CARPENTER TECHNOLOGY

October 26, 2023

CARPENTER TECHNOLOGY CORPORATION

1st Quarter Fiscal Year 2024
Earnings Call

Cautionary Statement

Forward-looking statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those projected, anticipated or implied. The most significant of these uncertainties are described in Carpenter Technology's filings with the Securities and Exchange Commission, including its report on Form 10-K for the fiscal year ended June 30, 2023, and the exhibits attached to that filing. They include but are not limited to: (1) the cyclical nature of the specialty materials business and certain end-use markets, including aerospace, defense, medical, transportation, energy, industrial and consumer, or other influences on Carpenter Technology's business such as new competitors, the consolidation of competitors, customers, and suppliers or the transfer of manufacturing capacity from the United States to foreign countries; (2) the ability of Carpenter Technology to achieve cash generation, growth, earnings, profitability, operating income, cost savings and reductions, qualifications, productivity improvements or process changes; (3) the ability to recoup increases in the cost of energy, raw materials, freight or other factors; (4) domestic and foreign excess manufacturing capacity for certain metals; (5) fluctuations in currency exchange and interest rates; (6) the effect of government trade actions; (7) the valuation of the assets and liabilities in Carpenter Technology's pension trusts and the accounting for pension plans; (8) possible labor disputes or work stoppages; (9) the potential that our customers may substitute alternate materials or adopt different manufacturing practices that replace or limit the suitability of our products; (10) the ability to successfully acquire and integrate acquisitions; (11) the availability of credit facilities to Carpenter Technology, its customers or other members of the supply chain; (12) the ability to obtain energy or raw materials, especially from suppliers located in countries that may be subject to unstable political or economic conditions; (13) Carpenter Technology's manufacturing processes are dependent upon highly specialized equipment located primarily in facilities in Reading and Latrobe, Pennsylvania and Athens, Alabama for which there may be limited alternatives if there are significant equipment failures or a catastrophic event; (14) the ability to hire and retain a qualified workforce and key personnel, including members of the executive management team, management, metallurgists and other skilled personnel; (15) fluctuations in oil and gas prices and production; (16) the impact of potential cyber attacks and information technology or data security breaches; (17) the inability of suppliers to meet obligations due to supply chain disruptions or otherwise; (18) the inability to meet increased demand, production targets or commitments; (19) the ability to manage the impacts of natural disasters, climate change, pandemics and outbreaks of contagious diseases and other adverse public health developments, such as the COVID-19 pandemic; and (20) geopolitical, economic, and regulatory risks relating to our global business, including geopolitical and diplomatic tensions, instabilities and conflicts, such as the war in Ukraine and the war between Israel and HAMAS, as well as compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations. Any of these factors could have an adverse and/or fluctuating effect on Carpenter Technology's results of operations. The forward-looking statements in this document are intended to be subject to the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended. We caution you not to place undue reliance on forward-looking statements, which speak only as of the date of this presentation or as of the dates otherwise indicated in such forward-looking statements. Carpenter Technology undertakes no obligation to update or revise any forward-looking statements.

Non-GAAP and other financial measures

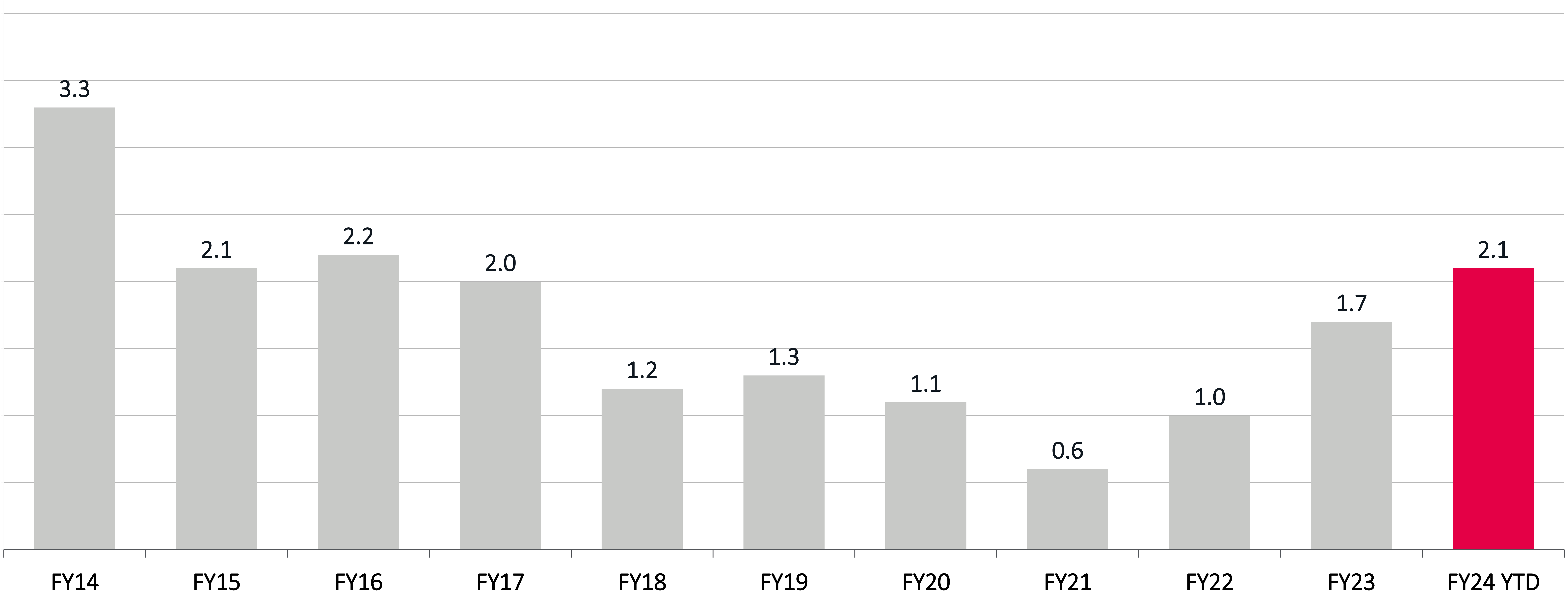
Financial information included in this presentation is unaudited. Some of the information included in this presentation is derived from Carpenter Technology's consolidated financial information but is not presented in Carpenter Technology's financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). Certain of these data are 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. Reconciliations to the most directly comparable GAAP financial measures and management's rationale for the use of the non-GAAP financial measures can be found in the Appendix to this presentation.

1st QUARTER FISCAL YEAR 2024

Tony Thene | President and Chief Executive Officer

Safety is Our Highest Value

Total Case Incident Rate (TCIR)



First Quarter Summary

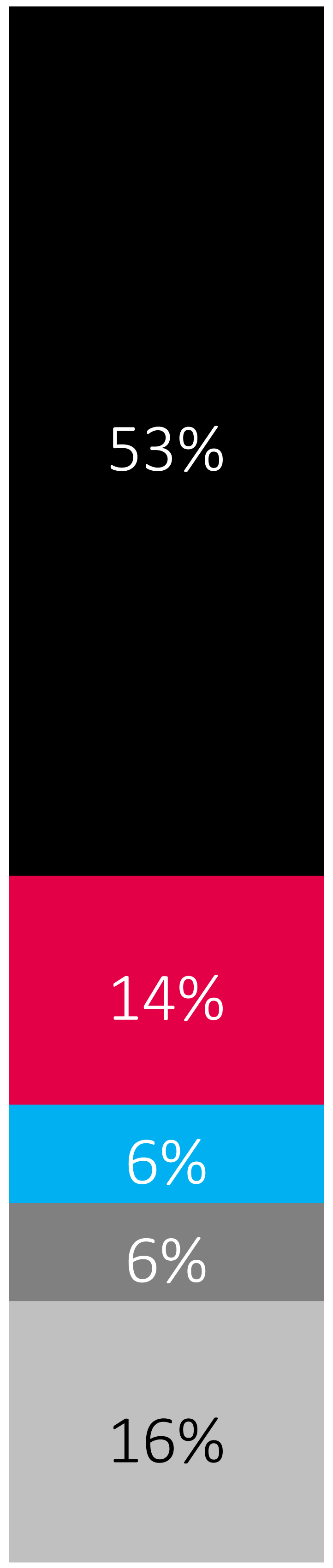
- Delivered operating income of $69.0 million, 10% increase sequentially, driven by higher prices and ongoing targeted product mix shift
- SAO segment continues to build momentum, exceeding expectations with operating income of $80.8 million and adjusted operating margin of 19.4%
- Continued to drive higher pricing on both contractual and transactional business
- Generated $7.4 million of cash from operations; total liquidity remains healthy at $366.4 million
- Realized increased productivity, improved product mix and higher selling prices, representing tailwinds throughout fiscal year 2024
- Demand for our unique portfolio of solutions remains strong across end-use markets

Continued to build operating momentum, exceeding already high expectations for sequential growth

Demand Outlook Across End-Use Markets

Continue to see strong demand environment across end-use markets

% Revenue*



Q1FY24

Aerospace & Defense

- Global travel surging, with ongoing demand increases
- More material wanted sooner across the supply chain
- Customers prioritizing security of supply
- Defense spending increasing due to global events

Medical

- Elective surgery demand high with strong patient backlog
- OEMs focused on increasing manufacturing activity to meet demand
- Customers continue to push for accelerated deliveries

Transportation

- Light duty vehicle inventories remain well below pre-COVID levels
- Customers demanding more supply especially of premium products

Energy

- Oil & gas capital expenditure outlook remains high
- Increasing power generation demand for new builds and overhauls
- Customers immediately purchasing any capacity for premium solutions available to them

Industrial & Consumer

- High long-term demand needs across sub-markets, especially semiconductor
- Advanced portfolio of solutions in high demand by customers

*Percentages reflect sales ex. surcharge.
Excludes sales through Carpenter's Distribution businesses.

First Quarter Sales

MARKET	Q1-24 NET SALES EX. SURCHARGE ($M)*	VS. Q4-23	VS. Q1-23
AEROSPACE & DEFENSE	$260.9	-11%	+42%
MEDICAL	$66.6	0%	+34%
TRANSPORTATION	$29.2	-21%	+23%
ENERGY	$29.2	-16%	+60%
INDUSTRIAL & CONSUMER	$79.4	-18%	+16%

Through higher prices, targeted mix management and productivity improvements, profitability increased on lower sequential sales

- Volumes decreased sequentially primarily due to fewer operating days and planned preventative maintenance
- Realized higher prices across product portfolio
- Given demand environment, further improved product mix by prioritizing highest profit portfolio
- Continued to see margin expansion with SAO reaching an adjusted operating margin of 19.4%, up from 16.8% in Q4 FY23

*Excludes sales through Carpenter's Distribution businesses.

1^{st} QUARTER FISCAL YEAR 2024 FINANCIAL OVERVIEW AND BUSINESS UPDATE

Tim Lain | Senior Vice President and Chief Financial Officer

Income Statement Summary

$ millions, except per-share amounts	Q1-24	Q4-23	Q1-23	SEQUENTIAL CHANGE	YEAR-OVER-YEAR CHANGE
Pounds (‘000)	50,228	61,428	44,890	(11,200)	5,338
Net Sales	651.9	758.1	522.9	(106.2)	129.0
Net Sales ex. Surcharge Revenue*	492.8	560.0	375.7	(67.2)	117.1
Gross Profit	124.1	119.0	54.8	5.1	69.3
Selling, General and Administrative Expenses	55.1	56.1	46.5	(1.0)	8.6
Operating Income	69.0	62.9	8.3	6.1	60.7
Adj. Operating Margin ex. Surcharge Rev.	*14.0%*	*11.2%*	*2.2%*	*2.8%*	*11.8%*
Effective Tax Rate	16.1%	21.0%	11.5%	-4.9%	4.6%
Net Income (Loss)	43.9	38.4	(6.9)	5.5	50.8
Diluted Earnings (Loss) per Share	$0.88	$0.78	($0.14)	$0.10	$1.02

*Detailed schedule included in Non-GAAP Schedules in Appendix.

SAO Segment Summary

$ millions	Q1-24	Q4-23	Q1-23	SEQUENTIAL CHANGE	YEAR-OVER-YEAR CHANGE
Pounds ('000)	49,992	61,528	44,562	(11,536)	5,430
Net Sales	570.1	667.0	447.3	(96.9)	122.8
Net Sales ex. Surcharge Revenue	417.3	477.2	305.7	(59.9)	111.6
Operating Income	80.8	80.0	19.9	0.8	60.9
Operating Margin	*14.2%*	*12.0%*	*4.4%*	*2.2%*	*9.8%*
Adj. Operating Margin ex. Surcharge Rev.	*19.4%*	*16.8%*	*6.5%*	*2.6%*	*12.9%*

Q1-24 Business Results

- Net sales excluding surcharge increased 37% year-over-year on 12% higher shipment volumes driven by strong demand for high value products in key end-use markets of Aerospace and Defense and Medical
- Significant improvement in year-over-year and sequential operating margins demonstrates realization of higher pricing, continuing product mix optimization and increasing productivity

Q2-24 Outlook

- Demand conditions remain strong across end-use markets, especially Aerospace and Defense, and Medical, with customers wanting more material sooner
- Realize benefits of increasing productivity and optimizing capacity for higher-value product mix
- Q2-24 operating income expected to be in the range of $78.0 million to $82.0 million

PEP Segment Summary

$ millions	Q1-24	Q4-23	Q1-23	SEQUENTIAL CHANGE	YEAR-OVER-YEAR CHANGE
Pounds ('000)*	2,302	3,328	2,326	(1,026)	(24)
Net Sales	101.8	118.7	93.2	(16.9)	8.6
Net Sales ex. Surcharge Revenue	93.1	107.6	87.7	(14.5)	5.4
Operating Income	9.1	5.9	6.3	3.2	2.8
Operating Margin	*8.9%*	*5.0%*	*6.8%*	*3.9%*	*2.1%*
Adj. Operating Margin ex. Surcharge Rev.	*9.8%*	*5.5%*	*7.2%*	*4.3%*	*2.6%*

Q1-24 Business Results

- Net sales excluding surcharge increased 6% year-over-year driven by strong demand for titanium materials used in Aerospace and Defense and Medical end-use markets
- Operating income and margin increased year-over-year and sequentially driven by improving performance at Dynamet and Additive businesses

Q2-24 Outlook

- Remain focused on increasing productivity and throughput rates across manufacturing facilities to support strong demand for titanium solutions and Additive powders
- Q2-24 operating income expected to be in the range of $9.5 million to $10.5 million

* Pounds includes only Dynamet and Additive businesses

Adjusted Free Cash Flow Summary

$ millions	Q1-24	Q4-23	Q1-23
Net Income + Non-Cash Items	**90.0**	**84.2**	**32.1**
Inventory	(67.8)	73.2	(121.2)
Working Capital / Other	(10.2)	17.5	11.1
Total Net Working Capital / Other	(78.0)	90.7	(110.1)
Pension Plan Contributions	(4.6)	—	—
Net Cash Provided from (Used for) Operating Activities	**7.4**	**174.9**	**(78.0)**
Purchases of Property, Plant, Equipment and Software	(22.0)	(30.8)	(13.5)
Adjusted Free Cash Flow *	**(14.6)**	**144.1**	**(91.5)**
Cash	18.1	44.5	52.6
Available Borrowing Under Credit Facility	348.3	348.3	298.2
Total Liquidity	**366.4**	**392.8**	**350.8**

The clerical accuracy of certain amounts may be impacted due to rounding.
*Detailed schedule included in Non-GAAP Schedules in Appendix.

CARPENTER TECHNOLOGY

1st QUARTER FISCAL YEAR 2024 CLOSING COMMENTS

Tony Thene | President and Chief Executive Officer

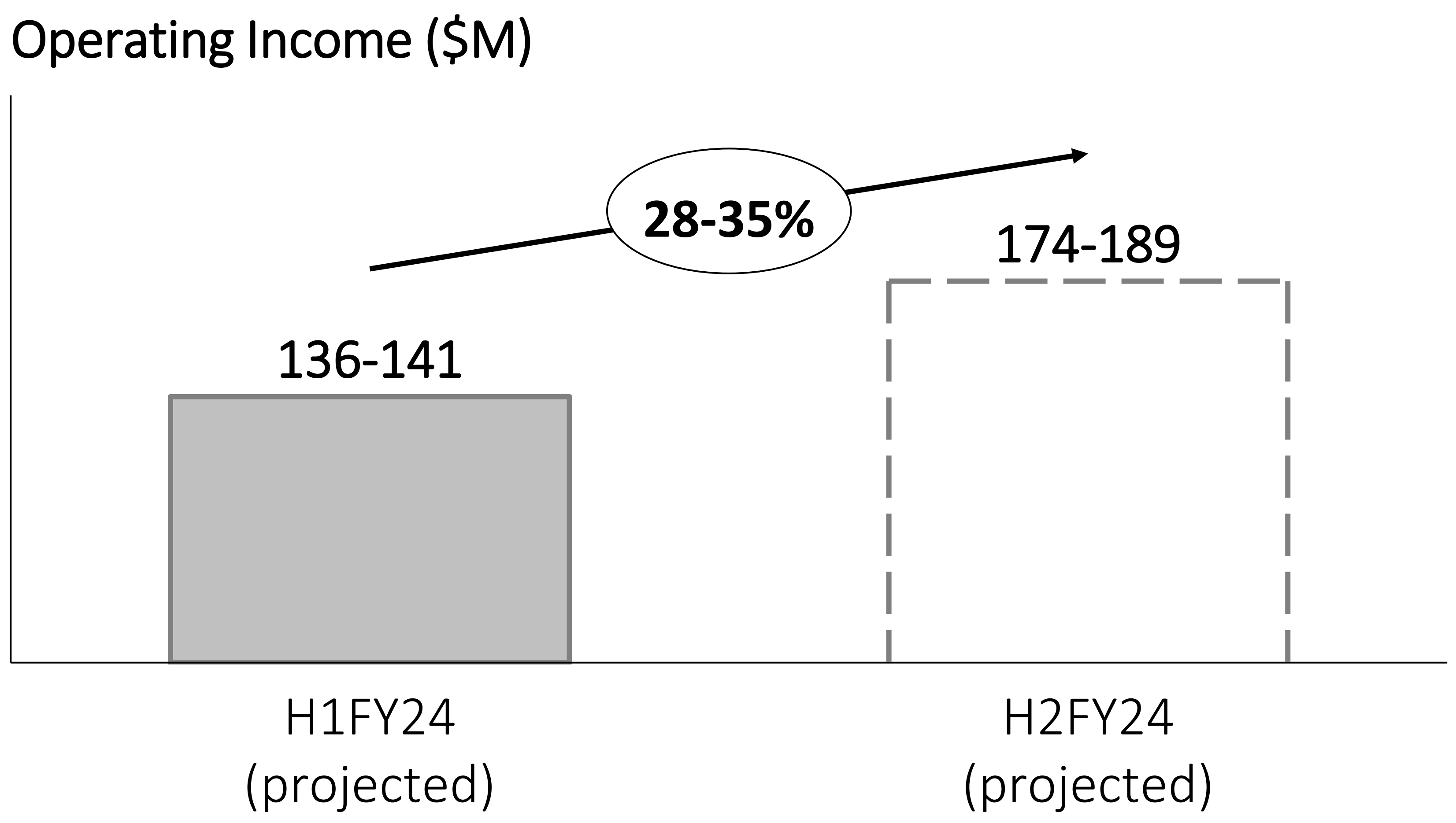
Key Takeaways

- Delivered 10% sequential increase in operating income, a meaningful step up over historical trends
- SAO segment continues to build momentum, exceeding expectations with operating income of $80.8 million and adjusted operating margin of 19.4%
- Operating in a strong demand environment across end-use markets for our unique material solutions
- Realizing opportunities to accelerate growth and improve profitability through higher productivity, optimizing product mix and higher selling prices
- Anticipate seeing a stronger second half of FY24, with operating income 28%-35% higher than the first half of FY24

In strong position to take meaningful step in FY24 towards goal of doubling FY19 operating income by FY27

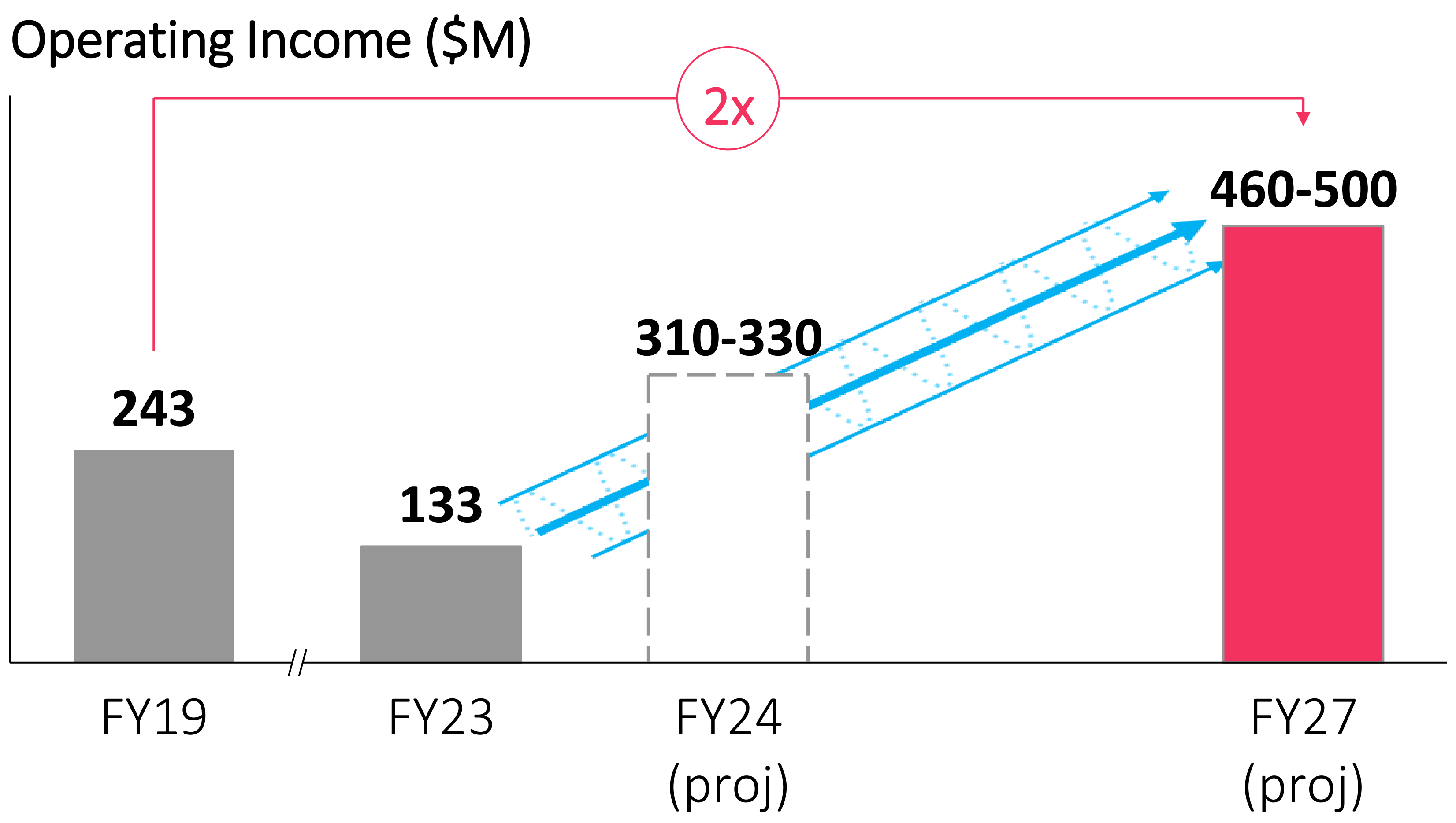
Compelling Near-Term and Long-Term Financial Outlook

Projecting 28%-35% increase in operating income performance in 2H FY24 over 1H FY24



- Projecting Q2 FY24 operating income in line with Q1 FY24; projection would represent the second best first half on record
- Expect 2nd half FY24 to be greater than 1st half FY24:
  - Driven by step-change in productivity and incremental capacity, and
  - Further realization of pricing actions and improving product mix

On path to achieve goal of doubling FY19 operating income by FY27



- Target represents $350M in additional operating income from FY23 to FY27, a 40% CAGR over the period
- Annual achievement towards FY27 target front-end loaded, with about 50% of the opportunity expected in FY24
- Progression of productivity gains could further accelerate earnings growth over this period

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APPENDIX OF NON-GAAP SCHEDULES

Non-GAAP Schedules

Adjusted operating margin, excluding surcharge revenue

$ millions	Q1-24	Q4-23	Q1-23
Net Sales	651.9	758.1	522.9
Less: Surcharge Revenue	159.1	198.1	147.2
Net Sales Excluding Surcharge Revenue	**492.8**	**560.0**	**375.7**
Operating Income	**69.0**	**62.9**	**8.3**
Operating Margin	**10.6%**	**8.3%**	**1.6%**
Adjusted Operating Margin, Excluding Surcharge Revenue	**14.0%**	**11.2%**	**2.2%**

Management believes that removing the impact of raw material surcharge from operating margin provides a more consistent basis for comparing results of operations from period to period, thereby permitting management to evaluate performance and investors to make decisions based on the ongoing operations of the Company. Management uses its results excluding these amounts to evaluate its operating performance and to discuss its business with investment institutions, the Company's board of directors and others.

Non-GAAP Schedules

Adjusted Free Cash Flow

$ millions	Q1-24	Q4-23	Q1-23
Net cash provided from (used for) operating activities	**7.4**	**174.9**	**(78.0)**
Purchases of Property, Plant, Equipment and Software	(22.0)	(30.8)	(13.5)
Adjusted Free Cash Flow	**(14.6)**	**144.1**	**(91.5)**

Management believes that the adjusted free cash flow measure provides useful information to investors regarding the Company's financial condition because it is a measure of cash generated, which management evaluates for alternative uses. Historically, this non-GAAP financial measure included cash used for dividends paid on outstanding common stock and participating securities. Management believes that excluding cash dividends paid from adjusted free cash flow will provide a more direct comparison to operating cash flow, a GAAP-defined financial measure. Fiscal year 2023 has been reclassified to conform to the current presentation.

The clerical accuracy of certain amounts may be impacted due to rounding.

Carpenter Technology | Today's Performance, Tomorrow's Breakthroughs™

Your trusted partner in innovation.

Carpenter Technology Corporation (NYSE: CRS) is a global leader in high-performance specialty alloy-based materials and process solutions for critical applications in the aerospace, defense, medical, transportation, energy, industrial and consumer electronics markets.

For additional information, please contact your nearest sales office:

info@cartech.com | 610 208 2000

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