UNIVERSAL STAINLESS

Investor Presentation

Growing Advanced Alloys

NASDAQ: USAP

September 2017

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.

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 this data is considered "non-GAAP financial measures" 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 financial measure is provided.

Universal Stainless At a Glance

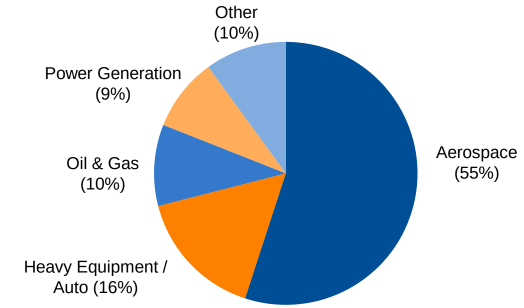
Overview

- Leading manufacturer of specialty steel products creating sustainable value for all stakeholders
- Operations are fully integrated and geographically contiguous ensuring quality and consistency to customer demands
- Products are specifically tailored to address the aerospace, heavy equipment / auto, power generation and oil & gas markets through service centers, OEMs, forgers and rerollers

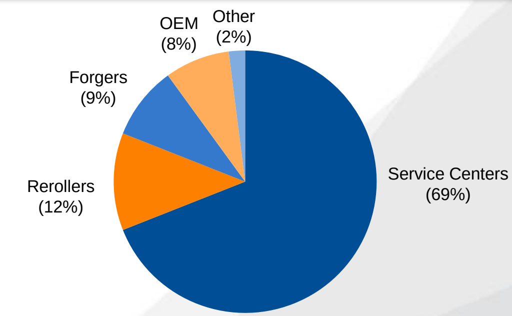
Strategic Objectives

1. Grow our portfolio of technologically advanced, higher-margin alloys
2. Expand targeted customer approvals for new products
3. Increase and broaden penetration in key, growing end markets
4. Optimize Universal's integrated manufacturing system
5. Targeted capital investment
6. Relentless focus on operational improvement

Sales by End Market — 1H 2017



Sales by Customer Type — 1H 2017



Semi-Finished Products


Ingots


Reroll / Forging Billet


Plate

Finished Products


Bloom Bar


Forged Bar


Rolled Bar


Rod and Wire


Special Shapes

Company History — Transformational Acquisitions; Expansion in Premium Alloys Unfolding

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Acquired Bridgeville, PA Facility for $3.7 Million

- **Company was founded** in conjunction with the acquisition of the Bridgeville Facility
- Capabilities included **melting and rolling semi-finished specialty steel products**

Acquired Titusville, PA Facility for $1.8 Million

- **Expanded production capability** for aerospace and power generation applications

Acquired Dunkirk, NY Facility for $4.1 Million

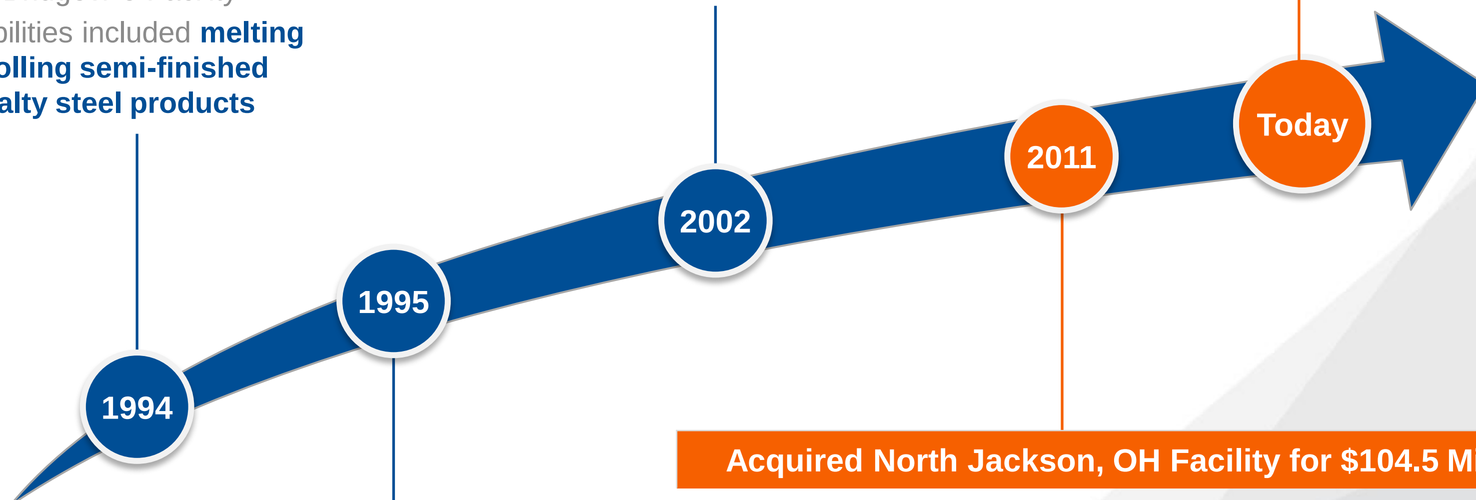
- Purchase of a finishing facility transformed the Company into a **fully integrated manufacturer of specialty steel products**

Acquired North Jackson, OH Facility for $104.5 Million

- Construction-stage facility with **state-of-the-art** radial forge, Vacuum Induction Melting (VIM) furnace, Vacuum Arc Remelting (VAR) furnaces and other heat treating / finishing equipment — now **fully operational**
- Fast-tracks the Company's move toward **technologically advanced alloys** for aerospace, power generation and oil & gas markets; accelerates profit growth

Poised for Growth

- USAP continues to **grow premium alloy sales** and is **focused on margin expansion** through process integration and improving product mix
- Significant additional **available capacity** to deliver growth



Acquisition of North Jackson — Fast Track Key Strategic Initiatives

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1 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 product and tolling reach with advanced radial hydraulic forging technology

2 Expand Addressable Markets

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

3 Excel in Industry Lead-times and Customer Service

5+Years Status Report

New Customer Approvals Received in 2016 & 1H 2017:

34

New Customer Approvals Received Prior to 2016:

44

New Products Developed or Under Development in 2017:

20

Premium Products as Percentage of 1H 2017 Sales:

12.4%




Moving Toward Higher-Value Alloys

Acquisition of North Jackson in 2011

- State-of-the-art hydraulic radial forge; VIM furnace
- Added key capabilities in aerospace, power generation and oil & gas applications
  - Successful market entry into aerospace parts, landing gear, helicopter rotor masts and gears, and drill shafts for oil & gas applications

Continue to Penetrate Key End Markets

- Opportunity for continued growth in aerospace due to a more comprehensive product offering
- Oil & gas presents an upside opportunity given a potential market recovery
- Growth in high end industrial applications and infrastructure

Premium Alloys to Drive Margin Accretion

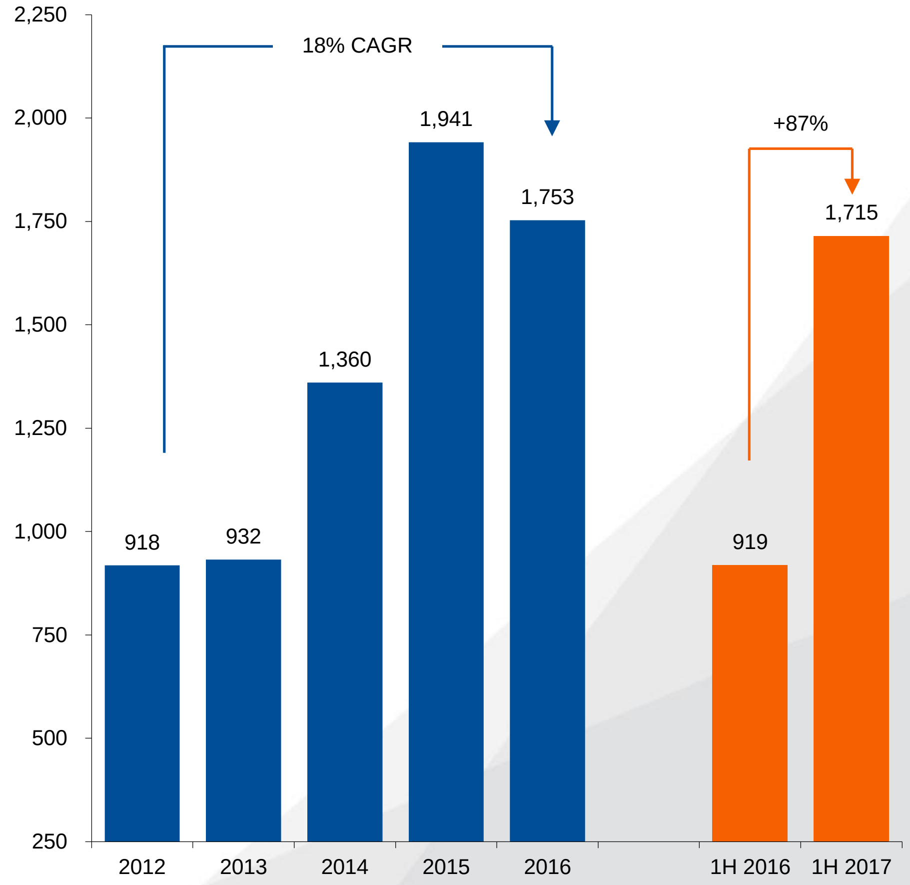
- Continued growth in higher-value premium alloy sales will be accretive to gross margin

Positive 2017 Outlook for Premium Alloys

- Premium alloys delivered accelerated growth in 1H 2017 with sales a record $12.6 million, a growth rate of 60.7% compared with 1H 2016
- Premium alloy backlog at June 2017 increased 165% compared with June 2016

Premium Alloy[1] Sales Have Grown Since 2012

(premium alloy lbs delivered)



1. Premium alloys represent all Vacuum Induction Melted (VIM) products.

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*

Bridgeville / North Jackson / Titusville

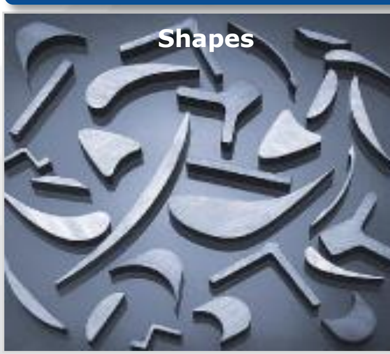
Hot Working

Bridgeville / North Jackson / Dunkirk

Finishing

Dunkirk / North Jackson

Specialty Shapes



Titusville

***AOD: Argon Oxygen Decarburization VIM: Vacuum Induction Melting VAR: Vacuum-Arc Remelting ESR: Electro-Slag Remelting**

Business Model Provides Unique Leverage to Market Improvements

Unique Leverage to Market Recoveries

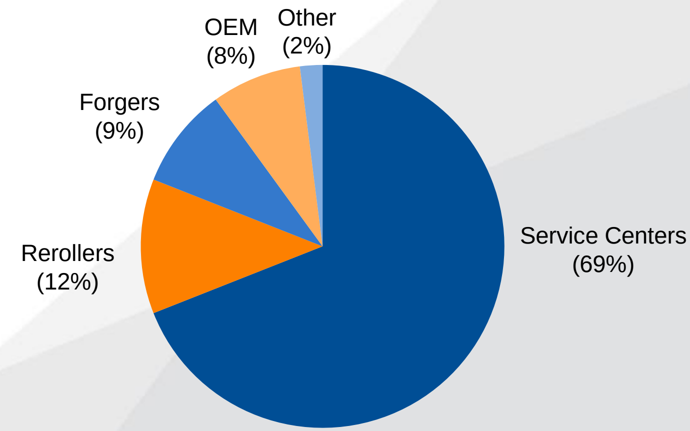
- A majority of sales are made to service centers, forgers and rerollers
- Higher concentration of sales with service centers translates into greater sensitivity to periods of market recovery

Delivering Growth in 2017

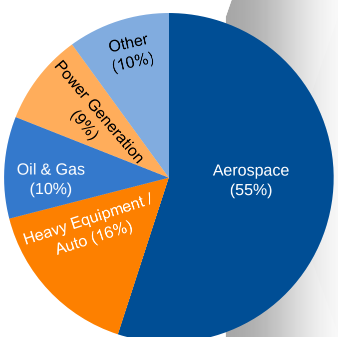
- Aerospace destocking in Q4 2016 now passed; oil & gas inventory depleted over the last two years
- 1H 2017 sales of $101.5 million up 25.9% compared with 1H 2016
- June 2017 backlog was $63.5 million, up 11.2% from March 2017, and up 64.8% from June 2016

Representative Customers — Direct and Indirect

Sales by Customer Type — 1H 2017



End Markets — Overview



Aerospace

- Airbus / Boeing record backlog equal to ~8 years of production
- Passenger traffic growth rate at record levels, driving aftermarket demand
- Customer inventories appear in balance
- Expanding OEM participation

Heavy Equipment / Auto

- Light vehicle production levels are expected to remain strong
- Off-road equipment sector showing strength
- Tool steel requirements expected to continue shift to domestic supply

Power Generation

- Natural gas continues to supplant coal as a source of electricity generation
- New industrial gas turbines are expected to account for significant capacity additions through 2040

Oil & Gas

- Oil prices have shown some improvement (+/- $50 per barrel), with US rig counts more than double PY
- Uptick in oil & gas demand represents an upside opportunity, although not expecting return to 2014 activity levels

End Markets — Aerospace

The USAP Opportunity

- Aircraft production growth rates, combined with new customer approvals, are driving increased demand for premium alloys from USAP
- USAP's alloys are used across a variety of aircraft applications, from the airframe to the engines

Aerospace Market Remains Robust

- Airbus and Boeing delivery schedules expected to continue recent growth — combined backlog is equal to ~8 years of production
- Passenger traffic remains strong, growing above expectations in 2017, which is driving strong aftermarket demand for specialty metals
- Defense spending supports specialty metal demand

Illustrative Product Applications in Aero

1

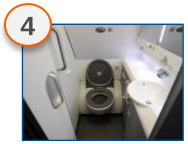

Landing Gear

2


Hydraulic Systems

3


Hinges & Actuators

4


Lavatory Flush Systems

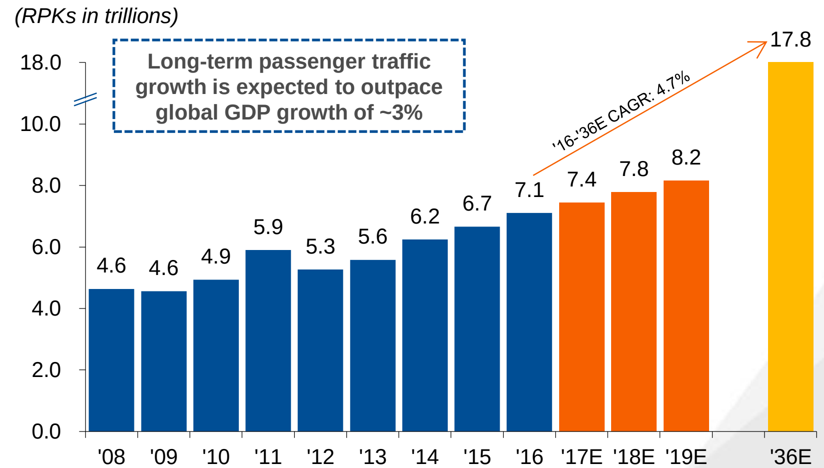
5


Rings & Casings; Bearings

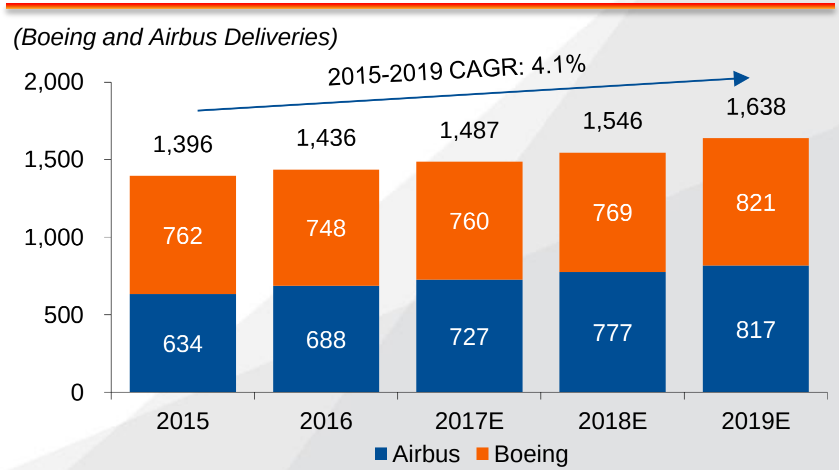
6


Forged Titanium Components

Passenger Traffic Growth Remains Strong (RPK)[1]



Robust Aircraft Delivery Schedule



Source: Wall Street research, IATA, Boeing Current Market Outlook 2017-2036.

1. Revenue per Kilometers figures are estimates based on historical figures and forecasted RPK growth rates.

End Markets — Heavy Equipment / Auto

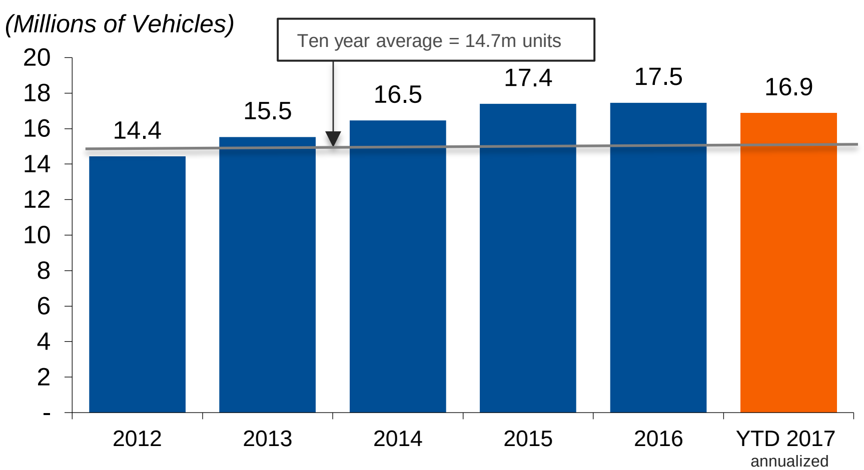
The USAP Opportunity

- While opportunity for tool steel is primarily driven by the auto sector, off-road / large vehicles also require significant tooling
- Demand for tool steel is heavily correlated with cadence of new model introductions — new models require OEMs to re-tool factories
- Higher unit production levels also drive demand, as re-tooling is required for existing models

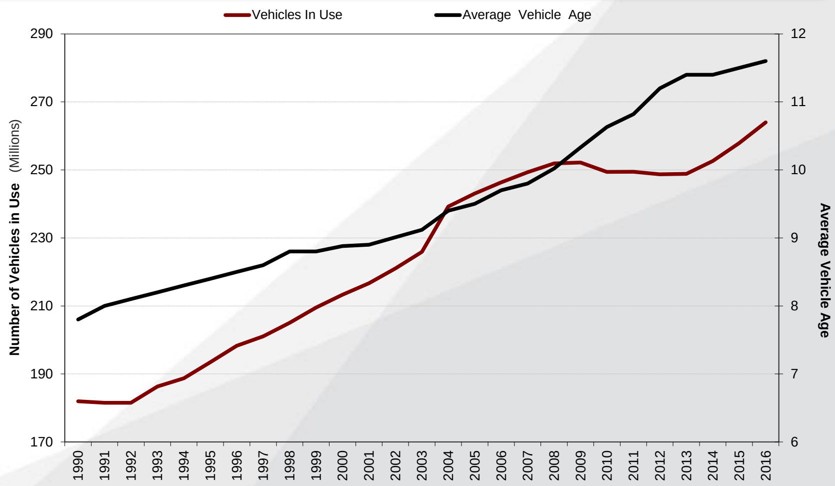
Positive Demand Dynamics for Tool Steel

- New model introductions are expected to accelerate in the next few years, bolstering tool steel demand
- Strong levels of North American light vehicle production YTD 2017 at 16.9 million units annualized rate; +15% vs. 10 year average
- Average age of light vehicles continues to increase. However, this is expected to plateau given anticipated ramp in future light vehicle sales
- Significant recovery in off-road equipment sales in 2017 (i.e. Caterpillar)
- Share capture from imported tool steel product

Robust U.S. Light Vehicle Sales



US Light Vehicle Population and Ave Vehicle Age



Source: U.S. Bureau of Economic Analysis, Light Weight Vehicle Sales retrieved from Federal Reserve Bank of St. Louis as of June 2017.

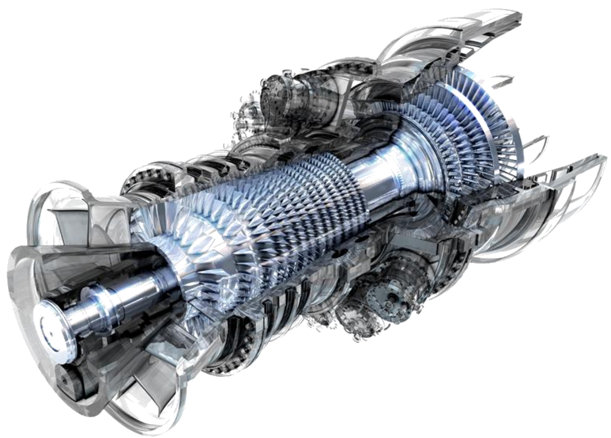
End Markets — Power Generation

The USAP Opportunity

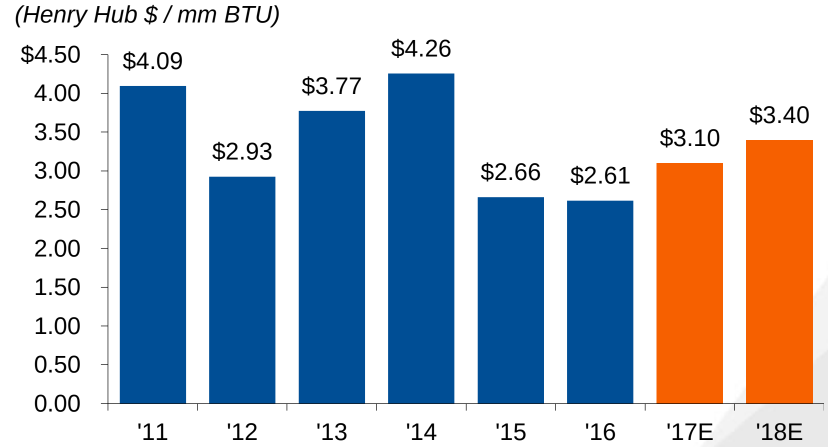
- Continued emphasis on increased efficiency and reduced emissions necessitate higher operating temperatures and therefore more advanced alloys
- USAP's specialty and premium alloys are used in critical gas-powered turbine components

Shift Toward Natural Gas Power Generation

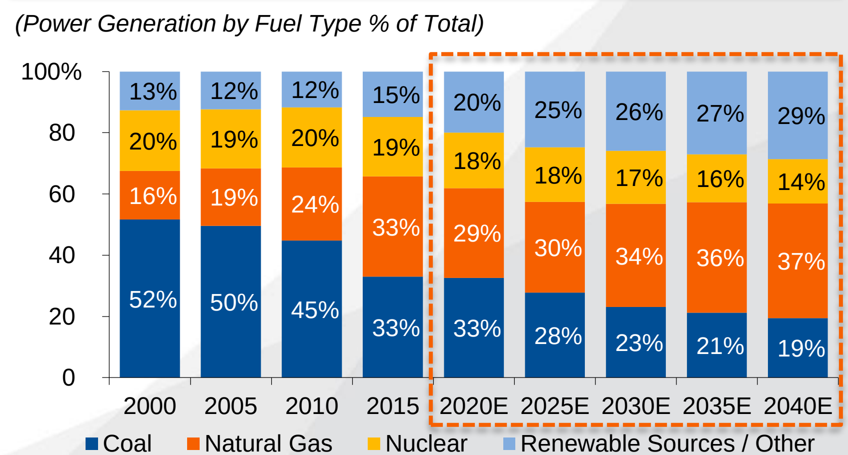
- Natural gas continues to supplant coal as a leading fuel for electricity generation, led by demand from the industrial and electric power sectors
- By 2040, natural gas is expected to account for nearly 40% of U.S. power generation
- Current demand is driven primarily by maintenance business — upside potential from new turbine market



Natural Gas Prices Support Shift to Gas Turbines



Paradigm Shift from Coal to Natural Gas



Source: U.S. Energy Information Administration Annual Energy Outlook – Reference Case (2017) as of July 2017.

End Markets — Oil & Gas

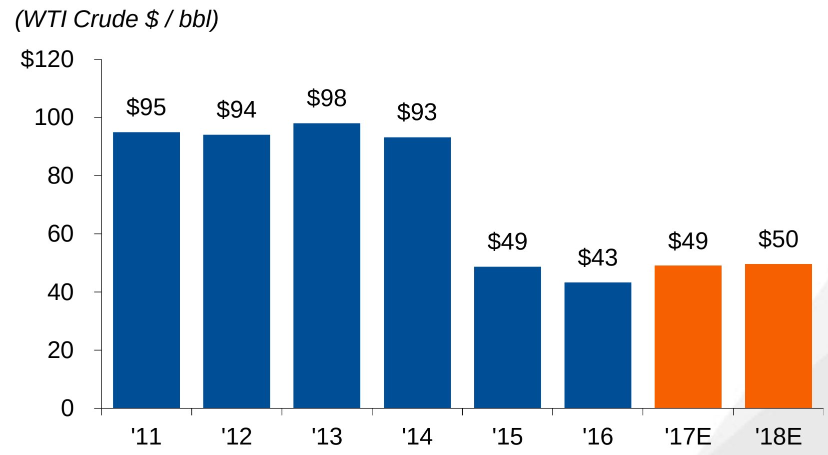
The USAP Opportunity

- Oil & gas sales have accounted for a modest ~10% of revenue since 2013 — business has limited weighting in the energy sector
- Expanded North Jackson high-value product offering; positioned to seize opportunities in oil & gas market

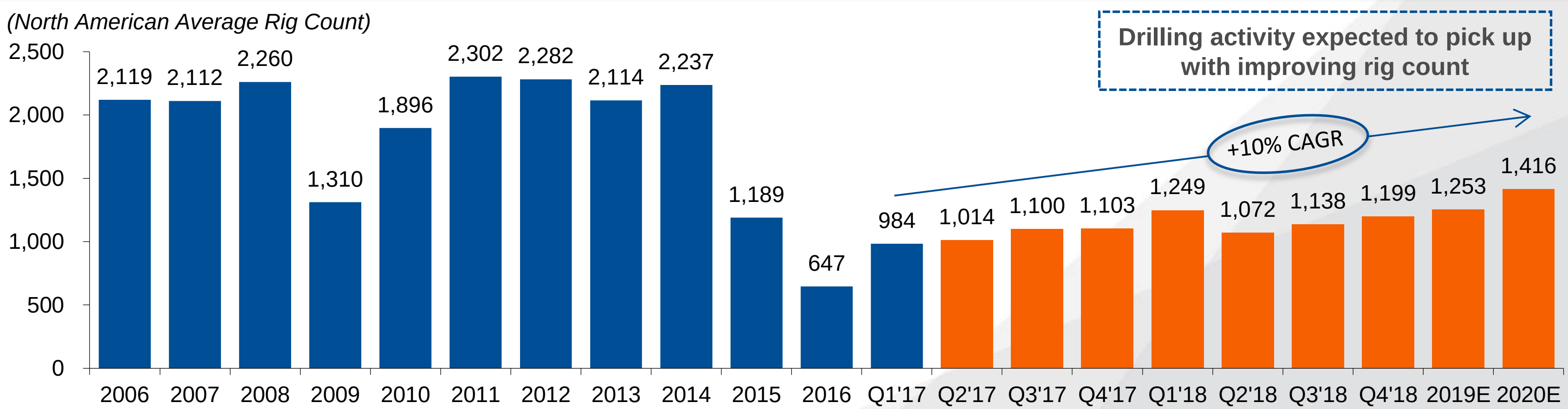
Oil & Gas Showing Signs of Recovery, but Remains Below 2014 Highs

- Oil prices have begun to stabilize around $45-$55/bbl and have nearly doubled since bottoming in 2016
- Firmer commodity prices expected to drive higher rig count and drilling activity; rig count 2X vs. PY

Oil Prices Appear to be Stabilizing



Rig Count Expected to Gradually Recover



Source: Baker Hughes, Cowen and U.S. EIA as of July 2017.

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 + moves up value chain in products

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

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

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

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Financial Performance Review

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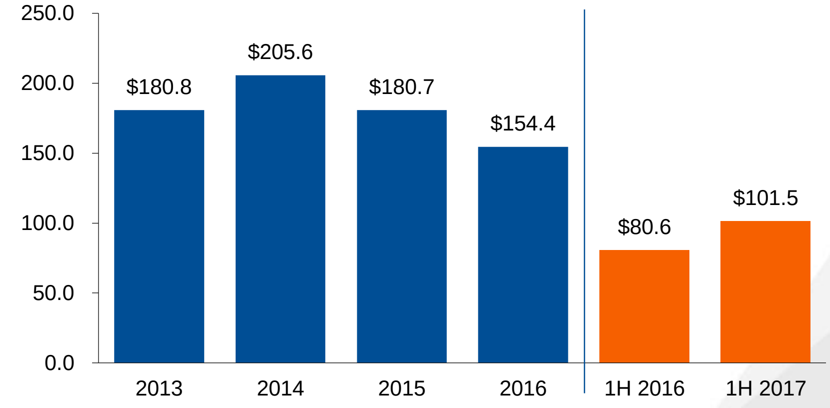
Historical Financial Performance

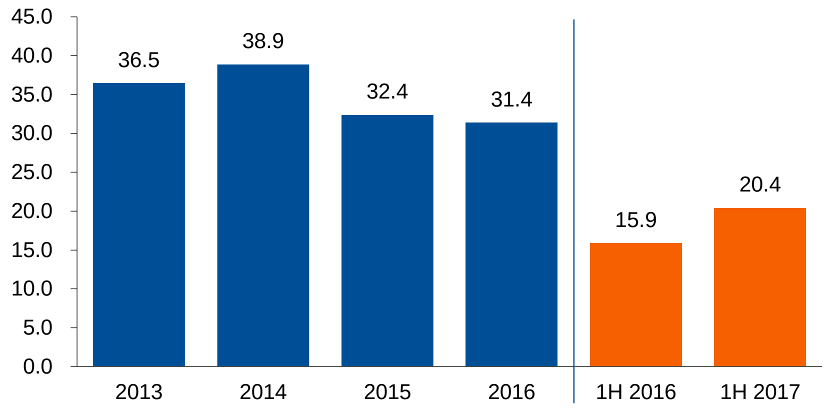
Notes

- Net sales increase of 25.9% in 1H 2017 driven by improvements in all end markets compared with PY
- Accelerated sales growth in 1H 2017 premium alloys, which grew 60.7% compared with 1H 2016, contributed to overall sales growth
- Decrease in average sales dollar per shipped ton in 1H 2017 was primarily a result of strong sales in the heavy equipment / auto end market, partially offset by increased sales of higher value premium alloys

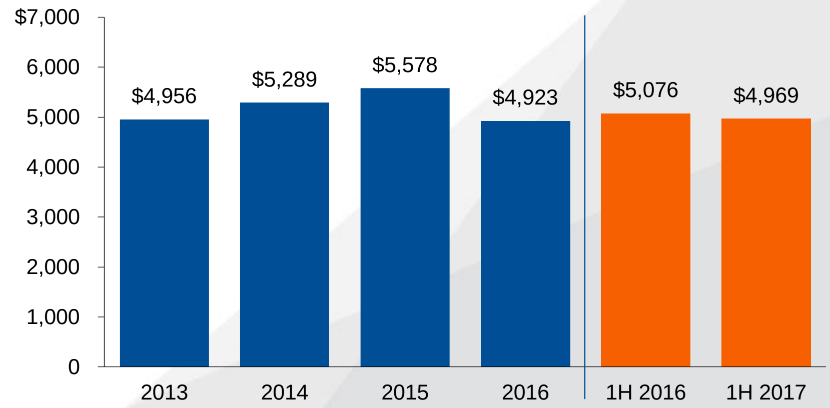
Net Sales ($mm)



Shipments (k tons)



Average Net Sales ($ per ton)

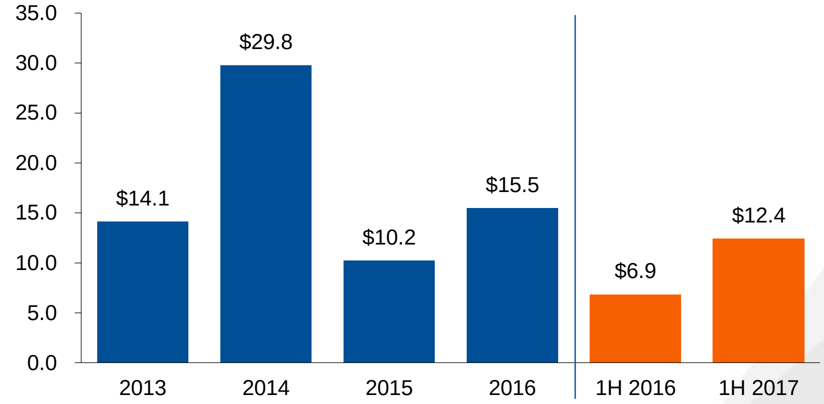


Historical Financial Performance (Cont.)

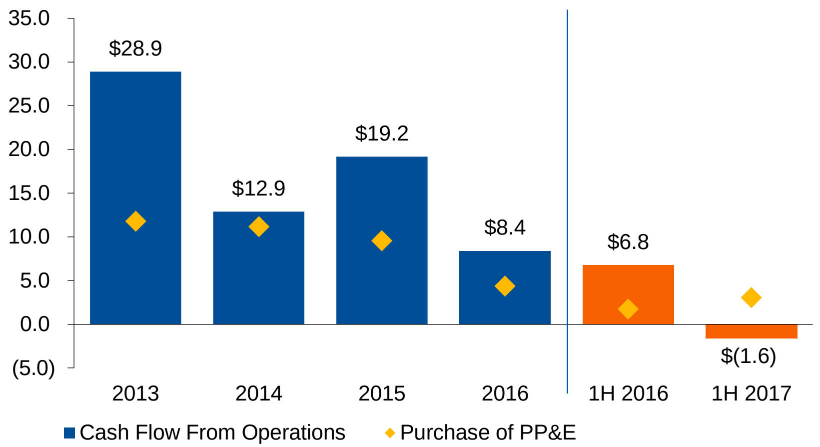
Notes

- Increase in EBITDA in 1H 2017 driven by top-line growth, operational productivity enhancements, improved operating leverage as well as more favorable product mix
- Capex in 2016 & 2017 is focused on maintenance projects and high-return manufacturing enhancements; 2017 capex is expected to be $7 to $9 million
- Cash flow from operations was impacted in 1H 2017 by an increase in working capital to support topline growth
- Total debt has decreased 26% since year-end 2012 due to intense focus on generating cash flow and reducing debt
- 2016 bank refinancing put in place a new 5-year ABL and extended the maturity of the convertible notes until 2021

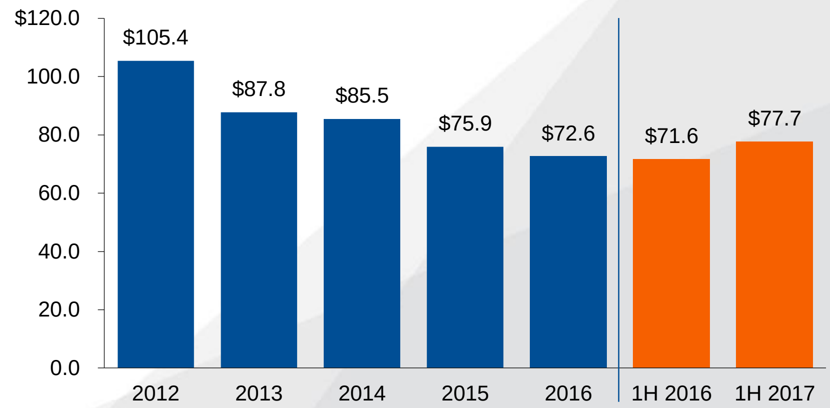
Adjusted EBITDA[1] ($mm)



Cash Flow From Operations and Capex ($mm)



Total Debt ($mm)[2]

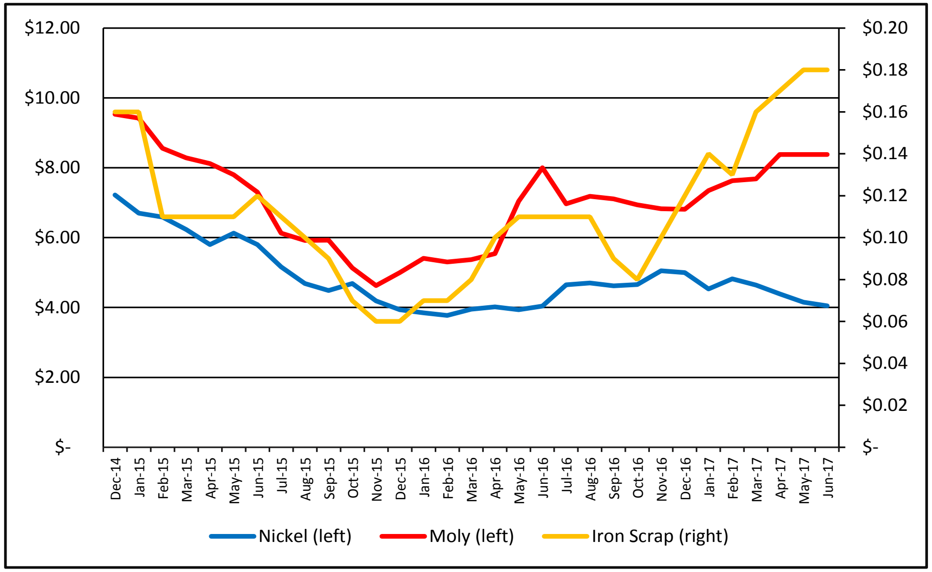


1. See page 22 for reconciliation to GAAP Net Income.
2. Represents Long-Term Debt plus Current Portion of Long-Term Debt less Deferred Financing Costs.

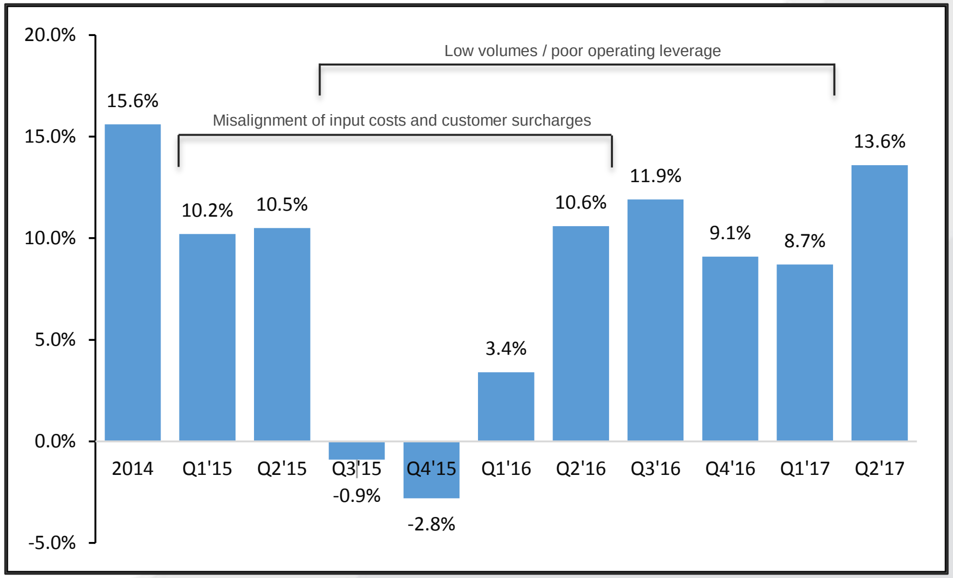
Commodities & Gross Margin %

- Gross margin increase in recent quarters was primarily attributable to operational productivity enhancements, improved operating leverage combined with significant improvement in the alignment of customer surcharges and commodity input costs
- Recent stability in core commodities resulted in alignment of input costs and customer surcharges
- Gross margin in the second quarter of 2017 benefited from the realization of manufacturing productivity savings, improved operating leverage, as well as a more favorable product mix

Commodity Price Per Pound



Gross Margin %



Recent Refinancing Provides Flexibility

Capitalization					
($s in thousands)	**12/31/2015**	**12/31/2016**	**6/30/2017**	**Current Rate[1]**	**Maturity**
Cash	$112	$75	$97		
Term Loan[2]	$12,500	$26,273	$23,685	LIBOR + 325	Jan 2021
Revolving Credit Facility[2]	44,350	26,546	33,896	LIBOR + 275	Jan 2021
Swing Loan Credit Facility[2]	287	-	-	LIBOR + 275	Jan 2021
Convertible Notes[3]	20,000	19,000	19,000	5.0%	Mar 2021
Capital Leases[4]	-	1,763	1,984	NM	Feb / Mar 2021
Total Debt	**$77,137**	**$73,582**	**$78,565**		
Less: Current Portion	(3,000)	(4,579)	(4,675)		
Less: Deferred Financing Costs	(1,253)	(1,005)	(877)		
Long-Term Debt	**$72,884**	**$67,998**	**$73,013**		
Stockholder's Equity	184,977	181,220	183,086		
Total Capitalization	**$262,114**	**$254,802**	**$261,651**		
Debt to Capitalization	29.4%	28.9%	30.0%		

1. As of July 2017.
2. On January 21, 2016, the Company entered into a new credit agreement that provides for a senior secured revolving credit facility of up to $65.0 million, a senior secured term loan facility in the amount of $30.0 million, a letter of credit sub-facility of up to $10.0 million and a swing loan sub-facility of up to $6.5 million.
3. On January 22, 2016 the Company announced the amendment of the terms of the convertible notes, which allows for the extension of the final maturity date of the notes until as late as March 2021, at the Company's discretion.
4. In 2016 & Q1 of 2017, the Company entered into capital leases for equipment with a terms from three to five years.

Universal Stainless — A Leader in Specialty Metals

- Leading Manufacturer of Specialty Steel Products
- Fully Integrated, Geographically Contiguous Operations Improve Supply Chain Efficiency
- Transitioning to Higher-Value Premium Alloy Sales
- Well-Positioned to Further Penetrate Attractive End Markets
- Unique Leverage to Improving Market Environment
- Significant Financial Flexibility Provided by Recent Refinancing
- Experienced Management Team Relentlessly Focused on Operational Improvement, Customer Service and Safety

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Appendix

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Adjusted EBITDA Reconciliation to GAAP Net Income

($ in thousands)	2009	2010	2011	2012	2013	2014	2015	2016	1H 2016	1H 2017
Net (loss) income	$ (2,958)	$ 13,242	$ 18,122	$ 14,617	$ (4,062)	$ 4,050	$ (20,672)	$ (5,347)	$ (3,242)	$ 9
Interest Expense	65	435	1,265	2,284	2,598	3,035	2,324	3,659	1,870	1,959
Provision (benefit) for income taxes	(1,093)	6,821	10,356	6,334	(2,504)	3,149	(12,144)	(3,526)	(2,357)	107
Depreciation and amortization	4,859	5,486	8,851	14,368	16,280	17,476	18,608	18,533	9,147	9,365
EBITDA	**$ 873**	**$ 25,984**	**$ 38,594**	**$ 37,603**	**$ 12,312**	**$ 27,710**	**$ (11,884)**	**$ 13,319**	**$ 5,418**	**$ 11,440**
Adjustments to EBITDA										
Share-based compensation expense	1,058	1,819	1,580	1,649	1,827	2,082	1,865	1,405	684	971
Write-off of deferred financing costs	-	-	-	-	-	-	-	768	768	-
Goodwill impairment	-	-	-	-	-	-	20,268	-	-	-
Adjusted EBITDA	**$ 1,931**	**$ 27,803**	**$ 40,174**	**$ 39,252**	**$ 14,139**	**$ 29,792**	**$ 10,249**	**$ 15,492**	**$ 6,870**	**$ 12,411**

Adjusted EBITDA is not a recognized term under GAAP and does not purport to be an alternative to our net (loss) income determined in accordance with GAAP. We believe that Adjusted EBITDA provides information that is useful to investors because it allows for a more direct comparison of our performance for the period reported with our performance in prior periods. Because all companies do not use identical calculations, the presentation of our Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

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Questions & Answers

Thank You!

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