



Fourth Quarter 2018 Conference Call

January 22, 2019

Relentless Innovation®

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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, 2017.



2018 Highlights

\$M (excl. EPS)	FY 2018	FY 2017	% Chg.		Q4 2018	Q4 2017	% Chg.
Revenue	\$4,046.6	\$3,525.1	+15%		\$1,037.9	\$909.9	+14%
Segment Operating Profit	413.2	283.4	+46%		87.3	88.2	-1%
Segment Operating Profit Margin	10.2%	8.0%	+220 b.p.		8.4%	9.7%	-130 b.p.
Net Income (Loss)*	222.4	\$(91.9)	---		\$41.1	\$1.7	---
Net Income * (ex. special items)	\$207.7	\$54.6	+280%		\$41.1	\$34.6	+19%
EPS	\$1.61	\$(0.83)	---		\$0.30	\$0.01	---
EPS (ex. special items)	\$1.51	\$0.48	+215%		\$0.30	\$0.27	+11%

*Attributable to ATI

Full Year vs. Prior Year

- Robust EPS increase driven by revenue growth and operating profit margin expansion
- Revenue growth in each major market; led by Aerospace & Defense
- Operating profit margin expansion of at least 200 b.p. in each segment

Fourth Quarter vs. Prior Year

- 4th straight quarter of double-digit EPS growth
- Strong revenue growth in both operating segments despite lower raw material surcharges
- Modestly lower segment operating profit
 - Significant negative raw material impact in Flat Rolled Products
 - High Performance Materials & Components profit growth tempered by higher maintenance and energy expenses and an ongoing supplier issue



High Performance Materials & Components

Segment (\$M)	FY '18	FY '17	'18 O/(U) '17		Q4 '18	Q4 '17	'18 O/(U) '17
Sales	\$2,334.2	\$2,067.4	+13%		\$596.1	\$517.7	+15%
Operating Profit	\$335.4	\$246.4	+36%		\$76.0	\$65.8	+16%
% of Sales	14.4%	11.9%	+250 b.p.		12.7%	12.7%	n/c

Full-Year vs. Prior Year

- Double-digit revenue growth in each 2018 quarter
 - Commercial jet engine revenue +20%; next-generation jet engine product sales up ~50%
 - All other revenue +7%; led by growth in Airframe and Construction & Mining
- Operating margins increased 250 basis points
 - Improved product mix; next generation sales were 48% of total jet engine product sales

Fourth Quarter vs. Prior Year

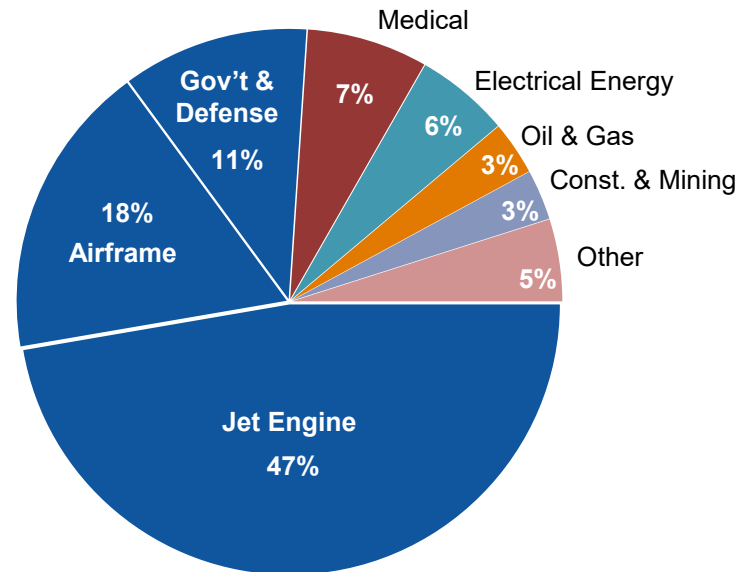
- Revenue increased 15%
 - Aerospace & Defense growth of 15% driven by next-generation jet engine products sales
 - Growth in most other markets led by Oil & Gas and Commercial Airframe
- Operating profit grew 16%
 - Ongoing benefits from next-generation jet engine production ramp
 - Flat operating profit margins: higher year-end maintenance costs to support 2019 growth, increased energy costs in our Pacific Northwest locations due to a Q4 pipeline disruption, and ongoing nickel powder billet supply issues



High Performance Materials & Components

Revenue by Market

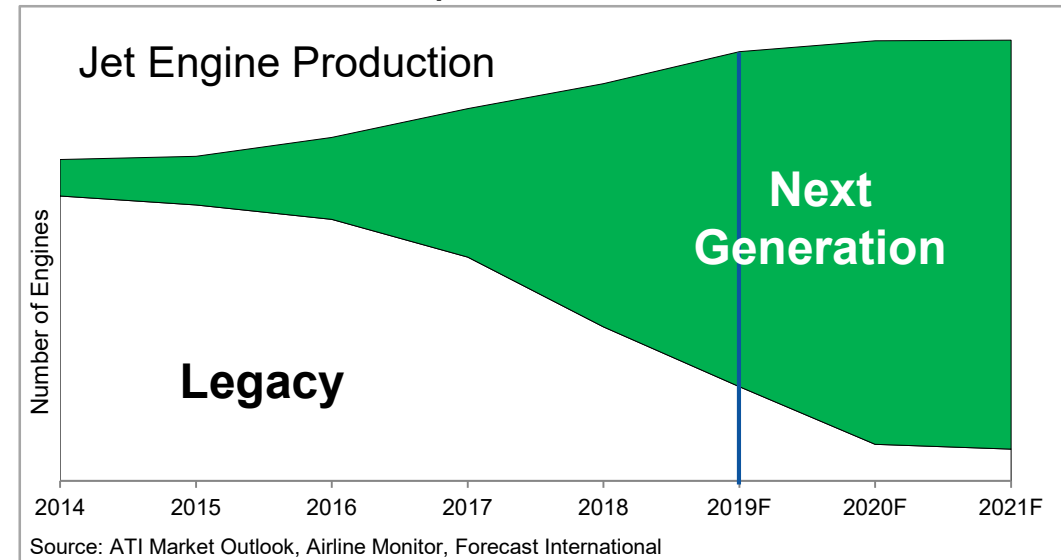
2018 Full-Year Revenue



2018 YOY Revenue Change by Market

Jet Engine	+20%	Medical	-1%
Airframe	+7%	Electrical Energy	+16%
Gov't & Defense	-3%	Const. & Mining	+42%
Aerospace & Defense	+13%	Oil & Gas	+17%
HPMC Segment +13%			

Aerospace & Defense



Jet Engine YOY

- Q4 '18 revenue +26%; FY '18 revenue +20%
- 2018 LEAP engine deliveries ~1,250; FY 2019 expected ~2,000

Airframe YOY

- Q4'18 revenue +10%; FY '18 revenue +7%
- Growth acceleration in H2'18 driven by emergent Boeing demand

Government & Defense YOY

- Q4 '18 revenue -9%, FY '18 revenue -3%
- Growth in military jet engine offset by declines in naval nuclear



Flat Rolled Products

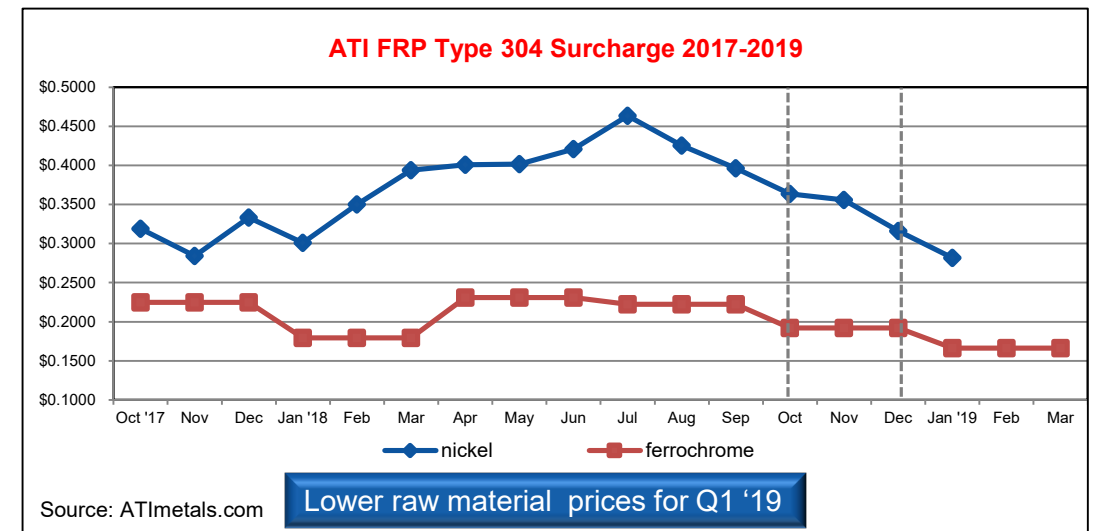
Segment (\$M)	FY '18	FY '17	'18 O/(U) '17	Q4 '18	Q4 '17	'18 O/(U) '17
Sales	\$1,712.4	\$1,457.7	+17%	\$441.8	\$392.2	+13%
Operating Profit	\$77.8	\$37.0	+110%	\$11.3	\$22.4	-50%
% of Sales	4.5%	2.5%	+200 b.p.	2.6%	5.7%	-310 b.p.

Full-Year vs. Prior Year

- Revenue increased 17%
 - Oil & Gas and Aero & Defense growth of 30% or more
 - Growth in all other major markets
- Operating profit margins grew by 200 b.p.
 - Improved product mix driven by high value market growth
 - Ongoing improvement in cost structure

Fourth Quarter vs. Prior Year

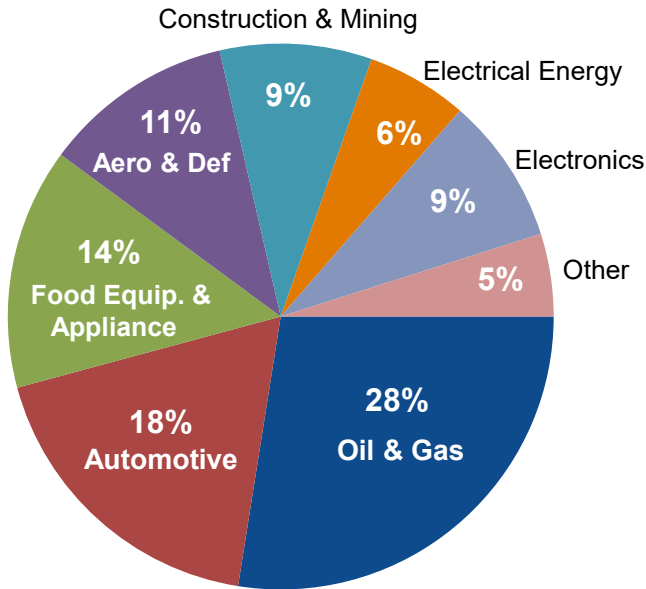
- Revenue increased 13%
 - Strong growth in Aero & Defense and Automotive markets
 - Modest decline in Oil & Gas market compared to strong prior year results
- Operating profit declined
 - Negative raw material impact due to lower ferrochrome and nickel prices



Flat Rolled Products

Revenue by Market & Product

2018 Full Year Revenue by Market

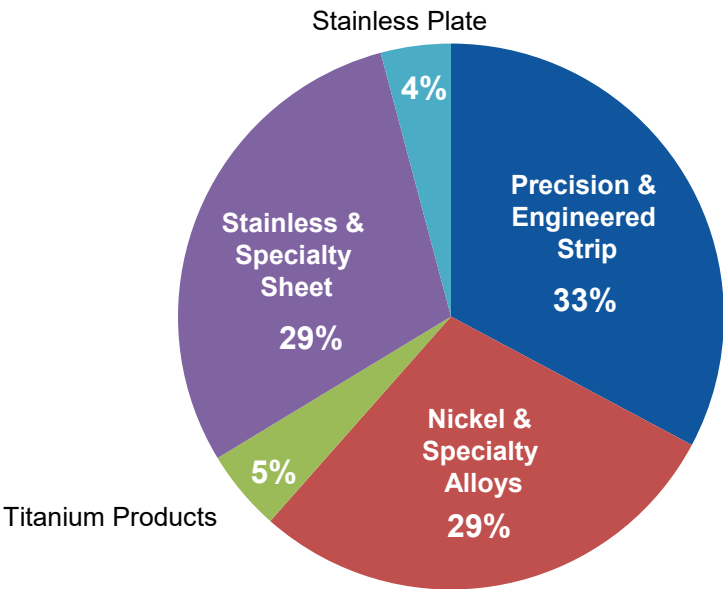


2018 YOY Revenue Change by Market

Oil & Gas	+33%	Const. & Mining	+8%
Automotive	+19%	Electrical Energy	+31%
Food Equip & Appl.	+9%	Electronics	+1%
Aero. & Defense	+30%		

High growth in differentiated markets

2018 Full Year Revenue by Product



2018 YOY Revenue Change by Product

Precision & Eng. Strip	+11%	Specialty Stainless Sheet	+4%
Nickel & Spec. Alloys	+36%	Stainless Plate	+5%
Titanium Products	+25%		

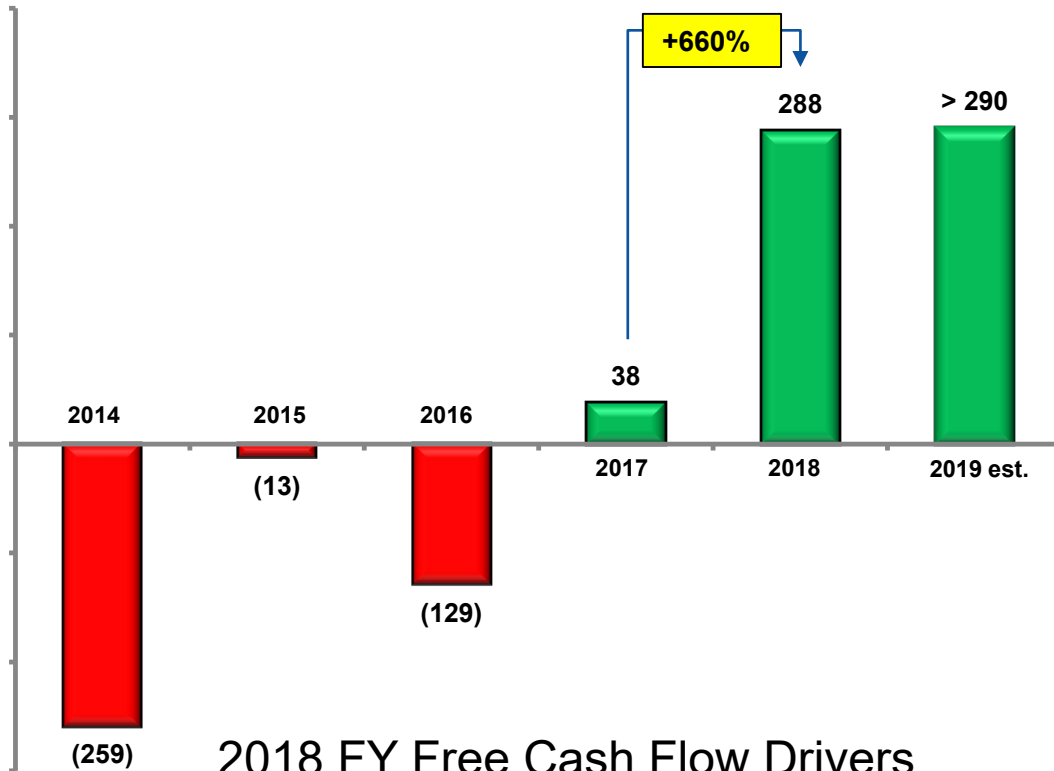
Continued shift toward high-value products



Financial Update

Free Cash Flow

\$ millions



2018 FY Free Cash Flow Drivers

- Improved earnings
- Lower managed working capital despite revenue growth
- Lower interest expense
- Capital spending below depreciation & amort.



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Balance Sheet and Cash Flow

- Cash and liquidity at 12/31/2018
 - \$382 million cash on hand
 - ~\$350 million available on ABL
 - No outstanding borrowings on ABL revolver
- 2018 capital spending of \$139 million
 - Q4 2018: \$38 million
- Improved managed working capital efficiency (% sales) despite business growth
 - ~650 b.p. improvement 2018 vs. PY
- Ongoing proactive efforts to reduce U.S. Defined Benefit Pension participation
 - Q4 2018 annuity buyout actions decreased population by ~3,700 participants
- 2019 free cash flow growth drivers:
 - Increased earnings
 - Capital spending required to support aerospace production ramp

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

2019 Financial Assumptions

Category	2019 Expected Impact	2018 Actual
Pension contribution	\$145	\$40
Retirement benefit expense	~\$88	\$53
Capital expenditures	\$165 - \$170	\$139
Interest expense	\$95 - \$98	\$101
Effective tax rate	5% - 7%	4.4%
Diluted average share count (Q1)	146.5 million shares	145.9 million shares
Impact of 2022 convertible notes	\$3.4M (pretax) quarterly interest expense addback to EPS numerator when using diluted average share count	

\$ millions unless otherwise stated

Comments

- Pension contribution & retirement benefit expense
 - Elevated primarily due to significant 2018 equity market declines; particularly in December
- Capital expenditures: higher to support long-term aerospace production ramp



2019 Outlook

High Performance Materials & Components Segment

- Q1 2019 financial results expected to increase modestly vs. strong PY
 - Revenue growth inline with full-year guidance
 - Modest operating profit improvement; ongoing supply and regional energy issues, elevated retirement benefit expense levels, less favorable product mix compared to strong prior year period
- FY 2019 revenues expected to increase a high-single digit percentage YOY
 - Commercial jet engine revenue growth >10%
- FY 2019 operating margins expected to increase by 150 basis points YOY
 - Ongoing next-generation aerospace growth and improving product mix
 - Negative impact from higher retirement benefit expense of ~\$8M

Flat Rolled Products Segment

- Q1 2019 financial results expected to decline sequentially
 - Revenue declines: U.S. due to lower raw material surcharges; China due to holiday slowdown
 - Operating profit negatively impacted by ~\$15 million
 - Raw material surcharge impact tied to nickel and ferrochrome declines
 - Increased retirement benefit expenses
 - Lower Precision Rolled Strip™ sales in China
- FY 2019 segment operating profit expected between \$75 - \$80 million
 - Negative impact from higher retirement benefit expense of ~\$23M



2018 Full-Year Summary

Financial and Operational Performance

- Sales of \$4.0 billion, increased 15% vs. prior year
 - Continued growth in Jet Engine and Airframe market sales; Oil & Gas market ongoing recovery
 - Emergent demand from Aerospace customers to meet production ramp requirements
- Segment operating profit margin of 10.2%, up 220 b.p. vs. PY
 - Product mix improvements, productivity gains, cost control
- Adjusted earnings per share of \$1.51, up 215% from adjusted FY '17 results
- Managed working capital % sales improved 650 b.p. year-over-year

Strengthened Balance Sheet

- Generated nearly \$300 million in free cash flow
- Fully closed U.S. Defined Benefit Pension Plan (U.S. DB) to new entrants
- Further reduced U.S. DB participants by ~3,700 via annuitization initiative

Strategic Initiatives

- Announced expansion of our Iso-Thermal Forging Center of Excellence to meet customer demand
- First jet engine customer qualifications received at our new Bakers Powder operation
- Signed 1st significant HRPF carbon conversion agreement
- Successful capacity expansion of our Precision Rolled StripTM (STAL) JV





Fourth Quarter 2018 Conference Call

Q & A

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Additional Materials Appendix



Non-GAAP Financial Measures

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. 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 press release dated January 22, 2019:

	Fiscal Year Ended December 31, 2018	Three Months Ended December 31, 2017	Fiscal Year Ended December 31, 2017
Income (loss) attributable to ATI	\$ 222.4	\$ 1.7	\$ (91.9)
Adjust for special items:			
Gain on joint venture deconsolidation, net of tax (a)	(14.7)	-	-
Debt extinguishment charge, net of tax (b)	-	37.0	37.0
Impairment of goodwill, net of tax (c)	-	-	113.6
Income tax items including valuation allowances (d)	-	(4.1)	(4.1)
Income attributable to ATI excluding special items	<u>\$ 207.7</u>	<u>\$ 34.6</u>	<u>\$ 54.6</u>
	Per Diluted Share *	Per Diluted Share *	Per Diluted Share *
Income (loss) attributable to ATI	\$ 1.61	\$ 0.01	\$ (0.83)
Adjust for special items:			
Gain on joint venture deconsolidation, net of tax (a)	(0.10)	-	-
Debt extinguishment charge, net of tax (b)	-	0.29	0.29
Impairment of goodwill, net of tax (c)	-	-	1.05
Income tax items including valuation allowances (d)	-	(0.03)	(0.03)
Income attributable to ATI excluding special items	<u>\$ 1.51</u>	<u>\$ 0.27</u>	<u>\$ 0.48</u>

* Presentation of adjusted results per diluted share includes the effects of convertible debt, if dilutive.

(a) First quarter 2018 results include a gain on deconsolidation of Allegheny & Tsingshan Stainless following the sale of a 50% noncontrolling interest and subsequent derecognition. The \$15.9 pretax gain, including ATI's retained 50% share, was recorded at fair value.

(b) Fourth quarter and fiscal year ended December 31, 2017 results include a debt extinguishment charge of \$37.0 after-tax, or \$(0.29) per share, for the full redemption of the \$350, 9.375% Senior Notes due 2019.

(c) During the third quarter of 2017, the Company performed an interim goodwill impairment analysis, as required by accounting standards, for our Cast Products business and determined that all goodwill assigned to this business unit was impaired. As a result, the Company recorded a \$114.4 pre-tax non-cash goodwill impairment charge (\$113.6 after-tax), or \$(1.05) per share.

(d) Amounts for the three months and fiscal year ended December 31, 2017 include \$4.1 of tax benefits, or \$0.03 per share, from the 2017 Tax Cuts and Jobs Act legislation.

Free Cash Flow

	For the Years Ended December 31,				
<i>(\$ in millions)</i>	2014	2015	2016	2017	2018
Cash provided by (used in) operating activities	\$ 55.9	\$ 131.4	\$ (43.7)	\$ 22.4	\$ 392.8
Cash used in investing activities	(316.2)	(145.1)	(200.0)	(119.6)	(145.1)
Add back: cash contributions to ATI Pension Plan	1.1	0.3	115.0	135.0	40.4
Free Cash Flow as defined	<u>\$ (259.2)</u>	<u>\$ (13.4)</u>	<u>\$ (128.7)</u>	<u>\$ 37.8</u>	<u>\$ 288.1</u>

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 ATI Pension Plan, the Company's U.S. qualified defined benefit pension plan.

