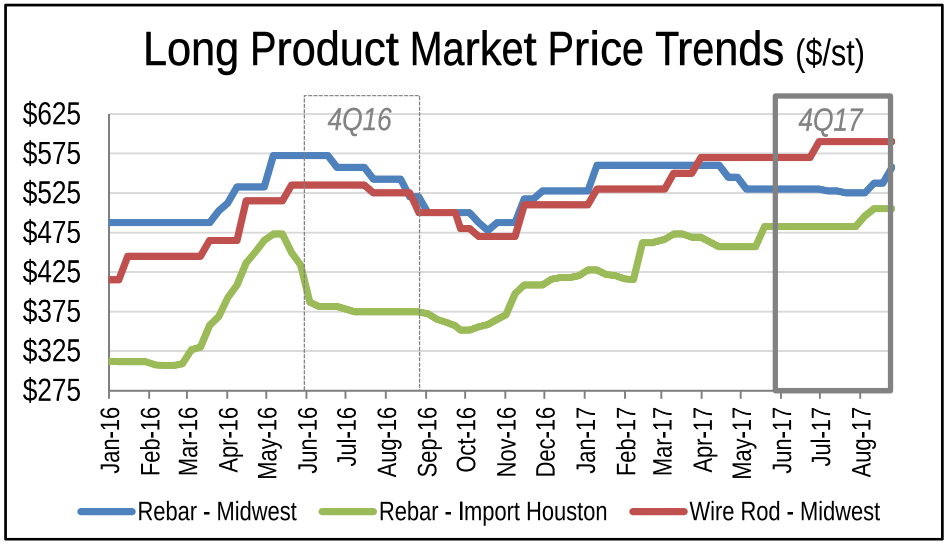


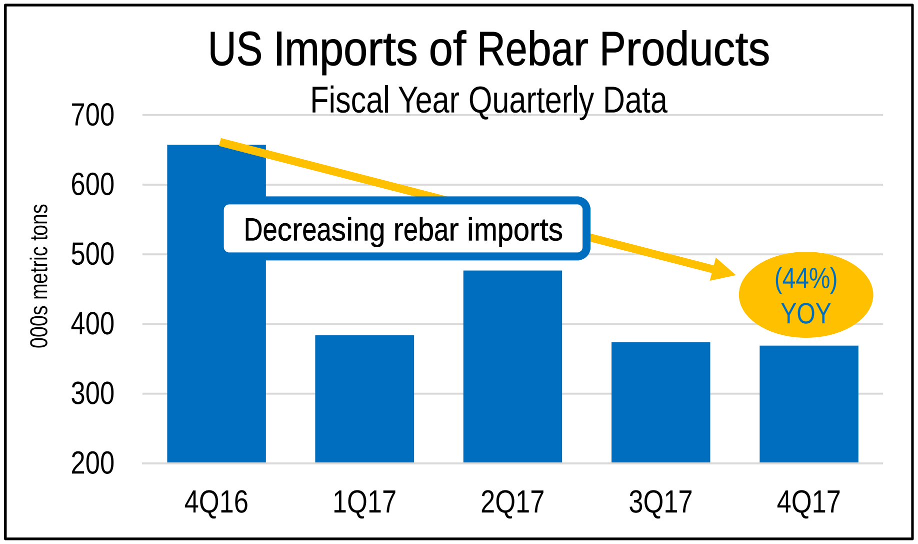




Sources: BofA Merrill Lynch Research, Platts, MetalBulletin, MetalPrices.com

Steel Market Trends

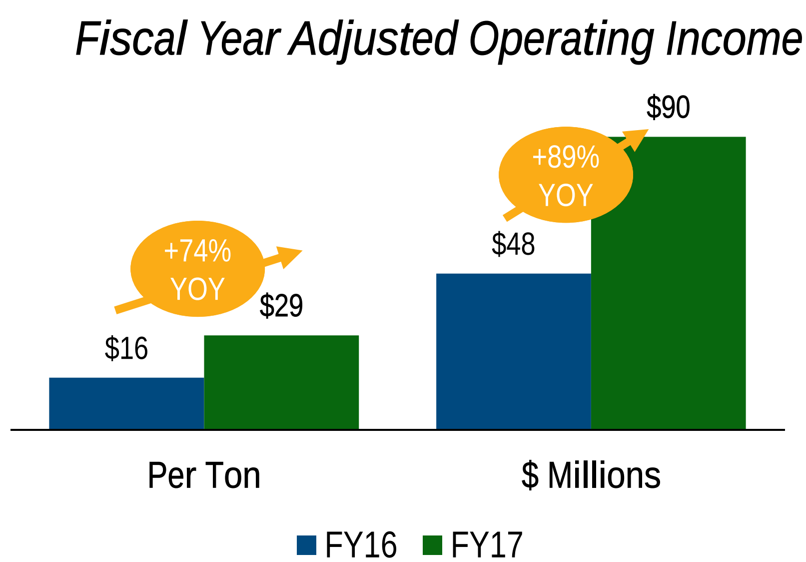


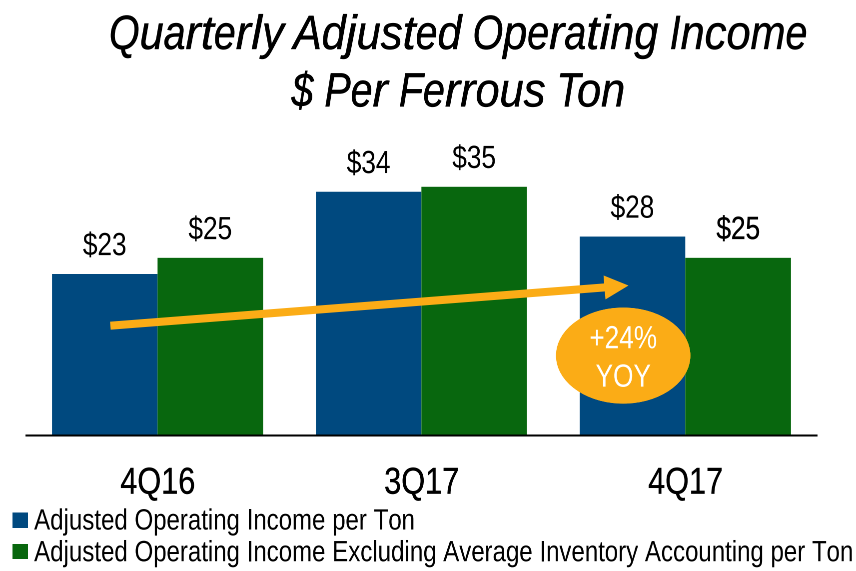


- Improved price trends, volumes and utilization levels for domestic rebar producers
  - Rebar market prices began increasing in August ~$25-$30/short ton reflecting announced price increases primarily driven by higher raw material prices
  - Rebar domestic/import price spreads narrowed to ~$40/st in 4Q17 from ~$170/st 4Q16 and $80/st in 3Q17
  - Wire rod market prices increased ~$20 short ton sequentially
- Rebar import levels subsided in FY17
  - YOY Q4 imported rebar decreased 44%
  - Sequentially Q4 imported rebar stabilized at lower levels

Sources: SBB, US Commerce Department

AMR Operating Trends





Fiscal 2017 adjusted operating income per ton increased 74% YOY driven by higher volumes, increased metal spreads, improved nonferrous yields and favorable impact of average inventory accounting

Continuing trend of strong quarterly adjusted operating income

- Sequentially, operating performance was impacted by:
  - A sharp rise in ferrous market selling prices in August which led to margin compression as raw material purchase costs rose against previously contracted ferrous shipments
  - Seasonally lower auto parts retail sales
- Average inventory benefit of $3M in 4Q17, compared to adverse impacts of $2 million and $1 million 4Q16 and 3Q17, respectively

Note: AMR data has been recast for all periods presented to reflect the integration of the Oregon metals recycling operations within the CSS segment in 4Q17.
For a reconciliation to U.S. GAAP of adjusted operating income, see appendix.

AMR Volume and Price Trends

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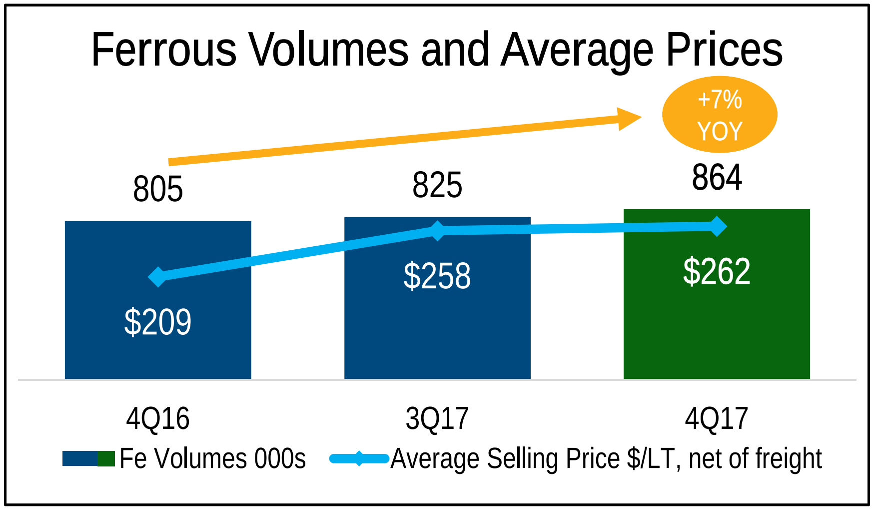
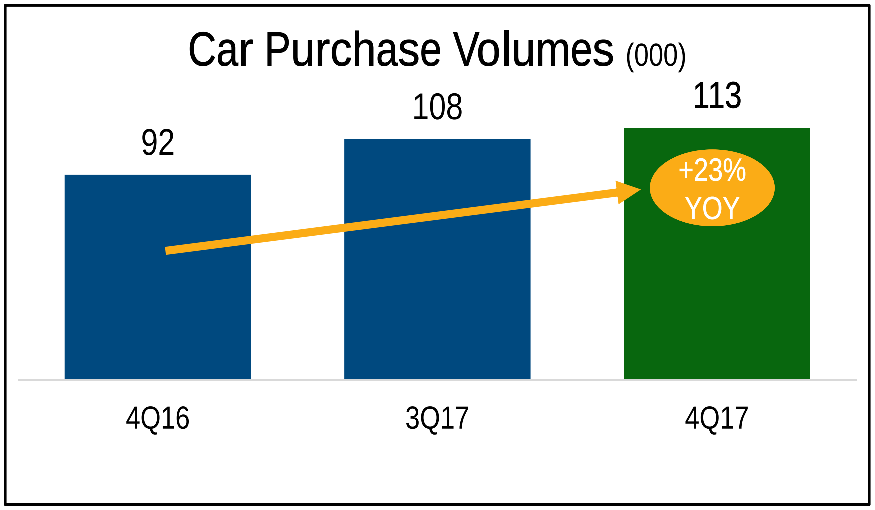
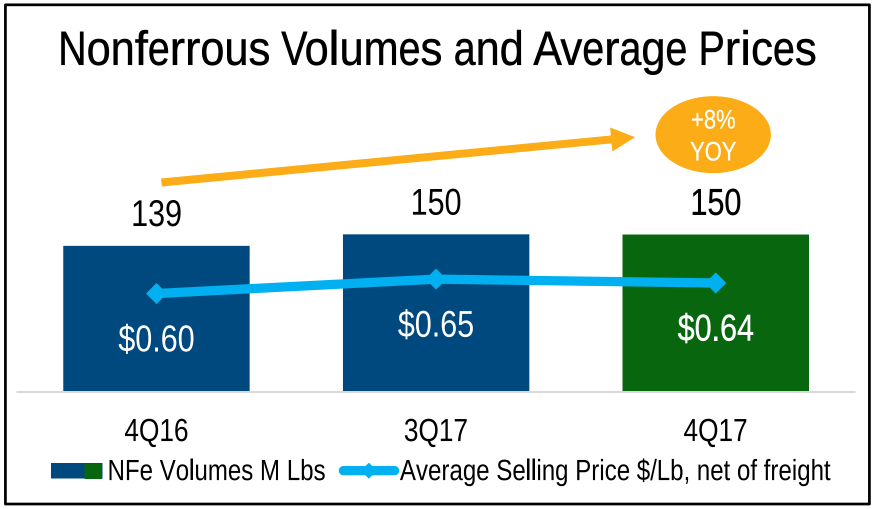
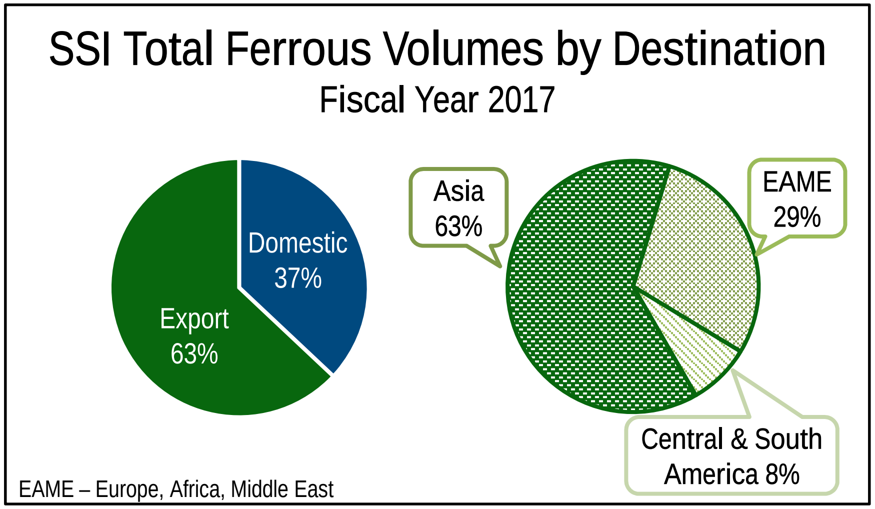


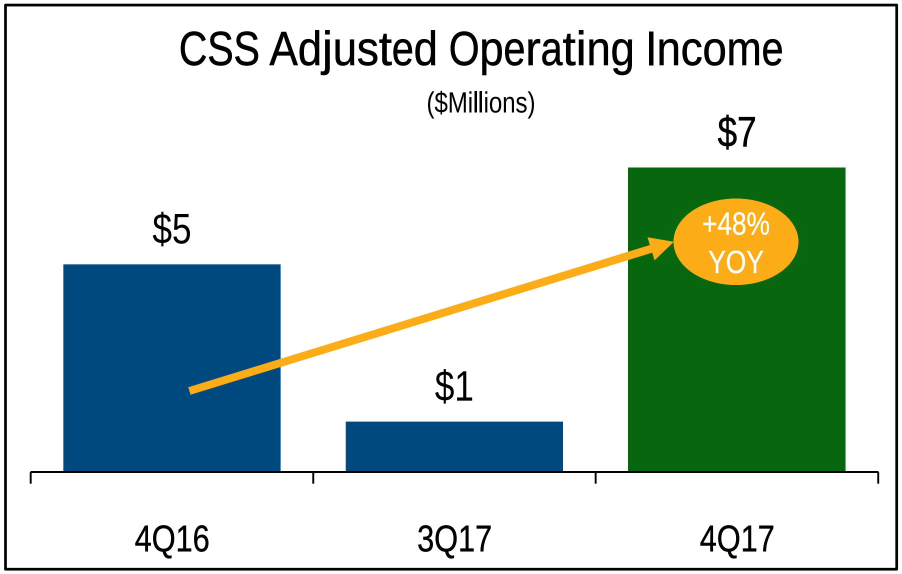






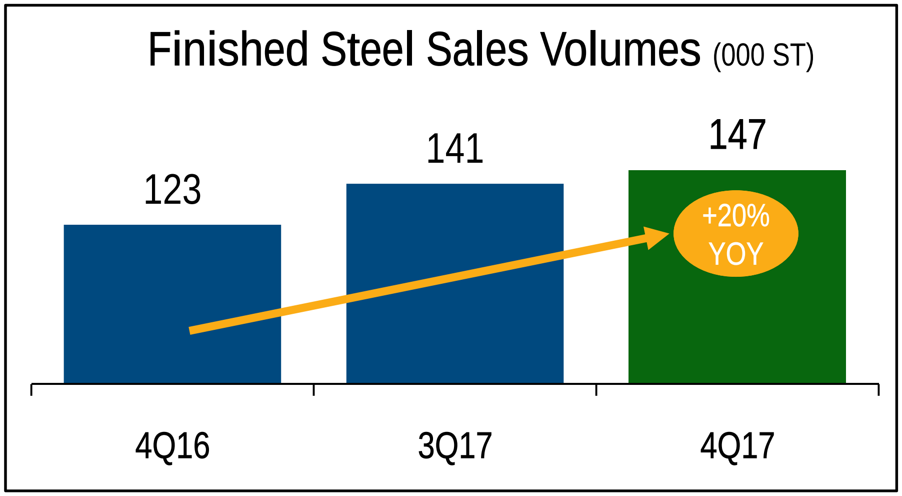
Note: AMR data has been recast for all periods presented to reflect the integration of the Oregon metals recycling operations within the CSS segment in 4Q17.

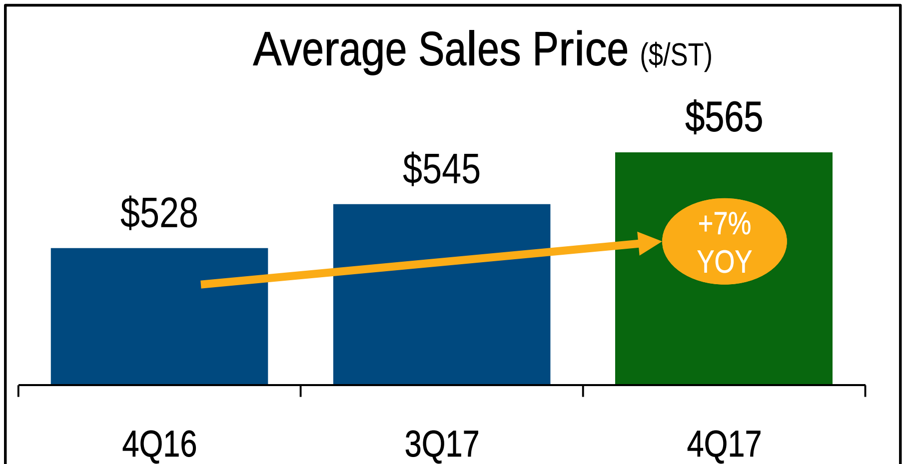
CSS Operating Trends



Q4 performance improved significantly YOY

- Adjusted operating income of $7 million increased 48% YOY
  - Improved performance due to higher volumes and selling prices
  - Early benefits from integration synergies and productivity initiatives
- Sales volume increase of 20% YOY and 4% sequentially
  - Q4 benefited from reduced import volumes and improved demand YOY
- Average selling prices increased 7% YOY and 4% sequentially, reflecting higher raw material costs and improved product mix

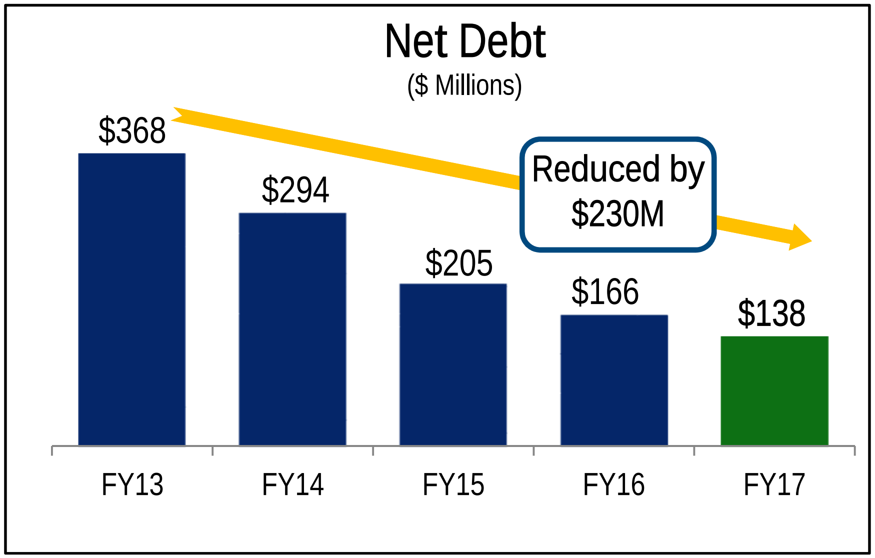


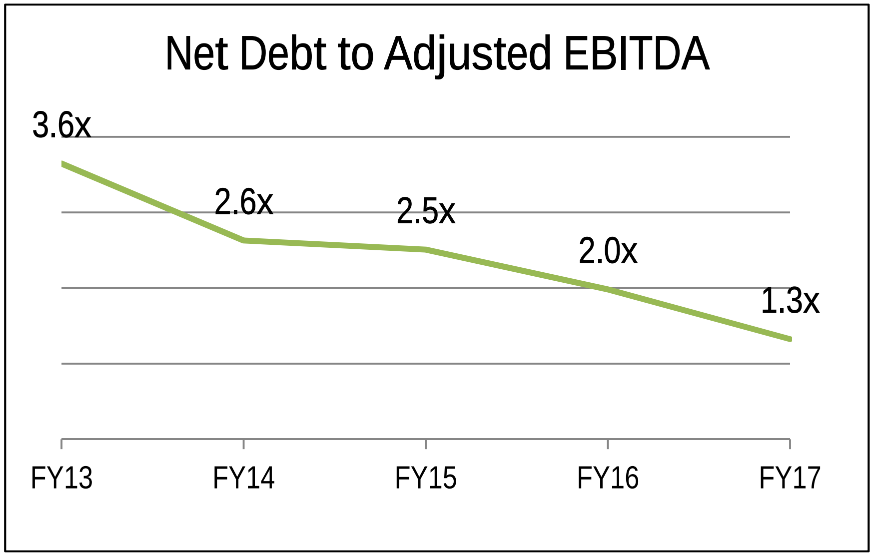


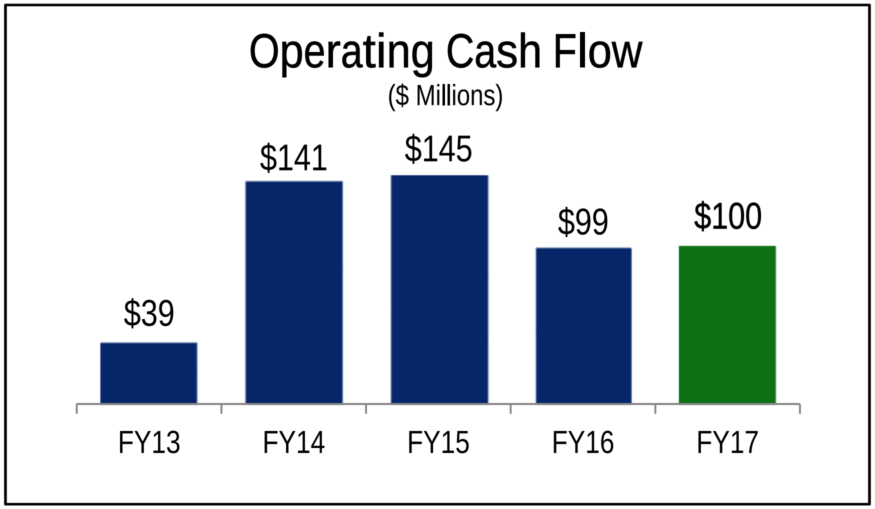
Average selling prices are net of freight

Note: CSS data reflects completion of the integration of the steel manufacturing and Oregon metals recycling operations into a single operating segment in 4Q17 and comparable prior period information has been recast to reflect this change. For a reconciliation to U.S. GAAP of adjusted operating income, see appendix.

Capital Structure







Cash Flow	• Consistent trend of positive operating cash flow generation • Q4 operating cash flow of $49 million
Strong Balance Sheet	• Net debt to adjusted EBITDA ratio of 1.3x • Net debt to net capital of 20%
Balanced Capital Allocation	• Priorities include investing in growth and returning capital to shareholders while maintaining prudent leverage

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

SSI: Building on a Sustainable Foundation

Summary

Fiscal 2017 Accomplishments

SSI Volume and AMR Margin Growth
- ✓ 10% total ferrous annual volume growth
- ✓ AMR adjusted operating income per ferrous ton of $29 increased 74% YOY

Strong Operating Cash Flow
- ✓ Operating cash flow $100M
- ✓ Reduced net debt by 17%
- ✓ Net debt leverage 20%

CSS Integration Completed
- ✓ Enhance product quality and service
- ✓ Increase operational flexibility
- ✓ New synergies identified to benefit FY18

Fiscal 2018 Priorities

Volume Growth
- ✓ Diversifying customer base
- ✓ Expanding supply channels
- ✓ Increasing value-added services

Margin Growth
- ✓ Enhancing product quality
- ✓ Sustainable productivity improvements
- ✓ Optimizing asset efficiency
- ✓ Enhanced logistics and transportation
- ✓ Capitalizing on synergies within CSS

Investing for Growth
- ✓ Investing in advanced recovery technologies
- ✓ Automating and improving operational technologies
- ✓ Market consolidation opportunities

Financial Strength
- ✓ Prudent leverage
- ✓ Strong annual operating cash flow
- ✓ Returning capital to shareholders

For a reconciliation to U.S. GAAP of adjusted operating income, net debt and net debt leverage, see appendix.





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APPENDIX

Fiscal 2017

Non-GAAP Financial Measures

This presentation contains performance based on adjusted 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 (loss) 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 adjusted non-GAAP financial measures provides a meaningful presentation of our results from business operations excluding adjustments for a goodwill impairment charge, other asset impairment charges net of recoveries, restructuring charges and other exit-related activities, recoveries related to the resale or modification of previously contracted shipments, the non-cash write-off of debt issuance costs, and the income tax expense (benefit) associated with 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 of 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, are reported within SG&A expense in the quarterly statements of operations 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 (loss) 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 (Loss) ($ in millions)	Quarter								Fiscal Year[1]	
	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	2017	2016
Operating income (loss)	$22	$19	$14	$1	$18	$15	($37)	($4)	$56	($8)
Goodwill impairment charge	—	—	—	—	—	—	9	—	—	9
Other asset impairment charges, net of recoveries	—	(1)	—	—	2	—	18	—	(1)	21
Restructuring charges and other exit-related activities	—	—	—	—	(1)	1	5	2	—	7
Contract resale or modification, net of recoveries	—	—	—	—	(1)	—	—	—	(1)	(1)
Consolidated adjusted operating income (loss)[1]	$22	$18	$13	$1	$19	$15	($4)	($2)	$54	$28

AMR Operating Income (Loss) ($ in millions)	Quarter								Fiscal Year[1]	
	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	2017	2016
Operating income (loss)	$24	$30	$25	$13	$19	$26	($23)	$1	$91	$23
Goodwill impairment charge	—	—	—	—	—	—	9	—	—	9
Other asset impairment charges, net of recoveries	1	(1)	—	—	—	—	16	—	—	16
Contract resale or modification, net of recoveries	—	—	—	—	(1)	—	—	—	(1)	(1)
Adjusted AMR operating income[1]	$24	$28	$25	$12	$18	$26	$2	$1	$90	$48

CSS Operating Income (Loss) ($ in millions)	Quarter								Fiscal Year[1]	
	4Q17	3Q17	4Q17	1Q17	4Q16	3Q16	2Q16	1Q16	2017	2016
Operating income (loss)	$8	$1	($1)	($3)	$3	$—	($3)	$5	$5	$5
Other asset impairment charges, net of recoveries	(1)	—	—	—	2	—	2	—	(1)	4
Adjusted CSS operating income (loss)[1]	$7	$1	($1)	($2)	$5	$—	($1)	$5	$5	$9

(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:

Income (Loss) from Continuing Operations Attributable to SSI ($ in millions)	Quarter								Fiscal Year[1]	
	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	2017	2016
Income (loss) from continuing operations attributable to SSI	$18	$17	$11	($1)	$16	$11	($40)	($5)	$45	($18)
Goodwill impairment charge	—	—	—	—	—	—	9	—	—	9
Other asset impairment charges, net of recoveries	—	(1)	—	—	2	—	18	—	(1)	21
Restructuring charges and other exit-related activities	—	—	—	—	(1)	1	5	2	(0)	7
Contract resale or modification, net of recoveries	—	—	—	—	(1)	—	—	—	(1)	(1)
Non-cash write-off of debt issuance costs	—	—	—	—	—	1	—	—	—	1
Income tax expense (benefit) allocated to adjustments[2]	—	—	—	—	—	—	1	—	—	1
Adjusted net income (loss) from continuing operations attributable to SSI[1]	$18	$16	$10	($1)	$17	$13	($7)	($4)	$43	$19

Diluted EPS from Continuing Operations Attributable to SSI ($ per share)	Quarter								Fiscal Year[1]	
	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	2017	2016
Net income (loss) per share attributable to SSI	$0.64	$0.60	$0.40	($0.05)	$0.58	$0.40	($1.52)	($0.20)	$1.58	($0.71)
Loss per share from discontinued operations attributable to SSI	—	—	—	—	(0.01)	—	(0.04)	—	(0)	(0.05)
Net income (loss) per share from continuing operations attributable to SSI[1]	$0.65	$0.60	$0.40	($0.05)	$0.59	$0.41	($1.48)	($0.19)	$1.60	($0.66)
Goodwill impairment charge	—	—	—	—	—	—	0.33	—	—	0.32
Other asset impairment charges, net of recoveries	—	($0.04)	—	$0.01	0.08	—	0.68	—	($0.03)	0.76
Restructuring charges and other exit-related activities	—	—	($0.02)	$0.01	(0.04)	0.02	0.19	0.07	—	0.25
Contract resale or modification, net of recoveries	($0.01)	($0.01)	($0.01)	($0.01)	(0.02)	(0.01)	—	—	($0.04)	(0.03)
Non-cash write-off of debt issuance costs	—	—	—	—	—	0.03	—	—	—	0.03
Income tax expense (benefit) allocated to adjustments[2]	—	—	—	—	(0.01)	0.01	0.03	(0.01)	—	0.02
Adjusted diluted EPS from continuing operations attributable to SSI[1]	$0.63	$0.56	$0.37	($0.03)	$0.60	$0.46	($0.25)	($0.13)	$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 (loss) per share from continuing operations attributable to SSI is determined based on a tax provision calculated with and without the adjustments.

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.

	Quarter							
Adjusted EBITDA ($ 000s)	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Net Income (loss) attributable to SSI	$18,235	$16,565	$11,037	$ (1,326)	$ 16,132	$ 11,000	$ (41,245)	$ (5,296)
Plus net income attributable to noncontrolling interests	500	687	662	618	528	689	275	329
Plus interest expense	2,112	2,131	2,097	1,741	2,110	2,905	2,015	1,859
Plus tax expense (benefit)	586	161	637	(62)	(75)	95	1,293	(578)
Plus depreciation & amortization	12,381	12,318	12,598	12,543	12,687	12,990	14,124	14,828
Plus goodwill & other asset impairments,net	(74)	(1,044)	—	401	2,224	—	27,303	—
Plus restructuring charges and other exit-related activities	90	93	(494)	201	(976)	542	5,291	1,925
Plus loss from discontinued operations, net of tax	114	127	95	53	143	116	1,024	65
Plus contract resale or modification, net of recoveries	(417)	(171)	(417)	(139)	(555)	(139)	—	—
Total Adjusted EBITDA	**$ 33,527**	**$ 30,867**	**$ 26,215**	**$ 14,030**	**$ 32,218**	**$ 28,198**	**$ 10,080**	**$ 13,132**

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:

Leverage Ratio ($000s)	**4Q17** 8/31/2017	**3Q17** 5/31/2017	**2Q17** 2/28/2017	**1Q17** 11/30/2016	**4Q16** 8/31/2016	**3Q16** 5/31/2016	**2Q16** 2/29/2016	**1Q16** 11/30/2015
Total debt	$145,124	$184,443	$209,477	$187,645	$192,518	$202,718	$197,839	$203,546
Less cash	(7,287)	(15,209)	(9,830)	(8,100)	(26,819)	(7,018)	(8,940)	(18,925)
Net debt	137,837	169,234	199,647	179,545	165,699	195,700	188,899	184,621
Total debt	145,124	184,443	209,477	187,645	192,518	202,718	197,839	203,546
Total equity	537,493	517,558	502,684	494,067	501,432	488,930	477,072	524,448
Total capital	682,617	702,001	712,161	681,712	693,950	691,648	674,911	727,994
Less cash	(7,287)	(15,209)	(9,830)	(8,100)	(26,819)	(7,018)	(8,940)	(18,925)
Net capital	$ 675,330	$ 686,792	$ 702,331	$ 673,612	$ 667,131	$ 684,630	$ 665,971	$ 709,069
Total debt to capital ratio	21.3%	26.3%	29.4%	27.5%	27.7%	29.3%	29.3%	28.0%
Impact excluding cash from both								
Total debt and total capital	(0.8%)	(1.6%)	(1.0%)	(0.9%)	(2.9%)	(0.7%)	(0.9%)	(2.0%)
Net debt leverage ratio	20.4%	24.6%	28.4%	26.7%	24.8%	28.6%	28.4%	26.0%

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	Fiscal Year				
($ in 000)	2017	2016	2015	2014	2013
Cash Flows from Operating Activities	$ 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	-	(710)	(3,031)	-	-
Deferred income taxes	(2,278)	(507)	1,988	3,815	59,102
Undistributed equity in earnings of joint ventures	3,674	819	1,490	1,196	1,183
Share-based compensation expense	(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	(448)	465	2,875	1,126	(131)
Unrealized foreign exchange gain (loss), net	(361)	109	1,909	(240)	(1,583)
Bad debt (expense) recoveries, net	(126)	(131)	264	(449)	(584)
Change in current assets and current liabilities	10,666	(19,317)	(76,736)	(39,011)	53,654
Changes in other operating assets and liabilities	(4,958)	(405)	2,252	(2,550)	(2,699)
Interest expense	8,081	8,889	9,191	10,595	9,623
Tax expense (benefit)	1,322	735	(12,615)	2,583	(56,943)
Restructuring charges and other exit-related activities	(109)	6,782	13,008	6,830	7,906
Loss from discontinued operations, net of tax	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	(1,144)	(694)	6,928	-	-
Adjusted EBITDA	$ 104,639	$ 83,628	$ 81,917	$ 111,743	$ 101,066
Debt	145,124	192,518	228,156	319,365	381,837
Cash and cash equivalents	(7,287)	(26,819)	(22,755)	(25,672)	(13,481)
Net Debt	$ 137,837	$ 165,699	$ 205,401	$ 293,693	$ 368,356
Debt to Cash Flows from Operating Activities Ratio	1.4	1.9	1.6	2.3	9.7
Net Debt to Adjusted EBITDA Ratio	1.3	2.0	2.5	2.6	3.6

Non-GAAP Financial Measures

Adjusted Operating Income (Loss) 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)	Quarter							
	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Adjusted operating income	$24	$28	$25	$12	$18	$26	$2	$1
Estimated average inventory accounting impact	3	(1)	4	(2)	(2)	3	(1)	(5)
Adjusted operating income excluding estimated average inventory accounting[1]	$22	$29	$21	$14	$20	$23	$3	$6
Ferrous volumes (000)	864	825	739	717	805	737	652	704
Adjusted operating income per ton	$28	$34	$34	$17	$23	$35	$4	$1
Adjusted operating income per ton excluding estimated average inventory accounting	$25	$35	$28	$20	$25	$31	$5	$9

(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 ($ 000)	Quarter								Fiscal Year[1]	
Auto and Metals Recycling	**4Q17**	**3Q17**	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**1Q16**	**2017**	**2016**
Reported operating income (loss)	$23,992	$29,520	$25,288	$12,606	$18,865	$26,219	($22,841)	$925	$91,405	$23,168
Adjusted operating income	24,435	28,305	24,871	12,467	18,310	26,080	2,415	925	90,077	47,730
Cascade Steel and Scrap	**4Q17**	**3Q17**	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**1Q16**	**2017**	**2016**
Reported operating income (loss)	$8,019	$1,163	($1,280)	($2,628)	$2,559	$408	($2,849)	$4,578	$5,275	$4,696
Adjusted operating income (loss)	7,085	1,163	(1,280)	(2,227)	4,783	408	(881)	4,578	4,742	8,888
Consolidated	**4Q17**	**3Q17**	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**1Q16**	**2017**	**2016**
Reported operating income (loss)	$22,108	$19,147	$14,171	$587	$18,376	$14,886	($37,076)	($4,028)	$56,013	($7,842)
Adjusted operating income (loss)	21,707	18,025	13,260	1,050	19,069	15,289	(4,482)	(2,103)	54,043	27,772

Recast Segment and Total SSI Volumes	Quarter								Fiscal Year[1]	
Auto and Metals Recycling	**4Q17**	**3Q17**	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**1Q16**	**2017**	**2016**
Ferrous volumes (LT)[2]	864,098	825,391	739,175	716,765	805,384	737,363	651,683	704,359	3,145,429	2,898,789
Nonferrous volumes (000 LB)[2]	150,343	150,356	114,275	125,817	139,425	114,726	116,452	103,135	540,791	473,737
Car Purchase Volumes (000s)	113	108	96	94	92	79	70	77	411	319
Cascade Steel and Scrap	**4Q17**	**3Q17**	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**1Q16**	**2017**	**2016**
Finished steel sales volumes (ST)	147,431	141,221	105,989	100,875	122,562	132,851	109,651	123,138	495,516	488,202
SSI Total Volumes[3]	**4Q17**	**3Q17**	**2Q17**	**1Q17**	**4Q16**	**3Q16**	**2Q16**	**1Q16**	**2017**	**2016**
Ferrous volumes (LT)	990,516	951,230	852,036	833,889	914,284	832,001	737,124	805,279	3,627,671	3,288,688
Nonferrous volumes (000 LB)	164,342	161,832	122,554	136,057	153,287	122,244	123,675	111,077	584,785	510,283

(1) May not foot due to rounding.

(2) Includes inter-segment sales to CSS.

(3) SSI total volumes include external sales for AMR and CSS, and CSS's internal deliveries of ferrous material.