



Poised for Growth

Cowen A&D Conference

February 9, 2022

univstainless.com

Forward Looking Statement

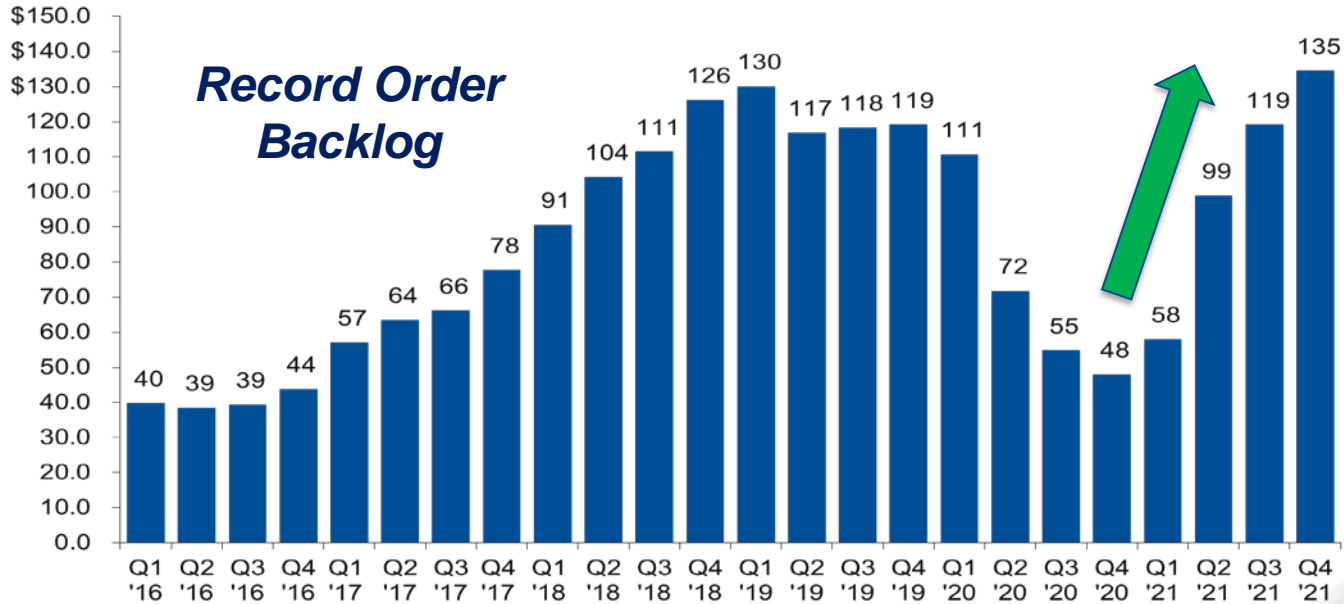


Except for historical information contained herein, the statements in this release are forward-looking statements that are made pursuant to the “safe harbor” provision of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties that may cause the Company’s actual results in future periods to differ materially from forecasted results. Those risks include, among others, the Company’s ability to maintain its relationships with its significant customers and market segments; the Company’s response to competitive factors in its industry that may adversely affect the market for finished products manufactured by the Company or its customers; the Company’s ability to compete successfully with domestic and foreign producers of specialty steel products and products fashioned from alternative materials; changes in overall demand for the Company’s products and the prices at which the Company is able to sell its products in the aerospace industry, from which a substantial amount of our sales is derived; the Company’s ability to develop, commercialize, market and sell new applications and new products; the receipt, pricing and timing of future customer orders; the impact of changes in the Company’s product mix on the Company’s profitability; the Company’s ability to maintain the availability of raw materials and operating supplies with acceptable pricing; the availability and pricing of electricity, natural gas and other sources of energy that the Company needs for the manufacturing of its products; risks related to property, plant and equipment, including the Company’s reliance on the continuing operation of critical manufacturing equipment; the Company’s success in timely concluding collective bargaining agreements and avoiding strikes or work stoppages; the Company’s ability to attract and retain key personnel; the Company’s ongoing requirement for continued compliance with laws and regulations, including applicable safety and environmental regulations; the ultimate outcome of the Company’s current and future litigation matters; the Company’s ability to meet its debt service requirements and to comply with applicable financial covenants; risks associated with conducting business with suppliers and customers in foreign countries; public health issues, including COVID-19 and its uncertain impact on our facilities and operations and our customers and suppliers and the effectiveness of the Company’s actions taken in response to these risks; risks related to acquisitions that the Company may make; the Company’s ability to protect its information technology infrastructure against service interruptions, data corruption, cyber-based attacks or network security breaches; the impact on the Company’s effective tax rates from changes in tax rules, regulations and interpretations in the United States and other countries where it does business; and the impact of various economic, credit and market risk uncertainties. Many of these factors are not within the Company’s control and involve known and unknown risks and uncertainties that may cause the Company’s actual results in future periods to be materially different from any future performance suggested herein. Any unfavorable change in the foregoing or other factors could have a material adverse effect on the Company’s business, financial condition and results of operations. Further, the Company operates in an industry sector where securities values may be volatile and may be influenced by economic and other factors beyond the Company’s control. Certain of these risks and other risks are described in the Company’s filings with the SEC, including the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, copies of which are available from the SEC or may be obtained upon request from the Company.

Non-GAAP Financial Measures

Some of the information included in this presentation is derived from the Company’s consolidated financial information but is not presented in the Company’s financial statements prepared in accordance with U.S. Generally Accepted Accounting principles (GAAP). Some of the data is considered “non-GAAP financial measure” under SEC rules. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. Reconciliation to the most directly comparable GAAP measure is provided.

Universal Stainless (USAP): Poised for Growth



- **Markets rapidly recovering from COVID; especially aerospace**
 - **Sequential sales growth accelerating**
 - **Plant activity levels on the rise**
 - **Strategic capital projects commissioned**
- **Premium products trending toward record year**
 - **Solid financial position**
- **Capital spend supports premium product growth**
 - **Margins expanding**

Universal Stainless — A Leader in Specialty Metals



Covid challenges are easing

Well-Positioned for Long-Term Further Penetration into Attractive End Markets

Continue Transition to Higher-Value Premium Alloy Sales

Optimize Universal's Integrated Manufacturing System

Expand Customer Approvals for New Products

Targeted Capital Investment

Experienced Management Team Relentlessly Focused on Operational Improvement, Customer Service and Safety



Universal Stainless At a Glance

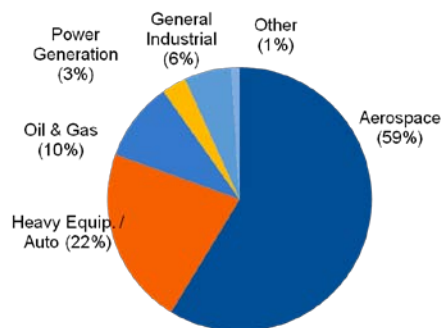


Overview

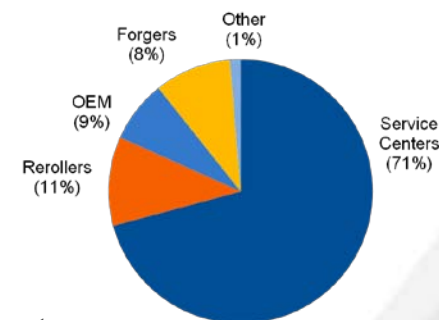
- A leading manufacturer of specialty steel products focused on creating sustainable value for all stakeholders
- Products are tailored to address specific niches in various end markets:
 - Aerospace
 - Heavy Equipment / Auto
 - Oil & Gas / Power Generation
 - General Industrial / Semiconductor
- Fully integrated and geographically contiguous operations designed to ensure quality and consistency of products to meet customer demands
 - Service centers
 - Rerollers
 - Forgers
 - OEM's
- Partner with OEMs to obtain strategic product approvals, enabling USAP to sell its approved products into the OEM's supply chain of service centers, rerollers and forgers

2021 Sales by End Market & Channel

Sales By End Market



Sales by Channel



Representative Customers



Semi-Finished Products



Ingots



Reroll / Forging Billet



Plate



Bloom Bar



Forged Bar



Rolled Bar



Rod



Special Shapes

Finished Products

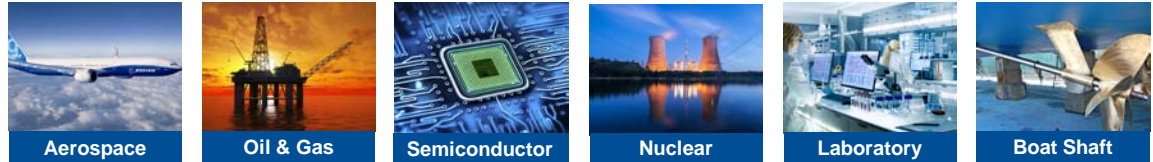
Quality Certifications & Customer Approvals

Drive Growth and Create Barriers to Entry

Commentary

- Universal has approvals with critical OEM end users, primarily in Aerospace
- Obtaining product approvals generally takes between 6 months and 2 years, although sometimes longer — USAP continues to achieve approvals from a variety of OEMs for products across their supply chains
- Aerospace Structures
 - Engine Manufacturers
 - Defense Suppliers
 - Aircraft Manufacturers (both international and domestic)
- Aerospace NADCAP certifications cover:
 - Laboratory
 - Heat Treat

Selected Industry Approvals



Certifications

	Bridgeville	North Jackson	Dunkirk	Titusville
AS 9100	✓	✓	✓	✓
ISO 9001	✓	✓	✓	✓
NCA 3800	✓		✓	
PED	✓	✓	✓	
ABS	✓	✓	✓	
ISO/IEC 17025	✓	✓	✓	
NADCAP Lab	✓	✓	✓	
NADCAP Heat Treat	✓	✓	✓	
ISO 45001	✓	✓	✓	✓

Aerospace: Building Positive Momentum; Long Term Opportunity



USAP Performance in Aerospace

- Premium alloy products, which are primarily used in the aerospace & defense sectors, represents 17% of 2021 sales and 24% of current order backlog
- 2021 aerospace sales represented 59% of total sales

Continued High Priority for Growth

- Ongoing new product development and new customer approvals are expected to continue driving significant growth
- Successful penetration of engine products market in addition to structural aerospace products market
- Strategic capital investments have been commissioned producing enhanced capabilities and improved cost structure.

Illustrative Product Applications in Aerospace



Specialty Metal Products for Aerospace Customers



Bloom Bar



Forged Bar



Forging Billet



Round Bar

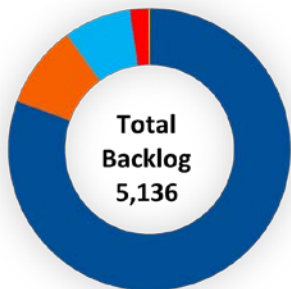
Select Aerospace Customer Approvals



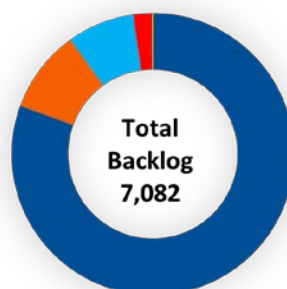
Aerospace Outlook/Long-Term Drivers

- Aerospace is a core strength of the Company, our largest end-market and main driver of our premium alloy sales
- Recovery in commercial air traffic is driving after market activity
- Commercial airplane deliveries and orders are on the increase
- Commercial airplane build rates projected to increase in 2022 and again in 2023 and 2024
- Growth in freighter orders continues to surprise on the upside
- Defense market remains strong
- Boeing & Airbus multi-year backlogs remain high

Boeing Backlog



Airbus Backlog



Source: Boeing and Airbus, Boeing Commercial Market Outlook.

USAP & The Aerospace Market

- Aerospace metal supply chain adapted quickly to COVID by significant inventory destocking and production cuts in 2020 and 2021
- Aerospace metal supply chain inventories are currently lean
- Defense aerospace has been a strong performer and we expect solid demand from the defense sector
- Premium alloys demand has remained relatively healthy due to defense spending and continues as a high priority for future growth
- We continue to gain traction in premium alloys due to new product introductions and new approvals

Strong, growing aerospace bookings drove order backlog to a record \$134.5M – up 180% in 2021

Other USAP End Markets Recovering

Heavy Equipment / Auto



Commentary

- Retooling for increasing new model introductions is a major driver of tool steel demand along with basic metal fabrication
- Tool steel sales and order entry continue strong as automotive retooling, tool & die, cutlery & general manufacturing markets recover

Select Customers

HALLIBURTON

Schlumberger



CHRYSLER



Oil & Gas



- USAP products used in drilling activity where harsh underground and offshore conditions exist
- Further advancements in drilling capabilities and technology, rising energy prices & recent underinvestment creating upside opportunity

RYERSON

SAMUEL

TALON
METALS CORP

General Industrial



- General Industrial category includes sales to the semiconductor, infrastructure, medical and general manufacturing markets
- Semiconductor market remains strong, medical market rebuilding inventories and general manufacturing activity levels have improved



GE Energy

SIEMENS
Westinghouse

Power Generation



- USAP's specialty & premium alloys are used in critical steam and gas-powered turbine components
- Natural gas now generating 41% of energy needs driving an active maintenance market - continued short term weakness in new turbine replacement market

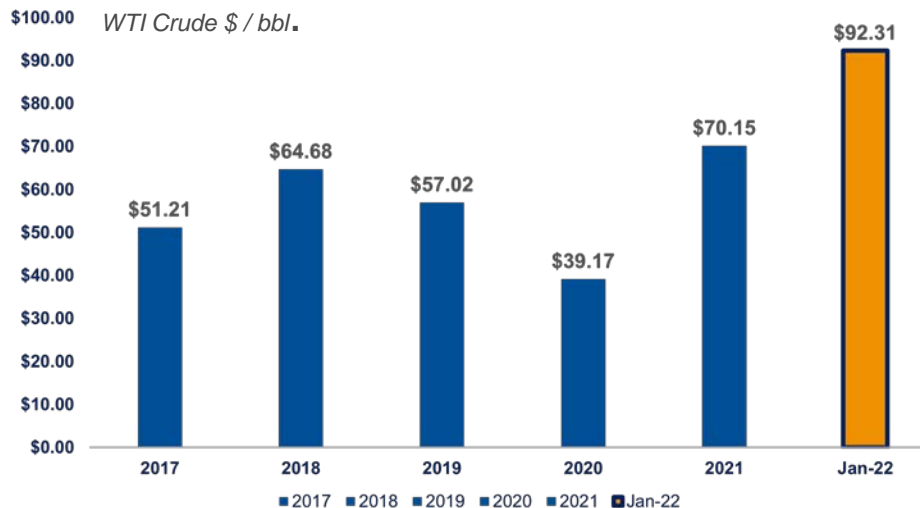
TOSHIBA
Leading Innovation >>>

Oil & Gas Market Moving Towards 2022 Recovery

The USAP Opportunity

- Oil & gas sales have accounted for ~10% of revenue since 2015
- Expanded North Jackson high-value product offering; positioned to seize opportunities with oil & gas market recovery

Oil Prices



Source: U.S. Energy Information Administration (EIA) as of January 2022.

USAP & The Oil & Gas Market

- Oil and gas market disrupted by COVID-19 pandemic impact on global economies and negatively impacted demand and related USAP sales level
- US rig count has increased 15 consecutive weeks reaching 613 rigs; up 2021 YOY
- Oil prices running north of \$90 per/bbl. & natural gas prices ranging between \$4.50 & \$6.00 per MMBTU
- EIA projecting general production increases to address supply demand imbalance
- E&P companies underinvested in recent years due to low energy prices & anemic demand
- Customers are generally upbeat about 2H 2022 and 2023 recovery

Power Generation Market: Active Maintenance Business; Replacement Market Lagging



The USAP Opportunity

- Emphasis on increased efficiency and reduced emissions necessitate higher operating temperatures and therefore more advanced alloys
- USAP's specialty and premium alloys are used in critical gas-powered turbine components

Shift Toward Natural Gas Power Generation

- Natural gas continues to supplant coal as a leading fuel for electricity generation, led by demand from the industrial and electric power sectors
- Natural gas was the largest source of U.S. electricity generation in 2020 – about 40%
- Current demand is driven primarily by maintenance business — upside potential from new turbine market in the long term

USAP & The Power Generation Market

- Power generation market sales driven by normal seasonal maintenance activity
- COVID-19 Pandemic shutdowns limited maintenance demand
- Market share has been maintained and we expect maintenance spending to return to more normal levels as the economy continues to open and energy demand rose

Natural Gas Prices Support Shift to Gas Turbines







Source: U.S. Energy Information Administration (EIA) as of July 2021.

Integrated Manufacturing Process

Delivering a broad set of product offerings starting from either VIM or AOD melt capability

- ✓ Consistent operating model
- ✓ Integrated quality systems
- ✓ Sharing best practices

Primary Melt / Remelt*

 AOD	 VIM
 ESR	 VAR

Bridgeville / North Jackson / Titusville


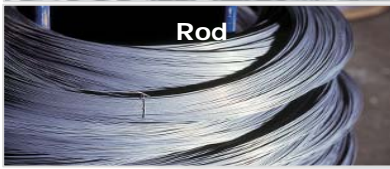


Hot Working

 Rolling Mill	 Rotary Forge
 Reroll / Forging Billet	 Plate
 Bloom Bar	 Large Diameter Forged Bar

Bridgeville / North Jackson / Dunkirk

Finishing

 Bar
 Rod

Dunkirk / North Jackson

Specialty Shapes

 Shapes

Titusville

*AOD: Argon Oxygen Decarburization

VIM: Vacuum Induction Melting

VAR: Vacuum-Arc Remelting

ESR: Electro-Slag Remelting

Higher-Value Alloys: Record Backlog Leading to Stronger 2022



Acquisition of North Jackson Facility Enabled Penetration of Higher Value Alloys

- Vacuum Induction Melting and Remelt capabilities enable production of premium and high value alloys
- Successful market entry into aerospace parts, landing gear, helicopter rotor masts and gears, and drill shafts for oil & gas applications

Premium Alloys to Drive Margin Accretion

- Continued growth in higher-value premium alloy sales expected to be accretive to gross margin
- Continue to penetrate engine side of aerospace market
- Record premium alloy production in 2021

Key Stats

52

New Customer Approvals Received 2016 through 2021

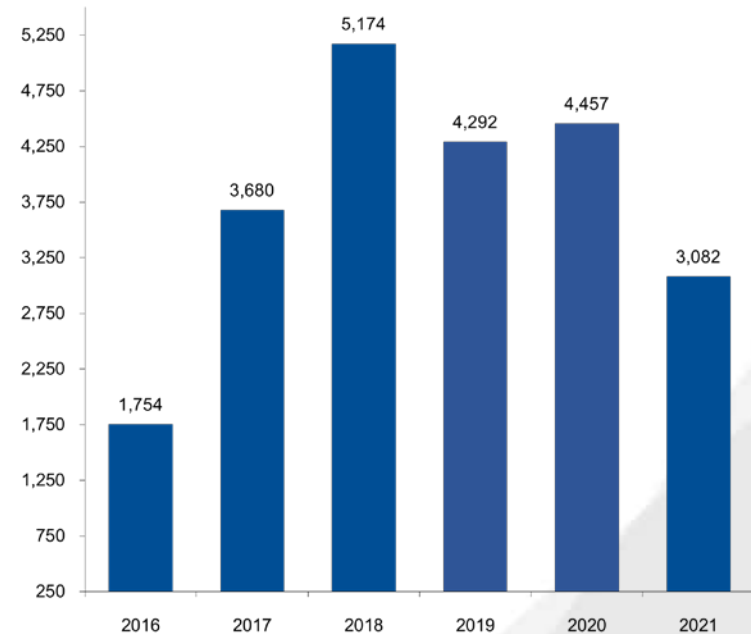
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New Products Developed 2017 through 2021

19

New Products Under Development

Q4 2021 Premium Alloy Shipments Highest in 3 Years



Premium Alloys Sales

2020

\$35.2M
in sales

20%
% of total sales

2021

\$26.4M
in sales

17%
% of total sales

Optimizing our Manufacturing System through Targeted, Prudent Capital Investment

**VIM Crucible - \$2M
Cost & Capacity**



**Vacuum Arc Remelt Furnace
\$4.5M – Capability & Growth**



**Dunkirk Mid-Size Bar Cell - \$10M
Cost, Cash, Safety & Capacity**





Financial Performance Review

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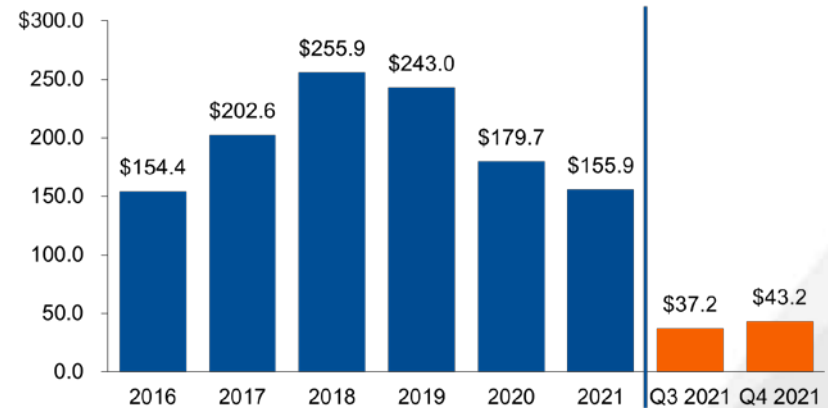
Historical Financial Performance



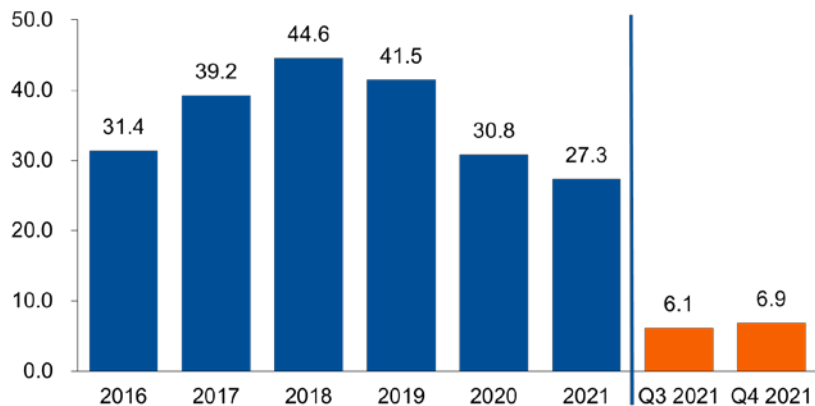
Highlights

- 2021 sales fell to a pandemic low of \$155.9M
- Sequential quarterly sales growth accelerating: Q4 2021 at \$43.2M up 16%
- 2021 premium melted sales were \$26.4M or 17% of sales; Q4 2021 sales were up 19% sequentially
- Surcharges rising on strength and commodity prices
- 5 base price increases announced in last 10 months to mitigate inflationary pressures

Net Sales (\$M)



Shipments (k tons)



Average Net Sales (\$ per ton)



Historical Financial Performance (Cont.)



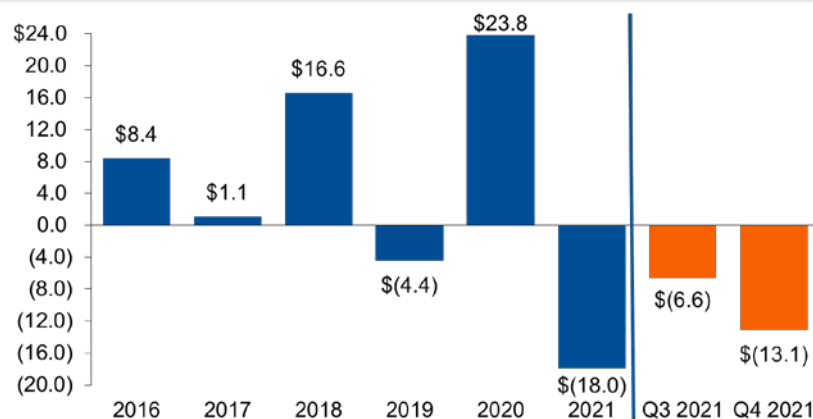
Highlights

- 2021 adjusted EBITDA totaled \$14.1M; excludes \$10M PPP loan forgiveness gain
- 2021 capital spending was \$11M; depreciation & amortization was \$20M
- Currently rebuilding working capital in line with sharp increase in order backlog
- Ample liquidity of \$24M on December 31, 2021

Adjusted EBITDA¹ (\$M)



Cash Flow From Operations (\$M)



Total Debt² (\$M)



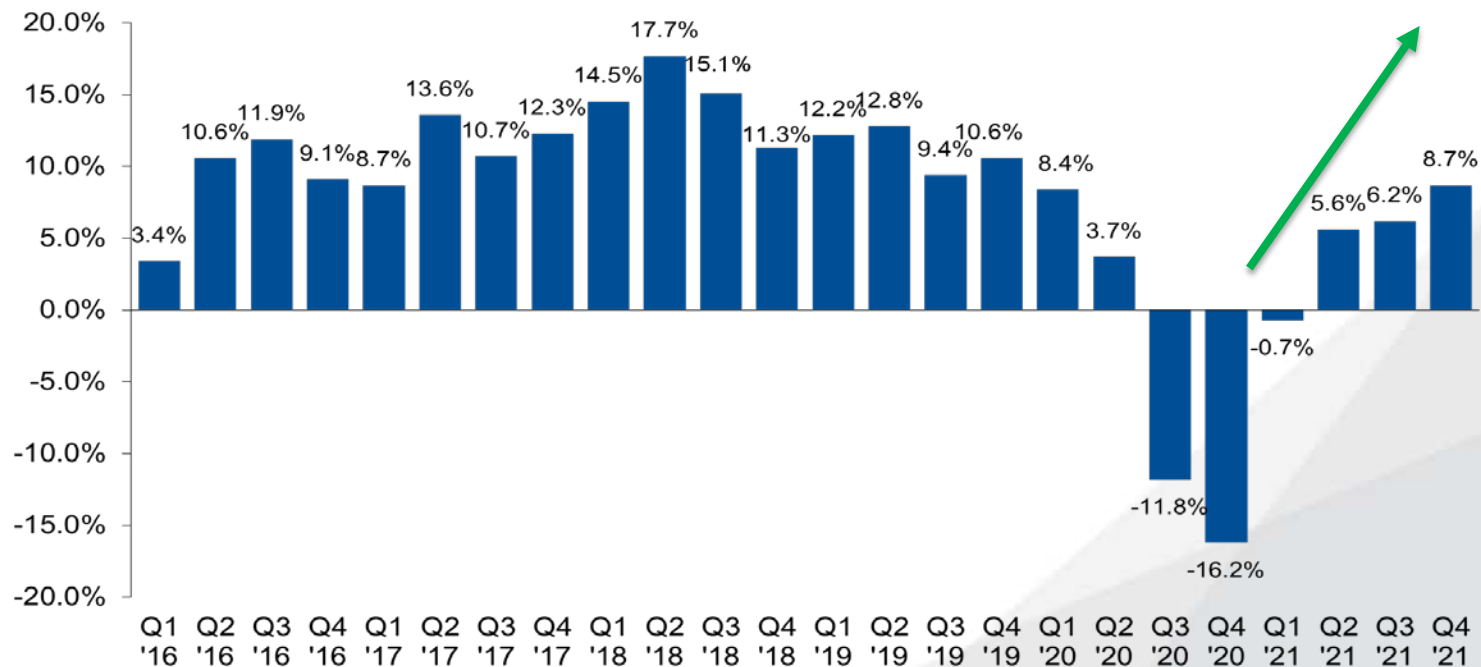
1. See appendix for reconciliation to GAAP Net Income.

2. Represents Long-Term Debt plus Current Portion of Long-Term Debt plus deferred Financing Costs plus \$10.0M PPP Term Loan.

Gross Margins Expanding

- Gross margins expanding each quarter as a result of:
 - Increased shipment volume and positive product mix management
 - Increasing activity levels
 - Cost reductions from process improvement and capital spending
 - Execution of selling price increases
 - Tight overhead cost control driving positive operating leverage

Gross Margin %





Thank You

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