



Proven to perform anywhere.

First Quarter 2022 Earnings

May 4, 2022



Forward Looking Statements

This presentation contains forward-looking statements. Actual results may differ materially from results anticipated in the forward-looking statements due to various known and unknown risks, many of which we are unable to predict or control. These and additional risk factors are described from time to time in the Company's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2021.



Key Takeaways

Performance

Expanding aerospace recovery underpins strong financial results

- Sustained strong jet engine recovery
 - Revenues: +85% vs. Q1'21; +29% vs. Q4'21
- Return to growth in commercial airframe market as new business volumes increase
- Robust incremental margins driven by:
 - Volume increases with lean costs
 - Proactive pricing to offset inflation
 - Federal employment subsidies
 - Increasing raw material prices
- Active new business pipeline, partially due to geopolitical uncertainty



Balance Sheet

Deploying capital for shareholder returns and aerospace ramp readiness

- In Q1, repurchased 3.5M shares of stock at an avg. price of \$25.57 per share for \$90M
 - \$60M remains on current authorization
- Added strategic raw material inventories to efficiently meet expected demand growth
- Healthy cash and liquidity of ~\$685M, below year-end 2021 levels due to:
 - Normal business seasonal patterns
 - Increased working capital from higher input prices and strategic inventory actions
 - Stock repurchases



Strategic Progress

Portfolio transformation continues to drive focus on high-value products

- Introduced aggressive long-term financial targets at Feb. '21 Investor day
- Specialty Rolled Products strategic transformation on track
- Announced sale of oil & gas focused Sheffield (UK) site
 - Transaction expected to close in Q2'22
- Announced wind-down of Uniti JV with VSMPO by year-end 2022
- Recognized \$7M gain from sale of Pico Rivera, CA stainless-related facility





Strategic Markets & Diversified Applications

Market	Q1 '22 Revenue	vs. Q1 '21	vs. Q4 '21	Near-term Market Outlook	Comments
Jet Engine	\$197M	+85%	+29%		<ul style="list-style-type: none"> Broad-based growth across material and forgings, led by next generation materials for narrowbody aircraft; increased widebody MRO demand Expect continued forgings and materials growth to support increasing narrowbody production rates as well as widebody service requirements
Airframe	\$94M	+61%	+19%		<ul style="list-style-type: none"> Increased demand from new business at Airbus and to support new ramp taxi vehicle Year-over-year growth aided by ongoing production of a large commercial space order Improved 2022 demand outlook from modest expectations as a result of 2021's new business wins; increasing demand for titanium materials over the long-term
Defense	\$77M	(15%)	(7%)		<ul style="list-style-type: none"> Increased titanium demand for ground vehicle armor partially offsetting lower military jet engine and rotorcraft sales; prior year comparison incl. divested Flowform business Anticipate 2022 demand growth, led by ground vehicle armor applications Hypersonics remain a key area of expected long-term growth for ATI
Energy	\$160M	7%	+1%		<ul style="list-style-type: none"> Continued strong demand from oil & gas customers, driven by elevated oil prices; sales increased despite completion of a large pipeline project in Q4'21 Growth in land-based gas turbines offset by declines pollution control and nuclear Positive outlook for oil & gas as sector investments eclipse pre-pandemic levels Long-term growth expected in specialty energy related to sustainable energy conversion
Medical	\$36M	+24%	inline		<ul style="list-style-type: none"> Increased demand for MRI materials as mask mandate removals continue to drive increased demand for elective procedures Favorable outlook for medical markets as hospitals return to pre-COVID demand levels
Electronics	\$52M	(7%)	(14%)		<ul style="list-style-type: none"> Q1'22 demand compared to record prior year levels for Asian PRS JV; sequential comparisons impacted by Lunar New Year holiday in Q1'22 Strong demand for hafnium specialty products temporarily impacted by facility downtime Expect stable market demand; Asian PRS JV tempered by COVID shutdowns in Q2



First Quarter 2022 Financial Results

\$M (excl. EPS)	Q1 2022	Q1 2021	% Chg.	Q4 2021	% Chg.
Revenue	\$834	\$693	20%	\$765	9%
<i>HPMC Segment</i>	\$342	\$241	42%	\$313	9%
<i>AA&S Segment</i>	\$492	\$452	9%	\$452	9%
Segment EBITDA	\$143	\$74	93%	\$110	30%
<i>HPMC Segment</i>	\$68	\$24	183%	\$61	12%
<i>AA&S Segment</i>	\$75	\$50	50%	\$49	53%
Adj. EBITDA (ex. special items)	\$125	\$63	98%	\$95	32%
EPS*	\$0.23	(\$0.06)	NM	(\$0.23)	NM
Adj. EPS* (ex. special items)	\$0.40	(\$0.06)	NM	\$0.25	+60%

HPMC Segment

Aerospace recovery providing tailwinds versus prior periods

- Revenue: Strong year-over-year and sequential growth in jet engine materials and forgings. Compared to prior year, revenues declined in defense markets but were more than offset by increases in all other major markets, including commercial airframes and space, as well as energy. Sequentially, growth from energy markets was offset by declines in defense and medical.
- EBITDA: Increases versus both prior periods driven by higher volumes over lean cost structures. Benefits from job protection credits more than offset associated labor inefficiencies while raw material inflation provided a temporary tailwind in the quarter.

AA&S Segment

Strong market demand driving higher volumes and higher prices

- Revenue: Year-over-year growth in all business units, led by sales to commercial airframe and jet engine markets. Growth in oil & gas and industrial markets overcame a decline in specialty energy. Sequential demand increases in commercial aerospace and defense markets more than offset electronics declines in Asia due to Q1 holidays and the completion of an oil & gas project in Q4.
- EBITDA: Versus both prior periods, benefits from increased Q1'22 volumes and mix improvements associated with the SRP transition to 100% high-value materials. Aggressive base pricing actions offset inflationary pressures in the quarter. Higher input prices and employment credits provided Q1'22 tailwinds.

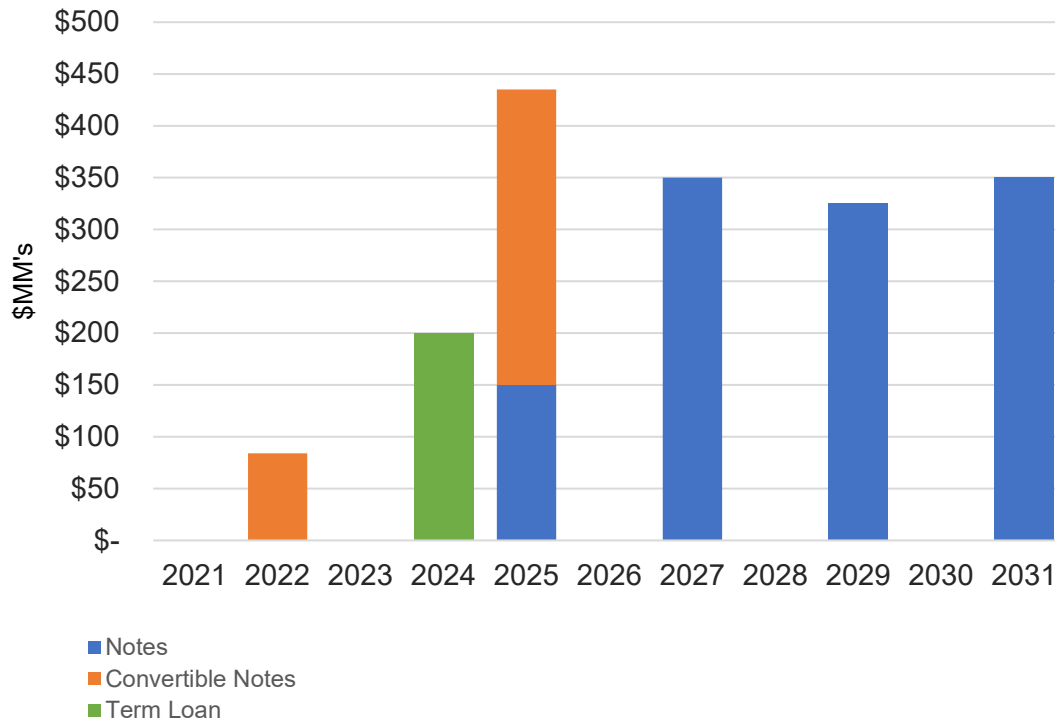
*attributable to ATI

note: see appendix for reconciliation of non-GAAP financial measures



Cash & Liquidity

Net Debt/Adj. EBITDA⁽¹⁾ Ratio: 4.3x⁽¹⁾



(1) EBITDA based on LTM Q1'22 financials. See appendix for full reconciliation to the nearest GAAP measures

Balance Sheet and Cash Flow

Q1 Results

- Liquidity of ~\$685 million, including \$317 million cash on hand
- Managed working capital 41.3% of sales⁽²⁾; increased vs. YE 2021
 - Proactive purchasing of strategic raw material safety stocks
 - Elevated raw material costs
 - Increased inventory efficiency as aero ramp accelerates
- Capital expenditures of \$26 million

Capital structure

- Strong balance sheet and liquidity allow for balanced capital allocation approach
 - Fund growth
 - Reduce debt and pension obligations
 - Opportunistic shareholder return
- In Q1'22, stock repurchases of \$90 million at avg. price of \$25.57
 - \$60 million remains on current Board authorization
- Net debt to adj. EBITDA ratio of 4.3x⁽¹⁾



Second Quarter & Full Year 2022 Outlook

Second Quarter 2022

Adj. EPS¹

\$0.32 – \$0.40

Full Year 2022

Adj. EPS¹

\$1.40 - \$1.60

FCF²

> \$60 million

\$1.50 midpoint
represents an
increase of ~60%
from prior guidance

¹ Assumes fully diluted share count of 152.8 million

² See appendix for reconciliation of non-GAAP financial measures

Key Assumptions

Earnings Drivers

- ✓ Jet engine-driven aerospace demand ramp across 2022
- ✓ Narrow body production increases
- + Increased YOY airframe market (revised from Flat YOY)
- ✓ No significant new pandemic-related market disruptions
- ✓ 2022 SRP transformation cost savings: ~\$15 - \$20 million
- ✓ 2022 cash taxes paid: \$15 - \$20 million
- ✓ Retirement benefit expense: ~\$40 million
- ✓ Interest expense: ~\$92 million

Cash Flow Drivers

- ✓ Capex in the range of \$210 - \$225 million
- ✓ No required 2022 U.S. pension contributions;
 - ✓ Potential for ~\$50 million voluntary contribution
- ✓ Managed working capital: modest use of cash FY '22
 - + Evaluating need for additional strategic raw materials



Additional Materials Appendix



Allegheny Technologies Incorporated and Subsidiaries

Non-GAAP Financial Measures

(Unaudited, dollars in millions, except per share amounts)

The Company reports its financial results in accordance with accounting principles generally accepted in the United States of America (“GAAP”). However, management believes that certain non-GAAP financial measures, used in managing the business, may provide users of this financial information with additional meaningful comparisons between current results and results in prior periods. For example, we believe that EBITDA and Adjusted EBITDA are useful to investors because these measures are commonly used to analyze companies on the basis of operating performance, leverage and liquidity. Furthermore, analogous measures are used by industry analysts to evaluate operating performance. EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow for management’s discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments and capital expenditures. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company’s reported results prepared in accordance with GAAP. The following table provides the calculation of the non-GAAP financial measures discussed in the Company’s earnings release on May 4, 2022:

	Three Months Ended	
	March 31, 2022	December 31, 2021
Net income (loss) attributable to ATI	\$ 30.9	\$ (29.8)
Adjust for special items, pre-tax:		
Restructuring and other charges (credits) (b)	7.5	(2.0)
Loss (gain) on asset sales and sale of businesses, net (d)	18.3	(0.1)
Debt extinguishment charge (e)	-	65.5
Total pre-tax adjustments	25.8	63.4
Income tax on pre-tax adjustments for special items	-	-
Net income attributable to ATI excluding special items	\$ 56.7	\$ 33.6



	Three Months Ended			
	March 31, 2022		December 31, 2021	
	Reported	Adjusted	Reported	Adjusted
Numerator for Basic net income (loss) per common share -				
Net income (loss) attributable to ATI	\$ 30.9	\$ 56.7	\$ (29.8)	\$ 33.6
Effect of dilutive securities	4.0	4.0	-	4.0
Numerator for Diluted net income (loss) per common share -				
Net income (loss) attributable to ATI after assumed conversions	\$ 34.9	\$ 60.7	\$ (29.8)	\$ 37.6
Denominator for Basic net income (loss) per common share -				
Weighted average shares outstanding	126.4	126.4	127.2	127.2
Effect of dilutive securities	26.4	26.4	-	25.5
Denominator for Diluted net income (loss) per common share -				
Adjusted weighted average shares assuming conversions	152.8	152.8	127.2	152.7
Diluted net income (loss) attributable to ATI per common share	\$ 0.23	\$ 0.40	\$ (0.23)	\$ 0.25



	Three Months Ended			Latest Twelve Months	Fiscal Year Ended
	March 31, 2022	March 31, 2021	December 31, 2021	March 31, 2022	December 31, 2019
Net income (loss) attributable to ATI	\$ 30.9	\$ (7.9)	\$ (29.8)	\$ 0.6	\$ 252.5
Net income attributable to noncontrolling interests	4.3	5.5	5.2	20.8	12.5
Net income (loss)	35.2	(2.4)	(24.6)	21.4	265.0
(+) Depreciation and Amortization	35.5	36.1	35.9	143.3	151.1
(+) Interest Expense	23.6	23.4	24.7	97.1	99.0
(+/-) Income Tax Provision (Benefit)	4.9	5.5	(4.7)	26.2	(28.5)
(+) Strike related costs (a)	-	-	-	63.2	-
(+/-) Restructuring and other charges (credits) (b)	7.5	-	(2.0)	(3.0)	4.5
(-) Retirement benefit settlement gain (c)	-	-	-	(64.9)	-
(+) Loss (gain) on asset sales and sale of businesses, net (d)	18.3	-	(0.1)	4.5	(84.6)
(+) Debt extinguishment charge (e)	-	-	65.5	65.5	21.6
(+) Joint venture impairment charge (f)	-	-	-	-	11.4
ATI Adjusted EBITDA	\$ 125.0	\$ 62.6	\$ 94.7	\$ 353.3	\$ 439.5
Corporate expenses	17.0	12.2	14.9	60.7	65.3
Closed operations and other expense (income)	1.4	(0.5)	0.3	6.7	24.0
Segment EBITDA	\$ 143.4	\$ 74.3	\$ 109.9	\$ 420.7	\$ 528.8
Debt				\$ 1,824.1	
Add: Debt issuance costs				19.9	
Total debt				\$ 1,844.0	
Cash				\$ (316.7)	
Net Debt (Total debt less cash)				\$ 1,527.3	
Net Debt to Adjusted EBITDA				4.3	

**Three Months Ended**

	March 31, 2022	December 31, 2021
HPMC Segment EBITDA	\$ 68	\$ 61
Government subsidies (g)	(22)	(5)
Adjusted HPMC Segment EBITDA	46	56
HPMC Segment Sales	\$ 342	\$ 314
HPMC Segment EBITDA Margin	19.9%	19.4%
Adjusted HPMC Segment EBITDA Margin	13.5%	17.8%

(a) The latest twelve months ended March 31, 2022 results include \$63.2 million of pre-tax strike related costs primarily consisting of overhead costs recognized in the period due to below-normal operating rates, higher costs for outside conversion activities, and signing bonuses for represented employees.

(b) First quarter 2022 includes an \$8.6 million pre-tax litigation reserve for the case of US Magnesium, LLC v. ATI Titanium LLC, a subsidiary of Allegheny Technologies Incorporated, partially offset by a \$1.1 million pre-tax credit for restructuring charges, primarily related to lowered severance-related reserves based on changes in planned operating rates and revised workforce reduction estimates. Fourth quarter 2021 results include \$2.0 million of pre-tax net credits for restructuring charges, primarily related to lowered severance-related reserves based on changes in planned operating rates and revised workforce reduction estimates. The latest twelve months ended March 31, 2022 results include \$11.6 million of pre-tax net credits for restructuring charges, primarily related to lowered severance-related reserves based on changes in planned operating rates and revised workforce reduction estimates, partially offset by an \$8.6 million pre-tax litigation reserve for the case of US Magnesium, LLC v. ATI Titanium LLC, a subsidiary of Allegheny Technologies Incorporated. Full year 2019 results include a \$4.5 million pre-tax restructuring charge to streamline ATI's salaried workforce primarily to improve the cost competitiveness of the U.S.-based Flat Rolled Products business.

(c) The latest twelve months ended March 31, 2022 results include a \$64.9 million pre-tax retirement benefit settlement gain associated with the new collective bargaining agreement that was ratified on July 14, 2021 with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied & Industrial Service Workers International Union, AFL-CIO, CLC involving approximately 1,100 active full-time represented employees located primarily within the AA&S segment operations, as well as a number of inactive employees.

(d) First quarter 2022 includes a \$25.1 million pre-tax partial loss on the sale of our Sheffield, UK operations, which remains subject to UK government approval under the National Security and Investment Act 2021, and a \$6.8 million pre-tax gain on the sale of our small Pico Rivera, CA operations as part of the strategy to exit standard stainless products. Fourth quarter 2021 results include a \$0.1 million pre-tax gain on the sale of its Flowform Products business, which uses flowforming process technologies to produce thin-walled components in net or near-net shapes across multiple alloy systems for use in the aerospace & defense and energy markets. The latest twelve months ended March 31, 2022 results include a \$25.1 million pre-tax partial loss on the sale of our Sheffield, UK operations, a \$6.8 million pre-tax gain on the sale of our small Pico Rivera, CA, and a \$13.8 million pre-tax gain on the sale of its Flowform Products business.) Full year 2019 results include a \$91.7 million pre-tax gain on the sale of oil & gas rights in New Mexico and a \$6.2 million pre-tax net gain on the sale of the cast products business, partially offset by a \$13.3 million pre-tax loss on the sale of the industrial forgings business.

(e) Fourth quarter 2021 and the latest twelve months ended March 31, 2022 results include a \$65.5 million pre-tax debt extinguishment charge for the redemption of the \$500 million, 5.875% Notes due 2023. Full year 2019 results include a \$21.6 million pre-tax debt extinguishment charge for the full redemption of the \$500 million, 5.95% Senior Notes due 2021.

(f) Full year 2019 results include an \$11.4 million pre-tax joint venture impairment charge for the Allegheny & Tsingshan Stainless joint venture, which included ATI's 50% share of the JV's impairment charge on the carrying value of long-lived assets at the Midland, PA production facility.

(g) First quarter 2022 includes \$22 million for the Aviation Manufacturing Jobs Protection Program (AMJP) and employee retention credits. Fourth quarter 2021 includes \$5 million for AMJP.



Free Cash Flow

Free cash flow as defined by ATI includes the total of cash provided by (used in) operating activities and investing activities as presented on the consolidated statements of cash flows, adjusted to exclude cash contributions to the Company's U.S. qualified defined benefit pension plans.

Managed Working Capital

As part of managing the performance of our business, we focus on controlling Managed Working Capital, which we define as gross accounts receivable, short-term contract assets and gross inventories, less accounts payable and short-term contract liabilities. We exclude the effects of inventory valuation reserves and reserves for uncollectible accounts receivable when computing this non-GAAP performance measure, which is not intended to replace Working Capital or to be used as a measure of liquidity. We assess Managed Working Capital performance as a percentage of the prior three months annualized sales to evaluate the asset intensity of our business. The March 31, 2022 amounts included managed working capital balances held for sale for our Sheffield, UK operations.

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 558.0	\$ 470.0
Short-term contract assets	50.8	53.9
Inventory	1,189.0	1,046.3
Accounts payable	(396.1)	(375.5)
Short-term contract liabilities	(133.3)	(116.2)
Subtotal	<u>1,268.4</u>	<u>1,078.5</u>
Allowance for doubtful accounts	4.0	3.8
Inventory reserves	63.0	65.4
Net managed working capital held for sale	41.9	-
Managed working capital	<u>\$ 1,377.3</u>	<u>\$ 1,147.7</u>
Annualized prior 3 months sales	3,336.4	3,061.5
Managed working capital as a % of annualized sales	<u>41.3%</u>	<u>37.5%</u>
Change in managed working capital: Year-to-date 2022	<u>\$ 229.6</u>	