

Second Quarter 2021 Earnings

August 3, 2021

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, 2020.

Key Takeaways – Second Quarter 2021

Performance

Aerospace demand improvement continues; significant 1-time impact from USW strike

- Commercial aerospace recovery gains speed
 - Jet engine revenue +22% vs. Q1 2021
- HPMC segment continues to benefit from 2020 cost actions and 2021 share gains
 - EBITDA margins: +220 bps vs. Q1 2021
+290 bps vs. prior year
- (\$40M) cost impact in Q2 2021 from settled USW strike; excluded from adjusted earnings



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Strategic Progress

Leveraging capabilities to accelerate profitable growth; transforming AA&S segment

- AA&S segment transformational project on track; exit standard stainless sheet products by YE 2021
- New 4-year USW master agreement ratified; significant healthcare cost inflation mitigations create a more predictable cost structure for the Specialty Rolled Products business
- New long-term agreement with JSW Steel USA to toll convert US-melted carbon steel slabs at ATI's HRPF









Balance Sheet

Deploy capital over time to further strengthen balance sheet and fund long-term growth

- Liquidity remains healthy; modest Q2 cash usage due in part due to strike-related inefficiencies
 - Total cash and available liquidity ~\$830M
 - \$473M cash on hand
- No pension contributions required in H2'21



ATI Strategic Markets & Diversified Applications

Market	Adjusted Q2 '21 Revenue*	Vs. Q1 '21	Vs. Q2 '20	Near-term Market Outlook	Comments
Jet Engine	\$123M	+26%	(16%)		<ul style="list-style-type: none"> Accelerating demand growth driven by specialty materials for narrow body jet engines and continued forgings' growth Next generation: ~38% of H1'21 jet engine product sales, up from 27% in H2'20 Expect continued improvement in materials and forgings; varying inventory levels within the supply chain create uneven customer order patterns quarter-to-quarter
Airframe	\$40M	+20%	(45%)		<ul style="list-style-type: none"> Low wide body production rates due to decreased international travel volumes, coupled with high levels of customer inventory Outlook remains subdued for H2'21 due to continued customer destocking; ATI's new OEM business volumes begin at low levels
Defense	\$95M	+9%	+22%		<ul style="list-style-type: none"> Continued demand growth led by rotorcraft production, naval nuclear and space-related products; partially offset by uneven military jet engine order patterns Anticipate ongoing demand expansion across multiple funded programs Potential future growth catalysts related to hypersonics and international markets
Energy	\$68M	+37%	+60%		<ul style="list-style-type: none"> Energy demand growth in Asia driving material sales for land-based gas turbines; modest growth in oil & gas and civilian nuclear markets Near-term energy market outlook improving to support global GDP growth, including increased air travel and upstream investment activities
Medical	\$30M	+13%	+6%		<ul style="list-style-type: none"> Demand improvements for MRI and bioimplant materials due to increased elective surgery volumes and depleted customer inventories Modest improvements likely in H2'21, led by MRI materials
Electronics	\$40M	(19%)	+13%		<ul style="list-style-type: none"> Strong YOY growth; declines vs. record-setting first quarter volumes Expect sustained solid demand levels across 2021 to support customer growth

* Due to revenue impacts from the USW strike affecting prior period comparisons, this information excludes the SRP business for all periods



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

Second Quarter 2021 Financial Results

\$M (excl. EPS)	Q2 2021	Q1 2021	% Chg.	Q2 2020	% Chg.
Revenue	\$616	\$693	(11%)	\$770	(20%)
<i>HPMC Segment</i>	\$301	\$241	25%	\$301	-
<i>AA&S Segment</i>	\$316	\$452	(30%)	\$470	(33%)
Segment EBITDA	\$73	\$74	(1%)	\$62	18%
<i>HPMC Segment</i>	\$37	\$25	51%	\$29	30%
<i>AA&S Segment</i>	\$36	\$50	(28%)	\$33	8%
Adj. EBITDA (ex. special items)	\$54	\$63	(14%)	\$58	(7%)
EPS*	(\$0.39)	(\$0.06)	NM	(\$3.34)	NM
Adj. EPS* (ex. special items)	(\$0.12)	(\$0.06)	NM	(\$0.02)	NM

note: SRP strike-related costs removed from segment EBITDA figures
Segment amounts may not total due to rounding

HPMC Segment

Sequential growth led by early-stage commercial jet engine recovery

- Revenue: Sequential growth in all major markets, led by jet engine materials and specialty energy products.
- EBITDA: Strong incremental benefits from 2020 cost actions as volumes improve; mix benefits from jet engine share gains and contractual margin improvements partially muted by increased sales to lower margin end markets.

AA&S Segment

Results negatively impacted by strike in Specialty Rolled Products business.

- Revenue: Specialty Rolled Products (SRP) revenue significantly impacted by labor strike, partially offset by modest sequential growth in Specialty Alloys & Components (SA&C) and continued strong China PRS volumes
- EBITDA: lower sales volumes in SRP business due to labor strike; unfavorable market mix shift within China PRS volumes and product mix within SA&C business. Raw materials represented a headwind sequentially and a more substantial year-over-year tailwind.



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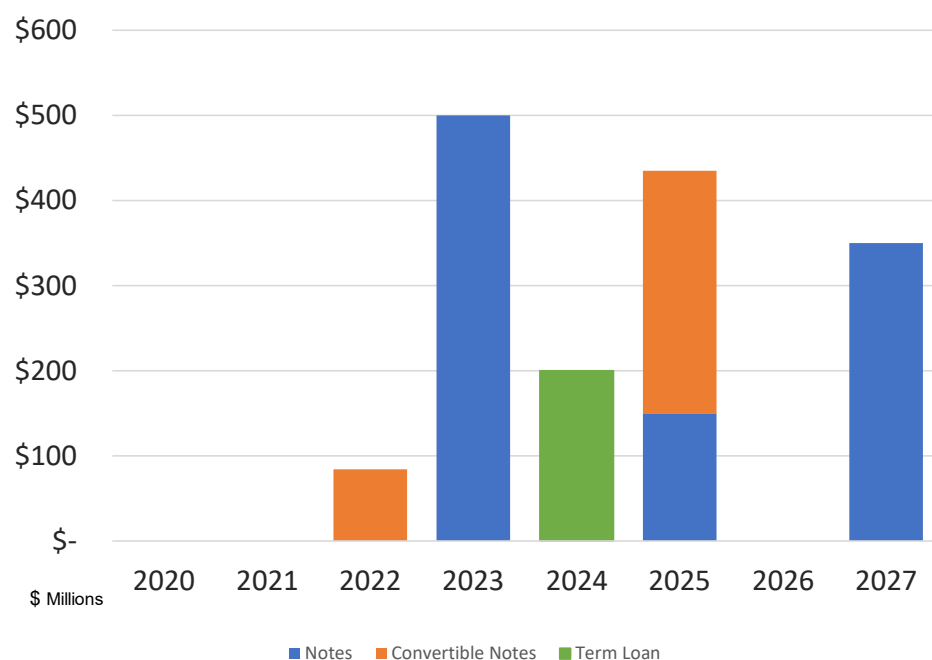
*Attributable to ATI

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

Cash and Liquidity Update

Debt Maturity Schedule

Net Debt/Adj. EBITDA⁽¹⁾ Ratio: 7.5x



(1) EBITDA based on LTM Q2'21 financials as adjusted for special items.

(2) See appendix for definition and reconciliations to the nearest GAAP measures

Balance Sheet and Cash Flow

Cash and liquidity

- Liquidity ~\$830 million, including \$473 million cash on hand
- Managed working capital
 - Q2: 47.9% of sales; negatively impacted by inventory required for growth and strike-related inefficiencies
 - Continued focus on inventory efficiency as volumes return
- Free Cash Flow⁽²⁾ usage of (\$68) million
 - Capital expenditures of \$35 million
 - No Q2 pension contributions; inline with prior guidance

Capital structure

- Strong balance sheet and liquidity provides optionality to reduce debt and improve pension funding levels
 - Next significant debt maturity in Q3 2023
- Net debt ratio of 7.5x at the end of Q2 2021



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

Third Quarter and Full Year 2021 Outlook

Third Quarter 2021

Adj. EPS*

(\$0.08) – \$0.00

Full Year 2021

EPS

Unable to accurately predict due to aerospace demand recovery pace

FCF¹

Breakeven to slightly positive

Key Assumptions

Initial Earnings Drivers & Current Status

- ✓ Aerospace demand stabilization in H1'21; modest growth in H2'21
- ✓ Narrow body production increases across 2021
- ✓ Continued airframe destocking across 2021
- ✓ Ongoing significant global impact from COVID-19 pandemic until vaccines largely reduce risk of infection worldwide
- ✓ 2021 incremental cost savings: ~\$100 million
- ✓ 2021 cash taxes paid: \$10 - \$15 million
- 105-day USW strike resolved in mid-July; return to work and production ramp-up plan in progress (revised)

Initial Cash Flow Drivers & Current Status

- ✓ Capex in the range of \$150 - \$170 million
- ✓ Managed working capital: modest source of cash
- Required 2021 U.S. pension contribution of \$17M; lower than initial estimate due to American Rescue Plan Act
- Anticipate voluntary pension contribution of up to \$50 million in Q3 to ensure progress on glidepath to fully funded status (new)

* Excludes estimated USW strike impact

¹ See appendix for reconciliation of non-GAAP financial measures



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Additional Materials Appendix



Non-GAAP Financial Measures

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. 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 3, 2021:

	Three Months Ended	
	June 30, 2021	June 30, 2020
Net loss attributable to ATI	\$ (49.2)	\$ (422.6)
Adjust for special items, net of tax:		
Strike related costs (a)	40.3	-
Impairment of goodwill (b)	-	281.4
Restructuring and other charges (credits) (c)	(6.2)	16.4
Joint venture restructuring charge (d)	-	2.4
Debt extinguishment charge (e)	-	21.1
Income tax valuation allowance (f)	-	99.0
Net loss attributable to ATI excluding special items	<u>\$ (15.1)</u>	<u>\$ (2.3)</u>
Per Diluted Share *		
Net loss attributable to ATI	\$ (0.39)	\$ (3.34)
Adjust for special items, net of tax:		
Strike related costs (a)	0.32	-
Impairment of goodwill (b)	-	2.22
Restructuring and other charges (credits) (c)	(0.05)	0.13
Joint venture restructuring charge (d)	-	0.02
Debt extinguishment charge (e)	-	0.17
Income tax valuation allowance (f)	-	0.78
Net loss attributable to ATI excluding special items	<u>\$ (0.12)</u>	<u>\$ (0.02)</u>



Non-GAAP Financial Measures

Earnings before interest, taxes, depreciatoin and amortization (EBITDA)

	Three Months Ended			Latest Twelve Months
	June 30, 2021	March 31, 2021	June 30, 2020	June 30, 2021
Net loss	\$ (44.4)	\$ (2.4)	\$ (419.9)	\$ (1,210.1)
(+) Depreciation and Amortization	36.3	36.1	35.6	142.8
(+) Interest Expense	23.7	23.4	21.7	97.9
(+) Income Tax Provision	4.0	5.5	92.6	(16.2)
(+) Debt extinguishment charge (e)	-	-	21.5	-
(+) Impairment of goodwill (b)	-	-	287.0	-
(+) Strike related costs (a)	40.3	-	-	40.3
(+/-) Restructuring and other charges (credits) (c)	(6.2)	-	16.7	1,101.2
(+) Joint venture restructuring and impairment charge (d)	-	-	2.4	-
Total ATI Adjusted EBITDA	\$ 53.7	\$ 62.6	\$ 57.6	\$ 155.9
LIFO and net realizable value reserves	-	-	-	-
Corporate expenses	15.9	12.2	7.2	-
Closed operations and other expense (income)	3.6	(0.5)	(2.7)	-
Total segment EBITDA	\$ 73.2	\$ 74.3	\$ 62.1	-
Total debt (g)				\$ 1,635.7
Less: Cash				(472.5)
Net Debt				\$ 1,163.2
Net Debt to Adjusted EBITDA				7.5



Non-GAAP Financial Measures

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

(a) Second quarter 2021 results include \$40.3 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 ongoing benefit costs for striking employees.

(b) Second quarter 2020 results include a \$287.0 million pre-tax goodwill impairment charge to write-off a portion of the Company's goodwill related to its Forged Products reporting unit.

(c) Second quarter 2021 results include a \$6.2 million pre-tax net credit for restructuring charges, primarily related to lowered severance-related reserves based on changes in planned operating rates and revised workforce reduction estimates. Second quarter 2020 results include a \$16.7 million pre-tax restructuring charge related to severance charges for involuntary reductions and voluntary retirement incentive programs for the HPMC segment. The latest twelve months results as of June 30, 2021 include \$1,101.2 million in pre-tax restructuring and other charges, including \$1,041.5 of long-lived asset impairment charges primarily related to the AA&S segment's Brackenridge, PA operations, which include the Hot-Rolling and Processing Facility, as well as stainless melting and finishing operations, \$28.9 million of severance-related costs for hourly and salary employees, \$13.4 million of other costs related to facility idlings including asset retirement obligations and inventory valuation reserves, and \$17.4 million in pre-tax charges for termination benefits for pension and postretirement medical obligations related to facility closures.

(d) Second quarter 2020 results include a \$2.4 million pre-tax charge for ATI's 50% portion of severance charges recorded by the Allegheny & Tsingshan Stainless joint venture.

(e) Second quarter 2020 results include a \$21.5 million pre-tax debt extinguishment charge for the partial redemption of the \$287.5 million, 4.75% Convertible Notes due 2022.

(f) Second quarter 2020 results include a \$99.0 million discrete tax charge related to deferred tax valuation allowances due to re-entering a three-year cumulative loss condition for U.S. Federal and state jurisdictions.

(g) Excludes debt issuance costs.



Non-GAAP Financial Measures

Free Cash Flow

	Three Months Ended June 30, 2021
Cash used in operating activities	\$ (34.5)
Cash used in investing activities	(33.7)
Add back: cash contributions to U.S. qualified defined pension plan	-
Free Cash Flow as defined	<u>\$ (68.2)</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.

Non-GAAP Financial Measures

Adjusted Revenue

By End Market:	As reported	Specialty Rolled Products	Adjusted
Jet Engine			
Second quarter 2021	\$ 129.6	\$ 6.5	\$ 123.1
First quarter 2021	\$ 106.1	\$ 8.2	\$ 97.9
Second quarter 2020	\$ 157.8	\$ 10.8	\$ 147.0
Q2 2021 vs. Q1 2021	22%		26%
Q2 2021 vs. Q2 2020	-18%		-16%
Airframe			
Second quarter 2021	\$ 54.4	\$ 14.9	\$ 39.5
First quarter 2021	\$ 58.2	\$ 25.4	\$ 32.8
Second quarter 2020	\$ 117.5	\$ 45.5	\$ 72.0
Q2 2021 vs. Q1 2021	-7%		20%
Q2 2021 vs. Q2 2020	-54%		-45%
Defense			
Second quarter 2021	\$ 97.2	\$ 2.4	\$ 94.8
First quarter 2021	\$ 89.9	\$ 2.9	\$ 87.0
Second quarter 2020	\$ 90.3	\$ 12.6	\$ 77.7
Q2 2021 vs. Q1 2021	8%		9%
Q2 2021 vs. Q2 2020	8%		22%



Non-GAAP Financial Measures

Energy

Second quarter 2021	\$	118.3	\$	50.3	\$	68.0
First quarter 2021	\$	149.1	\$	99.6	\$	49.5
Second quarter 2020	\$	167.5	\$	124.9	\$	42.6
Q2 2021 vs. Q1 2021		-21%				37%
Q2 2021 vs. Q2 2020		-29%				60%

Medical

Second quarter 2021	\$	32.0	\$	1.6	\$	30.4
First quarter 2021	\$	29.0	\$	2.2	\$	26.8
Second quarter 2020	\$	29.9	\$	1.3	\$	28.6
Q2 2021 vs. Q1 2021		10%				13%
Q2 2021 vs. Q2 2020		7%				6%

Electronics

Second quarter 2021	\$	43.3	\$	3.5	\$	39.8
First quarter 2021	\$	55.6	\$	6.6	\$	49.0
Second quarter 2020	\$	39.5	\$	4.3	\$	35.2
Q2 2021 vs. Q1 2021		-22%				-19%
Q2 2021 vs. Q2 2020		10%				13%

Adjusted revenue represents total reported ATI revenue excluding revenue of ATI's Specialty Rolled Products (SRP) business. Management believes adjusted revenue is useful information to analyze revenue by market comparisons with prior periods due to the impact from the labor strike on SRP and total ATI Q2 2021 revenues.