



Investor Presentation

August 2013

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.



- Fully integrated operating model
- Wide range of semi-finished and finished specialty steel products manufactured to exacting customer specifications
- Rigorous strategy execution focused on unparalleled customer service and operational efficiency
- Consistent capital investment to optimize market positioning and drive profitable growth
- Acquired North Jackson facility to:
 - Broaden production capabilities
 - Expand product range/market niche penetration
 - Cut lead times, reduces costs
 - Accelerate execution of growth strategy
- Strong balance sheet

Integrated Operations: High Quality Products



Semi-Finished



Ingots



Reroll or Forging Billet



Plate

Bridgeville

Finished



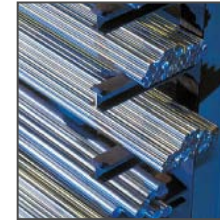
Bloom Bar

Bridgeville



Forged Bar

North Jackson



Bar

Dunkirk



Rod and Wire



Special Shapes

Titusville

1994 – Acquired facility in Bridgeville, PA

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

1995 – Acquired Titusville, PA operation

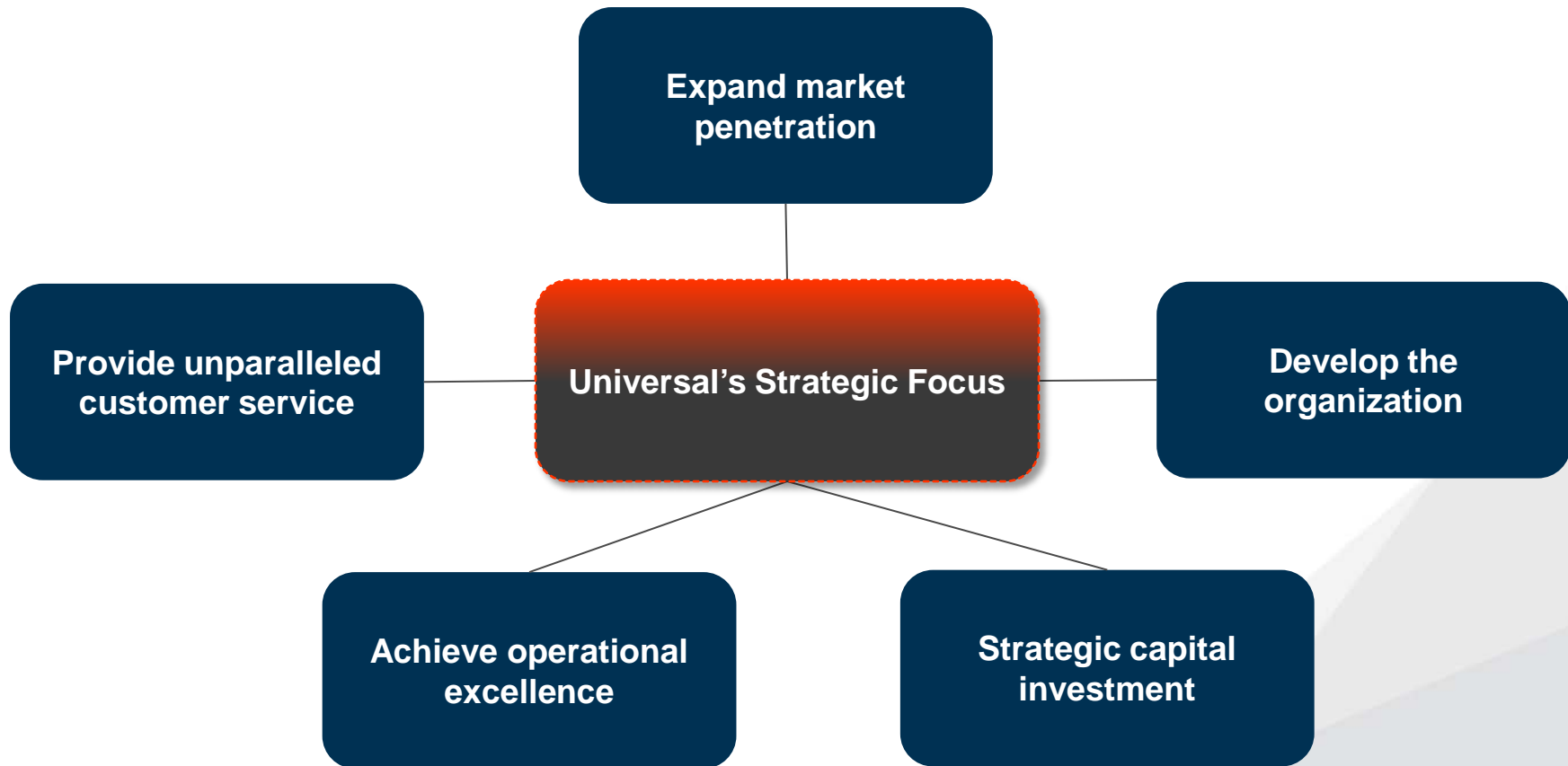
- Expanded production capability for aerospace and power generation applications

2002 – Acquired finished steel facility in Dunkirk, NY

- Transformed company into fully integrated manufacturer of specialty steel products

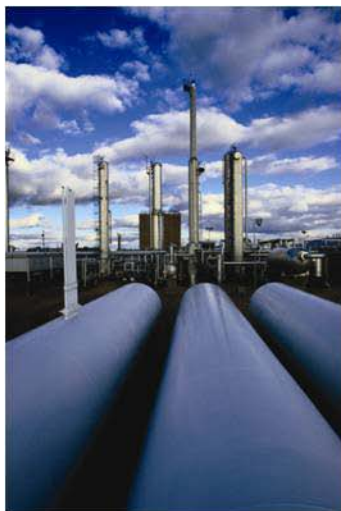
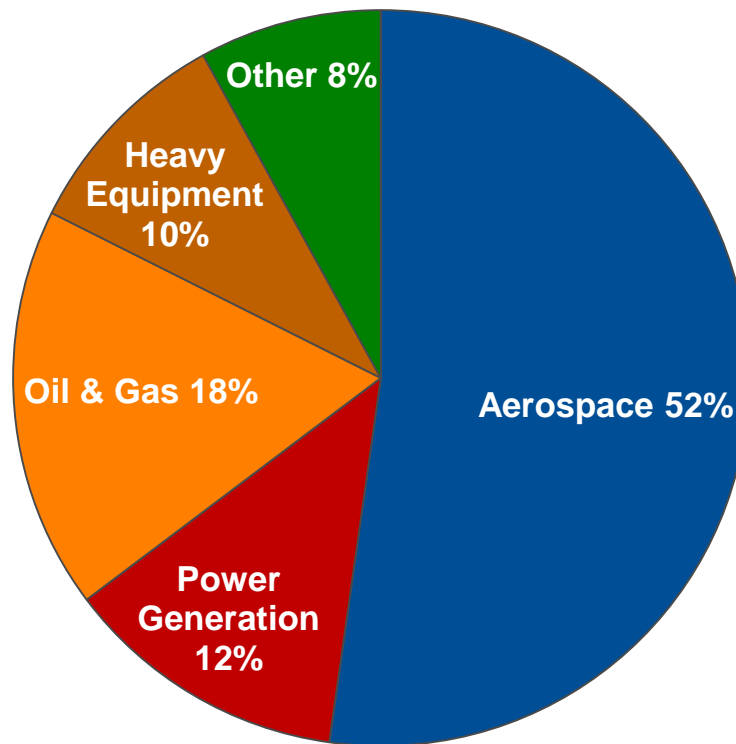
2011 – Acquired construction stage Forge, VIM and Remelt facility in North Jackson, Ohio

- Purchase price = \$116 million + costs-to-complete equipment installation
- Included State-of-Art Radial Forge, Vacuum Induction Melting (VIM) Furnace, two Vacuum Arc Remelting (VAR) Furnaces and other heat treating/finishing equipment
- Capex to date = \$43 million
- Strategic step to strengthen industry position and better enable company to respond to customer needs and seize higher margin market opportunities



Universal's objective is to accelerate profitable growth and margin expansion

Sales by End Market – TTM*



* At 6/30/13

Demand Drivers:

- Substantial multi-year backlogs of aircraft manufacturers
- Increasing aircraft build rates

USAP Opportunity:

- New 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

USAP Opportunity:

- Expanding share in maintenance market
- New turbine market growth anticipated in 2014-2015



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

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

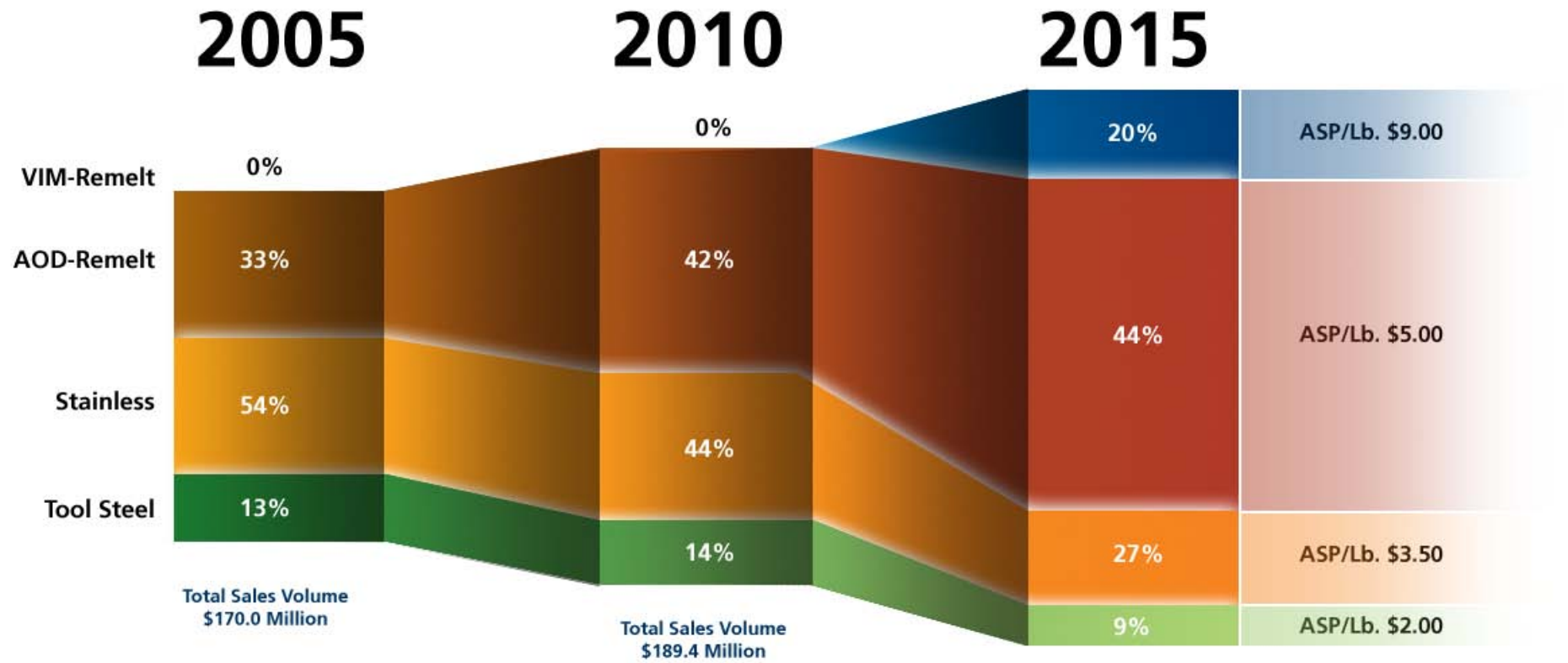
USAP Opportunity:

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

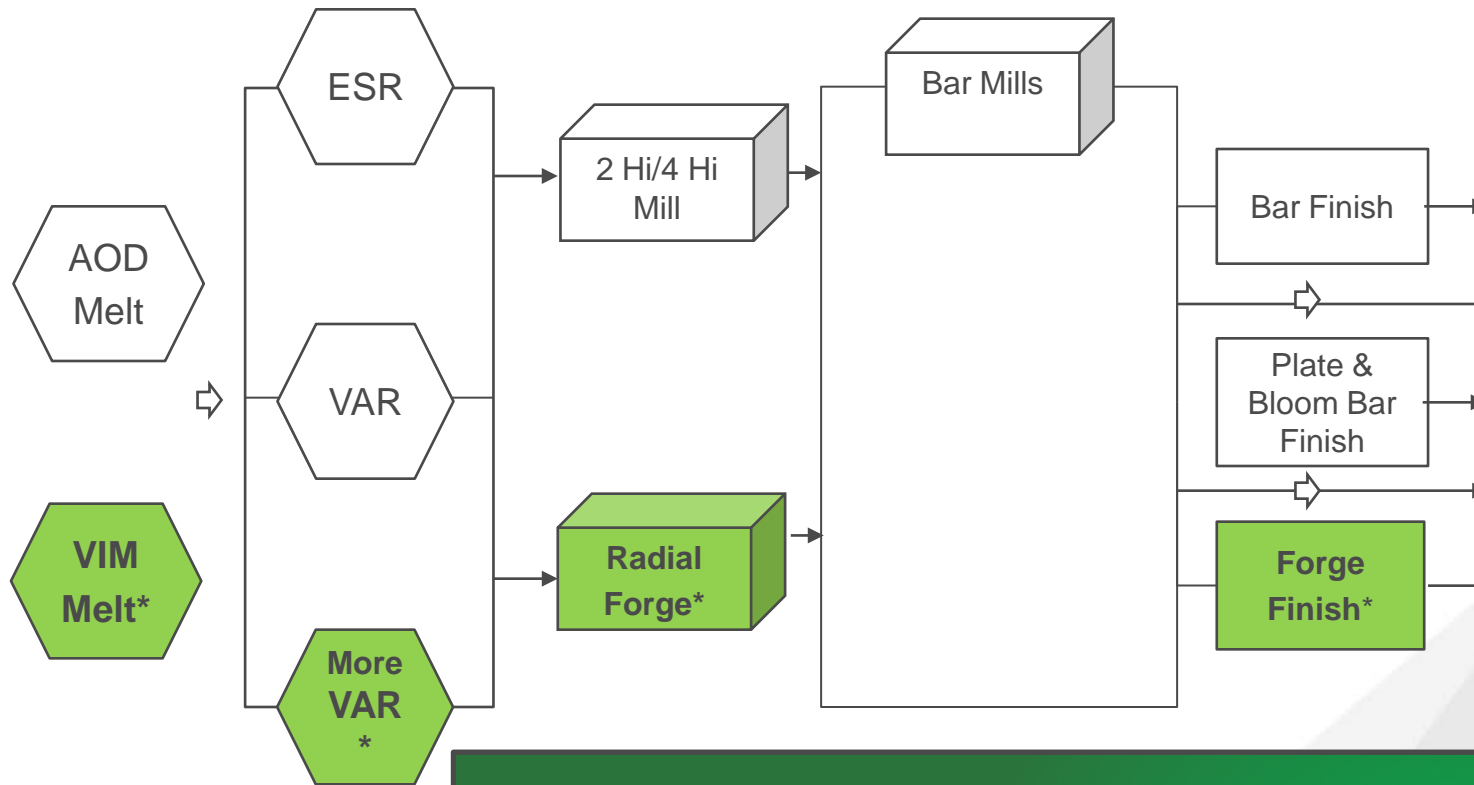


- ***Increase USAP margins***
 - Improve cycle times, yields company-wide
 - Reduce 3rd party costs with internal forge & finish capability
 - Eliminate capacity constraints in re-melting
 - Move up value chain with Vacuum Induction Melting (VIM) of higher nickel content metals
- ***Expand Addressable Markets***
 - Selected high nickel 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***

Transforming USAP's Product Portfolio



Manufacturing Integration Path of North Jackson



PRODUCTS

- Plate
- Machined Bars
- Forging Billets
- Forged Rounds
- Ingot
- Reroll Billets
- Round Bar
- Flats & Squares

- Forged Squares
- Large Forged Sections
- Large Forged Bars
- Remelted Ingots

**North Jackson Integration Impact:*

- *Broader, more complete product line*
- *USAP controls key hot work processes*
- *Capacity to support growth*

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

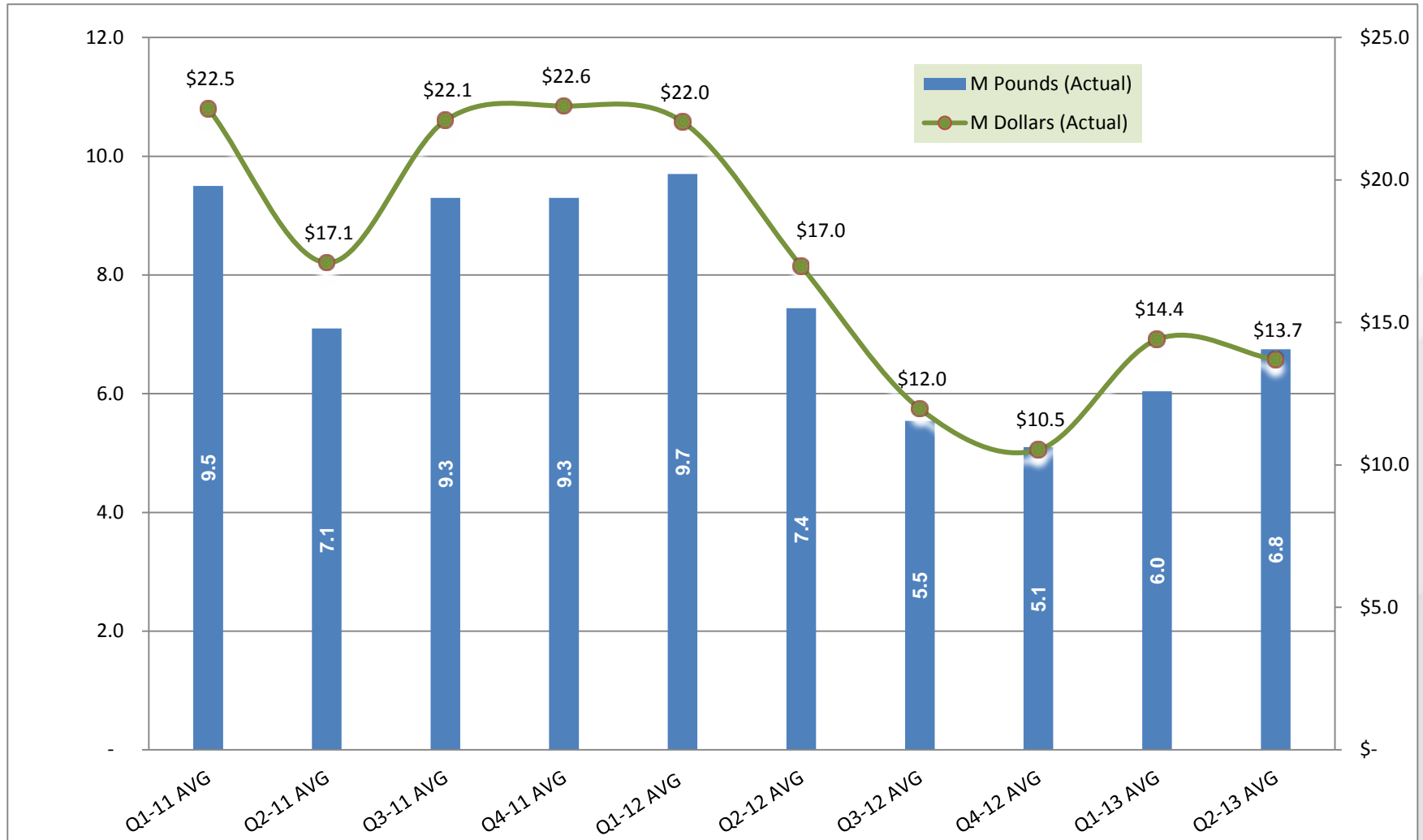


- AS 9100 Forge: NJX March 2012
- ISO 17025 Chem Lab: NJX April 2012
- AS 9100 VIM and VAR: NJX June 2012
- NADCAP Chem Lab: NJX August 2012
BVL December 2012
- NADCAP Heat Treat: NJX February 2013
BVL May 2013
DNK June 2013
- Customer Approvals: R-R + others Starting April 2013

- Secure targeted customer approvals for new products
- Advance Universal's single manufacturing system by further leveraging legacy facilities' strengths /capabilities with North Jackson to drive profitable growth
- Increase market share through customer service and the introduction of new products to existing and new customers
- Continue to develop the organization for employee and USAP growth



USAP Bookings Trend



Historical Financial Summary – Income Statement



<i>(dollars in thousands)</i>	Fiscal Years Ending,			Six Months	Six Months
	Dec-10	Dec-11	Dec-12	June-12	June-13
Ibs Shipped	86,745	100,330	95,605	54,622	36,370
Net Sales	\$ 189,423	\$ 252,596	\$ 250,990	\$ 142,480	\$ 92,022
<i>Sales \$/lb</i>	\$ 2.18	\$ 2.52	\$ 2.63	\$ 2.61	\$ 2.53
Cost of Goods Sold	155,651	205,148	209,841	116,635	82,068
SG&A Expenses	13,349	17,761	17,746	8,846	9,348
Operating Income	20,423	29,687	23,403	16,999	606
<i>Operating Income %</i>	10.8%	11.8%	9.3%	11.9%	0.7%
Other Income	92	212	140	61	63
Interest Expense	(452)	(1,421)	(2,592)	(1,322)	(1,526)
Income (Loss) Before Taxes	20,063	28,478	20,951	15,738	(857)
Provision for taxes/(benefit)	6,821	10,356	6,334	4,947	(1,375)
Net Income	\$ 13,242	\$ 18,122	\$ 14,617	\$ 10,791	\$ 518
EPS - Diluted	\$ 1.93	\$ 2.56	\$ 2.02	\$ 1.48	\$ 0.06
Other Financial Data					
Total Capex	\$ 7,481	\$ 24,480	\$ 35,057	\$ 20,061	\$ 6,998
Total Assets	210,601	361,672	376,266	395,288	364,258
Total Indebtedness	10,823	94,650	106,742	114,731	103,440
Stockholders' Equity	159,623	180,306	198,281	192,635	200,413
Depreciation Expense	\$ 5,462	\$ 7,015	\$ 11,982	\$ 5,810	\$ 7,292
Depreciation Expense as a % of Net Sales	2.9%	2.8%	4.8%	4.1%	7.9%

Historical Financial Summary – Balance Sheet



	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012	June 30, 2013
Cash	\$ 34,400	\$ 274	\$ 321	\$ 733
Accounts receivable	29,273	34,554	24,287	24,290
Inventory	69,710	85,088	95,749	95,148
Other current assets	5,537	35,480	27,073	15,388
Total current assets	138,920	155,396	147,430	135,559
Fixed assets	71,581	183,148	206,150	205,856
Other assets	100	23,128	22,686	22,843
Total assets	210,601	361,672	376,266	364,258
Accounts payable	20,022	29,912	10,610	14,071
Accrued employment costs	5,488	7,547	4,671	3,892
Current debt	2,833	3,000	1,500	3,000
Other current liabilities	481	966	735	1,218
Total current liabilities	28,824	41,425	17,516	22,181
Revolver	-	34,650	66,742	63,440
Term Loan & Convertible Note	7,990	57,000	38,500	37,000
Deferred taxes	14,164	48,291	55,227	41,224
Total liabilities	50,978	181,366	177,985	163,845
Shareholders' Equity	159,623	180,306	198,281	200,413
Total liabilities and equity	\$ 210,601	\$ 361,672	\$ 376,266	\$ 364,258

Strong balance sheet
Current debt-to-capital of 34%

- Successful progress in execution of strategy to drive profitable growth
- Transformative acquisition of North Jackson facility for expanded margins and addressable markets + moving up value chain in products
- Growing presence in aerospace; substantial opportunities in all end markets
- Solid operating cash flow
- Well structured credit facilities
- Experienced, disciplined management team



Questions & Answers

MICHAEL D. BORNAK
VP Finance, CFO & Treasurer
(412) 257-7606
m.bornak@univstainless.com



univstainless.com