



Proven to perform **anywhere.**

Second Quarter 2024 Earnings

August 6, 2024



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, 2023.



Key Takeaways

Performance

Aero and aero-like growth drives strong second quarter performance

45% YoY growth in titanium (“Ti”) and 18% YoY increase in forgings revenue driven by aero and aero-like growth:

- 13% YoY growth in A&D
- 12% YoY growth in Specialty Energy
- 47% YoY growth in Medical

21% sequential and 11% YoY improvement in Adjusted EBITDA ⁽¹⁾



Balance Sheet

Deploying capital for shareholder returns, efficiently managing capital

Ended Q2 with nearly \$1B of total liquidity including \$426M cash on hand

- Q2 free cash flow ⁽¹⁾ of \$48M – Over \$150M year-to-date improvement over 2023 comparison

Continued focus on smoothing working capital, minimizing cash impact

- MWC was 35.5% of sales⁽¹⁾
- 300+ bps improvement vs Q2 2023



Strategic Progress

Ti capacity expansion investments extend competitive advantages

Titanium (Ti) melt expansion on track

- 45% Ti melt capacity increase from existing assets on track to reach income run rate by Y/E '24
- 35% Ti melt capacity increase from brownfield expansion in Washington is on schedule for first melt by Y/E '24

New Assets Supporting Growth

- Billet press and bright anneal facility offer expanded capacity and differentiating capability



(1) See appendix for reconciliation of non-GAAP financial measures.



Strategic Markets & Diversified Applications

Market	Q2 '24 Revenue	Sequential Change	Year over Year Change	Outlook	Comments
Jet Engine	\$353M	+13%	+4%		<ul style="list-style-type: none"> Continued growth resulting from broadening customer diversification, operational and supply chain improvements, and strong MRO demand for forgings
Airframe	\$211M	+11%	+28%		<ul style="list-style-type: none"> Strong sequential and year-over-year growth led by continued strong titanium demand, with notable growth in titanium plate products
Defense	\$120M	+5%	+18%		<ul style="list-style-type: none"> Sequential growth was led by elevated shipments of titanium armor plate as well as increased demand for exotic alloys Year over year growth led by rotorcraft and jet engine forgings, as well as armor
Total A&D	\$684M	+11%	+13%		
<i>As percent of total sales</i>	62%				
Specialty Energy	\$77M	+37%	+12%		<ul style="list-style-type: none"> Significant growth in electricity demand driving elevated shipments of materials utilized in nuclear power generation, gas turbines, and power plant emission reduction applications
Medical	\$62M	+4%	+47%		<ul style="list-style-type: none"> Driven by strong year-over-year growth in super-conductive wire used in MRI machines, as well as by expanded production of NiTiInol used in implants
Electronics	\$41M	(23)%	+13%		<ul style="list-style-type: none"> Hafnium sales were dampened due to impacts stemming from the previously disclosed winter storm outage. Demand remains robust with growth expected to resume in Q3
Total A&D + 'A&D-like'	\$863M	+10%	+15%		
<i>As percent of total sales</i>	79%				



Second Quarter 2024 Financial Results

\$M (excl. EPS)	Q2 2024	Q2 2023	% Chg.	Q1 2024	% Chg.
Revenue	\$1,095	\$1,046	+5%	\$1,043	+5%
<i>HPMC Segment</i>	\$562	\$527	+7%	\$530	+6%
<i>AA&S Segment</i>	\$533	\$519	+3%	\$513	+4%
Segment EBITDA	\$201	\$184	+10%	\$169	+19%
<i>HPMC Segment</i>	\$114	\$110	+4%	\$98	+17%
<i>Adj. EBITDA %</i>	20.2%	20.8%	(60) bps	18.4%	+180 bps
<i>AA&S Segment</i>	\$88	\$74	+18%	\$72	+22%
<i>Adj. EBITDA %</i>	16.4%	14.3%	+210 bps	14.0%	+240 bps
Adj. EBITDA ⁽²⁾ (ex. special items)	\$183	\$164	+11%	\$151	21%
<i>Adj. EBITDA %</i>	16.7%	15.7%	+100 bps	14.5%	+220 bps
EPS ⁽¹⁾	\$0.58	\$0.62	(6)%	\$0.46	+26%
Adj. EPS ^{(1) (2)}	\$0.60	\$0.69	(13)%	\$0.48	+25%

Note: amounts may not add due to rounding.

(1) Attributable to ATI

(2) See appendix for full reconciliation to the nearest GAAP measures

HPMC Segment

Revenue: 7% year-over-year and 6% sequential growth driven by:

- 40% YoY and 9% sequential increase in airframe sales – predominantly titanium, unlocked by ongoing operational improvements and efficiency gains
- Continued growth in Jet Engine, powered by new builds and elevated levels of MRO activity
- Excluding pass-through impacts, segment revenue growth rates are 8% YOY

EBITDA: 4% year-over-year and 17% sequential increase driven by:

- Higher volume and mix improvement of latest-generation aerospace forgings and materials
- Ongoing operating efficiencies driven by higher volume and faster flow-times

AA&S Segment

Revenue: 3% year-over-year and 4% sequential increase from:

- 21% YoY and 19% sequential increase in A&D sales led by higher volumes of titanium plate
- 41% YoY and 43% sequential increase in specialty energy sales, driven by increased demand for electrical power generation
- Excluding pass-through impacts, segment revenue growth rates are 13% YOY

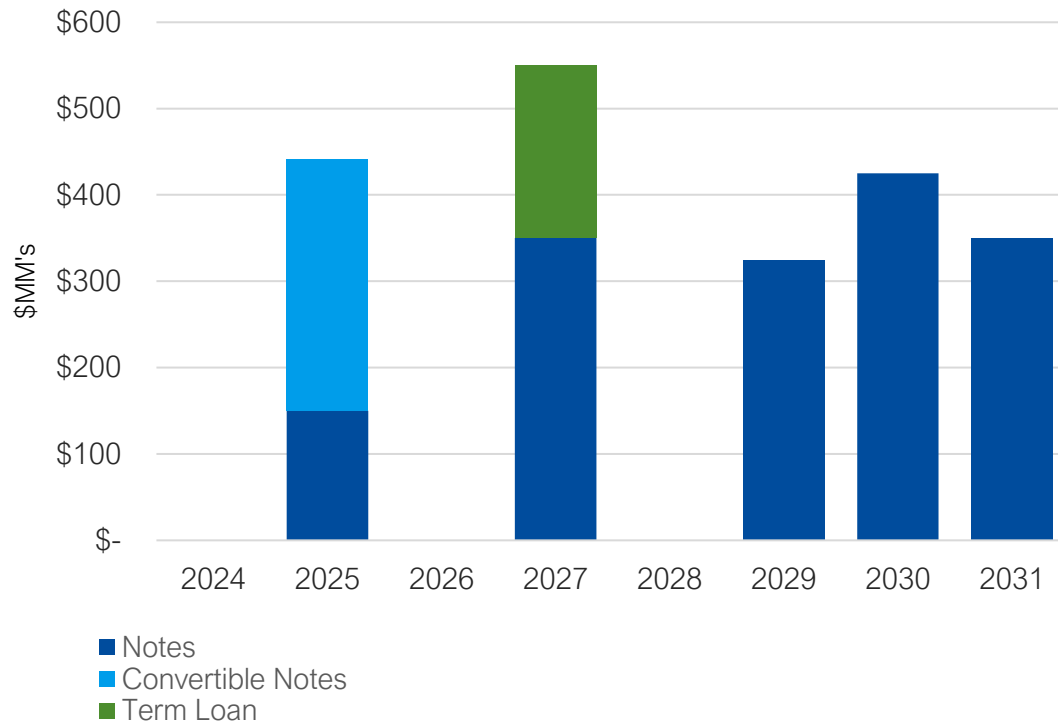
EBITDA: 18% year-over-year and 22% sequential growth, with 200+ bps of margin expansion, driven by:

- Significantly higher shipments of high-margin titanium plate into commercial aerospace and defense applications
- Higher shipments of materials serving the specialty energy markets, namely exotic alloys used in nuclear power generation



Cash & Liquidity

Net Debt/Adj. EBITDA⁽¹⁾ Ratio: 2.7x⁽²⁾



(1) Adj. EBITDA based on LTM Q2'24

(2) See appendix for full reconciliation to the nearest GAAP measures

Balance Sheet and Cash Flow

Q2 results

- Liquidity of ~\$980M, including \$426M of cash on hand
- Managed working capital⁽²⁾ 35.5% of sales; improvement of ~300 bps versus Q2 2023
 - Anticipate trending lower, returning to 30% target levels by year-end 2024
- Capital expenditures were \$60M in Q2

Capital structure

- YTD share repurchases ~3.4M shares for \$150M
 - Completed \$150M share repurchase authorization in Q1
- Strong balance sheet and liquidity provide for balanced capital allocation opportunities
 - Fund growth
 - De-lever balance sheet
 - Return capital to shareholders



Third Quarter & Full Year 2024 Outlook

Third Quarter 2024

Adj. EPS ⁽¹⁾⁽³⁾

\$0.63 – \$0.69

Adj. EBITDA ⁽³⁾

\$189 – \$199 million

Full Year 2024

Adj. EPS ⁽²⁾⁽³⁾

\$2.40 - \$2.60
(Previously \$2.30 - \$2.60)

Adj. EBITDA ⁽³⁾

\$720 – \$750 million
(Previously \$700 - \$750 million)

FCF ⁽³⁾

\$260 – \$340 million
(Previously \$260 - \$340 million)

Key Assumptions

Key Drivers

- ✓ Continued growth in A&D and Aero-like
- ✓ 45% increase in capacity for titanium production from existing assets ramping
- ✓ Supply chain and inflation remain manageable
- ✓ Annual effective tax rate of ~23%

Additional financial guidance and assumptions provided in Appendix 1

✓ Consistent with prior assumptions

- (1) Assumes Q3 fully diluted average share count of 146.3 million
 (2) Assumes FY 2024 fully diluted average share count of 146.6 million
 (3) See appendix for reconciliation of non-GAAP financial measures



Additional Materials Appendix



Appendix 1 – 2024 Outlook Assumptions

<u>Earnings Drivers</u>	
2024 FY Net Interest Expense	~\$109M
<u>Annual Cash Flow Drivers</u>	
Capital Expenditures	\$190M - \$230M
Depreciation & Amortization	~\$150M
Managed Working Capital ⁽¹⁾	Cash Usage of \$50M - \$100M
Full Year Cash Taxes	~\$19M
Avg. Fully Diluted Share Count	Q3 2024: 146.3M shares FY 2024: 146.6M shares

(1) See Appendix 2 for reconciliation of non-GAAP financial measures



Appendix 2

ATI Inc. 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, EBITDA and Adjusted EBITDA are measures utilized by management to analyze the performance and results of the business. Further, we believe these measures are useful to investors and industry analysts because these measures are commonly used to analyze companies on the basis of operating performance, leverage and liquidity. 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 August 6, 2024:

	Fiscal Quarter Ended		
	June 30, 2024	March 31, 2024	July 2, 2023
Net income attributable to ATI	\$ 81.9	\$ 66.1	\$ 90.4
Adjust for special items, pre-tax:			
Restructuring and other charges (a)	5.4	3.1	10.0
Loss on sale of business (d)	-	-	0.6
Total pre-tax adjustments	5.4	3.1	10.6
Income tax on pre-tax adjustments for special items	(1.3)	(0.8)	(0.4)
Net income attributable to ATI excluding special items	<u>\$ 86.0</u>	<u>\$ 68.4</u>	<u>\$ 100.6</u>



Appendix 2 (continued)

	Fiscal Quarter Ended					
	June 30, 2024		March 31, 2024		July 2, 2023	
	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted
Numerator for Basic net income per common share -						
Net income attributable to ATI	\$ 81.9	\$ 86.0	\$ 66.1	\$ 68.4	\$ 90.4	\$ 100.6
Effect of dilutive securities	2.2	2.2	2.1	2.1	2.6	2.6
Numerator for Diluted net income per common share -						
Net income attributable to ATI after assumed conversions	<u>\$ 84.1</u>	<u>\$ 88.2</u>	<u>\$ 68.2</u>	<u>\$ 70.5</u>	<u>\$ 93.0</u>	<u>\$ 103.2</u>
Denominator for Basic net income per common share -						
Weighted average shares outstanding	124.4	124.4	126.2	126.2	128.5	128.5
Effect of dilutive securities	21.9	21.9	21.3	21.3	21.6	21.6
Denominator for Diluted net income per common share -						
Adjusted weighted average shares assuming conversions	<u>146.3</u>	<u>146.3</u>	<u>147.5</u>	<u>147.5</u>	<u>150.1</u>	<u>150.1</u>
Diluted net income attributable to ATI per common share	<u>\$ 0.58</u>	<u>\$ 0.60</u>	<u>\$ 0.46</u>	<u>\$ 0.48</u>	<u>\$ 0.62</u>	<u>\$ 0.69</u>



Appendix 2 (continued)

	Fiscal Quarter Ended			Latest year ended
	June 30, 2024	March 31, 2024	July 2, 2023	June 30, 2024
Net income attributable to ATI	\$ 81.9	\$ 66.1	\$ 90.4	\$ 383.9
Net income attributable to noncontrolling interests	3.7	2.3	3.1	13.4
Net income	85.6	68.4	93.5	397.3
(+) Depreciation and Amortization	37.9	36.0	35.9	149.0
(+) Interest Expense	28.4	26.6	21.3	106.6
(+/-) Income Tax Provision (Benefit)	25.3	16.9	3.7	(94.0)
(+) Restructuring and other charges (a)	5.4	3.1	9.2	29.5
(+) Pension remeasurement loss (b)	-	-	-	26.8
(+) Pension settlement loss (c)	-	-	-	41.7
(+) Loss on asset sales and sale of businesses, net (d)	-	-	0.6	-
ATI Adjusted EBITDA	\$ 182.6	\$ 151.0	\$ 164.2	\$ 656.9
Corporate expenses	19.4	17.1	17.7	64.2
Closed operations and other expense	(0.7)	1.3	1.9	10.7
Segment EBITDA	\$ 201.3	\$ 169.4	\$ 183.8	\$ 731.8
Debt				\$ 2,170.8
Add: Debt issuance costs				17.4
Total debt				\$ 2,188.2
Cash				\$ (425.6)
Net Debt (Total debt less cash)				\$ 1,762.6
Net Debt to Adjusted EBITDA				2.7

(a) Second fiscal quarter 2024 includes pre-tax charges totaling \$5.4 million, which include \$5.5 million of inventory write-downs related to our European restructuring and \$1.8 million of start-up costs. These pre-tax charges were partially offset by credits of \$1.9 million primarily due to lower severance reserves for our ongoing European restructuring. First fiscal quarter 2024 includes pre-tax charges totaling \$3.1 million, which include \$2.9 million for start-up costs and \$0.2 million for severance-related restructuring charges. Second fiscal quarter 2023 includes pre-tax charges totaling \$10.0 million, which include \$4.5 million for start-up costs, \$2.8 million primarily for asset write-offs for a facility closure, of which \$0.8 million was accelerated depreciation on fixed assets and is included in depreciation and amortization in the above table, and \$2.7 million of severance related restructuring charges. Latest year ended June 30, 2024 results includes pre-tax charges totaling \$32.5 million, which include \$10.5 million of start-up costs, \$1.9 million of costs associated with an unplanned outage at our Lockport, NY facility, \$3.3 million of severance-related restructuring charges primarily for the restructuring of our European operations, and \$16.8 million for inventory write-downs and asset write-offs primarily for the restructuring of our European operations, of which \$3.0 million was accelerated depreciation on fixed assets and is included in depreciation and amortization in the above table.

(b) The latest year ended June 30, 2024 results include a \$26.8 million loss for actuarial gains and losses arising from the remeasurement of the Company's pension assets and obligations.

(c) On October 17, 2023, we completed a voluntary cash out for term vested employees and annuity buyouts related to approximately 8,200 U.S. qualified defined benefit pension plan participants. As a result, the latest year ended June 30, 2024 results include a \$41.7 million pretax settlement loss.

(d) The second fiscal quarter 2023 includes a \$0.6 million loss on the sale of our Northbrook, IL operation.



Appendix 2 (continued)

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.

	Fiscal Quarter Ended		Fiscal Year-To-Date Period Ended		Fiscal Year Ended
	June 30, 2024	July 2, 2023	June 30, 2024	July 2, 2023	December 31, 2023
Cash provided by (used in) operating activities	\$ 101.1	\$ 68.1	\$ 2.3	\$ (217.1)	\$ 85.9
Cash used in investing activities	(53.3)	(41.5)	(117.1)	(100.8)	(193.2)
Add back: cash contributions to U.S. qualified defined pension plans	-	-	-	50.0	272.0
Free Cash Flow as defined by ATI	<u>\$ 47.8</u>	<u>\$ 26.6</u>	<u>\$ (114.8)</u>	<u>\$ (267.9)</u>	<u>\$ 164.7</u>

Managed Working Capital

As part of managing the performance of our business, we focus on 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 June 30, 2024 amounts include management working capital balances that are classified as held for sale.

	June 30, 2024	March 31, 2024	July 2, 2023
Accounts receivable	\$ 719.8	\$ 720.5	\$ 710.1
Short-term contract assets	87.6	65.3	51.8
Inventory	1,317.5	1,284.9	1,380.4
Accounts payable	(524.5)	(482.6)	(467.7)
Short-term contract liabilities	(160.9)	(161.6)	(137.8)
Subtotal	<u>1,439.5</u>	<u>1,426.5</u>	<u>1,536.8</u>
Allowance for doubtful accounts	2.7	3.1	7.1
Inventory reserves	71.6	69.1	88.6
Net managed working capital held for sale	39.8	-	-
Managed working capital	<u>\$ 1,553.6</u>	<u>\$ 1,498.7</u>	<u>\$ 1,632.5</u>
Annualized prior 3 months sales	4,381.1	4,171.6	4,183.7
Managed working capital as a % of annualized sales	<u>35.5%</u>	<u>35.9%</u>	<u>39.0%</u>