ATI

Proven to perform **anywhere.**

Fourth Quarter 2022 Earnings

February 2nd, 2023

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, 2021.

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Key Takeaways

Performance

A&D growth and Transformation driving results

A&D Revenue +72% vs. Q4'21 driven by:

- Accelerating Airframe shipments driven by narrowbody and widebody production rate improvements
- Sustained Jet Engine demand

- Strong sequential Defense growth across multiple sub-sectors
- Rapidly expanding new business pipeline partially due to geopolitical uncertainty

Balance Sheet

Deploying capital for shareholder returns, balance sheet strengthening

- Significant pension funding improvement
  - Unfunded liability reduced by ~\$177M to \$219M at year end
  - Plan now 88% funded
- Cash and liquidity of ~\$1.1B
- Managed working capital[1] at 30% of sales, 600+ bps improvement vs. Q3'22
- Repurchased ~5.2M shares for \$140M in '22

Strategic Progress

Portfolio transformation driving product mix and cost benefits

- Titanium melt expansion underway
  - 35% production capacity increase from existing assets in 2H '23
  - Brownfield investments on track, expected to produce 1st ingots in late '24
- Specialty Rolled Products strategic transformation on track

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

Strategic Markets & Diversified Applications

Market	Q4 ‘22 Revenue	vs. Q4 ‘21	vs. Q3 ‘22	Near-term Market Outlook	Comments
Jet Engine	$306M	+100%	(2)%	↗	• Continued expansion in materials and forgings, led by next generation products for narrowbody aircraft. • Sequentially lower Q4 revenue driven by year end customer inventory management actions and seasonally lower shipments. • Expect growth trends to continue, supporting narrowbody production rate increases, as well as widebody maintenance and production rates.
Airframe	$138M	+75%	+5%	↗	• Continued strong demand from Airbus and Boeing. • Favorable signals for both narrowbody and widebody production rates stemming from significant new orders, improving production rates. • Ongoing benefit expected from reshoring trends in key materials sourcing.
Defense	$97M	+17%	+13%	↗	• Strong sequential Q4 growth driven by increased support of the carrier and submarine fleets, and military rotorcraft sales. • Expect robust demand to continue, led by accelerated ground vehicle armor orders and continued growth in support of the carrier and submarine fleets.
Energy	$201M	+27%	+4%	↗	• Elevated O&G project investment driving growth in subsea and downhole markets. • Steady growth in electrical power generation and civilian nuclear.
Medical	$40M	+10%	(16)%	↗	• Post-pandemic elective surgery volume growth driving increased demand for MRI and bio-medical implant materials. • Sales were down sequentially largely due to timing of order deliveries and seasonality. • Improving demand outlook positively impacted by reshoring trends in key materials.
Electronics	$51M	(15)%	+4%	→	• Asian Consumer Electronics market forecasted flat near-term, to recover 2H ’23. • Strong near and long-term projected growth in Hafnium used in semiconductor coating.

Well-Positioned for Sustainable Growth

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Driving Value Creation

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Product Transformation

Narrowbody Ramp
(Build & MRO)

Widebody Ramp
(Build & MRO)

Defense Growth
Fly, Float & Roll

Expanding Markets
- Medical
- Specialty Energy
- Metallics beyond Ni+Ti
- ESG

Key capabilities: Materials science expertise and integrated process technologies

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Fourth Quarter 2022 Financial Results

$M (excl. EPS)	Q4 2022	Q4 2021	*% Chg.*	Q3 2022	*% Chg.*
Revenue	$1,010	$765	32%	$1,032	(2)%
HPMC Segment	$446	$314	42%	$458	(3)%
AA&S Segment	$565	$452	25%	$574	(2)%
Segment EBITDA	$154	$110	40%	$162	(5)%
HPMC Segment	$82	$61	35%	$86	(5)%
AA&S Segment	$72	$49	47%	$76	(5)%
Adj. EBITDA (ex. special items)	$140	$95	48%	$141	(1)%
EPS*	$0.53	$(0.23)	NM	$0.42	26%
Adj. EPS* (ex. special items)	$0.53	$0.25	112%	$0.53	-%

*attributable to ATI

Note: amounts may not add due to rounding. See appendix for reconciliation of non-GAAP financial measures.

HPMC Segment

Aerospace ramp driving continued strength

- **Revenue:** Strong year-over-year growth in jet engine materials and forgings, as well as airframe materials. Total segment revenue was slightly lower sequentially due to normal seasonality and customer inventory management.
- **EBITDA:** Continued strength driven by richer A&D product mix and elevated operating levels.

AA&S Segment

Strong A&D and Energy growth, offset by softer Industrial

- **Revenue:** Continued growth in A&D and Specialty Energy was offset by lower Industrial and Consumer Electronics volume, as well as continued COVID disruptions impacting our Asia precision rolled strip business.
- **EBITDA:** Segment margins grew by 190 bps versus the prior year reflecting the impact of our transformation efforts and a richer A&D product mix. Sequentially, margins declined slightly due to lower utilization rates.

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Full Year 2022 Financial Results

$M (excl. EPS)	FY 2022	FY 2021	*% Chg.*
Revenue	$3,836	$2,800	37%
HPMC Segment	$1,641	$1,155	42%
AA&S Segment	$2,195	$1,645	33%
Segment EBITDA	$624	$352	77%
HPMC Segment	$296	$160	85%
AA&S Segment	$328	$192	71%
Adj. EBITDA (ex. special items)	$549	$291	89%
EPS*	$0.96	$(0.30)	NM
Adj. EPS* (ex. special items)	$1.99	$0.13	1,431%

HPMC Segment

Aerospace ramp driving continued strength

- **Revenue:** 42% top line growth driven by recovering narrowbody build rates. Jet Engine revenues increased 103% and Airframe revenues increased 39% year over year reflecting that narrowbody ramp.
- **EBITDA:** Segment EBITDA grew by 85% compared to the prior year, driven by growth in Jet Engine forgings and materials, as well as higher overall operating levels.

AA&S Segment

Strong A&D and Energy growth

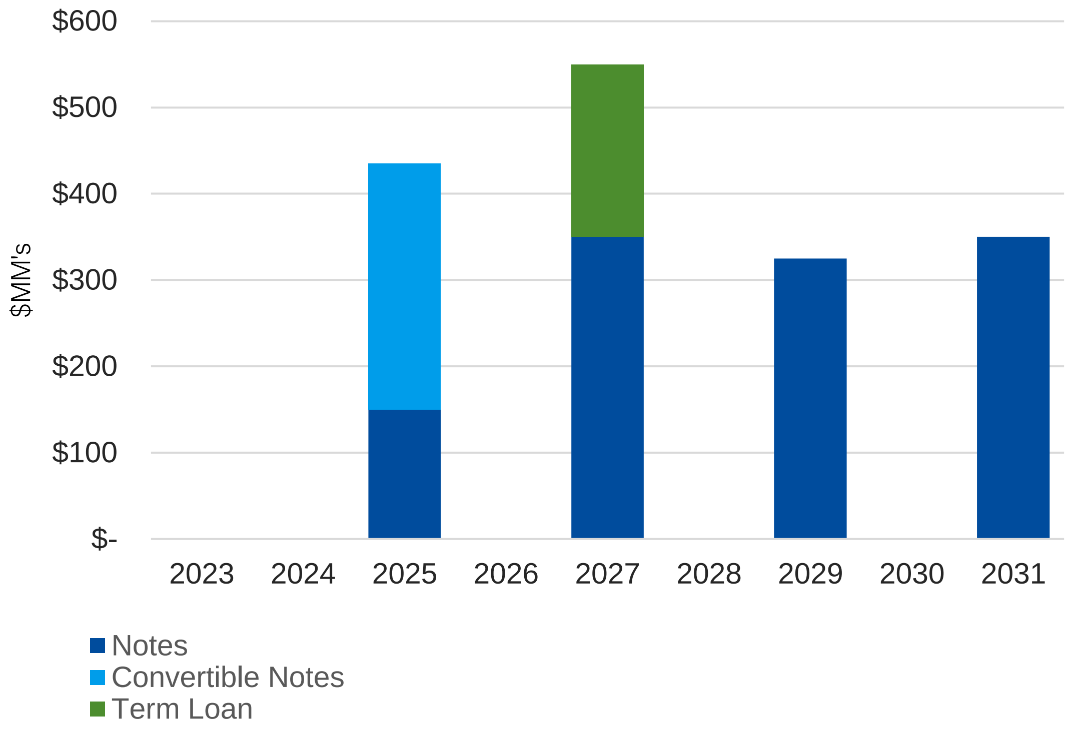
- **Revenue**: Segment sales grew by 33% versus the prior year, with Aerospace and Defense revenue driving over half of the increase. Specialty Energy and Oil & Gas revenues were also elevated, contributing to a stronger overall product mix versus 2021.
- **EBITDA**: AA&S segment EBITDA grew by over 70% versus 2021, driven by increased Aerospace shipments, a significantly richer overall product mix, and the ongoing benefits of our business transformation.

*attributable to ATI

Note: amounts may not add due to rounding. See appendix for reconciliation of non-GAAP financial measures.

Cash & Liquidity

Net Debt/Adj. EBITDA[1] Ratio: 2.2x[2]



(1) EBITDA based on LTM Q4'22 financials.
(2) See appendix for full reconciliation to the nearest GAAP measures.

Balance Sheet and Cash Flow

Q4 Results

- Liquidity of ~$1.1B, including $584M of cash on hand
- Managed working capital 30% of sales[2]; improvement of 600+ basis points versus Q3 2022 levels
- Capital expenditures were $30M in Q4 and $131M for the full year
  - 2022 capital expenditures exclude $38M of incurred but unpaid capex that will shift to 2023

Capital structure

- Repurchased ~5.2M shares for the full year, spending $140M against $150M authorization
- Strengthening balance sheet and liquidity provide for balanced capital allocation opportunities
  - Fund growth
  - Reduce debt and pension obligations
  - Return capital to shareholders
- Year-over-year pension funding status improved by ~$177M
  - Year end funding status: 88%

First Quarter & Full Year 2023 Outlook

First Quarter 2023

Adj. EPS[1]

$0.45 – $0.51

Full Year 2023

Adj. EPS[1]	FCF[2]
$2.00 - $2.30	$125 – $175 million

[1] Assumes fully diluted Q1 and full-year average share count of 149.5 million.
[2] See appendix for reconciliation of non-GAAP financial measures.

Key Assumptions

Earnings Drivers

- "Double-digit" growth in A&D, as well as specialty energy
  - Expanding titanium production up to 35% from existing assets
- Headwinds in industrial end markets will have modest impact
- Supply chain and inflation remain challenges to be managed
- China COVID impacts are expected to remain a headwind H1
- Annual retirement benefit expense will be ~$74M, an increase of $36M from 2022, a $0.24 annual EPS impact YOY
  - Contributions to pension plans remain at $50M in 2023
- Annual net interest expense of ~$82M
- Annual effective tax rate of ~6%, which assumes valuation allowance on tax assets remains appropriate throughout 2023

Cash Flow Drivers

- 2022 FCF of $148M[2] includes ~$30M pulled-forward from FY23
- Capex range of $200M to $240M
- $50M of planned pension contributions
- Managed working capital will be ~$100M use of cash in FY 2023
- Full year cash taxes will be $17M - $22M

Additional Materials Appendix

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, we believe that EBITDA and Adjusted EBITDA are useful to investors because these measures are commonly used to analyze companies on the basis of operating performance, leverage and liquidity. Furthermore, analogous measures are used by industry analysts to evaluate operating performance. 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 February 2, 2023:

	Three Months Ended		Fiscal Year Ended	
	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net income (loss) attributable to ATI	$ 61.1	$ (29.8)	$ 130.9	$ (38.2)
Adjust for special items, pre-tax:				
Strike related costs (a)	-	-	-	63.2
Restructuring and other charges (credits) (b)	17.3	(2.0)	23.5	(10.5)
Retirement benefit settlement gain (c)	-	-	-	(64.9)
Loss (gain) on asset sales and sale of businesses, net (d)	-	(0.1)	134.2	(13.8)
Debt extinguishment charge (e)	-	65.5	-	65.5
Total pre-tax adjustments	17.3	63.4	157.7	39.5
Income tax on pre-tax adjustments for special items	(1.0)	-	(0.9)	15.5
Net income attributable to ATI excluding special items	$ 77.4	$ 33.6	$ 287.7	$ 16.8

	Three Months Ended			
	September 30, 2022		December 31, 2021	
	Reported	Adjusted	Reported	Adjusted
Numerator for Basic net income (loss) per common share -				
Net income (loss) attributable to ATI	$ 61.1	$ 77.4	$ (29.8)	$ 33.6
Effect of dilutive securities	2.8	2.8	-	4.0
Numerator for Diluted net income (loss) per common share -				
Net income (loss) attributable to ATI after assumed conversions	$ 63.9	$ 80.2	$ (29.8)	$ 37.6
Denominator for Basic net income (loss) per common share -				
Weighted average shares outstanding	129.8	129.8	127.2	127.2
Effect of dilutive securities	21.0	21.0	-	25.5
Denominator for Diluted net income (loss) per common share -				
Adjusted weighted average shares assuming conversions	150.8	150.8	127.2	152.7
Diluted net income (loss) attributable to ATI per common share	$ 0.42	$ 0.53	$ (0.23)	$ 0.25

	Fiscal Year Ended			
	December 31, 2022		December 31, 2021	
	Reported	Adjusted	Reported	Adjusted
Numerator for Basic net income (loss) per common share -				
Net income (loss) attributable to ATI	$ 130.9	$ 287.7	$ (38.2)	$ 16.8
Effect of dilutive securities	13.5	13.5	-	-
Numerator for Diluted net income (loss) per common share -				
Net income (loss) attributable to ATI after assumed conversions	$ 144.4	$ 301.2	$ (38.2)	$ 16.8
Denominator for Basic net income (loss) per common share -				
Weighted average shares outstanding	127.5	127.5	127.1	127.1
Effect of dilutive securities	23.7	23.7	-	0.9
Denominator for Diluted net income (loss) per common share -				
Adjusted weighted average shares assuming conversions	151.2	151.2	127.1	128.0
Diluted net income (loss) attributable to ATI per common share	$ 0.96	$ 1.99	$ (0.30)	$ 0.13

	Three Months Ended			Fiscal Year Ended		
	December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2019
Net income (loss) attributable to ATI	$ 76.9	$ 61.1	$ (29.8)	$ 130.9	$ (38.2)	$ 252.5
Net income attributable to noncontrolling interests	4.3	3.3	5.2	15.6	22.0	12.5
Net income (loss)	81.2	64.4	(24.6)	146.5	(16.2)	265.0
(+) Depreciation and Amortization	35.8	35.6	35.9	142.9	143.9	151.1
(+) Interest Expense	19.6	20.8	24.7	87.4	96.9	99.0
(+/-) Income Tax Provision (Benefit)	4.2	3.0	(4.7)	15.5	26.8	(28.5)
(+) Strike related costs (a)	-	-	-	-	63.2	-
(+/-) Restructuring and other charges (credits) (b)	0.2	17.3	(2.0)	23.7	(10.5)	4.5
(-) Retirement benefit settlement gain (c)	-	-	-	-	(64.9)	-
(+/-) Loss (gain) on asset sales and sale of businesses, net (d)	-	-	(0.1)	134.2	(13.8)	(84.6)
(+) Debt extinguishment charge (e)	-	-	65.5	-	65.5	21.6
(+/-) Joint venture restructuring and impairment charges (credits) (f)	(0.9)	-	-	(0.9)	-	11.4
ATI Adjusted EBITDA	$ 140.1	$ 141.1	$ 94.7	$ 549.3	$ 290.9	$ 439.5
Corporate expenses	14.5	14.2	14.9	62.4	55.9	65.3
Closed operations and other expense	(0.7)	6.3	0.3	12.1	4.8	24.0
Segment EBITDA	$ 153.9	$ 161.6	$ 109.9	$ 623.8	$ 351.6	$ 528.8
Debt				$ 1,748.0	$ 1,842.9	
Add: Debt issuance costs				17.2	20.8	
Total debt				$ 1,765.2	$ 1,863.7	
Cash				$ (584.0)	$ (687.7)	
Net Debt (Total debt less cash)				$ 1,181.2	$ 1,176.0	
Net Debt to Adjusted EBITDA				2.2	4.0	

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(a) Full year 2021 results include $63.2 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) Fourth quarter 2022 includes a $0.2 million pre-tax restructuring charge. Third quarter 2022 includes a $19.9 million pre-tax litigation reserve for the case of US Magnesium, LLC v. ATI TitaniumLLC, a subsidiary of Allegheny Technologies Incorporated, partially offset by a $2.6 million pre-tax credit for restructuringcharges, primarily related to lowered severance-related reserves based on changes in planned operating rates and revisedworkforce reduction estimates. Full year 2022 results includes a $28.5 million pre-tax litigation reserve, partially offset by a $4.8 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. Fourth quarter and full year 2021 results include $2.0 million and $10.5 million, respectively, of pre-tax net credits for restructuring charges, primarily related to lowered severance-related reserves based onchanges in planned operating rates and revised workforce reduction estimates. Full year 2019 results include a $4.5 million pre-tax restructuring charge to streamline ATI's salaried workforce primarily to improve the cost competitiveness of the U.S.-based Flat Rolled Products business.

(c) Full year 2021 results include a $64.9 million pre-tax retirement benefit settlement gain associated with the new collective bargaining agreement that was ratified on July 14, 2021 with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied & Industrial Service Workers International Union, AFL-CIO, CLC involving approximately 1,100 active full-time represented employees located primarily within the AA&S segment operations, as well as a number of inactive employees.

(d) Full year 2022 results include a $141.0 million loss on the sale of our Sheffield, UK operations, which was completed in the second quarter 2022. This loss includes $55.6 million related to the UK defined benefit pension plan, of which $26.1 million was reported as a net pension asset and $29.5 million in accumulated other comprehensive loss, and $20.0 million of cumulative translation adjustment foreign exchange losses. This loss was offset by $6.8 million pre-tax gain on the sale of our small Pico Rivera, CA operations as part of the strategy to exit standard stainless products. Fourth quarter and full year 2021 results include a $0.1 million and $13.8 million, respectivley, pre-tax gain on the sale of its Flowform Products business, which uses flowforming process technologies to produce thin-walled components in net or near-net shapes across multiple alloy systems for use in the aerospace & defense and energy markets. Full year 2019 results include a $91.7 million pre-tax gain on the sale of oil & gas rights in New Mexico and a $6.2 million pre-tax net gain on the sale of the cast products business, partially offset by a $13.3 million pre-tax loss on the sale of the industrial forgings business.

(e) Full year and fourth quarter 2021 results include a $65.5 million pre-tax debt extinguishment charge for the redemption of the $500 million, 5.875% Notes due 2023. . Full year 2019 results include a $21.6 million pre-tax debt extinguishment charge for the full redemption of the $500 million, 5.95% Senior Notes due 2021.

(f) Full year and fourth quarter 2022 results include a $0.9 million pre-tax credit for ATI's 50% share of Allegheny & Tsingshan Stainless joint venture's credit for restructuring charges. Full year 2019 results include an $11.4 million pre-tax joint venture impairment charge for the Allegheny & Tsingshan Stainless joint venture, which included ATI's 50% share of the JV's impairment charge on the carrying value of long-lived assets at the Midland, PA production facility.

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 Year Ended	
	December 31, 2022	December 31, 2021
Cash provided by operating activities	$ 224.9	$ 16.1
Cash used in investing activities	(126.7)	(77.3)
Add back: cash contributions to U.S. qualified defined pension plans	50.0	67.0
Free Cash Flow as defined	$ 148.2	$ 5.8

Managed Working Capital

As part of managing the performance of our business, we focus on controlling 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.

	December 31, 2022	September 30, 2022
Accounts receivable	$ 579.2	$ 678.1
Short-term contract assets	64.1	70.2
Inventory	1,195.7	1,216.9
Accounts payable	(553.3)	(410.2)
Short-term contract liabilities	(149.1)	(120.7)
Subtotal	1,136.6	1,434.3
Allowance for doubtful accounts	7.7	3.9
Inventory reserves	70.9	69.4
Net managed working capital held for sale	-	-
Managed working capital	$ 1,215.2	$ 1,507.6
Annualized prior 3 months sales	4,041.9	4,128.0
Managed working capital as a % of annualized sales	30.1%	36.5%

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