Fourth Quarter 2019 Earnings Call

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

January 27, 2020

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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 Arconic'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 the aerospace, defense, automotive, industrials, commercial transportation and other end markets; statements and guidance regarding future financial results or operating performance; statements regarding future strategic actions; and statements about Arconic's strategies, outlook, business and financial prospects. These statements reflect beliefs and assumptions that are based on Arconic's perception of historical trends, current conditions and expected future developments, as well as other factors Arconic 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) uncertainties regarding the planned separation, including whether it will be completed pursuant to the targeted timing, asset perimeters, and other anticipated terms, if at all; (b) the impact of the separation on the businesses of Arconic; (c) the risk that the businesses will not be separated successfully or such separation may be more difficult, time-consuming or costly than expected, which could result in additional demands on Arconic's resources, systems, procedures and controls, disruption of its ongoing business, and diversion of management's attention from other business concerns; (d) deterioration in global economic and financial market conditions generally; (e) unfavorable changes in the markets served by Arconic; (f) 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; (g) competition from new product offerings, disruptive technologies or other developments; (h) political, economic, and regulatory risks relating to Arconic's global operations, including compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (i) manufacturing difficulties or other issues that impact product performance, quality or safety; (j) Arconic'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; (k) the impact of potential cyber attacks and information technology or data security breaches; (l) the loss of significant customers or adverse changes in customers' business or financial conditions; (m) adverse changes in discount rates or investment returns on pension assets; (n) the impact of changes in aluminum prices and foreign currency exchange rates on costs and results; (o) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Arconic to substantial costs and liabilities; and (p) the other risk factors summarized in Arconic's Form 10-K for the year ended December 31, 2018 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 presentation are made as of the date of this presentation, even if subsequently made available by Arconic on its website or otherwise. Arconic 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 Arconic's consolidated financial information but is not presented in Arconic'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. Arconic has not provided reconciliations of any forward-looking non-GAAP financial measures, such as earnings per share excluding special items and adjusted free cash flow, 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. Arconic believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

"Organic revenue" is GAAP revenue adjusted for Tennessee Packaging (which completed its phase-down as of year-end 2018), 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, Arconic 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, Arconic 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.

Arconic Inc. Reporting Structure

	Arconic Inc.	
Current	**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
Post Separation	**Howmet Aerospace Inc.** Remain Co.	**Arconic Corporation** Spin Co.
Targeted 2020 Key Dates	Investor Day: February 25th	Investor Day: February 25th
	Target Separation: April 1st	

4Q and Full Year 2019 Highlights

Revenue and Profitability

	4Q 2019 (YoY)	FY 2019 (YoY)
	4Q Record[6] in bold	FY Record[6] in bold
Revenue	$3.4B, down 2%	**$14.2B**, up 1%
Organic Revenue YoY %	Up 1%	Up 7%
Operating Income Excluding Special Items[1]	**$444M**, up 37%	**$1.8B**, up 29%
Operating Income Excluding Special Items Margin Expansion	**13.1%**, up 380 bps	**12.7%**, up 270 bps
EP&F Segment Operating Profit Margin Expansion	**20.4%**, up 480 bps	**19.6%**, up 330 bps
GRP Segment Operating Profit Margin Expansion	9.0%, up 370 bps	8.8%, up 210 bps
Earnings Per Share Excluding Special Items[2]	**$0.53**, up 61%	**$2.11**, up 55%
Free Cash Flow Conversion[3,7]		**90%**

Balance Sheet and Cash Flow

- Record Adjusted Free Cash Flow excluding separation costs of $870M in FY 2019, up 87% YoY[3]
- Ending Cash balance of $1.7B[4], after $1.15B FY 2019 common stock share repurchases and ~$400M repayment of Convertible Notes
- Completed $1.15B of common stock share repurchases in 2019 at a weighted avg price of $20.97 per share for ~55M shares
- Record Net Debt-to-LTM EBITDA of 1.81x at 4Q 2019, down from 2.05x at 4Q 2018[5]
- Record Return on Net Assets of 13.7% in FY 2019, up 450 bps YoY[6]

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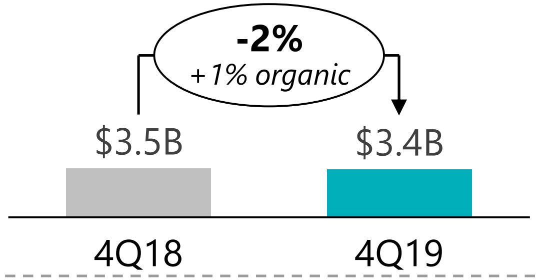
1) 4Q 2019 Operating income (GAAP) = $416M, 4Q 2018 Operating income (GAAP) = $323M; FY 2019 Operating Income (GAAP) = $1,035M, FY 2018 Operating Income (GAAP) = $1,325M 2) 4Q 2019 EPS (GAAP) = $0.70, 4Q 2018 EPS (GAAP) = $0.44, FY 2019 EPS (GAAP) = $1.03, FY 2018 EPS (GAAP) = $1.30 3) FY 2019 (GAAP): Cash provided from operations = $406M, Cash used for financing activities = ($1,568M), Cash provided from investing activities = $583M; FY 2018 (GAAP): Cash provided from operations = $217M, Cash used for financing activities = ($649M), Cash provided from investing activities = $565M 4) Includes restricted cash of $55M 5) Adjusted for special items; Last twelve month (LTM) Arconic adjusted EBITDA 6) Based on Net Income of $470M and Net Income excluding special items of $971M in FY 2019 and Net Income of $642M and Net Income excluding special items of $676M in FY 2018 7) Free Cash Flow Conversion = Adjusted Free Cash Flow excluding separation costs divided by Net Income excluding special items *See appendix for reconciliations*

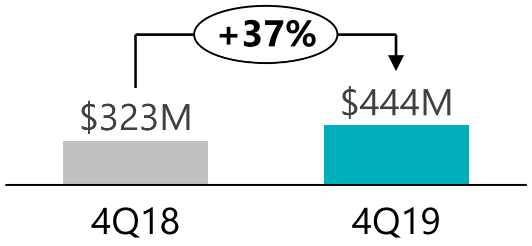
Key Financial Results – 4Q 2019

Revenue[1]



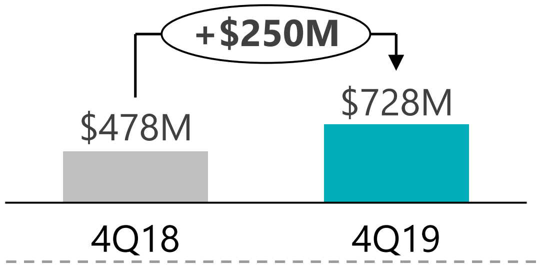
- Revenue decreased $71M or 2% YoY
- Organic Revenue increased $38M or 1% YoY
  - EP&F segment increased 2% YoY[5], GRP segment flat YoY[6]
- Organic Growth in Aerospace, Industrial, and Packaging markets; partially offset by declines in Auto and Commercial Transportation

Operating Income Excluding Special Items[2]



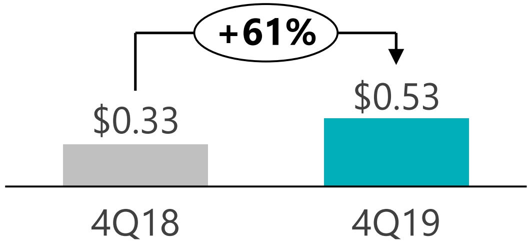
- Price increase of $42M across both Segments
- Volume decrease of $29M driven by Auto and Commercial Transportation
- Lower raw material costs including aluminum price $34M
- Net Cost reduction impact, partially offset by higher variable comp
- Tennessee Packaging transition to Industrial favorable $13M YoY

Adjusted Free Cash Flow Excluding Separation Costs[3]



- Record quarterly Adjusted Free Cash Flow
- Working Capital improvement of 1 day YoY to 43 days driven by DSO
  - $103M 4Q YoY cash improvement
- Pension/OPEB cash contributions of $69M, up $38M YoY
- Capex of $167M[7], down $104M YoY

EPS Excluding Special Items[4]



- Increase of $0.20 YoY driven by operational $0.13, lower share count $0.05, lower raw material costs $0.05
- At high end of guidance of $0.49 - $0.53

1) 4Q 2019 Revenue (GAAP) = $3,401M (down 2%), 4Q 2018 Revenue (GAAP) = $3,472M 2) 4Q 2019 Operating income (GAAP) = $416M, 4Q 2018 Operating income (GAAP) = $323M 3) 4Q 2019 (GAAP): Cash provided from operations = $506M, Cash used for financing activities = ($424M), Cash provided from investing activities = $295M; 4Q 2018 (GAAP): Cash provided from operations = $426M, Cash used for financing activities = ($40M), Cash provided from investing activities = $354M 4) 4Q 2019 EPS (GAAP) = $0.70, 4Q 2018 EPS (GAAP) = $0.44 5) Engineered Products & Forgings 4Q 2019 Revenue (GAAP) = $1,733M, 4Q 2018 Revenue (GAAP) = $1,715M; up 1% 6) Global Rolled Products 4Q 2019 Revenue (GAAP) = $1,667M, 4Q 2018 Revenue (GAAP) = $1,755M; down 5% 7) Excluding separation capex of $4M

See appendix for reconciliations

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Year-over-Year Margin Expansion

	1Q19 vs 1Q18	2Q19 vs 2Q18	3Q19 Vs 3Q18	4Q19 vs 4Q18
Arconic Inc Operating Income Margin Excluding Special Items[1]	+120 bps	+240 bps	+340 bps	+380 bps
Engineered Products & Forgings Segment Operating Profit Margin	+210 bps	+300 bps	+330 bps	+480 bps
Global Rolled Products Segment Operating Profit Margin	(40) bps	+210 bps	+330 bps	+370 bps

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1) 1Q 2019 Operating income (GAAP) = $374M, 1Q 2018 Operating income (GAAP) = $333M; 2Q 2019 Operating loss (GAAP) = ($81)M, 2Q 2018 Operating income (GAAP) = $324M; 3Q 2019 Operating income (GAAP) = $326M, 3Q 2018 Operating income (GAAP) = $345M; 4Q 2019 Operating income (GAAP) = $416M, 4Q 2018 Operating income (GAAP) = $323M *See appendix for reconciliations*

Special Items Summary – 4Q 2019 Net favorable $75M

($M)	4Q 2019	FY 2019
Asset Impairments / Divestitures (Pre-Tax)	($10)	$566
Costs Associated with Planned Separation (Pre-Tax)	$34	$78
Severance Costs / Pension Settlement / OPEB Reduction (Pre-Tax)	-	$45
Other (Pre-Tax)	$5	$77
Tax Impact on above items	($8)	($133)
Discrete and other special tax items	($96)	($132)
TOTAL SPECIAL ITEMS	**($75)**	**$501**

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( ) = income to be deducted from As Reported number; + = expense to be added to As Reported number
See appendix for additional details

Overview of Segment Results – 4Q 2019

	Revenue[1]	Segment Operating Profit[1]	Segment Operating Profit Comments
Engineered Products & Forgings	$1,733M *Up 1%* *Up 2% Organic*	$354M ***Up 32%**, or $86M* 20.4% Margin ***Up 480 bps***	+ Aerospace growth + Price improvements + Lower raw material costs + Net Cost reductions
Global Rolled Products	$1,667M *Down 5%* *Flat Organic*	$150M ***Up 61%**, or $57M* 9.0% Margin ***Up 370 bps***	+ Industrial and Commercial Transportation price + Aluminum price + Net Cost reductions + Improvements in internal scrap utilization + Tennessee NA Packaging transition to Industrial +$13M – Declines in Auto and Commercial Transportation – Aluminum Extrusions operational challenges at one plant

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1) Percent changes reflect Year-over-Year changes

See appendix for reconciliations

4Q 2019 Key Achievements

Engineered Products & Forgings

- Record 4Q Revenue and Segment Operating Profit
- Aerospace Organic Revenue up 5% YoY[1]
- Price improvements of $29M YoY
- Expansions in Aerospace Airfoils, Aerospace Rings, and Forged Wheels ramping up

Global Rolled Products

- Record 4Q Segment Operating Profit
- Industrial Organic Revenue up 21% YoY[2]
- Price improvements of $13M YoY mainly in Industrial and Commercial Transportation
- Improved internal scrap utilization YoY

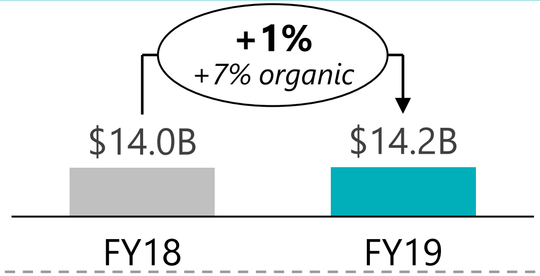
Cash Flows / Other

- FY 2019 Free Cash Flow Conversion of 90%[3,7]
- FY 2019 Return on Net Assets of 13.7%, up 450 bps YoY[4]
- FY 2019 Capex of $579M[5], ~4% of Revenue, down $189M YoY
- Cash balance of $1.7B[6], after $1.15B of share repurchases and ~$0.4B repayment of notes

1) EP&F Aerospace Revenue – Reported: 4Q 2019 = $1,252M; 4Q 2018 = $1,203M; up 4% 2) GRP Industrial Revenue – Reported: 4Q 2019 = $282M; 4Q 2018 = $248M; up 14% 3) Free Cash Flow Conversion = Adjusted Free Cash Flow excluding separation costs divided by Net Income excluding special items 4) Based on Net Income of $470M and Net Income excluding special items of $971M in FY 2019 and Net Income of $642M and Net Income excluding special items of $676M in FY 2018 5) Excluding separation capex of $7M 6) Includes restricted cash of $55M 7) FY 2019 (GAAP): Cash provided from operations = $406M, Cash used for financing activities = ($1,568M), Cash provided from investing activities = $583M *See appendix for reconciliations*

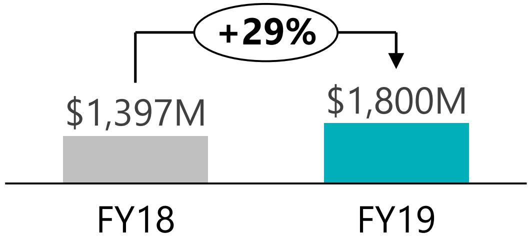
Key Financial Results – Full Year 2019

Revenue[1]



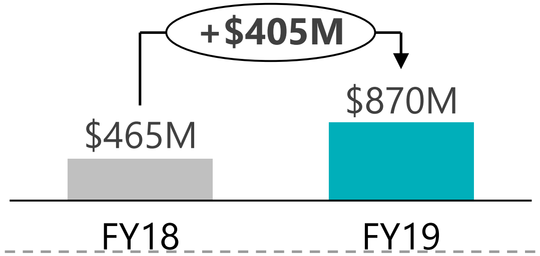
- Revenue increased $178M or 1% YoY
- Organic Revenue increased $894M or 7% YoY
  - EP&F segment increased 6% YoY[5], GRP segment increased 6% YoY[6]
- Organic Growth in Aerospace, Industrial, Packaging and Commercial Transportation markets

Operating Income Excluding Special Items[2]



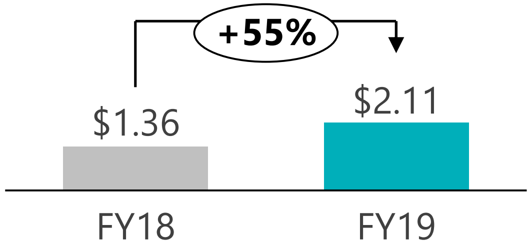
- Price increase of $153M across both Segments
- Volume increase of $80M, driven by Aerospace
- Lower raw material costs including aluminum price $99M
- Net Cost reduction impact, partially offset by Tenn Packaging transition to Industrial, Al Extrusions operational challenges in one plant and variable comp

Adjusted Free Cash Flow Excluding Separation Costs[3]



- Pension/OPEB cash contributions of $345M, down $33M YoY
- Capex of $579M[7], ~4% of Revenue, down $189M YoY

EPS Excluding Special Items[4]



- Increase of $0.75 YoY driven by operational $0.47, lower raw material costs $0.15, lower share count $0.12
- At high end of prior guidance of $2.07 - $2.11 and over 30% better than midpoint of initial guidance of $1.55 - $1.65

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1) FY 2019 Revenue (GAAP) = $14,192M (up 1%), FY 2018 Revenue (GAAP) = $14,014M 2) FY 2019 Operating income (GAAP) = $1,035M, FY 2018 Operating income (GAAP) = $1,325M 3) FY 2019 (GAAP): Cash provided from operations = $406M, Cash used for financing activities = ($1,568M), Cash provided from investing activities = $583M; FY 2018 (GAAP): Cash provided from operations = $217M, Cash used for financing activities = ($649M), Cash provided from investing activities = $565M 4) FY 2019 EPS (GAAP) = $1.03, FY 2018 EPS (GAAP) = $1.30 5) Engineered Products & Forgings FY 2019 Revenue (GAAP) = $7,105M, FY 2018 Revenue (GAAP) = $6,798M; up 5% 6) Global Rolled Products FY 2019 Revenue (GAAP) = $7,082M, FY 2018 Revenue (GAAP) = $7,223M; down 2% 7) Excluding separation capex of $7M

See appendix for reconciliations

Update on Key Focus Areas: Ahead or On Track

Price Update / Cost Reduction

- FY 2019 price increases of $153M
- FY 2019 operating cost reductions of $213M, ahead of 2019 annual commitment of $180M
- Annual run rate operating costs are projected to be reduced by ~$300M

Capital Allocation Update

- Repurchased $1.15B of common stock in 2019; Average price $20.97 per share, ~55M shares repurchased
- $350M of common stock share repurchase authority remains after $50M common stock share repurchases in 4Q 2019
- Year-end diluted common stock share count 440M shares, down 13% YoY
- FY 2019 Capex of $579M[1], ~4% of Revenue, down 25% YoY

4Q 2019 Divestitures

- Divestitures signed or closed in 2019 with ~$190M net proceeds, Target of ~$100M - $200M
  - Closed UK Forgings in December 2019 and expect Itapissuma and South Korea to close in 1Q 2020
- Divestitures signed or closed will reduce annual revenue by ~$350M with limited operating income impact

Separation

- Targeting Separation completion April 1, 2020; Form 10 amendment filed January 22, 2020
- Targeting completion of Arconic Corp financing in early Feb and expect to request Form 10 effectiveness in mid Feb
- Estimated one-time operating costs to separate of $130M - $160M, excluding debt breakage and tax leakage
- Estimated one-time Capex costs to separate of $25M - $35M
- Debt breakage costs maximum of $35M with Howmet Aerospace Inc. as Remain Co.
- Separation does not trigger incremental pension cash contributions

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1) Excluding separation capex of $7M

Introducing 2020 Arconic Inc. Guidance[1]

Full Year 2020 Guidance

Revenue

$13.9B – $14.2B

Organic Growth of 1%-3%

+ Aerospace excluding Boeing 737 MAX
+ Industrial Products
+ Price
– Boeing 737 MAX
– Commercial Transportation
– Divestitures

EPS Ex. Special Items

$2.22 – $2.42

Growth of 7%-14%

+ Cost Reduction
+ Price
– Boeing 737 MAX
– Raw Material Costs

Adjusted Free Cash Flow

$800M – $900M

Capex: 3.4% to 3.9% of Revenue

FCF Conversion[2]
~80%

+ Capital Expenditures
+ Restructuring Payments
– Pension Contributions

1Q 2020 Guidance

EPS Ex. Special Items: $0.47 - $0.53

1) Based on status quo Arconic Inc. consolidated entity. All Guidance excludes Separation impacts. See Appendix for additional Guidance assumptions.
2) FCF Conversion = Adjusted Free Cash Flow excluding separation costs divided by Net Income excluding special items

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2020 Arconic Inc. Guidance Assumptions[1]

	2020 Assumptions	Sensitivities and Comments
Annual Avg. Al Price	Al prices = $2,200/MT *LME Cash = $1,790/MT* *MWP = $410/MT*	• +$100/MT increase = +~$130M Revenue impact and ~($10M) Operating Income impact • +$100/MT increase = ~($25M) LIFO non-cash impact[2]
Capex	$470M - $550M	• 3.4% to 3.9% of Revenue
Pension Cash Contributions & OPEB Payments	~$550M	• Separation does not trigger incremental pension cash contributions
Pension / OPEB-related Expense	~$145M	• Service ~$35M; Non-Service ~$110M
Interest Expense	~$330M	• Excludes debt breakage
Tax Rate	Operational tax %= 26.5% - 28.5% Cash tax %= ~10%	• Excludes the impact of potential transactions
Depreciation & Amortization	~$540M	
Diluted Share Count	~440M	• Excludes the impact of potential share repurchases

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1) Based on status quo Arconic Inc. consolidated entity. All Guidance excludes Separation impacts.
2) LIFO sensitivity includes (~$25M) annually from elements other than aluminum prices such as other raw materials, labor, and energy.

New Segment Historical Performance

		2018	1Q19	2Q19	3Q19	4Q19	2019	Full Year YoY
Engineered Products & Forgings	Revenue	$6,798M	$1,756M	$1,822M	$1,794M	$1,733M	$7,105M	**Up 5%** *Organic up 6%*
	Segment Operating Profit	$1,105M	$313M	$360M	$363M	$354M	$1,390M	**Up 26%**
	Segment Operating Profit Margin	16.3%	17.8%	19.8%	20.2%	20.4%	19.6%	**Up 330 bps**
Global Rolled Products	Revenue	$7,223M	$1,784M	$1,868M	$1,763M	$1,667M	$7,082M	**Down 2%** *Organic up 6%*
	Segment Operating Profit	$481M	$135M	$179M	$161M	$150M	$625M	**Up 30%**
	Segment Operating Profit Margin	6.7%	7.6%	9.6%	9.1%	9.0%	8.8%	**Up 210 bps**

2020 Projected Corporate Costs including D&A: Howmet Aerospace Inc. ~$80M-$90M, Arconic Corp. ~$75M-$85M

2020 Projected FCF Conversion[1]: Howmet Aerospace Inc. > ~80%, Arconic Corp. < ~80%

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1) FCF Conversion = Adjusted Free Cash Flow excluding separation costs divided by Net Income excluding special items

See appendix for reconciliations.

Separation Status Update and Timeline

New segment reporting – Oct. 30
- EP&F: Howmet Aerospace Inc.
- GRP: Arconic Corp.

Form 10 – Amended, Filed Jan. 22
- Pro Forma Pension/OPEB and Debt Obligations
- Arconic Corp. CEO Named

Investor Days
- Howmet Aerospace Inc. – Feb. 25
- Arconic Corp. – Feb. 25

4Q19 | 1Q20 | 2Q20

Form 10 – Public, Filed Dec. 17

Form 10 – Request effectiveness Mid-Feb.
- Final Capital Structure
- Executive Officers
- BOD Chair and Committee Designations

Target Separation Apr. 1

HOWMET AEROSPACE
(NYSE: HWM)

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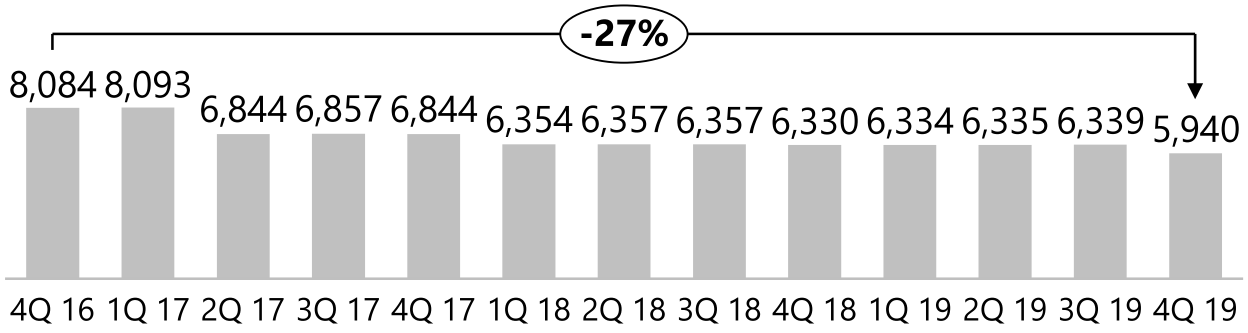
Form 10 for Arconic Corp. only.
Post separation, the new companies will consist of the EP&F and GRP segments plus an allocation of Corporate costs.

Capital Structure: $4.2B of Net Debt

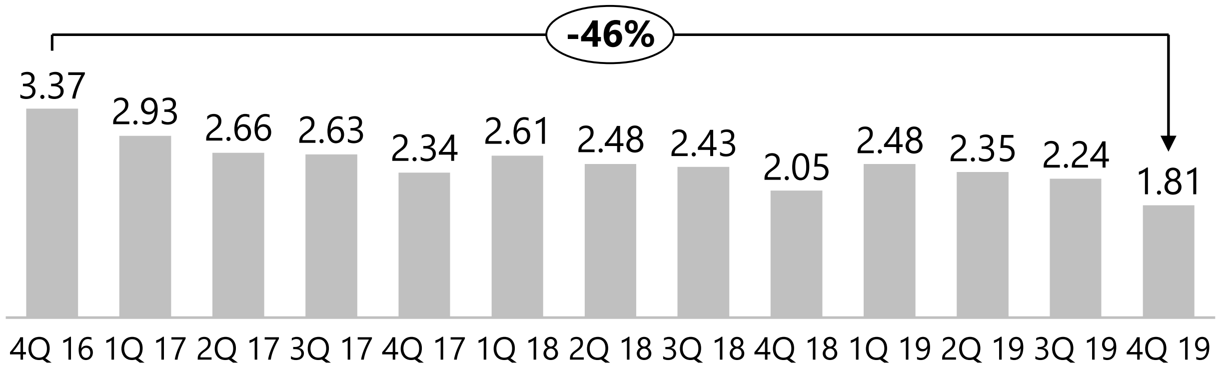
Capitalization at December 31, 2019	
($M)	**Amount**
Cash[1]	$1,703
Gross Debt	$5,940
Net Debt	**$4,237**
Net Debt-to-LTM EBITDA[2]	1.81

Gross Debt ($M)

Paid down $2.9B of debt since Separation on 11/1/2016



Net Debt-to-LTM EBITDA[2]



1) Includes restricted cash of $55M 2) Excluding special items; Last twelve month (LTM) Arconic EBITDA excluding special items

See appendix for reconciliations

Organic Revenue[1] Growth for 4Q 2019

	4Q 2018 ($M)	4Q 2019 ($M)	% Change
Arconic Inc. Revenue	$3,472	$3,401	**-2%**
less Tennessee Packaging	18	-	
less Eger	6	-	
less UK Forgings	32	21	
Subtotal: Portfolio Changes	**56**	**21**	
less Aluminum Price[2]	-	(60)	
less Foreign Currency[2]	-	(14)	
Subtotal: Aluminum Price & Foreign Currency	**-**	**(74)**	
Total: Arconic Inc. Revenue, Organic	**$3,416**	**$3,454**	**1%**

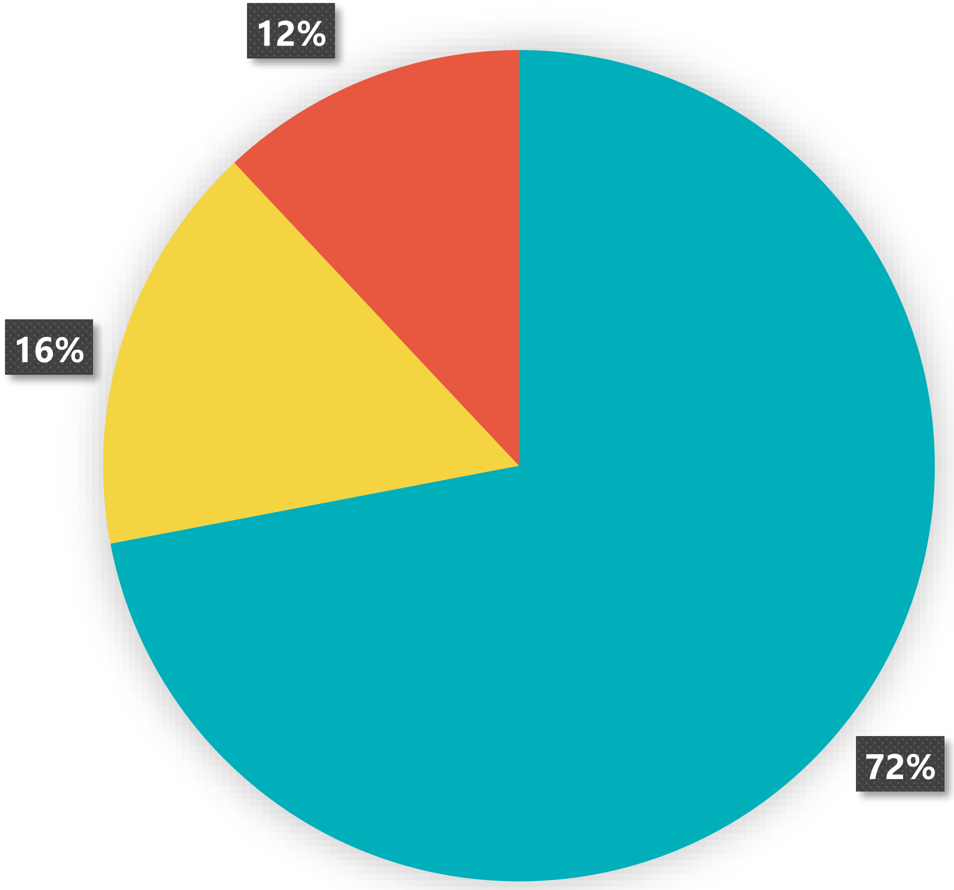
	4Q 2018 ($M)	4Q 2019 ($M)	% Change
EP&F Revenue	$1,715	$1,733	**1%**
less Eger	6	-	
less UK Forgings	32	21	
Subtotal: Portfolio Changes	**38**	**21**	
less Aluminum Price[2]	-	-	
less Foreign Currency[2]	-	(2)	
Subtotal: Aluminum Price & Foreign Currency	**-**	**(2)**	
Total: EP&F Revenue, Organic	**$1,677**	**$1,714**	**2%**

	4Q 2018 ($M)	4Q 2019 ($M)	% Change
GRP Revenue	$1,755	$1,667	**-5%**
less Tennessee Packaging	18	-	
Subtotal: Portfolio Changes	**18**	**-**	
less Aluminum Price[2]	-	(60)	
less Foreign Currency[2]	-	(12)	
Subtotal: Aluminum Price & Foreign Currency	**-**	**(72)**	
Total: GRP Revenue, Organic	**$1,737**	**$1,739**	**0%**

1) Organic revenue is U.S. GAAP revenue adjusted for Tennessee packaging, 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 – 4Q 2019

Engineered Products & Forgings
Organic Revenue by Market
(% of total)[1]



Engineered Products & Forgings
Organic Revenue by Market YoY
(% change)[2]

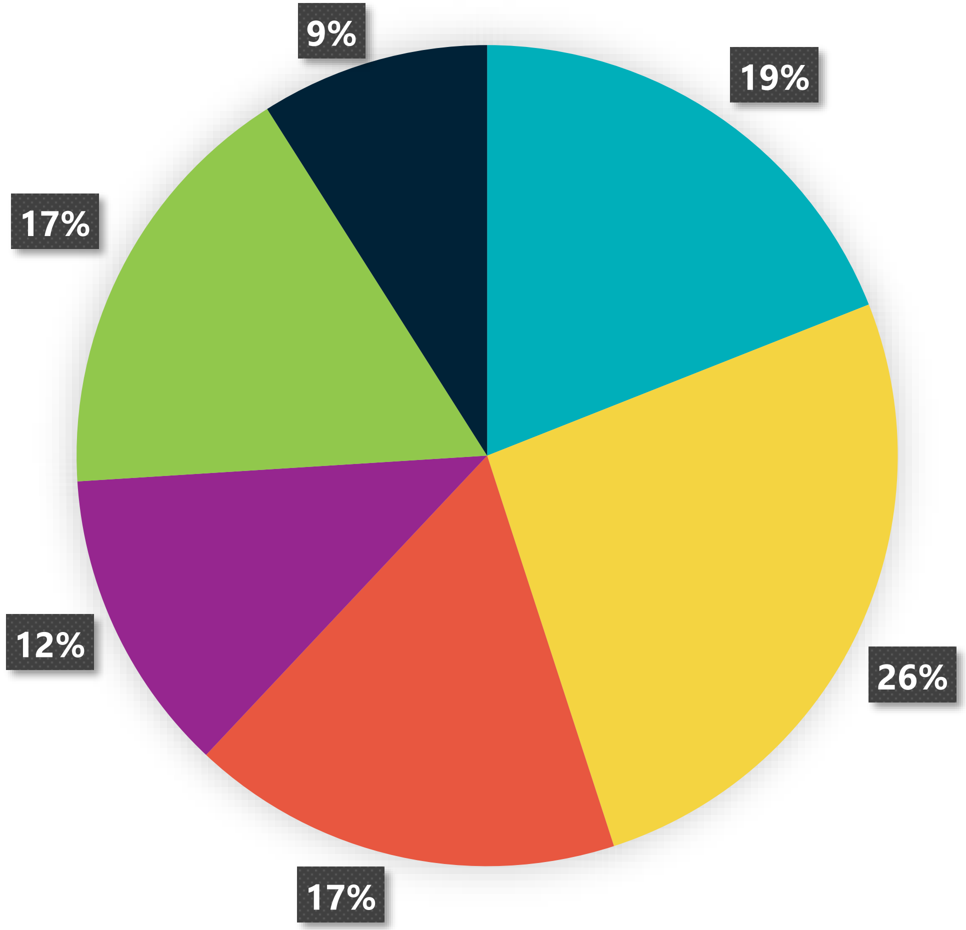
Aerospace	5%
Commercial Transportation	(8%)
Industrial, Auto & Other	3%
Total Organic Revenue Growth	2%

1) Percentage of Total Reported Revenues: Aerospace: 72%; Commercial Transportation: 15%; Industrial, Auto & Other: 13%
2) Year-over-Year change of Reported Revenues: Aerospace: 4%; Commercial Transportation: (13%); Industrial, Auto & Other: 4%; Total EP&F: 1%

See appendix for reconciliations

Organic Revenue by Market – 4Q 2019

Global Rolled Products
Organic Revenue by Market
(% of total)[1]



Global Rolled Products
Organic Revenue by Market YoY
(% change)[2]

Aerospace	3%
Automotive	(9%)
Building & Construction	(8%)
Packaging (Russia, China and Brazil)	6%
Industrial	21%
Commercial Transportation & Other	1%
Total Organic Revenue Growth	**Flat**

1) Percentage of Total Reported Revenues: Aerospace: 19%; Automotive: 26%; Building & Construction: 18%; Packaging: 12%; Industrial: 17%; Commercial Transportation & Other: 8%;
2) Year-over-Year change of Reported Revenues: Aerospace: 1%; Automotive: (14%); Building & Construction: (9%); Packaging: (9%); Industrial: 14%; Commercial Transportation & Other: (4%); Total GRP: (5%)

See appendix for reconciliations

Organic Revenue[1] Growth for Full Year 2019

	FY 2018 ($M)	FY 2019 ($M)	% Change
Arconic Inc. Revenue	$14,014	$14,192	**1%**
less Tennessee Packaging	144	-	
less Latin America Extrusions[3]	25	-	
less Eger	32	-	
less UK Forgings	131	116	
Subtotal: Portfolio Changes	**332**	**116**	
less Aluminum Price[2]	-	(370)	
less Foreign Currency[2]	-	(130)	
Subtotal: Aluminum Price & Foreign Currency	**-**	**(500)**	
Total: Arconic Inc. Revenue, Organic	**$13,682**	**$14,576**	**7%[3]**

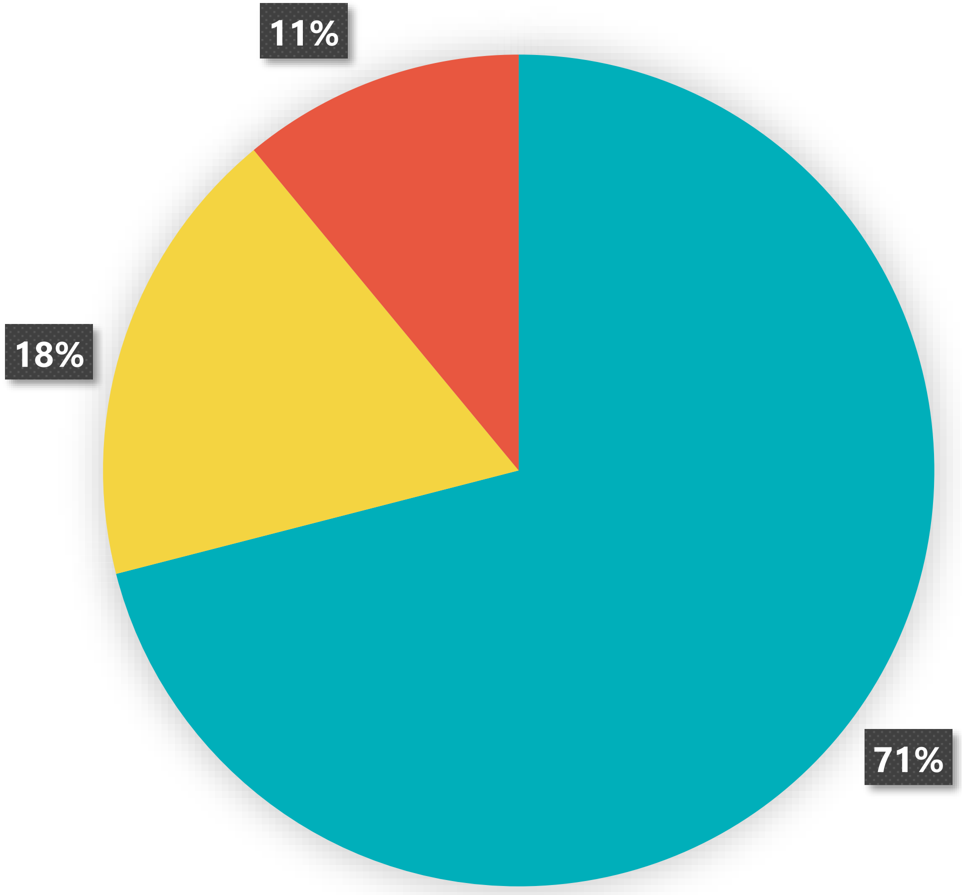
	FY 2018 ($M)	FY 2019 ($M)	% Change
EP&F Revenue	$6,798	$7,105	**5%**
less Eger	32	-	
less UK Forgings	131	116	
Subtotal: Portfolio Changes	**163**	**116**	
less Aluminum Price[2]	-	(19)	
less Foreign Currency[2]	-	(53)	
Subtotal: Aluminum Price & Foreign Currency	**-**	**(72)**	
Total: EP&F Revenue, Organic	**$6,635**	**$7,061**	**6%**

	FY 2018 ($M)	FY 2019 ($M)	% Change
GRP Revenue	$7,223	$7,082	**-2%**
less Tennessee Packaging	144	-	
Subtotal: Portfolio Changes	**144**	**-**	
less Aluminum Price[2]	-	(351)	
less Foreign Currency[2]	-	(77)	
Subtotal: Aluminum Price & Foreign Currency	**-**	**(428)**	
Total: GRP Revenue, Organic	**$7,079**	**$7,510**	**6%**

1) Organic revenue is U.S. GAAP revenue adjusted for Tennessee packaging, 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. 3) Arconic 7% year-over-year change includes impact from Latin America Extrusions in Corporate revenue.

Organic Revenue by Market – Full Year 2019

Engineered Products & Forgings
Organic Revenue by Market
(% of total)[1]



Engineered Products & Forgings
Organic Revenue by Market YoY
(% change)[2]

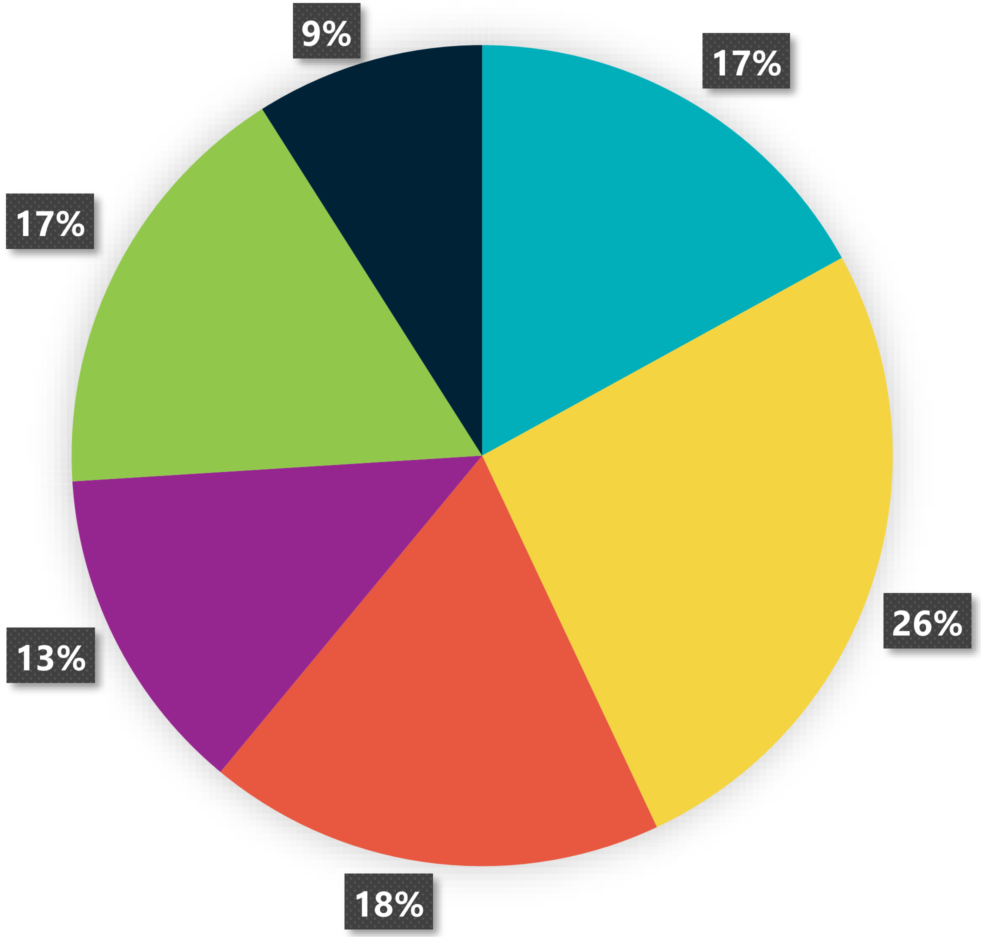
Aerospace	**8%**
Commercial Transportation	**4%**
Industrial, Auto & Other	**Flat**
Total Organic Revenue Growth	**6%**

1) Percentage of Total Reported Revenues: Aerospace: 71%; Commercial Transportation: 17%; Industrial, Auto & Other: 12%
2) Year-over-Year change of Reported Revenues: Aerospace: 7%; Commercial Transportation: (2%); Industrial, Auto & Other: (2%); Total EP&F: 5%

See appendix for reconciliations

Organic Revenue by Market – Full Year 2019

Global Rolled Products
Organic Revenue by Market
(% of total)[1]



Global Rolled Products
Organic Revenue by Market YoY
(% change)[2]

Aerospace	13%
Automotive	(1%)
Building & Construction	(1%)
Packaging (Russia, China and Brazil)	15%
Industrial	13%
Commercial Transportation & Other	7%
Total Organic Revenue Growth	6%

1) Percentage of Total Reported Revenues: Aerospace: 18%; Automotive: 26%; Building & Construction: 18%; Packaging: 12%; Industrial: 16%; Commercial Transportation & Other: 10%.
2) Year-over-Year change of Reported Revenues: Aerospace: 12%; Automotive: (7%); Building & Construction: (4%); Packaging: (12%); Industrial: 6%; Commercial Transportation & Other: (4%); Total GRP (2%) *See appendix for reconciliations*

2019 YoY Aluminum / Raw Material Price Tailwind

Year-over-Year Operating Income Impact from Aluminum / Raw Material Price Changes

USD Millions	1Q'19 vs 1Q'18	2Q'19 vs 2Q'18	3Q'19 vs 3Q'18	4Q'19 vs 4Q'18	FY'19 vs FY'18
LIFO[1]/Metal Lag	($2)	$21	$35	$24	$78
Trading Desk[2]	$9	($5)	$2	$10	$16
Scrap Spreads	($2)	$1	$0	($2)	($3)
Operational	$2	$2	$2	$2	$8
Arconic Total	**$7**	**$19**	**$39**	**$34**	**$99**

1) LIFO includes more elements than Al prices such as other raw materials, labor, and energy; in 2019, actual results include deflationary impacts of other raw materials
2) Trading Desk represents 2018 in year impacts only. No Trading Desk impacts in 2019 in year.

Aluminum / Raw Material Impacts 4Q 2019 vs. 4Q 2018

Year-over-Year Impact from Aluminum / Raw Material Price Changes

	4Q 2019		
	Revenue ($M)	Operating Income ($M)	Operating Income %
Engineered Products & Forgings	$0	$11	+60 bps
Global Rolled Products	($60)	$23	+160 bps
Arconic Inc.	**($60)**	**$34**	**+130 bps**

	Full Year 2019		
	Revenue ($M)	Operating Income ($M)	Operating Income %
Engineered Products & Forgings	($19)	$54	+80 bps
Global Rolled Products	($351)	$45	+100 bps
Arconic Inc.	**($370)**	**$99**	**+100 bps**

Reconciliation of Net income excluding Special items

($ in millions, except per-share amounts)	Net income excluding Special items		Diluted EPS excluding Special items	
	Quarter ended		Quarter ended	
	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019
Net income	$218	$309	$0.44	$0.70
Special items:				
Restructuring and other charges	(11)	(10)		
Discrete tax items[(1)]	(64)	(142)		
Other special items[(2)]	16	92		
Tax impact[(3)]	3	(15)		
Net income excluding Special items	$162	$234	$0.33	$0.53

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 Arconic 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.

(1) Discrete tax items for each period included the following:

- for the quarter ended December 31, 2018, a benefit related to certain prior year foreign investment losses no longer recapturable ($74), a benefit to record prior year adjustments in various jurisdictions ($17), a benefit to release valuation allowances and revalue deferred taxes due to current year tax law and tax rate changes in various U.S. states ($12), and a benefit to recognize the tax impact of prior year foreign losses in continuing operations that were supported by foreign income in other comprehensive income ($6), partially offset by a charge from the Company's finalized analysis of the U.S. Tax Cuts and Jobs Act of 2017 ($45); and
- for the quarter ended December 31, 2019, a benefit related to a U.S. tax election which caused the deemed liquidation of a foreign subsidiary's assets into its U.S. tax parent ($139) and a benefit for a number of small items ($3).

(2) Other special items for each period included the following:

- for the quarter ended December 31, 2018, strategy and portfolio review costs ($7), legal and other advisory costs related to Grenfell Tower ($4), a charge for a number of small tax items ($4), and other charge ($1); and
- for the quarter ended December 31, 2019, a non-discrete U.S. Global Intangible Low Tax Income ("GILTI") tax cost related to a U.S tax election which caused the deemed liquidation of a foreign subsidiary's assets into its U.S. tax parent ($45), costs associated with costs associated with the planned separation of Arconic ($34), an unfavorable tax impact resulting from the difference between Arconic's consolidated estimated annual effective tax rate and the statutory rate applicable to special items ($27), legal and other advisory costs related to Grenfell Tower ($2), net costs related to a fire at a fasteners plant (net of insurance reimbursements) ($1), an impairment of assets of the energy business ($1), other charges ($1), partially offset by a favorable tax impact related to the interim period treatment of operational losses in certain foreign jurisdictions for which no tax benefit was recognized ($16) and other favorable tax items ($3).

(3) The tax impact on Special items is based on the applicable statutory rates whereby the difference between such rates and Arconic's consolidated estimated annual effective tax rate is itself a Special item.

Reconciliation of Net income excluding Special items

($ in millions, except per-share amounts)	Net income excluding Special items		Diluted EPS excluding Special items	
	Year ended		Year ended	
	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019
Net income	$642	$470	$1.30	$1.03
Special items:				
Restructuring and other charges	9	620		
Discrete tax items(1)	(15)	(167)		
Other special items(2)	59	188		
Tax impact(3)	(19)	(140)		
Net income excluding Special items	$676	$971	$1.36	$2.11

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 Arconic 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.

(1) Discrete tax items for each period included the following:

- for the year ended December 31, 2018, a benefit related to certain prior year foreign investment losses no longer recapturable ($74), a benefit to reverse a foreign tax reserve that is effectively settled ($38), a benefit to release valuation allowances and revalue deferred taxes due to current year tax law and tax rate changes in various U.S. states ($12), a benefit to record prior year adjustments in various jurisdictions ($7), and a benefit to recognize the tax impact of prior year foreign losses in continuing operations that were supported by foreign income in other comprehensive income ($6), partially offset by a charge to establish a tax reserve in Spain ($60), a net charge resulting from the Company's finalized analysis of the U.S. Tax Cuts and Jobs Acts of 2017 ($59), and a net charge for a number of small items ($3); and
- for the year ended December 31, 2019, a benefit related to a U.S. tax election which caused the deemed liquidation of a foreign subsidiary's assets into its U.S. tax parent ($139), a benefit associated with the deduction of foreign taxes that were previously claimed as a U.S. foreign tax credit ($24), a net benefit for foreign tax rate changes ($12), and a benefit for a number of small tax items ($1), partially offset by a net charge related to the adjustment of prior year taxes ($6) and a charge for interest accruals for potential underpayment of taxes ($3).

(2) Other special items for each period included the following:

- for the year ended December 31, 2018, costs related to settlements of certain customer claims primarily related to product introductions ($38), costs related to the early redemption of the Company's then outstanding 5.720% Senior Notes due 2019 ($19), legal and other advisory costs related to Grenfell Tower ($18), strategy and portfolio review costs ($7), a charge for a number of small tax items ($5), other charges ($1), and a benefit from establishing a tax indemnification receivable ($29) reflecting Alcoa Corporation's 49% share of the Spanish tax reserve; and
- for the year ended December 31, 2019, costs associated with the planned separation of Arconic ($78), a non-discrete GILTI tax cost related to a U.S. tax election which caused the deemed liquidation of a foreign subsidiary's assets into its U.S. tax parent ($45), costs associated with ongoing environmental remediation ($25), an impairment of assets of the energy business ($10), costs associated with negotiation of the collective bargaining agreement with the USW ($9), net costs related to a fire at a fasteners plant (net of insurance reimbursements) ($9), legal and other advisory costs related to Grenfell Tower ($8), strategy and portfolio review costs ($6), and other charges ($1), partially offset by other favorable tax items ($3).

(3) The tax impact on Special items is based on the applicable statutory rates whereby the difference between such rates and Arconic's consolidated estimated annual effective tax rate is itself a Special item.

Reconciliation of Operational Tax Rate

($ in millions)	Quarter ended December 31, 2019			Year ended December 31, 2019		
	As reported	Special items[1]	As adjusted	As reported	Special items[1]	As adjusted
Income before income taxes	$304	$29	$333	$575	$766	$1,341
(Benefit) provision for income taxes	(5)	104	99	105	265	370
Operational tax rate	(1.6)%		29.7%	18.3%		27.6%

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 Arconic 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) 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)	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Segment operating profit	$261	$292	$284	$268	$1,105	$313	$360	$363	$354	$1,390
Third-party sales	$1,666	$1,734	$1,683	$1,715	$6,798	$1,756	$1,822	$1,794	$1,733	$7,105
Segment operating profit margin	15.7%	16.8%	16.9%	15.6%	16.3%	17.8%	19.8%	20.2%	20.4%	19.6%

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

Segment performance under Arconic’s management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment operating profit. Arconic’s definition of Segment operating profit is Operating income excluding Special items. Special items include Restructuring and other charges. Segment operating profit includes the impact of LIFO inventory accounting, metal price lag, intersegment profit eliminations, and derivative activities.

Calculation of Global Rolled Products Segment Operating Profit Margin

($ in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Segment operating profit[(1)]	$140	$141	$107	$93	$481	$135	$179	$161	$150	$625
Third-party sales	$1,754	$1,875	$1,839	$1,755	$7,223	$1,784	$1,868	$1,763	$1,667	$7,082
Segment operating profit margin	8.0%	7.5%	5.8%	5.3%	6.7%	7.6%	9.6%	9.1%	9.0%	8.8%
Third-party aluminum shipments (kmt)	322	330	330	319	1,301	331	367	351	330	1,379

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

Segment performance under Arconic's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment operating profit. Arconic's definition of Segment operating profit is Operating income excluding Special items. Special items include Restructuring and other charges. Segment operating profit includes the impact of LIFO inventory accounting, metal price lag, intersegment profit eliminations, and derivative activities.

(1) Segment operating profit in 2018 included the impact of a $23 charge related to a physical inventory adjustment at one plant.

Calculation of Total Segment Operating Profit Margin

($ in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Sales – Engineered Products and Forgings	$1,666	$1,734	$1,683	$1,715	$6,798	$1,756	$1,822	$1,794	$1,733	$7,105
Sales – Global Rolled Products	1,754	1,875	1,839	1,755	7,223	1,784	1,868	1,763	1,667	7,082
Total segment sales	$3,420	$3,609	$3,522	$3,470	$14,021	$3,540	$3,690	$3,557	$3,400	$14,187
Total segment operating profit(1)(2)	$401	$433	$391	$361	$1,586	$448	$539	$524	$504	$2,015
Total segment operating profit margin	11.7%	12.0%	11.1%	10.4%	11.3%	12.7%	14.6%	14.7%	14.8%	14.2%

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

Segment performance under Arconic's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment operating profit. Arconic's definition of Segment operating profit is Operating income excluding Special items. Special items include Restructuring and other charges. Segment operating profit includes the impact of LIFO inventory accounting, metal price lag, intersegment profit eliminations, and derivative activities.

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

(2) For 2018, Segment operating profit for the Global Rolled Product segment included the impact of a $23 charge related to a physical inventory adjustment at one plant.

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

($ in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Total segment operating profit[(1)]	$401	$433	$391	$361	$1,586	$448	$539	$524	$504	$2,015
Unallocated amounts:										
Restructuring and other charges	(7)	(15)	2	11	(9)	(12)	(499)	(119)	10	(620)
Corporate expense[(2)]	(61)	(94)	(48)	(49)	(252)	(62)	(121)	(79)	(98)	(360)
Consolidated operating income (loss)	333	324	345	323	1,325	374	(81)	326	416	1,035
Interest expense[(3)]	(114)	(89)	(88)	(87)	(378)	(85)	(85)	(86)	(82)	(338)
Other expense, net	(20)	(41)	(8)	(10)	(79)	(32)	(29)	(31)	(30)	(122)
Consolidated income (loss) before income taxes	$199	$194	$249	$226	$868	$257	$(195)	$209	$304	$575

Segment performance under Arconic's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is Segment operating profit. Arconic's definition of Segment operating profit is Operating income excluding Special items. Special items include Restructuring and other charges. Segment operating profit includes the impact of LIFO inventory accounting, metal price lag, intersegment profit eliminations, and derivative activities. Differences between certain segment totals and consolidated Arconic are in Corporate.

(1) For the year ended December 31, 2018, Segment operating profit for the Global Rolled Product segment included the impact of a $23 charge related to a physical inventory adjustment at one plant.

(2) For the year ended December 31, 2018, Corporate expense included $38 of costs related to settlements of certain customer claims primarily related to product introductions. For the quarter ended June 30, 2019, Corporate expense included $25 of costs associated with ongoing environmental remediation; $16 of costs associated with the planned separation of Arconic; $9 of costs associated with negotiation of the collective bargaining agreement with the United Steelworkers (USW); $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 planned separation of Arconic 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 planned separation of Arconic and $1 of net costs related to a fire at a fasteners plant (net of insurance reimbursements).

(3) For the year ended December 31, 2018, Interest expense included $19 related to the early redemption of the Company's then outstanding 5.720% Senior Notes due 2019.

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

($ in millions)	1Q18	2Q18	3Q18	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Operating income (loss)	$333	$324	$345	$323	$1,325	$374	$(81)	$326	$416	$1,035
Special items:										
Restructuring and other charges	7	15	(2)	(11)	9	12	499	119	(10)	620
Costs associated with planned separation	—	—	—	—	—	3	16	25	34	78
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	5	4	5	4	18	2	3	1	2	8
Strategy and portfolio review costs	—	—	—	7	7	6	—	—	—	6
Fasteners plant fire costs	—	—	—	—	—	—	4	4	1	9
Settlements of certain customer claims primarily related to product introductions	—	38	—	—	38	—	—	—	—	—
Operating income excluding Special items	$345	$381	$348	$323	$1,397	$397	$484	$475	$444	$1,800
Sales	$3,445	$3,573	$3,524	$3,472	$14,014	$3,541	$3,691	$3,559	$3,401	$14,192
Operating income margin	9.7%	9.1%	9.8%	9.3%	9.5%	10.6%	n/a	9.2%	12.2%	7.3%
Operating income margin, excluding Special items	10.0%	10.7%	9.9%	9.3%	10.0%	11.2%	13.1%	13.3%	13.1%	12.7%

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 Arconic 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)	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Cash (used for) provided from operations	$426	$217	$(258)	$106	$52	$506	$406
Cash receipts from sold receivables	323	1,016	160	257	213	365	995
Capital expenditures	(271)	(768)	(168)	(136)	(111)	(171)	(586)
Adjusted free cash flow	478	465	(266)	227	154	700	815
Costs associated with planned separation	—	—	1	5	21	28	55
Adjusted free cash flow, excluding costs associated with planned separation	$478	$465	$(265)	$232	$175	$728	$870
Net income excluding Special items[(1)]							971
Free cash flow conversion							90%

Accounting guidance effective in 2018 changed the classification of Cash receipts from sold receivables in the cash flow statement, reclassifying it from operating activities to investing activities. Under the prior accounting guidance, Cash receipts from sold receivables were included in (increase) decrease in receivables in the operating activities section of the statement of cash flows.

Net cash funding from the sale of accounts receivables has remained unchanged at $350 million each quarter since the first quarter of 2016.

There has been no change in the net cash funding in the sale of accounts receivable program in the fourth quarter of 2019. It remains at $350.

Adjusted free cash flow, Adjusted free cash flow, excluding costs associated with planned separation, 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 Arconic'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 planned separation. It is important to note that Adjusted free cash flow, Adjusted free cash flow, excluding costs associated with the planned separation, 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.

(1) See Reconciliation of Net income excluding Special items for a description of Special items.

Reconciliation of Organic Revenue

($ in millions)	Quarter ended September 30, 2018	Quarter ended September 30, 2019	Quarter ended December 31, 2018	Quarter ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019
Arconic						
Sales	$3,524	$3,559	$3,472	$3,401	$14,014	$14,192
Less:						
Sales – Eger forgings	7	—	6	—	32	—
Sales – UK forgings	—	—	32	21	131	116
Sales – Latin America extrusions	—	—	—	—	25	—
Sales – Tennessee packaging	37	—	18	—	144	—
Aluminum price impact	n/a	(115)	n/a	(60)	n/a	(370)
Foreign currency impact	n/a	(26)	n/a	(14)	n/a	(130)
Arconic Organic revenue	$3,480	$3,700	$3,416	$3,454	$13,682	$14,576
Engineered Products and Forgings						
Sales	$1,683	$1,794	$1,715	$1,733	$6,798	$7,105
Less:						
Sales – Eger forgings	7	—	6	—	32	—
Sales – UK forgings	—	—	32	21	131	116
Aluminum price impact	n/a	(6)	n/a	—	n/a	(19)
Foreign currency impact	n/a	(12)	n/a	(2)	n/a	(53)
Engineered Products and Forgings Organic revenue	$1,676	$1,812	$1,677	$1,714	$6,635	$7,061
Global Rolled Products						
Sales	$1,839	$1,763	$1,755	$1,667	$7,223	$7,082
Less:						
Sales – Tennessee packaging	37	—	18	—	144	—
Aluminum price impact	n/a	(109)	n/a	(60)	n/a	(351)
Foreign currency impact	n/a	(14)	n/a	(12)	n/a	(77)
Global Rolled Products Organic revenue	$1,802	$1,886	$1,737	$1,739	$7,079	$7,510

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 forgings businesses in Eger, Hungary (divested in December 2018) and the United Kingdom (divested in December 2019), the sale of Latin America extrusions (divested in April 2018), the ramp-down of Arconic'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)	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
Short-term debt	$38	$45	$45	$42	$434	$435	$434	$1,434	$1,034
Long-term debt, less amount due within one year	6,806	6,309	6,312	6,315	5,896	5,899	5,901	4,905	4,906
Total debt	6,844	6,354	6,357	6,357	6,330	6,334	6,335	6,339	5,940
Less: Cash, cash equivalents, and restricted cash	2,154	1,208	1,460	1,542	2,283	1,326	1,360	1,324	1,703
Net debt	$4,690	$5,146	$4,897	$4,815	$4,047	$5,008	$4,975	$5,015	$4,237

Net debt is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management assesses Arconic'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, 2017	**March 31, 2018**	**June 30, 2018**	**September 30, 2018**	**December 31, 2018**	**March 31, 2019**	**June 30, 2019**	**September 30, 2019**	**December 31, 2019**
Net (loss) income	$ (74)	$ (253)	$ (345)	$ (303)	$ 642	$ 686	$ 445	$ 379	$ 470
Add:									
Provision for income taxes	544	438	455	490	226	240	92	118	105
Other (income) expense, net	(486)	(150)	23	(7)	79	91	79	102	122
Interest expense	496	495	401	389	378	349	345	343	338
Restructuring and other charges	165	99	88	67	9	14	498	619	620
Impairment of goodwill	719	719	719	719	—	—	—	—	—
Provision for depreciation and amortization	551	560	567	568	576	571	566	556	536
Adjusted EBITDA	$ 1,915	$ 1,908	$ 1,908	$ 1,923	$ 1,910	$ 1,951	$ 2,025	$ 2,117	$ 2,191
Add:									
Costs associated with planned separation	$ 18	$ —	$ —	$ —	$ —	$ 3	$ 19	$ 44	$ 78
Environmental remediation	—	—	—	—	—	—	25	25	25
Collective bargaining agreement negotiation	—	—	—	—	—	—	9	9	9
Impairment of energy business assets	—	—	—	—	—	—	9	9	10
Fasteners plant fire costs	—	—	—	—	—	—	4	8	9
Proxy, advisory and governance-related costs	58	42	—	—	—	—	—	—	—
Legal and other advisory costs related to Grenfell Tower	14	19	23	21	18	15	14	10	8
Settlements of certain customer claims primarily related to product introductions	—	—	38	38	38	38	—	—	—
Strategy and portfolio review costs	—	—	—	—	7	13	13	13	6
Delaware reincorporation costs	3	3	3	3	—	—	—	—	—
Adjusted EBITDA excluding Special items	$ 2,008	$ 1,972	$ 1,972	$ 1,985	$ 1,973	$ 2,020	$ 2,118	$ 2,235	$ 2,336
Net debt	$ 4,690	$ 5,146	$ 4,897	$ 4,815	$ 4,047	$ 5,008	$ 4,975	$ 5,015	$ 4,237
Net debt to Adjusted EBITDA excluding Special items	2.34	2.61	2.48	2.43	2.05	2.48	2.35	2.24	1.81

Arconic’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 Arconic’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 Arconic’s leverage position after factoring in cash that could be used to repay outstanding debt.

Reconciliation of Return on Net Assets (RONA)

($ in millions)	Year ended December 31, 2018	Year ended December 31, 2019
Net income	$642	$470
Special items[1]	34	501
Net income excluding Special items	$676	$971
Net Assets:	December 31, 2018	December 31, 2019
Add: Receivables from customers, less allowances	$1,047	$967
Add: Deferred purchase program[2]	234	246
Add: Inventories	2,492	2,429
Less: Accounts payable, trade	2,129	2,043
Working capital	1,644	1,599
Properties, plants, and equipment, net (PP&E)	5,704	5,463
Net assets - total	$7,348	$7,062
RONA	9.2%	13.7%

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.

[1] See Reconciliation of Net income excluding Special items for a description of Special items.

[2] The Deferred purchase program relates to an arrangement to sell certain customer receivables to several financial institutions on a recurring basis. Arconic is adding back the receivable for the purposes of the Working capital calculation

Reconciliation of Days Working Capital

($ in millions)	Quarter ended December 31, 2018		Quarter ended December 31, 2019	
Receivables from customers, less allowances	$	1,047	$	967
Add: Deferred purchase program[1]		234		246
Add: Inventories		2,492		2,429
Less: Accounts payable, trade		2,129		2,043
Working capital	$	1,644	$	1,599
Sales	$	3,472	$	3,401
Days Working Capital		44		43

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.

[1] The Deferred purchase program relates to an arrangement to sell certain customer receivables to several financial institutions on a recurring basis. Arconic is adding back the receivable for the purposes of the Working capital calculation.

Reconciliation of Corporate Expense Excluding Special Items

($ in millions)	4Q18	2018	1Q19	2Q19	3Q19	4Q19	2019
Corporate expense	$49	$252	$62	$121	$79	$98	$360
Special items:							
Costs associated with planned separation	—	—	3	16	25	34	78
Legal and other advisory costs related to Grenfell Tower	4	18	2	3	1	2	8
Strategy and portfolio review costs	7	7	6	—	—	—	6
Fasteners plant fire costs	—	—	—	4	4	1	9
Collective bargaining agreement negotiation	—	—	—	9	—	—	9
Impairment of energy business assets	—	—	—	9	—	1	10
Environmental remediation	—	—	—	25	—	—	25
Settlements of certain customer claims primarily related to product introductions	—	38	—	—	—	—	—
Corporate expense excluding Special items	$38	$189	$51	$55	$49	$60	$215

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 Arconic 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 Arconic End Markets Organic Revenue

($ in millions)	Aero Engine	Aero Airframe	Aero Defense	Commerical Transportation	Packaging	Automotive	Building and Construction	Industrial and Other
4Q18								
Revenue	$574	$743	$201	$442	$217	$516	$324	$455
Sales – Eger forgings	—	—	—	6	—	—	—	—
Sales – Tennessee packaging	—	—	—	—	18	—	—	—
Sales – UK forgings	17	3	3	5	—	—	—	4
Organic Revenue	$557	$740	$198	$431	$199	$516	$324	$451
4Q19								
Revenue	$588	$737	$246	$388	$197	$447	$296	$502
Sales – UK forgings	13	1	2	3	—	—	—	2
Aluminum price impact	—	(2)	—	(10)	(11)	(25)	1	(13)
Foreign currency impact	1	(4)	1	(5)	(2)	(2)	(2)	(1)
Organic Revenue	$574	$742	$243	$400	$210	$474	$297	$514

Arconic 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 forgings businesses in Eger, Hungary (divested in December 2018) and the United Kingdom (divested in December 2019), the sale of Latin America extrusions (divested in April 2018), the ramp-down of Arconic'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 Segment End Markets Organic Revenue

($ in millions)	Aero Engine	Aero Airframe	Aero Defense	Commercial Transportation	Packaging	Automotive	Building and Construction	Industrial	Other
Engineered Products and Forgings									
4Q18									
Revenue	$572	$449	$183	$306	$—	$15	$—	$15	$175
Sales – UK forgings	17	3	3	5	—	—	—	2	2
Sales – Eger forgings	—	—	—	6	—	—	—	—	—
Organic Revenue	$555	$446	$180	$295	$—	$15	$—	$13	$173
4Q19									
Revenue	$588	$434	$230	$267	$—	$18	$—	$12	$184
Sales – UK forgings	13	1	2	3	—	—	—	1	1
Aluminum price impact	—	(1)	—	(2)	—	—	—	—	2
Foreign currency impact	1	—	1	(4)	—	—	—	(1)	2
Organic Revenue	$574	$434	$227	$270	$—	$18	$—	$12	$179
Global Rolled Products									
4Q18									
Revenue	$2	$294	$18	$136	$217	$501	$324	$248	$15
Sales – Tennessee packaging	—	—	—	—	18	—	—	—	—
Organic Revenue	$2	$294	$18	$136	$199	$501	$324	$248	$15
4Q19									
Revenue	$—	$303	$16	$121	$197	$429	$296	$282	$23
Aluminum price impact	—	(2)	—	(8)	(11)	(25)	1	(15)	—
Foreign currency impact	—	(3)	—	(1)	(2)	(2)	(2)	(3)	1
Organic Revenue	$—	$308	$16	$130	$210	$456	$297	$300	$22

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 impact of the sale of the forgings businesses in Eger, Hungary (divested in December 2018) and the United Kingdom (divested in December 2019), the sale of Latin America extrusions (divested in April 2018), the ramp-down of Arconic'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 Arconic End Markets Organic Revenue

($ in millions)	Aero Engine	Aero Airframe	Aero Defense	Commerical Transportation	Packaging	Automotive	Building and Construction	Industrial and Other
2018								
Revenue	$2,242	$2,812	$784	$1,797	$1,006	$2,056	$1,366	$1,951
Sales – Eger forgings	—	—	—	32	—	—	—	—
Sales – Tennessee packaging	—	—	—	—	144	—	—	—
Sales – Latin America extrusions	—	—	—	—	—	—	9	16
Sales – UK forgings	76	10	10	17	—	—	—	18
Organic Revenue	$2,166	$2,802	$774	$1,748	$862	$2,056	$1,357	$1,917
2019								
Revenue	$2,429	$2,946	$950	$1,770	$885	$1,937	$1,300	$1,975
Sales – UK forgings	68	7	14	16	—	—	—	11
Aluminum price impact	—	(10)	(1)	(49)	(83)	(106)	(25)	(96)
Foreign currency impact	(13)	(12)	(4)	(30)	(21)	(9)	(19)	(22)
Organic Revenue	$2,374	$2,961	$941	$1,833	$989	$2,052	$1,344	$2,082

Arconic 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 forgings businesses in Eger, Hungary (divested in December 2018) and the United Kingdom (divested in December 2019), the sale of Latin America extrusions (divested in April 2018), the ramp-down of Arconic'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 Segment End Markets Organic Revenue

($ in millions)	Aero Engine	Aero Airframe	Aero Defense	Commercial Transportation	Packaging	Automotive	Building and Construction	Industrial	Other
Engineered Products and Forgings									
2018									
Revenue	$2,233	$1,763	$726	$1,246	$—	$57	$—	$60	$713
Sales – UK forgings	76	10	10	32	—	—	—	8	10
Sales – Eger forgings	—	—	—	17	—	—	—	—	—
Organic Revenue	$2,157	$1,753	$716	$1,197	$—	$57	$—	$52	$703
2019									
Revenue	$2,424	$1,762	$889	$1,217	$—	$72	$—	$51	$690
Sales – UK forgings	68	7	14	16	—	—	—	7	4
Aluminum price impact	—	(9)	—	(15)	—	—	—	—	(4)
Foreign currency impact	(13)	—	(4)	(23)	—	(1)	—	—	(3)
Organic Revenue	$2,369	$1,764	$879	$1,239	$—	$73	$—	$44	$693
Global Rolled Products									
2018									
Revenue	$9	$1,049	$58	$551	$1,006	$1,999	$1,357	$1,098	$96
Sales – Tennessee packaging	—	—	—	—	144	—	—	—	—
Organic Revenue	$9	$1,049	$58	$551	$862	$1,999	$1,357	$1,098	$96
2019									
Revenue	$5	$1,184	$61	$553	$885	$1,865	$1,300	$1,161	$68
Aluminum price impact	—	(10)	(1)	(34)	(83)	(106)	(25)	(64)	(28)
Foreign currency impact	—	(3)	—	(8)	(21)	(8)	(19)	(15)	(3)
Organic Revenue	$5	$1,197	$62	$595	$989	$1,979	$1,344	$1,240	$99

Reconciliation of Capital Expenditures, Excluding Costs Associated with Planned Separation

	Quarter ended December 31,		Year ended December 31,	
($ in millions)	**2018**	**2019**	**2018**	**2019**
Capital expenditures	$271	$171	$768	$586
Costs associated with planned separation	—	4	—	7
Capital expenditures, excluding costs associated with planned separation	$271	$167	$768	$579

Capital expenditures, excluding costs associated with planned separation is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of Arconic excluding the impacts of costs associated with planned separation. There can be no assurances that additional costs associated with planned separation 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 planned separation.

Reconciliation of Segment Adjusted EBITDA

($ in millions)	2018	1Q19	2Q19	3Q19	4Q19	2019
Engineered Products and Forgings						
Segment operating profit	$1,105	$313	$360	$363	$354	$1,390
Provision for depreciation and amortization	289	71	70	65	63	269
Adjusted EBITDA	$1,394	$384	$430	$428	$417	$1,659
Third-party sales	$6,798	$1,756	$1,822	$1,794	$1,733	$7,105
Adjusted EBITDA margin	20.5%	21.9%	23.6%	23.9%	24.1%	23.3%
Global Rolled Products						
Segment operating profit	$481	$135	$179	$161	$150	$625
Provision for depreciation and amortization	253	59	59	57	58	233
Adjusted EBITDA	$734	$194	$238	$218	$208	$858
Third-party sales	$7,223	$1,784	$1,868	$1,763	$1,667	$7,082
Adjusted EBITDA margin	10.2%	10.9%	12.7%	12.4%	12.5%	12.1%

Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. Management believes that these measures are meaningful to investors because Adjusted EBITDA and Adjusted EBITDA margin provide additional information with respect to Arconic'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. Arconic'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.