Ampco-Pittsburgh Corporation

Third Quarter 2026 Earnings Results Conference Call

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CORPORATE PARTICIPANTS

Danny Litwin--*Corporate Counsel and Corporate Secretary*

Brett McBrayer--*Chief Executive Officer*

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

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

PRESENTATION

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

I would now like to turn the conference over to Mr. Danny Litwin, Corporate Counsel and Corporate Secretary. Please go ahead, sir.

Danny Litwin
Thank you, Chuck, and good morning to everyone joining us on today's third 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 & 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 and 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 to our website later today. To access the earnings release or the webcast replay, please consult the Investors section of our website at ampcopgh.com.

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

Brett McBrayer
Thank you, Danny. Good morning and thank you for joining us.

Our results from this quarter reflect the progress we've made in building a stronger, more profitable Ampco-Pittsburgh.

Our third quarter is seasonally our slowest quarter in the Forged and Cast Engineered Products segment. Even so, we generated strong cash flow and put this cash to work paying down debt and strengthening our balance sheet.

Cash from operations improved $15.5 million versus the prior year, and free cash flow improved by $15.1 million. As a result, we reduced net debt by $19.5 million in the quarter alone.

Net sales increased 3% versus the prior year to $111.7 million, with net income of $0.5 million, or $0.02 per share. Adjusted EBITDA was $9.4 million for the quarter, an 8.4% margin.

Looking ahead, our backlog stands at $379.5 million, up by over $50 million this year.

For more details on our Air & Liquid Systems segment, I'll now turn the call over to David Anderson, our Chief Financial Officer and President of Air & Liquid Systems.

David Anderson
Thank you, Brett. Good morning.

2026 continues to be a positive year for Air & Liquid. Q3 revenue increased 17% versus prior year, while year-to-date revenue increased 12% versus prior year. Adjusted EBITDA in Q3 increased 9% versus prior year, while year-to-date adjusted EBITDA increased 31% versus prior year to the highest level in Air & Liquid's history.

Backlog is 29% higher than year-end 2025. In addition to the backlog at the end of Q3, Air & Liquid saw strong customer orders at the beginning of Q4. An additional $31 million in customer orders was received in October, led by $21 million in orders from the power generation market.

Increasing demand in the power generation market is fueling demand in both our commercial pump and 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 that we have received from the U.S. Navy funding program has allowed us to increase our capacity to meet the expected growth in demand.

Market activity remains strong, and we continue to focus on increasing our manufacturing capacity to meet the increasing demand. We are bringing in new equipment, increasing our headcount, and improving our manufacturing efficiencies to meet the increasing market demand.

In summary, Air & Liquid is on a record pace for both revenue and adjusted EBITDA, 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 Lyon
Thank you, Brett, and good morning, everyone.

For the third quarter of 2026, the Forged and Cast Engineered Products segment reported net sales of $68.9 million, compared to $71.5 million in Q3 of 2025. The decline reflects our exits from the U.K. facility and the AUP distribution business. Excluding prior year U.K. sales, segment sales grew about 11%, reflecting the planned transfer of work rolls from the U.K. to our Sweden facility and growth in FEP non-roll shipments.

Segment adjusted EBITDA was $7.7 million, up 9% from the prior year on lower sales and in line with the second quarter, despite our seasonal outages. Sweden performance continued to improve on better productivity and higher utilization levels.

Year-over-year is not a clear comparison for FCEP, as we were producing at low rates in the U.K. in Q3 of 2025, and melting had halted, lowering losses as we were evaluating the future of that facility. AUP, our small distribution business, was also in the midst of winding down. The losses from the U.K. and AUP are now fully out of the business.

As mentioned in the press release, we extended the normal annual maintenance outage on the 5,000-ton forging press at our Burgettstown facility to complete repairs that extend its useful life ahead of an increasing order book.

Demand for rolls is improving, particularly in North America. Tariff protections continue to support steel mill utilization in the U.S., which drives roll consumption. The tariffs also directly support FEP demand, which continues to be strong. Our backlog and momentum for 2027 continue to build.

Brett, back to you.

Brett McBrayer
Thank you, Sam. I will now turn the call back over to David Anderson for more detail regarding our financial performance for the quarter.

David Anderson
Thank you, Brett.

As indicated in both our Form 10-Q and in our press release 8-K filed this morning, Ampco-Pittsburgh reported Q3 net sales of $111.7 million compared to $108 million last year, as growth in the ALP segment more than offset the lower revenue caused by the closure of the U.K. cast roll facility in Q4 of 2025. Year-to-date revenue was $322.9 million compared to $325.4 million, as the closure of the U.K. facility was partially offset by higher sales in the ALP segment.

Q3 Adjusted EBITDA of $9.4 million increased 2% compared to prior year, while year-to-date Adjusted EBITDA of $27.1 million increased 4% versus prior year.

Q3 backlog of $380 million has increased $51 million, or 15% versus year-end 2025.

Our cash flow and debt position improved significantly in Q3. In previous calls, we indicated our goal in 2026 was to pay down debt by $8 million-$10 million. At the end of Q3, our debt has been paid down by approximately $13.3 million, so we are now well ahead of our targeted debt reduction for the year. Our continued focus on reducing working capital was the primary driver that allowed the debt paydown in Q3.

In summary, Q3 was a successful step forward as we entered Q4 with lower debt and a strong order backlog.

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

QUESTION AND ANSWER

Operator
Thank you. We will now begin the question-and-answer session. The first question will come from Justin Bergner with Gabelli Funds. Please go ahead.

Justin Bergner
Good morning, everyone.

Brett McBrayer
Good morning, Justin.

Justin Bergner
Nice to talk to you, Brett and team. And I guess a few questions, some of which might just ask for clarification on some of your opening remarks. So the $31 million in Air and Liquid Processing orders in October, of which $21 million were in power generation, which segments of Air and Liquid Processing were they in?

David Anderson
Hey, Justin, it's Dave. The $21 million was Aerofin, so heat exchanger and heat exchanger-related items. That was the significant order activity.

Justin Bergner
Okay. Got you. And then, the goal of debt reduction, you said you've done $13 million year-to-date. What was the goal for this year, and are the working capital improvements sustainable, or are they just temporal based upon timing of receivables, collections, and what have you?

David Anderson
The goal we had set was $8 million-$10 million, so at $13, we are now ahead of that. And, yes, we believe they are sustainable. We do not see them reversing back out.

Justin Bergner
Okay. So you can operate at this lower level of working capital going forward. Was there any action that was....?

David Anderson
Correct

Justin Bergner
Taken to, I guess, collect on the receivables? Because it seems like that was the big boost to...

David Anderson
Well, there are a few things that we have been working on through this year, and we continue to work on. Number one is improving terms with our customers. Also looking at how we get more cash upfront in customer deposits. So those are really the things that are leading for accounts receivable.

Justin Bergner
Okay. Would you say that there's farther to go in the working capital front, or you've kind of gotten the 80/20 and it's going to be more gradual improvement from here?

David Anderson
I think more gradual. I mean, we've gotten significant changes, but we still are pushing forward with looking at terms and things that we can improve. I think you can always do a little better, is my sense.

Justin Bergner

Sure. And then, maybe lastly, the outage on the forge press, was that unexpected, and is it pretty much behind the company as you get into Q4, as you get into the second half of Q4?

Sam Lyon
It's behind us, Justin. We do an outage every summer, and we inspect the press, and we found some small issues on the base that needed corrected. And so we took the opportunity to do that, as I stated, next year looks to be busier than this year, so we wanted to make sure that we got that behind us. But it's been operating for several months now, so it's back in business.

Justin Bergner
Great. Thank you for taking my questions.

Brett McBrayer
Thanks, Justin.

Conclusion

Operator
And this will conclude our question-and-answer session. I would like to turn the conference back over to Mr. Brett McBrayer for any closing remarks. Please go ahead, sir.

Brett McBrayer
Yes, thank you. To wrap up, this quarter demonstrates what we have been building toward: stronger cash generation, a healthier balance sheet, and a growing backlog. With our order book up meaningfully and positive momentum across our businesses, we are well-positioned as we head into 2027.

None of these improvements happen without our employees. I want to thank them for the work they do every day to make Ampco-Pittsburgh a stronger company. Thank you to our Board of Directors and our shareholders for your continued support and thank you for joining us this morning.

Operator
The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.