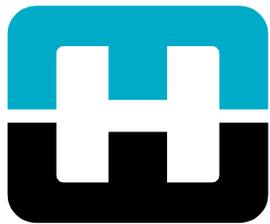


# First Quarter 2020 Earnings Call

**John Plant – Executive Chairman and Co-Chief Executive Officer**  
**Ken Giacobbe – EVP and Chief Financial Officer**

May 5, 2020



**HOWMET  
AEROSPACE**

Formerly Arconic Inc.



# Important Information

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## Forward-Looking Statements

This presentation contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect Howmet Aerospace's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts and expectations relating to the growth of end markets; statements and guidance regarding future financial results or operating performance; statements regarding future strategic actions; and statements about Howmet Aerospace's strategies, outlook, business and financial prospects. These statements reflect beliefs and assumptions that are based on Howmet Aerospace's perception of historical trends, current conditions and expected future developments, as well as other factors Howmet Aerospace believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and changes in circumstances that are difficult to predict, which could cause actual results to differ materially from those indicated by these statements. Such risks and uncertainties include, but are not limited to: (a) the impact of the separation on the businesses of Howmet Aerospace; (b) deterioration in global economic and financial market conditions generally, including as a result of pandemic health issues (including COVID-19 and its effects, among other things, on global supply, demand, and distribution disruptions as the COVID-19 outbreak continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations); (c) unfavorable changes in the markets served by Howmet Aerospace; (d) the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted; (e) competition from new product offerings, disruptive technologies or other developments; (f) political, economic, and regulatory risks relating to Howmet Aerospace's global operations, including compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (g) manufacturing difficulties or other issues that impact product performance, quality or safety; (h) Howmet Aerospace's inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions, divestitures, facility closures, curtailments, expansions, or joint ventures; (i) the impact of potential cyber attacks and information technology or data security breaches; (j) the loss of significant customers or adverse changes in customers' business or financial conditions; (k) adverse changes in discount rates or investment returns on pension assets; (l) the impact of changes in aluminum prices and foreign currency exchange rates on costs and results; (m) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet Aerospace to substantial costs and liabilities; (n) the possible impacts and our preparedness to respond to implications of COVID-19; and (o) the other risk factors summarized in Howmet Aerospace's Form 10-K for the year ended December 31, 2019 and other reports filed with the U.S. Securities and Exchange Commission (SEC). Market projections are subject to the risks discussed above and other risks in the market. The statements in this release are made as of the date of this release, even if subsequently made available by Howmet Aerospace on its website or otherwise. Howmet Aerospace disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

# Important Information (continued)

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**On April 1, 2020, Arconic Inc. completed the separation of its business into two independent, publicly-traded companies: Howmet Aerospace Inc. (the new name for Arconic Inc.) and Arconic Corporation. References herein to “Arconic Inc.” refer to Howmet Aerospace prior to the separation. The financial results of Howmet Aerospace prior to April 1, 2020 include the Global Rolled Products business (which became Arconic Corporation as of April 1, 2020).**

## Non-GAAP Financial Measures

Some of the information included in this presentation is derived from Howmet Aerospace’s consolidated financial information but is not presented in Howmet Aerospace’s financial statements prepared in accordance with accounting principles generally accepted in the United States of America (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. Howmet Aerospace has not provided reconciliations of any forward-looking non-GAAP financial measures, including Pro Forma Net-Debt-to-LTM Adjusted EBITDA, to the most directly comparable GAAP financial measures because such reconciliations are not available without unreasonable efforts due to the variability and complexity with respect to the charges and other components excluded from the non-GAAP measures, such as the effects of foreign currency movements, equity income, gains or losses on sales of assets, taxes, and any future restructuring or impairment charges. These reconciling items are in addition to the inherent variability already included in the GAAP measures, which includes, but is not limited to, price/mix and volume. Howmet Aerospace believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

“Organic revenue” is GAAP revenue adjusted for divestitures, and changes in aluminum prices and foreign currency exchange rates relative to prior year period. “Adjusted free cash flow” is cash provided from (used for) operations, less capital expenditures, plus cash receipts from sold receivables. Any reference to historical EBITDA means adjusted EBITDA for which we have provided calculations and reconciliations in the Appendix.

## Other Information

In the third quarter of 2019, Howmet Aerospace realigned its operations by eliminating its Transportation and Construction Solutions (TCS) segment and transferring the Forged Wheels business to the Engineered Products and Forgings (EP&F) segment (formerly named the Engineered Products and Solutions segment) and the Building and Construction Systems (BCS) business to the Global Rolled Products (GRP) segment. The Latin American extrusions business, formerly part of the TCS segment prior to its sale in April of 2018, was moved to Corporate. In the first quarter of 2019, Howmet Aerospace transferred its Aluminum Extrusions operations from the EP&F segment to the GRP segment. Prior period financial information has been recast to conform to current year presentation.

# Legal Separation completed on April 1

Arconic Inc.

## EP&F

Engineered Products & Forgings

- Engine Products
- Fastening Systems
- Engineered Structures
- Forged Wheels

## GRP

Global Rolled Products

- Global Rolled Products
- Aluminum Extrusions
- Building and Construction Systems

**Pre Separation**  
(1Q 2020)

**Post Separation**  
(starting 2Q 2020)

**Howmet Aerospace Inc.**  
Remain Co.



**HOWMET  
AEROSPACE**

(NYSE: HWM)

**Arconic Corporation**  
Spin Co.



**ARCONIC**  
Innovation, engineered.

(NYSE: ARNC)



One Time Opex and Capex Separation Costs ~\$130M vs Target of \$175M  
One Time Separation Costs Funded by Divestiture Net Proceeds of ~\$190M

# 1Q 2020 Highlights: Arconic Inc. (EP&F, GRP, Corporate)

## Revenue and Profitability

	1Q 2020 (YoY)
	<b>1Q Record in bold</b>
Revenue	\$3.21B, down 9%
Organic Revenue YoY %	Down 6%
Operating Income Excluding Special Items <sup>1</sup>	<b>\$472M</b> , up 19%
Operating Income Excluding Special Items Margin Expansion	<b>14.7%</b> , up 350 bps
EP&F Segment Operating Profit Margin Expansion	<b>20.8%</b> , up 300 bps
GRP Segment Operating Profit Margin Expansion	<b>10.7%</b> , up 310 bps
Earnings Per Share Excluding Special Items <sup>2</sup>	<b>\$0.62</b> , up 44%

## Balance Sheet and Cash Flow

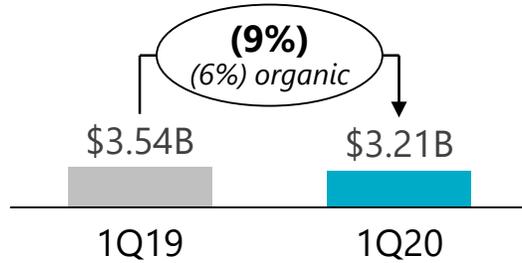
- Adjusted Free Cash Flow excluding separation costs improved \$19M YoY in 1Q 2020<sup>3</sup>
- Cash Balance of \$2.64B<sup>4</sup>
- Net Debt-to-LTM EBITDA of 1.86x at 1Q 2020, down from 2.48x at 1Q 2019<sup>5</sup>
- Record Return on Net Assets of 14.8% in 1Q 2020, up 410 bps YoY<sup>6</sup>



1) 1Q 2020 Operating income (GAAP) = \$399M, 1Q 2019 Operating income (GAAP) = \$374M 2) 1Q 2020 EPS (GAAP) = \$0.49, 1Q 2019 EPS (GAAP) = \$0.39 3) 1Q 2020 (GAAP): Cash used for operations = (\$291M), Cash provided from financing activities = \$1,145M, Cash provided from investing activities = \$94M; 1Q 2019 (GAAP): Cash used for operations = (\$258M), Cash used for financing activities = (\$741M), Cash provided from investing activities = \$42M 4) Includes restricted cash of \$52M 5) Adjusted for special items; Last twelve month (LTM) Arconic adjusted EBITDA 6) Based on Net Income of \$215M and Net Income excluding special items of \$274M in 1Q 2020 and Net Income of \$187M and Net Income excluding special items of \$208M in 1Q 2019 See appendix for reconciliations

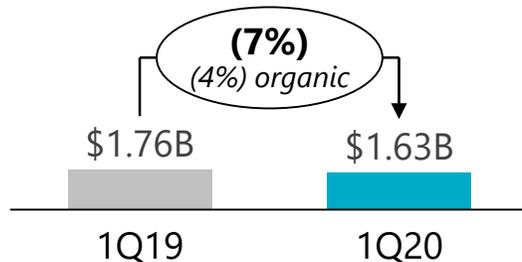
# Revenue – 1Q 2020

## Arconic Inc. Revenue



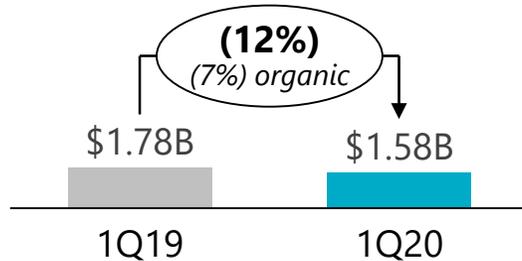
- Revenue decreased 9% YoY
- Organic Revenue decreased 6% YoY
- Declines in Commercial Trans, Automotive, and Aerospace driven by COVID-19 and 737 MAX production declines partially offset by growth in Industrial
- Divestitures and lower aluminum price

## EP&F Segment Revenue



- Revenue decreased 7% YoY
- Organic Revenue decreased 4% YoY
- Declines in Commercial Transportation and Aerospace
- Divestitures

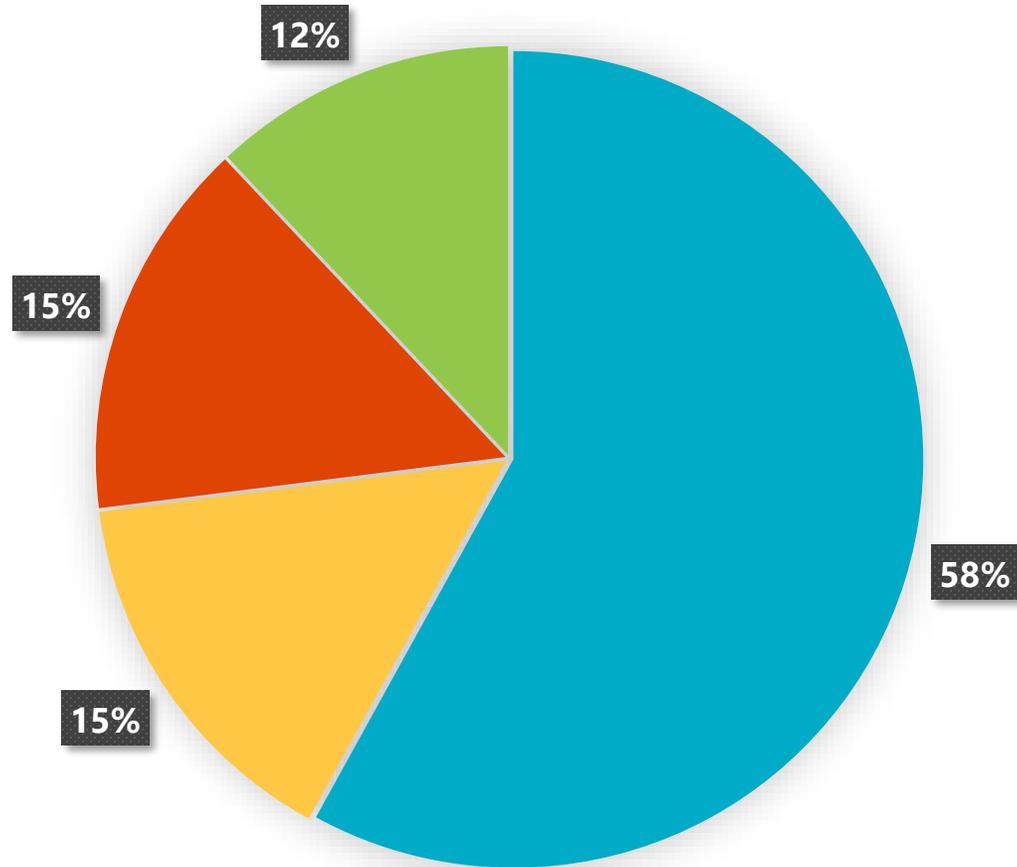
## GRP Segment Revenue



- Revenue decreased 12% YoY
- Organic Revenue decreased 7% YoY
- Declines in Automotive, Commercial Transportation, and Aerospace partially offset by growth in Industrial
- Divestitures and lower aluminum price

# Organic Revenue by Market – 1Q 2020: EP&F

**Engineered Products & Forgings  
Organic Revenue by Market  
(% of total)<sup>1</sup>**

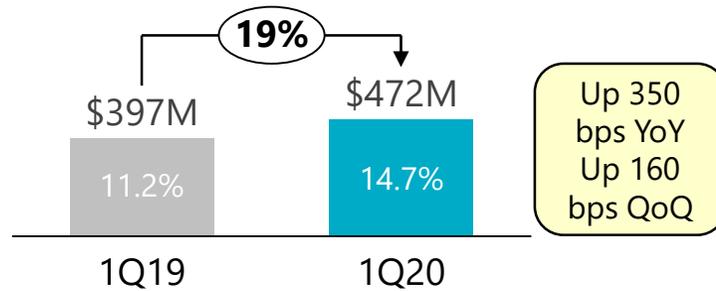


**Engineered Products & Forgings  
Organic Revenue by Market YoY  
(% change)<sup>2</sup>**

■ Aerospace - Commercial	<b>(7%)</b>
■ Aerospace - Defense	<b>17%</b>
<b><i>Sub-Total Aerospace</i></b>	<b>(3%)</b>
■ Commercial Transportation	<b>(21%)</b>
■ Industrial & Other	<b>13%</b>
<b>Total Organic Revenue</b>	<b>(4%)</b>

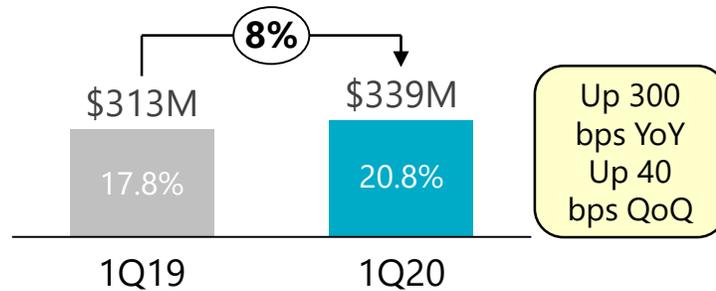
# Operating Profit – 1Q 2020

## Arconic Inc. Adjusted Operating Profit<sup>1</sup>



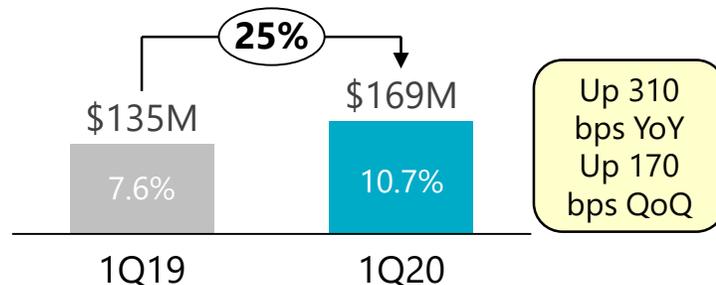
- + Net Cost reductions
- + Lower raw material costs including aluminum price
- + Growth in Industrial volume
- Declines in Commercial Transportation, Automotive, Aerospace
- COVID-19 disruptions in March
- 737 MAX production declines

## EP&F Segment Operating Profit



- + Net Cost reductions
- + Lower raw material costs
- + Price increases
- Declines in Commercial Transportation
- Declines in Aerospace

## GRP Segment Operating Profit



- + Net Cost reductions
- + Lower aluminum price
- + Growth in Industrial volume
- Declines in Automotive
- Declines in Commercial Transportation
- Declines in Aerospace

# Year-over-Year Margin Expansion

	1Q19 vs 1Q18	2Q19 vs 2Q18	3Q19 vs 3Q18	4Q19 vs 4Q18	1Q20 vs 1Q19
<b>Arconic Inc.</b> Operating Income Margin Excluding Special Items <sup>1</sup>	+120 bps	+240 bps	+340 bps	+380 bps	+350 bps
<b>Engineered Products &amp; Forgings</b> Segment Operating Profit Margin	+210 bps	+300 bps	+330 bps	+480 bps	+300 bps
<b>Global Rolled Products</b> Segment Operating Profit Margin	(40) bps	+210 bps	+330 bps	+370 bps	+310 bps

# Segment Historical Performance

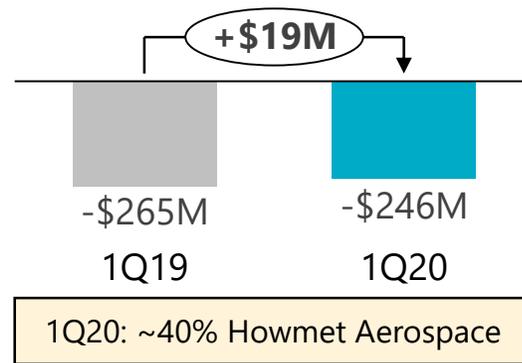
	4Q18	1Q19	2Q19	3Q19	4Q19	2019	1Q20	
<b>Engineered Products &amp; Forgings</b>	Revenue	\$1,715M	\$1,756M	\$1,822M	\$1,794M	\$1,733M	\$7,105M	\$1,631M
	Segment Operating Profit	\$268M	\$313M	\$360M	\$363M	\$354M	\$1,390M	\$339M
	Segment Operating Profit Margin	15.6%	17.8%	19.8%	20.2%	20.4%	19.6%	20.8%
	Depreciation & Amortization	\$72M	\$71M	\$70M	\$65M	\$63M	\$269M	\$65M
<b>Global Rolled Products</b>	Revenue	\$1,755M	\$1,784M	\$1,868M	\$1,763M	\$1,667M	\$7,082M	\$1,578M
	Segment Operating Profit	\$93M	\$135M	\$179M	\$161M	\$150M	\$625M	\$169M
	Segment Operating Profit Margin	5.3%	7.6%	9.6%	9.1%	9.0%	8.8%	10.7%
	Depreciation & Amortization	\$68M	\$59M	\$59M	\$57M	\$58M	\$233M	\$57M

**Segment Operating Profit Margin Up 520 bps since 4Q18**

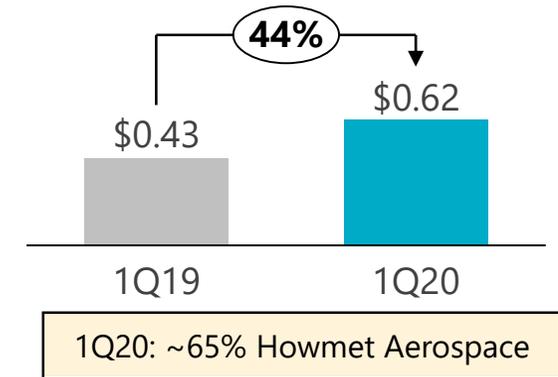
**Segment Operating Profit Margin Up 540 bps since 4Q18**

# Adj Free Cash Flow and Earnings Per Share – 1Q 2020

## Arconic Inc. Adjusted Free Cash Flow, Excluding Separation Costs<sup>1</sup>



## Arconic Inc. Adjusted Earnings Per Diluted Share<sup>2</sup>



### 1Q 2020 Special Items (\$M)

	Income before income taxes <sup>3</sup>	Net Income <sup>3</sup>	Earnings per diluted share
<b>AS REPORTED</b>	<b>\$291</b>	<b>\$215</b>	<b>\$0.49</b>
<b>Costs associated with separation</b>	\$45	\$50	
<b>Cost-Out Program / Other:</b>			
Severance costs	\$20	\$16	
St. Cosme fasteners / Barberton wheels plant fire costs	\$11	\$8	
Other	\$2	\$1	
<b>Costs associated with divestitures and shutdowns</b>	\$2	\$4	
<b>Discrete and other special tax benefit</b>	N/A	(\$20)	
<b>Subtotal: Special items</b>	<b>\$80</b>	<b>\$59</b>	
<b>EXCLUDING SPECIAL ITEMS</b>	<b>\$371</b>	<b>\$274</b>	<b>\$0.62</b>

1) 1Q 2020 (GAAP): Cash used for operations = (\$291M), Cash provided from financing activities = \$1,145M, Cash provided from investing activities = \$94M; 1Q 2019 (GAAP): Cash used for operations = (\$258M), Cash used for financing activities = (\$741M), Cash provided from investing activities = \$42M

2) Arconic Inc. 1Q 2020 Diluted EPS (GAAP) = \$0.49, 1Q 2019 Diluted EPS (GAAP) = \$0.39

3) ( ) = income to be deducted from Reported number; + = expense to be added to Reported number

See appendix for reconciliations

# Howmet Aerospace: Actions in Response to COVID-19

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## Employee Safety / Delivering to our Customers

- Restricted travel and encouraging employees to work from home when feasible
- Implemented social-distancing standards throughout manufacturing and office workspaces. We are ensuring that updated protocols are followed
- Deep cleaning and sanitization of work spaces potentially exposed
- Continue to be a reliable partner to our customers who are critical to national defense, commercial aviation, and the global economy

# 2020 Outlook: Howmet Aerospace

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- COVID-19 future impact uncertain and guidance withdrawn
- Reduce costs by \$100M on a run rate basis; incremental to \$50M of previously announced actions from 2019
- Reduce annual Capex spend by ~\$100M from the initial target provided at the February 25, 2020 Investor Day. Full Year estimate of ~\$200M is driven by lower volumes.
- Temporarily suspended dividend on common stock to preserve cash & provide additional flexibility
- Expect to be Free Cash Flow Positive in 2020

# Howmet Aerospace: Cash Flow Components

Expect to be Free Cash Flow Positive in 2020<sup>1</sup>

## Howmet Aerospace Cash Flow Components<sup>2</sup>

### 1Q 2020<sup>2</sup>

- Corporate Overhead ~\$20M
- Depreciation and Amortization ~\$70M
- Interest Cash Payments ~\$100M
- Capex ~\$45M
- Pension / OPEB Payments ~\$25M
- Dividend on common stock ~\$9M
- No Cash Taxes due to refund
- Working Capital a use of cash

### Estimated 2020 Annual<sup>2</sup>

- Corporate Overhead ~\$80M
- Depreciation and Amortization ~\$280M
- Interest Cash Payments<sup>3</sup> ~\$330M
- Capex ~\$200M
- Pension / OPEB Payments ~\$210M
- Dividend on common stock ~\$9M
- Cash Taxes ~10%
- Working Capital a source of cash

1) Excludes Separation costs

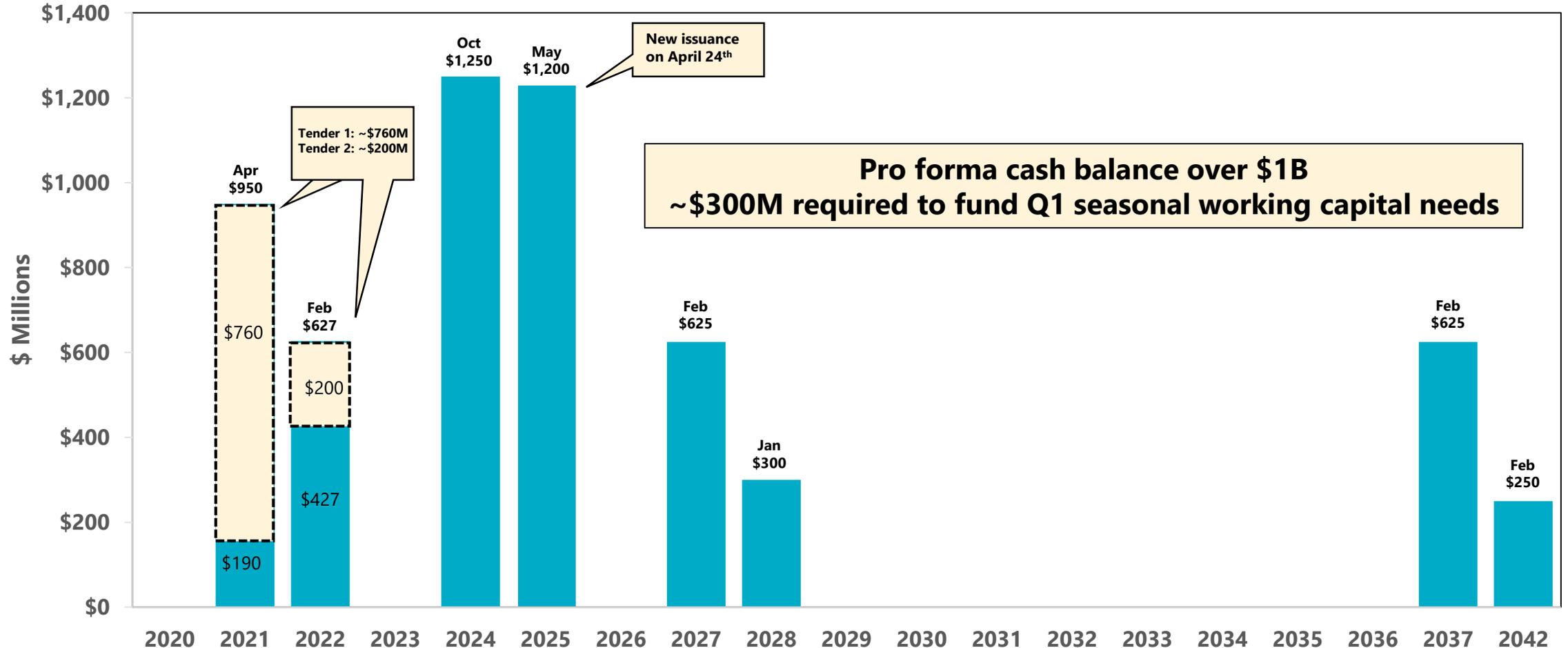
2) Excludes Arconic Corp and Special Items

3) Excludes ~\$35M of April 6 debt breakage payments and ~\$50M of Apr 24 debt issuance costs and May 6 debt tender fees

# Howmet Aerospace: Target Debt Maturity Profile

April 6<sup>th</sup> Redeemed \$1B of 2020 Bonds and \$300M 2021 Bonds

April 24<sup>th</sup> \$1.2B Bond Issuance<sup>1</sup>, Two Tender Offers Totaling (\$960M)<sup>1</sup>, ~\$190M Cash to Balance Sheet after Fees



**Pro forma cash balance over \$1B**  
 ~\$300M required to fund Q1 seasonal working capital needs



1) April 24 bond issuance of \$1.2B excludes ~\$15M of issuance costs; 2021 bond tender 1 of ~\$760M excludes transaction fees of ~\$25M; 2022 bond tender 2 of ~\$200M excludes transaction fees of ~\$10M

# Howmet Aerospace: Pro Forma Capital Structure as of April 24, 2020

\$M	Howmet Aerospace
Pro Forma Cash <sup>1</sup>	~\$1,030
Pro Forma Gross Debt <sup>2</sup>	~\$4,860
<b>Pro Forma Net Debt</b>	<b>~\$3,830</b>
Pro Forma Net-Debt-to-LTM Adj. EBITDA <sup>3</sup>	~2.4x

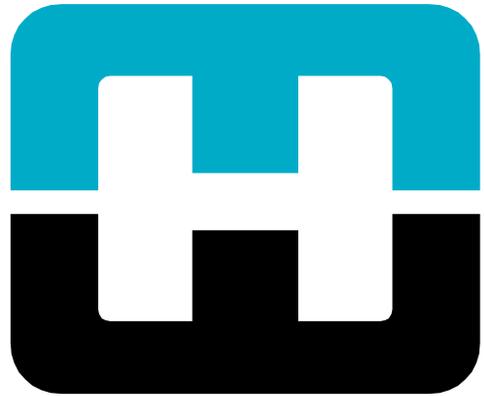
## Financial Position

- Ample liquidity with undrawn \$1.5B Five-Year Revolver
- Active management of pension plan exposure
- Separation did not trigger incremental cash contribution to pension plans

## Financial Stewardship

- Redemption of \$1.3B of debt on April 6, 2020
- Bond issuance of \$1.2B on April 24, 2020
- Announced bond tender of \$760M of 2021 notes and \$200M of 2022 notes on April 24, 2020 excluding transaction fees
- Capital investment in business is complete
- Minimal legacy environmental liabilities

1) Reported cash of \$2.59B plus restricted cash of \$52M, less \$1.3B April 6 early debt repayment, less allocation of \$500M to Arconic Corporation at Separation, plus \$1.2B April 24 bond issuance, less \$960M of May 6 debt tenders, less ~\$50M of April 24 debt issuance / May 6 debt tender payments  
 2) Reported Gross Debt of \$7.1B less \$1.3B April 6 early debt repayment, less debt allocation of \$1.2B to Arconic Corporation at Separation, plus \$1.2B April 24 bond issuance, less \$960M of May 6 debt tenders  
 3) LTM Adj. EBITDA estimate of \$1,579M includes LTM 3/31/2020 EP&F EBITDA of \$1,679M less estimated Howmet Aerospace corporate expense of ~\$100M. Adj. EBITDA is a non-GAAP measure; see appendix for reconciliations



**HOWMET**  
**AEROSPACE**

# Appendix



# Howmet Aerospace: 2020 Additional Assumptions<sup>1</sup>

	1Q 2020	Full Year 2020	Sensitivities and Comments
<b>Pension / OPEB-related Expense</b>	~\$10M Total (~\$7M Non-Service)	~\$40M Total (~\$30M Non-Service)	<ul style="list-style-type: none"> <li>• 25 bps Discount Rate sensitivity = ~&lt;\$1M (after-tax)</li> <li>• 25 bps Expected Return on Assets (EROA) sensitivity = ~\$3M (after-tax)</li> </ul>
<b>Post-Tax Unfunded Pension / OPEB-related Liability</b>		~\$820M Pension Liability ~\$170M OPEB Liability	<ul style="list-style-type: none"> <li>• As of 12/31/2019 using 3.3% discount rate</li> <li>• Applied U.S. federal corporate tax rate of 21%</li> <li>• 25 bps Discount Rate sensitivity = ~\$60M on liability</li> </ul>
<b>Interest Expense</b>	~\$85M	~\$300M	<ul style="list-style-type: none"> <li>• Excludes debt issuance, breakage and tender fees</li> </ul>
<b>Tax Rate</b>		Operational tax % = 28.0% - 30.0% Cash tax % = ~10%	<ul style="list-style-type: none"> <li>• May experience volatility in the current environment</li> </ul>
<b>Diluted Share Count</b>		~440M	

# Organic Revenue<sup>1</sup> for 1Q 2020: Arconic Inc.

	1Q 2019 (\$M)	1Q 2020 (\$M)	% Change
<b>Arconic Inc. Revenue</b>	\$3,541	\$3,209	<b>-9%</b>
less Itapissuma	40	11	
less South Korea	13	8	
less UK Forgings	32	-	
<b>Subtotal: Portfolio Changes</b>	<b>85</b>	<b>19</b>	
less Aluminum Price <sup>2</sup>	-	(55)	
less Foreign Currency <sup>2</sup>	-	(4)	
<b>Subtotal: Aluminum Price &amp; Foreign Currency</b>	<b>-</b>	<b>(59)</b>	
<b>Total: Arconic Inc. Revenue, Organic</b>	<b>\$3,456</b>	<b>\$3,249</b>	<b>-6%</b>

	1Q 2019 (\$M)	1Q 2020 (\$M)	% Change
<b>EP&amp;F Revenue</b>	\$1,756	\$1,631	<b>-7%</b>
less UK Forgings	32	-	
<b>Subtotal: Portfolio Changes</b>	<b>32</b>	<b>-</b>	
less Aluminum Price <sup>2</sup>	-	(9)	
less Foreign Currency <sup>2</sup>	-	(7)	
<b>Subtotal: Aluminum Price &amp; Foreign Currency</b>	<b>-</b>	<b>(16)</b>	
<b>Total: EP&amp;F Revenue, Organic</b>	<b>\$1,724</b>	<b>\$1,647</b>	<b>-4%</b>

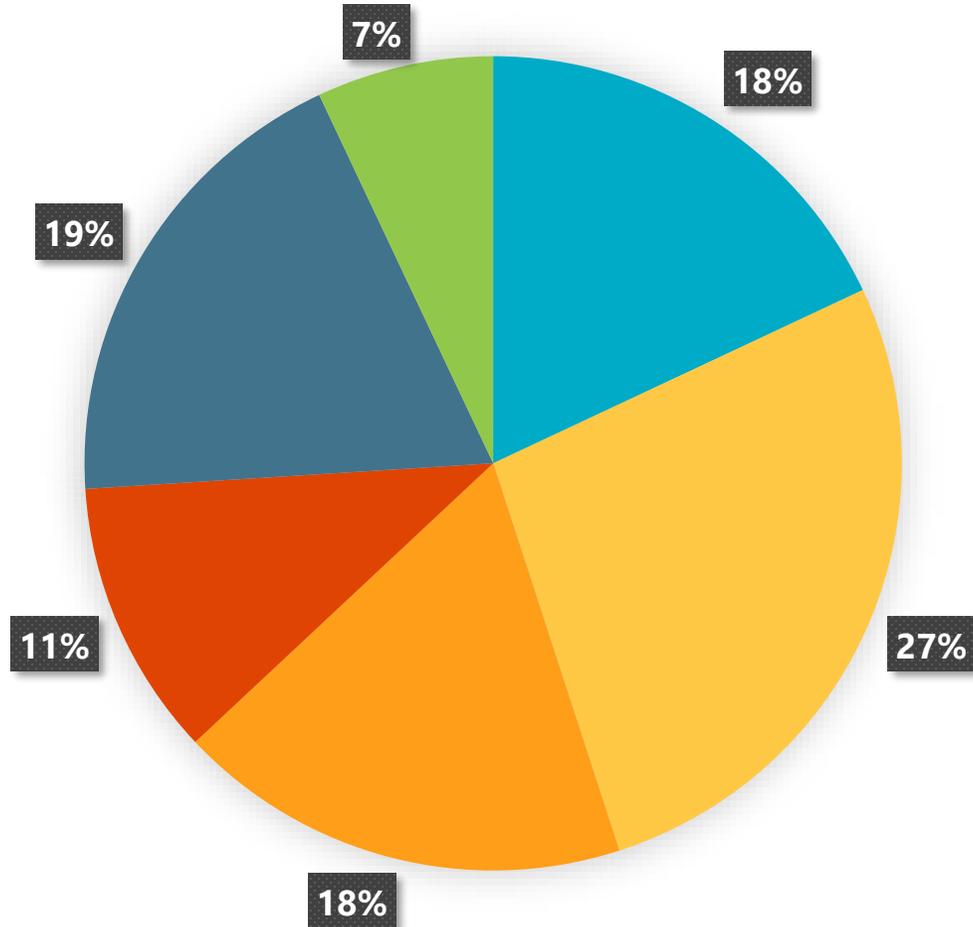
	1Q 2019 (\$M)	1Q 2020 (\$M)	% Change
<b>GRP Revenue</b>	\$1,784	\$1,578	<b>-12%</b>
less Itapissuma	40	11	
less South Korea	13	8	
<b>Subtotal: Portfolio Changes</b>	<b>53</b>	<b>19</b>	
less Aluminum Price <sup>2</sup>	-	(46)	
less Foreign Currency <sup>2</sup>	-	3	
<b>Subtotal: Aluminum Price &amp; Foreign Currency</b>	<b>-</b>	<b>(43)</b>	
<b>Total: GRP Revenue, Organic</b>	<b>\$1,731</b>	<b>\$1,602</b>	<b>-7%</b>



- 1) Organic revenue is U.S. GAAP revenue adjusted for divestitures, changes in aluminum prices and foreign currency relative to prior year period.  
 2) Impacts of changes in aluminum prices and foreign currency relative to the prior year period

# Organic Revenue by Market – 1Q 2020: GRP

**Global Rolled Products**  
Organic Revenue by Market  
(% of total)<sup>1</sup>



**Global Rolled Products**  
Organic Revenue by Market YoY  
(% change)<sup>2</sup>

Aerospace	(3%)
Automotive	(12%)
Building & Construction	(10%)
Packaging (Russia and China)	(7%)
Industrial	14%
Commercial Transportation & Other	(33%)
<b>Total Organic Revenue</b>	<b>(7%)</b>

# Reconciliation of Net income excluding Special items (QTD)

(\$ in millions, except per-share amounts)

	Net income excluding Special items		Diluted EPS excluding Special items	
	Quarter ended		Quarter ended	
	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020
Net income	\$187	\$215	\$0.39	\$0.49
Special items:				
Restructuring and other charges	12	21		
Discrete tax items <sup>(1)</sup>	1	(8)		
Other special items <sup>(2)</sup>	12	55		
Tax impact <sup>(3)</sup>	(4)	(9)		
Net income excluding Special items	\$208	\$274	\$0.43	\$0.62

Net income excluding Special items and Diluted EPS excluding Special items are non-GAAP financial measures. Management believes that these measures are meaningful to investors because management reviews the operating results of the Company excluding the impacts of Restructuring and other charges, Discrete tax items, and Other special items (collectively, “Special items”). There can be no assurances that additional special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both Net income determined under GAAP as well as Net income excluding Special items.

<sup>(1)</sup> Discrete tax items for each period included the following:

- for the quarter ended March 31, 2019, a charge for a number of small items (\$1); and
- for the quarter ended March 31, 2020, a benefit related primarily to stock compensation (\$8).

<sup>(2)</sup> Other special items for each period included the following:

- for the quarter ended March 31, 2019, strategy and portfolio review costs (\$6), costs associated with the Arconic Inc. Separation Transaction (\$3), legal and other advisory costs related to Grenfell Tower (\$2), and a charge for a number of small tax items (\$1); and
- for the quarter ended March 31, 2020, transaction costs with the Arconic Inc. Separation Transaction (\$38), net costs related to a fire at two plants (\$11), tax cost related to capital gains resulting from restructuring steps associated with the Arconic Inc. Separation Transaction (\$11), interest costs associated with the Arconic Inc. Separation Transaction (\$6), an unfavorable tax impact related to the interim period treatment of operational losses in certain foreign jurisdictions for which no tax benefit was recognized (\$3), inventory disposal costs (\$3) and a write off of deferred financing fees (\$1), partially offset by a favorable tax impact resulting from the difference between the Company’s consolidated estimated annual effective tax rate and the statutory rate applicable to special items (\$15) and a non-discrete U.S. Global Intangible Low Tax Income (“GILTI”) tax benefit related to the sale of an aluminum rolling mill in Brazil (\$3).

<sup>(3)</sup> The tax impact on Special items is based on the applicable statutory rates whereby the difference between such rates and the Company’s consolidated estimated annual effective tax rate is itself a Special item.

# Reconciliation of Operational Tax Rate

(\$ in millions)	Quarter ended March 31, 2020		
	As reported	Special items <sup>(1)</sup>	As adjusted
Income before income taxes	\$291	\$80	\$371
Provision for income taxes	76	21	97
Operational tax rate	26.1%		26.1%

Operational tax rate is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of the Company excluding the impacts of Special items. There can be no assurances that additional Special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both the Effective tax rate determined under GAAP as well as the Operational tax rate.

<sup>(1)</sup> See Net income excluding Special items reconciliation above for a description of Special items.

# Calculation of Engineered Products and Forgings Segment Operating Profit Margin

(\$ in millions)	1Q19	2Q19	3Q19	4Q19	2019	1Q20
Segment operating profit	\$313	\$360	\$363	\$354	\$1,390	\$339
Third-party sales	\$1,756	\$1,822	\$1,794	\$1,733	\$7,105	\$1,631
Segment operating profit margin	17.8%	19.8%	20.2%	20.4%	19.6%	20.8%

Segment performance under the Company's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment operating profit. The Company's definition of Segment operating profit is Operating income excluding Special items. Special items include Restructuring and other charges and Impairment of goodwill. Segment operating profit may not be comparable to similarly titled measures of other companies.

# Calculation of Global Rolled Products Segment Operating Profit Margin

(\$ in millions)	1Q19	2Q19	3Q19	4Q19	2019	1Q20
Segment operating profit	\$135	\$179	\$161	\$150	\$625	\$169
Third-party sales	\$1,784	\$1,868	\$1,763	\$1,667	\$7,082	\$1,578
Segment operating profit margin	7.6%	9.6%	9.1%	9.0%	8.8%	10.7%
Third-party aluminum shipments (kmt)	331	367	351	330	1,379	312

Segment performance under the Company's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment operating profit. The Company's definition of Segment operating profit is Operating income excluding Special items. Special items include Restructuring and other charges and Impairment of goodwill. Segment operating profit may not be comparable to similarly titled measures of other companies.

# Calculation of Total Segment Operating Profit Margin

(\$ in millions)	1Q19	2Q19	3Q19	4Q19	2019	1Q20
Sales – Engineered Products and Forgings	\$1,756	\$1,822	\$1,794	\$1,733	\$7,105	\$1,631
Sales – Global Rolled Products	1,784	1,868	1,763	1,667	7,082	1,578
<b>Total segment sales</b>	<b>\$3,540</b>	<b>\$3,690</b>	<b>\$3,557</b>	<b>\$3,400</b>	<b>\$14,187</b>	<b>\$3,209</b>
<b>Total segment operating profit<sup>(1)</sup></b>	<b>\$448</b>	<b>\$539</b>	<b>\$524</b>	<b>\$504</b>	<b>\$2,015</b>	<b>\$508</b>
<b>Total segment operating profit margin</b>	<b>12.7%</b>	<b>14.6%</b>	<b>14.7%</b>	<b>14.8%</b>	<b>14.2%</b>	<b>15.8%</b>

Segment performance under the Company's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment operating profit. The Company's definition of Segment operating profit is Operating income excluding Special items. Special items include Restructuring and other charges and Impairment of goodwill. Segment operating profit may not be comparable to similarly titled measures of other companies.

<sup>(1)</sup> See Reconciliation of Total segment operating profit to Consolidated income before income taxes.

## Reconciliation of Total segment operating profit to Consolidated income before income taxes

(\$ in millions)	1Q19	2Q19	3Q19	4Q19	2019	1Q20
Total segment operating profit	\$448	\$539	\$524	\$504	\$2,015	\$508
Unallocated amounts:						
Restructuring and other charges	(12)	(499)	(119)	10	(620)	(21)
Corporate expense <sup>(1)</sup>	(62)	(121)	(79)	(98)	(360)	(88)
Consolidated operating income (loss)	374	(81)	326	416	1,035	399
Interest expense	(85)	(85)	(86)	(82)	(338)	(91)
Other expense, net	(32)	(29)	(31)	(30)	(122)	(17)
Consolidated income (loss) before income taxes	\$257	\$(195)	\$209	\$304	\$575	\$291

Segment performance under the Company's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment operating profit. The Company's definition of Segment operating profit is Operating income excluding Special items. Special items include Restructuring and other charges and Impairment of goodwill. Segment operating profit may not be comparable to similarly titled measures of other companies. Differences between segment and consolidated totals are in Corporate.

<sup>(1)</sup> For the quarter ended June 30, 2019, Corporate expense included \$25 of costs associated with ongoing environmental remediation; \$16 of costs associated with the Arconic Inc. Separation Transaction; \$9 of costs associated with negotiation of the collective bargaining agreement with the United Steelworkers; \$9 impairment of assets of the energy business; and \$4 of costs related to a fire at a fasteners plant. For the quarter ended September 30, 2019, Corporate expense included \$25 of costs associated with the Arconic Inc. Separation Transaction and \$4 of costs related to a fire at a fasteners plant. For the quarter ended December 31, 2019, Corporate expense included \$34 of costs associated with the Arconic Inc. Separation Transaction and \$1 of net costs related to a fire at a fasteners plant (net of insurance reimbursements). For the quarter ended March 31, 2020, Corporate expense included \$38 of costs associated with the Arconic Inc. Separation Transaction, \$11 of net costs related to a fire at two plants, and \$3 of impairment costs related to facilities closures.

# Reconciliation of Corporate Expense Excluding Special Items

(\$ in millions)	1Q19	2Q19	3Q19	4Q19	2019	1Q20
Corporate expense	\$62	\$121	\$79	\$98	\$360	\$88
<b>Special items:</b>						
Costs associated with the Arconic Inc. Separation Transaction	3	16	25	34	78	38
Legal and other advisory costs related to Grenfell Tower	2	3	1	2	8	—
Strategy and portfolio review costs	6	—	—	—	6	—
Plant fire costs	—	4	4	1	9	11
Collective bargaining agreement negotiation	—	9	—	—	9	—
Impairment of energy business assets	—	9	—	1	10	—
Impairment costs related to facilities closures	—	—	—	—	—	3
Environmental remediation	—	25	—	—	25	—
Corporate expense excluding Special items	\$51	\$55	\$49	\$60	\$215	\$36

Corporate expense excluding Special items is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of the Company excluding the impacts of Special items. There can be no assurances that additional Special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both Corporate expense determined under GAAP as well as Corporate expense excluding Special items.

# Reconciliation of Operating Income Excluding Special Items and Operating Income Margin, Excluding Special Items

(\$ in millions)	1Q19	2Q19	3Q19	4Q19	2019	1Q20
Operating income (loss)	\$374	\$(81)	\$326	\$416	\$1,035	\$399
Special items:						
Restructuring and other charges	12	499	119	(10)	620	21
Costs associated with the Arconic Inc. Separation Transaction	3	16	25	34	78	38
Environmental remediation	—	25	—	—	25	—
Collective bargaining agreement negotiation	—	9	—	—	9	—
Impairment of energy business assets	—	9	—	1	10	—
Legal and other advisory costs related to Grenfell Tower	2	3	1	2	8	—
Strategy and portfolio review costs	6	—	—	—	6	—
Plant fire costs	—	4	4	1	9	11
Impairment costs related to facilities closures	—	—	—	—	—	3
Operating income excluding Special items	\$397	\$484	\$475	\$444	\$1,800	\$472
Sales	\$3,541	\$3,691	\$3,559	\$3,401	\$14,192	\$3,209
Operating income margin	10.6%	n/a	9.2%	12.2%	7.3%	12.4%
Operating income margin, excluding Special items	11.2%	13.1%	13.3%	13.1%	12.7%	14.7%

Operating income excluding Special items and Operating income margin, excluding Special items are non-GAAP financial measures. Management believes that these measures are meaningful to investors because management reviews the operating results of the Company excluding the impacts of Special items. There can be no assurances that additional Special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both Operating income determined under GAAP as well as Operating income excluding Special items.

# Reconciliation of Adjusted Free Cash Flow and Free Cash Flow Conversion

(\$ in millions)	1Q19	2Q19	3Q19	4Q19	2019	1Q20
Cash (used for) provided from operations	\$(258)	\$106	\$52	\$506	\$406	\$(291)
Cash receipts from sold receivables	160	257	213	365	995	48
Capital expenditures	(168)	(136)	(111)	(171)	(586)	(69)
Adjusted free cash flow	(266)	227	154	700	815	(312)
Costs associated with the Arconic Inc. Separation Transaction	1	5	21	28	55	66
Adjusted free cash flow, excluding costs associated with the Arconic Inc. Separation Transaction	\$(265)	\$232	\$175	\$728	\$870	\$(246)

The net cash funding from the sale of accounts receivables was \$350 million in the fourth quarter of 2019 and all prior quarters presented. The net cash funding from the sale of accounts receivables was \$329 million in the first quarter of 2020 which represented a \$21 million use of cash in the quarter.

Adjusted free cash flow, Adjusted free cash flow, excluding costs associated with the Arconic Inc. Separation Transaction, and Free cash flow conversion are non-GAAP financial measures. Management believes that these measures are meaningful to investors because management reviews cash flows generated from operations after taking into consideration capital expenditures (due to the fact that these expenditures are considered necessary to maintain and expand the Company's asset base and are expected to generate future cash flows from operations), cash receipts from net sales of beneficial interest in sold receivables, as well as costs associated with the Arconic Inc. Separation Transaction. It is important to note that Adjusted free cash flow, Adjusted free cash flow, excluding costs associated with the Arconic Inc. Separation Transaction, and Free cash flow conversion measures do not represent the residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure.

# Reconciliation of Organic Revenue

(\$ in millions)

	Quarter ended December 31,		Quarter ended March 31,	
	2018	2019	2019	2020
<b>Howmet</b>				
Sales	\$3,472	\$3,401	\$3,541	\$3,209
Less:				
Sales – Eger forgings	6	—	—	—
Sales – UK forgings	32	21	32	—
Sales – Tennessee packaging	18	—	—	—
Sales – Itapissuma	—	—	40	11
Sales – South Korea	—	—	13	8
Aluminum price impact	n/a	(60)	n/a	(55)
Foreign currency impact	n/a	(14)	n/a	(4)
Howmet Organic revenue	\$3,416	\$3,454	\$3,456	\$3,249
<b>Engineered Products and Forgings</b>				
Sales	\$1,715	\$1,733	\$1,756	\$1,631
Less:				
Sales – Eger forgings	6	—	—	—
Sales – UK forgings	32	21	32	—
Aluminum price impact	n/a	—	n/a	(9)
Foreign currency impact	n/a	(2)	n/a	(7)
Engineered Products and Forgings Organic revenue	\$1,677	\$1,714	\$1,724	\$1,647
<b>Global Rolled Products</b>				
Sales	\$1,755	\$1,667	\$1,784	\$1,578
Less:				
Sales – Tennessee packaging	18	—	—	—
Sales – Itapissuma	—	—	40	11
Sales – South Korea	—	—	13	8
Aluminum price impact	n/a	(60)	n/a	(46)
Foreign currency impact	n/a	(12)	n/a	3
Global Rolled Products Organic revenue	\$1,737	\$1,739	\$1,731	\$1,602

Organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents revenue on a comparable basis for all periods presented due to the impact of the sale of the hard alloy extrusions plant in South Korea (divested in March 2020), sale of an aluminum rolling mill in Itapissuma, Brazil (divested in February 2020), the sale of the forgings businesses in Eger, Hungary (divested in December 2018) and the United Kingdom (divested in December 2019), the ramp-down of the Company's North American packaging business at its Tennessee operations (completed in December 2018), and the impact of changes in aluminum prices and foreign currency fluctuations relative to the prior year periods. The revenue from a small manufacturing facility that was divested in the second quarter of 2019 and the small energy business that was divested in the third quarter of 2019 was not material and therefore is included in Organic revenue.

# Reconciliation of Net Debt

(\$ in millions)	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Short-term debt	\$45	\$45	\$42	\$434	\$435	\$434	\$1,434	\$1,034	\$1,342
Long-term debt, less amount due within one year	6,309	6,312	6,315	5,896	5,899	5,901	4,905	4,906	5,777
Total debt	6,354	6,357	6,357	6,330	6,334	6,335	6,339	5,940	7,119
Less: Cash, cash equivalents, and restricted cash	1,208	1,460	1,542	2,283	1,326	1,360	1,324	1,703	2,643
Net debt	\$5,146	\$4,897	\$4,815	\$4,047	\$5,008	\$4,975	\$5,015	\$4,237	\$4,476

Net debt is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management assesses the Company's leverage position after factoring in cash that could be used to repay outstanding debt.

# Reconciliation of Net debt to Adjusted EBITDA Excluding Special Items

(\$ in millions)	Trailing-12 months ended								
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Net (loss) income	\$ (253)	\$ (345)	\$ (303)	\$ 642	\$ 686	\$ 445	\$ 379	\$ 470	\$ 498
Add:									
Provision for income taxes	438	455	490	226	240	92	118	105	111
Other (income) expense, net	(150)	23	(7)	79	91	79	102	122	107
Interest expense	495	401	389	378	349	345	343	338	344
Restructuring and other charges	99	88	67	9	14	498	619	620	629
Impairment of goodwill	719	719	719	—	—	—	—	—	—
Provision for depreciation and amortization	560	567	568	576	571	566	556	536	528
Adjusted EBITDA	\$ 1,908	\$ 1,908	\$ 1,923	\$ 1,910	\$ 1,951	\$ 2,025	\$ 2,117	\$ 2,191	\$ 2,217
Add:									
Costs associated with the Arconic Inc. Separation Transaction	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ 19	\$ 44	\$ 78	\$ 113
Environmental remediation	—	—	—	—	—	25	25	25	25
Collective bargaining agreement negotiation	—	—	—	—	—	9	9	9	9
Impairment of energy business assets	—	—	—	—	—	9	9	10	10
Plant fire costs	—	—	—	—	—	4	8	9	20
Proxy, advisory and governance-related costs	42	—	—	—	—	—	—	—	—
Legal and other advisory costs related to Grenfell Tower	19	23	21	18	15	14	10	8	6
Settlements of certain customer claims primarily related to product introductions	—	38	38	38	38	—	—	—	—
Strategy and portfolio review costs	—	—	—	7	13	13	13	6	—
Impairment costs related to facilities closures	—	—	—	—	—	—	—	—	3
Delaware reincorporation costs	3	3	3	—	—	—	—	—	—
Adjusted EBITDA excluding Special items	\$ 1,972	\$ 1,972	\$ 1,985	\$ 1,973	\$ 2,020	\$ 2,118	\$ 2,235	\$ 2,336	\$ 2,403
Net debt	\$ 5,146	\$ 4,897	\$ 4,815	\$ 4,047	\$ 5,008	\$ 4,975	\$ 5,015	\$ 4,237	\$ 4,476
Net debt to Adjusted EBITDA excluding Special items	2.61	2.48	2.43	2.05	2.48	2.35	2.24	1.81	1.86

The Company's definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) is net margin plus an add-back for depreciation and amortization. Net margin is equivalent to Sales minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; Research and development expenses; and Provision for depreciation and amortization. Management believes that this measure is meaningful to investors because it provides additional information with respect to the Company's operating performance and the Company's ability to meet its financial obligations. The Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

Net debt is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management assesses the Company's leverage position after factoring in cash that could be used to repay outstanding debt.

# Reconciliation of Return on Net Assets (RONA)

(\$ in millions)	Quarter ended December 31,		Quarter ended March 31,	
	2018	2019	2019	2020
Net income	\$218	\$309	\$187	\$215
Special items <sup>(1)</sup>	(56)	(75)	21	59
Net income excluding Special items	162	234	208	274
Annualized net income excluding Special items	648	936	832	1,096
Net Assets:	<b>December 31, 2018</b>	<b>December 31, 2019</b>	<b>March 31, 2019</b>	<b>March 31, 2020</b>
Add: Receivables from customers, less allowances	\$1,047	\$967	\$1,170	\$1,290
Add: Deferred purchase program <sup>(2)</sup>	234	246	430	65
Add: Inventories	2,492	2,429	2,612	2,512
Less: Accounts payable, trade	2,129	2,043	2,193	1,799
Working capital	1,644	1,599	2,019	2,068
Properties, plants, and equipment, net (PP&E)	5,704	5,463	5,727	5,358
Net assets - total	\$7,348	\$7,062	\$7,746	\$7,426
RONA	8.8%	13.3%	10.7%	14.8%

RONA is a non-GAAP financial measure. RONA is calculated as Net income excluding Special items divided by working capital and net PP&E. Management believes that this measure is meaningful to investors as RONA helps management and investors determine the percentage of net income the company is generating from its assets. This ratio tells how effectively and efficiently the company is using its assets to generate earnings.

<sup>(1)</sup> See Reconciliation of Net income excluding Special items for a description of Special items.

<sup>(2)</sup> The Deferred purchase program relates to an arrangement to sell certain customer receivables to several financial institutions on a recurring basis. The Company is adding back the receivable for the purposes of the Working capital calculation

# Reconciliation of Days Working Capital

(\$ in millions)	Quarter ended	
	March 31,	
	2019	2020
Receivables from customers, less allowances	\$ 1,170	\$ 1,290
Add: Deferred purchase program <sup>(1)</sup>	430	65
Add: Inventories	2,612	2,512
Less: Accounts payable, trade	2,193	1,799
Working capital	\$ 2,019	\$ 2,068
Sales	\$ 3,541	\$ 3,209
Days Working Capital	51	58

Days Working Capital is a non-GAAP financial measure and is calculated as Working Capital / (Sales / number of days in quarter). Management believes that this measure is meaningful to investors because Days Working Capital reflects the capital tied up during a given quarter.

<sup>(1)</sup>The Deferred purchase program relates to an arrangement to sell certain customer receivables to several financial institutions on a recurring basis. The Company is adding back the receivable for the purposes of the Working capital calculation.

# Reconciliation of Howmet Aerospace End Markets Organic Revenue (QTD)

(\$ in millions)	Aero Engine	Aero Airframe	Aero Defense	Commerical Transportation	Packaging	Automotive	Building and Construction	Industrial	Other	Total
<b><u>First quarter ended March 31, 2019</u></b>										
Revenue	\$598	\$728	\$226	\$470	\$210	\$521	\$330	\$292	\$166	\$3,541
Sales – Itapissuma	—	—	—	4	24	—	4	8	—	40
Sales – South Korea	—	4	—	—	—	—	—	4	5	13
Sales – UK forgings	16	2	5	5	—	—	—	2	2	32
Organic Revenue	\$582	\$722	\$221	\$461	\$186	\$521	\$326	\$278	\$159	\$3,456
<b><u>First quarter ended March 31, 2020</u></b>										
Revenue	\$550	\$666	\$258	\$324	\$178	\$441	\$291	\$307	\$194	\$3,209
Sales – Itapissuma	—	—	—	1	7	—	1	2	—	11
Sales – South Korea	—	—	—	—	—	—	—	8	—	8
Aluminum price impact	—	(5)	—	(13)	(5)	(17)	(2)	(20)	7	(55)
Foreign currency impact	(1)	—	—	(5)	4	(1)	(2)	3	(2)	(4)
Organic Revenue	\$551	\$671	\$258	\$341	\$172	\$459	\$294	\$314	\$189	\$3,249

Howmet Aerospace end markets organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents revenue on a comparable basis for all periods presented due to the impact of the sale of the hard alloy extrusions plant in South Korea (divested in March 2020), the sale of an aluminum rolling mill in Itapissuma, Brazil (divested in February 2020), the sale of a forgings business in the United Kingdom (divested in December 2019), and the impact of changes in aluminum prices and foreign currency fluctuations relative to the prior year periods. The revenue from a small manufacturing facility that was divested in the second quarter of 2019 and the small energy business that was divested in the third quarter of 2019 was not material and therefore is included in Organic revenue.

# Reconciliation of Segment End Markets Organic Revenue (QTD)

(\$ in millions)	Aero Engine	Aero Airframe	Aero Defense	Commercial Transportation	Packaging	Automotive	Building and Construction	Industrial	Other	Total
<b>Engineered Products and Forgings</b>										
<b>First quarter ended March 31, 2019</b>										
Revenue	\$596	\$442	\$212	\$322	\$—	\$21	\$—	\$12	\$151	\$1,756
Sales – UK forgings	16	2	5	5	—	—	—	2	2	32
Organic Revenue	\$580	\$440	\$207	\$317	\$—	\$21	\$—	\$10	\$149	\$1,724
<b>First quarter ended March 31, 2020</b>										
Revenue	\$550	\$398	\$241	\$237	\$—	\$19	\$—	\$9	\$177	\$1,631
Aluminum price impact	—	—	—	(9)	—	—	—	—	—	(9)
Foreign currency impact	(1)	(1)	(1)	(4)	—	—	—	—	—	(7)
Organic Revenue	\$551	\$399	\$242	\$250	\$—	\$19	\$—	\$9	\$177	\$1,647
<b>Global Rolled Products</b>										
<b>First quarter ended March 31, 2019</b>										
Revenue	\$2	\$286	\$14	\$148	\$210	\$501	\$330	\$280	\$13	\$1,784
Sales – South Korea	—	4	—	—	—	—	—	4	5	13
Sales – Itapissuma	—	—	—	4	24	—	4	8	—	40
Organic Revenue	\$2	\$282	\$14	\$144	\$186	\$501	\$326	\$268	\$8	\$1,731
<b>First quarter ended March 31, 2020</b>										
Revenue	\$—	\$269	\$16	\$87	\$178	\$422	\$291	\$297	\$18	\$1,578
Sales – South Korea	—	—	—	—	—	—	—	8	—	8
Sales – Itapissuma	—	—	—	1	7	—	1	2	—	11
Aluminum price impact	—	(5)	—	(4)	(5)	(17)	(2)	(20)	7	(46)
Foreign currency impact	—	2	—	(1)	4	(1)	(2)	2	(1)	3
Organic Revenue	\$—	\$272	\$16	\$91	\$172	\$440	\$294	\$305	\$12	\$1,602

Segment end markets organic revenue is a non-GAAP financial measure. Management believes this measure is meaningful to investors as it presents revenue on a comparable basis for all periods presented due to the sale of the hard alloy extrusions plant in South Korea (divested in March 2020), the impact of the sale of an aluminum rolling mill in Itapissuma, Brazil (divested in February 2020), the sale of the forgings business in the United Kingdom (divested in December 2019), and the impact of changes in aluminum prices and foreign currency fluctuations relative to the prior year periods. The revenue from a small manufacturing facility that was divested in the second quarter of 2019 and the small energy business that was divested in the third quarter of 2019 was not material and therefore is included in Organic revenue.

## Reconciliation of Capital Expenditures, Excluding Costs Associated with the Arconic Inc. Separation Transaction

(\$ in millions)	Quarter ended	
	March 31,	
	2019	2020
Capital expenditures	\$168	\$69
Costs associated with the Arconic Inc. Separation Transaction	—	3
Capital expenditures, excluding costs associated with the Arconic Inc. Separation Transaction	\$168	\$66

Capital expenditures, excluding costs associated with the Arconic Inc. Separation Transaction is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of the Company excluding the impacts of costs associated with the Arconic Inc. Separation Transaction. There can be no assurances that additional costs associated with Arconic Inc. Separation Transaction will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both Capital expenditures determined under GAAP as well as Capital expenditures, excluding costs associated with the Arconic Inc. Separation Transaction.