



Second Quarter 2019 Conference Call

July 23, 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, 2018.



Second Quarter 2019 Highlights

\$M (excl. EPS)	Q2 2019	Q1 2019	% Chg.
Revenue	\$1,080.4	\$1,004.8	+8%
Segment Operating Profit	\$114.5	\$61.7	86%
Segment Operating Profit Margin	10.6%	6.1%	450 b.p.
Net Income*	\$75.1	\$15.0	401%
Net Income * (ex. special items)	\$55.0	\$15.0	267%
EPS	\$0.54	\$0.12	350%
EPS (ex. special items)	\$0.40	\$0.12	233%

*Attributable to ATI

Revenue Growth of 8%

- Ongoing solid demand growth for strategic ATI markets, including Aerospace & Defense

Segment Operating Profit Growth Sequentially

- Increased volumes in both business segments
- Reduced operating cost headwinds, including raw materials

Progress on Strategic Initiatives

- Sale of non-core titanium investments castings and industrial forging operations
- Sale of oil and gas rights in New Mexico
- Two new Board members with deep experience in ATI's key markets



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

Five strategic imperatives drive our focus

- **Execute aerospace production ramp**



- **Sustainable profitability in Flat Rolled Products**



- **Continue to Improve the balance sheet**



- **Create the foundation for future competitiveness and growth**



- **Expand our competitive moat**



High Performance Materials & Components



Segment (\$M)	Q1 '18	Q2 '18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q2 '19 YOY
Sales	\$560.7	\$591.9	\$585.5	\$596.1	\$601.2	\$642.4	+9%
Operating Profit	\$85.5	\$97.9	\$76.0	\$76.0	\$72.6	\$98.9	+1%
% of Sales	15.2%	16.5%	13.0%	12.7%	12.1%	15.4%	(110) b.p.

Second Quarter vs. Prior Year

- Revenue increased 9%
 - Ongoing strength in Airframe and Defense sales
 - Increased demand for ATI's jet engine-focused specialty materials
- Operating profit improved compared to strong prior year period
 - Volume growth mostly offset by negative product mix within forgings
 - Lingering impact from Q1 cost headwinds: steep prior period cobalt price decline; continued higher energy costs in Pacific Northwest operations
 - Increased retirement benefit expenses

Second Quarter vs. First Quarter

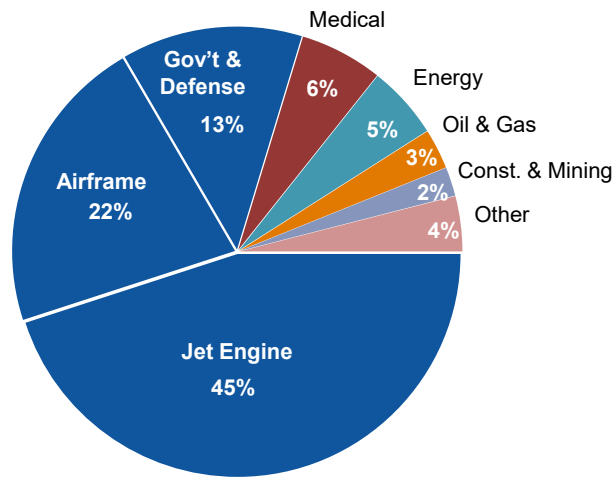
- Revenue increased 7%
 - Higher Airframe and Jet Engine products sales offset declines in smaller end-market sales
- Operating profit improved by 36%
 - Reduced operational cost headwinds
 - Strong volume growth in forging operations tempered by product mix



High Performance Materials & Components

Revenue by Market

Q2 2019 Revenue



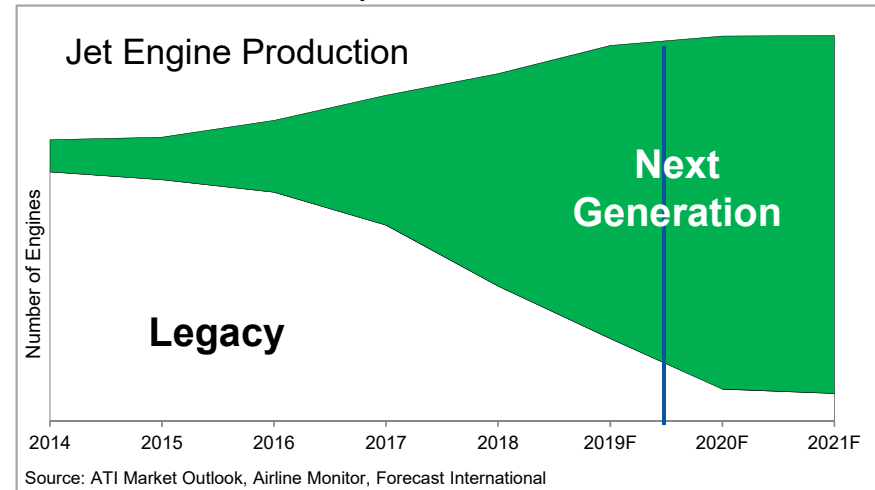
Q2 2019 YOY Revenue Change by Market

Jet Engine	+5%	Medical	-16%
Airframe	+40%	Energy	-15%
Gov't & Defense	+32%	Const. & Mining	-30%
Aerospace & Defense	+17%	Oil & Gas	+1%
HPMC Segment +9%			



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Aerospace & Defense



Jet Engine YOY

- Next generation: 59% of total jet engine product sales
- Demand growth led by ATI's specialty materials

Airframe YOY

- Continued strong emergent demand growth and elevated transactional pricing

Government & Defense YOY

- Significant growth in naval nuclear and military rotorcraft products

Flat Rolled Products

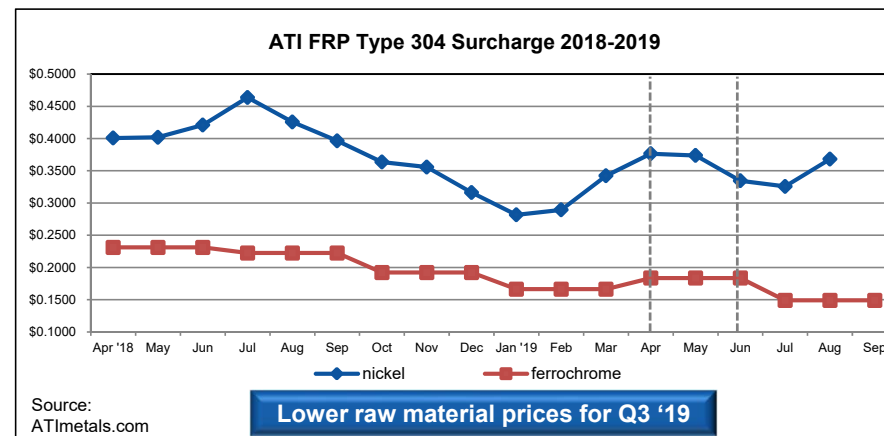
Segment (\$M)	Q1 '18	Q2'18	Q3 '18	Q4 '18	Q1 '19	Q2 '19	Q2 '19 vs. Q1 '19
Sales	\$418.3	\$417.6	\$434.7	\$441.8	\$403.6	\$438.0	9%
Operating Profit / (Loss)	\$10.9	\$26.1	\$29.5	\$11.3	\$(10.9)	\$15.6	243%
% of Sales	2.6%	6.3%	6.8%	2.6%	(2.7)%	3.6%	630 b.p.

Second Quarter vs. Prior Year

- Revenue increased 5%
 - Ongoing significant Aerospace & Defense and Energy growth
 - Higher carbon conversion volumes at HRPF
- Operating profit declined
 - Improved product mix; less favorable raw material impact
 - Lower U.S. commodity stainless volumes due to weak customer demand negatively impacting U.S. finishing assets' utilization
 - Increased retirement benefit expense by \$6M

Second Quarter vs. First Quarter

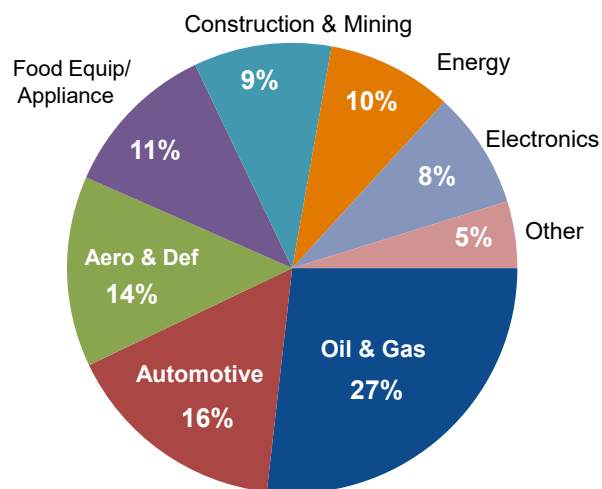
- Revenue increased 9%
 - Increases in Energy, Oil & Gas and Consumer Electronics outpaced declines in commodity-driven markets
- Significantly improved operating profit
 - Increased profitable STAL JV sales to support customer's new product launches
 - Raw material driven tailwinds; expanded cost control efforts in U.S. operations



Flat Rolled Products

Revenue by Market & Product

Q2 2019 Revenue by Market



Q2 2019 YOY Revenue Change by Market

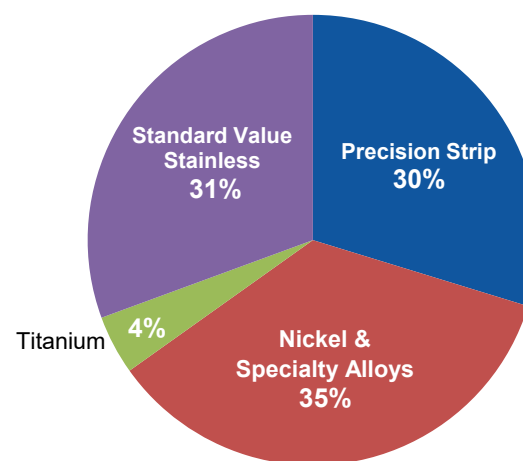
Oil & Gas	+3%	Const. & Mining	+6%
Automotive	-9%	Energy	+56%
Aero & Defense	+38%	Electronics	+11%
Food Equip & Appl.	-22%		

Significant growth in high-value Aero & Defense



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Q2 2019 Revenue by Product



Q2 2019 YOY Revenue Change by Product

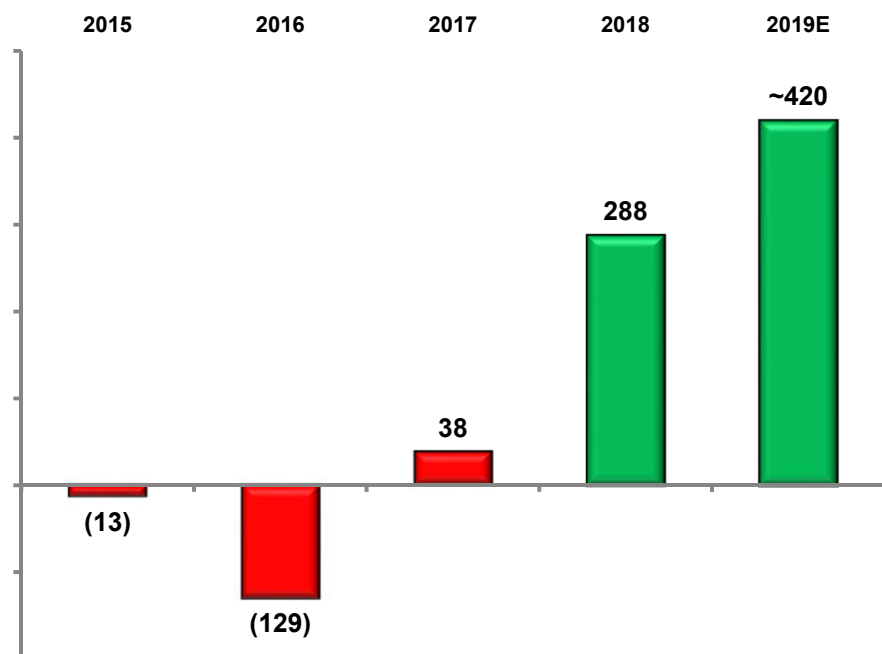
Precision & Eng. Strip	-3%	Standard Value Stainless	-12%
Nickel & Spec. Alloys	+33%		
Titanium Products	-16%		

High-value product sales up 11% YOY

Financial Update

Free Cash Flow

\$ millions



2019 free cash flow target increased for asset sales



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Balance Sheet and Cash Flow

- Cash and liquidity at 6/30/2019
 - \$281 million cash on hand
 - ~\$360 million available on ABL
 - No outstanding borrowings on ABL revolver
- Cash provided by operations for Q2 2019 was \$26 million
 - Managed working capital (% sales) lower by 350 b.p. YOY
- Q2 2019 capital expenditures of \$28 million
 - 2019 YTD: \$51 million
- Announced the sale of non-core businesses
 - Titanium investment castings (\$127 million); closed in July
 - Industrial forging operations (\$37 million); closed in June
- Sale of oil and gas rights in New Mexico
 - Phase 1 sale (\$29 million); closed in Q2
 - Phase 2 sale (\$62 million); expected to close in Q3

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

Financial Performance Outlook

High Performance Materials & Components Segment

- Q3 2019 outlook adjusted for business divestitures
 - Revenue increases by a low-to-mid single digit percentage versus prior year (2018 reduced by ~\$50 million)
 - Operating profit margin improvement of ~150 b.p. YOY
- FY 2019 outlook adjusted for business divestitures
 - Revenue growth expectations tempered; ~5% – 7% growth YOY (2018 reduced by ~\$190 million)
 - Operating profits increase; margins in line with prior year

Flat Rolled Products Segment

- Q3 2019 results expected to be mixed sequentially
 - Sales growth in high value products; increased STAL contributions
 - Modest operating profit decline; raw material-related headwinds and maintenance costs
- FY 2019 outlook modestly below prior expectations
 - Revenue growth vs. PY
 - High-value products and STAL JV growth partially offset by lower commodity product volumes
 - Positive segment operating profit in Q3 and Q4; likely somewhat below prior expectations
 - Unfavorable raw materials surcharge impact, soft commodity product demand, tariff costs at A&T Stainless JV





Second Quarter 2019 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 July 23, 2019:

	Three Months Ended
	June 30
	2019
Net income attributable to ATI	\$ 75.1
Adjust for special items:	
Gain on sale of oil & gas rights (a)	\$ (27.3)
Loss on sale of industrial forgings business (b)	7.2
Net income attributable to ATI excluding special items	<u>\$ 55.0</u>
	Per Diluted Share *
Net income attributable to ATI	\$ 0.54
Adjust for special items:	
Gain on sale of oil & gas rights	\$ (0.19)
Loss on sale of industrial forgings business	0.05
Net income attributable to ATI excluding special items	<u>\$ 0.40</u>

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

(a) Second quarter 2019 results include a \$29.3 million pre-tax gain on the sale of oil & gas rights in New Mexico.

(b) Second quarter 2019 results include a \$7.7 million pre-tax loss on the sale of the industrial forgings business, including \$10.4 million of allocated goodwill.

Free Cash Flow

	For the Years Ended December 31,			
<i>(\$ in millions)</i>	2015	2016	2017	2018
Cash provided by (used in) operating activities	\$ 131.4	\$ (43.7)	\$ 22.4	\$ 392.8
Cash used in investing activities	(145.1)	(200.0)	(119.6)	(145.1)
Add back: cash contributions to ATI Pension Plan	0.3	115.0	135.0	40.4
Free Cash Flow as defined	<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 Company's U.S. qualified defined benefit pension plans.



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