First Quarter 2021 Earnings Call

John Plant: Executive Chairman and Co-Chief Executive Officer
Tolga Oal: Co-Chief Executive Officer
Ken Giacobbe: EVP and Chief Financial Officer

May 6, 2021

HOWMET AEROSPACE

Important Information

Forward–Looking Statements

This presentation contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect Howmet Aerospace’s expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, statements, forecasts and outlook relating to the condition of end markets; future financial results or operating performance; future strategic actions; Howmet Aerospace's strategies, outlook, and business and financial prospects; and any future dividends or share repurchases. These statements reflect beliefs and assumptions that are based on Howmet Aerospace’s perception of historical trends, current conditions and expected future developments, as well as other factors Howmet Aerospace believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and changes in circumstances that are difficult to predict, which could cause actual results to differ materially from those indicated by these statements. Such risks and uncertainties include, but are not limited to: (a) uncertainty of the duration, extent and impact of the COVID-19 pandemic on Howmet Aerospace’s business, results of operations, and financial condition; (b) deterioration in global economic and financial market conditions generally, including as a result of pandemic health issues (including COVID-19 and its effects, among other things, on global supply, demand, and distribution disruptions as the COVID-19 pandemic continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations); (c) unfavorable changes in the markets served by Howmet Aerospace; (d) the impact of potential cyber attacks and information technology or data security breaches; (e) the loss of significant customers or adverse changes in customers’ business or financial conditions; (f) manufacturing difficulties or other issues that impact product performance, quality or safety; (g) inability of suppliers to meet obligations due to supply chain disruptions or otherwise; (h) the inability to achieve revenue growth, cash generation, cost savings, restructuring plans, cost reductions, improvement in profitability, or strengthening of competitiveness and operations anticipated or targeted; (i) competition from new product offerings, disruptive technologies or other developments; (j) geopolitical, economic, and regulatory risks relating to Howmet Aerospace’s global operations, including compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (k) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet Aerospace to substantial costs and liabilities; (l) failure to comply with government contracting regulations; (m) adverse changes in discount rates or investment returns on pension assets; and (n) the other risk factors summarized in Howmet Aerospace’s Form 10-K for the year ended December 31, 2020 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)

On April 1, 2020, Arconic Inc. completed the separation of its businesses into two independent, publicly-traded companies: Howmet Aerospace Inc. (the new name for Arconic Inc.) and Arconic Corporation. The historical results of the businesses that comprise Arconic Corporation are presented as discontinued operations in Howmet Aerospace's consolidated financial statements (other than cash flows, equity and comprehensive income related to Arconic Corporation, which have not been segregated and are included in the Statement of Consolidated Cash Flows and Statement of Consolidated Comprehensive Loss, respectively). Income statement values shown in this presentation are on the basis of continuing operations only, and exclude the effects of discontinued operations. The calculation of adjusted free cash flow is on the basis of continuing and discontinued operations.

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, such as adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow and adjusted earnings per share (or earnings per share excluding special items), to the most directly comparable GAAP financial measures because such reconciliations are not available without unreasonable efforts due to the variability and complexity with respect to the charges and other components excluded from the non-GAAP measures, such as the effects of foreign currency movements, equity income, gains or losses on sales of assets, taxes, and any future restructuring or impairment charges. These reconciling items are in addition to the inherent variability already included in the GAAP measures, which includes, but is not limited to, price/mix and volume. Howmet Aerospace believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

"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.

Q1 2021 Highlights

Revenue and Profitability Excluding Special Items[1]	Q1 2020	Q4 2020	Q1 2021
Revenue	$1.634B	$1.238B	$1.209B
Adjusted EBITDA[1]	$385M	$282M	$275M
Adjusted EBITDA Margin[1]	23.6%	22.8%	22.7%
Adjusted Operating Income[2]	$314M	$215M	$208M
Adjusted Earnings Per Share from Continuing Operations[3]	$0.44	$0.21	$0.22

Balance Sheet and Cash Flow

- Record Q1 Adj Free Cash Flow of ($4M)[4] including ($41M) working capital use and ($24M) severance cash costs
- Q1 2021 Ending Cash balance of $1.24B including early redemption of April 2021 notes for ~$360M
- Completed early redemption of February 2022 notes for ~$500M on May 3rd 2021

HOWMET AEROSPACE

1) Income from Continuing Ops (GAAP): Q1 2020 = $153M, Q4 2020 = $106M, Q1 2021 = $80M 2) Operating income (GAAP): Q1 2020 = $258M, Q4 2020 = $221M, Q1 2021 = $189M
3) EPS from Continuing Ops (GAAP): Q1 2020 = $0.35, Q4 2020 = $0.24, Q1 2021 = $0.18 4) Cash used for operations = ($6M), Cash used for financing activities = ($368M), Cash provided from investing activities = $3M *See appendix for reconciliations*

Q1 2021 Above Expectations; Strong Profit and Cash Performance

Markets

- Q1 2021 Revenue same as Q2 – Q4 2020 average driven by declines in Commercial Aerospace
- Commercial Aerospace down (52%) due to customer inventory corrections
- Defense Aerospace up 12% driven by Joint Strike Fighter new builds and spares
- Industrial Gas Turbines up 35% driven by new builds and spares
- Commercial Transportation up 15% despite customer supply chain constraints

Price Increase / Cost Reduction / Cash Management

- Price increases continued in line with expectations primarily tied to long term agreements
- Structural cost reductions maintained with $61M benefit
- Segment Decremental margins of 27% driven by price, variable cost flex and fixed cost management
- Capex of $55M; less than Depreciation and Amortization of $68M
- Adj Free Cash Flow less seasonal; Cash generation expected in Q2, Q3 and Q4 2021

Comparisons are year over year unless otherwise noted. See appendix for reconciliations

Q1 2021 Adjusted EBITDA Margin 22.7%[1]; Consistent with Q4 2020 on less Revenue

	Q2 2020	Q3 2020	Q4 2020	Q1 2021
3rd Party Revenue	$1,253M	$1,134M	$1,238M	**$1,209M**
Adjusted EBITDA[1]	$247M	$168M	$282M	**$275M**
Adjusted EBITDA Margin[1]	19.7%	14.8%	22.8%	**22.7%**

Q1 2021

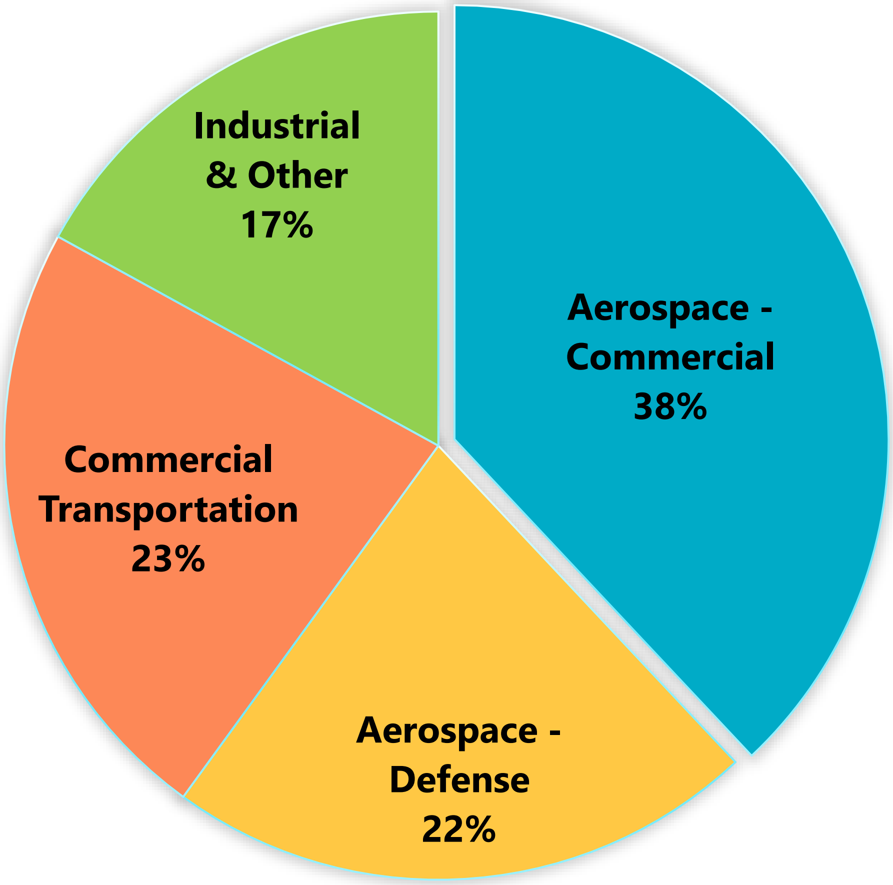
- Revenue driven by Customer Inventory corrections in Commercial Aerospace
  - Q1 2021 at **$1,209M**
  - Q2 2020 – Q4 2020 Average **$1,208M**
- Sequential Adj EBITDA Margins consistent
- Adj EBITDA Margin expansion of **300 bps** versus Q2 2020 on ~$45M less revenue

HOWMET AEROSPACE

1) Howmet Consolidated: Q2 2020 Loss from Continuing Ops (GAAP) = ($84M), Q3 2020 Income from Continuing Ops (GAAP) = $36M, Q4 2020 Income from Continuing Ops (GAAP) = $106M, Q1 2021 Income from Continuing Ops (GAAP) = $80M *See appendix for reconciliations*

Q1 2021 Revenue Down (26%) YoY; Commercial Aerospace ~40% of Revenue

Revenue by Market (% of total)



Revenue by Market YoY (% change)

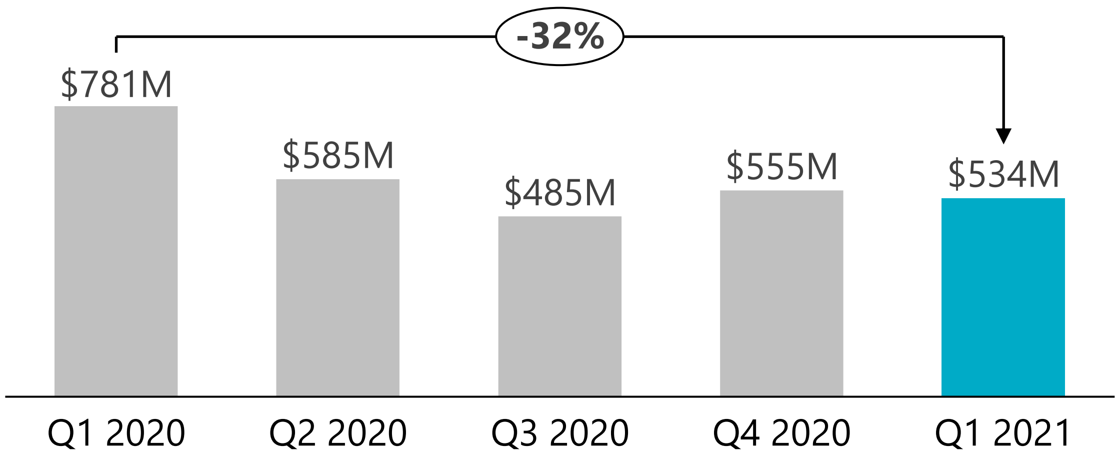
Aerospace - Commercial	(52%)
Aerospace - Defense	12%
Subtotal - Aerospace	(39%)
Commercial Transportation	15%
Industrial & Other[1]	1%
Total Revenue	(26%)

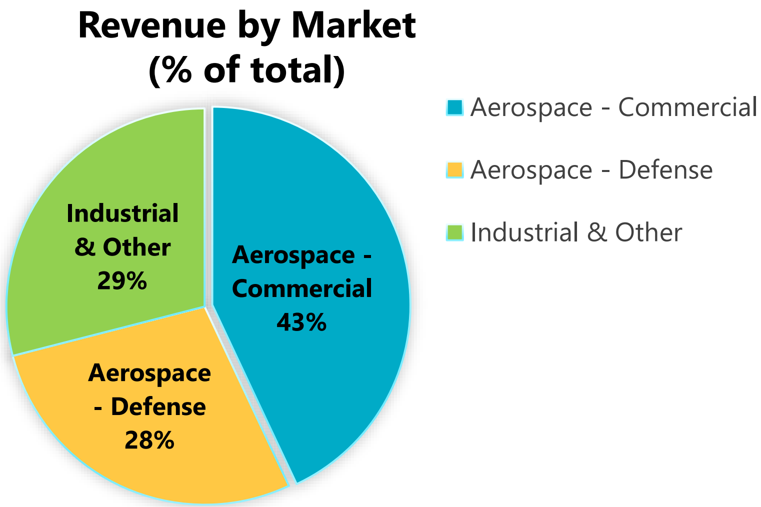
HOWMET AEROSPACE

1) IGT represents ~45%, general Industrial represents ~40%, and Oil & Gas represents ~15% of total Industrial & Other

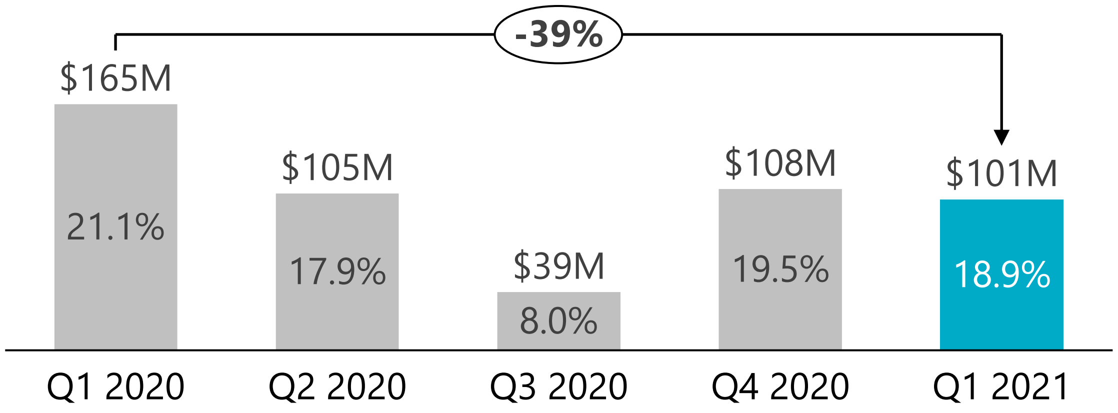
Engine Products: Commercial Aero Inventory Corrections; Cost Reductions

3rd Party Revenue





Segment Operating Profit and Margin



Q1 2021 YoY

– Commercial Aerospace Inventory Corrections

– Spares / Aftermarket Demand remained low

– Boeing 737 MAX Production Declines

– COVID-19 Productivity and Cost Impacts

– IGT Investments linked to incremental demand

\+ Defense Aero & Industrial Gas Turbine Growth

\+ Cost Reductions

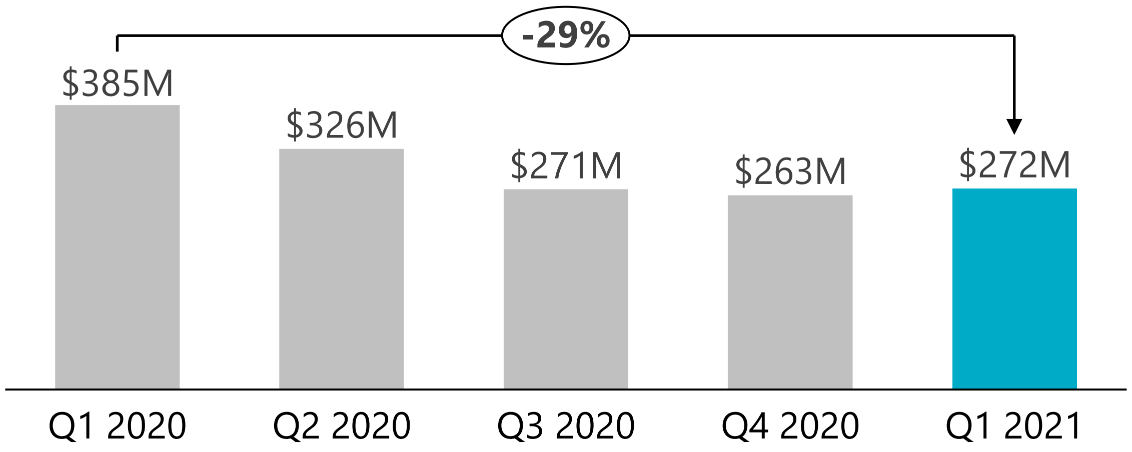
HOWMET AEROSPACE

Q1 2021 Depreciation & Amortization (D&A) of $31M, 5.8% of Segment Revenue

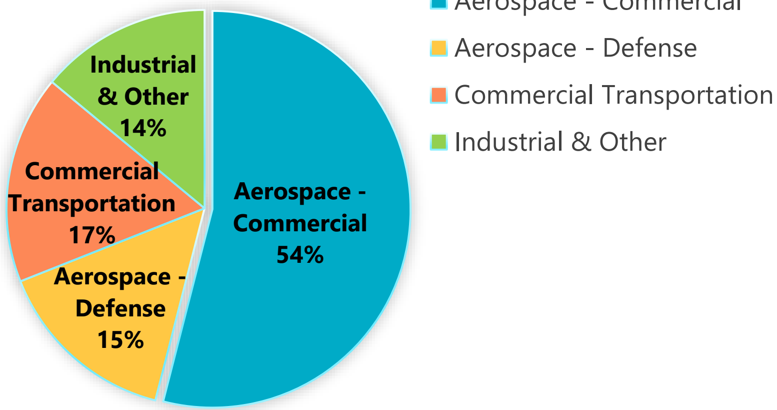
See appendix for reconciliations

Fastening Systems: Commercial Aero Inventory Corrections; Cost Reductions

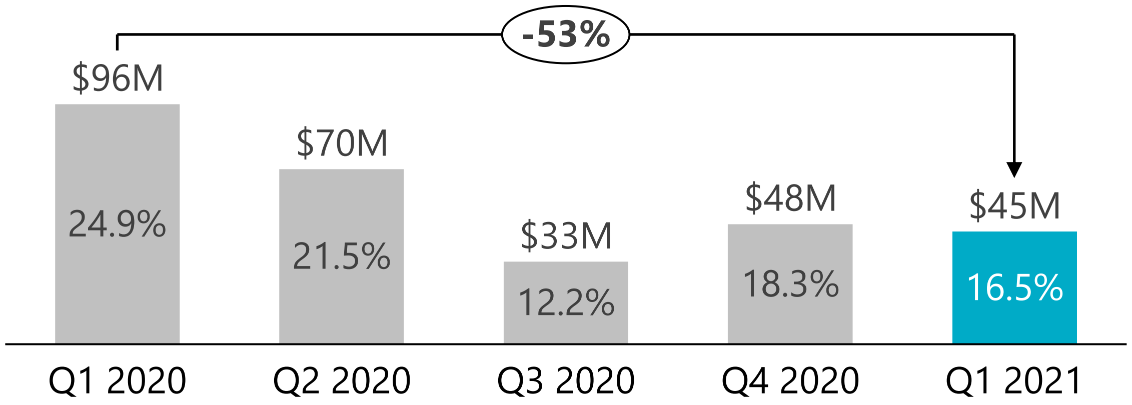
3rd Party Revenue



Revenue by Market (% of total)



Segment Operating Profit and Margin



Q1 2021 YoY

– Commercial Aerospace Inventory Corrections

– Boeing 737 MAX and 787 Production Declines

– COVID-19 Productivity and Cost Impacts

– Furloughed production workers returned in Q1

\+ Industrial and Commercial Transportation mitigating Commercial Aerospace

\+ Cost Reductions

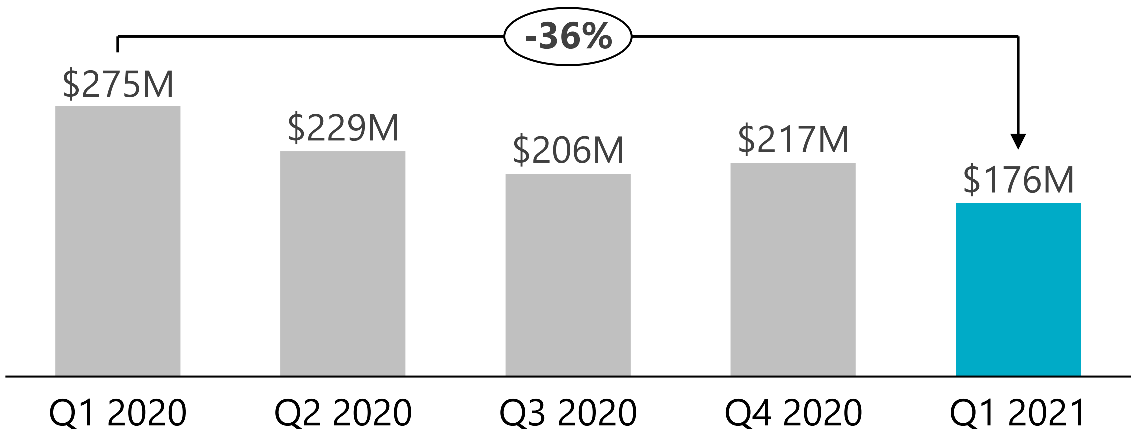
HOWMET AEROSPACE

Q1 2021 Depreciation & Amortization (D&A) of $12M, 4.4% of Segment Revenue

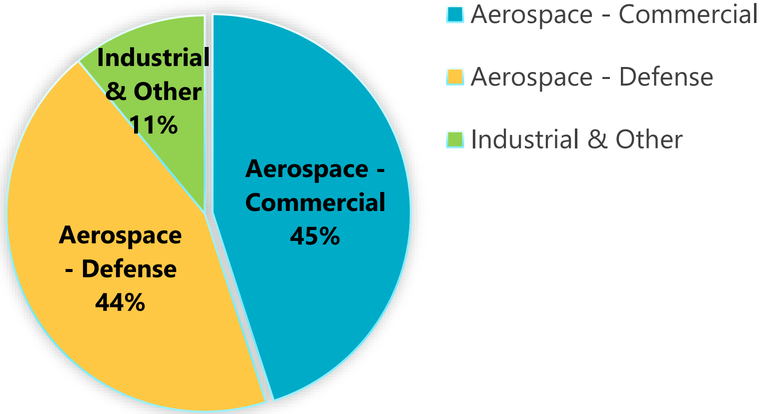
See appendix for reconciliations

Engineered Structures: Commercial Aero Inventory Corrections; Cost Reductions

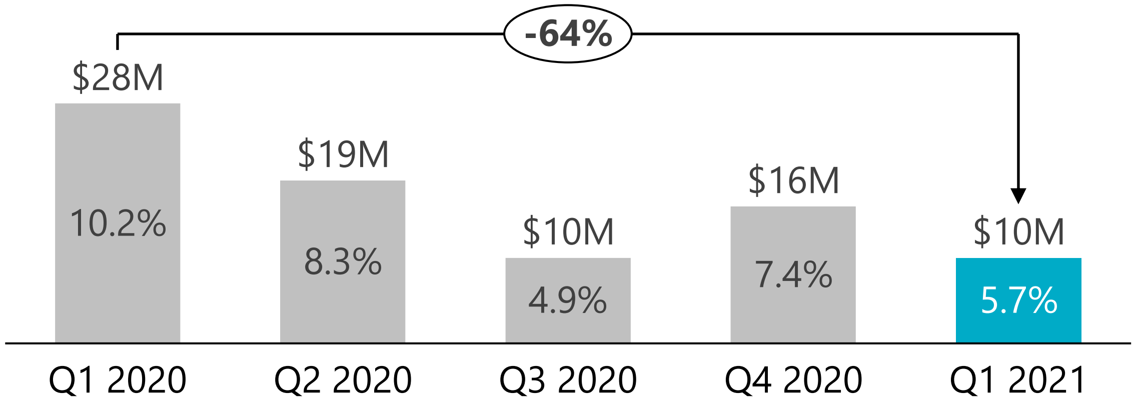
3rd Party Revenue



Revenue by Market (% of total)



Segment Operating Profit and Margin



Q1 2021 YoY

– Commercial Aerospace Inventory Corrections

– Boeing 787 and 737 MAX Production Declines

– COVID-19 Productivity and Cost Impacts

\+ Defense Aero Growth

\+ Level Loading of Operations continues

\+ Cost Reductions

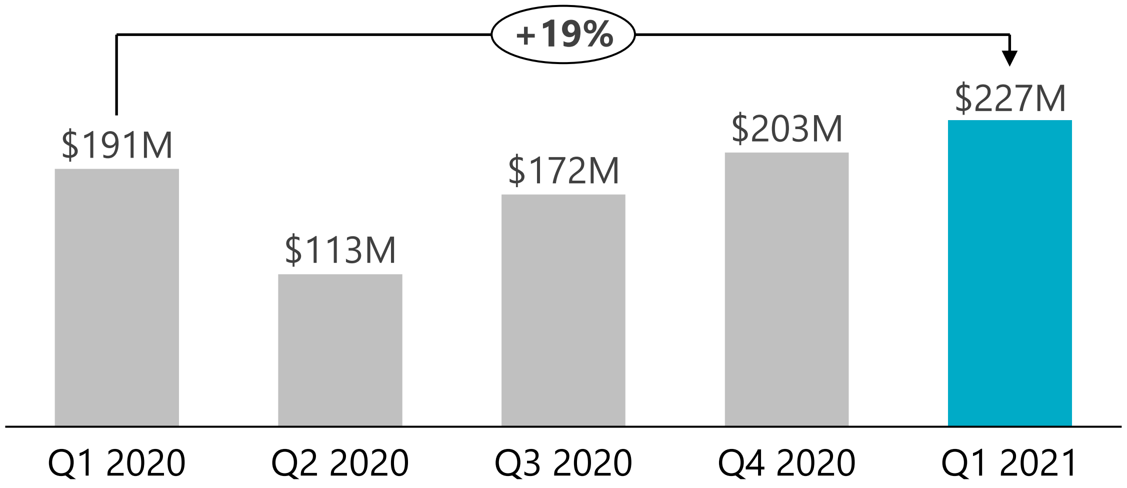
HOWMET AEROSPACE

Q1 2021 Depreciation & Amortization (D&A) of $12M, 6.8% of Segment Revenue

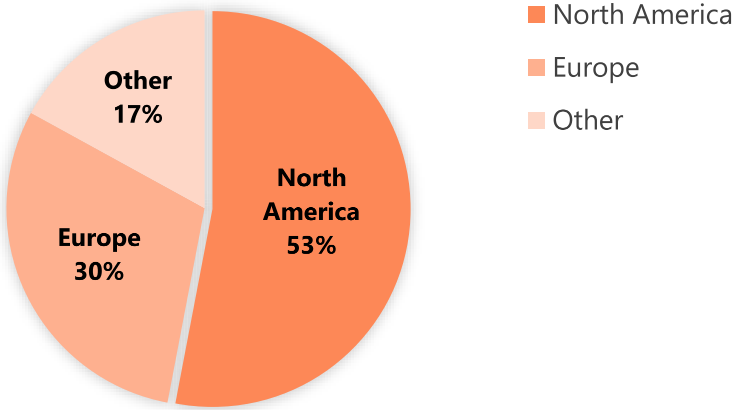
See appendix for reconciliations

Forged Wheels: Market Recovery; Q1 2021 Profitability Exceeded Q1 2020

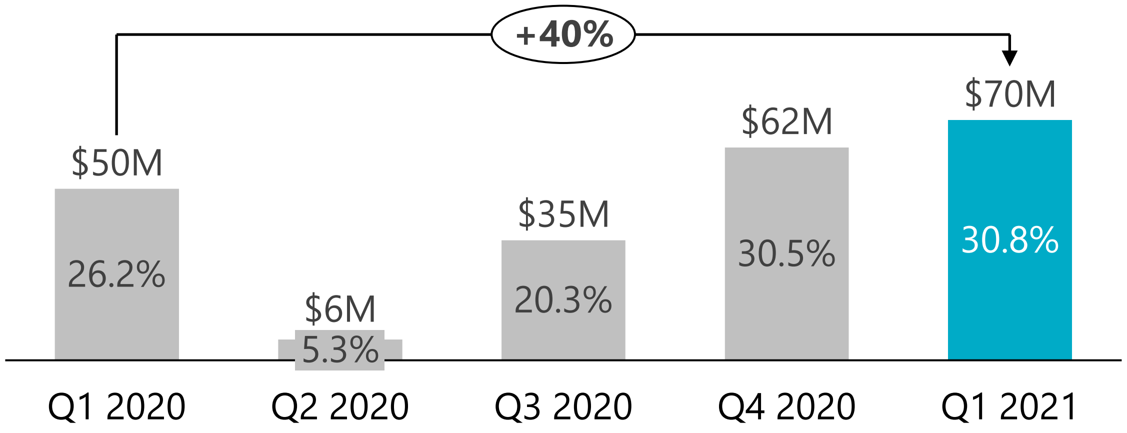
3rd Party Revenue



Revenue by Region (% of total)



Segment Operating Profit and Margin



Q1 2021 YoY

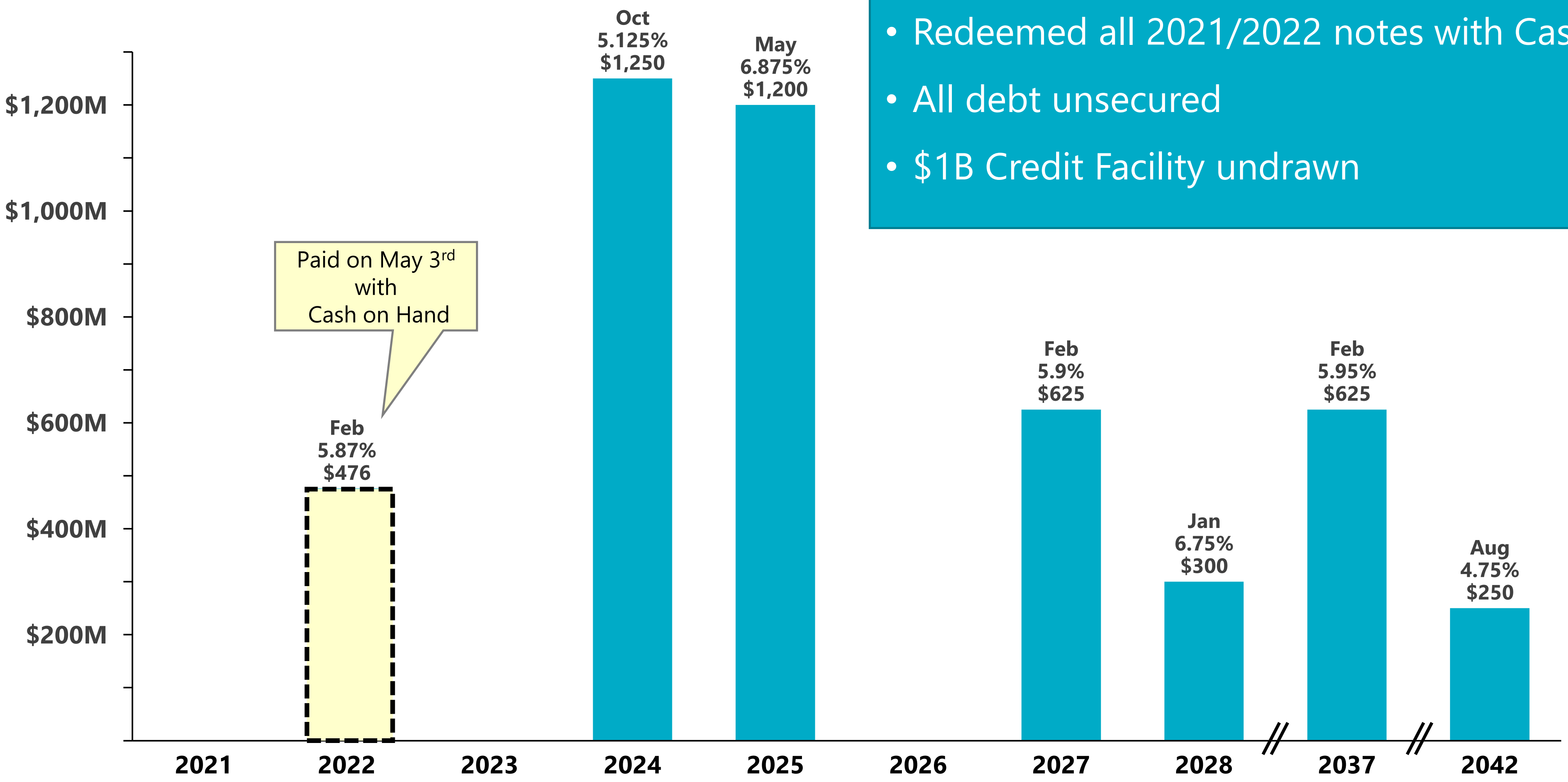
+ Commercial Transportation Growth Continues
+ Forged Wheels Growth Above Market
+ Maximizing Production in Low-Cost Countries; Increasing 39 lb. Wheel Capacity
+ Successful Cost Management with Volume Increases

– Customer Supply Chain Constraints

Q1 2021 Depreciation & Amortization (D&A) of $10M, 4.4% of Segment Revenue
Revenue by Region based upon shipment invoice
See appendix for reconciliations

HOWMET AEROSPACE

Next Maturity October 2024



- Redeemed all 2021/2022 notes with Cash on Hand
- All debt unsecured
- $1B Credit Facility undrawn

2021 Guidance

	Q2 21 Guidance			FY 2021 Guidance		
	Low	Outlook	High	Low	Outlook	High
Revenue	$1.17B	$1.2B	$1.23B	$5.05B	$5.1B	$5.20B
				Outlook Change	Flat	
Adj EBITDA[1]	$260M	$265M	$270M	$1.125B	$1.150B	$1.200B
Adj EBITDA Margin[1]	*22.2%*	*22.1%*	*22.0%*	*22.3%*	*22.5%*	*23.1%*
				Outlook Change	+$50M *+90 bps*	
Adj Earnings per Share[1]	$0.19	$0.20	$0.21	$0.91	$0.95	$1.02
				Outlook Change	+$0.15	
Adj Free Cash Flow				$390M	$425M	$460M
				Outlook Change	+$25M	

What we expect in 2021

- Second half revenue up ~12% vs first half
- Price Increases greater than 2020
- Cost Reduction Carryover of ~$100M+
- Pension/OPEB Contributions of ~$160M
- Capex of $200M - $220M vs Depreciation and Amortization of ~$270M
- Adj Free Cash Flow Conversion ~100%
- Expect to reinstate Quarterly Dividend of $0.02 per Share of Common Stock in Q3 2021[2]

HOWMET AEROSPACE

1) Excluding special items
2) Subject to the discretion and final approval of the Board of Directors

Summary

Q1 Revenue/Profit

- Healthy start with profit and margin exceeding prior baseline guidance
- Price increases continued in line with expectations primarily tied to long term agreements
- Structural Cost Reductions maintained with $61M YoY benefit

Liquidity

- Q1 2021 Ending Cash balance of $1.24B; early redemption of April 2021 notes for ~$360M
- Completed early redemption of February 2022 notes for ~$500M on May 3rd
- Adj Free Cash Flow less seasonal; Cash generation expected in Q2, Q3 and Q4 2021
- $1B Credit Facility undrawn

Guidance

- Expect Q2 revenue similar to Q1 with volume lift in the second half 2021
- Second half 2021 revenue expected to be up ~12% vs first half 2021
- Raised annual 2021 guidance for Adj EBITDA, Adj EBITDA Margin, Adj EPS, and Adj Free Cash Flow
- Focus turning to 2021 exit margin rate
- Annual pension expense and OPEB liability reductions
- Expect to reinstate quarterly dividend of $0.02 per share of common stock in Q3 2021[1]

1) Subject to the discretion and final approval of the Board of Directors

HOWMET
AEROSPACE

Appendix

HOWMET AEROSPACE

2021 Assumptions

	Full Year 2021	2021 Comments
Corporate Overhead	~$76M	• Adj Operating Income excluding special items
Depreciation and Amortization	~$270M	• Excludes special items
Interest Expense	~$270M	• Excludes debt issuance, breakage and tender fees
Operational Tax Rate for Continuing Ops	26.5% - 28.5%	• Cash Tax Rate ~15%
Pension / OPEB-related Expense	~$22M Total ~$15M Non-Service	• Total Reduction of ~37% vs prior year excluding curtailments and settlements
Post-Tax Unfunded Pension / OPEB-related Liability	~$750M Pension Liability; ~$140M OPEB Liability	• Applied U.S. federal corporate tax rate of 21%
Pension / OPEB Contributions	~$160M	• Evaluating impact of American Rescue Plan Act (ARPA)
Capex	$200-220M	• Less than Depreciation and Amortization; Source of Cash
Diluted Share Count Average	~439M	

Combined Segment Decremental Margins[1]

	Q3 2019	Q3 2020	Q3 2020 YoY	Q4 2019	Q4 2020	Q4 2020 YoY	Q1 2020	Q1 2021	Q1 2021 YoY
Engine Products	$844M	$485M	($359M)	$828M	$555M	($273M)	$781M	$534M	($247M)
Fastening Systems	$391M	$271M	($120M)	$376M	$263M	($113M)	$385M	$272M	($113M)
Engineered Structures	$318M	$206M	($112M)	$312M	$217M	($95M)	$275M	$176M	($99M)
Forged Wheels	$241M	$172M	($69M)	$217M	$203M	($14M)	$191M	$227M	$36M
Combined Segment 3rd Party Revenue[2]	**$1,794M**	**$1,134M**	**($660M)**	**$1,733M**	**$1,238M**	**($495M)**	**$1,632M**	**$1,209M**	**($423M)**
Engine Products	$161M	$39M	($122M)	$156M	$108M	($48M)	$165M	$101M	($64M)
Fastening Systems	$102M	$33M	($69M)	$99M	$48M	($51M)	$96M	$45M	($51M)
Engineered Structures	$40M	$10M	($30M)	$39M	$16M	($23M)	$28M	$10M	($18M)
Forged Wheels	$60M	$35M	($25M)	$60M	$62M	$2M	$50M	$70M	$20M
Combined Segment Operating Profit[3]	**$363M**	**$117M**	**($246M)**	**$354M**	**$234M**	**($120M)**	**$339M**	**$226M**	**($113M)**
Engine Products			34.0%			17.6%			25.9%
Fastening Systems			57.5%			45.1%			45.1%
Engineered Structures			26.8%			24.2%			18.2%
Forged Wheels			36.2%			-14.3%			55.6%
Combined Segment Decremental Margin			**37.3%**			**24.2%**			**26.7%**

HOWMET AEROSPACE

1) All metrics exclude Corporate 2) Howmet Consolidated Revenue (GAAP): Q3 2019 = $1,794M, Q4 2019 = $1,734M, Q3 2020 = $1,134M, Q4 2020 = $1,238M, Q1 2020 = $1,634M, Q1 2021 = $1,209M
3) Howmet Consolidated Income (Loss) from Continuing Ops (GAAP): Q3 2019 = $163M, Q4 2019 = $198M, Q3 2020 = ($12M), Q4 2020 = $71M, Q1 2020 = $198M, Q1 2021 = $113M

See appendix slides 25 and 33 for reconciliations

$16M of Special Items Driven By Plant Fire Costs and Restructuring

Q1 2021 Special Items ($M, except per share amounts)	Income Before Tax	Income After Tax	Earnings per Share Diluted
AS REPORTED	**$113**	**$80**	**$0.18**
St. Cosme Fasteners/Barberton Wheels plant fire costs	$10	$7	
Restructuring and other charges	$9	$10	
Discrete and other tax related items	N/A	($1)	
Subtotal: Special items	**$19**	**$16**	
EXCLUDING SPECIAL ITEMS	**$132**	**$96**	**$0.22**

HOWMET AEROSPACE

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

See appendix for additional details

Reconciliation of Income from Continuing Operations Excluding Special Items

($ in millions, except per-share amounts)	Income from continuing operations excluding Special items			Diluted EPS excluding Special items		
	Quarter ended			Quarter ended		
	March 31, 2020	December 31, 2020	March 31, 2021	March 31, 2020	December 31, 2020	March 31, 2021
Income from continuing operations	$153	$106	$80	$0.35	$0.24	$0.18
Special items:						
Restructuring and other charges	39	16	9			
Discrete tax items[(1)]	(8)	(76)	(1)			
Other special items[(2)]	20	44	7			
Tax impact[(3)]	(10)	2	1			
Income from continuing operations excluding Special items	**$194**	**$92**	**$96**	**$0.44**	**$0.21**	**$0.22**

Income from continuing operations 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 Income from continuing operations determined under GAAP as well as Income from continuing operations excluding Special items.

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

(2) For the quarter ended March 31, 2020, the special items relate primarily to transaction costs associated with the Arconic Inc. Separation Transaction ($4), new financing costs associated with the Arconic Inc. Separation Transaction ($7), net costs related to fires at two plants ($11), impairment costs related to facilities closures ($3), partially offset by a favorable tax impact resulting from the difference between the Company's consolidated estimated annual effective tax rate and the statutory rate applicable to special items $4, and a reimbursement of legal and other advisory costs related to Grenfell Tower $1. For the quarter ended December 31, 2020, the special items relate primarily to a $53 cost to reverse indemnification receivables as a result of a favorable Spanish tax case which relieved Alcoa Corp. and Arconic Corp. of their share of the liability, a $9 cost for a reserve related to investment tax credits, and other net charges of $1, offset by a ($19) net benefit for insurance proceeds related to fires at two plants. For the quarter ended March 31, 2021, the special items relate primarily to net costs related to fires at two plants of $10, offset by the favorable tax impact resulting from the difference between the Company's consolidated estimated annual effective tax rate and the statutory rate applicable to special items ($3).

(3) 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.

HOWMET AEROSPACE

Reconciliation of Operational Tax Rate

($ in millions)	Quarter ended March 31, 2021		
	As reported	Special items [1][2]	As adjusted
Income from continuing operations before income taxes	$113	$19	$132
Provision for income taxes	$33	$3	$36
Operational tax rate	29.2%		27.3%

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, 2021 include $9 of Restructuring and other charges and $10 related to plant-related fire costs.
(2) Tax Special items includes discrete tax items and tax impact on Special items which is based on the applicable statutory rates whereby 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, 2021, a net benefit for other items ($1).

Calculation of Segment Operating Profit Margin

	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Engine Products									
Third-party sales	$ 844	$ 828	$ 3,320	$ 781	$ 585	$ 485	$ 555	$ 2,406	$ 534
Inter-segment sales	$ 1	$ 2	$ 11	$ 2	$ 1	$ 1	$ 1	$ 5	$ 1
Segment operating profit	$ 161	$ 156	$ 621	$ 165	$ 105	$ 39	$ 108	$ 417	$ 101
Segment operating profit margin	19.1 %	18.8 %	18.7 %	21.1 %	17.9 %	8.0 %	19.5 %	17.3 %	18.9 %
Provision for depreciation and amortization	$ 31	$ 31	$ 131	$ 30	$ 31	$ 31	$ 31	$ 123	$ 31
Depreciation and amortization % of Revenue	3.7 %	3.7 %	3.9 %	3.8 %	5.3 %	6.4 %	5.6 %	5.1 %	5.8 %
Restructuring and other charges	$ 43	$ 1	$ 297	$ 13	$ 22	$ 9	$ (8)	$ 36	$ 5
Capital expenditures	$ 39	$ 46	$ 211	$ 19	$ 14	$ 15	$ 29	$ 77	$ 11
Fastening Systems									
Third-party sales	$ 391	$ 376	$ 1,561	$ 385	$ 326	$ 271	$ 263	$ 1,245	$ 272
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Segment operating profit	$ 102	$ 99	$ 396	$ 96	$ 70	$ 33	$ 48	$ 247	$ 45
Segment operating profit margin	26.1 %	26.3 %	25.4 %	24.9 %	21.5 %	12.2 %	18.3 %	19.8 %	16.5 %
Provision for depreciation and amortization	$ 12	$ 12	$ 48	$ 12	$ 12	$ 12	$ 12	$ 48	$ 12
Depreciation and amortization % of Revenue	3.1 %	3.2 %	3.1 %	3.1 %	3.7 %	4.4 %	4.6 %	3.9 %	4.4 %
Restructuring and other charges	$ —	$ —	$ 6	$ 2	$ 24	$ —	$ 13	$ 39	$ 2
Capital expenditures	$ 7	$ 12	$ 36	$ 8	$ 7	$ 9	$ 15	$ 39	$ 5

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

Segment Operating Profit and Segment Operating Profit Margin are non-GAAP financial measures. Management believes that these measures are meaningful to investors because management reviews the operating results of the Company based on Segment Operating Profit and Segment Operating Profit Margin which excludes the impact of restructuring and corporate expense/income. There can be no assurances that additional restructuring will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider these items.

HOWMET AEROSPACE

Calculation of Segment Operating Profit Margin (continued)

	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Engineered Structures									
Third-party sales	$ 318	$ 312	$ 1,255	$ 275	$ 229	$ 206	$ 217	$ 927	$ 176
Inter-segment sales	$ 4	$ 3	$ 13	$ 3	$ 2	$ 1	$ 1	$ 7	$ 1
Segment operating profit	$ 40	$ 39	$ 120	$ 28	$ 19	$ 10	$ 16	$ 73	$ 10
Segment operating profit margin	12.6 %	12.5 %	9.6 %	10.2 %	8.3 %	4.9 %	7.4 %	7.9 %	5.7 %
Provision for depreciation and amortization	$ 15	$ 12	$ 58	$ 13	$ 14	$ 13	$ 12	$ 52	$ 12
Depreciation and amortization % of Revenue	4.7 %	3.8 %	4.6 %	4.7 %	6.1 %	6.3 %	5.5 %	5.6 %	6.8 %
Restructuring and other charges	$ 1	$ 1	$ 199	$ 17	$ (5)	$ 9	$ 7	$ 28	$ 1
Capital expenditures	$ 4	$ 5	$ 27	$ 3	$ 5	$ 3	$ 8	$ 19	$ 5
Forged Wheels									
Third-party sales	$ 241	$ 217	$ 969	$ 191	$ 113	$ 172	$ 203	$ 679	$ 227
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Segment operating profit	$ 60	$ 60	$ 253	$ 50	$ 6	$ 35	$ 62	$ 153	$ 70
Segment operating profit margin	24.9 %	27.6 %	26.1 %	26.2 %	5.3 %	20.3 %	30.5 %	22.5 %	30.8 %
Provision for depreciation and amortization	$ 8	$ 8	$ 32	$ 10	$ 9	$ 10	$ 10	$ 39	$ 10
Depreciation and amortization % of Revenue	3.3 %	3.7 %	3.3 %	5.2 %	8.0 %	5.8 %	4.9 %	5.7 %	4.4 %
Restructuring and other charges	$ —	$ (1)	$ 4	$ 2	$ 1	$ —	$ —	$ 3	$ —
Capital expenditures	$ 11	$ 14	$ 70	$ 7	$ 4	$ 6	$ 6	$ 23	$ 9

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

Segment Operating Profit and Segment Operating Profit Margin are non-GAAP financial measures. Management believes that these measures are meaningful to investors because management reviews the operating results of the Company based on Segment Operating Profit and Segment Operating Profit Margin which excludes the impact of restructuring and corporate expense/income. There can be no assurances that additional restructuring will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider these items.

HOWMET AEROSPACE

Calculation of Total Segment Operating Profit Margin (continued)

($ in millions)	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Sales – Engine Products	$844	$828	$3,320	$781	$585	$485	$555	$2,406	$534
Sales – Fastening Systems	$391	$376	$1,561	$385	$326	$271	$263	$1,245	$272
Sales – Engineered Structures	$318	$312	$1,255	$275	$229	$206	$217	$927	$176
Sales – Forged Wheels	$241	$217	$969	$191	$113	$172	$203	$679	$227
Total segment sales	**$1,794**	**$1,733**	**$7,105**	**$1,632**	**$1,253**	**$1,134**	**$1,238**	**$5,257**	**$1,209**
Total segment operating profit[1]	$363	$354	$1,390	$339	$200	$117	$234	$890	$226
Total segment operating profit margin	20.2%	20.4%	19.6%	20.8%	16.0%	10.3%	18.9%	16.9%	18.7%

Total Segment operating profit is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of the Company by Segment excluding the impacts of Corporate, Restructuring and other charges, 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 Income from continuing operations determined under GAAP as well as Total Segment operating profit.

[1] See Reconciliation of Total Segment to Consolidated Totals.

HOWMET AEROSPACE

Reconciliation of Total Segment to Consolidated Totals

Reconciliation of Total Segment Operating Profit to Consolidated Income Before Income Taxes

($ in millions)	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Income (loss) from continuing operations before income taxes	$163	$198	$210	$198	$(86)	$(12)	$71	$171	$113
Interest expense	85	82	338	84	144	77	76	381	72
Other expense (income), net	8	5	31	(24)	16	8	74	74	4
Consolidated operating income	**$256**	**$285**	**$579**	**$258**	**$74**	**$73**	**$221**	**$626**	**$189**
Unallocated amounts:									
Restructuring and other charges	56	10	582	39	105	22	16	182	9
Corporate expense (income)[(1)]	51	59	229	42	21	22	(3)	82	28
Total segment operating profit	**$363**	**$354**	**$1,390**	**$339**	**$200**	**$117**	**$234**	**$890**	**$226**

(1) For the quarter ended September 30, 2019, Corporate expense included $1 of costs associated with the Arconic Inc. Separation Transaction, $5 of costs related to a fire a fasteners plant and $2 of legal and advisory charges related to Grenfell tower. For the quarter ended December 31, 2019, Corporate expense included $2 of costs associated with the Arconic Inc. Separation Transaction, $1 in an impairment of assets of the energy business and $1 of legal and advisory charges related to Grenfell tower. For the quarter ended March 31, 2020, Corporate expense included $4 of costs associated with the Arconic Inc. Separation Transaction, $11 of net costs related to fires at two plants, and impairment costs related to facilities closures of $3 offset by ($1) net reimbursement related to legal and advisory charges related to Grenfell Tower. For the quarter ended June 30, 2020, Corporate expense included $3 of costs associated with the Arconic Inc. Separation Transaction, ($6) of reimbursement related to legal and advisory charges related to Grenfell Tower, and $4 of net costs related to a fire at two plants (net of insurance reimbursements). For the quarter ended September 30, 2020, Corporate expense included ($2) of reimbursement related to legal and advisory charges related to Grenfell Tower, and $7 of net costs related to a fire at two plants (net of insurance reimbursements). For the quarter ended December 31, 2020, Corporate expense included ($3) of reimbursement related to legal and advisory charges related to Grenfell Tower, and ($19) of net reimbursement related to fires at two plants. For the quarter ended March 31, 2021, Corporate expense included $10 of costs related to fires at two plants.

Reconciliation of Total Segment Capital Expenditures to Consolidated Capital Expenditures

($ in millions)	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Total segment capital expenditures	$61	$77	$344	$37	$30	$33	$58	$158	$30
Corporate and discontinued operations	66	32	297	115	2	3	(11)	109	25
Capital expenditures	**$127**	**$109**	**$641**	**$152**	**$32**	**$36**	**$47**	**$267**	**$55**

Reconciliation of Operating Income and Margin Excluding Special Items

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Operating income	$258	$74	$73	$221	$626	$189
Special items:						
Restructuring and other charges	39	105	22	16	182	9
Costs associated with the Arconic Inc. Separation Transaction	4	3	—	—	7	—
Legal and other advisory reimbursements related to Grenfell Tower, net	(1)	(6)	(2)	(3)	(12)	—
Plant fire costs (reimbursements), net	11	4	7	(19)	3	10
Impairment costs related to facilities closures	3	—	—	—	3	—
Operating income excluding Special items	**$314**	**$180**	**$100**	**$215**	**$809**	**$208**
Sales	$1,634	$1,253	$1,134	$1,238	$5,259	$1,209
Operating income margin	15.8%	5.9%	6.4%	17.9%	11.9%	15.6%
Operating income margin, excluding Special items	19.2%	14.4%	8.8%	17.4%	15.4%	17.2%

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

HOWMET AEROSPACE

Reconciliation of Adjusted EBITDA Excluding Special Items

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Income (loss) from continuing operations after income taxes	$153	$(84)	$36	$106	$211	$80
Add:						
Provision (benefit) for income taxes	$45	$(2)	$(48)	$(35)	$(40)	$33
Other (income) expense, net	(24)	16	8	74	74	4
Interest expense	84	144	77	76	381	72
Restructuring and other charges	39	105	22	16	182	9
Provision for depreciation and amortization	71	73	68	67	279	68
Adjusted EBITDA	**$368**	**$252**	**$163**	**$304**	**$1,087**	**$266**
Add:						
Costs associated with the Arconic Inc. Separation Transaction	$4	$3	$—	$—	$7	$—
Plant fire costs (reimbursements), net[1]	11	(2)	7	(19)	(3)	9
Legal and other advisory costs related to Grenfell Tower	(1)	(6)	(2)	(3)	(12)	—
Impairment costs related to facilities closures	3	—	—	—	3	—
Adjusted EBITDA excluding Special items	**$385**	**$247**	**$168**	**$282**	**$1,082**	**$275**
Third-party sales	$1,634	$1,253	$1,134	$1,238	$5,259	$1,209
Adjusted EBITDA excluding Special items Margin	23.6%	19.7%	14.8%	22.8%	20.6%	22.7%

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 and Adjusted EBITDA excluding Special items Margin 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.

(1) Plant fire costs excludes the impact of $6 of depreciation in the second quarter ended June 30, 2020.

Reconciliation of Adjusted Free Cash Flow

($ in millions)	Q1 2021
Cash used for operations	$(6)
Cash receipts from sold receivables	57
Capital expenditures	(55)
Adjusted free cash flow	**$(4)**

The net cash funding from the sale of accounts receivables was neither a use of cash nor a source of cash in the first quarter of 2021.

Adjusted free cash flow is a non-GAAP financial measure. Management believes that this measures 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), as well as cash receipts from net sales of beneficial interest in sold receivables. It is important to note that Adjusted 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, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Short-term debt	$1,336	$391	$384	$376	$489
Long-term debt, less amount due within one year	4,608	4,695	4,697	4,699	4,224
Total debt	**$5,944**	**$5,086**	**$5,081**	**$5,075**	**$4,713**
Less: Cash, cash equivalents, and restricted cash	2,143	1,285	1,368	1,611	1,239
Net debt	**$3,801**	**$3,801**	**$3,713**	**$3,464**	**$3,474**

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, 2020	Trailing-12 months ended March 31, 2021
Income from continuing operations after income taxes	$ 211	$ 138
Add:		
Benefit for income taxes	(40)	(52)
Other expense, net	74	102
Interest expense	381	369
Restructuring and other charges	182	152
Provision for depreciation and amortization	279	276
Adjusted EBITDA	**$ 1,087**	**$ 985**
Add:		
Costs associated with the Arconic Inc. Separation Transaction	$ 7	$ 3
Plant fire reimbursements, net [(1)]	(3)	(5)
Legal and other advisory costs related to Grenfell Tower, net	(12)	(11)
Impairment costs related to facilities closures	3	—
Adjusted EBITDA excluding Special items	**$ 1,082**	**$ 972**
Net debt	$ 3,464	$ 3,474
Net debt to Adjusted EBITDA excluding Special items	3.20	3.57

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

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

(1) Plant fire costs excludes the impacts of $6 of depreciation in the second quarter ended June 30, 2020.

Reconciliation of Corporate Expense Excluding Special Items

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Corporate expense (income)	$42	$21	$22	$(3)	$82	$28
Special items:						
Costs associated with the Arconic Inc. Separation Transaction	4	3	—	—	7	—
Legal and other advisory reimbursements related to Grenfell Tower, net	(1)	(6)	(2)	(3)	(12)	—
Plant fire costs (reimbursements), net	11	4	7	(19)	3	10
Impairment costs related to facilities closures	3	—	—	—	3	—
Corporate expense excluding Special items	**$25**	**$20**	**$17**	**$19**	**$81**	**$18**

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

Calculation of Segment End Markets Revenue

($ in millions)	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
First quarter ended March 31, 2020					
Aerospace - Commercial	$507	$257	$184	$—	$948
Aerospace - Defense	$127	$44	$70	$—	$241
Commercial Transportation	$—	$46	$—	$191	$237
Industrial and Other	$147	$38	$21	$—	$206
Third-party sales end-market revenue	**$781**	**$385**	**$275**	**$191**	**$1,632**
First quarter ended March 31, 2021					
Aerospace - Commercial	$227	$148	$80	$—	$455
Aerospace - Defense	$151	$42	$77	$—	$270
Commercial Transportation	$—	$46	$—	$227	$273
Industrial and Other	$156	$36	$19	$—	$211
Third-party sales end-market revenue	**$534**	**$272**	**$176**	**$227**	**$1,209**

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

Reconciliation of Segment Adjusted EBITDA

($ in millions)	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021
Engine Products									
Segment operating profit	$161	$156	$621	$165	$105	$39	$108	$417	$101
Provision for depreciation and amortization	31	31	131	30	31	31	31	123	31
Adjusted EBITDA	**$192**	**$187**	**$752**	**$195**	**$136**	**$70**	**$139**	**$540**	**$132**
Third-party sales	$844	$828	$3,320	$781	$585	$485	$555	$2,406	$534
Adjusted EBITDA margin	22.7%	22.6%	22.7%	25.0%	23.2%	14.4%	25.0%	22.4%	24.7%
Fastening Systems									
Segment operating profit	$102	$99	$396	$96	$70	$33	$48	$247	$45
Provision for depreciation and amortization	12	12	48	12	12	12	12	48	12
Adjusted EBITDA	**$114**	**$111**	**$444**	**$108**	**$82**	**$45**	**$60**	**$295**	**$57**
Third-party sales	$391	$376	$1,561	$385	$326	$271	$263	$1,245	$272
Adjusted EBITDA margin	29.2%	29.5%	28.4%	28.1%	25.2%	16.6%	22.8%	23.7%	21.0%
Engineered Structures									
Segment operating profit	$40	$39	$120	$28	$19	$10	$16	$73	$10
Provision for depreciation and amortization	15	12	58	13	14	13	12	52	12
Adjusted EBITDA	**$55**	**$51**	**$178**	**$41**	**$33**	**$23**	**$28**	**$125**	**$22**
Third-party sales	$318	$312	$1,255	$275	$229	$206	$217	$927	$176
Adjusted EBITDA margin	17.3%	16.3%	14.2%	14.9%	14.4%	11.2%	12.9%	13.5%	12.5%
Forged Wheels									
Segment operating profit	$60	$60	$253	$50	$6	$35	$62	$153	$70
Provision for depreciation and amortization	8	8	32	10	9	10	10	39	10
Adjusted EBITDA	**$68**	**$68**	**$285**	**$60**	**$15**	**$45**	**$72**	**$192**	**$80**
Third-party sales	$241	$217	$969	$191	$113	$172	$203	$679	$227
Adjusted EBITDA margin	28.2%	31.3%	29.4%	31.4%	13.3%	26.2%	35.5%	28.3%	35.2%

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 the 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. Howmet’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.

HOWMET
AEROSPACE