

# **HAYNES**

## **International**

### **Fiscal Year 2022 Fourth Quarter Results**

### **September 30, 2022**



**110 Years of Alloy, Process, and Product Innovation**

## Forward-looking statements

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## From our conference call



“We continue to gain momentum. Our revenue and profitability improvement confirm the impact of the fundamental and sustainable changes that our team has implemented. Our backlog was at a company record of **\$374 million**, up **10.5%** sequentially and **113%** over the past year.”

*Michael L. Shor, President and CEO of Haynes International*



Our fourth quarter shipments were the best in a decade, with double-digit sequential growth in each of our three major markets. Net revenue of **\$143.8 million**, up **10.5%** versus previous quarter, and **50.9%** over same period last year.



Our aerospace business continues to increase, with year-over-year revenue and backlog up **74%** and **143%**, respectively.



We achieved over **22%** gross margin, despite raw material tailwinds neutralizing faster than expected, had net income of **11.4%** of sales, and continued to have an EBITDA annual run rate of approximately **\$100M**, all of which provide optimism for continued strength over the next fiscal year.



Net income of **\$16.3 million**, up from the third quarter’s **\$15.6 million** and last year’s fourth quarter of **\$2.6 million**. Diluted earnings per share of **\$1.30** compared to the third quarter’s **\$1.24** and last year’s fourth quarter of **\$0.20**.

## Gross margin recovery continues

	FY 2019		FY2020				FY2021				FY2022			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>kLbs Sold</b>	5,121	5,424	4,222	4,326	3,171	2,947	2,792	3,522	<u>3,730</u>	3,966	3,877	4,338	4,541	4,833
<b>Revenue \$ (in millions)</b>	\$126	\$130	\$109	\$112	\$81	\$80	\$72	\$82	\$88	\$95	\$99	\$117	\$130	\$143
<b>GM%</b>	14.4%	16.4%	17.3%	17.3%	3.3%	4.9%	1.4%	10.2%	15.5%	17.5%	17.9%	20.0%	25.5%	22.2%

Continued solid gross margin percentage of **22.2%** in Q4FY22 even with raw material tailwind neutralizing faster than expected.

Our estimate of the raw material tailwind from nickel and cobalt declined from **\$4.1 million** last quarter to **\$1.0 million** in Q4.

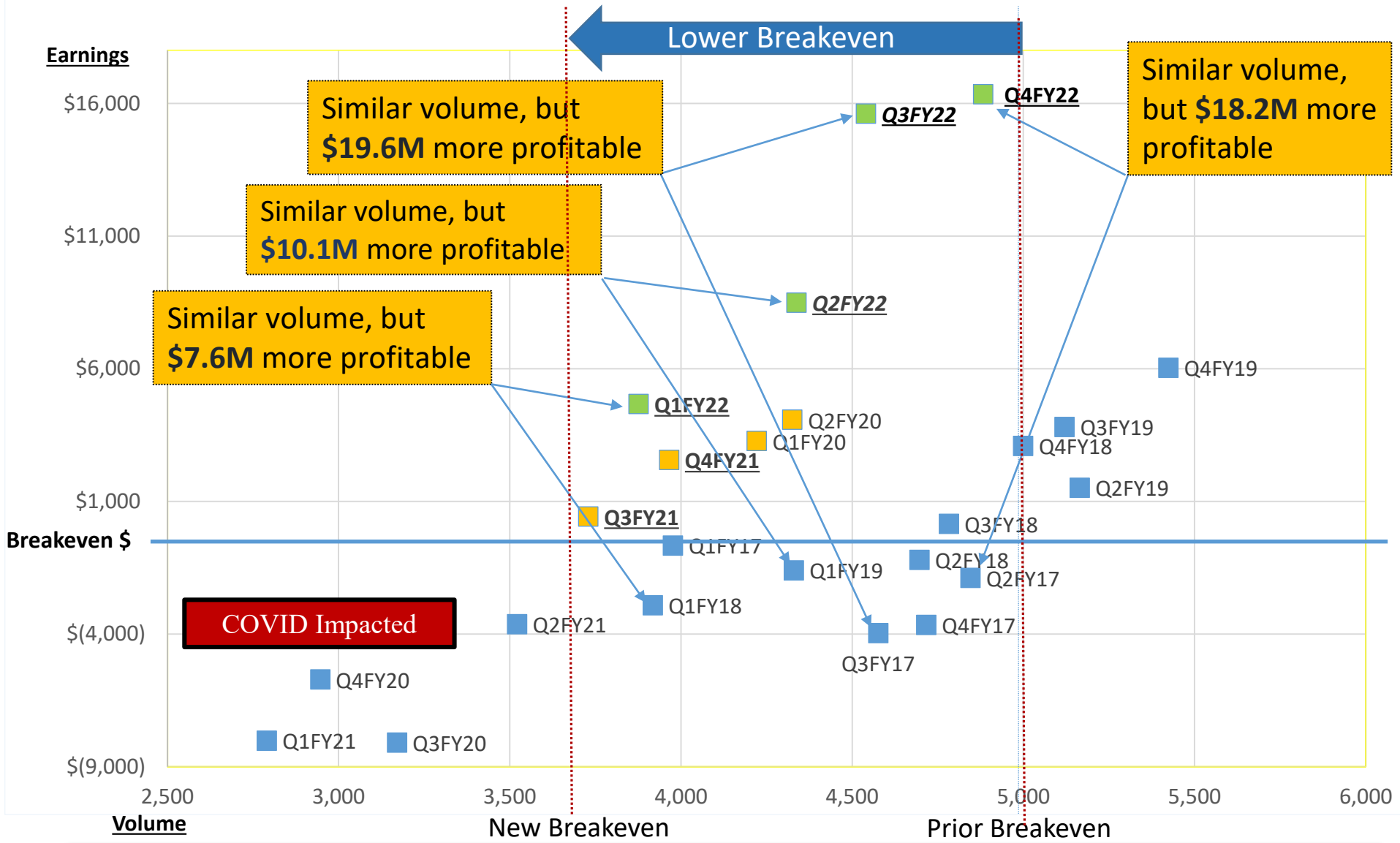
Q1FY23 raw material impact expected to turn into an unfavorable headwind, then neutralize for the balance of the fiscal year assuming relatively flat raw material prices.

Sustainable cost reductions have continued including improved yields as well as productivity and process improvements. Pricing for the value provided continues to be a key initiative.

*Profitability leverage being realized with strong incremental margins on the 25% lower breakeven point as volumes increase.*

# Lower breakeven point by 25%

## Quarterly Volume and Earnings – FY17-FY22



*Breakeven point lowered by 25% to 3.7 Mlbs from the previous 5.0 Mlbs.*

# More than a century of alloy innovation

For 110 years, Haynes International has been a leading developer, manufacturer, and distributor of high-performance nickel- and cobalt-based alloys for use in high-temperature and corrosion applications. Our focus is on innovation, differentiation, and customer service.



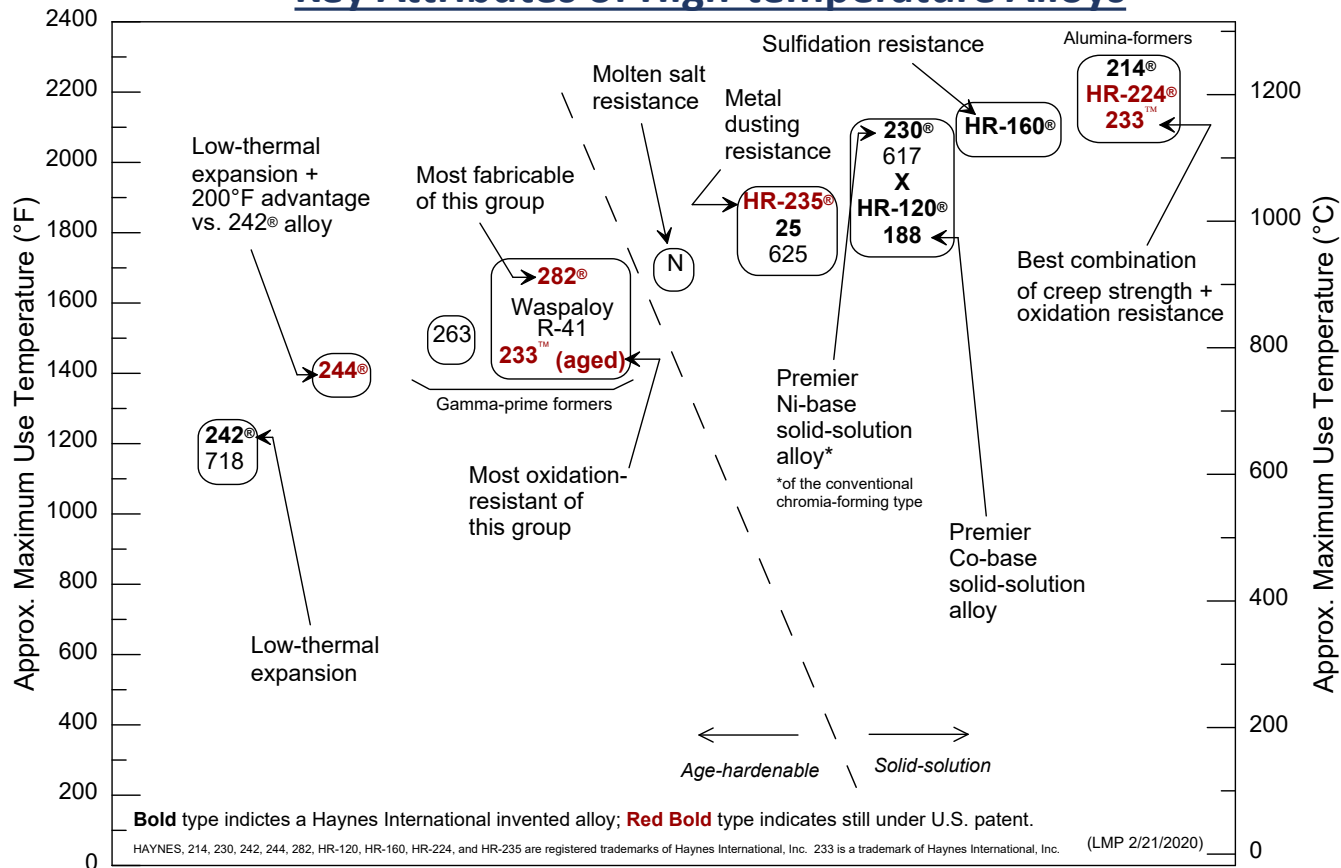
- We produce high-value, differentiated nickel-and cobalt-based high-performance alloys.
- Developing alloys and solutions for tomorrow
- Application engineering- new and existing alloys
- Unique, world-class manufacturing equipment, including a 4-high reversing hot-rolling mill
- Customer focus: manufacturing, technical sales support, and value-added processing in our service centers
- Dedicated and focused work force

# Alloy development is at the very heart of what we do.

More than **60%** of our sales are from our **HASTELLOY®** and **HAYNES®** alloys we invented. Approximately **20%** of our sales and **1/3 of our margin** is from proprietary alloys and alloys no one else produces. Since 2003, our technical programs have yielded **9** new proprietary alloys.

We currently have **22** published U.S. patents and applications.

## Key Attributes of High-temperature Alloys

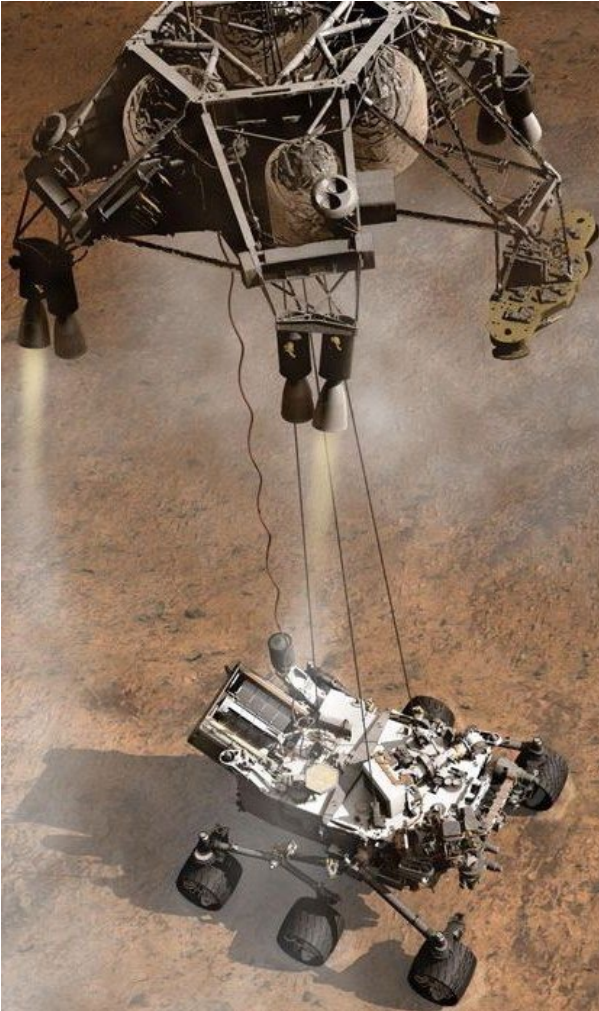


*We don't merely react to industry requirements. We help define them.*

*Our products are out of this world...literally.*

## The Perseverance Rover

Landed February 18, 2021



*Our mission-critical alloys have flown on every Apollo and space shuttle flights, lowered the first Viking Mars Lander on August 20, 1975, and continue to be a part of historic space exploration missions.*

**February 18, 2021** marked the touchdown of the Perseverance rover at the Jezero Crater on Mars.

Like NASA's Curiosity Mission, our high-temperature, **HAYNES® 230® alloy** was used in the descent thrusters of the Sky Crane vehicle that safely lowered Perseverance to the Martian surface.

## The Curiosity Rover

Landed August 6, 2012



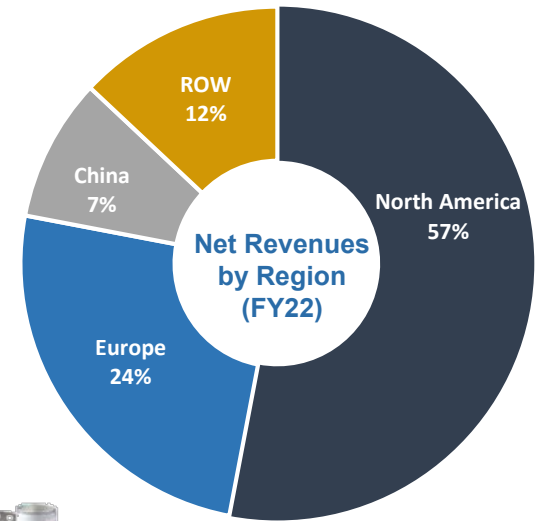
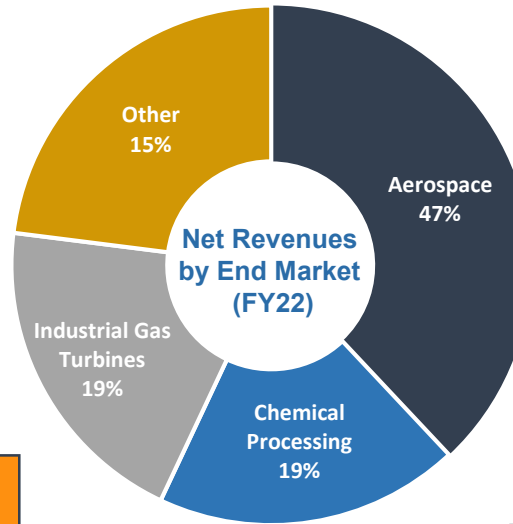


# Haynes International- synonymous with high-performance alloys.

## Our Manufacturing Facilities

- Kokomo, Indiana:  
Melting and flat products
- Arcadia, Louisiana:  
Tubular products
- Mountain Home, North Carolina:  
Wire products

*We manufacture sophisticated alloys for demanding end-uses. We have the specialized equipment and the technical expertise to market and manufacture these complex alloys.*



### Revenue by Alloy Family













<b>High-temperature alloys</b>	<b>79%</b>
<b>Corrosion-resistant alloys</b>	<b>21%</b>

### Revenue by Product Forms

<b>Flat products</b> (sheet, coil, plate, cut parts)	<b>62%</b>
<b>Tubular products</b>	<b>13%</b>
<b>Wire products</b>	<b>7%</b>
<b>Other long products</b> (bar/billet)	<b>18%</b>

## Key Markets Overview

Backlog at company record of **\$373.7 million** as of September 30, 2022, up **10.5%** from previous quarter and up **113.2%** year-over-year. Double-digit, sequential revenue growth in each of the Company's three major markets with net revenue of **\$143.8 million**, up **10.5%** versus previous quarter and **50.9%** over same period last year.

	Q4 FY22 Sales	Mix	vs. Last Year Q4FY21	vs. Sequential Q3FY22	Narrative
<b>Aerospace</b>	\$67,647	47%	74% 	11% 	Single-aisle recovery solid with double-aisle recovery expected to be delayed over fiscal 2023 and 2024
<b>Chemical Processing</b>	\$27,185	19%	72% 	12% 	Demand recovering resulting in expanded CapEx in the sector.
<b>Industrial Gas Turbine</b>	\$28,501	20%	54% 	19% 	Market share gains showing solid impact & supply chain restocking.
<b>Other Markets</b>	\$14,946	10%	(7)% 	3% 	Lower FGD shipments
<b>Other Revenue</b>	\$5,531	4%	(6)% 	(15)% 	Decreased conversion revenue
<b>Total</b>	<b>\$143,810</b>	<b>100%</b>	<b>51%</b> 	<b>11%</b> 	Volume for the quarter was <b>4.9 million</b> pounds

# Aerospace Market

*Aerospace is a core strength for us, and it is our largest market. Recovery of single-aisle builds providing demand strength. Double-aisle recovery delayed to late 2023 and 2024. Fourth quarter FY22 aerospace revenue back to pre-pandemic average of FY19.*

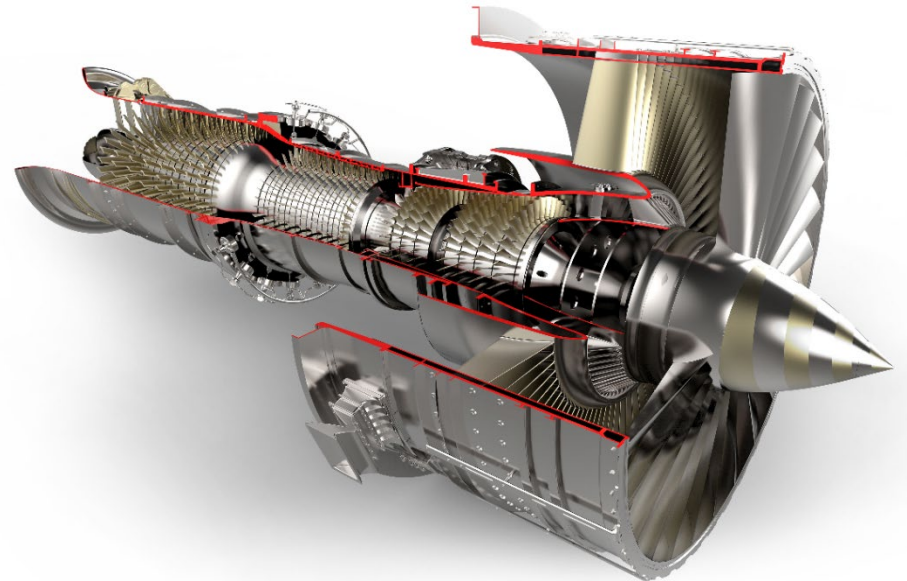
Our alloys are used in a strong suite of aerospace applications, including:

- Combustors
- Cases
- Rings
- Shrouds
- Fuel systems
- Afterburners
- Manifolds
- Hydraulic lines
- Heat shields
- Exhaust ducts

**HAYNES<sup>®</sup> 25, 188, 214<sup>®</sup>, 230<sup>®</sup>, 233<sup>™</sup>, 242<sup>®</sup>, 244<sup>®</sup>  
263, 282<sup>®</sup>, 625, 718, NS-163<sup>®</sup>, Ti-3Al-2.5V,  
Waspaloy, MULTIMET<sup>®</sup>, and HASTELLOY<sup>®</sup> X alloys**

## Q4 Fiscal Year 2022 (ending September 2022):

- Net revenue at **\$67.6 million**, up **74%** from last year and up **11%** sequentially. Backlog increased **14%** sequentially.
- Aerospace accounted for **47%** of our revenue this quarter.
- Volume at **2,402,000 lbs**, up **57%** from last year and up **12%** sequentially.
- Average selling price at **\$28.16/lb.**



# Chemical Processing Industry Market



*Corrosion-resistant alloys in the CPI market are recovering with economies re-opening and higher oil prices, which is driving CapEx spending by chemical companies. We continue to focus on special projects that utilize our proprietary alloys.*

**HASTELLOY® B-3®, C-4, C-22®, C-22HS®, G-30®, G-35®, HYBRID-BC1®, N, HAYNES® HR-120®, HR-160®, HR-235®, and ULTIMET® alloys**

## Q4 Fiscal Year 2022 (ending September 2022):

Net revenue at **\$27.2 million**, up **72%** from last year and **12%** sequentially.  
Backlog decreased **16%** sequentially.

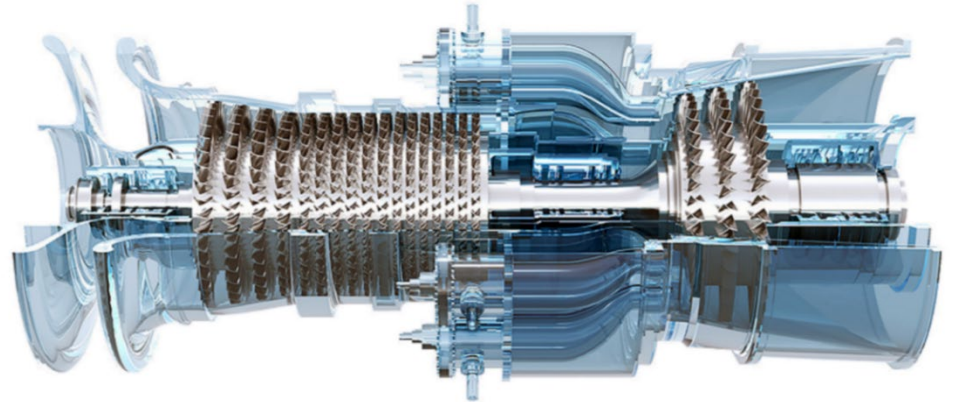
CPI accounted for **19%** of our revenue this quarter.

Volume is **921,000 lbs**, up **28%** from last year and **4%** sequentially.

Average selling price at **\$29.52/lb.**

# Industrial Gas Turbine Market

Large turbines are for power generation, and smaller turbines are for pipeline systems. Market share gains driving strength of shipments in this market.



HAYNES<sup>®</sup> 25, 188, 214<sup>®</sup>, 230<sup>®</sup>, 242<sup>®</sup>, 282<sup>®</sup>, HR-120<sup>®</sup>,  
and HASTELLOY<sup>®</sup> X alloys

## Q4 Fiscal Year 2022 (ending September 2022):

- Net revenue at **\$28.5 million**; up **54%** from last year and **19%** sequentially. Backlog increased **18%** sequentially.
- The industrial gas turbine market accounted for **20%** of our revenue this quarter.
- Volume is **1,242,000 lbs**, up **5%** over last year and **14%** sequentially.
- Average selling price is **\$22.95/lb**.

## Other Markets and Other Revenue



*Emerging technologies allow us to place our new and existing alloys into broader applications and new markets, which can represent potential future commercial value, as well as advance ESG initiatives.*

### Application Examples:

Fuel cells, concentrated solar power, next-generation nuclear, advanced ultra-supercritical power plants, coal gasification, waste- and biomass- to energy, additive manufacturing, etc.

### Q4 Fiscal Year 2022 (ending September 2022):


Other Markets at **\$14.9 million**, down **(7)%** from last year, but up **3%** sequentially. Other Revenue at **\$5.5 million**, down **(6)%** from last year and **(15)%** sequentially.

Other markets accounted for **10%** of our revenue this quarter, and other revenue accounted for **4%** of revenue.

Volume in other markets is **318,000 lbs**, down **(41)%** from last year and **(25)%** sequentially.

Average selling price for Other Markets is **\$47.00/lb**.

# Reasons for optimism about the long-term future of Haynes



Encouraging to see expanding profitability with the strength of our gross margin, solidly exceeding pre-pandemic levels.

Further growth in volume, revenue and margin dollars are still ahead. This is driven by strong order entry levels, above **\$50 million** per month for last 10 months.

Significant investments in both working capital and capital equipment have already been made to position us for growth post-pandemic.

Our alloy and application development is among the best in the industry. We continue our focus on high-value, differentiated applications and products.

Our business model is well-suited for a recovery with ability to provide customers with smaller quantities from service centers, value-added cutting, and JIT delivery.

Significant value creation is achieved from our capital allocation strategy combined with revenue and margin recovery, which results in a truly different company.

Our company has an impressive earnings power potential and ample liquidity. This is the foundation for growth and continued value creation for our shareholders.

# Our four foundational pillars create a compelling investment

## Innovation

Industry leader in developing new alloys and new applications for existing alloys

Market-leading producer of high-performance nickel- and cobalt-based alloys

## Service

Best-in-class sales and distribution infrastructures that facilitate strong customer service and retention

Long-term relationships with blue-chip customer base

Ability to serve diverse end-markets and geographies

## Manufacturing

Strategic capital investments position us to expand product and service capabilities and margins.

Continuous improvements and focus on cost optimization

## Financial Strength

Strong liquidity position and a well managed balance sheet

Track record of returning capital to shareholders



# HAYNES International

*Haynes International alloys developed and manufactured throughout our history*

## Up to the 1950s

STELLITE® (1912)  
STELLITE® 6B (1913)  
HASTELLOY® A (1921)  
HASTELLOY® B (1923)  
HASTELLOY® C (1926)  
MULTIMET® (1949)  
HAYNES® 25 (1950)  
HASTELLOY® X (1952)

## The 60s through the 90s

HASTELLOY® C-276 (1968)  
HAYNES® 188 (1968)  
HASTELLOY® C-4 (1973)  
HASTELLOY® B-2 (1974)  
HAYNES® 556® (1978)  
HAYNES® 214® (1981)  
HAYNES® 230® (1984)  
HASTELLOY® G-30® (1985)  
HASTELLOY® C-22® (1985)  
HASTELLOY® G-50® (1989)  
ULTIMET® (1990)  
HAYNES® HR-120® (1990)  
HAYNES® 242® (1990)  
HAYNES® HR-160® (1990)  
HASTELLOY® D-205® (1993)  
HASTELLOY® B-3® (1994)  
HASTELLOY® C-2000® (1995)

## Through the 21<sup>st</sup> Century

HASTELLOY® C-22HS® (2004)  
HASTELLOY® G-35® (2004)  
HAYNES® 282® (2005)  
HASTELLOY® HYBRID-BC1® (2006)  
NS-163® (2007)  
HAYNES® HR-224® (2008)  
HAYNES® 244® (2012)  
HAYNES® HR-235® (2013)  
HAYNES® 233™ (2016)

*We also have new alloy concepts in research and development.*

