

April 29, 2026

# CARPENTER TECHNOLOGY CORPORATION

3<sup>rd</sup> Quarter Fiscal Year 2026  
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, 2025, Form 10-Q for the fiscal quarters ended September 30, 2025, and December 31, 2025, and the exhibits attached to those filings. 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, energy, transportation, 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, including tariffs; (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 ability of suppliers to meet obligations due to supply chain disruptions or otherwise; (18) the ability 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; (20) geopolitical, economic, and regulatory risks relating to our global business, including geopolitical and diplomatic tensions, instabilities and conflicts, such as the war in Iran, the war in Ukraine, the war between Israel and HAMAS, the war between Israel and Hezbollah, Houthi attacks on commercial shipping vessels and other naval vessels as well as compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (21) challenges affecting the commercial aviation industry or key participants including, but not limited to production and other challenges at The Boeing Company; and (22) the consequences of the announcement, maintenance or use of Carpenter Technology's share repurchase program. 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.*

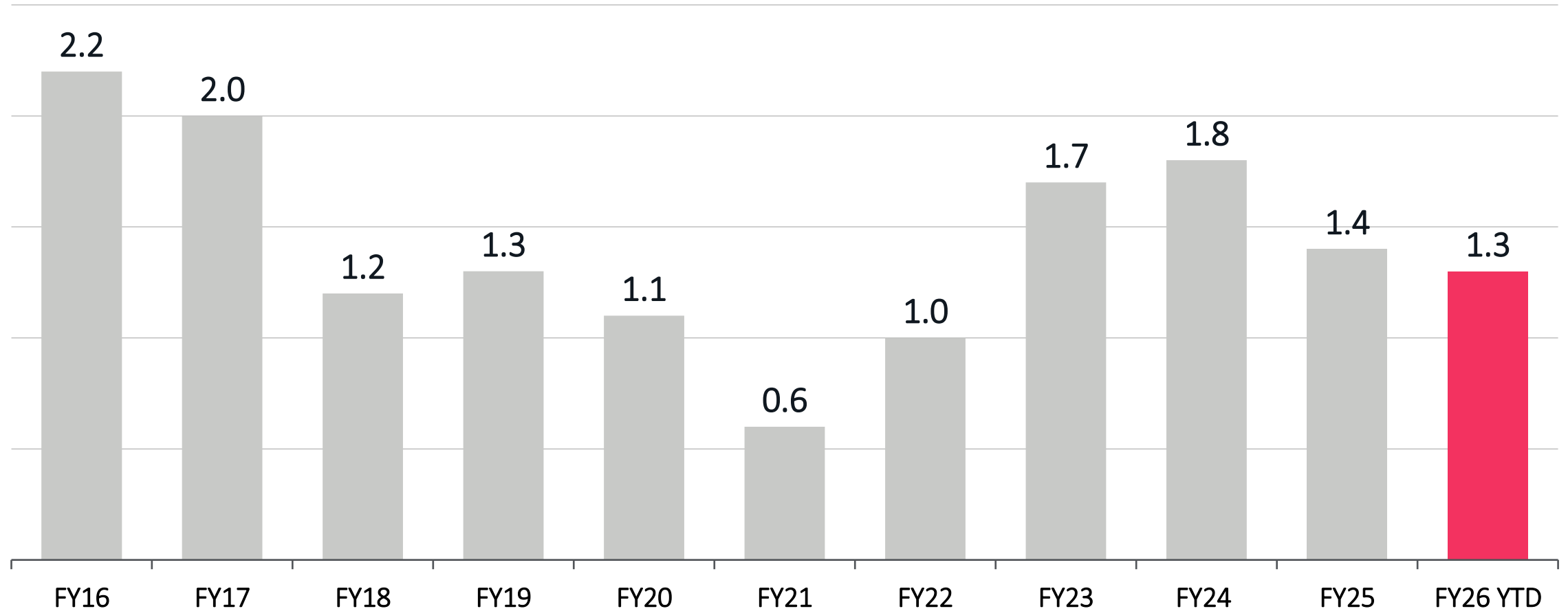


# 3<sup>rd</sup> QUARTER FISCAL YEAR 2026

Tony Thene | Chairman of the Board and Chief Executive Officer

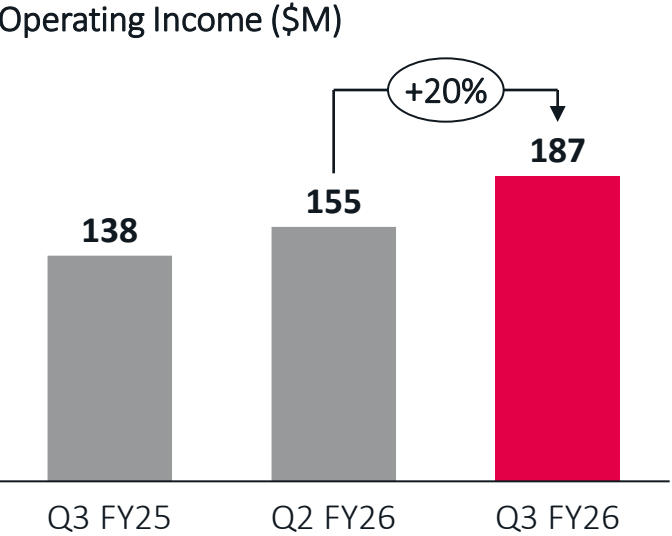
# Safety is Our Highest Value

Total case incident rate



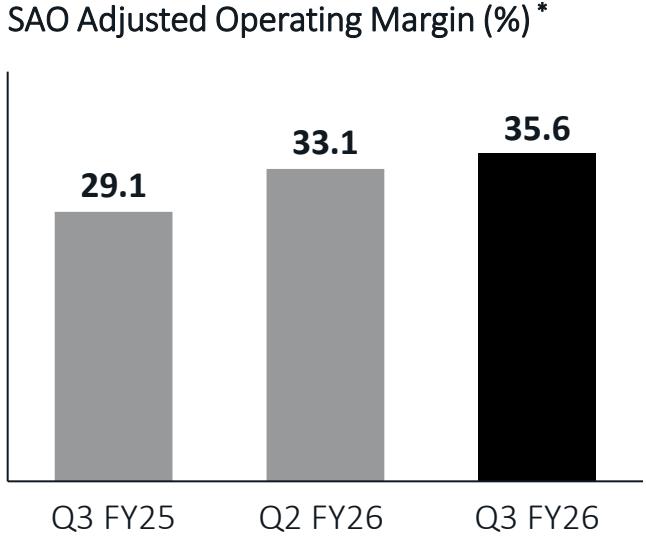
# Quarter Performance: record operating income and operating margins

## Strong execution delivering record quarterly profit



- Operating income up 20% over Q2 FY26, our previous record
- Generated \$124.8 million in adjusted free cash flow

## SAO continues to expand adjusted operating margins



- SAO operating income of \$208.0 million, up 37% year-over-year
- Margin expansion from higher productivity, improving mix and pricing actions

## Aerospace & Defense demand and pricing continues to strengthen






*Aerospace & Defense sales increased 13% sequentially and 17% year-over-year*

*Accelerating demand with highest Aerospace structural bookings since Q4FY23*

*Pricing remains elevated and consistently increasing*

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

## Third Quarter Fiscal Year 2026 Net Sales

MARKET	Q3-26 NET SALES EX. SURCHARGE (\$M)*	% NET SALES EX. SURCHARGE	VS. Q2-26	VS. Q3-25
 AEROSPACE & DEFENSE	\$435.6	66%	↑ +13%	↑ +17%
 MEDICAL	\$51.7	8%	↓ -9%	↓ -29%
 ENERGY	\$50.5	8%	↑ +32%	↑ +44%
 TRANSPORTATION	\$19.3	3%	↑ +12%	↓ -12%
 INDUSTRIAL & CONSUMER	\$78.1	12%	↑ +5%	↑ +8%

### Demand environment strengthening, especially in Aerospace & Defense with build rates ramping

- Aerospace demand remains robust, driven by increasing production rates and elevated MRO activity
- Accelerating aerospace structural sub-market bookings signaling growing confidence in build rate ramp
- New builds of industrial gas turbines (IGT) driving demand in energy market
- Medical customers maintain positive outlook with increasing patient procedures



# 3<sup>rd</sup> QUARTER FISCAL YEAR 2026 FINANCIAL OVERVIEW

Tim Lain | Senior Vice President and Chief Financial Officer

# Income Statement Summary

\$ millions, except per share amounts

	Q3-26	Q2-26	Q3-25	SEQUENTIAL CHANGE	YEAR-OVER-YEAR CHANGE
Pounds ('000)	53,474	48,398	46,496	5,076	6,978
Net Sales	811.5	728.0	727.0	83.5	84.5
Net Sales ex. Surcharge Revenue*	655.6	589.1	597.0	66.5	58.6
Gross Profit	251.8	218.3	200.8	33.5	51.0
Selling, General and Administrative Expenses	65.3	63.1	63.0	2.2	2.3
Operating Income	186.5	155.2	137.8	31.3	48.7
<i>Adjusted Operating Margin ex. Surcharge Revenue*</i>	<i>28.4%</i>	<i>26.3%</i>	<i>23.1%</i>	<i>2.1%</i>	<i>5.3%</i>
Effective Tax Rate	21.0%	19.0%	21.8%	2.0%	(0.8%)
Net Income	139.6	105.3	95.4	34.3	44.2
Earnings per Diluted Share	\$2.77	\$2.09	\$1.88	\$0.68	\$0.89
Adjusted Earnings per Diluted Share ex. Special Item*	\$2.77	\$2.33	\$1.88	\$0.44	\$0.89

# Capital Allocation: Repurchasing shares while investing in brownfield capacity expansion

## Year to date FY26, strong cash flow generation...

- Generated \$364.9 million in cash from operating activities; \$207.3 million in adjusted free cash flow
- Spent \$157.6 million in capital expenditures including brownfield capacity expansion
- Increasing our cash generation outlook; now expect to generate approximately \$350 million of adjusted free cash flow in fiscal year 2026; including estimated \$260 million of capital expenditures

## ...While executing against planned capital allocation priorities...

- Repurchased \$133.9 million of stock to date in FY26; total of \$235.8 million of stock repurchases completed against \$400.0 million authorization announced in Q1-25
- Funded consistent quarterly cash dividend
- Brownfield capacity expansion project is on schedule and on budget; as planned, spending on project accelerating in second half of fiscal year 2026

## ...And maintaining healthy liquidity and strong balance sheet

- Liquidity remains healthy at \$793.8 million including \$294.8 million of cash and \$499.0 million of available borrowings under Credit Facility
- Net Debt/EBITDA (0.5x) remains at historic lows with no near-term debt maturities



# 3<sup>rd</sup> QUARTER FISCAL YEAR 2026 SEGMENT OVERVIEW

Brian Malloy | President and Chief Operating Officer

## SAO Segment Summary

\$ millions	Q3-26	Q2-26	Q3-25	SEQUENTIAL CHANGE	YEAR-OVER-YEAR CHANGE
Pounds ('000)	51,832	46,836	44,584	4,996	7,248
Net Sales	735.1	661.6	642.9	73.5	92.2
Net Sales ex. Surcharge Revenue*	585.0	527.3	519.4	57.7	65.6
Operating Income	208.0	174.6	151.4	33.4	56.6
<i>Adjusted Operating Margin ex. Surcharge Revenue*</i>	<i>35.6%</i>	<i>33.1%</i>	<i>29.1%</i>	<i>2.5%</i>	<i>6.5%</i>

### Q3-26 Business Results

- Net sales excluding surcharge increased 11% sequentially driven by Aerospace and Defense and Energy end-use markets
- Record operating income, up 19% sequentially, the result of higher productivity, effective mix management and realized benefits of pricing actions
- Record adjusted operating margin, the seventeenth consecutive quarter with margin expansion

### Q4-26 Outlook

- Maintaining focus on increasing productivity while managing operating costs closely and optimizing product mix
- Anticipating increased shipment volumes driven by strong demand, productivity efforts and more available effective capacity uptime
- Q4-26 operating income expected to be in the range of \$224 million to \$228 million

## PEP Segment Summary

\$ millions	Q3-26	Q2-26	Q3-25	SEQUENTIAL CHANGE	YEAR-OVER-YEAR CHANGE
Pounds ('000)*	2,602	2,218	2,584	384	18
Net Sales	97.7	83.2	104.9	14.5	(7.2)
Net Sales ex. Surcharge Revenue**	90.6	77.2	96.8	13.4	(6.2)
Operating Income	6.7	6.9	10.9	(0.2)	(4.2)
<i>Adjusted Operating Margin ex. Surcharge Revenue**</i>	<i>7.4%</i>	<i>8.9%</i>	<i>11.3%</i>	<i>(1.5%)</i>	<i>(3.9%)</i>

### Q3-26 Business Results

- Net sales excluding surcharge down 6% year-over-year reflecting increased sales in Aerospace and Defense end-use market more than offset by reductions in Medical end-use market
- Year-over-year operating income lower as a result of reduction in Medical end-use market sales in Dynamet partially offset by improving profitability in Additive

### Q4-26 Outlook

- Continuing to drive actions to enhance productivity and throughput rates across manufacturing facilities while closely managing costs
- Q4-26 operating income expected to be in line with Q3-26



# 3<sup>rd</sup> QUARTER FISCAL YEAR 2026 CLOSING COMMENTS

Tony Thene | Chairman of the Board and Chief Executive Officer



## STRONG MARKET POSITION

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- Operating in **accelerating demand environment**, especially in the Aerospace and Defense end-use market
- Fundamental **supply-demand imbalance will grow** as material demand accelerates
- Anticipate **strengthening volume, productivity, product mix** and **continued favorable pricing actions** for our differentiated products, given the continued supply gap



## BALANCED CAPITAL ALLOCATION

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- Strong balance sheet and cash flow generation enables **balanced approach to capital allocation**
- Investing in brownfield capacity expansion that will **accelerate earnings growth** but will **NOT materially impact supply-demand imbalance**
- **Returning cash to shareholders** through a longstanding dividend and robust share repurchase program



## ATTRACTIVE FINANCIAL PROFILE

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- Completed **record fiscal quarter** with Q3 profits up 20% sequentially
- SAO continues to **expand adjusted operating margins**, now 35.6%\*
- Expecting FY26 operating income to be **\$700 million to \$705 million, 33%+ higher** than record FY25
- Anticipate generating approximately **\$350 million in adjusted free cash flow** in FY26

# APPENDIX OF NON-GAAP SCHEDULES

## Non-GAAP Schedules

### Adjusted Operating Margin ex. Surcharge Revenue

\$ millions	Q3-26	Q2-26	Q3-25
Net Sales	811.5	728.0	727.0
Less: Surcharge Revenue	155.9	138.9	130.0
Net Sales ex. Surcharge Revenue	655.6	589.1	597.0
Operating Income	186.5	155.2	137.8
Operating Margin	23.0%	21.3%	19.0%
<i>Adjusted Operating Margin ex. Surcharge Revenue</i>	<i>28.4%</i>	<i>26.3%</i>	<i>23.1%</i>

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. In addition, management believes that excluding the impact of special items from operating margin is helpful in analyzing the operating performance of the Company, as these items are not indicative of ongoing operating performance. 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 Segment Operating Margin ex. Surcharge Revenue

\$ millions	SAO	SAO	SAO	PEP	PEP	PEP
	Q3-26	Q2-26	Q3-25	Q3-26	Q2-26	Q3-25
Net Sales	735.1	661.6	642.9	97.7	83.2	104.9
Less: Surcharge Revenue	150.1	134.3	123.5	7.1	6.0	8.1
Net Sales ex. Surcharge Revenue	585.0	527.3	519.4	90.6	77.2	96.8
Operating Income	208.0	174.6	151.4	6.7	6.9	10.9
Operating Margin	28.3%	26.4%	23.5%	6.9%	8.3%	10.4%
<i>Adjusted Operating Margin ex. Surcharge Revenue</i>	<i>35.6%</i>	<i>33.1%</i>	<i>29.1%</i>	<i>7.4%</i>	<i>8.9%</i>	<i>11.3%</i>

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 Earnings per Diluted Share

\$ millions, except per share amounts

	Q3-26	Q2-26	Q3-25
Earnings per Diluted Share	\$2.77	\$2.09	\$1.88
Net Income	139.6	105.3	95.4
Special Item, net of tax:			
Debt extinguishment losses	—	12.0	—
Special Item, net of tax:	—	12.0	—
Net Income Excluding Special Item	139.6	117.3	95.4
Adjusted Earnings per Diluted Share Excluding Special Item	\$2.77	\$2.33	\$1.88

Management believes that earnings per share adjusted to exclude the impact of special items is helpful in analyzing the operating performance of the Company, as these items are not indicative of ongoing operating performance. 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	Q3-26	Q2-26	Q1-26	9 MOS FY26	9 MOS FY25
Net Cash Provided from Operating Activities	193.5	132.2	39.2	364.9	182.3
Purchases of Property, Plant, Equipment and Software	(68.7)	(46.3)	(42.6)	(157.6)	(96.3)
Proceeds from Disposals of Property, Plant and Equipment	—	—	—	—	0.1
Adjusted Free Cash Flow	124.8	85.9	(3.4)	207.3	86.1

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.

## Cash Flow & Liquidity Summary

\$ millions	Q3-26	Q2-26	Q1-26	9 MOS FY26	9 MOS FY25
Net Income + Noncash Items	191.3	169.8	173.8	534.6	393.8
Inventory	(17.3)	(43.4)	15.6	(45.1)	(93.3)
Working Capital / Other	25.1	11.4	(144.3)	(107.5)	(59.7)
Total Net Working Capital / Other	7.8	(32.0)	(128.7)	(152.6)	(153.0)
Pension Plan Contributions	(5.6)	(5.6)	(5.9)	(17.1)	(58.5)
Net Cash Provided from Operating Activities	193.5	132.2	39.2	364.9	182.3
Purchases of Property, Plant, Equipment and Software	(68.7)	(46.3)	(42.6)	(157.6)	(96.3)
Proceeds from Disposals of Property, Plant and Equipment	—	—	—	—	0.1
Adjusted Free Cash Flow	124.8	85.9	(3.4)	207.3	86.1

\$ millions	Q3-26	Q2-26	Q1-26	9 MOS FY26	9 MOS FY25
Cash	294.8	231.9	208.0	294.8	151.5
Available Borrowing Under Credit Facility	499.0	498.9	348.9	499.0	348.9
Total Liquidity	793.8	730.8	556.9	793.8	500.4

- Repurchased 145,000 shares (\$52.7 million) in Q3-26 against \$400.0 million repurchase program
- Funded consistent quarterly cash dividend of \$0.20 per share (\$10.1 million)

# Your trusted partner in innovation.

Carpenter Technology Corporation (NYSE: CRS) is a recognized leader in high-performance specialty alloy materials and process solutions for critical applications in the aerospace and defense, medical, and other markets. Founded in 1889, Carpenter Technology has evolved to become a pioneer in premium specialty alloys including nickel, cobalt, and titanium and material process capabilities that solve our customers' current and future material challenges.

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