

Ryerson Quarterly Release Presentation

Q2 2019

Important Information About Ryerson Holding Corporation

These materials do not constitute an offer or solicitation to purchase or sell securities of Ryerson Holding Corporation (“Ryerson” or “the Company”) and no investment decision should be made based upon the information provided herein. Ryerson strongly urges you to review its filings with the Securities and Exchange Commission, which can be found at **https://ir.ryerson.com/Docs.** This site also provides additional information about Ryerson.

Safe Harbor Provision

Certain statements made in this presentation and other written or oral statements made by or on behalf of the Company constitute "forward-looking statements" within the meaning of the federal securities laws, including statements regarding our future performance, as well as management's expectations, beliefs, intentions, plans, estimates, objectives, or projections relating to the future. Such statements can be identified by the use of forward-looking terminology such as “objectives,” “goals,” “preliminary,” “range,” "believes," "expects," "may," "estimates," "will," "should," "plans," or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. The Company cautions that any such forward-looking statements are not guarantees of future performance and may involve significant risks and uncertainties, and that actual results may vary materially from those in the forward-looking statements as a result of various factors. Among the factors that significantly impact the metals distribution industry and our business are: the cyclicality of our business; the highly competitive, volatile, and fragmented market in which we operate; fluctuating metal prices; our substantial indebtedness and the covenants in instruments governing such indebtedness; the integration of acquired operations; regulatory and other operational risks associated with our operations located inside and outside of the United States; work stoppages; obligations under certain employee retirement benefit plans; the ownership of a majority of our equity securities by a single investor group; currency fluctuations; and consolidation in the metals producer industry. Forward-looking statements should, therefore, be considered in light of various factors, including those set forth above and those set forth under "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2018, and in our other filings with the Securities and Exchange Commission. Moreover, we caution against placing undue reliance on these statements, which speak only as of the date they were made. The Company does not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events or circumstances, new information or otherwise.

Non-GAAP Measures

Certain measures contained in these slides or the related presentation are not measures calculated in accordance with generally accepted accounting principles (“GAAP”). They should not be considered a replacement for GAAP results. Non-GAAP financial measures appearing in these slides are identified in the footnotes. A reconciliation of these non-GAAP measures to the most directly comparable GAAP financial measures is included in the Appendix.

2019 Financial Highlights

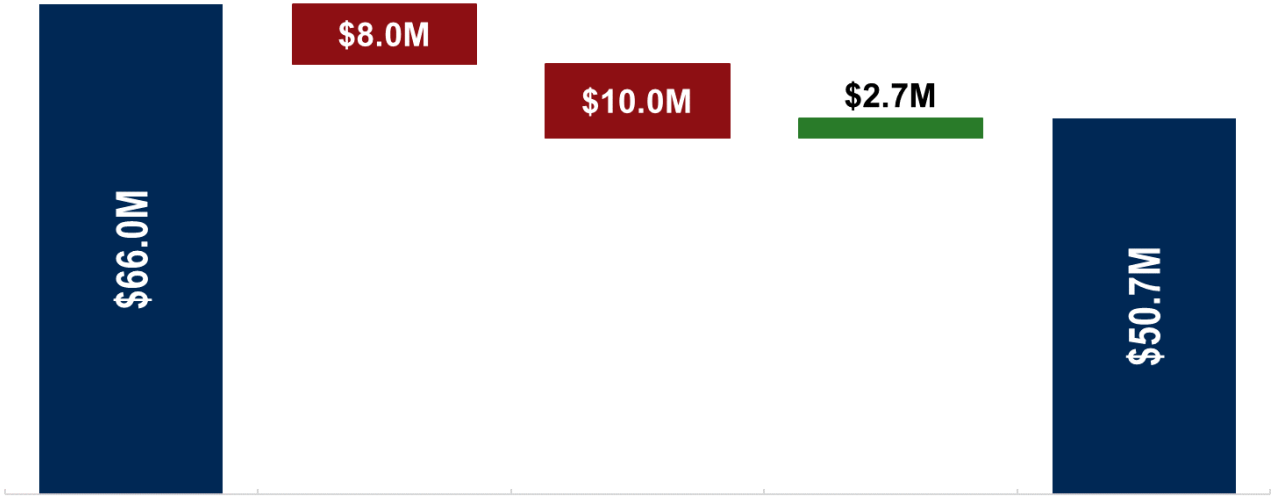
Strong cash and earnings generation

Net Sales	Gross Margin, excl. LIFO	Diluted Adjusted Earnings per Share	Adj. EBITDA, excl. LIFO	Cash from Operating Activities
Second Quarter				
$1.2B	**16.5%**	**$0.45**	**$51M**	**$66.5M**
+14% vs. Q2'18 *-2% vs. Q1'19*	*-520 bps vs. Q2'18* *-70 bps vs. Q1'19*	*-$0.01 vs. Q2'18* *-$0.34 vs. Q1'19*	*-$56M vs. Q2'18* *-$12M vs. Q1'19*	*+116M vs. Q2'18* *+85M vs. Q1'19*
First Half				
$2.4B	**16.8%**	**$1.24**	**$114M**	**$48.0M**
+22% vs. 1H'18	*-360 bps vs. 1H'18*	*+$0.50 vs. 1H'18*	*-$55M vs. 1H'18*	*+66M vs. 1H'18*

A reconciliation of non-GAAP financial measures to the comparable GAAP measure is included in the Appendix.

Second Quarter 2019 Guidance vs. Actual Performance

Adj. EBITDA, excl. LIFO



Affected by inventory holding losses

Mark-to-market hedging losses

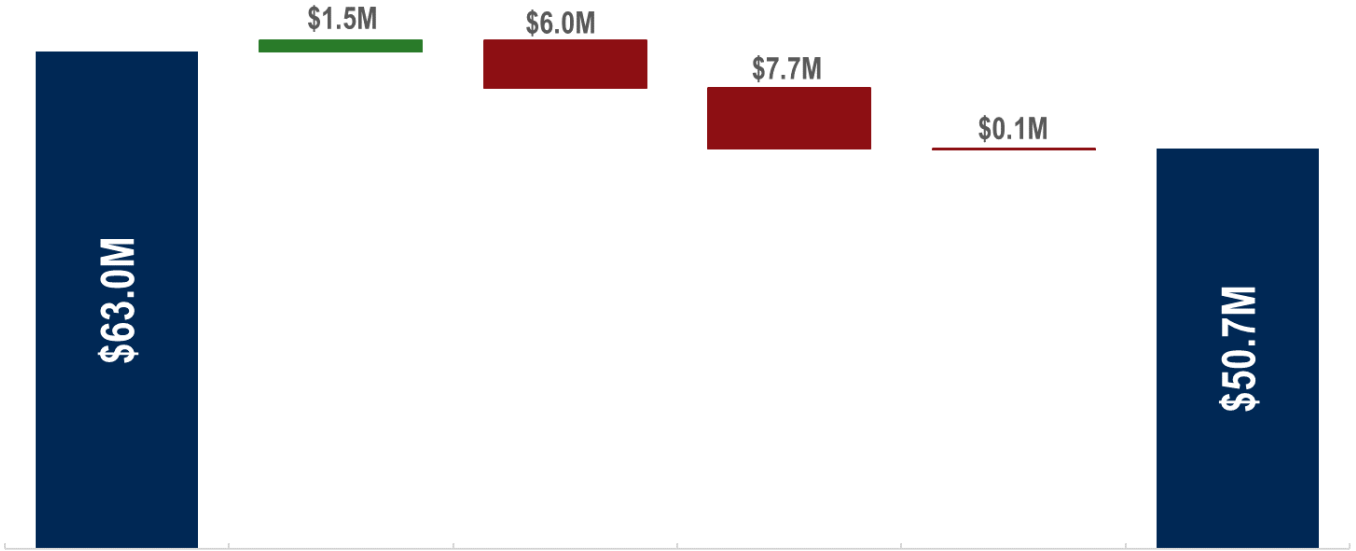
Stronger than expected shipments

***$51M** in Adj. EBITDA, excl. LIFO decreased sequentially due to margin compression partially offset by increased volume.*

Expenses exclude depreciation and one-time items.
A reconciliation of non-GAAP financial measures to the comparable GAAP measure is included in the Appendix.

Second Quarter 2019 Sequential Financial Performance

Adj. EBITDA, excl. LIFO

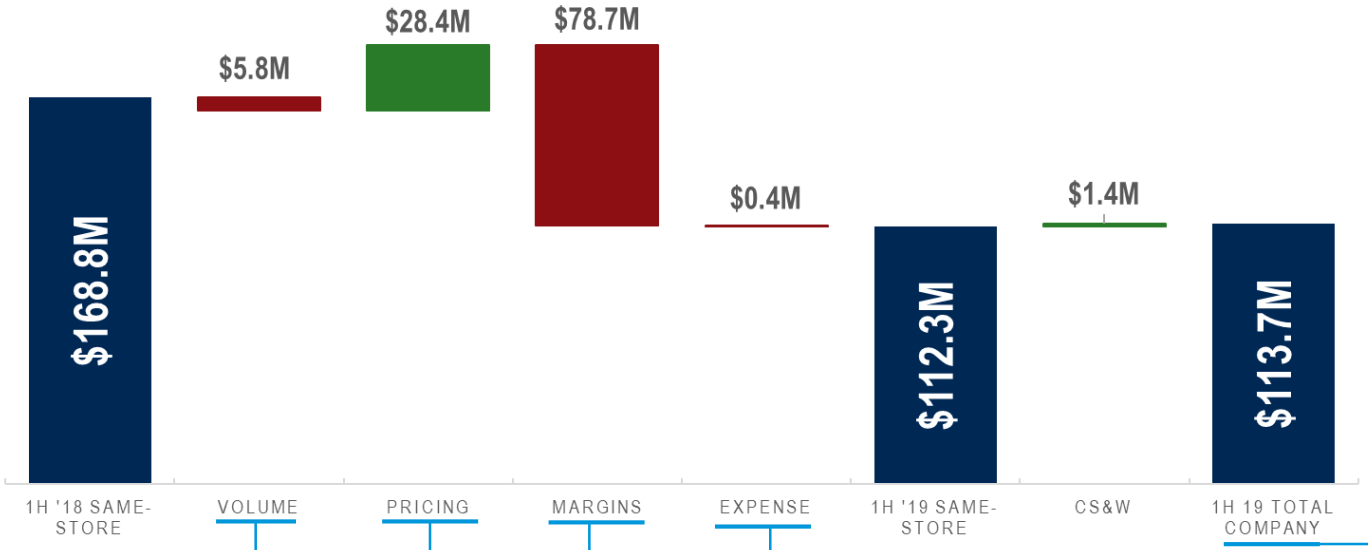


***$51M** in Adj. EBITDA, excl. LIFO decreased sequentially due to margin and pricing pressures partially offset by increased volume.*

Expenses exclude depreciation and one-time items.
A reconciliation of non-GAAP financial measures to the comparable GAAP measure is included in the Appendix.

First Half 2019 Year-Over-Year Financial Performance

Adj. EBITDA, excl. LIFO



***$114M** in Adj. EBITDA, excl. LIFO decreased compared to the first half of 2018 due to margin contraction, partially offset by increased pricing year-over-year.*

***1%** decrease*

***7%** increase*

***360** bps contraction*

*Expenses are $0.4M higher, but decreased **60 bps** as a percentage of sales*

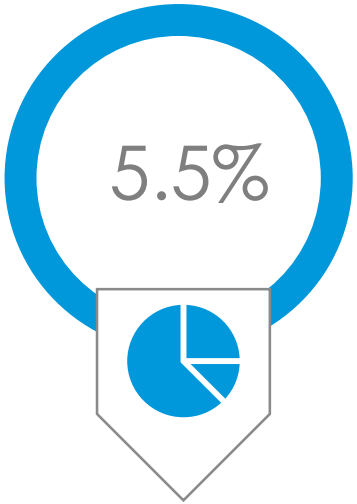
Expenses exclude depreciation and one-time items.
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Next Phase Financial Progress: First Half 2019 Performance



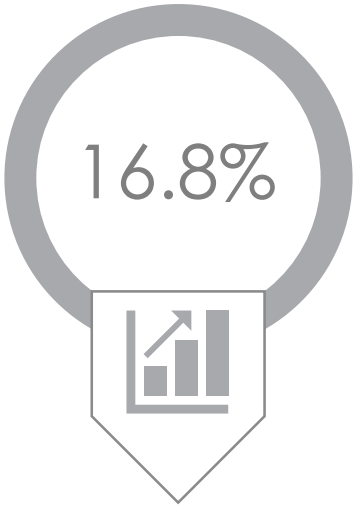
LTM Adj. EBITDA, excl. LIFO

Target: $350M to $400M



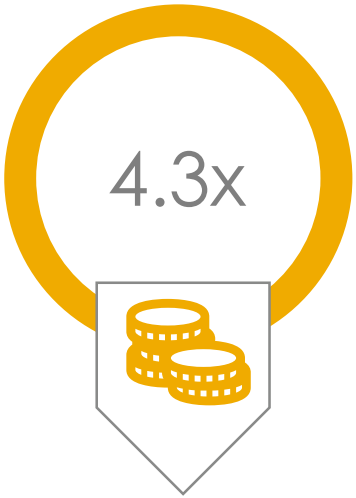
U.S. Market Share

Target: 6.0%



Gross Margins, excl. LIFO

Target: 20.0%



Net Leverage,
LTM Adj. EBITDA, excl. LIFO / Net Debt

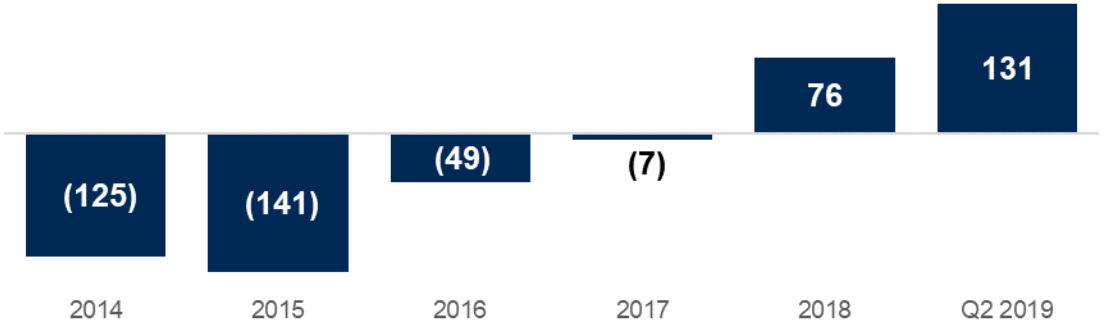
Target: 2.0x

Targets are based on 3-year window; Service center industry growth assumed consistent with 2018 tons shipped and average selling prices consistent with Ryerson historical average prices.
A reconciliation of non-GAAP financial measures to the comparable GAAP measure is included in the Appendix.
Market Share Source: Metals Service Center Institute

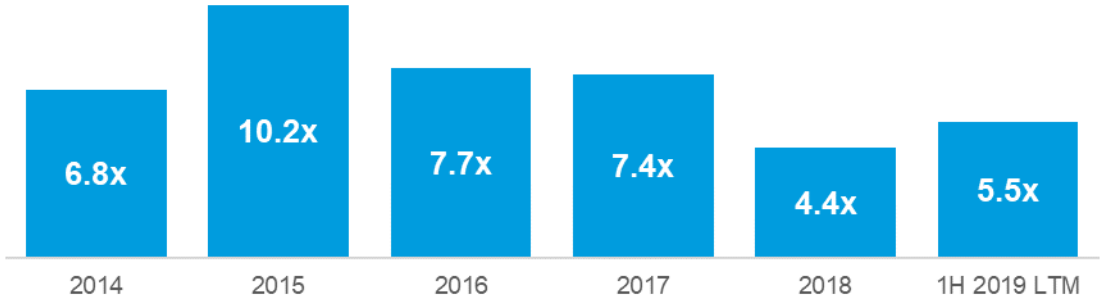
Improved Book Value of Equity

Significant Turnaround From an Equity Deficit to a Positive Equity Balance

Book Value of Equity ($M)



Enterprise Value / Adj. EBITDA, excl. LIFO

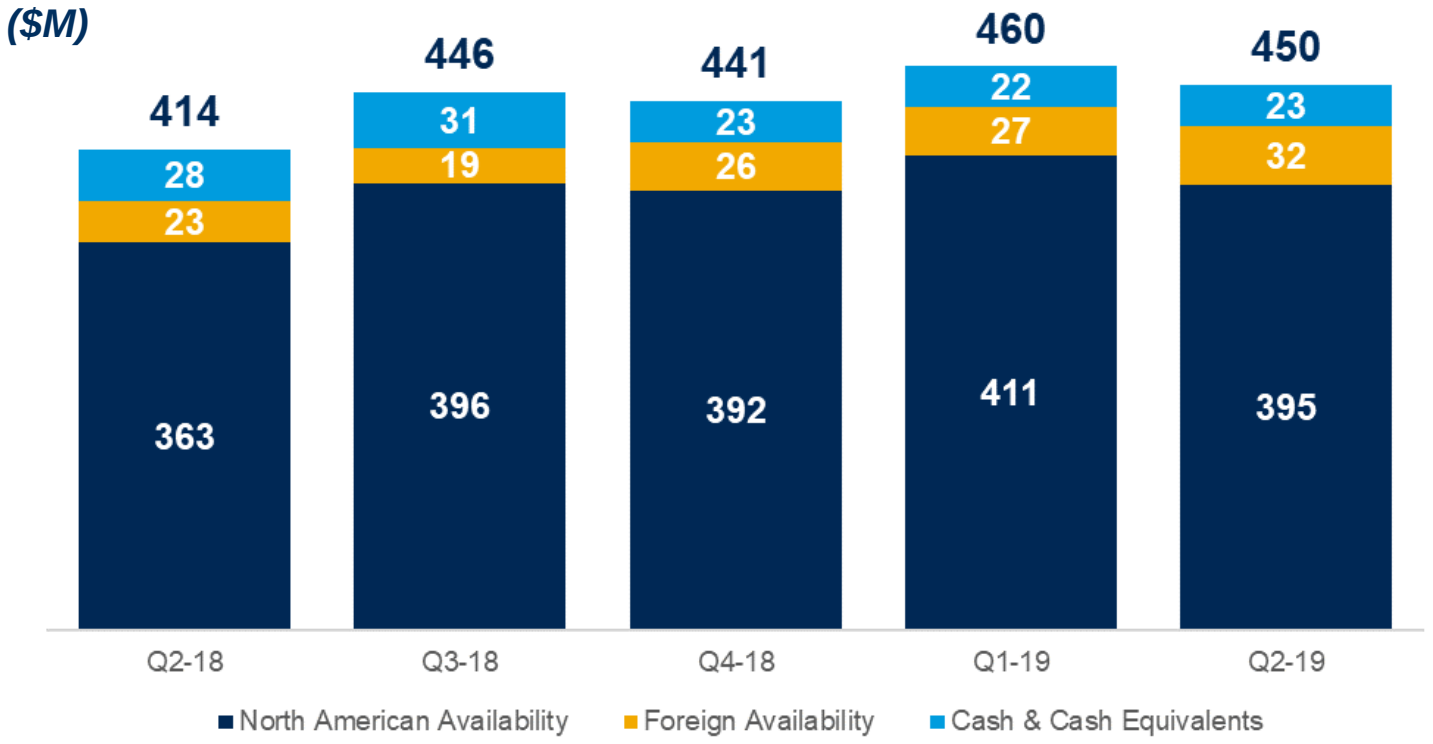


Ryerson's strong income generation led to positive book value of equity of $131M as of June 30, 2019. Despite our improved balance sheet, multiples are at cyclical troughs.

A reconciliation of non-GAAP financial measures to the comparable GAAP measure is included in the Appendix.

Strong Liquidity to Fund Operations and Investments

Ryerson has significant liquidity to fund operations and pursue strategic investments



End Market Performance

1H 2019 Tons Shipped and Sales Mix by End Market

1H '19 vs. 1H '18 Volume Growth	2018 Sales Mix
↑ Metal Fab and Machine Shop	22%
↓ Industrial Equipment	18%
↑ Commercial Ground Transportation	16%
↓ Consumer Durable	11%
↓ Food & Ag	10%
↑ Construction	8%
↑ HVAC	6%
↓ Oil & Gas	5%

Q3 2019 Outlook

Ryerson anticipates normal seasonal demand patterns and slightly weaker end market performance, with more significant volume declines in the oil and gas sector offset by relative strength in commercial ground transportation and construction sectors.

Excluding Other Industry Sectors which represent 4% of Ryerson sales mix


GAN
GAM
GAL
GAK
GAJ
GAI
GAH
HAR
HAQ
HAP
HAO
HAN
HAM
HAL
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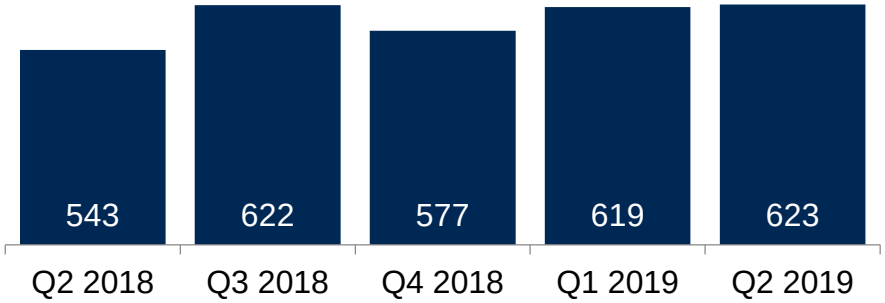
Appendix

Non-GAAP Reconciliation

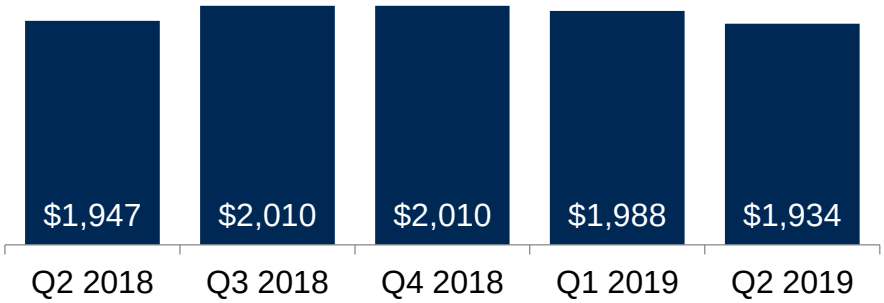
EBITDA represents net income before interest and other expense on debt, provision (benefit) for income taxes, depreciation, and amortization. Adjusted EBITDA gives further effect to, among other things, impairment charges on assets, reorganization expenses, gain on bargain purchase, and foreign currency transaction gains and losses. We believe that the presentation of EBITDA, Adjusted EBITDA, and Adjusted EBITDA, excluding LIFO expense (income), net, provides useful information to investors regarding our operational performance because they enhance an investor's overall understanding of our core financial performance and provide a basis of comparison of results between current, past, and future periods. We also disclose the metric Adjusted EBITDA, excluding LIFO expense (income), net, to provide a means of comparison amongst our competitors who may not use the same basis of accounting for inventories. EBITDA, Adjusted EBITDA, and Adjusted EBITDA, excluding LIFO expense (income), net, are three of the primary metrics management uses for planning and forecasting in future periods, including trending and analyzing the core operating performance of our business without the effect of U.S. generally accepted accounting principles, or GAAP, expenses, revenues, and gains (losses) that are unrelated to the day to day performance of our business. We also establish compensation programs for our executive management and regional employees that are based upon the achievement of pre-established EBITDA, Adjusted EBITDA, and Adjusted EBITDA, excluding LIFO expense (income), net, targets. We also use EBITDA, Adjusted EBITDA, and Adjusted EBITDA, excluding LIFO expense (income), net, to benchmark our operating performance to that of our competitors. EBITDA, Adjusted EBITDA, and Adjusted EBITDA, excluding LIFO expense (income), net do not represent, and should not be used as a substitute for, net income or cash flows from operations as determined in accordance with generally accepted accounting principles, and neither EBITDA, Adjusted EBITDA, and Adjusted EBITDA, excluding LIFO expense (income), net, is necessarily an indication of whether cash flow will be sufficient to fund our cash requirements. This release also presents gross margin, excluding LIFO expense (income), net, which is calculated as gross profit plus LIFO expense (or minus LIFO income), net, divided by net sales, and gross margin, excluding LIFO expense (income), net and purchase accounting adjustments, which is calculated as gross profit plus LIFO expense (or minus LIFO income) and purchase accounting adjustments divided by net sales. We have excluded LIFO expense (income), net and purchase accounting adjustments from gross margin and Adjusted EBITDA as a percentage of net sales metrics in order to provide a means of comparison amongst our competitors who may not use the same basis of accounting for inventories as we do as well as remove the effect of non-cash purchase accounting adjustments. Our definitions of EBITDA, Adjusted EBITDA, Adjusted EBITDA, excluding LIFO expense (income), net, gross margin, excluding LIFO expense (income), net, gross margin excluding LIFO expense (income), net and purchase accounting adjustments, Adjusted EBITDA, excluding LIFO expense (income), net, as a percentage of sales, and Adjusted EBITDA, excluding LIFO expense (income), net, and purchase accounting adjustments as a percentage of sales may differ from that of other companies.

Quarterly Financial Highlights

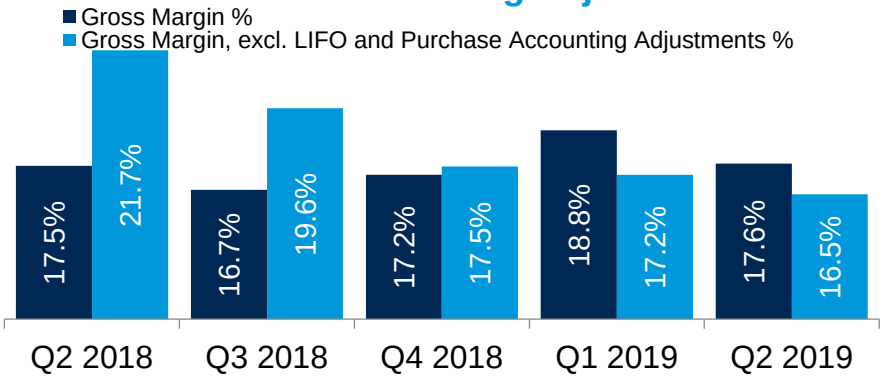
Tons Sold (000's)



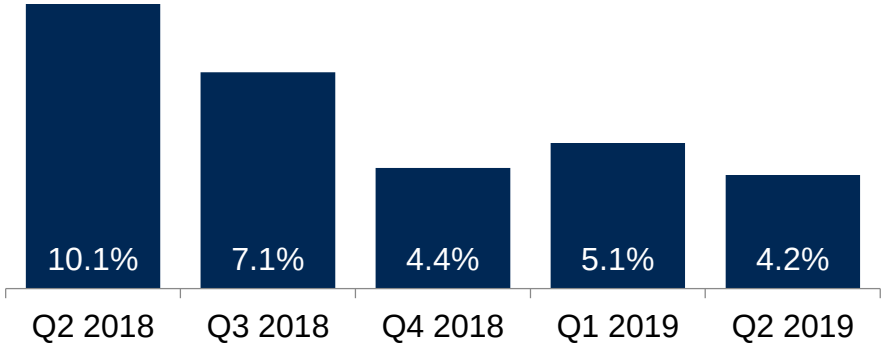
Average Selling Price Per Ton



Gross Margin & Gross Margin, excl. LIFO & Purchase Accounting Adjustments



Adjusted EBITDA, excl. LIFO Margin %



A reconciliation of non-GAAP financial measures to the comparable GAAP measure is included in this Appendix.

Non-GAAP Reconciliation: Quarterly

($M)	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19
Tons Sold (000's)	543	622	577	619	623
Net Sales	1,057.1	1,250.0	1,160.0	1,230.8	1,204.9
Gross Profit	185.3	208.2	199.7	231.3	211.8
Gross Profit per Ton	*341*	*335*	*346*	*374*	*340*
Gross Margin	*17.5%*	*16.7%*	*17.2%*	*18.8%*	*17.6%*
LIFO (Income) Expense	43.9	32.1	0.9	(20.1)	(12.9)
Purchase Accounting Adjustments	-	*4.7*	*2.2*	-	-
Gross Profit, excluding LIFO and purchase accounting adjustments	**229.2**	**245.0**	**202.8**	**211.2**	**198.9**
Gross Profit, excluding LIFO and purchase accounting adjustments per Ton	422	394	351	342	319
Gross Margin, excluding LIFO and purchase accounting adjustments	*21.7%*	*19.6%*	*17.5%*	*17.2%*	*16.5%*
Warehousing, delivery, selling, general, and administrative expenses	138.9	174.0	171.3	163.7	164.6
Depreciation and amortization expense	11.6	14.1	15.7	14.2	14.5
Warehousing, delivery, selling, general, and administrative expenses excluding depreciation and amortization	127.3	159.9	155.6	149.5	150.1
Expense excluding depreciation and amortization, impairment, and restructuring % of Net Sales	*12.0%*	*12.8%*	*13.4%*	*12.1%*	*12.5%*
Net Income attributable to Ryerson Holding Corporation	**17.5**	**77.5**	**0.6**	**29.5**	**16.4**
Interest and other expense on debt	23.9	26.0	26.0	23.9	23.9
Provision (benefit) for income taxes	6.2	2.0	(2.0)	13.0	5.5
Depreciation and amortization expense	11.6	14.1	15.7	14.2	14.5
EBITDA	**59.2**	**119.6**	**40.3**	**80.6**	**60.3**
Reorganization	0.6	3.0	1.8	0.9	2.0
Loss on retirement of debt	-	-	1.7	0.2	-
Foreign currency transaction (gains) losses	0.6	0.5	(1.6)	0.6	0.2
Gain on bargain purchase	-	(73.2)	3.2	-	-
Purchase consideration and other transaction costs	2.3	6.7	3.8	0.9	0.9
Other adjustments	-	-	0.4	(0.1)	0.2
Adjusted EBITDA	**62.7**	**56.6**	**49.6**	**83.1**	**63.6**
LIFO (Income) Expense, net	43.9	32.1	0.9	(20.1)	(12.9)
Adjusted EBITDA, excluding LIFO	**106.6**	**88.7**	**50.5**	**63.0**	**50.7**
Adjusted EBITDA Margin, excluding LIFO	*10.1%*	*7.1%*	*4.4%*	*5.1%*	*4.2%*

Net income includes gain on bargain purchase of $73M in Q3 2018 and loss on bargain purchase of $3M in Q4 2018 for acquisition of CS&W.

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