

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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): April 3, 2003

SCHNITZER STEEL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

OREGON	0-22496	93-0341923
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
3200 N.W. Yeon Ave. P.O. Box 10047 Portland, OR		97296-0047
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(Address of principal executive offices)		(Zip Code)

Registrant's telephone number including area code: (503) 224-9900

NO CHANGE

(Former name or former address, if changed since last report.)

Item 9. Regulation FD Disclosure

On April 3, 2003, Schnitzer Steel Industries, Inc. issued a press release announcing financial results for the quarter and six months ended February 28, 2003. A copy of this press release is being furnished as an exhibit to this report on Form 8-K. The information contained in this report on Form 8-K is being furnished to the U.S. Securities and Exchange Commission (the "Commission") pursuant to Item 12 under Item 9 of Form 8-K as directed by the Commission in Release No. 34-47583.

Item 7. Financial Statements and Exhibits

Exhibit Number	Exhibit Title
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99.1	Press release dated April 3, 2003, along with financial highlights, consolidated statement of income and selected operating statistics.

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 thereunto duly authorized.

SCHNITZER STEEL INDUSTRIES, INC.
(Registrant)

Date: April 3, 2003

By:/s/Barry A. Rosen

Barry A. Rosen
Vice President, Finance and
Chief Financial Officer

EXHIBIT INDEX

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CONTACT: Schnitzer Steel Industries, Inc.
 Financial Contact:
 Barry Rosen, 503/323-2720
 Press Contact:
 Tom Zelenka, 503/323-2821
www.schnitzersteel.com

Schnitzer Reports Significant Improvement in Net Income

PORTLAND, Ore.--(BUSINESS WIRE)--April 3, 2003--Schnitzer Steel Industries, Inc. (Nasdaq:SCHN) today reported net income of \$8.4 million or \$0.89 per diluted share on revenues of \$124.7 million for the second quarter ended February 28, 2003.

In comparison, the Company reported a net loss of \$1.1 million or \$0.12 per diluted share on revenues of \$78.4 million for the second quarter of fiscal 2002. Last year's second quarter results included \$1.4 million or \$0.16 per share of after-tax charges related to the disposal of underperforming assets.

For the first six months of fiscal 2003, the Company reported net income of \$11.3 million or \$1.20 per diluted share on revenues of \$215.3 million. The period's results included a \$1.0 million or \$0.10 per diluted share charge for the cumulative effect of a change in accounting principle related to implementation of SFAS 142, Goodwill and Other Intangible Assets. During the same period in fiscal 2002, Schnitzer Steel reported net income of \$1.0 million or \$0.11 per share on revenues of \$155.2 million.

"Worldwide recycled metal markets continued to rebound during the second quarter of fiscal 2003, which contributed to higher selling prices as well as record quarterly sales volumes for our wholly-owned metals recycling business," said Robert W. Philip, President and Chief Executive Officer. "Our joint ventures in the metals recycling business also benefited from the same market forces and reported improved profits for the second quarter. The strength in the global ferrous recycled metal markets has been largely driven by strong Asian demand, primarily from China, coupled with reduced market supplies from countries of the former Soviet Union. The former Soviet countries had flooded the export markets with unusually high sales volumes beginning in late 1999 to early 2002, which was a major factor dampening recycled metal prices. However, since the spring of 2002, many of these countries have restricted exports of recycled metal to retain this valuable resource for their own economies."

Metals Recycling Business

The Metals Recycling Business reported operating income of \$8.4 million in the second quarter of fiscal 2003, an improvement of \$10.0 million over last year's quarter, which included a \$2.3 million charge for disposition of non-strategic assets. Recycled metal markets improved dramatically from the second quarter of last year when both export and domestic market prices were adversely affected by a weak domestic economy. Currently, the domestic economy and finished steel demand remain weak; however, reduced foreign supplies of recycled metal, coupled with rising demand in China have caused recycled metal prices to rebound during the last four fiscal quarters. As a result, average ferrous recycled metal sales prices improved to \$111 per ton during the most recent quarter, 28% higher than last year's second quarter, which were near record lows. Ferrous sales volumes reached a record 555,000 tons during the second quarter of 2003, compared to 402,000 tons shipped in last year's second quarter. The record second quarter sales volumes were primarily driven by the timing of first quarter customer orders that came late in the quarter. Partially offsetting the higher sales prices and volumes was an increase in ocean freight rates paid to export Asian cargos and an increase in the cost of unprocessed metal, which is the primary component in the cost of production.

Joint Venture Businesses

On February 14, 2003, a wholly-owned subsidiary of the Company completed the acquisition of the interest of its 50% partner in the Pick-N-Pull Auto Dismantlers joint venture (the "Pick-N-Pull Joint Venture"). Prior to fiscal 2003, the Pick-N-Pull Joint Venture was accounted for under the equity method and was included in Joint Ventures in the Company's financial statements. However, as a result of the recent acquisition, the Company is required under generally accepted accounting principles to consolidate the results of the acquired business retroactively to the beginning of the fiscal year, September 1, 2002. Thus, fiscal 2003 revenues and expenses of the

Pick-N-Pull Joint Venture and other acquired assets have been included in a separate reporting segment termed the Auto Parts Business, which is described below. The financial results of the Pick-N-Pull Joint Venture for periods prior to fiscal 2003 continue to be reported under Joint Ventures.

Income from Joint Ventures, excluding the Pick-n-Pull Joint Venture, amounted to \$6.2 million for the second quarter of 2003. This amount compares to \$4.3 million, including \$0.5 million from the Pick-N-Pull Joint Venture, in the second quarter of last year. The higher fiscal 2003 quarterly income was largely driven by improved results for the Joint Ventures in the Metals Recycling Business due to rising sales prices for recycled metal as well as near record sales volumes.

Auto Parts Business

During the second quarter of fiscal 2003, the Auto Parts Business reported operating income of \$5.0 million. In addition, the Auto Parts Business recorded \$2.1 million in environmental charges that were accrued based on new information obtained through acquisition due diligence. On a comparable pro-forma basis, this business segment had \$1.4 million of operating income during the fiscal 2002 quarter. The higher operating profits were mainly caused by higher fiscal 2003 wholesale revenues driven by improved pricing for dismantled autobodies coupled with increased sales volumes.

As mentioned earlier, the Auto Parts Business was consolidated as of the beginning of fiscal 2003. Consolidation accounting requires the Company to adjust its earnings for the ownership interests it did not own during the reporting period. During the second quarter of fiscal 2003, net income was reduced by \$0.4 million of minority interests, net of income taxes, representing the share of income attributable to continuing minority partners in certain stores. Also, during the most recent quarter, net income was reduced by \$0.7 million for earnings attributable to the acquired business interests, net of income taxes.

Steel Manufacturing Business

The Steel Manufacturing Business reported an operating loss of \$1.4 million during the second quarter of fiscal 2003, which compares to an operating loss of \$2.1 million during last year's second quarter. The improved results were primarily due to the combination of modestly higher average selling prices and higher sales volumes of wire rod products. Second quarter average selling prices rose by \$8 per ton or 3% over the second quarter of fiscal 2002. Sales volumes increased 20,000 tons or 17% over the second quarter of last year driven largely by increased market share of the West Coast wire rod market. Partially offsetting the higher prices and sales volumes was an increase in cost of recycled metal used to produce finished steel.

Change In Accounting Principle

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets". Effective September 1, 2002, the Company adopted SFAS No. 142, which changed the accounting for goodwill from an amortization approach to an impairment-only approach. The Company performed tests of existing goodwill during the second quarter of fiscal 2003 and found that \$1.0 million of previously unamortized goodwill from the 1984 acquisition of the Steel Manufacturing Business was impaired. As a result, the Company recorded a \$1.0 million non-cash impairment charge, effective September 1, 2002, and reported it as a cumulative effect of change in accounting principle.

Outlook

Since the spring of 2002, the Company's metal recycling businesses have experienced improved market conditions brought about by the combination of increased Asian demand coupled with reduced world-wide supplies of ferrous recycled metal. Markets have also benefited from temporary production shut-downs of metal substitutes mainly due to political unrest in Venezuela and harsh winter weather conditions in Eastern Europe and Northern Asia. Fiscal third quarter prices are expected to show further improvement, which should benefit both the Company's wholly-owned operations and joint ventures in the metals recycling business. However, the benefits from the increasing selling prices are expected to be partially tempered by the rising cost of unprocessed metal as well as higher ocean freight rates.

The Auto Parts Business traditionally experiences modest improvements in retail revenues during the third fiscal quarter of each year, which is primarily due to seasonal weather improvements and promotional events. As such, the Company anticipates a modest

improvement in retail sales during the third quarter.

The Steel Manufacturing Business normally experiences seasonal improvements in demand in the third quarter of each year. Further, the Company anticipates average selling prices will show modest improvement over the second quarter, caused by recently announced price increases. Much of the price improvement is expected to offset the rising cost of recycled ferrous metal and seasonal increases in energy costs. The Company anticipates that this business segment will be near break-even from an operating income perspective in the third quarter.

Overall, the Company estimates third quarter operating income will be in the \$17 to \$19 million range. The Company anticipates that its effective tax rate will continue to benefit from net operating loss carryforwards that were acquired as part of an earlier acquisition. This, as well as existing state tax credits, should result in an effective tax rate in the mid to high twenty percent range.

Schnitzer Steel Industries, Inc. is one of the nation's largest recyclers of ferrous metals, a manufacturer of finished steel products and a leading self-service auto parts and dismantling company. The Company, with its joint venture partners, processes approximately 4.6 million tons of recycled ferrous metals per year. In addition, the Company's steel mill has an annual production capacity of approximately 700,000 tons of finished steel products. The Company and its joint venture partners operate primarily along the West Coast and Northeastern seaboard of the United States.

This news release, particularly the "Outlook" section, contains forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. One can generally identify these forward-looking statements because they contain "expect", "believe", and other words that convey a similar meaning. One can also identify these statements, as they do not relate strictly to historical or current facts. Examples of factors affecting both Schnitzer Steel Industries, Inc.'s consolidated operations and its joint ventures (the Company) that could cause actual results to differ materially from current expectations are the following: volatile supply and demand conditions affecting prices and volumes in the markets for both the Company's products and raw materials; world economic conditions; world political conditions; competition; seasonality, including weather; energy supplies; freight rates; pricing; the predictability of joint venture operating results; and the inability to complete expected large scrap export shipments in the current quarter, all as discussed in more detail under the heading "Factors That Could Affect Future Results" in the Company's most recent quarterly report on Form 10-Q. One should understand that it is not possible to predict or identify all factors that could cause actual results to differ from the Company's forward-looking statements. Consequently, the reader should not consider any such list to be a complete statement of all potential risks or uncertainties. The Company does not assume any obligation to update any forward-looking statement.

For more information about Schnitzer Steel Industries, Inc. go to www.schnitzersteel.com.

SCHNITZER STEEL INDUSTRIES, INC.
FINANCIAL HIGHLIGHTS
(in thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended February 28, 2003	2002	For the Six Months Ended February 28, 2003	2002
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REVENUES:

Metals Recycling

Business:

Ferrous sales	\$ 72,630	\$41,780	\$106,561	\$ 78,773
Nonferrous sales	11,669	8,726	21,784	18,616
Other sales	1,417	2,176	2,945	3,734
	-----	-----	-----	-----
Total sales	85,716	52,682	131,290	101,123

Auto Parts

Business	14,755	-	30,894	-
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Steel

Manufacturing

Business Intercompany sales eliminations	41,271	33,902	84,101	70,304
	(17,083)	(8,222)	(30,959)	(16,231)
	-----	-----	-----	-----
Total	\$124,659	\$78,362	\$215,326	\$155,196
	=====	=====	=====	=====

INCOME (LOSS) FROM OPERATIONS:

Metals Recycling Business	\$ 8,358	\$ 640	\$ 11,454	\$ 1,618
Auto Parts Business	4,960	-	10,109	-
Steel Manufacturing Business	(1,358)	(2,074)	(2,615)	(2,322)
Joint ventures	6,194	4,323	9,369	9,194
Corporate expense	(2,529)	(1,819)	(4,553)	(3,785)
Intercompany eliminations	(413)	47	160	(77)
Impairment and other nonrecurring charges	(2,100)	(2,260)	(2,100)	(2,260)
	-----	-----	-----	-----
Total	\$ 13,112	\$(1,143)	\$ 21,824	\$ 2,368
	=====	=====	=====	=====

NET INCOME (LOSS)	\$ 8,409	\$(1,054)	\$ 11,303	\$ 990
	=====	=====	=====	=====

BASIC EARNINGS (LOSS) PER SHARE	\$ 0.91	\$ (0.12)	\$ 1.23	\$ 0.11
	=====	=====	=====	=====

DILUTED EARNINGS (LOSS) PER SHARE	\$ 0.89	\$ (0.12)	\$ 1.20	\$ 0.11
	=====	=====	=====	=====

Share information (thousands):

Basic shares outstanding	9,206	9,112	9,205	9,137
	=====	=====	=====	=====

Diluted shares outstanding	9,453	9,112	9,403	9,176
	=====	=====	=====	=====

SCHNITZER STEEL INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF INCOME
(in thousands, except per share amounts)

For the Three Months Ended February 28, For the Six Months Ended February 28,

2003 2002 2003 2002

(Unaudited) (Unaudited)

Revenues	\$124,659	\$78,362	\$215,326	\$155,196
	-----	-----	-----	-----
Costs and expenses:				
Cost of goods sold and other operating expenses	103,636	74,570	177,794	146,080

Impairment and other nonrecurring charges	2,100	2,260	2,100	2,260
Selling and administrative expenses	12,005	6,998	22,977	13,682
	-----	-----	-----	-----
Income (loss) from consolidated operations	6,918	(5,466)	12,455	(6,826)
Income from joint ventures	6,194	4,323	9,369	9,194
	-----	-----	-----	-----
Income (loss) from operations	13,112	(1,143)	21,824	2,368
Other income (expense):				
Interest expense	(310)	(558)	(690)	(1,335)
Other income, net	158	18	17	204
	-----	-----	-----	-----
	(152)	(540)	(673)	(1,131)
	=====	=====	=====	=====
Income (loss) before income taxes	12,960	(1,683)	21,151	1,237
Income tax (provision) benefit	(3,502)	629	(5,517)	(247)
	-----	-----	-----	-----
Income (loss) before minority interests, pre-acquisition interests and cumulative effect of accounting changes	9,458	(1,054)	15,634	990
Minority interests, net of income taxes	(354)	-	(801)	-
Pre-acquisition interests, net of income taxes	(695)	-	(2,547)	-
	-----	-----	-----	-----
Income (loss) before cumulative effect of change in accounting principle	8,409	(1,054)	12,286	990
Cumulative effect of change in accounting principle	-	-	(983)	-
	-----	-----	-----	-----
Net income (loss)	\$8,409	\$(1,054)	\$ 11,303	\$ 990
	=====	=====	=====	=====
Basic earnings (loss) per share	\$0.91	\$ (0.12)	\$ 1.23	\$ 0.11
	=====	=====	=====	=====
Diluted earnings (loss) per share	\$0.89	\$ (0.12)	\$ 1.20	\$ 0.11
	=====	=====	=====	=====

Schnitzer Steel Industries, Inc.
Selected Operating Statistics
(Unaudited)

		Q1 FY03	Q2 FY03	FY03		

Metals Recycling Business						
Ferrous Recycled Metal Sales						
Prices (\$/LT)						
Domestic		\$100	\$108	\$104		
Export		\$104	\$113	\$110		
Average		\$102	\$111	\$108		
Ferrous Sales Volume (LT)						
Domestic - Cascade						
Steel		114,988	140,823	255,811		
Domestic - External		37,341	11,916	49,257		
Export		142,199	402,437	544,636		
		-----	-----	-----		
Total		294,528	555,176	849,704		
		=====	=====	=====		
Steel Manufacturing Business						
Sales Prices (\$/NT)						
Rebar		\$273	\$269	\$271		
Other (including billets)		\$293	\$299	\$295		
Average		\$284	\$283	\$283		
Sales Volume (NT)						
Rebar		64,652	74,160	138,812		
Wire Rod		50,216	37,790	88,006		
Other (including billets)		27,470	25,099	52,569		
		-----	-----	-----		
Joint ventures	Total	142,338	137,049	279,387		
		=====	=====	=====		
JV Ferrous Recycled Metal						
Sales Volume (LT)		637,354	940,138	1,577,492		
		Q1 FY02	Q2 FY02	Q3 FY02	Q4 FY02	FY02

Metals Recycling Business						
Ferrous Recycled Metal Sales						
Prices (\$/LT)						
Domestic		\$84	\$82	\$95	\$109	\$93
Export		\$88	\$89	\$97	\$108	\$95
Average		\$87	\$87	\$96	\$108	\$94
Ferrous Sales Volume (LT)						
Domestic - Cascade						
Steel		93,392	97,999	111,811	103,369	406,571
Domestic - External		5,640	17,474	13,285	45,890	82,289
Export		248,594	286,210	267,500	265,589	1,067,893
		-----	-----	-----	-----	-----
Total		347,626	401,683	392,596	414,848	1,556,753
		=====	=====	=====	=====	=====
Steel Manufacturing Business						
Sales Prices (\$/NT)						
Rebar		\$272	\$266	\$265	\$270	\$267
Other (including billets)		\$293	\$285	\$284	\$287	\$287
Average		\$280	\$275	\$274	\$279	\$276
Sales Volume (NT)						
Rebar		73,901	64,241	92,123	77,157	307,422
Wire Rod		20,120	24,573	44,826	53,966	143,485
Other (including billets)		30,051	28,019	31,820	28,486	118,376
		-----	-----	-----	-----	-----
Joint ventures	Total	124,072	116,833	168,769	159,609	569,283
		=====	=====	=====	=====	=====

JV Ferrous Recycled Metal

Sales Volume (LT)	893,700	891,600	896,834	922,022	3,604,156
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Note: Price information is shown after a reduction for the cost of freight incurred to deliver the product to the customer