Second Quarter 2022 Earnings Call

John Plant: Executive Chairman and Chief Executive Officer
Ken Giacobbe: EVP and Chief Financial Officer

August 4, 2022

HOWMET AEROSPACE

Important Information

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, statements, forecasts and outlook relating to the condition of end markets; future financial results or operating performance; future strategic actions; Howmet Aerospace's strategies, outlook, and business and financial prospects; and any future repurchases of its debt or equity securities. 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) uncertainty of the duration, extent and impact of the COVID-19 pandemic on Howmet Aerospace's business, results of operations, and financial condition; (b) deterioration in global economic and financial market conditions generally (including as a result of COVID-19 and its effects, among other things, on global supply, demand, and distribution disruptions); (c) unfavorable changes in the markets served by Howmet Aerospace; (d) the impact of potential cyber attacks and information technology or data security breaches; (e) the loss of significant customers or adverse changes in customers' business or financial conditions; (f) manufacturing difficulties or other issues that impact product performance, quality or safety; (g) inability of suppliers to meet obligations due to supply chain disruptions or otherwise; (h) the inability to achieve revenue growth, cash generation, cost savings, restructuring plans, cost reductions, improvement in profitability, or strengthening of competitiveness and operations anticipated or targeted; (i) inability to meet increased demand, production targets or commitments; (j) competition from new product offerings, disruptive technologies or other developments; (k) geopolitical, economic, and regulatory risks relating to Howmet Aerospace's global operations, including geopolitical and diplomatic tensions, instabilities and conflicts, as well as compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (l) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet Aerospace to substantial costs and liabilities; (m) failure to comply with government contracting regulations; (n) adverse changes in discount rates or investment returns on pension assets; and (o) the other risk factors summarized in Howmet Aerospace's Form 10-K for the year ended December 31, 2021 and other reports filed with the U.S. Securities and Exchange Commission. Market projections are subject to the risks discussed above and other risks in the market. The statements in this presentation are made as of the date of this presentation, 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)

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 Adjusted EBITDA, Adjusted EBITDA margin and Adjusted Earnings per Share, each excluding special items, and Free Cash Flow) to the most directly comparable GAAP financial measures because such reconciliations, as well as the directly comparable GAAP measures, are not available without unreasonable efforts due to the variability and complexity of the charges and other components excluded from the non-GAAP measures, such as the effects of foreign currency movements, 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 of forward-looking non-GAAP financial measures would imply a degree of precision that would be confusing or misleading to investors.

Where values are denoted, M=USD millions and B=USD billions.

Q2 2022 Highlights

Revenue and Profitability Excluding Special Items[1]

	Q2 2021	Q1 2022	Q2 2022
Revenue	$1.195B	$1.324B	$1.393B
Adj EBITDA[1]	$272M	$300M	$317M
Adj EBITDA Margin[1]	22.8%	22.7%	22.8%
Adj Earnings Per Share[2]	$0.22	$0.31	$0.35

- Revenue up 17% YoY, driven by Commercial Aerospace up 34% YoY
- Adj EBITDA[1] up 17% YoY and Adj Earnings Per Share[2] up 59% YoY
- Net Headcount up ~740 sequentially from Q1 2022; up ~1,225 in H1 2022

Balance Sheet and Cash Flow

- Free Cash Flow[3] of $114M, including ~($105M) Inventory build primarily for Commercial Aero recovery
- Ending Cash Balance of $538M; Repurchased ~1.8M shares of Common Stock for $60M
- Repurchased $60M of Debt with Cash on Hand; Annualized Interest Expense savings ~$3M
- Reduced YTD Pension/OPEB Liability by ~$60M and YoY Pension Contributions/OPEB Payments by ~65% in H1 2022
- Improved Net Debt-to-LTM EBITDA[4] to 3.0x

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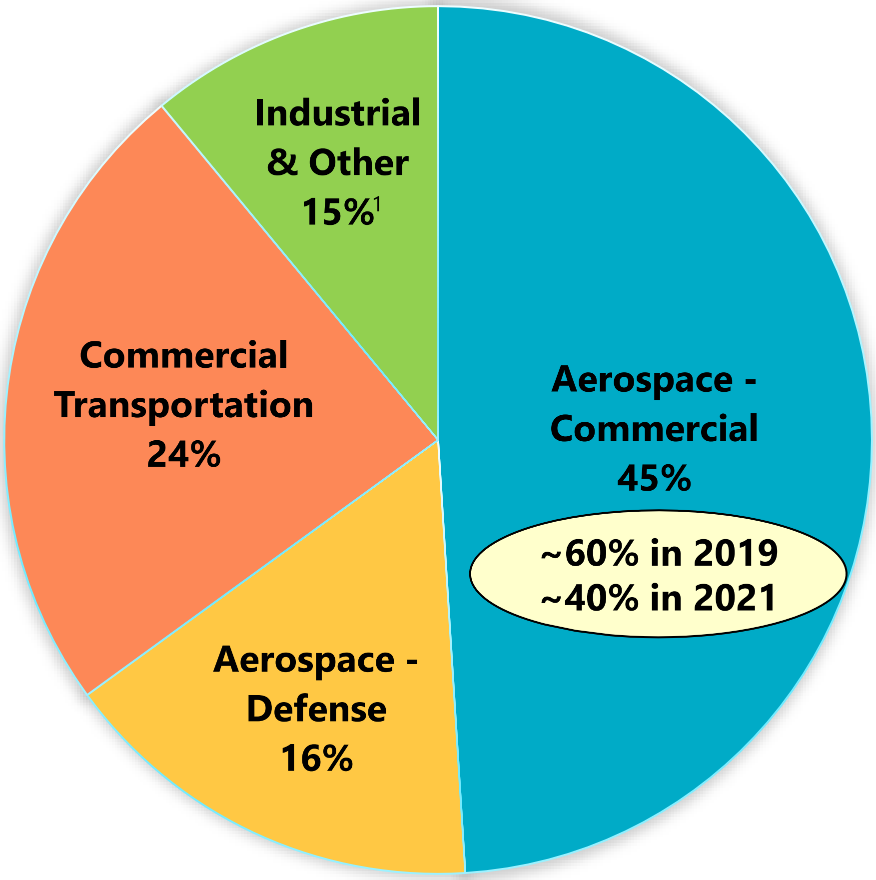
1) Net Income (GAAP): Q2 2021 = $74M, Q1 2022 = $131M, Q2 2022 = $147M 2) EPS (GAAP): Q2 2021 = $0.17, Q1 2022 = $0.31, Q2 2022 = $0.35 3) Q2 2022: Cash provided from operations = $158M, Cash used for financing activities = ($137M), Cash used for investing activities = ($4M) 4) Adjusted for special items; Last twelve month (LTM) Howmet adjusted EBITDA *See appendix for reconciliations*

Q2 2022 Revenue Up 17% YoY, driven by Commercial Aero Up 34% YoY

Revenue by Market (% of total)



Revenue by Market (% change)	YoY	Sequential
Aerospace - Commercial	34%	7%
Aerospace - Defense	(1%)	(1%)
Subtotal - Aerospace	22%	4%
Commercial Transportation	19%	11%
Industrial & Other[1]	(4%)	Flat
Total Revenue	17%	5%

1) IGT represents ~45%, general Industrial represents ~35%, and Oil & Gas represents ~20% of total Industrial & Other

Q2 2022: Adj EBITDA Margin[1] 22.8%, Adj EPS[2] +59%, FCF[3] $114M, Balanced Capital Allocation

Enhanced Profitability

- Revenue up 17% YoY, at high end of Guidance; includes material pass through ~$60M
- Adj EBITDA[1] of $317M, up 17% YoY, at high end of Guidance
- Adj EBITDA Margin[1] of 22.8%, at high end of Guidance; 23.8% excluding YoY material pass through
- Net Headcount up ~740 sequentially from Q1 2022; up ~1,225 in H1 2022
- Adj Earnings Per Share[2] of $0.35, up 59% YoY, exceeded Guidance high end; minimal currency impact

Strengthened Balance Sheet

- Free Cash Flow[3] of $114M, excludes $44M in proceeds from sale of Corporate Headquarters
- Ending Cash Balance of $538M; including Repurchases of Common Stock and Bonds, Quarterly Dividend
- Reduced YTD Pension/OPEB Liability by ~$60M and YoY Pension Contributions/OPEB Payments by ~65%
- Improved Net Debt-to-LTM EBITDA[4] to 3.0x

Balanced Capital Allocation

- Capex less than Depreciation and Amortization; Productivity projects focused on automation
- Repurchased ~1.8M shares of Common Stock for $60M; ~7M shares for $235M in H1 2022
- Repurchased $60M of Debt with Cash on Hand; Annualized Interest Expense savings ~$3M
- Paid Quarterly Dividend of $0.02 per share of Common Stock

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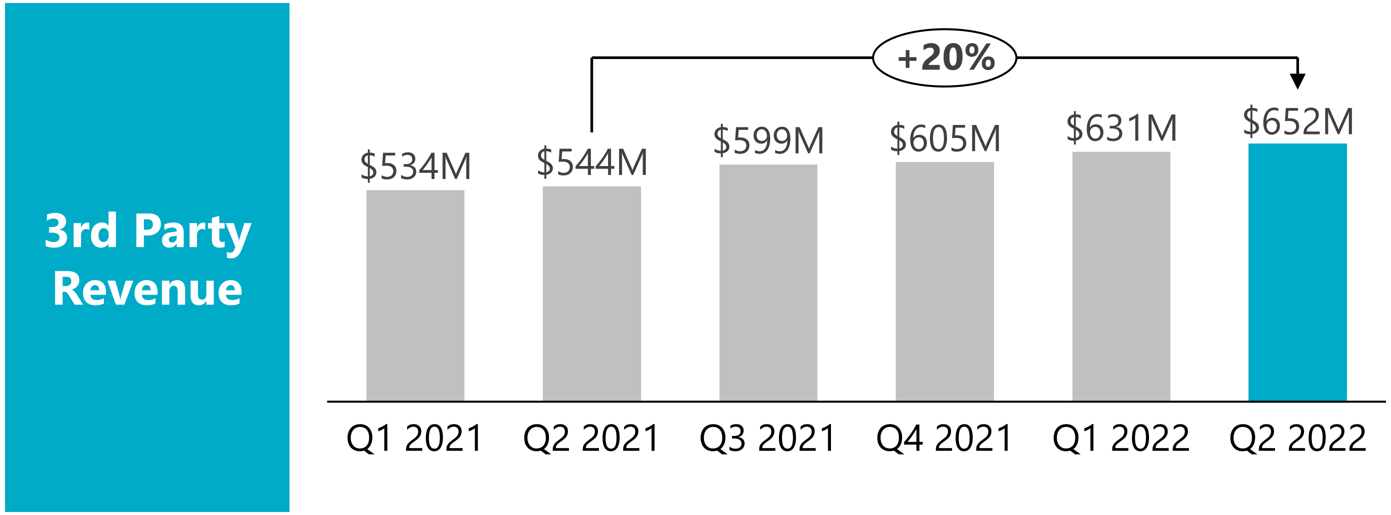
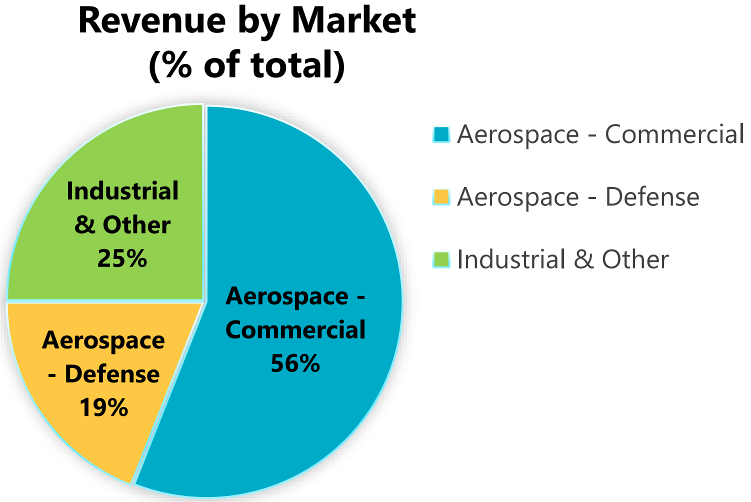
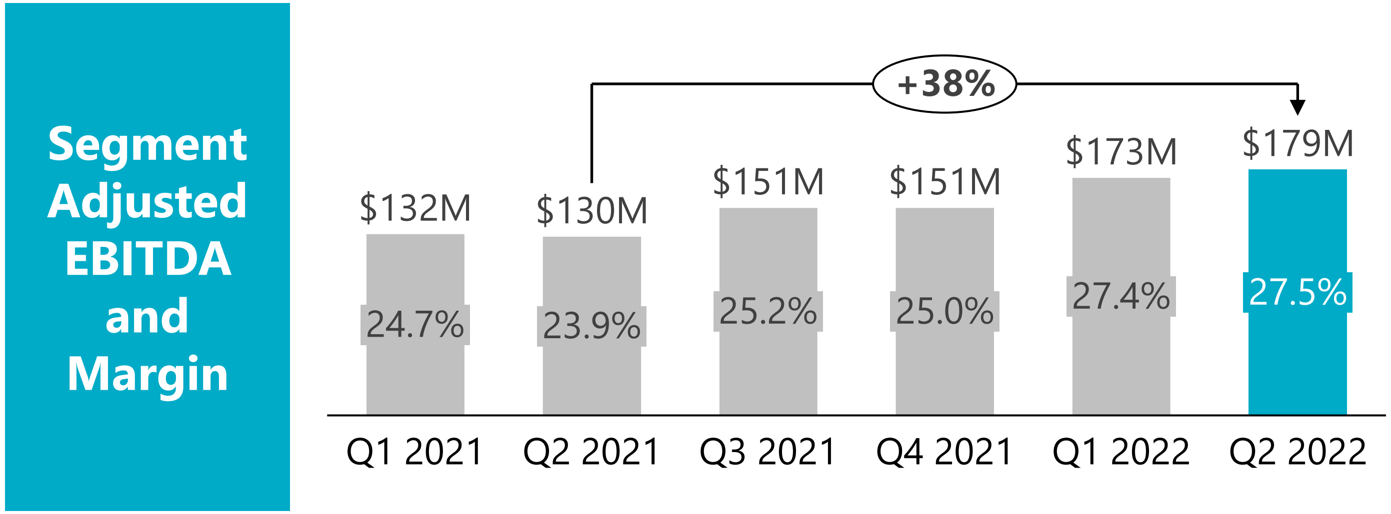
1) Adjusted EBITDA and EBITDA Margin excluding special items: Net Income (GAAP): Q2 2021 = $74M, Q2 2022 = $147M 2) Adjusted EPS excluding special items: EPS (GAAP): Q2 2021 = $0.17, Q2 2022 = $0.35 3) Q2 2022: Cash provided from operations = $158M, Cash used for financing activities = ($137M), Cash used for investing activities = ($4M) 4) Adjusted for special items; Last twelve month (LTM) Howmet adjusted EBITDA *See appendix for reconciliations*

Engine Products: Adj EBITDA Margin Up 360 bps YoY, driven by Narrow Body





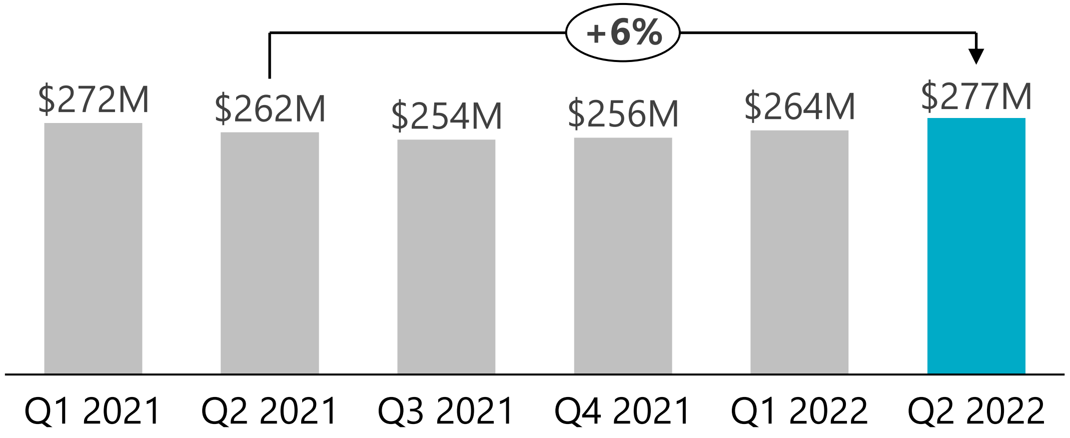


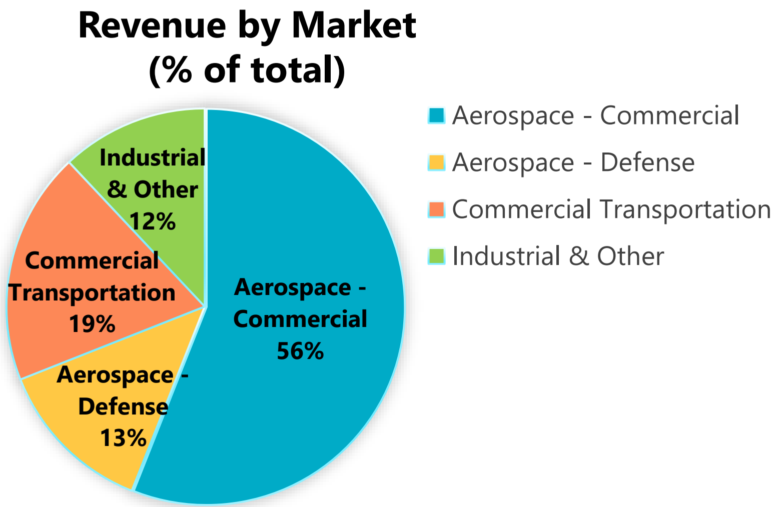
Q2 2022 YoY

+ Narrow Body Recovery
+ Oil & Gas Growth
+ Increased Net Headcount ~455 in Q2 2022; up ~780 in H1 2022
+ Strong Productivity Gains

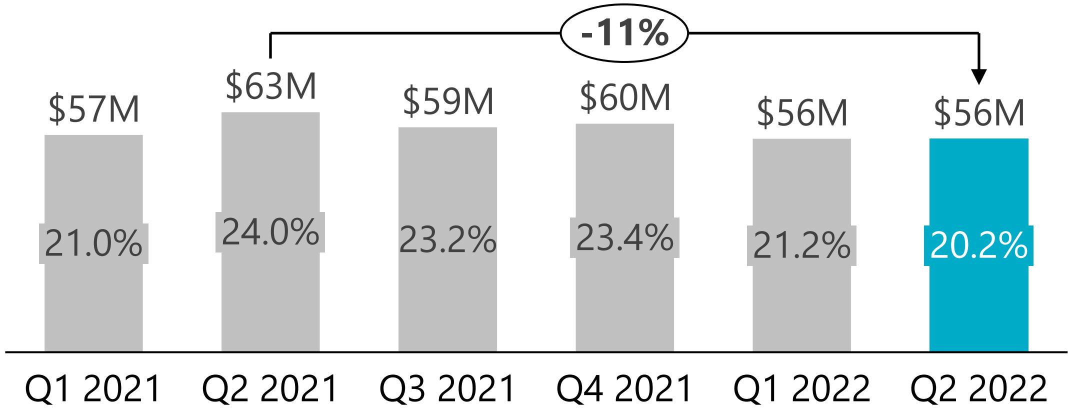
Fastening Systems: Headcount Adds for Growth; Boeing 787 Production Decline

3rd Party Revenue





Segment Adjusted EBITDA and Margin



Q2 2022 YoY

+ Narrow Body Recovery
+ Increased Net Headcount ~245 in Q2 2022; up ~380 in H1 2022
– Boeing 787 Production Decline
– Industrial Decline
– Inflationary Costs

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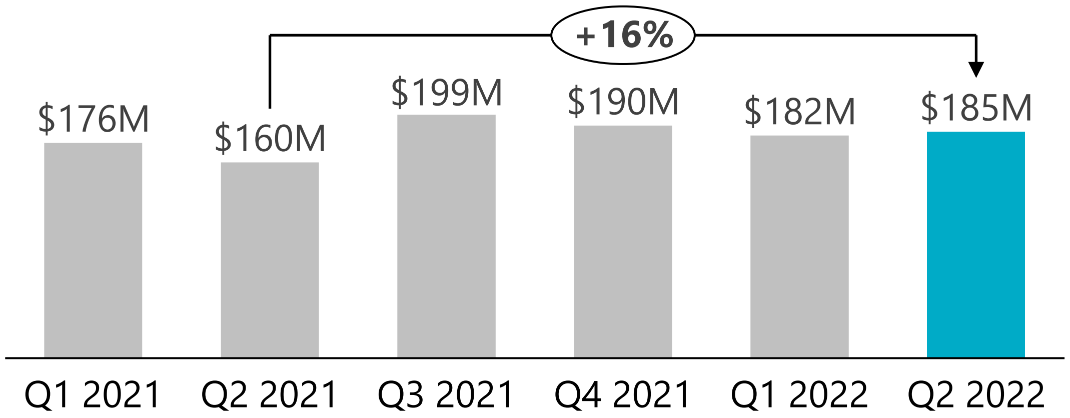
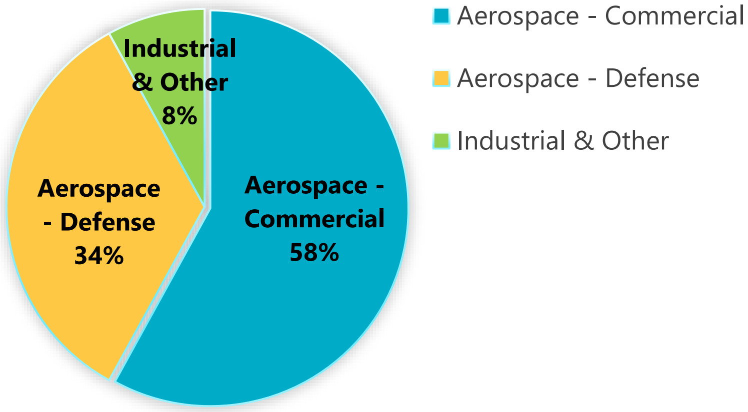
Engineered Structures: Narrow Body Recovery; Boeing 787 Production Decline

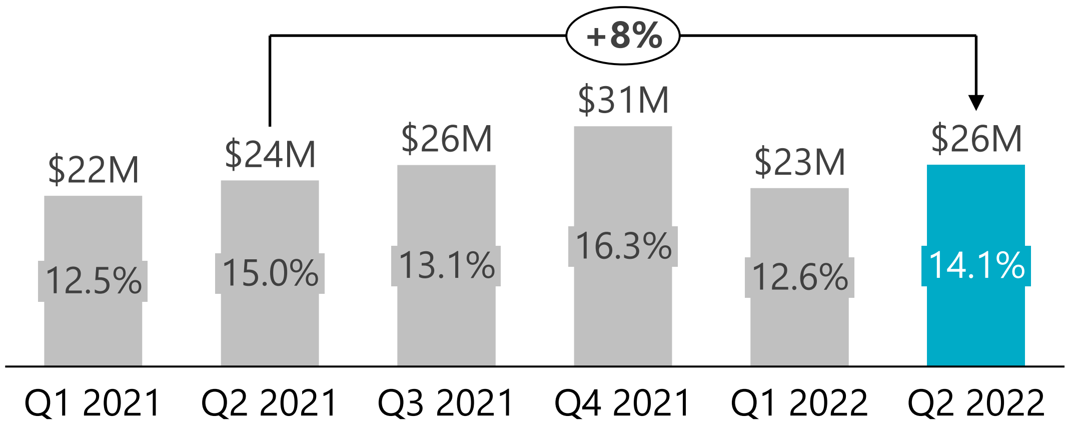
3rd Party Revenue



Revenue by Market (% of total)



Segment Adjusted EBITDA and Margin



Q2 2022 YoY

+ Narrow Body Recovery
– Boeing 787 Production Decline
– Inflationary Costs

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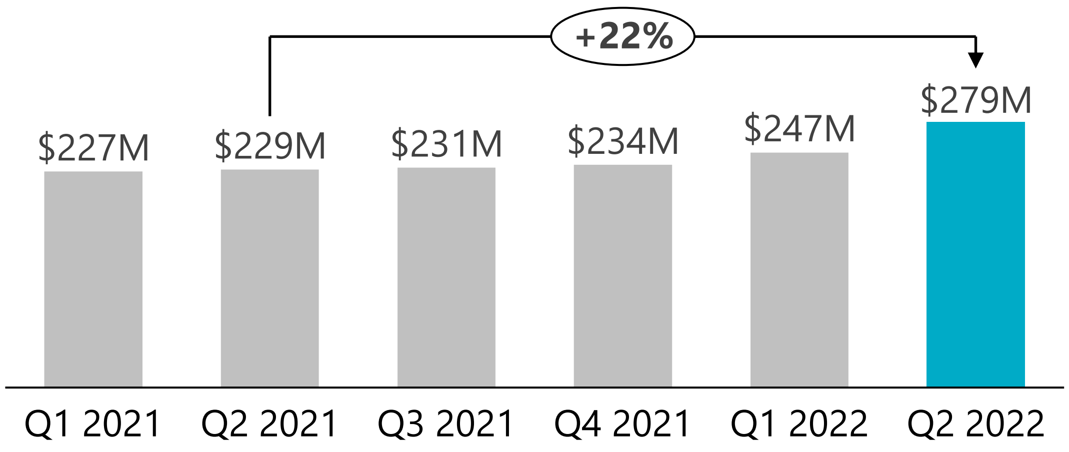
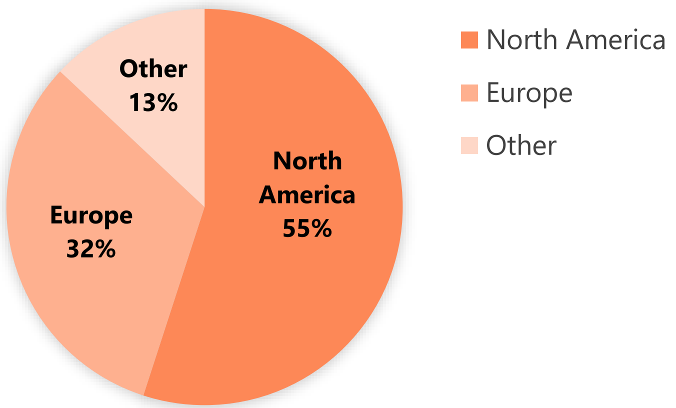
Forged Wheels: Volumes Up 7%; Customer Supply Chain Constraints Persist

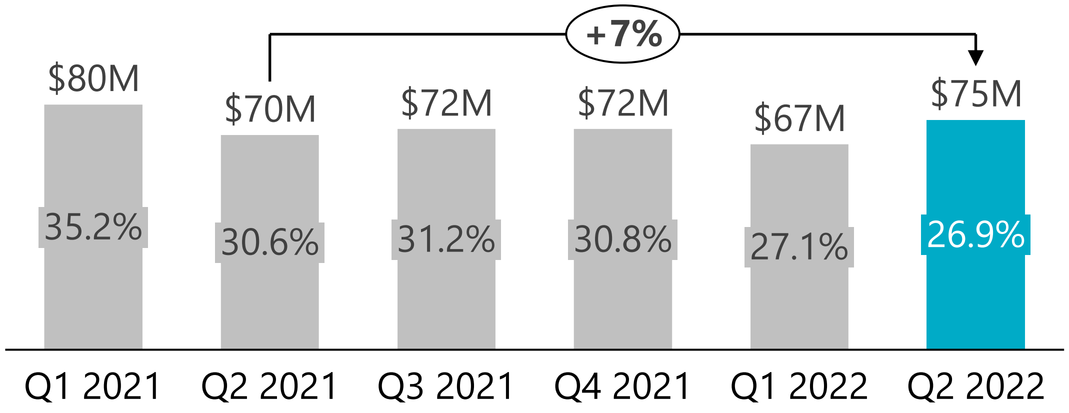
3rd Party Revenue



Revenue by Region (% of total)



Segment Adjusted EBITDA and Margin



Q2 2022 YoY

+ Commercial Transportation Demand
+ Volumes up 7%
– Customer Supply Chain Constraints Persist
– Margin Impacted by Material / Inflationary Cost Pass Through
– Unfavorable Foreign Currency

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2022 Guidance: Revenue, Adj EPS and FCF Midpoints Increased

	Q3 2022 Guidance			FY 2022 Guidance		
	Low	Midpoint	High	Low	Midpoint	High
Revenue	$1.425B	$1.440B	$1.455B	$5.645B	$5.680B	$5.715B
Adj EBITDA[1]	$320M	$326M	$331M	$1.276B	$1.290B	$1.299B
Adj EBITDA Margin[1]	*22.5%*	*22.6%*	*22.7%*	*22.6%*	*22.7%*	*22.7%*
Adj Earnings per Share[1,2]	$0.35	$0.36	$0.37	$1.38	$1.41	$1.42
Free Cash Flow				$625M	$650M	$675M

What we expect in 2022

- FY 2022 Revenue up ~14% vs. FY 2021, includes ~$200M material pass through
- FY 2022 Adj EBITDA up ~14% vs. FY 2021
- FY 2022 Adj EPS up ~40% vs. FY 2021
- Pension/OPEB Contributions of ~$60M
- Capex of $200M - $225M vs. Depreciation and Amortization of ~$270M
- Free Cash Flow Conversion ~110%

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1) Excluding special items 2) Assumes ~$2M per Quarter of deferred comp and other expenses in H2 2022

Summary

Revenue / Profit Q2 2022	▪ Revenue up 17% YoY; Adj EBITDA[1] up 17% YoY; Adj Earnings Per Share[2] up 59% YoY ▪ Adj EBITDA[1] of $317M, at high end of Guidance with Net Headcount up ~740 sequentially from Q1 2022 ▪ Adj EBITDA Margin[1] 22.8%, at high end of Guidance; 23.8% excluding YoY material pass through
Liquidity Q2 2022	▪ Free Cash Flow[3] of $114M, including ~($105M) Inventory build primarily for Commercial Aero recovery ▪ Ending Cash Balance of $538M; including Repurchases of Common Stock and Bonds, Quarterly Dividend ▪ Reduced YTD Pension/OPEB Liability by ~$60M and YoY Pension Contributions/OPEB Payments by ~65% ▪ Improved Net Debt-to-LTM EBITDA[4] to 3.0x
Guidance FY 2022	▪ Expect Revenue up ~14% YoY ▪ Expect Adj EBITDA up ~14% YoY ▪ Expect Adj EPS up ~40% YoY ▪ Expect Free Cash Flow at $650M, up ~26% YoY, with Free Cash Flow Conversion of ~110%

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1) Adjusted EBITDA and EBITDA Margin excluding special items: Net Income (GAAP): Q2 2021 = $74M, Q2 2022 = $147M 2) Adjusted EPS excluding special items: EPS (GAAP): Q2 2021 = $0.17, Q2 2022 = $0.35 3) Q2 2022: Cash provided from operations = $158M, Cash used for financing activities = ($137M), Cash used for investing activities = ($4M) 4) Adjusted for special items; Last twelve month (LTM) Howmet adjusted EBITDA *See appendix for reconciliations*

Howmet Aerospace Technology Day 2022

May 23, 2022

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Unique Assets, Iconic Trusted Brand, Differentiated Technologies

Iconic, Trusted Brand

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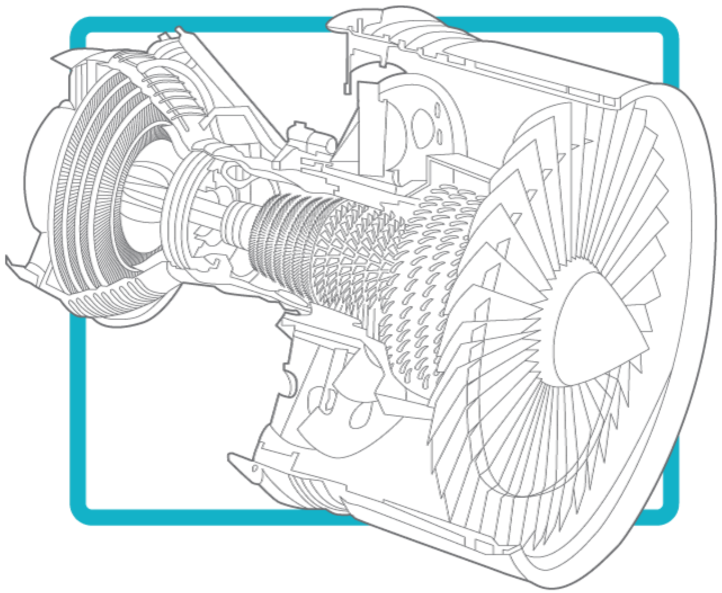
80+ year history:
Major presence in jet engines

Leading market position:
High barriers to entry

Collaborative relationships:
Blue-chip customer base

Differentiated Technologies with Rich IP Portfolio and Process Know-How

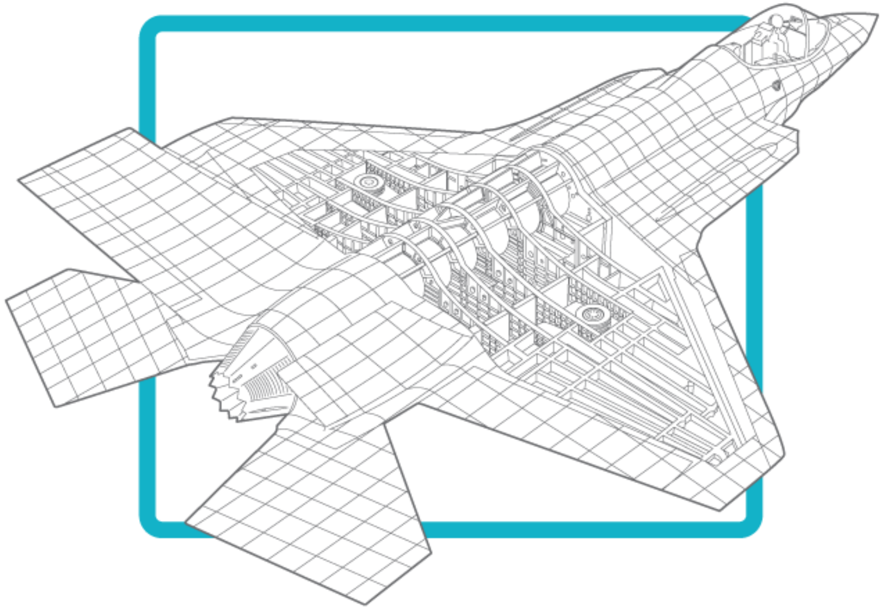


Deep customer relationships allow company to lead the technology curve

Strategic global footprint
with state-of-the-art facilities

Nearly 1,150 granted and pending patents
for parts, alloys, designs and production processes drive competitive advantage

Mission-Critical Supplier in Growing Markets



Able to supply over 90% of structural / rotating aero-engine parts

Stability underpinned by ~70% of aerospace revenue under long-term agreements with strong engine spares demand

Increased content on next-generation platforms

Four Segments: ~85% of Revenue from Number 1 or 2 Market Position

Leading Global Provider of Advanced Engineered Solutions

Engine Products

~$2.3B 2021 Revenue

Global leader in jet engine components and seamless rolled rings

27 manufacturing plants and 1 dedicated R&D facility

- NUMBER ONE: Aerospace Airfoils
- NUMBER ONE: Seamless Rolled Rings
- NUMBER ONE: IGT Airfoils
- NUMBER TWO: Aerospace Structural Castings

Select Customers

GE, Pratt & Whitney, Rolls Royce, Safran Sagem

Fastening Systems

~$1.0B 2021 Revenue

Global leader in fasteners

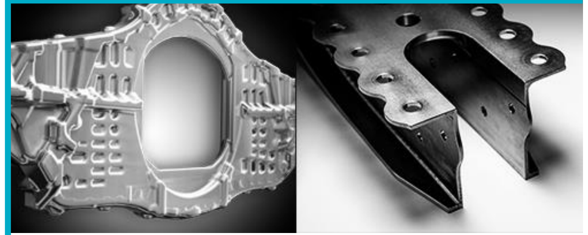
20 manufacturing plants and 2 dedicated R&D facilities

- NUMBER ONE: Aerospace Fasteners
- NUMBER ONE: N.A. Utility Scale-Solar
- NUMBER ONE: N.A. Truck & Trailer Industrial Fasteners

Select Customers

Boeing, Airbus, Lockheed Martin

Engineered Structures



~$0.7B 2021 Revenue

Leader in aerospace US defense structures

12 manufacturing plants and 1 dedicated R&D facility

- NUMBER ONE: Aerospace Defense Structures
- NUMBER ONE: Aerospace Defense / Wheel and Brake
- NUMBER ONE: Aerospace Ti Extrusions and Seat Tracks

Select Customers

Boeing, Airbus, Lockheed Martin, Pratt & Whitney, GE

Forged Wheels

~$0.9B 2021 Revenue

Global leader in forged aluminum commercial vehicle wheels

6 manufacturing plants and 2 dedicated R&D facilities

- NUMBER ONE: Forged Aluminum Wheels

Select Customers

PACCAR, Volvo, VW, Daimler

Rankings reflect market positions

Howmet Aerospace Strategy

Focus on what we are good at to drive **growth above market rate**

Prioritize major differentiated products for resource allocation

Underpin strategy with **commercial and operational discipline**

Execute a **disciplined capital allocation strategy**

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Appendix

2022 Assumptions

	Full Year 2022	2022 Comments; Change versus prior Guidance
Corporate Overhead	~$78M	• Adjusted EBITDA excluding special items • Increased for lease costs of Corporate HQ following sale in June 2022 for $44M
Depreciation and Amortization	~$270M	
Interest Expense	~$230M	• Excludes debt issuance, breakage and tender fees • Reduced for $60M repurchase of 2024 Debt
Operational Tax Rate	23.5% - 24.5%	• Operational Tax Rate reduced 50 bps • Cash Tax Rate ~15%
Pension / OPEB Expense	~$20M	• ~$5M Service Costs (included in Adjusted EBITDA) • ~$15M Non-Service Costs
Post-Tax Pension / OPEB Liability	~$560M Pension Liability; ~$130M OPEB Liability	• Applied U.S. federal corporate tax rate of 21% • Reduced Pension Liability by ~$30M
Pension / OPEB Contributions	~$60M	• Improvement from FY 2021 Contributions of $112M
Capex	$200M - $225M	• Less than Depreciation and Amortization; Source of Cash • Reduced $20M - $25M
Diluted Share Count Average	~422M	• Q2 Diluted shares exit rate of ~421M; $235M common share buyback in H1 2022 • $30M common share buyback of ~0.9M shares in July 2022

Reconciliation of Net Income and Diluted EPS Excluding Special Items

($ in millions, except per-share amounts)	Q2 2021	Q1 2022	Q2 2022	YTD 2022
Net income	**$74**	**$131**	**$147**	**$278**
Diluted EPS	**$0.17**	**$0.31**	**$0.35**	**$0.66**
Special items:				
Restructuring and other charges	**$5**	**$2**	**$6**	**$8**
Discrete tax items[1]	**$4**	**$(2)**	**$(7)**	**$(9)**
Other special items:				
Debt tender fees and related costs	$23	$—	$2	$2
Plant fire (reimbursements) costs, net	(3)	5	2	7
Legal and other advisory reimbursements	(4)	(3)	—	(3)
Costs associated with closures, shutdowns, and other items	—	—	1	1
Other tax items	2	—	—	—
Total Other special items	**$18**	**$2**	**$5**	**$7**
Tax impact[2]	**$(5)**	**$(1)**	**$(2)**	**$(3)**
Net income excluding Special items	**$96**	**$132**	**$149**	**$281**
Diluted EPS excluding Special items	**$0.22**	**$0.31**	**$0.35**	**$0.66**

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 and Diluted EPS excluding Special items.

(1) Discrete tax items for each period are discussed further on the Reconciliation of the Operational Tax Rate.

(2) 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.

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Reconciliation of Operational Tax Rate

($ in millions)	Quarter ended June 30, 2022			Six months ended June 30, 2022		
	As reported	Special items (1)(2)	As adjusted	As reported	Special items (1)(2)	As adjusted
Income before income taxes	$183	$11	$194	$354	$15	$369
Provision for income taxes	$36	$9	$45	$76	$12	$88
Operational tax rate	19.7%		23.2%	21.5%		23.8%

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.

(1) Special items for the quarter ended June 30, 2022 include Restructuring and other charges $6, costs related to fires at two plants $2, debt tender fees and related costs $2, and costs associated with closures, shutdowns, and other items $1. Special items for the six months ended June 30, 2022 include Restructuring and other charges $8, costs related to fires at two plants $7, debt tender fees and related costs $2, and costs associated with closures, shutdowns, and other items $1, partially offset by ($3) reimbursement related to legal and advisory charges.

(2) Tax Special items includes discrete tax items, the tax impact on Special items based on the applicable statutory rates, the difference between such rates and the Company's consolidated estimated annual effective tax rate and other tax related items. Discrete tax items for each period included the following:

- for the quarter ended June 30, 2022, a benefit to release a valuation allowance related to an interest carryforward tax attribute in the U.K. ($6) and a net benefit for other small items ($1); and
- for the six months ended June 30, 2022, a benefit to release a valuation allowance related to an interest carryforward tax attribute in the U.K. ($6), an excess benefit for stock compensation ($5), and a net charge for other small items $2.

Calculation of Segment Information

($ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
Engine Products							
Third-party sales	$ 534	$ 544	$ 599	$ 605	$ 2,282	$ 631	$ 652
Inter-segment sales	$ 1	$ 1	$ 1	$ 1	$ 4	$ 1	$ 1
Provision for depreciation and amortization	$ 31	$ 30	$ 31	$ 32	$ 124	$ 31	$ 31
Segment Adjusted EBITDA	$ 132	$ 130	$ 151	$ 151	$ 564	$ 173	$ 179
Segment Adjusted EBITDA Margin	24.7 %	23.9 %	25.2 %	25.0 %	24.7 %	27.4 %	27.5 %
Depreciation and amortization % of Revenue	5.8 %	5.5 %	5.2 %	5.3 %	5.4 %	4.9 %	4.8 %
Restructuring and other charges	$ 5	$ 5	$ 5	$ 59	$ 74	$ 3	$ 4
Capital expenditures	$ 11	$ 16	$ 21	$ 26	$ 74	$ 27	$ 24
Fastening Systems							
Third-party sales	$ 272	$ 262	$ 254	$ 256	$ 1,044	$ 264	$ 277
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Provision for depreciation and amortization	$ 12	$ 13	$ 12	$ 12	$ 49	$ 12	$ 11
Segment Adjusted EBITDA	$ 57	$ 63	$ 59	$ 60	$ 239	$ 56	$ 56
Segment Adjusted EBITDA Margin	21.0 %	24.0 %	23.2 %	23.4 %	22.9 %	21.2 %	20.2 %
Depreciation and amortization % of Revenue	4.4 %	5.0 %	4.7 %	4.7 %	4.7 %	4.5 %	4.0 %
Restructuring and other charges (credits)	$ 2	$ 3	$ 3	$ (8)	$ —	$ (3)	$ —
Capital expenditures	$ 5	$ 9	$ 8	$ 20	$ 42	$ 15	$ 8

Calculation of Segment Information (continued)

($ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
Engineered Structures							
Third-party sales	$ 176	$ 160	$ 199	$ 190	$ 725	$ 182	$ 185
Inter-segment sales	$ 1	$ 2	$ 1	$ 2	$ 6	$ 1	$ 1
Provision for depreciation and amortization	$ 12	$ 13	$ 12	$ 12	$ 49	$ 12	$ 12
Segment Adjusted EBITDA	$ 22	$ 24	$ 26	$ 31	$ 103	$ 23	$ 26
Segment Adjusted EBITDA Margin	12.5 %	15.0 %	13.1 %	16.3 %	14.2 %	12.6 %	14.1 %
Depreciation and amortization % of Revenue	6.8 %	8.1 %	6.0 %	6.3 %	6.8 %	6.6 %	6.5 %
Restructuring and other charges	$ 1	$ —	$ —	$ 15	$ 16	$ 2	$ 1
Capital expenditures	$ 5	$ 5	$ 3	$ 8	$ 21	$ 7	$ 2
Forged Wheels							
Third-party sales	$ 227	$ 229	$ 231	$ 234	$ 921	$ 247	$ 279
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Provision for depreciation and amortization	$ 10	$ 9	$ 10	$ 10	$ 39	$ 10	$ 10
Segment Adjusted EBITDA	$ 80	$ 70	$ 72	$ 72	$ 294	$ 67	$ 75
Segment Adjusted EBITDA Margin	35.2 %	30.6 %	31.2 %	30.8 %	31.9 %	27.1 %	26.9 %
Depreciation and amortization % of Revenue	4.4 %	3.9 %	4.3 %	4.3 %	4.2 %	4.0 %	3.6 %
Restructuring and other charges	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Capital expenditures	$ 9	$ 13	$ 15	$ 8	$ 45	$ 9	$ 5

Calculation of Total Segment Adjusted EBITDA and Margin

($ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
Third-party sales – Engine Products	$534	$544	$599	$605	$2,282	$631	$652
Third-party sales – Fastening Systems	$272	$262	$254	$256	$1,044	$264	$277
Third-party sales – Engineered Structures	$176	$160	$199	$190	$725	$182	$185
Third-party sales – Forged Wheels	$227	$229	$231	$234	$921	$247	$279
Total Segment third-party sales	**$1,209**	**$1,195**	**$1,283**	**$1,285**	**$4,972**	**$1,324**	**$1,393**
Total Segment Adjusted EBITDA[1]	$291	$287	$308	$314	$1,200	$319	$336
Total Segment Adjusted EBITDA margin	24.1%	24.0%	24.0%	24.4%	24.1%	24.1%	24.1%

Total Segment Adjusted EBITDA and Total Segment Adjusted EBITDA margin are non-GAAP financial measures. Management believes that these measures are meaningful to investors because Total Segment Adjusted EBITDA and Total Segment Adjusted EBITDA margin provide additional information with respect to the operating performance and the Company's ability to meet its financial obligations. The Total Segment Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies. Howmet's definition of Total Segment 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. Special items, including Restructuring and other charges, are also excluded from net margin and Segment Adjusted EBITDA. Differences between the total segment and consolidated totals are in Corporate.

(1) See Reconciliation of Total Segment Adjusted EBITDA to Consolidated Income Before Income Taxes.

Reconciliation of Total Segment to Consolidated Totals

Reconciliation of Total Segment Adjusted EBITDA to Consolidated Income Before Income Taxes

($ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
Income before income taxes	$113	$110	$23	$78	$324	$171	$183
Loss on debt redemption	—	23	118	5	146	—	2
Interest expense	72	66	63	58	259	58	57
Other expense (income), net	4	8	1	6	19	1	(1)
Operating income	$189	$207	$205	$147	$748	$230	$241
Segment provision for depreciation and amortization	65	65	65	66	261	65	64
Unallocated amounts:							
Restructuring and other charges	9	5	8	68	90	2	6
Corporate expense[(1)]	28	10	30	33	101	22	25
Total Segment Adjusted EBITDA	$291	$287	$308	$314	$1,200	$319	$336

Total Segment Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Total Segment Adjusted EBITDA provides additional information with respect to the Company's operating performance and the Company's ability to meet its financial obligations. The Total Segment Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies. Howmet's definition of Total Segment 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. Special items, including Restructuring and other charges, are also excluded from net margin and Segment Adjusted EBITDA. Differences between the total segment and consolidated totals are in Corporate.

(1) For the quarter ended March 31, 2021, Corporate expense included $10 of costs related to fires at two plants, net of reimbursement. For the quarter ended June 30, 2021, Corporate expense included ($4) of reimbursement related to legal and advisory charges and ($3) of net reimbursement related to fires at two plants. For the quarter ended September 30, 2021, Corporate expense included $10 of costs associated with closures, shutdowns, and other items and $1 of costs related to fires at two plants, net of reimbursement. For the quarter ended December 31, 2021, Corporate expense included $25 of costs associated with closures, shutdowns, and other items and ($11) of net reimbursement related to fires at two plants. For the quarter ended March 31, 2022, Corporate expense included $5 of costs related to fires at two plants and ($3) of reimbursement related to legal and advisory charges. For the quarter ended June 30, 2022, Corporate expense included $2 of costs related to fires at two plants and $1 of costs associated with closures, shutdowns, and other items.

Adjusted Corporate Expense Excluding Depreciation and Special Items

($ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
Corporate expense	**$28**	**$10**	**$30**	**$33**	**$101**	**$22**	**$25**
Provision for depreciation and amortization	3	2	3	1	9	1	3
Adjusted Corporate expense excluding depreciation	**$25**	**$8**	**$27**	**$32**	**$92**	**$21**	**$22**
Special items:							
Legal and other advisory reimbursements	$—	$(4)	$—	$—	$(4)	$(3)	$—
Plant fire costs (reimbursements), net	9	(3)	1	(11)	(4)	5	2
Costs associated with closures, shutdowns, and other items	—	—	10	25	35	—	1
Adjusted Corporate expense excluding depreciation and Special items	**$16**	**$15**	**$16**	**$18**	**$65**	**$19**	**$19**

Adjusted Corporate expense excluding depreciation and Adjusted Corporate expense excluding depreciation and 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 Corporate expense determined under GAAP as well as Adjusted Corporate expense excluding deprecation and Adjusted Corporate expense excluding depreciation and Special items.

Reconciliation of Adjusted EBITDA and Margin Excluding Special Items

($ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022
Net income	**$80**	**$74**	**$27**	**$77**	**$258**	**$131**	**$147**
Add:							
Provision (benefit) for income taxes	**$33**	**$36**	**$(4)**	**$1**	**$66**	**$40**	**$36**
Other expense (income), net	**4**	**8**	**1**	**6**	**19**	**1**	**(1)**
Loss on debt redemption	**—**	**23**	**118**	**5**	**146**	**—**	**2**
Interest expense, net	**72**	**66**	**63**	**58**	**259**	**58**	**57**
Restructuring and other charges	**9**	**5**	**8**	**68**	**90**	**2**	**6**
Provision for depreciation and amortization	**68**	**67**	**68**	**67**	**270**	**66**	**67**
Adjusted EBITDA	**$266**	**$279**	**$281**	**$282**	**$1,108**	**$298**	**$314**
Add:							
Plant fire costs (reimbursements), net	**$9**	**$(3)**	**$1**	**$(11)**	**$(4)**	**$5**	**$2**
Legal and other advisory reimbursements	**—**	**(4)**	**—**	**—**	**(4)**	**(3)**	**—**
Costs associated with closures, shutdowns, and other items	**—**	**—**	**10**	**25**	**35**	**—**	**1**
Adjusted EBITDA excluding Special items	**$275**	**$272**	**$292**	**$296**	**$1,135**	**$300**	**$317**
Third-party sales	**$1,209**	**$1,195**	**$1,283**	**$1,285**	**$4,972**	**$1,324**	**$1,393**
Adjusted EBITDA margin excluding Special items	**22.7%**	**22.8%**	**22.8%**	**23.0%**	**22.8%**	**22.7%**	**22.8%**

Adjusted EBITDA, Adjusted EBITDA excluding Special items, and Adjusted EBITDA margin excluding Special items are non-GAAP financial measures. Management believes that these measures are meaningful to investors because they provide 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. 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.

Reconciliation of Adjusted EBITDA and Margin Excluding Special Items and Material Pass Through

($ in millions)	Q1 2022	Q2 2022
Net income	**$131**	**$147**
Add:		
Provision for income taxes	$40	$36
Other income, net	1	(1)
Loss on debt redemption	—	2
Interest expense, net	58	57
Restructuring and other charges	2	6
Provision for depreciation and amortization	66	67
Adjusted EBITDA	**$298**	**$314**
Add:		
Plant fire costs, net	$5	$2
Legal and other advisory reimbursements	(3)	—
Costs associated with closures, shutdowns, and other items	—	1
Adjusted EBITDA excluding Special items (a)	**$300**	**$317**
Third-party sales (b)	**$1,324**	**$1,393**
Year-over-Year Material pass through	**(40)**	**(60)**
Third-party sales excluding Year-over-Year Material pass through (c)	**$1,284**	**$1,333**
Adjusted EBITDA margin excluding Special items (a)/(b)	**22.7%**	**22.8%**
Adjusted EBITDA margin excluding Special items and Year-over-Year Material pass through (a)/(c)	**23.4%**	**23.8%**

Adjusted EBITDA, Adjusted EBITDA excluding Special items, Adjusted EBITDA margin excluding Special items, and Adjusted EBITDA margin excluding Special items and year-over-year Material pass through are non-GAAP financial measures. Management believes that these measures are meaningful to investors because they provide 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. 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.

Reconciliation of Free Cash Flow

($ in millions)	Q1 2022	Q2 2022	YTD 2022
Cash provided from operations	$55	$158	$213
Capital expenditures	(62)	(44)	(106)
Free cash flow	$(7)	$114	$107

The Accounts Receivable Securitization program remains unchanged at $250 outstanding.

The proceeds from the sale of the corporate center in the second quarter are part of cash from investing activities which are not included in Free cash flow.

Free cash flow is a non-GAAP financial measure. Management believes that this measure is 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). It is important to note that Free cash flow does 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 Net Debt

($ in millions)	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022
Short-term debt	$13	$14	$5	$3	$1
Long-term debt, less amount due within one year	4,227	4,272	4,227	4,228	4,169
Total debt	$4,240	$4,286	$4,232	$4,231	$4,170
Less: Cash, cash equivalents, and restricted cash	716	726	722	522	538
Net debt	$3,524	$3,560	$3,510	$3,709	$3,632

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, 2022	Trailing-12 months ended June 30, 2022
Net income	$ 309	$ 382
Add:		
Provision for income taxes	$ 73	$ 73
Other expense, net	16	7
Loss on debt redemption	146	125
Interest expense, net	245	236
Restructuring and other charges	83	84
Provision for depreciation and amortization	268	268
Adjusted EBITDA	$ 1,140	$ 1,175
Add:		
Plant fire reimbursements, net	$ (8)	$ (3)
Legal and other advisory reimbursements	(7)	(3)
Costs associated with closures, shutdowns, and other items	35	36
Adjusted EBITDA Margin excluding Special items	$ 1,160	$ 1,205
Net debt	$ 3,709	$ 3,632
Net debt to Adjusted EBITDA Margin excluding Special items	3.2	3.0

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 Adjusted EBITDA, Adjusted EBITDA excluding Special items and Adjusted EBITDA Margin excluding Special items are 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. See prior page for reconciliation.

Calculation of Segment Markets Revenue

($ in millions)	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
Second quarter ended June 30, 2021					
Aerospace - Commercial	$260	$129	$79	$—	$468
Aerospace - Defense	$121	$41	$64	$—	$226
Commercial Transportation	$—	$49	$—	$229	$278
Industrial and Other	$163	$43	$17	$—	$223
Third-party sales market revenue	**$544**	**$262**	**$160**	**$229**	**$1,195**
First quarter ended March 31, 2022					
Aerospace - Commercial	$329	$148	$109	$—	$586
Aerospace - Defense	$137	$32	$57	$—	$226
Commercial Transportation	$—	$53	$—	$247	$300
Industrial and Other	$165	$31	$16	$—	$212
Third-party sales market revenue	**$631**	**$264**	**$182**	**$247**	**$1,324**
Second quarter ended June 30, 2022					
Aerospace - Commercial	$362	$155	$108	$—	$625
Aerospace - Defense	$123	$37	$63	$—	$223
Commercial Transportation	$—	$53	$—	$279	$332
Industrial and Other	$167	$32	$14	$—	$213
Third-party sales market revenue	**$652**	**$277**	**$185**	**$279**	**$1,393**

Differences between the total segment and consolidated totals are in Corporate.

Revenue includes impacts of foreign currency and material pass through.

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