

# Ampco-Pittsburgh Corporation

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## First Quarter 2026 Earnings Results Conference Call

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### **CORPORATE PARTICIPANTS**

**Brett McBrayer**--*Chief Executive Officer*

**David Anderson**--*Chief Financial Officer and President, Air & Liquid Systems Corporation*

**Sam Lyon**--*President, Union Electric Steel Corporation*

**Kim Knox**--*Corporate Secretary*

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## **PRESENTATION**

### **Operator**

Good day, and welcome to the Ampco-Pittsburgh First Quarter 2026 Earnings Results Conference Call. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference call over to Ms. Kim Knox. Ms. Knox, the floor is yours, ma'am.

### **Kim Knox**

Thank you, Mike, and good morning to everyone joining us on today's first quarter 2026 conference call. Joining me today are Brett McBrayer, our Chief Executive Officer; and David Anderson, Vice President, Chief Financial Officer and President of Air and Liquid Systems Corporation. Also joining us on the call today is Sam Lyon, President of Union Electric Steel Corporation.

Before we begin, I would like to remind everyone that participants on this call may make statements or comments that are forward-looking and may include financial projections or other statements of the corporation's plans, objectives, expectations or intentions. These matters involve certain risks and uncertainties, many of which are outside the corporation's control. The corporation's actual results may differ significantly from those projected or suggested in any forward-looking statements due to various risk factors, including those discussed in the corporation's most recently filed Form 10-K and in subsequent filings with the Securities and Exchange Commission. We do not undertake any obligation to update or otherwise release publicly any revision to our forward-looking statements. A replay of this call will be posted on our website later today. To access the earnings release or the webcast replay, please consult the Investors section of our website at [ampcopgh.com](http://ampcopgh.com).

With that, I'd like to turn the call over to Brett McBrayer, Ampco-Pittsburgh's CEO. Brett?

### **Brett McBrayer**

Thank you, Kim. Good morning and thank you for joining our call. As reported in our press release, consolidated adjusted EBITDA for the first quarter was \$8 million, down from \$8.8 million the prior year. Our results reflect ramp-up costs in Sweden as well as a weaker mix in our Forged and Cast Engineered Products segment. We see ongoing progress in this segment following the 2025 slowdown with trends stabilizing as the business moves through a normalization in volumes and mix.

With strong demand continuing in our Air and Liquid Processing segment, ALP achieved record adjusted EBITDA and record customer orders for the first quarter of 2026. To elaborate further on this performance, I will now turn the call over to David Anderson, Chief Financial Officer and President of our Air and Liquid segment.

### **David Anderson**

Thank you, Brett. Good morning. Tremendous start to the year for Air and Liquid, as ALP set new records in customer orders and adjusted EBITDA. Q1 revenue increased 17%, driven by higher revenue in all product lines. Adjusted EBITDA in Q1 increased 52% versus prior year as higher revenue, improved manufacturing efficiencies and positive product mix drove adjusted EBITDA to the highest level in Air and Liquid's history.

Backlog increased \$23.5 million or 19% in the quarter as customer orders increased to record levels. Customer orders were 40% higher than any prior quarter as we continue to see extremely strong demand for our custom engineered products across multiple markets. Data centers are causing increasing demand in the power generation market, which is fueling demand in both our commercial pump and nuclear heat exchanger products. Our commercial pumps are used in gas turbines, which are seeing strong growth, while we continue to be the dominant supplier of heat exchangers into the growing nuclear market.

There continues to be strong demand from the U.S. Navy, and we expect this demand to continue as the Navy moves forward with fleet expansion plans. The manufacturing equipment installed in 2024 has already increased manufacturing capacity for our pump product line, and there is more capacity expansion in process. Additional manufacturing equipment from the Navy funding program arrived at our facility in early 2026 and is expected to begin producing products in the second quarter of 2026. There is additional equipment from the Navy funding program that is expected to arrive at our facility in the second half of this year. This equipment will position us to meet the long-term growth in this market.

Demand for custom air handlers remains strong as there continues to be significant demand in the pharmaceutical market for our custom air handling products.

With rising market demand and an increasing backlog, we continue to focus on increasing our manufacturing capacity. We are bringing in new equipment, increasing our headcount and improving our manufacturing efficiencies in order to meet the increasing demand. In summary, 2026 is off to a great start and we are well positioned in markets that are showing significant long-term growth.

#### **Brett McBrayer**

Thank you, David. Sam Lyon, President of the Forged and Cast Engineered Products segment, will now share more details regarding his group's performance. Sam?

#### **Sam Lyon**

Thank you, Brett, and good morning, everyone. For the first quarter of 2026, the Forged and Cast Engineered Products segment reported net sales of \$70.8 million compared to \$72.3 million in Q1 of 2025. Sales were relatively flat with Sweden and Slovenia mostly offsetting the loss from the closure of the U.K and our distribution business, AUP. Segment adjusted EBITDA was \$5.7 million, up from \$2.3 million in Q4 and down from \$8.3 million in the prior year period.

Three discrete timing items shape Q1 results. First, to gain a competitive advantage with some European customers, we offer a blend of rolls from our Swedish plant and our joint venture in China. Due to uneven shipments in Q1, we had a less profitable mix, which will reverse in the coming quarters.

Second, our lower shipments of higher-margin large rolls in the U.S. negatively affected the mix. Tariff uncertainty led many of our customers to defer orders for our highest margin product in Q4 of 2025 and Q1 of 2026.

And third, higher cost inventory from Q4 of 2025 flowed through the P&L. This higher cost was driven by production downtime in Q4 due to a softer order book resulting from tariff uncertainty.

The forward-looking picture is much more constructive. The U.S. order book for large rolls has recovered in Q2. The work roll order book is also higher in Q2 and Q3. FEP demand and

margins are improved, supported by the tariff landscape. As a result of these factors, we expect the remainder of the year to be stronger. With the increased demand, the only planned outages are the yearly maintenance in the U.S. around the 4th of July and the typical summer holidays in Europe.

In our last earnings call, I mentioned that two of our competitors were exiting the market. Marichal Ketin (MKB), a cast roll manufacturer in Europe, is in receivership, and a competitor in South America has exited the cast roll market at the end of 2025 and is currently exiting the forged roll market. This market consolidation is presenting us with opportunities to gain market share.

In summary, the underlying demand for our products is improving, supported by the tariff landscape, infrastructure growth, consolidation of roll manufacturers and reshoring. We are also realizing improvements in our Sweden operation due to higher utilization. We are optimistic for the remainder of 2026 and 2027. Brett, back to you.

**Brett McBrayer**

Thanks, Sam. I'll now turn the call back over to David Anderson, our Chief Financial Officer, for more detail regarding our financial performance for the quarter. Dave?

**David Anderson**

Thank you, Brett. As indicated in both our Form 10-Q and in our press release, Ampco-Pittsburgh reported Q1 net sales of \$108.3 million, which was an increase of 3.9% versus prior year. As discussed in the segment reports, Air and Liquid saw a significant sales increase versus prior year, while FCEP was relatively flat.

Q1 adjusted EBITDA of \$8.0 million was \$0.8 million lower than prior year. The lower adjusted EBITDA was primarily driven by the temporary timing issues that Sam discussed. These issues were largely offset by the increase in adjusted EBITDA for the ALP segment. Backlog increased 5%, primarily driven by the record order activity in the ALP segment.

Total selling and administrative expenses were relatively flat compared to prior year, as higher sales commissions and other costs were offset by the elimination of SG&A expenses due to the closures of the U.K. facility and the small steel distribution business in the U.S.

Depreciation and amortization expense was lower by approximately \$400,000 due to the closures of the U.K. facility and the steel distribution business.

The change in "Other (expense) income-net" was primarily due to lower net pension and other post-retirement income, which is principally attributable to the U.S. defined benefit plan reaching a fully funded status in early 2026, resulting in a change in its investment strategies to a more conservative portfolio.

At March 31, 2026, the Corporation's liquidity position included cash on hand of \$9.2 million and undrawn availability on our revolving credit facility of \$30.8 million. In summary, while there were some short-term timing issues in Q1, there were a number of positives that position us for the rest of the year, including our liquidity position, the fully funded defined benefit plan, and the positive impact from the U.K. plant closure in late 2025.

Operator, at this time, we would now like to open the line for questions.

## QUESTION AND ANSWER

### Operator

[Operator Instructions] And the first question we have will come from Bruce Galloway of Galloway. Please go ahead.

### Bruce Galloway

Hi, guys. How are you doing? It looks like it was a pretty good quarter, a few hiccups over there. A couple of questions. Number one, back in March, you stated that the order book was up 38% and Air and Liquid was up 73%. And at the end of the quarter, the numbers were a little muted from there. So maybe you could explain that. And my second question is, you had a lot of adjustments and a lot of restructuring costs that occurred in the fourth quarter and carried on into the first quarter. What's the total amount of all that as far as EBITDA goes?

### David Anderson

Bruce, it's Dave. I can address your first question on the orders. And it's a little bit of comparing two different things. Order book is certainly up for the quarter. And in what we just presented, we were comparing sequentially to the fourth quarter. The press releases we had earlier in the year were comparing to prior year at the same time. So a little apples and oranges there, but all positive, all going in a good direction.

### Bruce Galloway

Okay, great.

### David Anderson

And your question on adjusted EBITDA, Bruce?

### Bruce Galloway

Yes, you said you had a lot of adjustments, ramping up Sweden, moving stuff to the -- out of U.K., the pension defined plan. How much of the extraordinary expenses were there that -- and what does that translate to nonrecurring as far as EBITDA goes?

### David Anderson

I think the biggest part is Forged and Cast, where you can see the results at the Q1 versus prior year. And our expectation is that we will be going up over those numbers. So that was really in the FCEP section. So I think that difference is the timing issues that we were talking about. That's the primary difference. And that's what we see reversing out as we go into the next quarters.

### Bruce Galloway

But how much was that? Could you quantify? Was it \$3 million in EBITDA, \$2 million?

### David Anderson

Closer to \$3 million.

### Bruce Galloway

Okay. Closer to \$3 million. So kind of like on a normalized basis, you pretty much made like \$8 million for the quarter?

### David Anderson

Correct.

**Sam Lyon**

Yes. And I guess for -- well, we made \$8 million. So for FCEP, it would have been closer to \$8.

**Bruce Galloway**

\$11 -- it would have been closer to \$11 million.

**Sam Lyon**

Correct. And just a comment, Bruce, this is Sam. That timing issue between the blended shipments that we sell to European customers is purely timing. It will just reverse out in the next several quarters. And the overhead that we carried into the year, that's all pretty well gone as well.

And then as I said, the outlook, particularly in North America is quite constructive from our customers. If you look at any of their earnings calls, their volumes are all going up, and we're seeing that as well. So it's -- we feel like, as Brett said, we've kind of come through the trough at this point.

**Bruce Galloway**

Okay. Also, are you getting any tariff money back?

**Sam Lyon**

Well, if we do, it will go right back to our customers. Everything -- every tariff that we had to pay, we had a line item that went to them. So -- but yes, we should. And that's a positive, too, because the new -- the way that the tariffs are going forward, we'll probably pay about half as much as we would have paid, which is just better for borrowing and our ABL.

**Bruce Galloway**

Okay. How much business were you doing in the U.K.? And how much of that total amount switched over to Sweden?

**Sam Lyon**

We were doing at the end of last year, probably \$30 million or so annualized in 2025 and half of that or so would go to Sweden, half to two-thirds.

**Bruce Galloway**

Okay. So on the revenue bar, you're not really comparing apples-to-apples. You have basically a discontinued operation in there, which cost you about \$15 million in revenues, but obviously is helping you on the EBITDA line. Are you still on track to pick up about \$9 million in savings from the closure of the U.K. facility?

**Sam Lyon**

We've always said \$7 million to \$8 million, but yes, we're still on.

**Bruce Galloway**

Okay. Great. Okay.

**Sam Lyon**

Thank you, Bruce.

**Bruce Galloway**

Okay. Thank you.

**Operator**

The next question we have will come from John Bair of Ascend Wealth Advisors.

**John Bair**

Good morning, all.

**David Anderson**

Good morning, John.

**John Bair**

Glad you can hear me. A couple of questions here. Number one, now that you seem to have hit an inflection point. What are your thoughts on debt reduction overall? That's question one. And then I've got a couple of additional ones that I'd like to ask.

**David Anderson**

Hi John, it's Dave. I can answer that one on debt reduction. That is one of our primary focuses as we move towards generating positive cash flow this year. We do expect debt reduction to occur as we go through this year. That's certainly one of our focuses, improving the balance sheet in that regard.

**John Bair**

How much -- can you quantify or do you have a ballpark range of what you think you might be able to accomplish on that based on your order trends overall?

**David Anderson**

I would think reasonable is \$8 million to \$10 million or something in the balance of this year.

**John Bair**

Okay. And is there any potential for any kind of refinancing that might lower your overall interest costs? Or you pretty well settled in with that?

**David Anderson**

We're pretty well settled, but we always evaluate if there's a better option somewhere. But I don't really expect that right now.

**John Bair**

And then outside of the Air and Liquid products Navy activity and so forth, what are you seeing domestically with other aspects of the business? I know you did mention there was kind of a flattish situation with Forged because of tariffs and some of the other uncertainties. But -- and you have indicated that you'd see more positive in the back half of '26.

**Sam Lyon**

I guess -- this is Sam. The large roll orders that were suppressed in Q4 and Q1, I mean, they were down probably on average, 35% from normal. And they've -- in the next 2 quarters, it's completely recovered. So that was kind of the biggest issue. And those are a little bit more capital purchase items from the customers. They have a little leeway when they buy and when they don't buy them. And so they held off on those.

And again, we're also seeing very strong demand on -- particularly in Q3 on the forged side for work rolls. And we're also currently in the midst of -- part of the backlog issue, too, is that we're currently finalizing next year's orders with our two biggest customers as we speak. So one of them will be done in Q2, and probably one to be done in early Q3. So this period in time is a low point. If you look every year, it's kind of the low point for our backlog for FCEP as we negotiate 2027.

**John Bair**

And is that basically just kind of wait and see with all the uncertainties that are out there economically, perhaps that and inventory has kind of been depleted so that you are entering a more robust, hopefully, a more robust ordering cycle and usage. In other words, are the steel companies' activities picking up? Is that your sense that they're picking up enough that they feel more comfortable in ordering, say, larger needs?

**Sam Lyon**

Well, it's purely the -- when demand goes down, there's a lag. So they're buying supplies, which rolls as a supply for a certain level of demand. So as demand goes down, they have an inventory overhang. Well, now the opposite is occurring. So demand is going up. So they directly have to purchase more rolls. And the other thing, we did not have some business in 2026 because of the tariffs in Europe.

People were nervous about buying stuff from the United States. That's all gone, and we have those orders back in the '27 order book as well. So I think for the most part, everybody is -- the tariffs are all normalized. Everybody is acceptable. Everybody understands what they are now, and we're kind of back to a more normalized state.

**John Bair**

And do you think there's some reshoring activity that's helping boost demand?

**Sam Lyon**

Well, in the U.S., definitely. The demand is much better on the infrastructure, data centers. Dave mentioned the pharmaceutical sites that are being built. All that is the use of steel.

**John Bair**

Okay. Very good. Last question, you mentioned in the prepared remarks there about two competitors exiting the market. Is that due to a softening of demand overall for them? Or they just not have the volumes that could justify remaining in that market? And how easy or maybe that's not the right word. How likely is it that you'll be able to pick up the market share that is being left behind by their exiting the market?

**Sam Lyon**

Well, in Europe, the European competitor, Europe market was oversupplied, which is the main reason why we got out of the U.K. as well. So that's a real positive for us there. And then in South America, which they didn't announce publicly, so I can't say who it is, but it's a non-core business for them, and they just decided it wasn't worth managing. On the South American competitor, that we will definitely -- we're being called directly by customers, and we have orders that we haven't had in years because of them exiting the business. And in Europe, we'll compete and get our share from that as well. So that's all very positive.

**John Bair**

Very good. Thank you for taking the questions.

**Sam Lyon**

Yeah. Thank you.

**Operator**

[Operator Instructions] The next question we have will come from Justin Bergner of Gabelli Funds.

**Justin Bergner**

Good morning, and thank you for taking my question. The question about the exits of the competitors was just answered, but I had one more question. Any benefit from the revised Section 232 tariffs that's material for your business?

**Sam Lyon**

Yes. There are a couple of things, Justin. One is that the cast rolls, so the rolls from Sweden, have been pretty dramatically reduced. So while the tariffs didn't affect us greatly, it puts us on a more level playing field with the U.S. competitor that we have, and we won't have to pay the tariff and foot the bill.

So that's a positive. And then the tariffs on the FEP products stayed in place. That's still at 50%, which is a healthy barrier. So that's helping our FEP order book. It's probably double what it was last year, and the margins are much better as well. So I think if you look at the total picture, it's kind of landed in a good spot for us, better than it was four months ago.

**Justin Bergner**

Okay. Thank you.

**Sam Lyon**

Thank you, Justin.

**Conclusion****Operator**

[Operator Instructions] It appears that we have no further questions at this time. This concludes our question-and-answer session. I would now like to turn the conference back over to Mr. Brett McBrayer for any closing remarks. Sir?

**Brett McBrayer**

Thank you. In closing, today, I want to thank our employees who continue to make a positive impact each and every day. With improving market conditions and the actions taken in the second half of 2025 in our Forged and Cast segment, we expect to recognize an annual adjusted EBITDA improvement of \$7 million to \$8 million moving forward. I want to thank our Board of Directors and our shareholders for your continued support. Thank you for joining our call this morning.

**Operator**

Thank you, sir, and to the rest of the management team. This concludes today's conference call. At this time, you may disconnect your lines. Thank you. Take care, and have a blessed day, everyone.