ATI

Proven to perform **anywhere.**

Fourth Quarter 2023 Earnings

February 1, 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, 2022.

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Key Takeaways

Performance

A&D growth drives strong fourth quarter and full year 2023 results

A&D at 63% of sales in Q4, up from 61% in Q3’23 and 53% in Q4’22

- Titanium shipments accelerating
  - Titanium shipments up 12% sequentially and 58% YoY, driven by strong demand for defense materials, as well as continued growth in commercial aerospace build rates
- Jet engine sales in Q4 2023 increased 7% sequentially & 15% YoY. Full year 2023 sales increased 25% over 2022

Balance Sheet

Deploying capital for shareholder returns, balance sheet strengthening

Full year free cash flow generation of $165M (1)

- Cash and liquidity of ~$1.3B
- Net Debt to Adj. EBITDA of 2.3x (1)
- Announced new $150M share repurchase authorization in November
- Successfully annuitized 85% of ATI qualified defined benefit pension liabilities in fourth quarter, fully funded remaining plan obligations

(1) See appendix for reconciliation of non-GAAP financial measures.

Strategic Progress

Titanium capacity expansion on track, to drive 2H’24 strength

Restarted Ti melt expansion on track

- Restarted Oregon melt capacity is ramping, powering 45% expansion in capacity from existing assets by Y/E ‘24

Customer-Funded $50M Nitinol Expansion to drive Medical Growth

- Nitinol capacity to triple by 2027

Strategic Markets & Diversified Applications

Market	Q4 '23 Revenue	vs. Q4 '22	vs. Q3 '23	Near-term Market Outlook	Comments
Jet Engine	$352M	+15%	+7%	↗	• Continued demand growth for materials and forgings, driven by ramping engine production • Growth to continue, supported by narrowbody and widebody production rate increases and continued strong aftermarket demand
Airframe	$202M	+47%	(1)%	↗	• Continued strong OEM demand supporting new aircraft production • Elevated titanium demand expected to drive continued growth throughout 2024
Defense	$113M	+16%	+21%	↗	• Strong demand for materials in support of the carrier and submarine fleets, as well as elevated levels of titanium armor, military jet engine, and rotorcraft materials shipments • Expect robust demand to continue, led by pull for ground vehicle armor and continued growth in materials supporting the carrier and submarine fleets
Energy	$149M	(26)%	-%	↗	• Some recovery in offshore O&G activity with increased shipments expected in Q1 • Demand for specialty energy materials remains strong, with participation limited by allocation of capacity to higher-margin A&D markets
Medical	$53M	+31%	+11%	↗	• Demand for medical device materials including Titanium and Nitinol remains elevated • Growth expected to continue through 2024 and beyond
Electronics	$45M	(12)%	-%	→	• Hafnium demand remains strong with growth expected through 2024 and beyond • Asian Precision Rolled Strip business remains flat, with positive signs of stabilization

Fourth Quarter 2023 Financial Results

$M (excl. EPS)	Q4 2023	Q4 2022[2]	*% Chg.*	Q3 2023[2]	*% Chg.*
Revenue	$1,064	$1,010	+5%	$1,026	+4%
HPMC Segment	$583	$446	+31%	$540	+8%
AA&S Segment	$482	$565	(15)%	$486	(1)%
Segment EBITDA	$182	$168	+9%	$179	+2%
HPMC Segment	$125	$84	+50%	$117	+7%
Adj. EBITDA %	*21.5%*	*18.7%*	*+280bps*	*21.7%*	*(20)bps*
AA&S Segment	$57	$84	(32)%	$62	(7)%
Adj. EBITDA %	*11.9%*	*14.9%*	*(300)bps*	*12.7%*	*(80)bps*
Adj. EBITDA (ex. special items)	$161	$156	+3%	$163	(1)%
Adj. EBITDA %	*15.1%*	*15.4%*	*(30)bps*	*15.9%*	*(80)bps*
EPS [1]	$0.99	$1.30	(24)%	$0.62	+60%
Adj. EPS [1]	$0.64	$0.63	+2%	$0.64	-%

(1) Attributable to ATI
(2) Period includes restated financials reflecting change in accounting policy (8-K: 1/19/24)

HPMC Segment

- **Revenue:** Sequential and year-over-year growth driven by:
  - Strong demand from ramping commercial aerospace build rates and ongoing elevated defense demand
  - Continuing to de-botleneck as growth cycle drives increased demand across HPMC's end markets
- **EBITDA:** 50% year-over-year growth and 280bp margin expansion driven by:
  - Volume growth in titanium and nickel alloy forgings and materials serving A&D and A&D-like markets.
  - Margin expansion reflects A&D volume increases and mix enrichment, combined with ongoing operational improvements.

AA&S Segment

- **Revenue:** Lower year-over-year sales driven by:
  - Lower volume and softer market conditions across general industrial end markets, partially offset by increased year-over-year shipments of titanium
- **EBITDA:** Margins lower sequentially and year-over-year, driven by:
  - Lower volume and unfavorable price conditions across general industrial markets

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

Full Year 2023 Financial Results

$M (excl. EPS)	FY 2023[2]	FY 2022[2]	*% Chg.*
Revenue	$4,174	$3,836	+9%
HPMC Segment	$2,120	$1,641	+29%
AA&S Segment	$2,054	$2,195	(6)%
Segment EBITDA	$710	$679	+5%
HPMC Segment	$434	$303	+43%
Adj. EBITDA %	*20.5%*	*18.5%*	*+200bps*
AA&S Segment	$277	$375	(26)%
Adj. EBITDA %	*13.5%*	*17.1%*	*(360)bps*
Adj. EBITDA (ex. special items)	$635	$613	+4%
Adj. EBITDA %	*15.2%*	*16.0%*	*(80)bps*
EPS [1]	$2.81	$2.23	+26%
Adj. EPS [1]	$2.56	$2.41	+6%

(1) Attributable to ATI
(2) Period includes restated financials reflecting change in accounting policy (8-K: 1/19/24)

HPMC Segment

- **Revenue:** 29% year-over-year top-line growth driven by:
  - Ramping commercial aerospace build rates. Jet Engine and Airframe sales increased by 29% and 90% year-over-year, respectively
  - HPMC defense sales up 15% year-over-year, led by increased shipments of military jet engine materials
- **EBITDA:** 43% year-over-year growth and 200bps margin expansion driven by:
  - Volume increases, A&D mix improvement, led by historic titanium growth
  - Ongoing operational improvements and efficiency gains continue to support margin expansion across segment

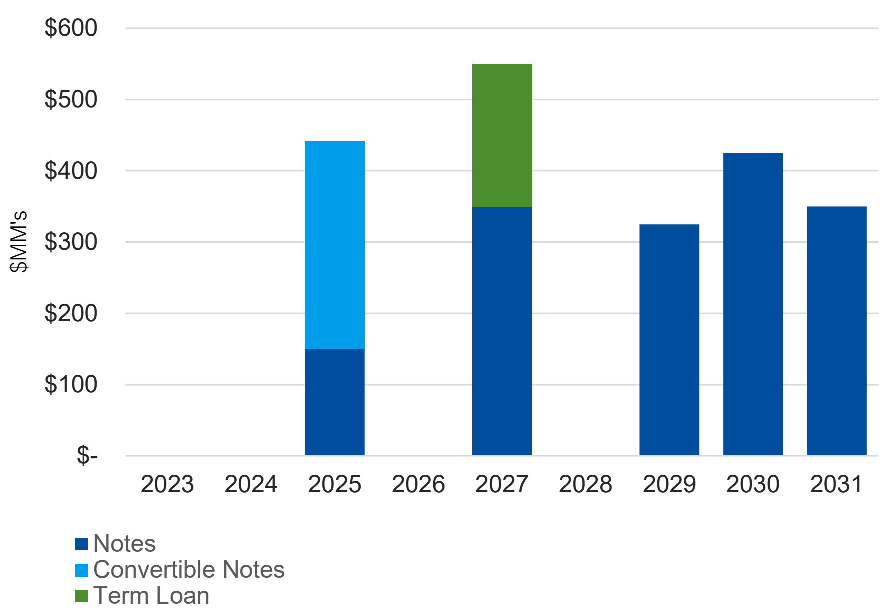
AA&S Segment

- **Revenue:** (6)% lower year-over-year sales driven by:
  - Growth in aerospace and defense sales was more than offset by volume declines and market softness across general industrial markets, as well as year over year weakness in Asian Precision Rolled Strip (PRS)
- **EBITDA:** (26)% lower EBITDA driven by:
  - Year-over-year demand softness across general industrial markets as well as ongoing headwinds related to our Asian PRS joint venture
  - Partially offsetting this was strong year-over-year growth in value-add materials, powered by shipments of hafnium, zirconium and other material serving electronics, medical, and specialty energy demand

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: 2.3x[(2)]



(1) Adj. EBITDA based on LTM Q4'23
(2) See appendix for full reconciliation to the nearest GAAP measures

Balance Sheet and Cash Flow

Q4 results

Full year 2023 free cash flow of $165M [(2)]

- Managed working capital [(2)] decreased to 31.1% of sales; improvement of 880+ bps versus Q3 2023
- Capital expenditures were $53M in Q4 and $201M for the full year
- Repurchased ~700K shares for $30M in Q4; completing the $75M share repurchase authorization announced in Q2 2023
- Liquidity of ~$1.3B, including $744M of cash on hand

Capital structure

- Year to date progress:
  - Completed annuitization reducing U.S. defined benefit pension obligation by ~85% in Q4 supported by $425M debt issuance
  - Repurchased ~2M shares for $85M in FY2023
  - Additional $150M repurchase authorization announced November 2023
- Strong balance sheet and liquidity provide for balanced capital allocation opportunities
  - Fund growth
  - De-lever
  - Return capital to shareholders

First Quarter & Full Year 2024 Outlook

First Quarter 2024

Adj. EPS (1)

$0.36 – $0.44

Full Year 2024

Adj. EPS (2)	FCF (3)
$2.12 - $2.52	$245 – $325 million

Key Assumptions

Key Drivers

- ✓ Continued growth in A&D
- ✓ 45% increase in capacity for titanium production from existing assets ramping
- ✓ Industrial headwinds to continue in 1H 24
- ✓ Supply chain and inflation remain manageable
- • Annual effective tax rate of 22.5% - 23.5%

Additional Financial Guidance and Assumptions Provided in Appendix 1

✓ Consistent with prior assumptions
• Updated

(1) Assumes Q1 fully diluted average share count of 149.4 million
(2) Assumes FY2024 fully diluted average share count of 146.9 million
(3) See appendix for reconciliation of non-GAAP financial measures

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Additional Materials Appendix

Appendix 1 – 2024 Outlook Assumptions

Earnings Drivers	
2024 FY Net Interest Expense	~$113M
Annual Cash Flow Drivers	
Capital Expenditures	$190M - $230M
Managed Working Capital[1]	Cash Usage of $50M - $100M
Full Year Cash Taxes	~$19M
Avg. Fully Diluted Share Count	Q1'24: 149.4M shares FY'24: 146.9M shares
Remaining Share Repurchase Authorization	$150M

(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, 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 1, 2024:

	Three Months Ended			Fiscal Year Ended	
	December 31, 2023	**September 30, 2023***	**December 31, 2022***	**December 31, 2023**	**December 31, 2022***
Net income attributable to ATI	$ 145.7	$ 90.2	$ 193.0	$ 410.8	$ 323.5
Adjust for special items, pre-tax:					
Restructuring and other charges (a)	19.8	4.2	-	35.2	23.5
Pension remeasurment loss (gain) (b)	26.8	-	(100.3)	26.8	(100.3)
Pension settlement loss (c)	41.7	-	-	41.7	-
Loss on asset sales and sale of businesses, net (d)	-	-	-	0.6	105.4
Total pre-tax adjustments	88.3	4.2	(100.3)	104.3	28.6
Net change in deferred taxes and valuation allowance (f)	(137.4)	-	-	(137.4)	-
Income tax on pre-tax adjustments for special items	(3.6)	(0.2)	-	(4.3)	(0.9)
Net income attributable to ATI excluding special items	$ 93.0	$ 94.2	$ 92.7	$ 373.4	$ 351.2

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Appendix 2 (continued)

	Three Months Ended					
	December 31, 2023		September 30, 2023*		December 31, 2022*	
	Reported	Adjusted	Reported	Adjusted	Reported	Adjusted
Numerator for Basic net income per common share -						
Net income attributable to ATI	$ 145.7	$ 93.0	$ 90.2	$ 94.2	$ 193.0	$ 92.7
Effect of dilutive securities	2.7	2.7	2.7	2.7	2.7	2.7
Numerator for Diluted net income per common share -						
Net income attributable to ATI after assumed conversions	$ 148.4	$ 95.7	$ 92.9	$ 96.9	$ 195.7	$ 95.4
Denominator for Basic net income per common share -						
Weighted average shares outstanding	127.2	127.2	128.1	128.1	129.1	129.1
Effect of dilutive securities	22.2	22.2	22.1	22.1	21.3	21.3
Denominator for Diluted net income per common share -						
Adjusted weighted average shares assuming conversions	149.4	149.4	150.2	150.2	150.4	150.4
Diluted net income attributable to ATI per common share	$ 0.99	$ 0.64	$ 0.62	$ 0.64	$ 1.30	$ 0.63

	Fiscal Year Ended			
	December 31, 2023		December 31, 2022*	
	Reported	Adjusted	Reported	Adjusted
Numerator for Basic net income per common share -				
Net income attributable to ATI	$ 410.8	$ 373.4	$ 323.5	$ 351.2
Effect of dilutive securities	10.6	10.6	13.5	13.5
Numerator for Diluted net income per common share -				
Net income attributable to ATI after assumed conversions	$ 421.4	$ 384.0	$ 337.0	$ 364.7
Denominator for Basic net income per common share -				
Weighted average shares outstanding	128.1	128.1	127.5	127.5
Effect of dilutive securities	21.9	21.9	23.7	23.7
Denominator for Diluted net income per common share -				
Adjusted weighted average shares assuming conversions	150.0	150.0	151.2	151.2
Diluted net income attributable to ATI per common share	$ 2.81	$ 2.56	$ 2.23	$ 2.41

Appendix 2 (continued)

	Three Months Ended			Fiscal Year Ended	
	December 31, 2023	September 30, 2023	December 31, 2022*	December 31, 2023	December 31, 2022*
Net income attributable to ATI	$ 145.7	$ 90.2	$ 193.0	$ 410.8	$ 323.5
Net income attributable to noncontrolling interests	3.5	3.9	4.3	12.6	15.6
Net income	149.2	94.1	197.3	423.4	339.1
(+) Depreciation and Amortization	39.5	35.6	35.8	146.1	142.9
(+) Interest Expense	27.8	23.8	19.6	92.8	87.4
(+/-) Income Tax Provision (Benefit)	(141.1)	4.9	4.2	(128.2)	15.5
(+) Restructuring and other charges (a)	16.8	4.2	0.2	31.4	23.7
(+/-) Pension remeasurment loss (gain) (b)	26.8	-	(100.3)	26.8	(100.3)
(+) Pension settlement loss (c)	41.7	-	-	41.7	-
(+) Loss on asset sales and sale of businesses, net (d)	-	-	-	0.6	105.4
(-) Joint venture restructuring credit (e)	-	-	(0.9)	-	(0.9)
ATI Adjusted EBITDA	$ 160.7	$ 162.6	$ 155.9	$ 634.6	$ 612.8
Corporate expenses	15.2	12.5	14.0	62.3	60.3
Closed operations and other expense (income)	6.5	3.6	(2.3)	13.3	5.6
Segment EBITDA	$ 182.4	$ 178.7	$ 167.6	$ 710.2	$ 678.7

Debt	$ 2,179.6
Add: Debt issuance costs	19.6
Total debt	$ 2,199.2
Cash	$ (743.9)
Net Debt (Total debt less cash)	$ 1,455.3
Net Debt to Adjusted EBITDA	2.3

**Three months ended September 30, 2023 and December 31, 2022 and Fiscal Year ended December 31, 2022 reflect the change in accounting policy for recognizing actuarial gains and losses for the Company's defined benefit pension plans. Additional details related to the policy change can be found in the Form 8-K filed by the Company on January 19, 2024.*

(a) Fourth quarter 2023 includes pre-tax charges totaling $19.8 million, which include $3.0 million of start up costs, $5.5 million of severance-related restructuring charges primarily for the restructuring of our European operations, and $11.3 million for asset write-offs associated with the restructuring of our European operations, of which $3.0 million was accelerated depreciation on fixed assets and is included in depreciation and amortization in the above table. 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. Fourth quarter 2022 includes a $0.2 million pre-tax restructuring charge. Full year 2023 results includes pre-tax charges totaling $35.2 million, which include $11.5 million of start up costs, $1.9 million of costs associated with an unplanned outage at our Lockport, NY facility, $7.7 million of severance-related restructuring charges primarily for the restructuring of our European operations and for reductions across ATI's domestic operations in conjunction with the continued transformation, and $14.1 million for asset write-offs primarily for the restructuring of our European operations and the closure of our Robinson, PA operations, of which $3.8 million was accelerated depreciation on fixed assets and is included in depreciation and amortization in the above table. 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.

(b) Fourth quarter and full year 2023 results include a $26.8 million loss and the fourth quarter and full year 2022 results include a $100.3 million gain 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, fourth quarter and full year 2023 results include a $41.7 million pretax settlement loss.

(d) Full year 2023 results include a $0.6 million loss on the sale of our Northbrook, IL operation. Full year 2022 results include a $112.2 million loss on the sale of our Sheffield, UK operations, which was completed in the second quarter 2022. This loss includes $26.8 million related to the UK defined benefit pension plan, of which $26.1 million was reported as a net pension asset and $0.7 million in accumulated other comprehensive loss, and $20.0 million of cumulative translation adjustment foreign exchange losses. This loss was offset by a $6.8 million pre-tax gain on the sale of our small Pico Rivera, CA operations as part of our strategy to exit from standard stainless products.

(e) 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.

(f) Fourth quarter and full year 2023 results includes a $140.3 million discrete tax benefit primarily related to the reversal of a portion of deferred tax valuation allowances due to exiting the three-year cumulative loss condition for U.S. Federal and state jurisdictions at year-end 2023, partially offset by a $2.9 million charge for withholding taxes associated with the restructuring of our European operations.

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.

	Fiscal Year Ended December 31, 2023
Cash provided by operating activities	$ 85.9
Cash used in investing activities	(193.2)
Add back: cash contributions to U.S. qualified defined pension plans	272.0
Free Cash Flow as defined by ATI	$ 164.7

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, 2023
Accounts receivable	$ 625.0
Short-term contract assets	59.1
Inventory	1,247.5
Accounts payable	(524.8)
Short-term contract liabilities	(163.6)
Subtotal	1,243.2
Allowance for doubtful accounts	3.2
Inventory reserves	75.5
Managed working capital	$ 1,321.9
Annualized prior 3 months sales	4,255.8
Managed working capital as a % of annualized sales	31.1%

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