Schnitzer

NASDAQ: SCHN

Investor Presentation

January 2021

Safe Harbor

Statements and information included in this presentation by Schnitzer Steel Industries, Inc. 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,” “the Company,” “Schnitzer,” and “SSI” refer to Schnitzer Steel Industries, Inc. 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 the impact of pandemics, epidemics or other public health emergencies, such as the coronavirus disease 2019 (“COVID-19”) pandemic; the Company’s outlook, growth initiatives or expected results or objectives, including pricing, margins, sales volumes and profitability; liquidity positions; our ability to generate cash from continuing operations; trends, cyclicality and changes in the markets we sell into; strategic direction or goals; targets; changes to manufacturing and production processes; the realization of deferred tax assets; planned capital expenditures; 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; the impact of sanctions and tariffs, quotas and other trade actions and import restrictions; 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” of 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: the impact of pandemics, epidemics or other public health emergencies, such as the COVID-19 pandemic; potential environmental cleanup costs related to the Portland Harbor Superfund site or other locations; the cyclicality and impact of general economic conditions; changing conditions in global markets including the impact of sanctions and tariffs, quotas and other trade actions and import restrictions; volatile supply and demand conditions affecting prices and volumes in the markets for raw materials and other inputs we purchase; significant decreases in scrap metal prices; imbalances in supply and demand conditions in the global steel industry; the impact of goodwill impairment charges; the impact of long-lived asset and equity investment impairment charges; failure to realize or delays in realizing expected benefits from investments in processing and manufacturing technology improvements; inability to achieve or sustain the benefits from productivity, cost savings and restructuring initiatives; inability to renew facility leases; 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 the agreement governing our bank credit facilities; the impact of consolidation in the steel industry; reliance on third party shipping companies, including with respect to 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 property tax increases or property tax rate changes; the impact of one or more cybersecurity incidents; environmental compliance costs and potential environmental liabilities; inability to obtain or renew business licenses and permits; compliance with climate change and 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

Schnitzer

I. Company Overview

II. Market Conditions & Industry Trends

III. Strategic Priorities

IV. First Quarter Fiscal 2021 Highlights

V. Delivering Value Through the Cycle

I. Company Overview

Our Core Values: Safety, Sustainability & Integrity

Safety is Our Number One Priority

COVID Response

- ✓ Operating facilities identified as essential businesses by state and local authorities in the US, Puerto Rico and Canada
- ✓ Continuing deployment of health, safety and wellness protocols, ongoing training, and steady communications across the platform

Safety Performance

- ✓ 90% of locations were recordable-free in 1Q21
- ✓ FY20 recordable incident rate was lowest in Company's history

America's Most Responsible Companies 2021 — Newsweek statista

2020 World's Most Ethical Companies® — www.ethisphere.com — 6 Time Honoree

CDP Disclosure Insight Action — A List 2020 — Water

Our Multi-Year Sustainability Goals

People

Achieve a **1.00** total case incident rate by end of FY25

Progress: 32% improvement in FY20 Incident Rate compared to FY19

Donate at least **10,000 hours** of paid volunteer time off for employees by end of FY25

Progress: Underway but impacted by COVID-19 restrictions

Planet

Reduce absolute GHG emissions from recycling operations **25%** by end of FY25

Progress: 15% reduction in FY20 compared to FY19

Enhanced Goal:

Achieve **100%** net carbon-free electricity use by FY22

Progress: Exceeded initial FY25 goal in FY20

Profit

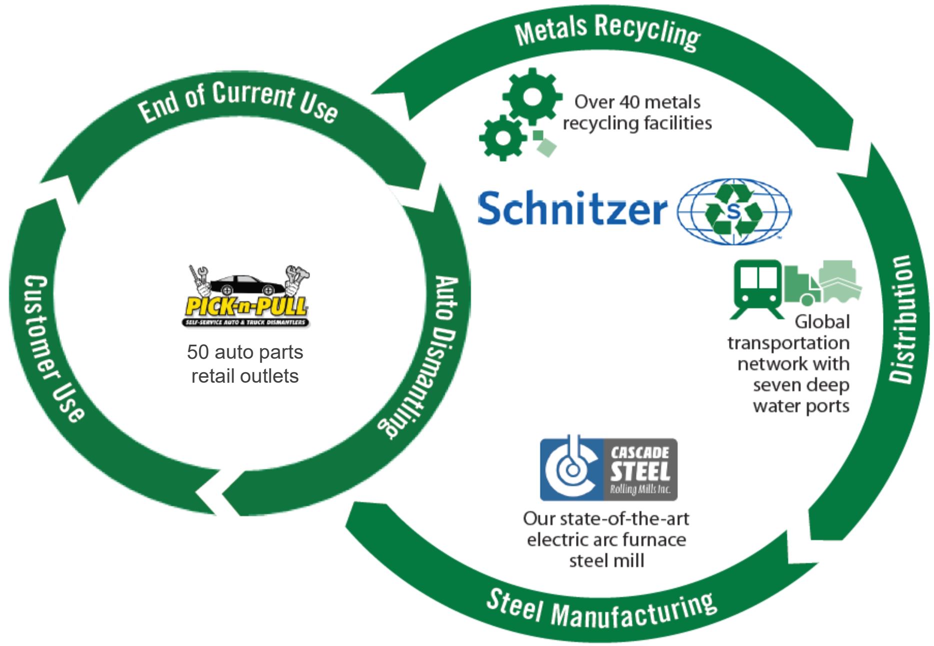
Increase operating income per ton by **$15** using sustainability-based initiatives

Our Fiscal 2020 Sustainability Report can be found here

Company Overview

Schnitzer Steel Industries is a leading North American Auto and Metals Recycler and West Coast Steel Manufacturer

- Sourcing Scrap – Over 40 metals recycling facilities collect obsolete machinery and equipment, railroad cars and trucks, automobiles, home appliances, consumer goods, manufacturing, construction and demolition metal
- Processing Scrap Metal - 4 million tons of ferrous metal and 551 million pounds of nonferrous metal processed annually for use in steel and other manufacturing globally
- Deep Water Ports - 7 deep water ports on East and West Coasts, Hawaii and Puerto Rico serve domestic and global steel manufacturers
- Auto Retail Stores - Integrated operating platform includes 50 auto parts stores that purchase over 300 thousand salvage vehicles per year, receive approximately 5 million retail visits annually, and then send the vehicles to be processed through a shredder
- Electric Arc Furnace (EAF) - Steel manufacturing facility in Oregon with effective annual production capacity of 580 thousand tons produces rebar and wire rod from recycled scrap for construction markets on the West Coast and Western Canada



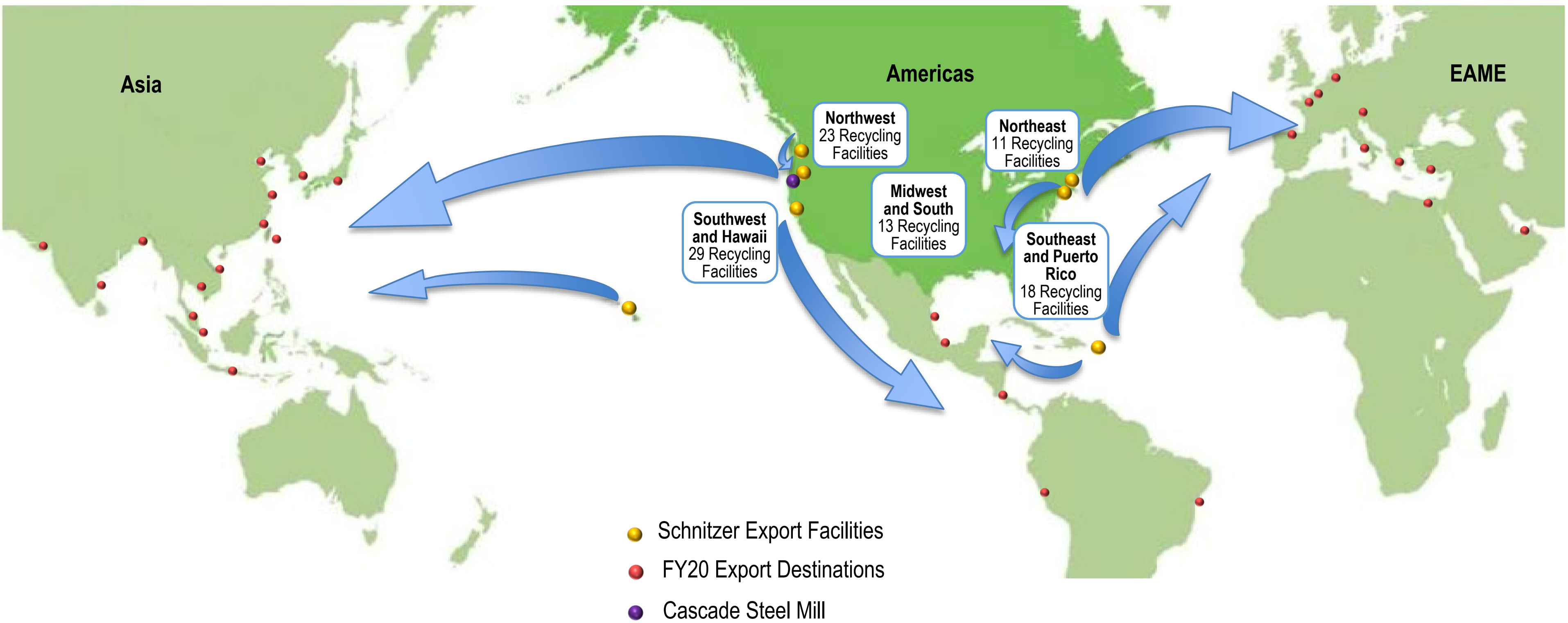
Our FY20 Recycled Products

- 4.0 million tons of ferrous scrap metal recycled
- 551 million pounds of nonferrous scrap metal recycled
- 505 thousand tons of finished steel produced from recycled scrap
- 316 thousand end-of-life vehicles purchased and recycled
- 4.4 million recycled auto parts sold retail from end-of-life vehicles

*Company data based on fiscal 2020; store and facility count based on January 2021

Geographic Platform Enables Worldwide Access

Sourcing scrap through approximately 90 auto parts and metals recycling facilities in North America and providing processed recycled metals to customers around the world



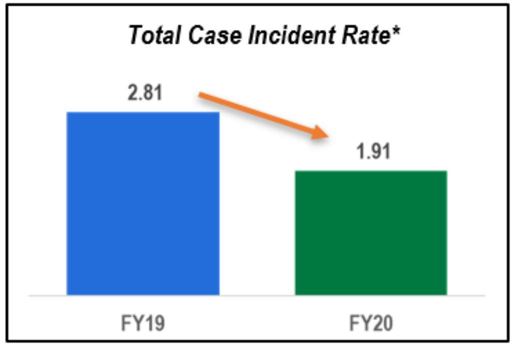
*Company store and facility count based on Fiscal 2020

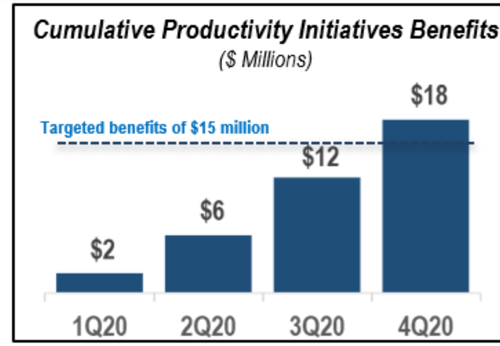
Agility in Action – FY20 Performance

Response to COVID-19 Pandemic & Market Volatility

COVID Response & Safety

Costs & Financial Flexibility

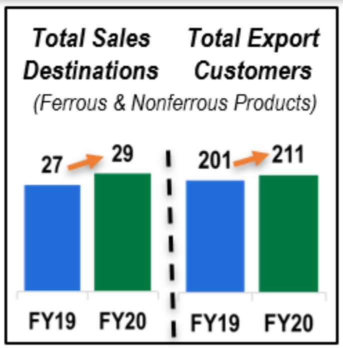


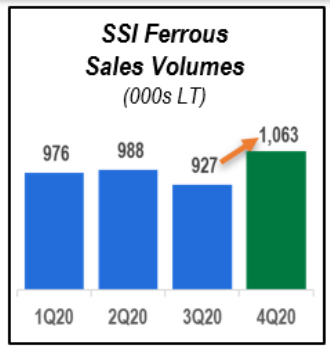


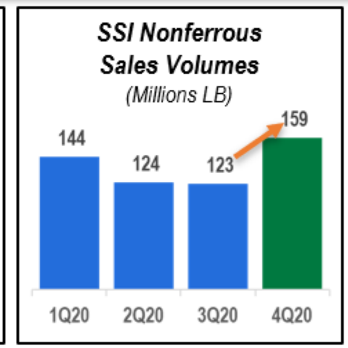
Ongoing Strategic Initiatives

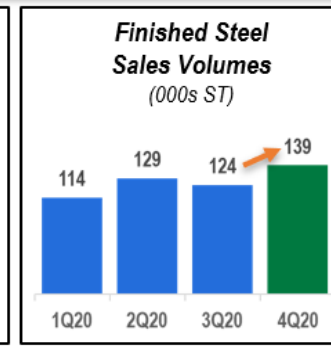
Customer Focus

Commercial Initiatives

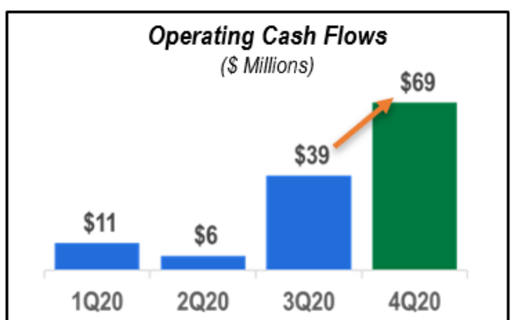


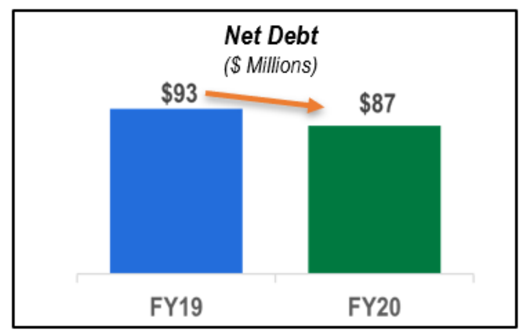






Cash Flow Generation





Schnitzer

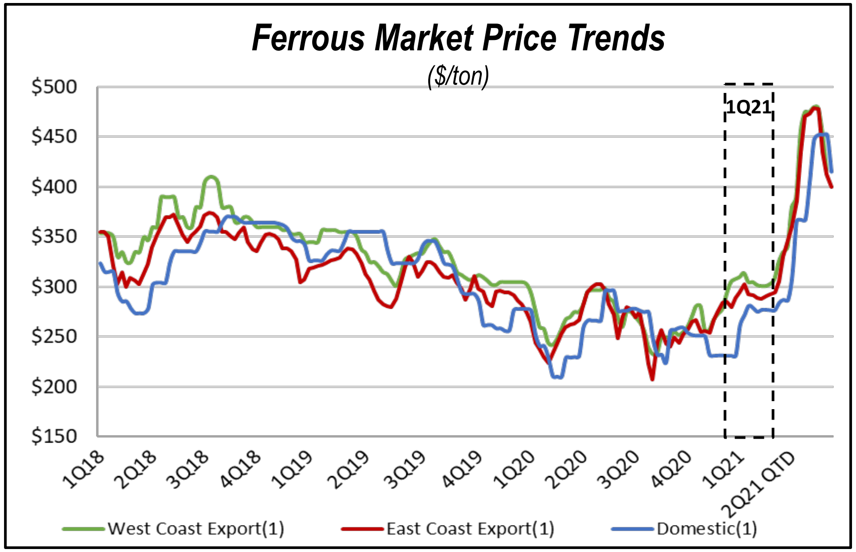
Note: For a reconciliation to U.S. GAAP of net debt, see appendix.

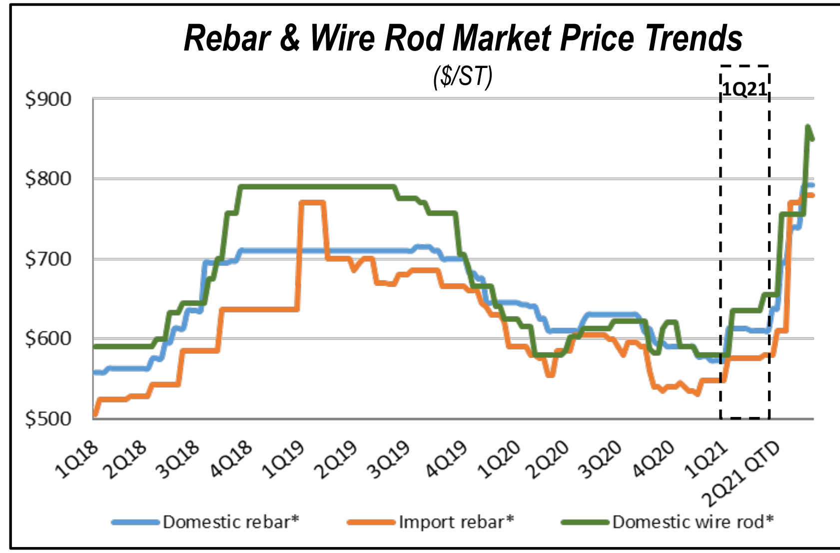
* TCIR is defined as the number of OSHA recordable incidents per 100 full-time workers during a one-year period

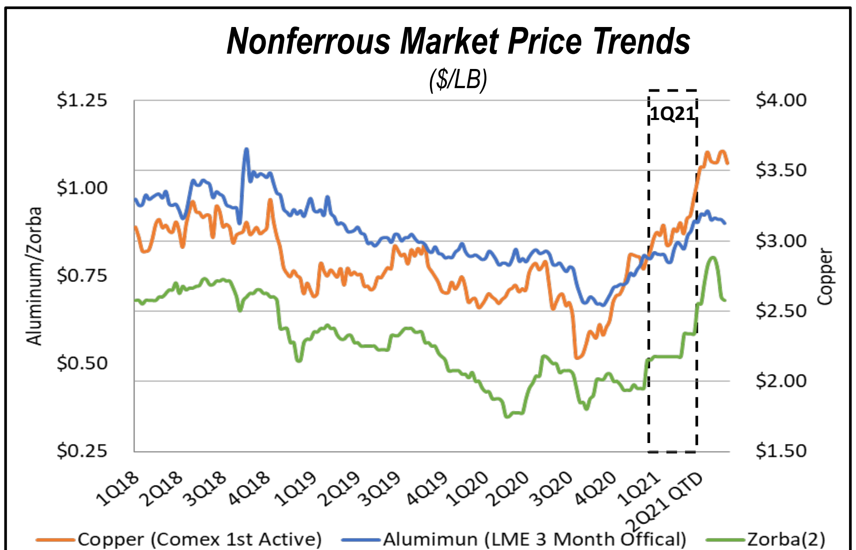
Schnitzer

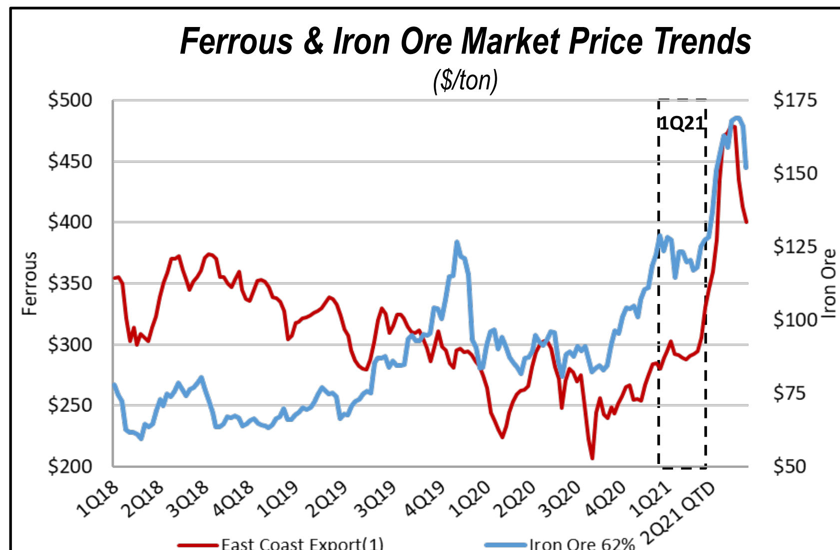
II. Market Conditions & Industry Trends

Metals & Finished Steel Market Price Trends









Sources: Platts, Argus, AMM (as of February 5, 2021)

(1) West Coast and East Coast prices are based on HMS CFR price and Domestic prices are based on Midwest delivered shred

(2) Zorba based on Aluminum scrap Zorba min 99/3 cif China USD/lb

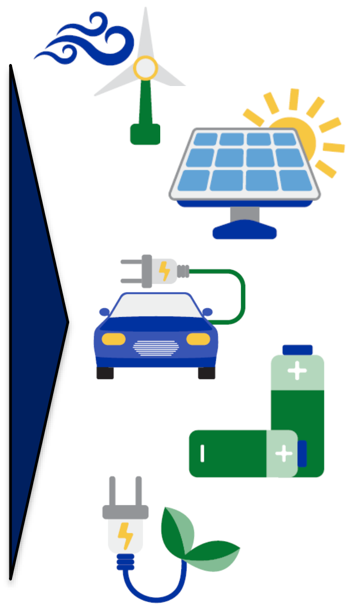
*Domestic rebar and wire rod prices based on US Midwest prices, respectively; import rebar prices based on Houston import prices.

Schnitzer

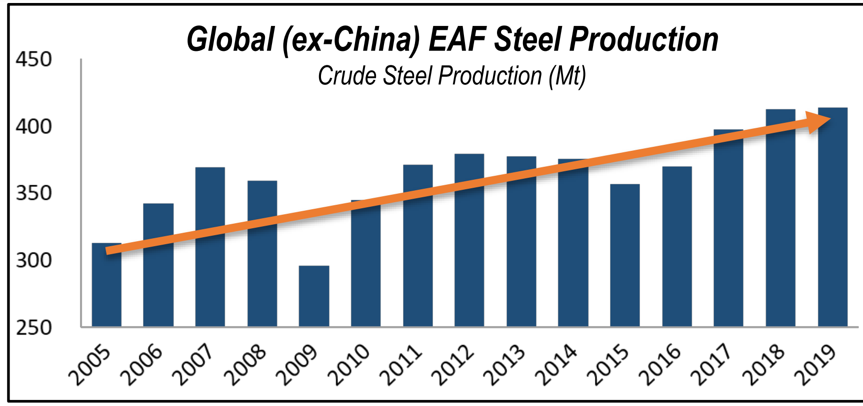
Long-Term Drivers for Recycled Metals Demand

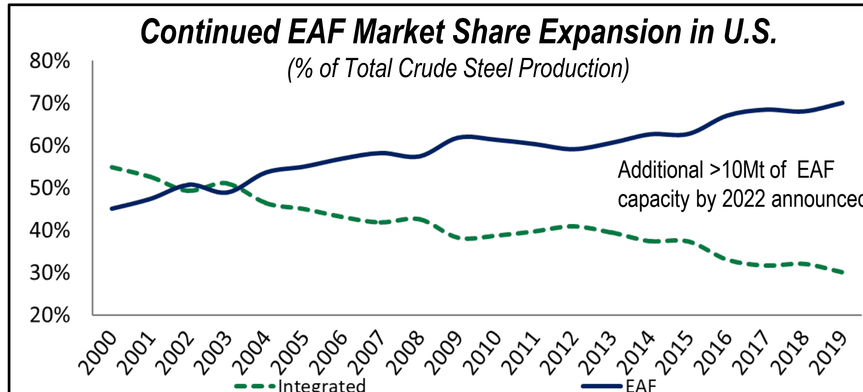
Increased Metal Intensity of Lower Carbon-Based Economies

Lower Carbon-Based Economies



- Growth in renewables
- Greater use of batteries and electric vehicles
- Development of "smart grids"





Long-term drivers of scrap demand include:

- A greater emphasis on recycling and landfill diversion
- Increased focus on lowering steel-making environmental impact by lowering greenhouse gas emissions and reducing energy consumption
- Continued growth in EAF steel-making capacity
- Increased metal intensity of lower carbon-based economies

Schnitzer

Sources: Company estimates, US International Trade Commission, World Steel Association

Schnitzer

III. Strategic Priorities

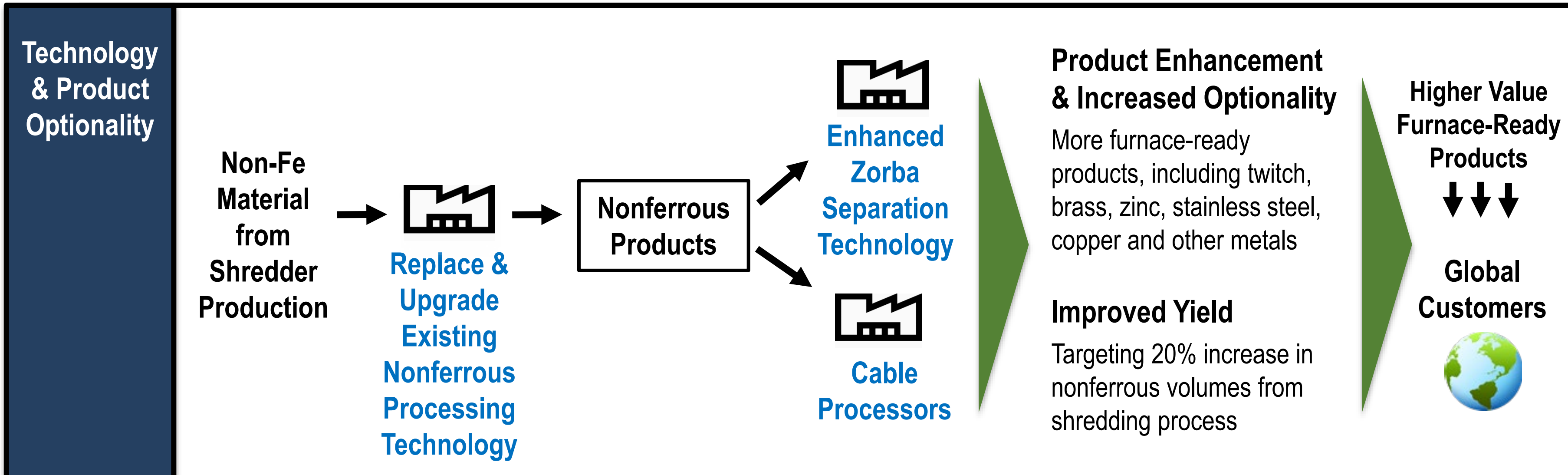
Continued Progress on Strategic Initiatives

- **Completed transition to an integrated, functionally-based organization in 1Q21**
  - Reflects culmination of multi-year strategy to create a simplified organization to drive operating efficiency and agility
- **Created dedicated platform focused on accelerating revenue growth**
  - Grow ferrous and nonferrous volumes using commercial initiatives and logistics
  - Provide products and services to third parties in support of recycling and sustainability objectives

Industry Dynamics	Strategic Actions	Targeted Benefits	Current Progress
Regulatory and structural changes	*Advanced Metal Recovery Technology Initiatives*	✓ Lower processing costs, higher throughput, and greater metal yields ✓ Expansion of customer base through product optionality ✓ Targeting operating run-rate benefits of ≥ $10 EBITDA per ferrous ton	✓ Construction underway on two nonferrous processing systems and a zorba separation system ✓ Installation expected by end of FY21
Evolving market dynamics and long-term drivers of scrap demand	*Increase Volumes & Expand Products and Services*	✓ Top-line revenue growth, including higher volumes and additional services ✓ Increased product offerings	✓ Increasing service capabilities by leveraging our processing and logistics expertise ✓ Generating furnace-ready products from cable processing systems ✓ Expanding customer base

Advanced Metal Recovery Technology Initiatives

Producing Higher Value Furnace-Ready Products



Timeline & Status

Targeting installations by end of FY21

- Two new Nonferrous Processing Systems and Zorba Separation System under construction
- Planning for additional Zorba Separation System well advanced
- Previously completed installation of two Cable Processing Systems

Targeted Benefits

Once fully implemented, targeting run-rate EBITDA benefits of at least $10 per ferrous ton and average payback period of less than four years

- Expect to achieve one-quarter of total benefit in FY21 and full run rate benefit by end Q1 of FY22

Capex

Total projected investment in the range of approximately $100 million

- $50 million spent to date, with the balance expected in the remainder of FY21

Note: The timeline is subject to uncertainties related to the COVID-19 pandemic, including the potential impact on permitting, construction, and equipment lead times.

Schnitzer

IV. First Quarter Fiscal 2021 Highlights

First Quarter Fiscal 2021 Highlights

Achieved Strong Improvement in Financial Results

- ✓ Adjusted EPS of $0.57 in 1Q21 reflects supportive market conditions and benefits from strategic actions
- ✓ Adjusted EBITDA per ferrous ton of $38, almost quadruple YoY

Delivered Robust Operating Performance

- ✓ Ferrous sales volumes up 8% YoY reflect stronger demand and benefits from commercial initiatives to optimize supply flows despite the challenges created by COVID-19
- ✓ Finished steel sales volumes up 18% YoY reflect strong West Coast construction demand and benefits from commercial initiatives

Progress on Strategic Initiatives

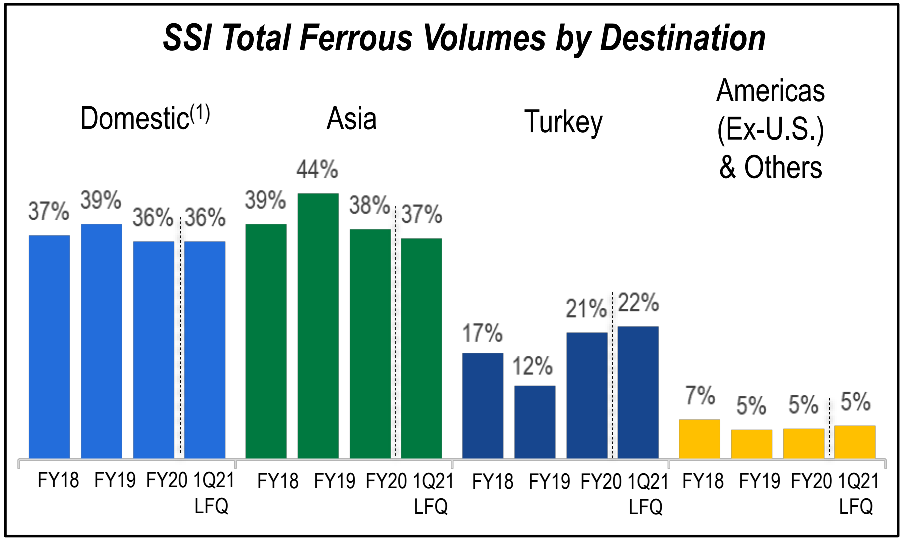
- ✓ Completed transition to an integrated, functionally-based operating platform in 1Q21
- ✓ Targeting installation of new advanced metal recovery technologies by end of FY21

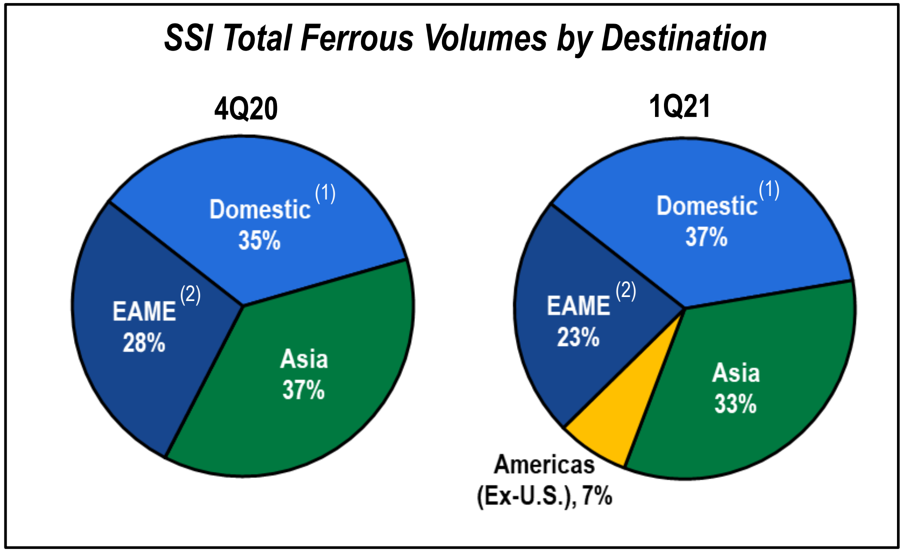
	1Q21	1Q20		4Q20
Adjusted EPS from Cont. Operations	**$0.57**	$(0.17)	↑	$0.23
Adjusted EBITDA ($M)	**$40**	$10	↑	$28
Adjusted EBITDA per Ferrous Ton	**$38**	$10	↑	$27

	1Q21	1Q20		4Q20
Ferrous Sales Volumes (000s LT)	**1,053**	976	↑	1,063
Nonferrous Sales Volumes (M Lbs)	**138**	144	↓	159
Finished Steel Sales Volumes (000s ST)	**134**	114	↑	139

Note: For a reconciliation to U.S. GAAP of adjusted earnings per share from continuing operations, adjusted EBITDA and adjusted EBITDA per ferrous ton, see appendix.

Ferrous Market Dynamics





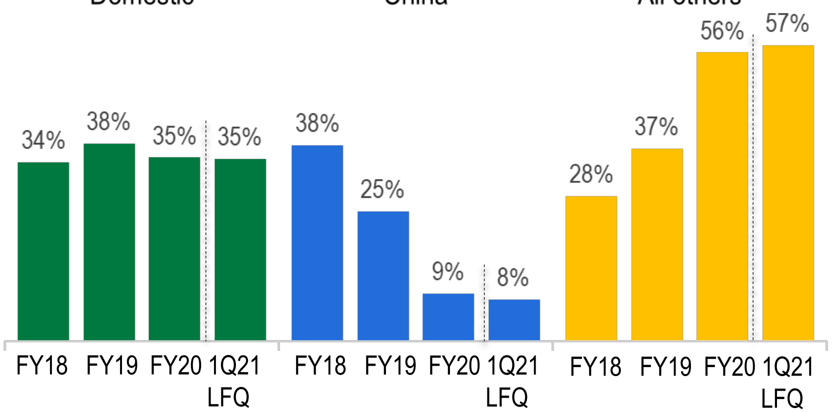
Flexible Platform & Global Reach

- Export customers accounted for 63% of total ferrous sales volumes in 1Q21
- Bangladesh, Turkey and Vietnam represented the top export destinations for ferrous shipments in 1Q21
- Ferrous sales volumes in the quarter up from the same period of the prior year by 8%
- Performance in 1Q21 reflects commercial initiatives to optimize supply flows despite the challenges created by COVID-19

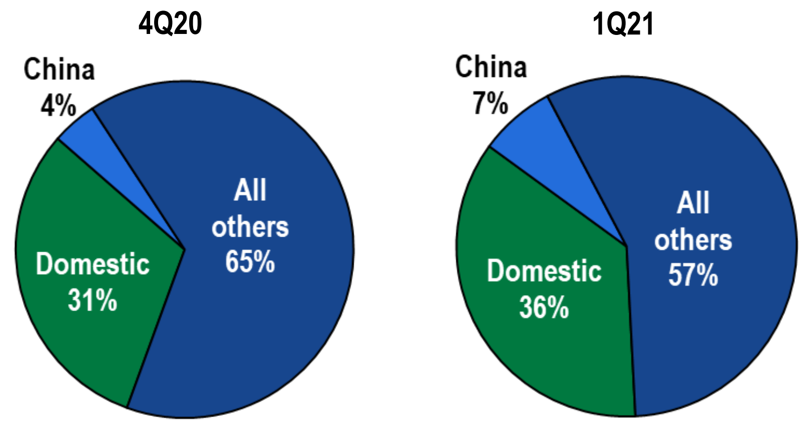
(1) Domestic includes volumes to our steel mill for finished steel production
(2) Europe (including Turkey), Africa and Middle East

Nonferrous Market Dynamics

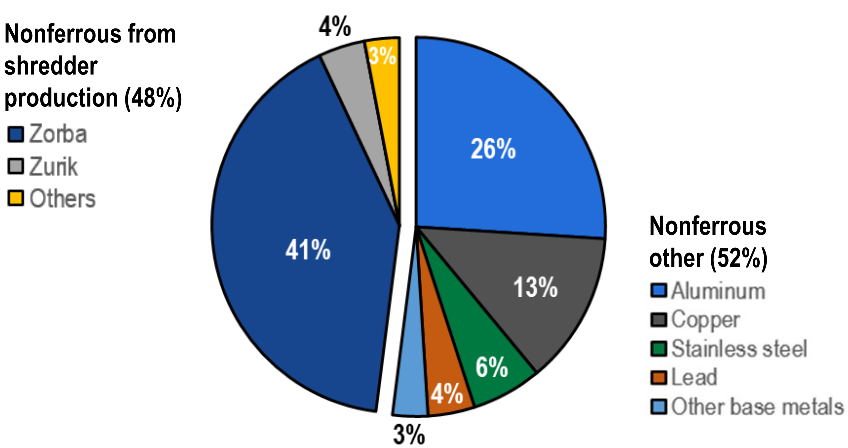
SSI Total Nonferrous Volumes by Destination



SSI Total Nonferrous Volumes by Destination



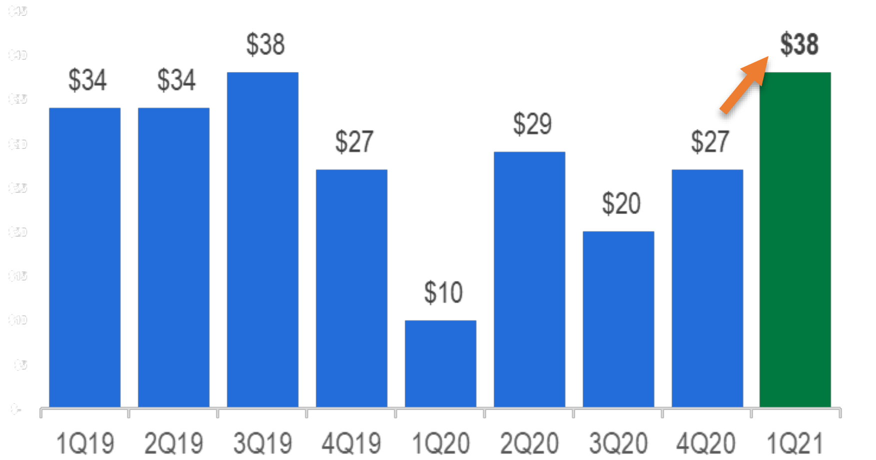
SSI Total 1Q21 LFQ Nonferrous Product Mix by Volume



- **Sales Diversification** - Sold nonferrous products to a total of 17 countries in 1Q21
- **Productivity Improvements** – Generated higher yields from the production process
- **Product Optionality** – Investments enabling production of higher value furnace-ready products to meet global demand and stricter product standard regulations

Operating Performance

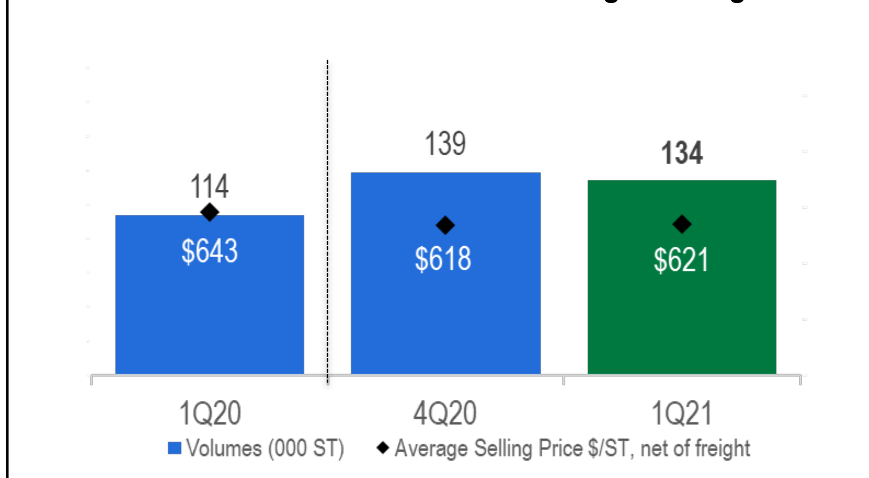
Adjusted EBITDA per Ferrous Ton



Ferrous Volumes & Average Selling Prices

Nonferrous Volumes & Average Selling Prices

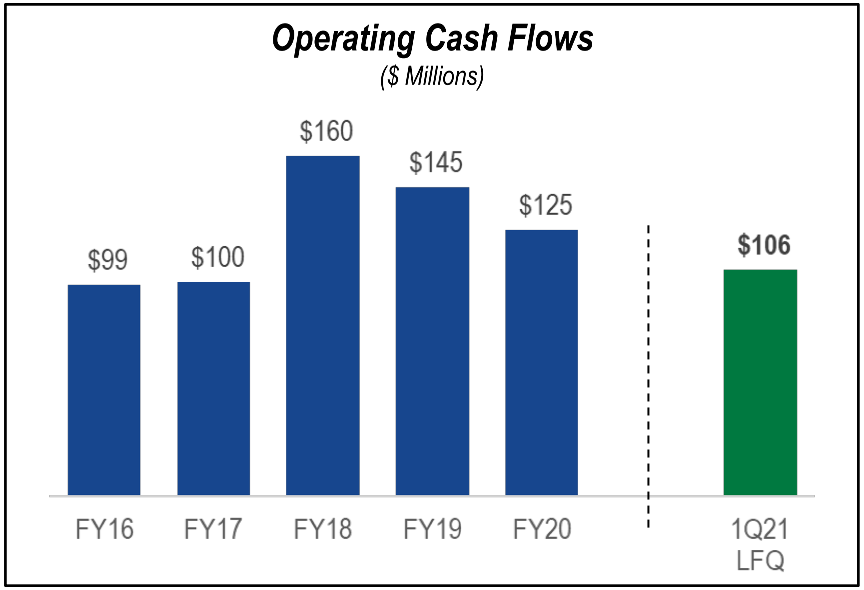
Finished Steel Sales Volumes & Average Selling Prices

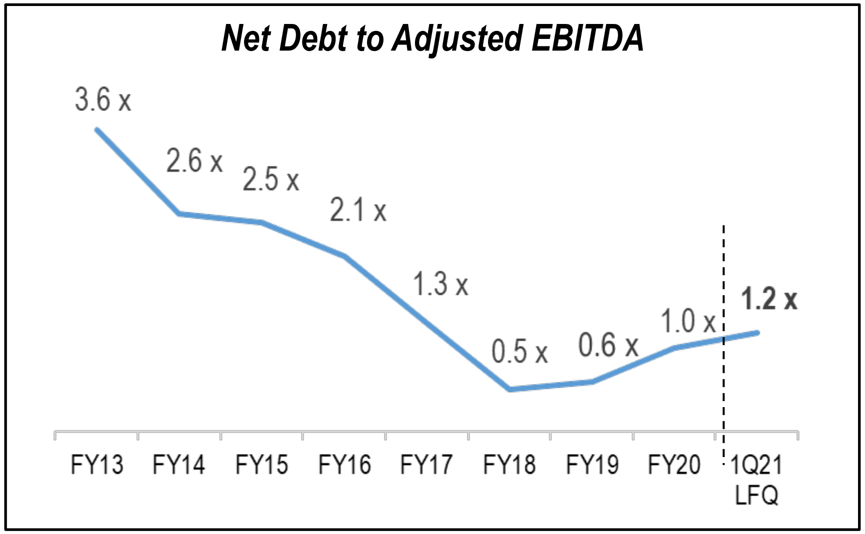


Schnitzer

Note: For a reconciliation to U.S. GAAP of adjusted EBITDA per ferrous ton, see appendix.

Strong Balance Sheet & Liquidity Position





Cash Flow & Liquidity

- 1Q21 operating cash flow impacted by higher working capital requirements
- Demonstrated ability to generate operating cash flow through the cycle
- $700 million credit facility maturing in 2023

Strong Balance Sheet

- Net debt to adjusted EBITDA ratio of 1.2x
- Net leverage ratio of 17%

Capital Allocation

- Capital expenditures of $32 million in 1Q21
- 107th consecutive quarterly dividend paid in 1Q21

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

V. Delivering Value Through The Cycle

Delivering Value Through the Cycle

FY21 Strategic Priorities

One Schnitzer Model – Completed transition in 1Q21 to integrated, functionally-based operating model to drive volume growth, expand products & services, and create a more agile organization

Higher Value Furnace-Ready Product Strategy – Targeting installation by end of FY21 and EBITDA run-rate benefits of at least $10 per ferrous ton by end of 1Q22

Grow Volumes and Expand Products & Services – Top-line revenue growth, including higher volumes and additional new services, as well as increased product optionality and new offerings

Balanced Capital Allocation – Continue to invest in profitable growth and create opportunities to return more capital to shareholders

Multi-Year Sustainability Goals – On-track to meet or exceed our People, Planet, and Profit goals

APPENDIX

Non-GAAP Financial Measures

This presentation contains performance based on adjusted diluted earnings (loss) per share from continuing operations attributable to SSI shareholders, adjusted EBITDA and adjusted EBITDA per ferrous ton which are non-GAAP financial measures as defined under SEC rules. As required by SEC rules, the Company has provided a reconciliation of these measures for each period discussed to the most directly comparable U.S. GAAP measure. Management believes that providing these non-GAAP financial measures adds a meaningful presentation of our results from business operations excluding adjustments including for charges for legacy environmental matters (net of recoveries), business development costs not related to ongoing operations, restructuring charges and other exit-related activities, asset impairment charges (net of recoveries), charges related to the settlement of a wage and hour class action lawsuit 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. We believe that presenting debt, net of cash is useful to investors as a measure of our leverage, as cash and cash equivalents can be used, among other things, to repay indebtedness. 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 (debt, net of cash) to Adjusted EBITDA Ratio is a useful measure of the Company's liquidity; and
- Adjusted EBITDA per ferrous ton is a useful indicator of the Company's 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.

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 thousands)	Quarter 1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19	Fiscal Year 2020	2019
As reported	$ 22,770	$ 10,779	$ (3,706)	$ 7,691	$ (7,910)	$ 17,681	$ 24,459	$ 19,036	$ 22,689	$ 6,854	$ 83,865
Asset impairment charges, net	—	1,408	2,227	402	1,692	—	—	—	63	5,729	63
Restructuring charges (recoveries) and other exit-related activities	64	1,183	2,710	4,633	467	(448)	75	536	202	8,993	365
Charges for legacy environmental matters, net[1]	2,760	275	2,078	451	1,293	749	502	697	471	4,097	2,419
Business development costs	—	27	791	801	—	—	—	—	—	1,619	—
Charges related to the settlement of a wage and hour class action lawsuit	—	—	73	—	—	—	2,330	—	—	73	2,330
Adjusted	$ 25,594	$ 13,672	$ 4,173	$ 13,978	$ (4,458)	$ 17,982	$ 27,366	$ 20,269	$ 23,425	$ 27,365	$ 89,042

(1) Legal and environmental charges for legacy environmental matters (net of recoveries). Legacy environmental matters include charges (net of recoveries) related to the Portland Harbor Superfund site and to other legacy environmental loss contingencies.

Selling, General and Administrative Expense ($ in thousands)	Quarter 1Q21	4Q20	3Q20	2Q20	1Q20	4Q19	3Q19	2Q19	1Q19	Fiscal Year 2020	2019
As reported	$ 49,906	$ 49,132	$ 45,544	$ 46,426	$ 46,774	$ 51,922	$ 48,575	$ 39,489	$ 51,419	$ 187,876	$ 191,405
Charges for legacy environmental matters, net[1]	(2,760)	(275)	(2,078)	(451)	(1,293)	(749)	(502)	(697)	(471)	(4,097)	(2,419)
Business development costs	—	(27)	(791)	(801)	—	—	—	—	—	(1,619)	—
Charges related to the settlement of a wage and hour class action lawsuit	—	—	(73)	—	—	—	(2,330)	—	—	(73)	(2,330)
Adjusted	$ 47,146	$ 48,830	$ 42,602	$ 45,174	$ 45,481	$ 51,173	$ 45,743	$ 38,792	$ 50,948	$ 182,087	$ 186,656

(1) Legal and environmental charges for legacy environmental matters (net of recoveries). Legacy environmental matters include charges (net of recoveries) related to the Portland Harbor Superfund site and to other legacy environmental loss contingencies.

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 shareholders ($ in thousands)	Quarter 1Q21	4Q20	3Q20	2Q20	1Q20	Fiscal Year 2020
As reported	$ 14,146	$ 4,017	$ (4,926)	$ 3,882	$ (7,023)	$ (4,050)
Asset impairment charges, net	—	1,408	2,227	402	1,692	5,729
Restructuring charges and other exit-related activities	64	1,183	2,710	4,633	467	8,993
Charges for legacy environmental matters, net(1)	2,760	275	2,078	451	1,293	4,097
Business development costs	—	27	791	801	-	1,619
Charges related to the settlement of a wage and hour class action lawsuit	—	—	73	—	-	73
Income tax benefit allocated to adjustments(2)	(649)	(311)	(1,568)	(1,464)	(1,151)	(4,494)
Adjusted(3)	$ 16,321	$ 6,599	$ 1,385	$ 8,705	$ (4,722)	$ 11,967

Diluted Earnings (Loss) Per Share from Continuing Operations Attributable to SSI Shareholders ($ per share)	Quarter 1Q21	4Q20	3Q20	2Q20	1Q20	Fiscal Year 2020
As reported	$ 0.50	$ 0.14	$ (0.18)	$ 0.14	$ (0.26)	$ (0.15)
Asset impairment charges, net	—	0.05	0.08	0.01	0.06	0.21
Restructuring charges and other exit-related activities	—	0.04	0.10	0.16	0.02	0.32
Charges for legacy environmental matters, net(1)	0.10	0.01	0.07	0.02	0.05	0.15
Business development costs	—	—	0.03	0.03	—	0.06
Charges related to the settlement of a wage and hour class action lawsuit	—	—	—	—	—	—
Income tax benefit expense allocated to adjustments(2)	(0.02)	(0.01)	(0.06)	(0.05)	(0.04)	(0.16)
Adjusted(3)	$ 0.57	$ 0.23	$ 0.05	$ 0.31	$ (0.17)	$ 0.43

(1) Legal and environmental charges for legacy environmental matters (net of recoveries). Legacy environmental matters include charges (net of recoveries) related to the Portland Harbor Superfund site and to other legacy environmental loss contingencies.

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

(3) May not foot due to rounding.

Non-GAAP Financial Measures

Net Leverage Ratio

- Net Debt (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.
- Net Capital is the difference between (i) the sum of total equity and total debt (i.e., total capital) and (ii) cash and cash equivalents.
- The net leverage ratio is the ratio of Net Debt to Net Capital, expressed as a percentage.
- The following is a reconciliation of the Net Leverage Ratio:

Net Leverage Ratio ($ in millions)	**1Q21**	**4Q20**	**3Q20**[1]	**2Q20**	**1Q20**
Total Debt	$ 143	$ 104	$ 428	$ 142	$ 128
Less cash and cash equivalents	(7)	(18)	(308)	(10)	(10)
Net Debt[2]	$ 136	$ 87	$ 121	$ 132	$ 119
Total Debt	$ 143	$ 104	$ 428	$ 142	$ 128
Total Equity	689	680	674	685	685
Total Capital[2]	$ 832	$ 785	$ 1,103	$ 827	$ 813
Less cash and cash equivalents	(7)	(18)	(308)	(10)	(10)
Net Capital[2]	$ 825	$ 767	$ 795	$ 817	$ 804
Total Debt to Total Capital Ratio	17.2 %	13.3 %	38.8 %	17.2 %	15.8 %
Impact excluding cash and cash equivalents from both Total Debt and Total Capital	(0.7)%	(2.0)%	(23.7)%	(1.0)%	(1.0)%
Net Leverage Ratio[2]	16.5 %	11.3 %	15.2 %	16.1 %	14.8 %

(1) During the third quarter of fiscal 2020, we borrowed an incremental $250 million under our credit facilities in order to increase our cash position and preserve financial flexibility in light of the COVID-19 outbreak. We repaid the $250 million of additional borrowings in the fourth quarter of fiscal 2020.

(2) May not foot due to rounding.

Schnitzer

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Per Ferrous Ton

Adjusted EBITDA – Earnings before interest, taxes, depreciation, amortization, adjustments for charges related to the settlement of a wage and hour class action lawsuit, charges for legacy environmental matters (net of recoveries), asset impairments (net of recoveries), restructuring charges and other exit-related activities, business development costs not related to ongoing operations and discontinued operations (net of tax).

The following is a reconciliation of net income (loss) to adjusted EBITDA and adjusted EBITDA per ferrous ton sold:

Adjusted EBITDA ($ in thousands)	Quarter								
	1Q21	**4Q20**	**3Q20**	**2Q20**	**1Q20**	**4Q19**	**3Q19**	**2Q19**	**1Q19**
Net income (loss)	$ 15,064	$ 4,578	$ (4,717)	$ 4,504	$ (6,565)	$ 11,967	$ 16,440	$ 13,297	$ 16,618
Plus loss (income) from discontinued operations, net of tax	42	55	69	(1)	(28)	46	(8)	138	72
Plus interest expense	1,780	3,270	2,656	1,320	1,423	1,999	2,294	2,067	1,906
Plus tax expense (benefit)	5,719	2,734	(1,804)	1,770	(2,534)	3,937	5,762	3,855	4,116
Plus depreciation & amortization	14,826	14,958	14,743	14,385	14,087	13,692	13,154	13,193	13,297
Plus charges for legacy environmental matters, net[1]	2,760	275	2,078	451	1,293	749	502	697	471
Plus restructuring charges and other exit-related activities	64	1,183	2,710	4,633	467	(448)	75	536	202
Plus asset impairment charges	—	1,408	2,227	402	1,692	—	—	—	63
Plus business development costs	—	27	791	801	—	—	—	—	—
Plus charges related to the settlement of a wage and hour class action lawsuit	—	—	73	—	—	—	2,330	—	—
Adjusted EBITDA[2]	$ 40,255	$ 28,488	$ 18,826	$ 28,265	$ 9,835	$ 31,942	$ 40,549	$ 33,783	$ 36,745
Estimated average inventory accounting impact	2,246	1,799	(2,580)	3,748	(4,376)	(1,271)	(536)	(743)	(43)
Adjusted EBITDA excluding estimated average inventory accounting	$ 38,009	$ 26,689	$ 21,406	$ 24,517	$ 14,211	$ 33,213	$ 41,085	$ 34,526	$ 36,788
Total Ferrous Volumes (LT, in thousands)	1,053	1,063	927	988	976	1,168	1,079	992	1,080
Adjusted EBITDA per Ferrous Ton Sold ($/LT)	$ 38	$ 27	$ 20	$ 29	$ 10	$ 27	$ 38	$ 34	$ 34
Adjusted EBITDA excluding estimated average inventory accounting per Ferrous Ton Sold ($/LT)	$ 36	$ 25	$ 23	$ 25	$ 15	$ 28	$ 38	$ 35	$ 34

(1) Legal and environmental charges for legacy environmental matters (net of recoveries). Legacy environmental matters include charges (net of recoveries) related to the Portland Harbor Superfund site and to other legacy environmental loss contingencies.

(2) May not foot due to rounding.

Schnitzer

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 net debt (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 thousands)	1Q21	2020	2019	2018	2017	2016	2015	2014	2013
Cash flows from operating activities	$ 106,033	$ 124,597	$ 144,740	$ 159,676	$ 100,370	$ 99,240	$ 144,628	$ 141,252	$ 39,289
Exit-related gains, asset impairments and accelerated depreciation, net	(854)	(971)	(23)	1,000	407	(1,790)	(6,502)	(566)	—
Write-off of debt issuance costs	—	—	—	—	—	(768)	—	—	—
Inventory write-down	—	—	(775)	(38)	—	(710)	(3,031)	—	—
Deferred income taxes	(22,322)	(15,096)	(14,613)	37,995	(2,278)	(507)	1,988	3,815	59,102
Undistributed equity in earnings of joint ventures	1,362	834	1,452	1,953	3,674	819	1,490	1,196	1,183
Share-based compensation expense	(10,865)	(10,033)	(17,300)	(18,965)	(10,847)	(10,437)	(10,481)	(14,506)	(11,475)
Excess tax benefit from share-based payment arrangements	—	—	—	—	—	—	343	194	343
(Loss) gain on disposal of assets	(855)	(530)	1,545	(56)	(448)	465	2,875	1,126	(131)
Unrealized foreign exchange (loss) gain, net	(31)	67	(148)	104	(361)	109	1,909	(240)	(1,583)
Bad debt (expense) recoveries, net	(67)	(66)	(74)	(323)	(126)	(131)	264	(449)	(584)
Change in current assets and current liabilities	16,602	(34,246)	(1,182)	34,081	10,666	(19,317)	(76,736)	(39,011)	53,654
Changes in other operating assets and liabilities	(6,625)	(2,854)	(1,901)	(6,987)	(4,958)	(405)	2,252	(2,550)	(2,699)
Interest expense	9,026	8,669	8,266	8,983	8,081	8,889	9,191	10,595	9,623
Tax expense (benefit)	8,419	166	17,670	(17,590)	1,322	735	(12,615)	2,583	(56,943)
Restructuring charges and other exit-related activities	8,590	8,993	365	(661)	(109)	6,782	13,008	6,830	7,906
Charge related to the settlement of a wage and hour class action lawsuit	73	73	2,330	—	—	—	—	—	—
Charges for legacy environmental matters, net[1]	5,564	4,097	2,419	7,268	2,648	(3,863)	(1,009)	1,750	1,759
Business development costs	1,619	1,619	—	—	—	—	—	—	—
Loss (gain) from discontinued operations, net of tax	165	95	248	(346)	390	1,348	7,227	2,809	4,242
Depreciation and amortization from discontinued operations	—	—	—	—	—	—	(821)	(1,335)	(861)
Recoveries related to the resale or modification of previously contracted shipments	—	—	—	(417)	(1,144)	(694)	6,928	—	—
Adjusted EBITDA	$ 115,834	$ 85,414	$ 143,019	$ 205,677	$ 107,287	$ 79,765	$ 80,908	$ 113,493	$ 102,825
Debt	143,343	104,419	105,096	107,376	145,124	192,518	228,156	319,365	381,837
Cash and cash equivalents	(7,258)	(17,887)	(12,377)	(4,723)	(7,287)	(26,819)	(22,755)	(25,672)	(13,481)
Net debt	$ 136,085	$ 86,532	$ 92,719	$ 102,653	$ 137,837	$ 165,699	$ 205,401	$ 293,693	$ 368,356
Debt to cash flows from operating activities ratio	1.4	0.8	0.7	0.7	1.4	1.9	1.6	2.3	9.7
Net debt to adjusted EBITDA ratio	1.2	1.0	0.6	0.5	1.3	2.1	2.5	2.6	3.6

(1) Legal and environmental charges for legacy environmental matters (net of recoveries). Legacy environmental matters include charges (net of recoveries) related to the Portland Harbor Superfund site and to other legacy environmental loss contingencies.

Schnitzer

Historical Segment Operating Statistics

The following provides consolidated operating statistics:

	Quarter					Fiscal Year[1]
	1Q21	4Q20	3Q20	2Q20	1Q20	2020
Ferrous volumes (LT, in thousands)[2]						
Domestic[3]	388	375	312	379	363	**1,429**
Export	665	688	616	609	613	**2,525**
Total[5]	1,053	1,063	927	988	976	**3,954**
Ferrous selling prices ($/LT)[4]						
Domestic	$ 242	$ 214	$ 222	$ 244	$ 196	**$ 220**
Export	$ 276	$ 242	$ 236	$ 258	$ 229	**$ 241**
Average	$ 269	$ 236	$ 233	$ 255	$ 222	**$ 237**
Nonferrous volumes (pounds, in thousands)[2]	138,236	159,135	122,913	124,342	144,176	**550,566**
Nonferrous average price ($/pound)[4][6]	$ 0.64	$ 0.56	$ 0.54	$ 0.55	$ 0.54	**$ 0.59**
Cars purchased (in thousands)[7]	78	74	74	85	83	**316**
Auto part stores at period end	50	50	49	51	51	**50**
Finished steel average sales price ($/ST)[4]	$ 621	$ 618	$ 633	$ 627	$ 643	**$ 630**
Sales volume (ST, in thousands)						
Rebar	94	105	85	86	83	**358**
Coiled products	39	34	39	42	29	**144**
Merchant bar and other	1	-	1	1	1	**3**
Finished steel products sold[5]	134	139	124	129	114	**505**
Rolling mill utilization[8]	97%	96%	91%	72%	85%	86%

Tons for recycled ferrous metal are LT (Long Ton, which is equivalent to 2,240 pounds) and for finished steel products are ST (Short Ton, which is equivalent to 2,000 pounds).

(1) The sum of quarterly amounts may not agree to full year equivalent due to rounding.

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

(3) Domestic includes volumes delivered to our steel mill for finished steel production.

(4) Price information is shown after netting the cost of freight incurred to deliver the product to the customer.

(5) May not foot due to rounding.

(6) Excludes platinum group metals ("PGMs") in catalytic converters.

(7) Cars purchased by auto stores only.

(8) Rolling mill utilization is based on effective annual production capacity under current conditions of 580 thousand tons of finished steel products.