



Midwest Investment Conference 2014

MOVING TO ADVANCED ALLOYS

November 18, 2014

NASDAQ: USAP

univstainless.com

Forward Looking Statement



Except for historical information contained herein, the statements in this presentation 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 concentrated nature of the Company's customer base to date and the Company's dependence on its significant customers; the receipt, pricing and timing of future customer orders; changes in product mix; the limited number of raw material and energy suppliers and significant fluctuations that may occur in raw material and energy prices; risks related to property, plant and equipment, including the Company's reliance on the continuing operation of critical manufacturing equipment; risks associated with labor matters; 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 and matters; risks related to acquisitions that the Company may make; 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 Securities and Exchange Commission (SEC) over the last 12 months, copies of which are available from the SEC or may be obtained upon request from the Company.

Universal Stainless Today



Fully integrated operations – single manufacturing system

Wide range of semi-finished and finished specialty steel products

Moving to technologically-advanced, higher margin alloys with North Jackson acquisition

Relentless focus on operational improvement, customer service

Consistent capital investment to optimize market position and drive profitable growth

Experienced management team, strong balance sheet



Integrated Operations: High Quality Products



Semi-Finished



Ingots



Reroll or Forging Billet



Plate

Bridgeville

Finished



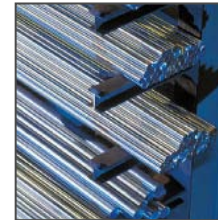
Bloom Bar

Bridgeville



Forged Bar

North Jackson



Bar

Dunkirk



Rod and Wire



Special Shapes

Titusville

Company History: Transformational Acquisitions



1994 – Bridgeville, PA Facility

Established Company – with capability for melting and rolling semi-finished specialty steel products

1995 – Titusville, PA Facility

Expanded production capability for aerospace and power generation applications

2002 – Dunkirk Specialty Steel, Dunkirk, NY Facility

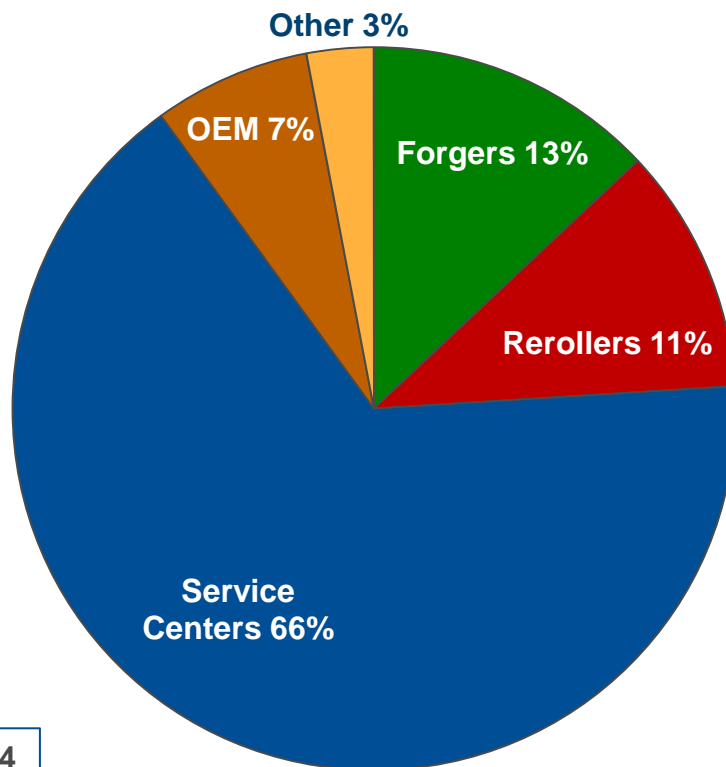
Finishing facility - transformed Company into fully integrated manufacturer of specialty steel products

2011 – North Jackson, Ohio Facility

Construction-stage facility with state-of-art Radial forge, Vacuum Induction Melting (**VIM**) furnace, Vacuum Arc Remelting (**VAR**) furnaces and other heat treating/finishing equipment

Fast-tracks Company move to technologically-advanced alloys for aerospace and oil & gas markets, accelerated profit growth

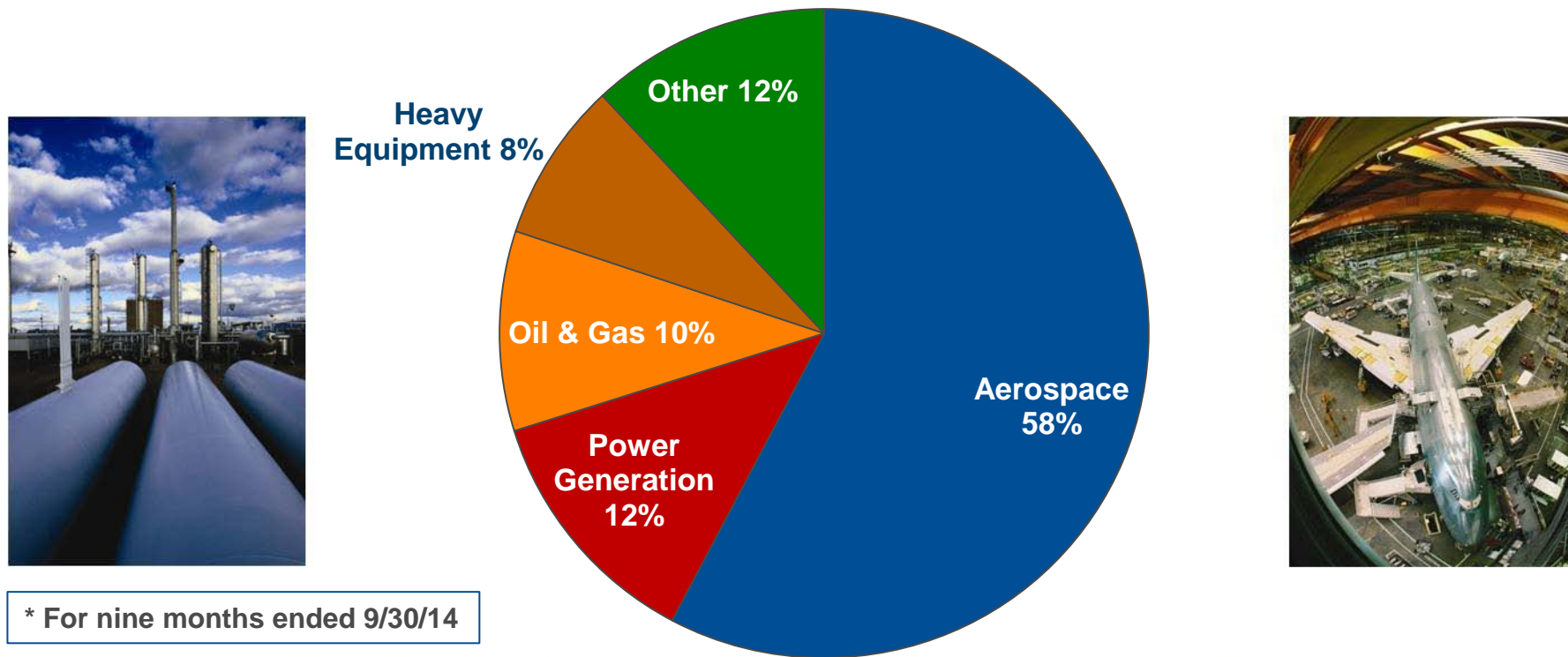
Universal Stainless Today: Sales by Customer Category –YTD 2014*



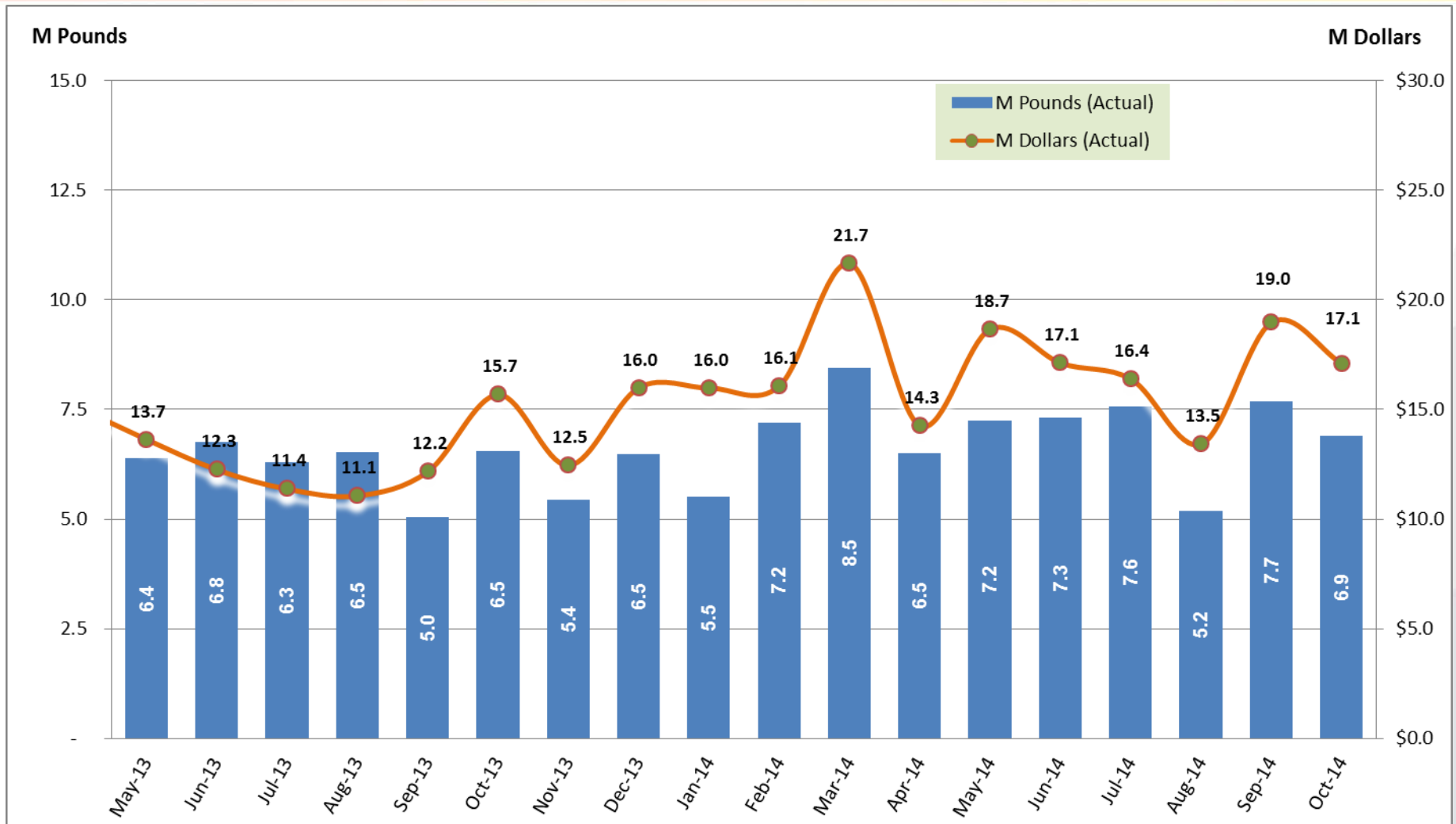
* For nine months ended 9/30/14



Universal Stainless Today: Sales by End Market – YTD 2014*



Booking Trends

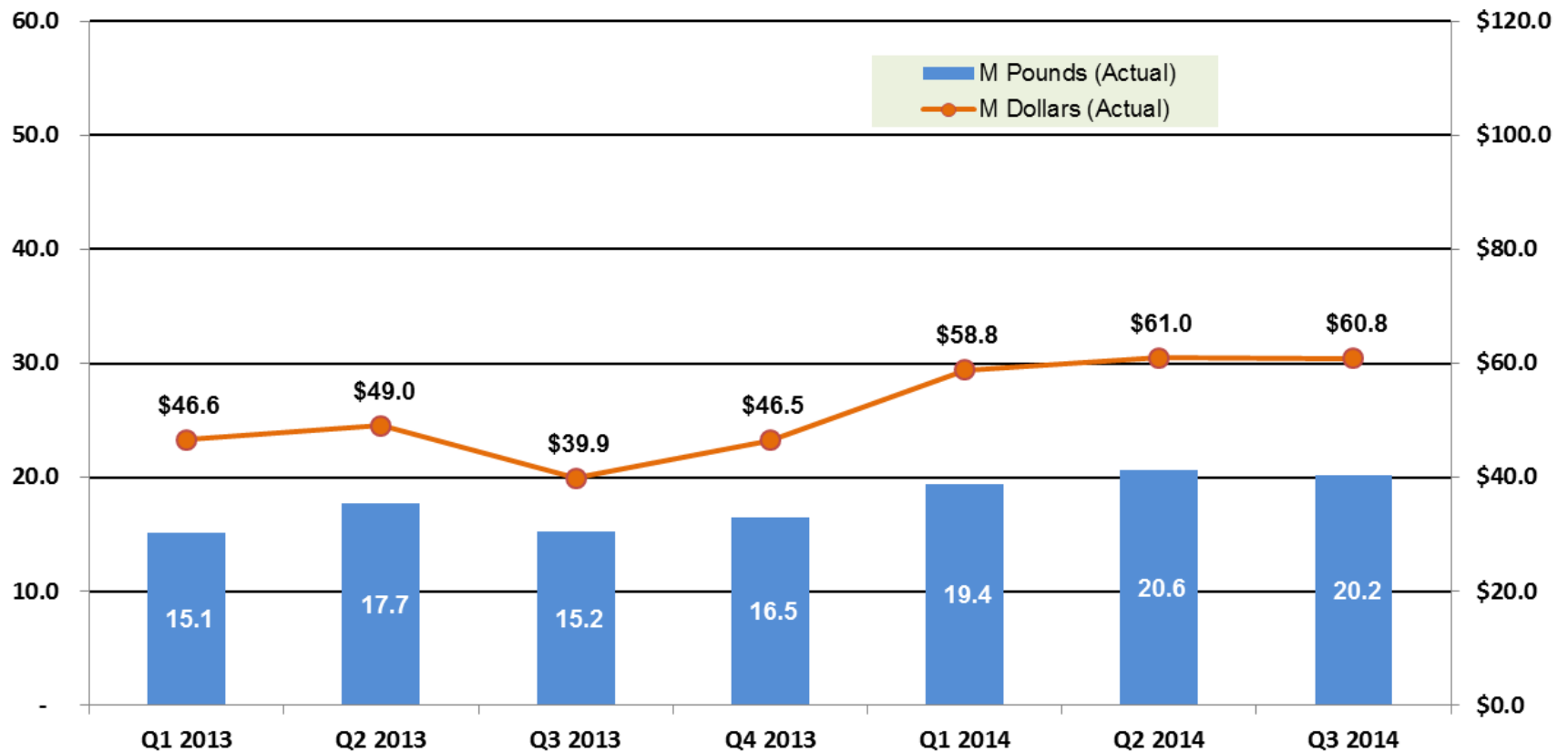


Combined September and October bookings up 29% over prior year

Backlog

M Pounds

M Dollars



Demand Drivers:

- Growth in revenue passenger miles (RPM's)
- Fuel costs
- Environmental concerns
- Aging fleets

Points to Consider:

- World traffic continues to increase=5.3% CAGR
- Load factors now over 80.0%
- Record retirements: 700 - 900 per year; 17K by 2035
- In-service fleet will double in next 20 years (22,928 – 53,393)
- Boeing & Airbus have 7-year backlogs
- 47,800 Total Deliveries (2014 – 2035)

USAP Opportunity:

- Expanded capabilities through the addition of North Jackson facility:
 - More USAP metal per aircraft
 - Higher value USAP alloys per aircraft
- Attaining qualified supplier status from OEM's expands potential customer base



Demand Drivers:

- Rapid growth of middle classes
- Availability & cost of natural gas
- Renewable energy support
- Technological advancements

Points to Consider:

- Anemic new turbine business since 2006 = Huge pent-up demand
- Natural gas exceeded coal as fuel source for the first time
- GE PG Services growing 10-15%

USAP Opportunity:

- Expanding share in quick-turn maintenance market



Demand Drivers:

- Growing global demand for energy
- Exceptional growth in natural gas and renewables
- Implementation of advanced drilling technologies
- Increase in hostile drilling environments
- Declining US reliance on imported liquid fuels
- Fossil fuels still providing 78% of energy in 2035

Points to Consider:

- “While market sentiments are currently being driven by fear of short-term oversupply, ...we see little reason to change our view that...the supply-demand situation...is relatively balanced...” - SLB 3Q14 release

USAP Opportunity:

- North Jackson expands product offering and enables further penetration of the oil & gas market



Demand Drivers:

- Automotive market: new models, model change-overs
- Off-road equipment: mining, agriculture, earth-moving construction

Points to Consider:

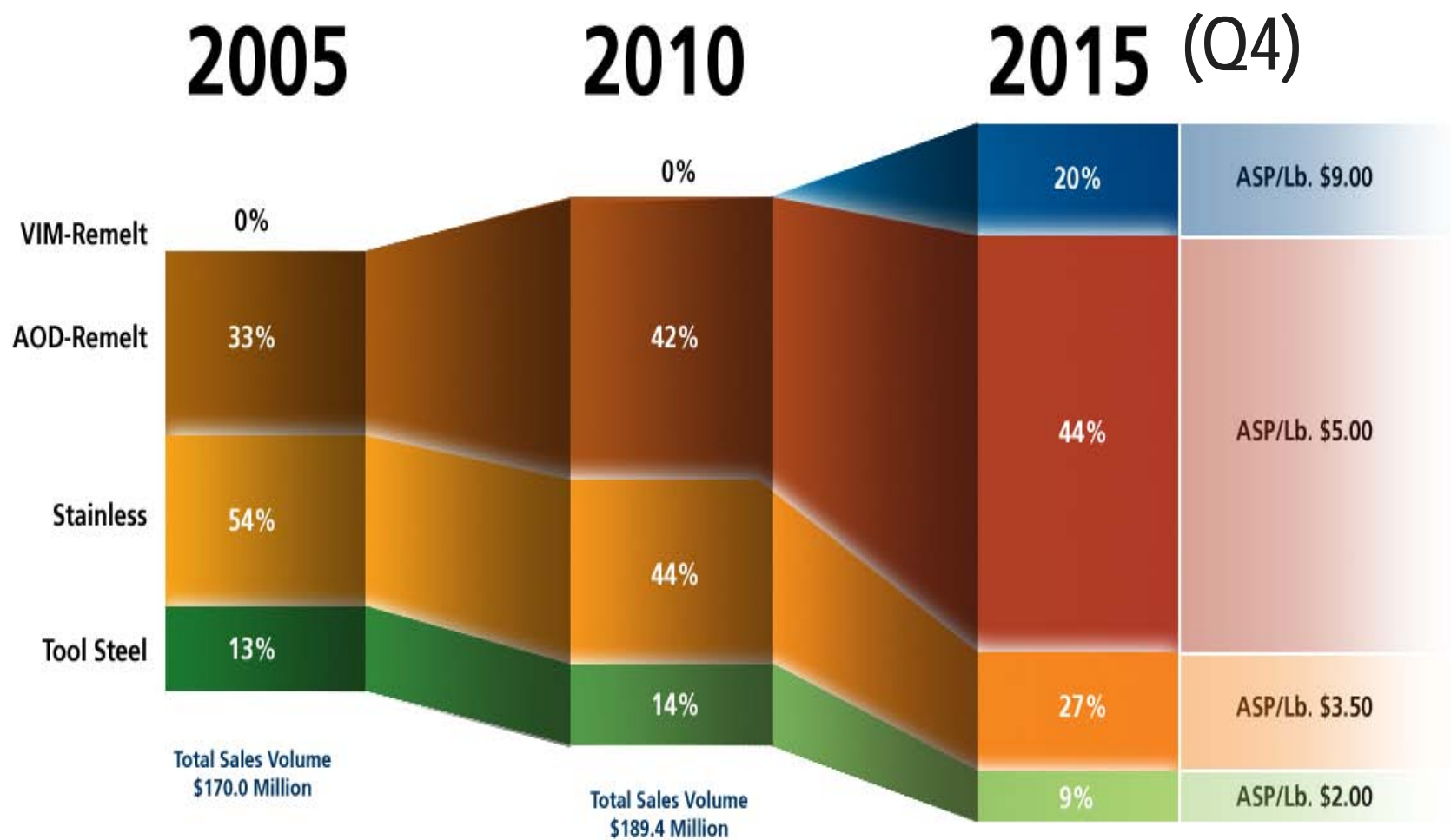
- ~40% of vehicles on road are over 12 years old
- Consumer confidence improving
- Lower gasoline prices a plus for consumers

USAP Opportunity:

- Auto build rate continues to increase
- Global competition and rapidly changing technology advances driving model changeovers and retooling



Universal Stainless Plan for Growth: Transform Product Portfolio



Addition of North Jackson: Fast Track Key Strategic Initiatives

➡ ***Increase USAP Margins***

- Improve cycle times, yields company-wide
- Reduce 3rd party costs with internal forge & finish capability
- Eliminate capacity constraints in re-melting
- Move up value chain with Vacuum Induction Melting (VIM) of technologically advanced premium metals

➡ ***Expand Addressable Markets***

- Selected premium alloy markets in aerospace and oil & gas
- Larger and longer squares, rounds, bars and custom shapes
- International markets

➡ ***Excel in Industry Lead-times and Customer Service***

North Jackson Facility Ramp-up

	Status
Hydraulic Radial Forge	✓
Vacuum-Induction Melting (VIM) Furnace	✓
Four New Vacuum-Arc Remelting (VAR) Furnaces	✓
Heat Treating Equipment	✓
Finishing Equipment	✓
Industry Certifications	✓
Customer Approvals	In Process



Newest developments in VIM Technologie, 2006



Moving to Advanced Alloys – Qualification Milestones / Major Customer Approvals

➤ AS 9100 Forge, VIM, VAR:	NJX	March/June 2012
➤ ISO 17025 Material Testing:	NJX DNK	April 2012 October 2013
➤ NADCAP Material Testing:	NJX BVL DNK	August 2012 December 2012 October 2013
➤ NADCAP Heat Treat:	NJX BVL DNK	February 2013 May 2013 June 2013
➤ OH 18001:2007:	NJX	March 2014
➤ NADCAP NDT	ALL	(Pending 2014)
➤ Rolls-Royce - SABRe:	ALL	April 2013
➤ Pratt & Whitney – LCS:	ALL	March 2014
➤ GE Aviation – S-400/S-1000:	ALL	July 2014

Secure targeted customer approvals for new products

**Advance Universal's single manufacturing system =
Legacy + North Jackson**

**Increase market share through customer service & new products
to existing/new customers**

**Continue to develop the organization for employee & USAP
growth**



Three-Year Status Report:



New Customer Approvals: 33

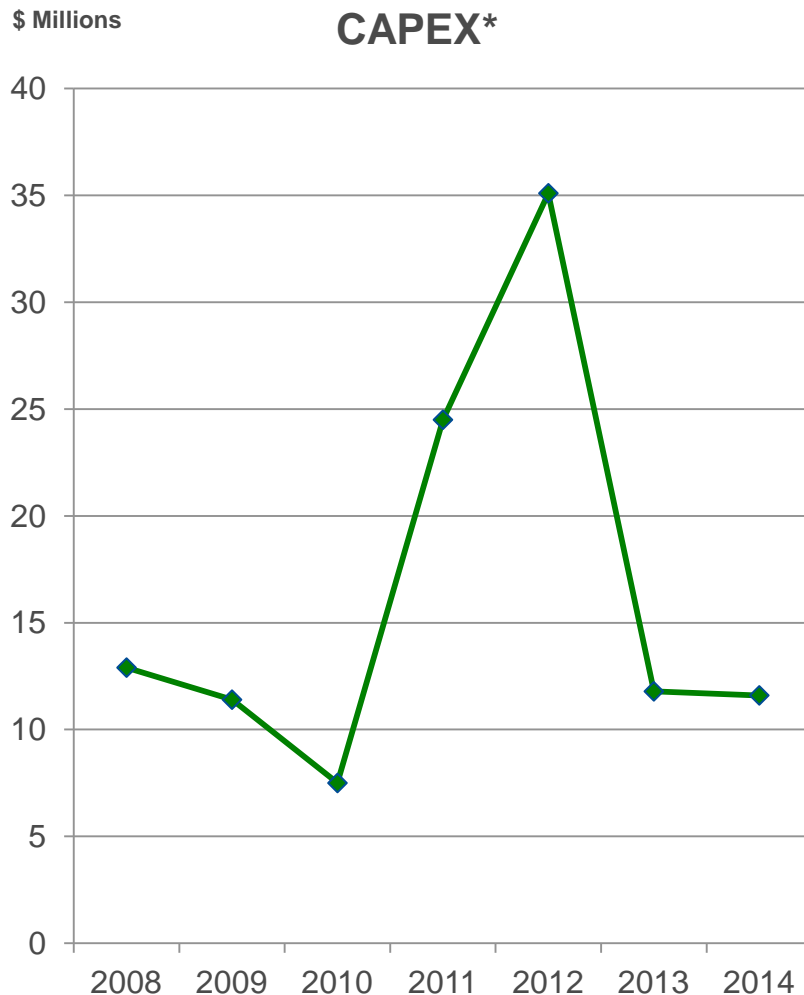
New Products Commercialized: 30

New Products Currently Under Development: 8

Employee Growth: +30% with Focus on Advanced Alloy Technology

Premium Products as Percentage of Sales: 7% YTD

Capital Investment to Optimize Growth



*Excludes \$111.3 million - North Jackson Purchase Price in 2011

2008

- New high-temp annealing facility in Dunkirk
- Added annealing/finishing equipment in Bridgeville
- Relocated round bar finishing equipment to Dunkirk

2009 - 2010

- Upgrade of Bridgeville melt shop

2011

- North Jackson build-out including start-up of Forge, installation of VIM and VAR furnaces
- Completion of Bridgeville melt shop upgrade + remelt and laboratory upgrades

2012

- Completion of North Jackson VIM and VAR furnaces
- Remelt upgrades at Bridgeville and Titusville

2013

- Commenced Bloomer mill automation at Bridgeville
- Further investment in North Jackson equipment to expand capabilities and meet customer & quality standards

2014

- Projected at \$11.6 million

Operating Results – 2013 and 2014

(dollars in thousands)	Fiscal Year		Q3 13	Q3 14	YTD 13	YTD 14
	Dec-13					
lbs Shipped	72,954		19,685	20,431	56,054	58,922
Net Sales	\$	180,768	\$ 48,460	\$ 53,626	\$ 140,482	\$ 152,602
Cost of Goods Sold		166,888	46,022	44,983	128,090	129,489
Gross Margin		13,880	2,438	8,643	12,392	23,113
Gross Margin %		7.7%	5.0%	16.1%	8.8%	15.1%
SG&A Expenses		17,885	4,467	5,520	13,815	15,317
Operating Income		(4,005)	(2,029)	3,123	(1,423)	7,796
Operating Income %		-2.2%	-4.2%	5.8%	-1.1%	5.1%
Other Income		481	418	(4)	481	(1)
Interest Expense		(3,042)	(752)	(949)	(2,278)	(2,854)
Income (Loss) Before Taxes		(6,566)	(2,363)	2,170	(3,220)	4,941
Provison for taxes/(benefit)		(2,504)	(652)	775	(2,027)	2,596
Net Income	\$	(4,062)	\$ (1,711)	\$ 1,395	\$ (1,193)	\$ 2,345
EPS - Diluted	\$	(0.58)	\$ (0.25)	\$ 0.20	\$ (0.17)	\$ 0.33
Other Financial Data						
Total Capex	\$	11,789	\$ 3,354	\$ 2,606	\$ 10,351	\$ 6,077
Total Assets		347,924	350,936	358,885	350,936	358,885
Total Indebtedness		89,796	94,600	91,091	94,600	91,091

Balance Sheet

	Dec 31, 2013	Sept 30, 2014
Cash	\$ 307	\$ 705
Accounts receivable	21,447	33,526
Inventory	82,593	93,871
Other current assets	16,948	9,941
Total current assets	121,295	138,043
Fixed assets	203,590	198,487
Other assets	23,039	22,355
Total assets	\$ 347,924	\$ 358,885
Accounts payable	14,288	20,829
Accrued employment costs	3,430	5,707
Current debt	3,000	3,000
Other current liabilities	1,023	1,048
Total current liabilities	21,741	30,584
Revolver	51,296	54,841
Term Loan & Convertible Note	35,500	33,250
Deferred taxes & other	42,929	38,955
Total liabilities	151,466	157,630
Shareholders' Equity	196,458	201,255
Total liabilities and equity	\$ 347,924	\$ 358,885

Universal Stainless: Advancing Our Position to Serve Clients and Achieve Profitable Growth



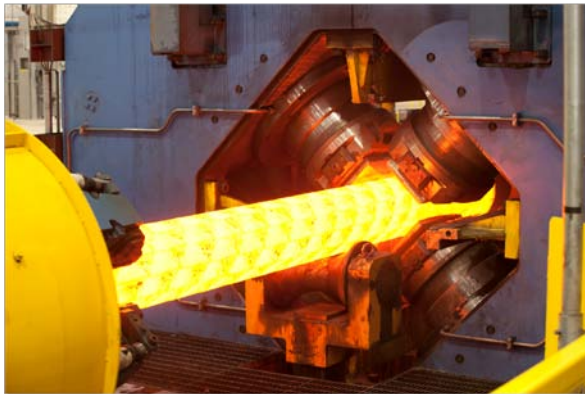
Successful progress in strategy execution has strengthened operations, expanded product offerings

Transformative acquisition of North Jackson expands addressable markets + moving up value chain in products

Growing ability to capture aerospace and oil & gas opportunities and better serve all end markets

Commitment to capital investment supported by solid operating cash flow and balance sheet

Experienced **management team relentlessly focused** on operational improvement, customer service, profitable growth





Questions & Answers

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Thank You

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