First Quarter 2023 Earnings Call

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

May 2, 2023

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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) deterioration in global economic and financial market conditions generally; (b) unfavorable changes in the markets served by Howmet Aerospace; (c) the impact of potential cyber attacks and information technology or data security breaches; (d) the loss of significant customers or adverse changes in customers' business or financial conditions; (e) manufacturing difficulties or other issues that impact product performance, quality or safety; (f) inability of suppliers to meet obligations due to supply chain disruptions or otherwise; (g) failure to attract and retain a qualified workforce and key personnel; (h) uncertainty of the duration, extent and impact of the COVID-19 pandemic on Howmet Aerospace's business, results of operations, and financial condition; (i) the inability to achieve revenue growth, cash generation, restructuring plans, cost reductions, improvement in profitability, or strengthening of competitiveness and operations anticipated or targeted; (j) inability to meet increased demand, production targets or commitments; (k) competition from new product offerings, disruptive technologies or other developments; (l) 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; (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) failure to comply with government contracting regulations; (o) adverse changes in discount rates or investment returns on pension assets; and (p) the other risk factors summarized in Howmet Aerospace's Form 10-K for the year ended December 31, 2022 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.

Q1 2023 Highlights

Revenue and Profitability Excluding Special Items[1]

	Q1 2022	Q4 2022	Q1 2023
Revenue	$1.324B	$1.513B	**$1.603B**
Adj EBITDA[1]	$300M	$336M	**$360M**
Adj EBITDA Margin[1]	22.7%	22.2%	**22.5%**
Adj Earnings Per Share[2]	$0.31	$0.38	**$0.42**

- Q1 2023 Revenue up 21% YoY, driven by Commercial Aerospace up 29% YoY
- Q1 2023 Adj EBITDA[1] up 20% YoY and Adj Earnings Per Share[2] up 35% YoY

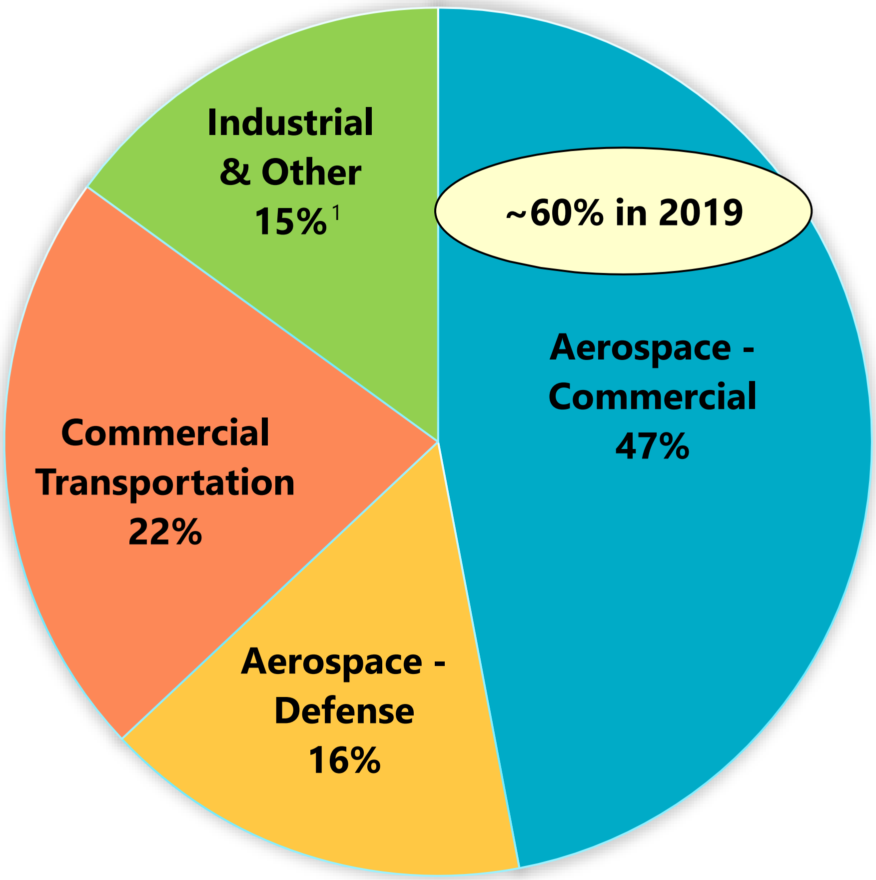
Q1 2023 Balance Sheet and Cash Flow

- Ending Cash Balance of $538M
- Free Cash Flow[3] of ($41M), driven by Commercial Aerospace Revenue Growth
- Q1 Debt Reduction of ~$176M with Cash on Hand; Annualized Interest Expense savings ~$9M
- Q1 Repurchased ~0.6M shares of Common Stock for $25M at an Average Price of ~$43 per Share
- Net Debt-to-LTM EBITDA[4] at 2.6x; All Long-Term Debt unsecured at fixed rates; $1B Revolver undrawn

1) Net Income (GAAP): Q1 2022 = $131M, Q4 2022 = $111M, Q1 2023 = $148M; Operating income margin (GAAP): Q1 2022 = 17.4%, Q4 2022 = 14.5%, Q1 2023 = 17.8% 2) EPS (GAAP): Q1 2022 = $0.31, Q4 2022 = $0.26, Q1 2023 = $0.35 3) Q1 2023: Cash provided from operations = $23M, Cash used for financing activities = ($214M), Cash used for investing activities = ($64M) 4) Adjusted for special items; Last twelve months (LTM) Howmet adjusted EBITDA *See appendix for reconciliations*

Q1 2023 Revenue Up 21% YoY, Commercial Aerospace Up 29% YoY

Revenue by Market (% of total)



Revenue by Market (% change)	YoY	Sequential
Aerospace - Commercial	29%	4%
Aerospace - Defense	11%	0%
Subtotal - Aerospace	24%	3%
Commercial Transportation	17%	9%
Industrial & Other[1]	16%	15%
Total Revenue	21%	6%

1) IGT represents ~50%, general Industrial represents ~30%, and Oil & Gas represents ~20% of total Industrial & Other

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Q1 2023: Revenue Up 21% YoY, Adj EBITDA Margin[1] 22.5%, Adj EPS[2] Up 35% YoY

Enhanced Profitability Q1 2023

- Revenue up 21% YoY, exceeding high end of Guidance; includes inflationary cost pass through ~$35M
- Adj EBITDA[1] of $360M, up 20% YoY, exceeding high end of Guidance
- Adj EBITDA Margin[1] of 22.5%, in line with Guidance; 23.0% excluding YoY inflationary cost pass through
- Adj Earnings Per Share[2] of $0.42, up 35% YoY, exceeding high end of Guidance
- Seven Consecutive Quarters of Revenue, Adj EBITDA[1], and Adj Earnings Per Share[2] Growth

Strengthened Balance Sheet

- Ending Cash Balance of $538M
- Capital Allocation of ~$218M for Debt Reduction, Common Stock Repurchase, and Quarterly Dividends
- Free Cash Flow[3] of ($41M), driven by higher Q1 Revenue
- Net Debt-to-LTM EBITDA[4] at 2.6x; All Long-Term Debt unsecured at fixed rates; $1B Revolver undrawn

Balanced Capital Allocation

- Capex less than Depreciation and Amortization; Installed Capacity in place to support Aerospace Growth
- Debt Reduction of ~$176M with Cash on Hand in Q1 2023
- Common Stock Repurchases: $25M in Q1 2023; ~$928M since Separation; Eight Consecutive Quarters
- Paid Quarterly Dividend[5] at $0.04 per share of Common Stock in Q1 2023

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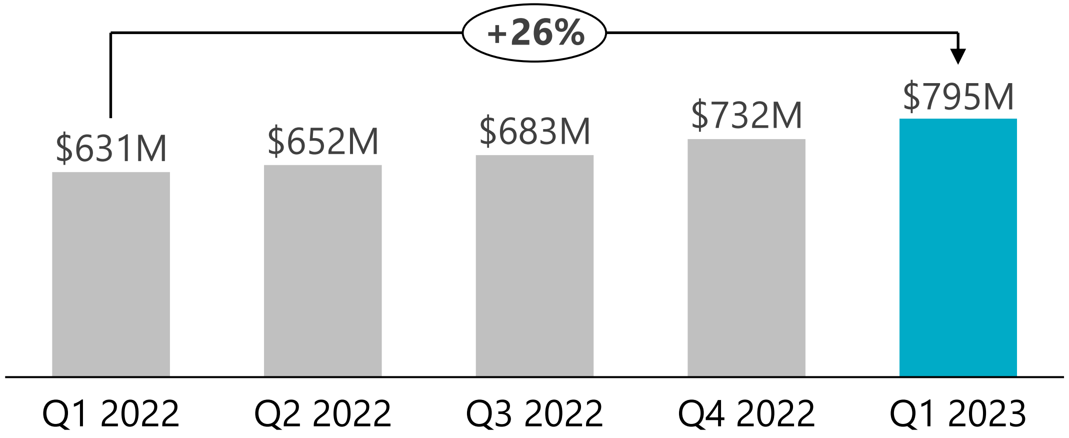
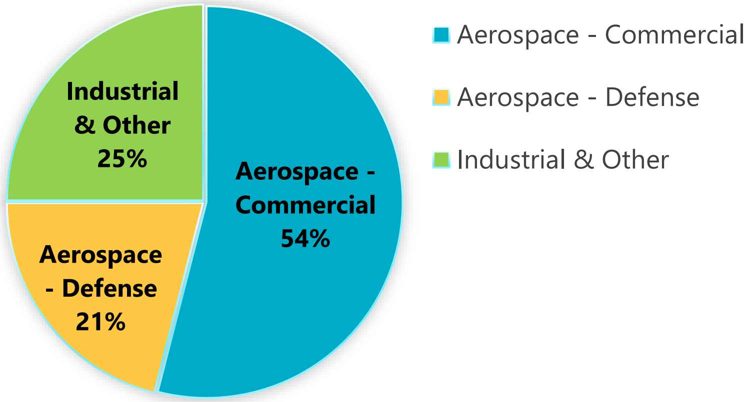
1) Adjusted EBITDA and EBITDA Margin excluding special items: Net Income (GAAP): Q1 2022 = $131M, Q1 2023 = $148M; Operating income margin (GAAP): Q1 2022 = 17.4%, Q1 2023 = 17.8%
2) Adjusted EPS excluding special items: EPS (GAAP): Q1 2022 = $0.31, Q1 2023 = $0.35 3) Q1 2023: Cash provided from operations = $23M, Cash used for financing activities = ($214M), Cash used for investing activities = ($64M) 4) Adjusted for special items; Last twelve months (LTM) Howmet adjusted EBITDA 5) Future dividends are subject to the discretion and final approval of the Board of Directors *See appendix for reconciliations*

Engine Products: Revenue +26% YoY; Adj EBITDA Margin 26.7%

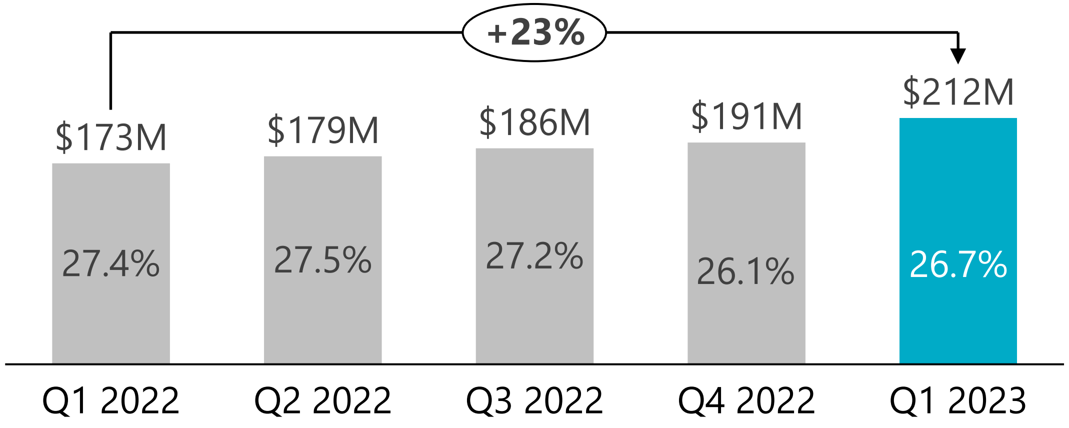
3rd Party Revenue



Revenue by Market (% of total)



Segment Adjusted EBITDA and Margin



Q1 2023 YoY

+ Commercial Aero Build Rates/Spares Growth
+ Defense Engine Build Rates/Spares Growth
+ Industrial Gas Turbine/Oil & Gas Growth

+/- Increased Net Headcount ~260 in Q1; Unfavorable near-term training time and cost

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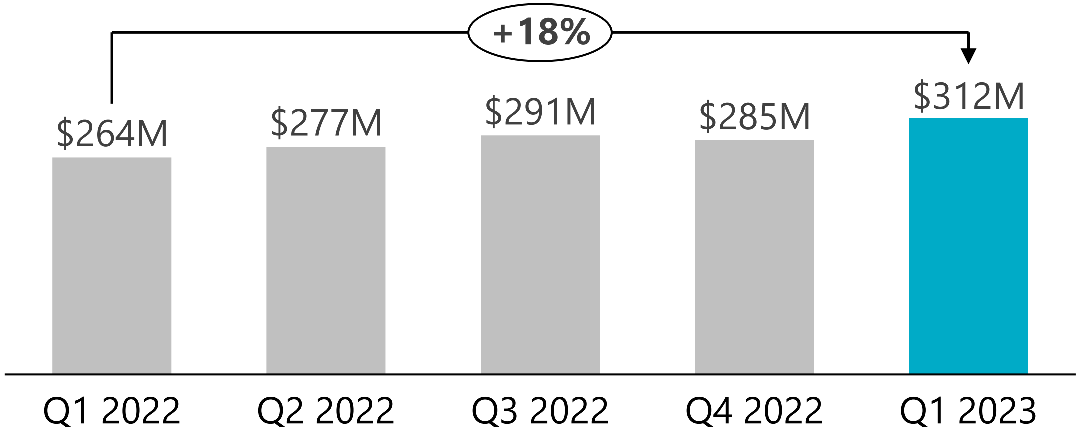
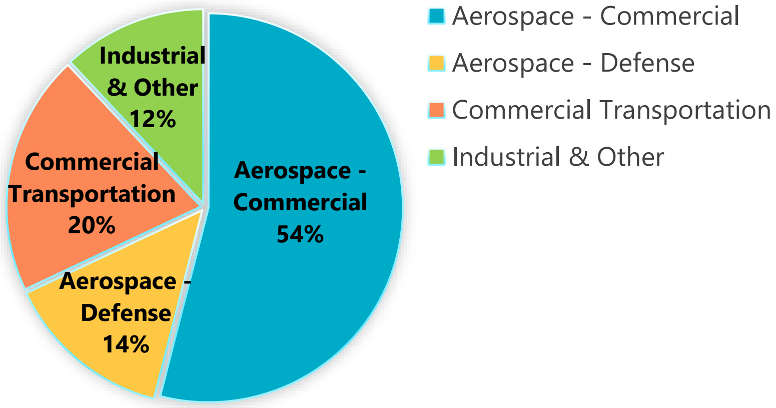
Fastening Systems: Revenue +18% YoY; Adj EBITDA Margin 18.6%

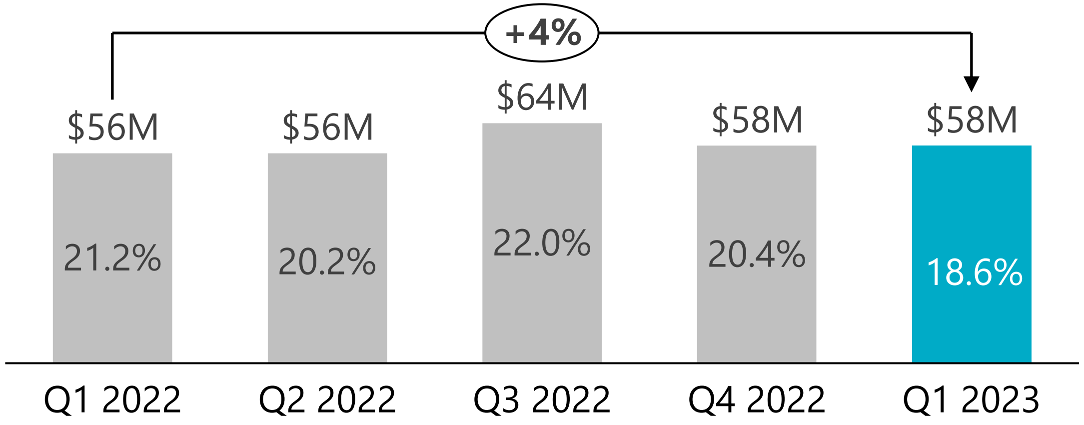
3rd Party Revenue



Revenue by Market (% of total)



Segment Adjusted EBITDA and Margin



Q1 2023 YoY

+ Narrow body Recovery and Defense Aero

+/- Increased Net Headcount ~215 in Q1; Unfavorable near-term training time and cost

– Inflationary Cost

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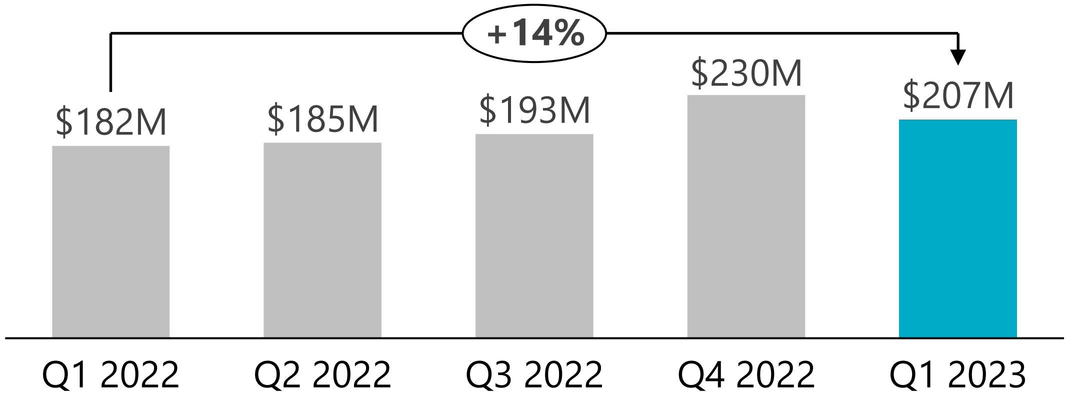
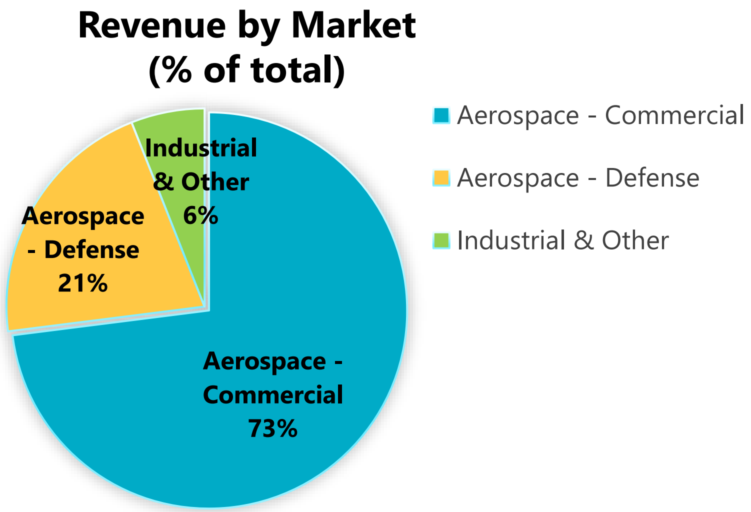
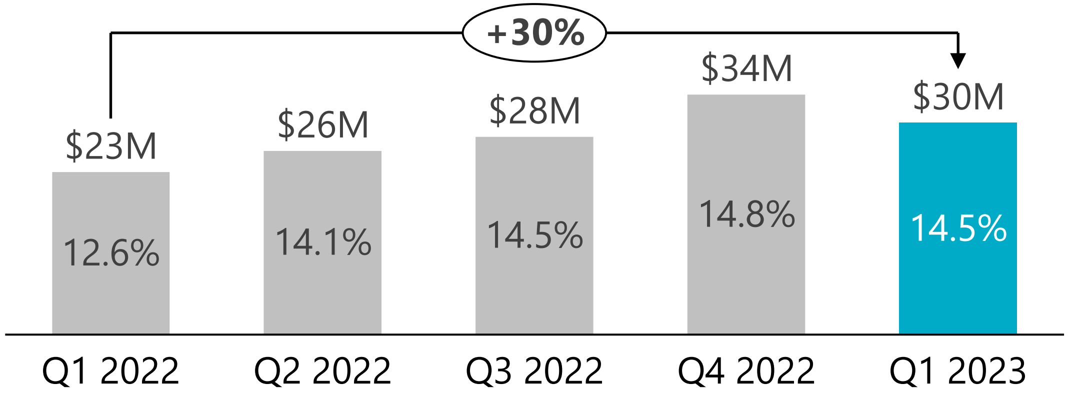
Engineered Structures: Revenue +14% YoY; Adj EBITDA Margin 14.5%

3rd Party Revenue





Segment Adjusted EBITDA and Margin



Q1 2023 YoY

+ Commercial Aero Growth
+ Russian Titanium Share Gain ~$20M
– Defense Aerospace Decline

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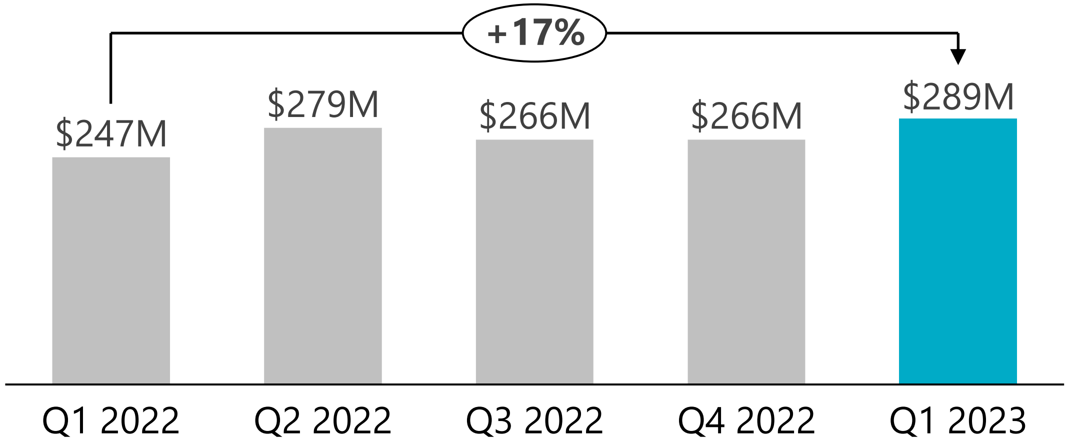
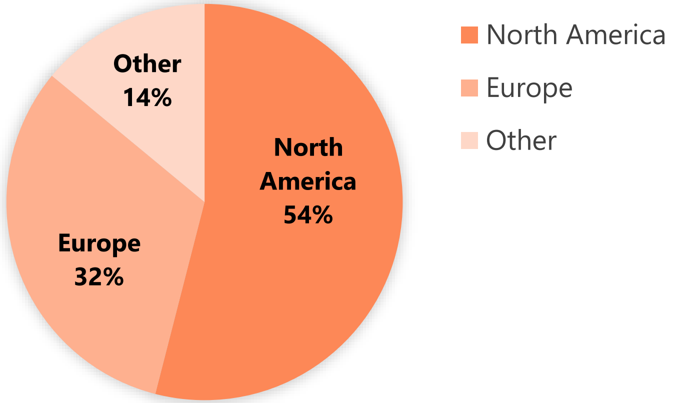
Forged Wheels: Volume Up 18% YoY; Adj EBITDA Margin 27.3%

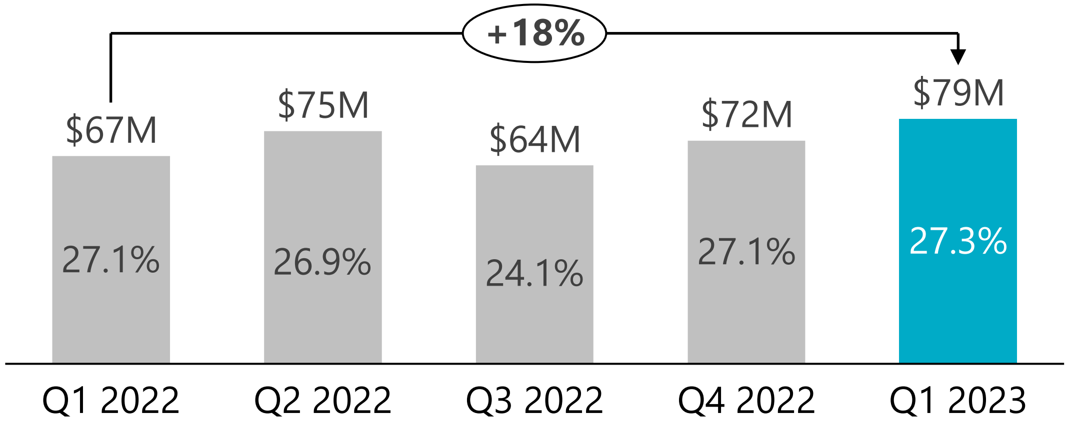
3rd Party Revenue



Revenue by Region (% of total)



Segment Adjusted EBITDA and Margin



Q1 2023 YoY

- \+ Volumes up 18%
- +/- Decline in Metal Price Pass Through offset by increase in Inflationary Cost Pass Through
- − Unfavorable Foreign Currency

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Howmet Committed to ESG; Closing in on 2024 Targets

Environmental Achievements | **2022 Reductions vs 2021**

6.7%
GHG Intensity Improvement

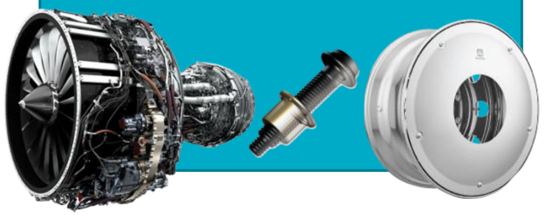
9.0%
Energy Intensity Improvement

6.8%
Freshwater Withdrawal Intensity Improvement

1.5%
Hazardous Waste Decrease

Achieved 20% GHG emissions reduction vs 2019 baseline

Leveraged our differentiated technologies to help our customers manufacture lighter, more fuel-efficient aircraft and commercial trucks with lower carbon footprints.



GOAL by 2024

Reduce Scope 1 and Scope 2 GHG emissions 21.5% by 2024 vs 2019 baseline

Deploying over **100 energy-saving projects** representing a **$28M investment**

Commitment to Safety, Diversity, Equity and Inclusion

Safety
Days Away, Restricted and Transfer (DART) improved 32%, 7x better than industry average

Diversity and Inclusion
Named one of the **"Best Places to Work for LGBTQ Equality"** by the Human Rights Campaign Foundation

Increased workforce by 1,500
Providing more jobs to our communities

Governance

Board Diversity
Recognized by **50/50 Women on Boards** for having **40%** of our **Board of Directors** composed of **women**

3+
2020
50 WOMEN
50 ON BOARDS
Three or More Women Serve on Our Board

Supply Chain
75% of key suppliers have **sustainability programs** considered leading or active

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2023 Guidance

	Q2 2023 Guidance			FY 2023 Guidance		
	Low	**Baseline**	**High**	**Low**	**Baseline**	**High**
Revenue	**$1.600B**	**$1.610B**	**$1.620B**	**$6.200B**	**$6.250B**	**$6.325B**
				Baseline Change	**+$150M**	
Adj EBITDA[1]	**$359M**	**$362M**	**$365M**	**$1.400B**	**$1.415B**	**$1.435B**
Adj EBITDA Margin[1]	*22.4%*	*22.5%*	*22.5%*	*22.6%*	*22.6%*	*22.7%*
				Baseline Change	**+$40M** *+10 bps*	
Adj Earnings per Share[1,2]	**$0.41**	**$0.42**	**$0.43**	**$1.65**	**$1.67**	**$1.70**
				Baseline Change	**+$0.07**	
Free Cash Flow				**$600M**	**$635M**	**$670M**
				Baseline Change	**+$20M**	

What we expect in 2023

- FY 2023 Revenue up ~10% vs. FY 2022
- FY 2023 Adj EBITDA[1] up ~11% vs. FY 2022
- FY 2023 Adj EPS[1,2] up ~19% vs. FY 2022
- Capex of $230M - $260M vs. Depreciation and Amortization of ~$265M
- Free Cash Flow Conversion ~90%

1) Excluding special items 2) Assumes ~$8M of miscellaneous other expenses in FY 2023

Summary

Revenue / Profit

- Q1 2023 Revenue ~$1.6B up 21% YoY driven by Commercial Aero up 29%; inflationary cost pass through ~$35M
- Adj EBITDA[1] of $360M, up 20% YoY
- Adj EBITDA Margin[1] 22.5%; 23.0% excluding YoY inflationary cost pass through; YoY Incremental Margin of ~25%
- Adj Earnings Per Share[2] $0.42 up 35% YoY

Liquidity

- Ending Cash Balance of $538M
- Capital Allocation of ~$218M for Debt Reduction, Common Stock Repurchase, and Quarterly Dividends
- Free Cash Flow[3] of ($41M); Expect Positive Free Cash Flow in Next Three Successive Quarters
- Net Debt-to-LTM EBITDA[4] at 2.6x; All Long-Term Debt unsecured at fixed rates; $1B Revolver undrawn

Full Year Guidance Expectations

- Expect Revenue up ~10% YoY
- Expect Adj EBITDA[1] up ~11% YoY
- Expect Adj EPS[2] up ~19% YoY
- Expect Free Cash Flow at ~$635M, up ~18% YoY, with Free Cash Flow Conversion of ~90%

1) Adjusted EBITDA and EBITDA Margin excluding special items: Net Income (GAAP): Q1 2022 = $131M, Q1 2023 = $148M; Operating income margin (GAAP): Q1 2022 = 17.4%, Q1 2023 = 17.8%
2) Adjusted EPS excluding special items: EPS (GAAP): Q1 2022 = $0.31, Q1 2023 = $0.35 3) Q1 2023: Cash provided from operations = $23M, Cash used for financing activities = ($214M), Cash used for investing activities = ($64M) 4) Adjusted for special items; Last twelve months (LTM) Howmet adjusted EBITDA *See appendix for reconciliations*

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Appendix

2023 Assumptions

	Full Year 2023	2023 Comments
Corporate Overhead	~$80M	• Adjusted EBITDA[1]
Depreciation and Amortization	~$265M	
Interest Expense	~$222M	• Excludes any potential debt issuance, additional debt reduction, breakage, and tender fees
Operational Tax Rate	22.5% - 23.5%	• Cash Tax Rate ~15%
Pension / OPEB Expense	~$40M	• ~$5M Service Costs (included in Adj. EBITDA[1]) • ~$35M Non-Service Costs (excluded from Adj. EBITDA[1]) • ~$20M Increase in Non-Service Costs YoY; Non-cash
Miscellaneous Other Expenses	~$8M	• Included in Other expense (income), net • Examples are deferred comp and foreign currency impacts
Post-Tax Pension / OPEB Liability	~$500M Pension Liability; ~$95M OPEB Liability	• Applied U.S. federal corporate tax rate of 21%
Pension / OPEB Contributions	~$56M	• Flat with FY 2022
Capex	$230M – $260M	• Less than Depreciation and Amortization; Source of Cash
Diluted Share Count Average	~418M	• Excludes any potential additional common stock repurchases

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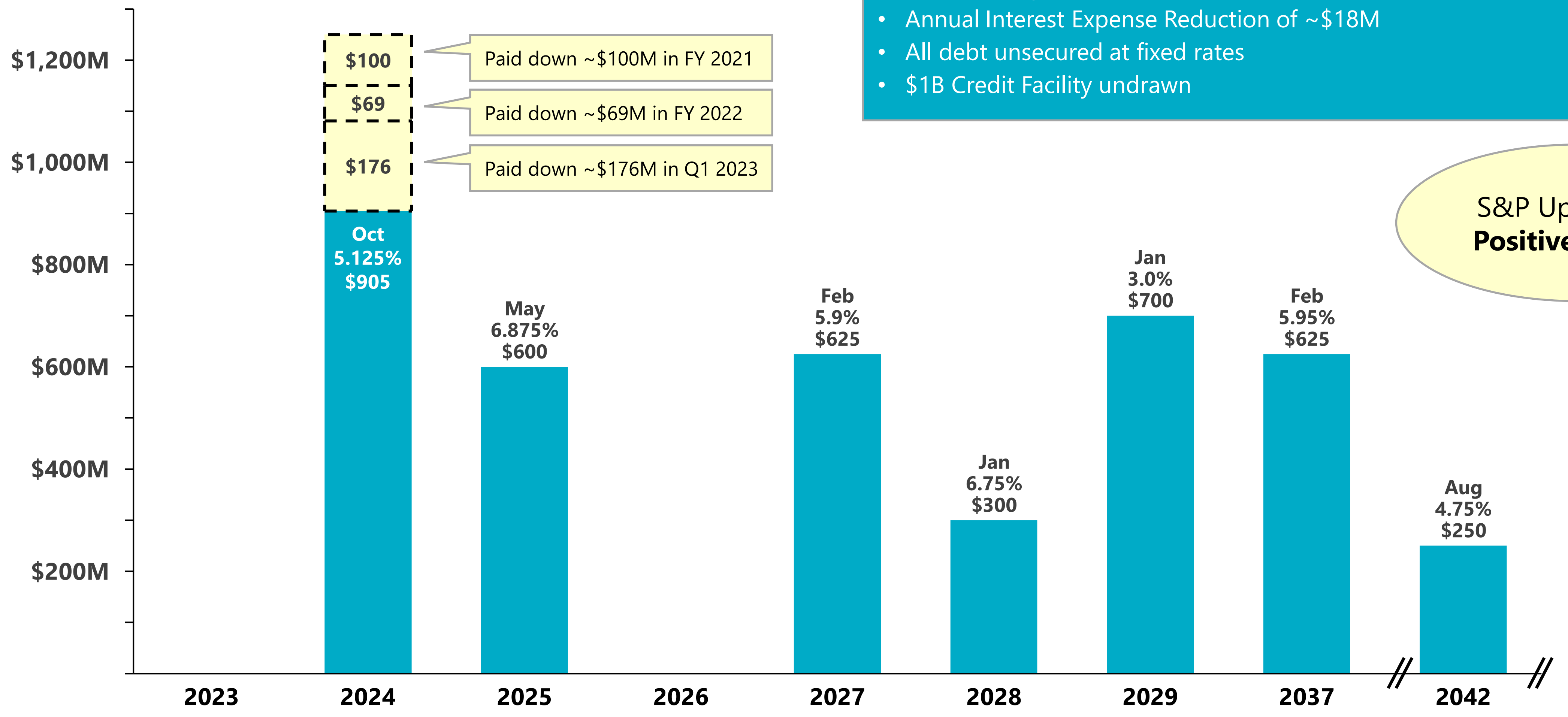
1) Excluding special items

Q1 2023 Paid Down ~$176M of 2024 Debt; Annual Interest Reduced ~$9M



2024 Debt Reduction with Cash on Hand (originally $1.25B tower)

- Since 2021, paid down ~$345M of 2024 Debt with Cash on Hand
- Annual Interest Expense Reduction of ~$18M
- All debt unsecured at fixed rates
- $1B Credit Facility undrawn

S&P Upgrade to **Positive** Outlook

Reconciliation of Net Income and Diluted EPS Excluding Special Items

($ in millions, except per-share amounts)	Q1 2022	Q4 2022	Q1 2023
Net income	**$131**	**$111**	**$148**
Diluted EPS	**$0.31**	**$0.26**	**$0.35**
Special items:			
Restructuring and other charges	**$2**	**$44**	**$1**
Discrete tax items:			
Tax litigation	$—	$—	$20
Other discrete tax items	(2)	3	1
Total Discrete tax items[(1)]	**$(2)**	**$3**	**$21**
Other special items:			
Loss on debt redemption and related costs	$—	$—	$1
Plant fire costs, net	5	4	4
Legal and other advisory reimbursements	(3)	—	—
Costs associated with closures, shutdowns, and other items	—	1	1
Total Other special items	**$2**	**$5**	**$6**
Tax impact[(2)]	**$(1)**	**$(3)**	**$(1)**
Net income excluding Special items	**$132**	**$160**	**$175**
Diluted EPS excluding Special items	**$0.31**	**$0.38**	**$0.42**

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 in 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.

Reconciliation of 2023 Operational Tax Rate

($ in millions)	Quarter ended March 31, 2023		
	Effective tax rate, as reported	Special items[(1)(2)]	Operational tax rate, as adjusted
Income before income taxes	**$220**	**$7**	**$227**
Provision for income taxes	**$72**	**$(20)**	**$52**
Tax rate	**32.7%**		**22.9%**

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 March 31, 2023 include costs related to fires at two plants $4, loss on debt redemption and related costs $1, Restructuring and other charges $1, and costs associated with closures, shutdowns, and other items $1.

(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 March 31, 2023, a charge for a tax reserve established in France $20 and a net charge for other small items $1.

Calculation of Segment Information

($ in millions)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Engine Products						
Third-party sales	$ 631	$ 652	$ 683	$ 732	$ 2,698	$ 795
Inter-segment sales	$ 1	$ 1	$ 1	$ 1	$ 4	$ 2
Provision for depreciation and amortization	$ 31	$ 31	$ 31	$ 32	$ 125	$ 32
Segment Adjusted EBITDA	$ 173	$ 179	$ 186	$ 191	$ 729	$ 212
Segment Adjusted EBITDA Margin	27.4 %	27.5 %	27.2 %	26.1 %	27.0 %	26.7 %
Depreciation and amortization % of Revenue	4.9 %	4.8 %	4.5 %	4.4 %	4.6 %	4.0 %
Restructuring and other charges	$ 3	$ 4	$ 2	$ 20	$ 29	$ —
Capital expenditures	$ 27	$ 24	$ 23	$ 20	$ 94	$ 33
Fastening Systems						
Third-party sales	$ 264	$ 277	$ 291	$ 285	$ 1,117	$ 312
Provision for depreciation and amortization	$ 12	$ 11	$ 11	$ 11	$ 45	$ 11
Segment Adjusted EBITDA	$ 56	$ 56	$ 64	$ 58	$ 234	$ 58
Segment Adjusted EBITDA Margin	21.2 %	20.2 %	22.0 %	20.4 %	20.9 %	18.6 %
Depreciation and amortization % of Revenue	4.5 %	4.0 %	3.8 %	3.9 %	4.0 %	3.5 %
Restructuring and other (credits) charges	$ (3)	$ —	$ —	$ 11	$ 8	$ —
Capital expenditures	$ 15	$ 8	$ 7	$ 9	$ 39	$ 9

Calculation of Segment Information (continued)

($ in millions)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Engineered Structures						
Third-party sales	$ 182	$ 185	$ 193	$ 230	$ 790	$ 207
Inter-segment sales	$ 1	$ 1	$ 3	$ 1	$ 6	$ —
Provision for depreciation and amortization	$ 12	$ 12	$ 12	$ 12	$ 48	$ 12
Segment Adjusted EBITDA	$ 23	$ 26	$ 28	$ 34	$ 111	$ 30
Segment Adjusted EBITDA Margin	12.6 %	14.1 %	14.5 %	14.8 %	14.1 %	14.5 %
Depreciation and amortization % of Revenue	6.6 %	6.5 %	6.2 %	5.2 %	6.1 %	5.8 %
Restructuring and other charges	$ 2	$ 1	$ 1	$ 3	$ 7	$ 1
Capital expenditures	$ 7	$ 2	$ 3	$ 5	$ 17	$ 10
Forged Wheels						
Third-party sales	$ 247	$ 279	$ 266	$ 266	$ 1,058	$ 289
Provision for depreciation and amortization	$ 10	$ 10	$ 10	$ 10	$ 40	$ 9
Segment Adjusted EBITDA	$ 67	$ 75	$ 64	$ 72	$ 278	$ 79
Segment Adjusted EBITDA Margin	27.1 %	26.9 %	24.1 %	27.1 %	26.3 %	27.3 %
Depreciation and amortization % of Revenue	4.0 %	3.6 %	3.8 %	3.8 %	3.8 %	3.1 %
Restructuring and other charges	$ —	$ —	$ —	$ 2	$ 2	$ —
Capital expenditures	$ 9	$ 5	$ 6	$ 8	$ 28	$ 9

Calculation of Total Segment Adjusted EBITDA and Adjusted EBITDA Margin

($ in millions)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Third-party sales – Engine Products	$631	$652	$683	$732	$2,698	$795
Third-party sales – Fastening Systems	$264	$277	$291	$285	$1,117	$312
Third-party sales – Engineered Structures	$182	$185	$193	$230	$790	$207
Third-party sales – Forged Wheels	$247	$279	$266	$266	$1,058	$289
Total Segment third-party sales	$1,324	$1,393	$1,433	$1,513	$5,663	$1,603
Total Segment Adjusted EBITDA[1]	$319	$336	$342	$355	$1,352	$379
Total Segment Adjusted EBITDA margin	24.1%	24.1%	23.9%	23.5%	23.9%	23.6%

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 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 Adjusted EBITDA to Consolidated Income Before Income Taxes

($ in millions)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Income before income taxes	**$171**	**$183**	**$104**	**$148**	**$606**	**$220**
Loss on debt redemption	—	2	—	—	2	1
Interest expense	58	57	57	57	229	57
Other expense (income), net	1	(1)	67	15	82	7
Operating income	**$230**	**$241**	**$228**	**$220**	**$919**	**$285**
Segment provision for depreciation and amortization	65	64	64	65	258	64
Unallocated amounts:						
Restructuring and other charges	2	6	4	44	56	1
Corporate expense[(1)]	22	25	46	26	119	29
Total Segment Adjusted EBITDA	**$319**	**$336**	**$342**	**$355**	**$1,352**	**$379**

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 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, 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. For the quarter ended September 30, 2022, Corporate expense included $25 of costs related to fires at three plants and $1 of costs associated with closures, shutdowns, and other items. In the third quarter of 2022, the Company's cast house in Barberton, Ohio, which produces aluminum ingot used in the production of wheels for the North American commercial transportation market, experienced a mechanical failure resulting in substantial heat and fire-related damage to equipment. For the quarter ended December 31, 2022, Corporate expense included $4 of costs related to fires at three plants, net of reimbursement, and $1 of costs associated with closures, shutdowns, and other items. For the quarter ended March 31, 2023, Corporate expense included $4 of costs related to fires at two plants and $1 of costs associated with closures, shutdowns, and other items.

Reconciliation of Adjusted Corporate Expense Excluding Depreciation and Special Items

($ in millions)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Corporate expense	**$22**	**$25**	**$46**	**$26**	**$119**	**$29**
Provision for depreciation and amortization	1	3	1	2	7	5
Adjusted Corporate expense excluding depreciation	**$21**	**$22**	**$45**	**$24**	**$112**	**$24**
Special items:						
Plant fire costs, net	$5	$2	$25	$4	$36	$4
Legal and other advisory reimbursements	(3)	—	—	—	(3)	—
Costs associated with closures, shutdowns, and other items	—	1	1	1	3	1
Adjusted Corporate expense excluding depreciation and Special items	**$19**	**$19**	**$19**	**$19**	**$76**	**$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 depreciation and Adjusted Corporate expense excluding depreciation and Special items.

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Reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin Excluding Special Items and Incremental Margin

($ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
Third-party sales	$1,209	$1,195	$1,283	$1,285	$4,972	$1,324	$1,393	$1,433	$1,513	$5,663	$1,603
Operating income	$189	$207	$205	$147	$748	$230	$241	$228	$220	$919	$285
Operating income margin	15.6%	17.3%	16.0%	11.4%	15.0%	17.4%	17.3%	15.9%	14.5%	16.2%	17.8%
Net income	$80	$74	$27	$77	$258	$131	$147	$80	$111	$469	$148
Add:											
Provision (benefit) for income taxes	$33	$36	$(4)	$1	$66	$40	$36	$24	$37	$137	$72
Other expense (income), net	4	8	1	6	19	1	(1)	67	15	82	7
Loss on debt redemption	—	23	118	5	146	—	2	—	—	2	1
Interest expense, net	72	66	63	58	259	58	57	57	57	229	57
Restructuring and other charges	9	5	8	68	90	2	6	4	44	56	1
Provision for depreciation and amortization	68	67	68	67	270	66	67	65	67	265	69
Adjusted EBITDA	$266	$279	$281	$282	$1,108	$298	$314	$297	$331	$1,240	$355
Add:											
Plant fire costs (reimbursements), net	$9	$(3)	$1	$(11)	$(4)	$5	$2	$25	$4	$36	$4
Legal and other advisory reimbursements	—	(4)	—	—	(4)	(3)	—	—	—	(3)	—
Costs associated with closures, shutdowns, and other items	—	—	10	25	35	—	1	1	1	3	1
Adjusted EBITDA excluding Special items	$275	$272	$292	$296	$1,135	$300	$317	$323	$336	$1,276	$360
Adjusted EBITDA margin excluding Special items	22.7%	22.8%	22.8%	23.0%	22.8%	22.7%	22.8%	22.5%	22.2%	22.5%	22.5%

	Q1 2022	Q1 2023	Q1 2023 YoY
Third-party sales	$1,324	$1,603	
Year-over-Year Material and other inflationary cost pass through		(35)	
Third-party sales excluding Material and other inflationary cost pass through (b)	$1,324	$1,568	$244
Adjusted EBITDA excluding Special items (a)	$300	$360	$60
Incremental margin (a)/(b)			25%

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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 and Other Inflationary Cost Pass Through

($ in millions)	Q1 2023
Net income	**$148**
Add:	
Provision for income taxes	**$72**
Other expense, net	**7**
Loss on debt redemption	**1**
Interest expense, net	**57**
Restructuring and other charges	**1**
Provision for depreciation and amortization	**69**
Adjusted EBITDA	**$355**
Add:	
Plant fire costs, net	**$4**
Costs associated with closures, shutdowns, and other items	**1**
Adjusted EBITDA excluding Special items (a)	**$360**
Third-party sales (b)	**$1,603**
Year-over-Year Material and other inflationary cost pass through	**(35)**
Third-party sales excluding Year-over-Year Material and other inflationary cost pass through (c)	**$1,568**
Adjusted EBITDA margin excluding Special items (a)/(b)	**22.5%**
Adjusted EBITDA margin excluding Special items and Year-over-Year Material and other inflationary cost pass through (a)/(c)	**23.0%**

Adjusted EBITDA, Adjusted EBITDA excluding Special items, Adjusted EBITDA margin excluding Special items, Third-party sales excluding Year-over-Year Material and other inflationary cost pass through, and Adjusted EBITDA margin excluding Special items and Year-over-Year Material and other inflationary cost 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 2023
Cash provided from operations	$23
Capital expenditures	(64)
Free cash flow	$(41)

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

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)	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022	March 31, 2023
Short-term debt	$3	$1	$1	$—	$—
Long-term debt, less amount due within one year	4,228	4,169	4,170	4,162	3,988
Total debt	$4,231	$4,170	$4,171	$4,162	$3,988
Less: Cash, cash equivalents, and restricted cash	522	538	454	792	538
Net debt	$3,709	$3,632	$3,717	$3,370	$3,450

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	
	December 31, 2022	March 31, 2023
Net income	$ 469	$ 486
Add:		
Provision for income taxes	$ 137	$ 169
Other expense, net	82	88
Loss on debt redemption	2	3
Interest expense, net	229	228
Restructuring and other charges	56	55
Provision for depreciation and amortization	265	268
Adjusted EBITDA	$ 1,240	$ 1,297
Add:		
Plant fire costs, net	$ 36	$ 35
Legal and other advisory reimbursements	(3)	—
Costs associated with closures, shutdowns, and other items	3	4
Adjusted EBITDA Margin excluding Special items	$ 1,276	$ 1,336
Net debt	$ 3,370	$ 3,450
Net debt to Adjusted EBITDA Margin excluding Special items	2.6	2.6

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
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**
Fourth quarter ended December 31, 2022					
Aerospace - Commercial	$416	$157	$154	$—	$727
Aerospace - Defense	$142	$46	$63	$—	$251
Commercial Transportation	$—	$56	$—	$266	$322
Industrial and Other	$174	$26	$13	$—	$213
Third-party sales market revenue	**$732**	**$285**	**$230**	**$266**	**$1,513**
First quarter ended March 31, 2023					
Aerospace - Commercial	$432	$170	$152	$—	$754
Aerospace - Defense	$163	$44	$44	$—	$251
Commercial Transportation	$—	$63	$—	$289	$352
Industrial and Other	$200	$35	$11	$—	$246
Third-party sales market revenue	**$795**	**$312**	**$207**	**$289**	**$1,603**

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

Revenue includes impacts of foreign currency and material cost pass through.

Diluted EPS Excluding Special items

($ in millions, except per-share amounts)	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net income	**$36**	**$106**	**$80**	**$74**	**$27**	**$77**	**$131**	**$147**	**$80**	**$111**	**$148**
Diluted EPS	**$0.08**	**$0.24**	**$0.18**	**$0.17**	**$0.06**	**$0.18**	**$0.31**	**$0.35**	**$0.19**	**$0.26**	**$0.35**
Special items:											
Restructuring and other charges	**$22**	**$16**	**$9**	**$5**	**$8**	**$68**	**$2**	**$6**	**$4**	**$44**	**$1**
Discrete tax items	**$(41)**	**$(76)**	**$(1)**	**$4**	**$(12)**	**$18**	**$(2)**	**$(7)**	**$(2)**	**$3**	**$21**
Other special items:											
Loss on debt redemption and related costs	$—	$—	$—	$23	$120	$4	$—	$2	$—	$—	$1
Plant fire costs (reimbursements), net	7	(19)	10	(3)	1	(11)	5	2	25	4	4
Release of tax indemnification receivable	—	53	—	—	—	—	—	—	—	—	—
Judgment from legal proceeding	—	—	—	—	—	—	—	—	65	—	—
Legal and other advisory reimbursements	(2)	(3)	—	(4)	—	—	(3)	—	—	—	—
Costs associated with closures, shutdowns, and other items	—	—	—	—	10	25	—	1	1	1	1
Reversal of state investment tax credits	—	9	—	—	—	—	—	—	—	—	—
Other tax items	(2)	4	(3)	2	(2)	3	—	—	—	—	—
Total Other special items	**$3**	**$44**	**$7**	**$18**	**$129**	**$21**	**$2**	**$5**	**$91**	**$5**	**$6**
Tax impact	**$(7)**	**$2**	**$1**	**$(5)**	**$(32)**	**$(54)**	**$(1)**	**$(2)**	**$(21)**	**$(3)**	**$(1)**
Net income excluding Special items	**$13**	**$92**	**$96**	**$96**	**$120**	**$130**	**$132**	**$149**	**$152**	**$160**	**$175**
Diluted EPS excluding Special items	**$0.03**	**$0.21**	**$0.22**	**$0.22**	**$0.27**	**$0.30**	**$0.31**	**$0.35**	**$0.36**	**$0.38**	**$0.42**
Average number of shares - diluted EPS excluding Special items	**439**	**438**	**439**	**437**	**434**	**431**	**425**	**422**	**420**	**419**	**418**

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.

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