

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): March 22, 2017

Schnitzer Steel Industries, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Oregon
(State or Other Jurisdiction of
Incorporation)

0-22496
(Commission File Number)

93-0341923
(IRS Employer
Identification No.)

299 SW Clay Street, Suite 350
P.O. Box 10047
Portland, OR
(Address of Principal Executive Offices)

97296-0047
(Zip Code)

Registrant's Telephone Number Including Area Code:

(503) 224-9900

NO CHANGE
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition

On March 22, 2017, Schnitzer Steel Industries, Inc. (the “Company”) issued a press release announcing preliminary financial results for the three months ended February 28, 2017. A copy of this press release is being furnished as Exhibit 99.1 to this report on Form 8-K.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release of Schnitzer Steel Industries, Inc. issued on March 22, 2017.

SIGNATURE

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

Schnitzer Steel Industries, Inc.
(Registrant)

Dated: March 22, 2017

By: /s/ Richard D. Peach
Name: Richard D. Peach
Title: Senior Vice President, Chief Financial Officer
and Chief of Corporate Operations

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
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99.1	Press Release of Schnitzer Steel Industries, Inc. issued on March 22, 2017.
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Schnitzer Announces Second Quarter Fiscal 2017 Preliminary Results and Earnings Date**— Second Quarter Earnings Conference Call 11:30 a.m. Eastern April 6, 2017 —**

PORTLAND, Ore.--(BUSINESS WIRE)--March 22, 2017--Schnitzer Steel Industries, Inc. (Nasdaq: SCHN) today announced preliminary results for its second quarter ended February 28, 2017. Schnitzer expects second quarter earnings per share from continuing operations to be in the range of \$0.37 - \$0.40 and adjusted earnings per share to be in the range of \$0.34 - \$0.37. This expected performance compares favorably to results from continuing operations in the prior year second quarter of a loss per share of \$1.48 and an adjusted loss per share of \$0.25, and in the first quarter of fiscal 2017 of a loss per share of \$0.05 and an adjusted loss per share of \$0.03. For a reconciliation of adjusted results to U.S. GAAP, see the table provided in the Non-GAAP Financial Measures section.

For the second quarter of fiscal 2017, Auto and Metals Recycling (AMR) is expected to more than double its operating income compared to the first quarter, delivering operating income in the range of \$25 - \$27 million, or operating income per ferrous ton of \$29 - \$31, driven by a combination of higher selling prices, metal spread expansion, and sustained benefits from our cost savings and productivity initiatives. Average ferrous selling prices are expected to be approximately 27% higher sequentially and 47% higher than the prior year quarter. Ferrous sales volumes are expected to be approximately 2% higher sequentially and 16% higher than the prior year quarter. AMR's expected second quarter results include an estimated \$4 million favorable impact from average inventory accounting which compares to an adverse impact of \$2 million and \$1 million in the first quarter and prior year quarter, respectively.

In the Steel Manufacturing Business, operating performance was impacted by higher beginning inventory costs following the major equipment upgrade in the first quarter, increased raw material costs which rose faster than selling prices, and continued high levels of imports. These factors are expected to contribute to an operating loss of approximately \$2 million for the second quarter, an improvement of approximately \$1 million sequentially. Finished steel average selling prices are expected to increase approximately 5% sequentially and 3% from the prior year quarter. Sales volumes are expected to be approximately 5% higher sequentially and 4% lower from the prior year quarter.

The Company expects to deliver an estimated \$6 million of higher benefits from its targeted cost reductions and productivity initiatives in the second quarter as compared to the prior year quarter. Consolidated financial performance is expected to include Corporate expense of approximately \$10 million, an increase sequentially and year-over-year primarily due to higher incentive compensation expense reflecting improved financial performance. The Company's effective tax rate is expected to be approximately 5%. Total debt was \$209 million as of the end of the second quarter.

The preliminary information provided above is based on the Company's current estimate of its financial results for the second quarter ended February 28, 2017 and remains subject to change based on final review of the Company's second quarter financial results.

Schnitzer will report its second quarter fiscal 2017 financial results on Thursday, April 6, 2017 and will webcast a conference call to discuss the performance at 11:30 a.m. Eastern on the same day. The webcast of the call and the accompanying slide presentation may be accessed on Schnitzer's website under the Investor section Event Calendar at www.schnitzersteel.com/events. The call will be hosted by Tamara L. Lundgren, President and Chief Executive Officer, and Richard D. Peach, Senior Vice President, Chief Financial Officer and Chief of Corporate Operations.

Replay Information

Toll Free Dial: (855) 859-2056

Toll Free International Dial: (404) 537-3406

Conference ID: 76694580

Replay Available: 04/06/2017 to 4/11/2017

About Schnitzer Steel Industries, Inc.

Schnitzer Steel Industries, Inc. is one of the largest manufacturers and exporters of recycled metal products in the United States with operating facilities located in 23 states, Puerto Rico and Western Canada. Schnitzer has seven deep water export facilities located on both the East and West Coasts and in Hawaii and Puerto Rico. The Company's integrated operating platform also includes auto parts stores with approximately 5 million annual retail visits. The Company's steel manufacturing business produces finished steel products, including rebar, wire rod and other specialty products. The Company began operations in 1906 in Portland, Oregon.

Non-GAAP Financial Measures

This press release contains expected performance based on adjusted diluted earnings per share from continuing operations attributable to SSI, which is a non-GAAP financial measure as defined under SEC rules. As required by SEC rules, the Company has provided reconciliations of this measure for each period discussed to the most directly comparable U.S. GAAP measure. Management believes that providing 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, restructuring charges and other exit-related activities, recoveries related to the resale or modification of previously contracted shipments, and income tax expense (benefits) 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 the measure. This non-GAAP financial measure should be considered in addition to, but not as a substitute for, the most directly comparable U.S. GAAP measure.

Diluted Earnings (Loss) Per Share From Continuing Operations Attributable to SSI

	Quarter			
	2Q17		1Q17	2Q16
	High	Low		
Income (loss) per share from continuing operations attributable to SSI	\$ 0.40	\$ 0.37	\$ (0.05)	\$ (1.48)
Goodwill impairment charge, per share	—	—	—	0.33
Other asset impairment charges, per share	—	—	0.01	0.68
Restructuring charges and other exit-related activities, per share	(0.02)	(0.02)	0.01	0.19
Recoveries related to the resale or modification of previously contracted shipments, per share	(0.01)	(0.01)	(0.01)	—
Income tax expense (benefit) allocated to adjustments, per share ⁽¹⁾	—	—	—	0.03
Adjusted diluted earnings per share from continuing operations attributable to SSI ⁽²⁾	<u>\$ 0.37</u>	<u>\$ 0.34</u>	<u>\$ (0.03)</u>	<u>\$ (0.25)</u>

- (1) Income tax allocated to the aggregate adjustments reconciling reported and adjusted diluted earnings (loss) per share from continuing operations attributable to SSI is determined based on a tax provision calculated with and without the adjustments.
- (2) May not foot due to rounding.

Safe Harbor for Forward-Looking Statements

Statements and information included in this press release 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,” and “SSI” refer to the Company and its consolidated subsidiaries.

Forward-looking statements in this press release include statements regarding future events or our expectations, intentions, beliefs and strategies regarding the future, which may include statements regarding trends, cyclicity and changes in the markets we sell into; the Company’s outlook or expected results, including pricing, sales volumes and profitability; strategic direction; changes to manufacturing and production processes; the cost of and the status of any agreements or actions related to our compliance with environmental and other laws; expected tax rates, deductions and credits; the realization of deferred tax assets; planned capital expenditures; liquidity positions; ability to generate cash from continuing operations; the potential impact of adopting new accounting pronouncements; obligations under our retirement plans; benefits, savings or additional costs from business realignment, cost containment and productivity improvement programs; and the adequacy of accruals.

Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and often contain words such as “outlook,” “believes,” “expects,” “anticipates,” “intends,” “assumes,” “estimates,” “evaluates,” “may,” “will,” “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 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 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 our most recent annual report on Form 10-K and Part II of our Quarterly Report on Form 10-Q. Examples of these risks include: potential environmental cleanup costs related to the Portland Harbor Superfund site; the cyclical nature 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 joint venture investment impairment charges; the realization of expected benefits or cost reductions associated with productivity improvement and restructuring initiatives; difficulties associated with acquisitions and integration of acquired businesses; customer fulfillment of their contractual obligations; changes 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 the 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 and other claims; the impact of current or future 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 a cybersecurity incident; costs associated with compliance with environmental regulations; 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.

CONTACT:

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