



Fiscal 2012 Q2 Earnings

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October 27, 2011

Forward-Looking Statements

Information included within this presentation describing projected growth and future results and events constitutes forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results in future periods may differ materially from the forward-looking statements because of a number of risks and uncertainties, including but not limited to fluctuations in the aerospace, power generation, and general industrial cycles; the relative success of the Company's entry into new markets; competitive pricing; the financial viability of the Company's significant customers; the impact on the Company of customer labor disputes; demand, timing, and market acceptance of new commercial and military programs, including the Boeing 787; the availability and cost of energy, materials, supplies, and insurance; the cost of pension benefits and post-retirement medical benefits; equipment failures; relations with the Company's employees; the Company's ability to manage its operating costs and to integrate acquired businesses in an effective manner; governmental regulations and environmental matters; risks associated with international operations and world economies; the relative stability of certain foreign currencies; the impact of adverse weather or natural disasters; the availability and cost of financing; and implementation of new technologies and process improvement. Any forward-looking statements should be considered in light of these factors. The Company undertakes no obligation to publicly release any forward-looking information to reflect anticipated or unanticipated events or circumstances after the date of this document.

Solid Sales and Earnings Momentum

	Q2 FY12	Q2 FY11	% Change
Net Sales	\$ 1,789.6 M	\$ 1,508.1 M	18.7 %
Consolidated Segment Operating Income	\$ 436.9 M	\$ 362.6 M	20.5 %
<i>Margin %</i>	24.4 %	24.0 %	
Earnings Per Share from Continuing Operations (<i>diluted</i>)	\$ 2.03	\$ 1.70	19.4 %

Y-O-Y Q2 Sales:

- Incremental contractual pass-through pricing and higher metal selling prices at three primary mills of ~ \$63M
- Growing strength in base aerospace markets → casting and forging sales increase of ~ 18%
 - Supporting current build rates
 - Further ramp of announced production schedule increases
 - Steady 787 activity
 - Strong aftermarket sales
 - Robust external alloy sales
- Improved base aerospace fastener sales → ~9% ↑
 - Definite signs of recovery off bottom
- Continued industrial gas turbine (IGT) upside → ~ 21% ↑
- Solid general industrial sales → ~ 4% ↑
- Additional top-line benefit from acquisitions
 - Partial quarter from Tru-Form, Rollmet and Primus International, and full quarter from KLAD

Sequential Sales Q1 → Q2:

- Steady gains in base aerospace → ~ 3% ↑
- Additional IGT growth → ~ 5% ↑
- Effect of new acquisitions on sales

Y-O-Y Q2 EBIT:

- Effective leverage of increased throughput
- Ongoing operational improvements
 - Productivity
 - Yield
 - Revert

Offset by:

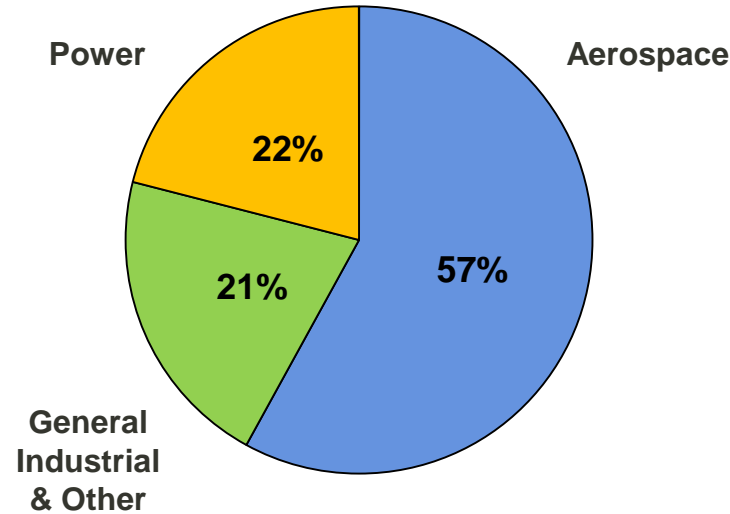
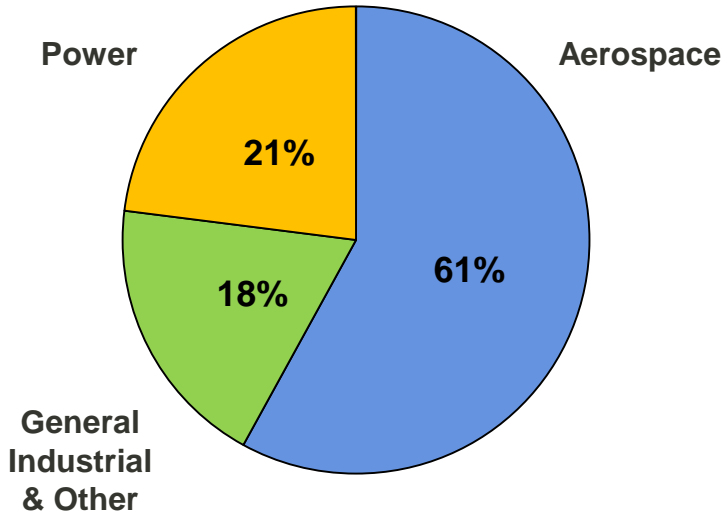
- Dilutive effect of higher contractual pass-through pricing in metal selling prices
- Addition of lower-margin acquisitions (y-o-y and sequentially)

ACHIEVED RECORD EPS

Sales By Market – Q2 FY12 vs. Q2 FY11

Q2 FY12*

Q2 FY11



* Includes addition of Tru-Form, Rollmet and Primus International for part of quarter and KLAD for full quarter

Segment Summary

Investment Cast Products

	<u>Q2 FY12</u>	<u>Q2 FY11</u>	<u>% Change</u>
Sales	\$ 573.3 M	\$ 512.3 M	11.9 %
Operating Income	\$ 189.9 M	\$ 162.5 M	16.9 %
<i>Operating Margin</i>	33.1 %	31.7 %	

Y-O-Y Q2 Sales:

- Strong aerospace gains → ~ 18% ↑
 - Base build rates
 - Modest 787 uptick
 - Market share gains
 - Robust aftermarket activity → ~ 24% ↑
 - Solid external alloy sales → ~ 30% ↑
- Further IGT growth → ~ 7% ↑
 - Contributions from OEM and aftermarket
- Higher material pass-through → ~ \$9M ↑

Y-O-Y Q2 EBIT:

- Continued “sweet spot” in leveraging increased volumes
 - More than 45% incremental margins
 - 0.5 pps margin dilution from material pass-through y-o-y
- Relentless pursuit of cost-reduction opportunities

- Base production rates continue to ramp
- 787 acceleration
 - Tied to yet to be announced Boeing production schedule
- Upside from additional market share
- Solid IGT potential
 - Higher-dollar product mix in CY12 schedules
 - Further aftermarket opportunities

Segment Summary

Forged Products

	Q2 FY12	Q2 FY11	% Change
Sales	\$ 801.4 M	\$ 668.7 M	19.8 %
Operating Income	\$ 164.1 M	\$ 130.2 M	26.0 %
<i>Operating Margin</i>	20.5 %	19.5 %	

Y-O-Y Q2 Sales:

- Contractual pass-through pricing and higher metal selling prices at three primary mills of ~ \$53M ↑
- Increased intercompany sales to support higher demand → ~ \$60M ↑
- Growing aerospace demand → ~ 18% ↑
- Strong IGT → ~ 73% ↑
- Seamless pipe
 - Oil & gas increased to ~ 16% of pipe sales vs. ~ 2% in Q2 FY11
 - Stable backlog
- General industrial pick up → ~ 5% ↑
- Benefit from recently completed acquisitions
 - Tru-Form and Rollmet – partial quarter
 - KLAD – full quarter

Sequential Sales Developments Q1 → Q2:

- Increased material pass-through and metal selling prices of ~ \$2M ↑
- Steady base aerospace improvement → ~ 1% ↑
- Higher IGT sales → ~ 25% ↑
- General industrial sales uptick → ~ 3% ↑
- Addition of acquisition revenues

Y-O-Y Q2 EBIT:

- Higher leverage driven by increased aerospace volumes
- Solid general industrial performance
- Continued strong yields/revert utilization

More than
45%
incremental
margins*

Offset by:

- Increased metal pass-through and selling prices
- Addition of new lower-margin acquisitions

Solid Operating Performance Trumps Significant Dilution

- Continued aerospace upside
 - Rate increases
 - 787
 - Market share gains
- Seamless pipe
 - Gradual recovery in interconnect pipe for coal-fired application
 - Increasing contribution from oil & gas wins
- Steady general industrial outlook

* Excluding acquisitions and incremental material pass-through and higher metal selling prices

Segment Summary

Fastener Products

	<u>Q2 FY12</u>	<u>Q2 FY11</u>	<u>% Change</u>
Sales	\$ 414.9 M	\$ 327.1 M	26.8 %
Operating Income	\$ 113.7 M	\$ 97.0 M	17.2 %
<i>Operating Margin</i>	27.4 %	29.7 %	

Y-O-Y Q2 Sales:

- Steady base aerospace growth from bottom → ~ 9% ↑
 - Continue to lag OEM build rates
 - Solid new base of non-core aerospace product
- Further increase in base general industrial sales → ~ 11% ↑
- Addition of Primus for part of Q2
 - Closed August 9, 2011
 - Renamed PCC Aerostructures

Sequential Sales Developments Q1 → Q2:

- Slight base aerospace improvement
- Flat general industrial sales
- Effect of lower margin results from acquisition

Y-O-Y Q2 EBIT:

- Continual operational improvements
 - Significant performance upside with return of volume
- Offset by:
 - Inclusion of lower-margin Primus acquisition

- Positive trend phasing in over next three to four quarters
 - Recovery in core product portfolio
- Growing position on base programs/787
 - PB Fasteners
 - Market share gains
- Continued development of aerostructures business
 - Long runway
 - Cost reduction
 - Sales growth
 - Acquisition opportunities

Cash and Debt Position for Q2 FY12

	<u>October 2, 2011</u>	<u>July 3, 2011</u>	<u>Q2 Change</u>
Cash	\$ 195.1 M	\$ 1,315.8 M	\$ (1,120.7) M
Debt	244.3 M	229.2 M	(15.1) M
<i>Debt-To-Capitalization</i>	3.1 %	3.0 %	
Total change in cash and debt			<u>(1,135.8) M</u>
Add back cash utilized:			
For purchase of acquisitions			1,278.6 M
Total change in cash and debt, excluding cash utilized for acquisitions			<u>\$ 142.8 M</u>

Inventory Position

	<u>October 2, 2011</u>	<u>July 3, 2011</u>	<u>Q2 Change</u>	<u>Acquired Inventory</u>
Raw Materials & Supplies	\$ 565 M	\$ 528 M	\$ 37 M	\$ 24 M
WIP	715 M	615 M	100 M	78 M
Finished Goods	346 M	328 M	18 M	26 M
LIFO	<u>158 M</u>	<u>142 M</u>	<u>16 M</u>	<u>19 M</u>
Total	<u>\$ 1,784 M</u>	<u>\$ 1,613 M</u>	<u>\$ 171 M</u>	<u>\$ 147 M</u>

Inventory added from acquisitions	→	\$ 147 M
Purchases to support Saudi Aramco order	→	\$ 17 M
Inventory build for maintenance and strike contingencies	→	\$ 17 M

Q2 FY12 Summary

Investment Cast Products

- Solid commercial aerospace trends
 - In-line with Airbus and Boeing build rates
 - Schedules growing to support announced schedule increases
 - Steady 787 volumes
 - Strong aftermarket
- Continued IGT uplift
 - Demand to support both new builds and replacement

Forged Products

- Increased commercial aerospace OEM/aftermarket volumes
- Oil & gas growth to ~ 16% of seamless pipe business
- Improved general industrial sales
- Further IGT growth
- Benefit of acquisition sales/earnings, with some margin dilution

Fastener Products

- Initial indications of commercial aerospace recovery
- Higher general industrial sales
- Benefit of Primus sales/earnings → reset operating margins

Outlook

Aerospace

- Investment Cast Products/Forged Products
 - Schedules starting to include additional volume from announced build rate hikes
 - 787 production activity
 - Rebalancing of inventories in PCC operations
 - Acceleration tied to future announcement of actual production rates
 - Continued aftermarket upside based on increased engine cycles
 - Market share opportunities
- Fastener Products
 - Steadily coming off bottom
 - Momentum building for strong recovery of core products over next several quarters
 - Sales/earnings synergies from PB Fasteners
 - Aggressive integration of Primus International
 - Formation of PCC Aerostructures
 - Solid opportunities to strengthen aerostructures platform
 - Cost reduction Sales Growth Acquisition opportunities

Power

- Investment Cast Products
 - IGT
 - CY12 OEM schedules with higher PCC dollar content per turbine
 - Aftermarket potential
 - Possibility of increased schedules in CY12
- Forged Products
 - Seamless pipe
 - Continued slow but steady recovery in interconnect pipe
 - Margins gradually improving in order book
 - Acceleration in oil & gas sales going forward
 - Initial shipments of Saudi Aramco order
 - Sizeable opportunities for sales growth
 - Leveraging Rollmet and KLAD assets

General Industrial

- Additional growth potential

Questions

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