



Proven to perform **anywhere.**

Third Quarter 2024 Earnings

October 29, 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

Continued jet engine growth offset by disruptions in aerospace supply chain and operations

Adj. EBITDA¹ Margin grew to 17.7%

- 180 bps improvement YoY
- 100 bps improvement sequentially

Double-digit growth in key markets

- 11% YoY growth in Jet Engine
- 15% YoY growth in Defense
- 12% YoY growth in Aero-Like markets
- Offset by (11%) decrease in Airframe



Balance Sheet

Deploying capital for shareholder returns, efficiently managing capital

Ended Q3 with \$960M of total liquidity including \$400M+ cash on hand

- Managed Working Capital¹ was 40% of sales at end of Q3; targeting low 30% range by year-end

Called 2025 Convertible Notes in September, settled with stock

- Gross debt reduced by ~\$291M

Announced New \$700M Stock Repurchase Authorization

- ~4M shares repurchased year to date



Strategic Progress

Strategic investments extend competitive advantages

- Restarted fourth isothermal press; additional sonic testing assets came online
- Brownfield Ti melt expansion near completion: 35% capacity increase in Washington
- First print from new greenfield expansion in Florida: Additive Manufacturing Operations
- Debottlenecking and inventory efficiency initiatives ongoing





A&D outlook strong despite near-term airframe disruptions

Forecasting double-digit Year-over-Year (YoY) growth for most core markets

Market	Q3-24 Revenue (\$M's)	Sequential Change	YoY Change	6-Mo Outlook	3-Yr Outlook	ATI Perspective
Jet Engine	\$366	+4%	+11%	➔	➔	<ul style="list-style-type: none"> Continued growth resulting from broadening customer diversification, operational and supply chain improvements, and Maintenance Repair Overhaul (MRO) demand
Airframe	\$181	(14%)	(11%)	➔	➔	<ul style="list-style-type: none"> Lower sequential and YoY sales driven lower production rates and the Boeing work stoppage resulting in weaker titanium shipments
Defense	\$107	(11%)	+15%	➔	➔	<ul style="list-style-type: none"> Negative sequential growth due to order timing in titanium armor plate and outages at SA&C impacting shipments YoY growth led by rotorcraft, jet engine forgings, and armor
Total A&D	\$654	(4%)	+5%			ATI revenue from Aerospace & Defense = 62%
Specialty Energy	\$70	(9%)	+13%	➔	➔	<ul style="list-style-type: none"> Sequential growth impacted by inventory rebalancing in gas turbine market; operational outages YoY growth driven by higher shipments of materials for nuclear power generation and power plant emission reduction applications
Medical	\$53	(14%)	+12%	➔	➔	<ul style="list-style-type: none"> Lower sequential sales driven by ongoing inventory rebalancing in medical device supply chain, weaker titanium distribution demand YoY growth primarily from increased shipments of Nitinol for implants and materials for MRI applications
Electronics	\$49	+20%	+10%	➔	➔	<ul style="list-style-type: none"> Sequential and YoY growth driven by growth in hafnium and increased shipments of materials for handheld electronics
A&D + 'A&D-like'	\$826	(4%)	+ 6%			ATI revenue from A&D and 'aero-like' markets = 79%



Third Quarter 2024 Financial Results

<i>\$M (excl. EPS)</i>	Q3 2024	Q3 2023	% Chg.	Q2 2024	% Chg.
Revenue	\$1,051	\$1,026	+2%	\$1,095	(4%)
<i>HPMC Segment</i>	\$552	\$540	+2%	\$562	(2%)
<i>AA&S Segment</i>	\$499	\$486	+3%	\$533	(7%)
Segment EBITDA	\$197	\$179	+10%	\$201	(2%)
<i>HPMC Segment</i>	\$123	\$117	+5%	\$114	+8%
<i>Adj. EBITDA %</i>	22.3%	21.7%	+60 bps	20.2%	+210 bps
<i>AA&S Segment</i>	\$74	\$62	+20%	\$88	(16%)
<i>Adj. EBITDA %</i>	14.8%	12.7%	+210 bps	16.4%	(160) bps
Adj. EBITDA ⁽²⁾ (ex. special items)	\$186	\$163	+14%	\$183	+2%
<i>Adj. EBITDA %</i>	17.7%	15.9%	+180 bps	16.7%	+100 bps
EPS ⁽¹⁾	\$0.57	\$0.62	(8%)	\$0.58	(2%)
Adj. EPS ^{(1) (2)}	\$0.60	\$0.64	(6%)	\$0.60	-%

Note: amounts may not add due to rounding.

(1) Attributable to ATI; See appendix for full reconciliation to the nearest GAAP measures

HPMC Segment

Revenue: Up 2% year-over-year (YoY), down 2% sequentially

- Strong continued Jet Engine MRO growth and share gains
- Airframe down due to build rate and supply chain disruptions. Medical down due to customer inventory management
- Sales impacted by late-quarter production disruptions

EBITDA: Up 5% YoY; up 8% sequentially

- EBITDA growth driven by higher volume and mix improvement and increased of forgings revenue, partially offset by softer airframe demand, production outages and shipping disruptions in Q3 2023

AA&S Segment

Revenue: Up 3% YoY; down 7% sequentially

- Sequential sales decline led by 14% lower A&D shipments, driven by weaker airframe sales and timing of shipments in titanium armor plate
- Equipment outages in Oregon negatively impacted sequential and YoY sales

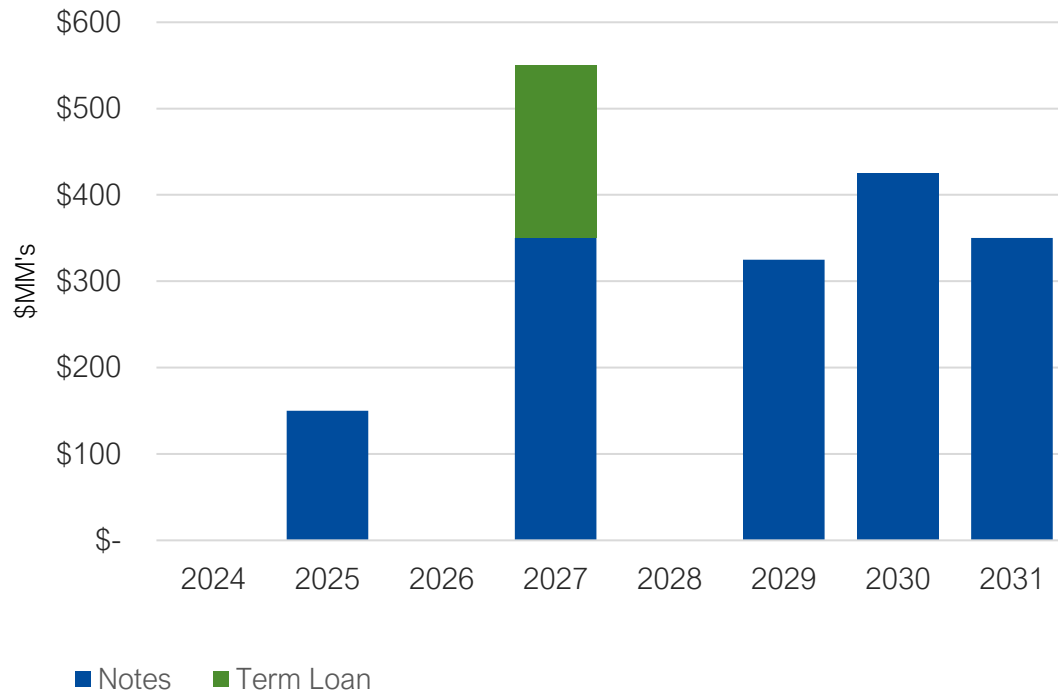
EBITDA: Up 20% YoY; down 16% sequentially

- YoY margin growth driven by higher shipments of both aerospace and “aero-like” products, led by armor plate, medical and electronics
- Sequential decrease led by industry response to Boeing work stoppage with lower airframe demand; reduced naval defense materials shipments; reduced titanium armor plate compared to strong first half



Cash & Liquidity

Net Debt/Adj. EBITDA⁽¹⁾ Ratio: 2.2x⁽²⁾



(1) Adj. EBITDA based on LTM Q3'24

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

Balance Sheet and Cash Flow

Q3 results

- Liquidity of ~\$960M, including \$407M of cash on hand
- Managed working capital⁽²⁾ 40% of sales
 - Anticipate trending lower, returning to 30%-35% levels by year-end 2024
- Capital expenditures were \$66M in Q3

Capital structure

- Called 2025 convertible notes in September, settled in stock reducing debt by ~\$291M
- Announced multi-year \$700M share repurchase authorization
- YTD share repurchases ~4M shares for \$190M
 - Completed \$40M in Q3 and \$150M in Q1
- Strong balance sheet and liquidity provide for balanced capital allocation opportunities
 - Fund growth
 - De-lever balance sheet
 - Return capital to shareholders



Fourth Quarter & Full Year 2024 Outlook

Fourth Quarter 2024

Adj. EPS ⁽¹⁾⁽³⁾

\$0.56 – \$0.62

Adj. EBITDA ⁽³⁾

\$181 – \$191 million

Full Year 2024

Adj. EPS ⁽²⁾⁽³⁾

\$2.24 - \$2.30
(Previously \$2.40 - \$2.60)

Adj. EBITDA ⁽³⁾

\$700 – \$710 million
(Previously \$720 - \$750 million)

FCF ⁽³⁾

\$220 – \$300 million
(Previously \$260 - \$340 million)

- (1) Assumes Q4 fully diluted average share count of 146.3 million
- (2) Assumes FY 2024 fully diluted average share count of 146.7 million
- (3) See appendix for reconciliation of non-GAAP financial measures

Key Assumptions

Key Drivers

- ✓ Continued growth in Jet Engine and Defense, offset by lower Airframe due to disruptions in aerospace supply chain and operations
- ✓ Sales impacts in aero-like markets due to operational disruptions (e.g., Vacuum Anneal outage)
- Annual effective tax rate of ~23.5% - 24.0%

Additional financial guidance and assumptions provided in Appendix 1

- ✓ Consistent with prior assumptions
- Updated Assumption



Additional Materials Appendix



Appendix 1 – 2024 Outlook Assumptions

<u>Earnings Drivers</u>	
2024 FY Net Interest Expense	~\$107M
<u>Annual Cash Flow Drivers</u>	
Capital Expenditures	\$210M - \$230M
Depreciation & Amortization	~\$151M
Managed Working Capital⁽¹⁾	Cash Usage of in Range of ~\$100M
Full Year Cash Taxes	\$15M - \$20M
Avg. Fully Diluted Share Count	Q4 2024: 146.3M shares FY 2024: 146.7M 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 October 29, 2024:

	Fiscal Quarter Ended		
	September 29, 2024	June 30, 2024	October 1, 2023
Net income attributable to ATI	\$ 82.7	\$ 81.9	\$ 90.2
Adjust for special items, pre-tax:			
Restructuring and other charges (a)	4.3	5.4	4.2
Total pre-tax adjustments	4.3	5.4	4.2
Income tax on pre-tax adjustments for special items	(1.1)	(1.3)	(0.2)
Net income attributable to ATI excluding special items	\$ 85.9	\$ 86.0	\$ 94.2



Appendix 2 (continued)

	Fiscal Quarter Ended					
	September 29, 2024		June 30, 2024		October 1, 2023	
	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted
Numerator for Basic net income per common share -						
Net income attributable to ATI	\$ 82.7	\$ 85.9	\$ 81.9	\$ 86.0	\$ 90.2	\$ 94.2
Effect of dilutive securities	1.7	1.7	2.2	2.2	2.7	2.7
Numerator for Diluted net income per common share -						
Net income attributable to ATI after assumed conversions	\$ 84.4	\$ 87.6	\$ 84.1	\$ 88.2	\$ 92.9	\$ 96.9
Denominator for Basic net income per common share -						
Weighted average shares outstanding	128.7	128.7	124.4	124.4	128.1	128.1
Effect of dilutive securities	18.1	18.1	21.9	21.9	22.1	22.1
Denominator for Diluted net income per common share -						
Adjusted weighted average shares assuming conversions	146.8	146.8	146.3	146.3	150.2	150.2
Diluted net income attributable to ATI per common share	\$ 0.57	\$ 0.60	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64



Appendix 2 (continued)

	Fiscal Quarter Ended			Latest year ended
	September 29, 2024	June 30, 2024	October 1, 2023	September 29, 2024
Net income attributable to ATI	\$ 82.7	\$ 81.9	\$ 90.2	\$ 376.4
Net income attributable to noncontrolling interests	3.9	3.7	3.9	13.4
Net income	86.6	85.6	94.1	389.8
(+) Depreciation and Amortization	38.5	37.9	35.6	110.8
(+) Interest Expense	28.0	28.4	23.8	151.9
(+/-) Income Tax Provision (Benefit)	28.3	25.3	4.9	(70.6)
(+) Restructuring and other charges (a)	4.3	5.4	4.2	29.6
(+) Pension remeasurment loss (b)	-	-	-	26.8
(+) Pension settlement loss (c)	-	-	-	41.7
ATI Adjusted EBITDA	\$ 185.7	\$ 182.6	\$ 162.6	\$ 680.0
Corporate expenses	13.4	19.4	12.5	65.1
Closed operations and other expense (income)	(2.3)	(0.7)	3.6	4.8
Segment EBITDA	\$ 196.8	\$ 201.3	\$ 178.7	\$ 749.9
Debt				\$ 1,883.4
Add: Debt issuance costs				14.8
Total debt				\$ 1,898.2
Cash				\$ (406.6)
Net Debt (Total debt less cash)				\$ 1,491.6
Net Debt to Adjusted EBITDA				2.2

(a) Third fiscal quarter 2024 includes pre-tax charges totaling \$4.3 million, which include \$2.5 million of start-up costs, \$1.7 million of transaction costs, and \$0.5 million for severance-related restructuring charges, partially offset by a \$0.4 million credit for adjustments to inventory reserves related to our ongoing European restructuring. 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. Third quarter 2023 includes pre-tax charges totaling \$4.2 million, which include \$2.8 million for start-up costs and \$1.9 million of costs associated with an unplanned outage at our Lockport, NY melt facility, partially offset by \$0.5 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. Latest year ended September 29, 2024 results includes pre-tax charges totaling \$29.6 million, which include \$10.2 million of start-up costs, \$4.3 million of severance-related restructuring charges primarily for the restructuring of our European operations, and \$13.4 million for inventory write-downs and asset write-offs primarily for the restructuring of our European operations, and \$1.7 million of transaction costs.

(b) The latest year ended September 29, 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 September 29, 2024 results include a \$41.7 million pretax settlement loss.



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.

	<u>Fiscal Quarter Ended</u>		<u>Fiscal Year-To-Date Period Ended</u>		<u>Fiscal Year Ended</u>
	<u>September 29, 2024</u>	<u>October 1, 2023</u>	<u>September 29, 2024</u>	<u>October 1, 2023</u>	<u>December 31, 2023</u>
Cash provided by (used in) operating activities	\$ 24.0	\$ (114.2)	\$ 26.3	\$ (331.3)	\$ 85.9
Cash used in investing activities	(61.1)	(42.4)	(178.2)	(143.2)	(193.2)
Add back: cash contributions to U.S. qualified defined pension plans	-	222.0	-	272.0	272.0
Free Cash Flow as defined by ATI	<u>\$ (37.1)</u>	<u>\$ 65.4</u>	<u>\$ (151.9)</u>	<u>\$ (202.5)</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 September 29, 2024 and June 30, 2024 amounts include management working capital balances that are classified as held for sale.

	<u>September 29, 2024</u>	<u>June 30, 2024</u>	<u>October 1, 2023</u>
Accounts receivable	\$ 730.2	\$ 719.8	\$ 683.0
Short-term contract assets	90.5	87.6	56.6
Inventory	1,414.5	1,317.5	1,353.9
Accounts payable	(528.5)	(524.5)	(435.0)
Short-term contract liabilities	(146.5)	(160.9)	(110.2)
Subtotal	<u>1,560.2</u>	<u>1,439.5</u>	<u>1,548.3</u>
Allowance for doubtful accounts	2.6	2.7	3.7
Inventory reserves	71.7	71.6	85.1
Net managed working capital held for sale	47.3	39.8	-
Managed working capital	<u>\$ 1,681.8</u>	<u>\$ 1,553.6</u>	<u>\$ 1,637.1</u>
Annualized prior 3 months sales	4,205.1	4,381.1	4,102.6
Managed working capital as a % of annualized sales	<u>40.0%</u>	<u>35.5%</u>	<u>39.9%</u>