Second 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

August 4, 2021

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Important Information

Forward–Looking Statements

This presentation contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect Howmet Aerospace's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, statements, forecasts and outlook relating to the condition of end markets; future financial results or operating performance; future strategic actions; Howmet Aerospace's strategies, outlook, and business and financial prospects; and any future dividends and repurchases of its debt or equity securities. These statements reflect beliefs and assumptions that are based on Howmet Aerospace's perception of historical trends, current conditions and expected future developments, as well as other factors Howmet Aerospace believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and changes in circumstances that are difficult to predict, which could cause actual results to differ materially from those indicated by these statements. Such risks and uncertainties include, but are not limited to: (a) uncertainty of the duration, extent and impact of the COVID-19 pandemic on Howmet Aerospace's business, results of operations, and financial condition; (b) deterioration in global economic and financial market conditions generally, including as a result of 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.

Q2 2021 Highlights

Revenue and Profitability Excluding Special Items[1]	Q2 2020	Q1 2021	Q2 2021
Revenue	$1.253B	$1.209B	$1.195B
Adjusted EBITDA[1]	$247M	$275M	$272M
Adjusted EBITDA Margin[1]	19.7%	22.7%	22.8%
Adjusted Operating Income[2]	$180M	$208M	$205M
Adjusted Earnings Per Share from Continuing Operations[3]	$0.12	$0.22	$0.22

Balance Sheet and Cash Flow

- Q2 2021 Adj Free Cash Flow of $164M[4]; Record YTD 2021 Adj Free Cash Flow of $160M[5]
- ~$835M YTD Total Debt reduction, including early redemption in Q2 2021 of all $476M principal amount of Feb 2022 notes
- Repurchased ~6M shares of Common Stock in Q2 2021 for $200M
- Q2 2021 Ending Cash balance of $716M
- ~$160M YTD reduction in Pension / OPEB Liability

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1) Income (Loss) from Continuing Ops (GAAP): Q2 2020 = ($84M), Q1 2021 = $80M; Q2 2021 = $74M 2) Operating income (GAAP): Q2 2020 = $74M, Q1 2021 = $189M, Q2 2021 = $207M 3) EPS from Continuing Ops (GAAP): Q2 2020 = ($0.19), Q1 2021 = $0.18, Q2 2021 = $0.17 4) Q2 2021: Cash provided from operations = $85M, Cash used for financing activities = ($700M), Cash provided from investing activities = $91M 5) 6 months ended 6/30/21: Cash provided from operations = $79M, Cash used for financing activities = ($1,068M), Cash provided from investing activities = $94M *See appendix for reconciliations*

Q2 2021 Above Expectations; Strong Profit and Cash Performance

Markets

- Q2 2021 Revenue down (5%) YoY driven by Commercial Aerospace
- Commercial Aerospace down (31%) YoY due to COVID-19 and Boeing 787 production declines
- Industrial Gas Turbines up 13% YoY driven by new builds and spares
- Commercial Transportation up 89% YoY; Customer shutdowns in Q2 2020

Price Increase / Cost Reduction / Cash Management

- Price increases continued in line with expectations primarily tied to long-term agreements
- Structural cost reductions maintained with $37M benefit in Q2 2021; $98M in H1 2021
- Aerospace Decremental Operating margin 19%; Forged Wheels Incremental Operating margin 47%
- Adj EBITDA Margin[1] expanded 310 bps driven by price, variable cost flex and fixed cost reduction
- Q2 2021 Capex of $36M; 54% of Depreciation and Amortization
- Q2 2021 Adj Free Cash Flow of $164M[2]; Record YTD 2021 Adj Free Cash Flow of $160M[3]

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Comparisons are year over year unless otherwise noted. 1) Adjusted EBITDA Margin excluding special items; Income (Loss) from Continuing Ops (GAAP): Q2 2020 = ($84M), Q2 2021 = $74M 2) Q2 2021: Cash provided from operations = $85M, Cash used for financing activities = ($700M), Cash provided from investing activities = $91M 3) 6 months ended 6/30/21: Cash provided from operations = $79M, Cash used for financing activities = ($1,068M), Cash provided from investing activities = $94M *See appendix for reconciliations*

Q2 2021 Adjusted EBITDA Margin 22.8%[1]; Up 310 Basis Points YoY on Less Revenue

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
3rd Party Revenue	$1,253M	$1,134M	$1,238M	$1,209M	**$1,195M**
Adjusted EBITDA[1]	$247M	$168M	$282M	$275M	**$272M**
Adjusted EBITDA Margin[1]	19.7%	14.8%	22.8%	22.7%	**22.8%**

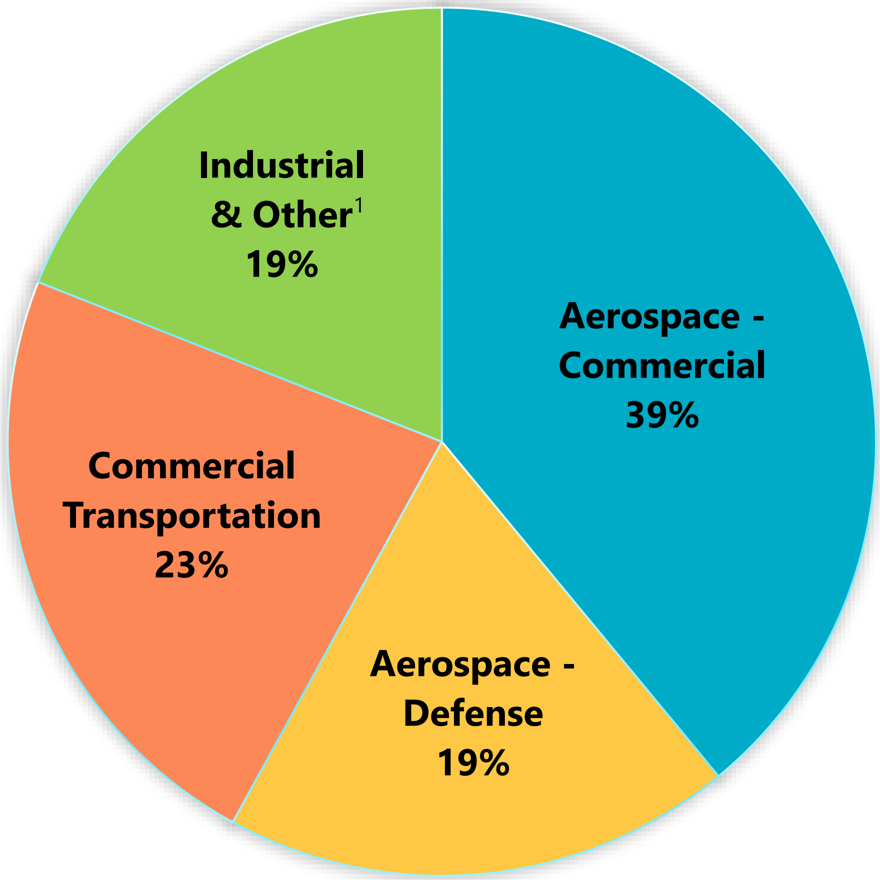
Q2 2021

- Revenue driven by COVID-19 and Boeing 787 production declines
  - Q2 2021 at **$1,195M** versus Q2 2020 – Q1 2021 average of **$1,209M**
- Adj EBITDA Margin expansion of **310 bps** versus Q2 2020 on ($58M) less revenue
- Adjusted EBITDA Margins consistent since Q4 2020 despite less revenue and Q2 2021 headcount additions and ramp up costs

1) Excluding special items; Howmet Consolidated Income (Loss) from Continuing Ops (GAAP): Q2 2020 = ($84M), Q3 2020 = $36M, Q4 2020 = $106M, Q1 2021 = $80M, Q2 2021 = $74M
See appendix for reconciliations

Q2 2021 Revenue Down (5%) YoY; Commercial Aerospace ~40% of Revenue

Revenue by Market (% of total)



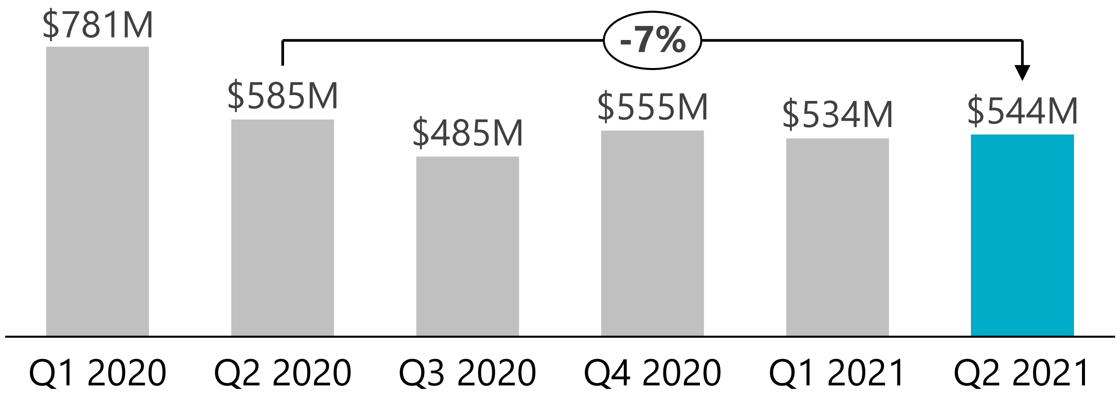
Revenue by Market YoY (% change)

Aerospace - Commercial	(31%)
Aerospace - Defense	(1%)
Subtotal - Aerospace	(24%)
Commercial Transportation	89%
Industrial & Other[1]	13%
Total Revenue	(5%)

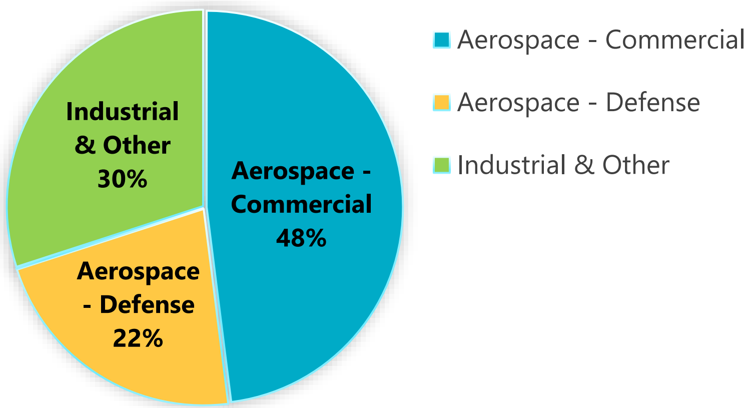
1) IGT represents ~45%, general Industrial represents ~40%, and Oil & Gas represents ~15% of total Industrial & Other

Engine Products: Commercial Aero Decline; Headcount Adds for H2 Growth

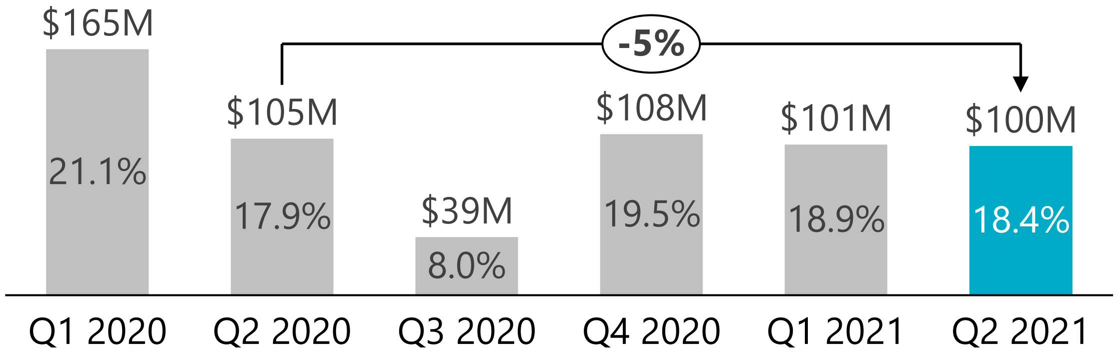
3rd Party Revenue



Revenue by Market (% of total)



Segment Operating Profit and Margin



Q2 2021 YoY

- – COVID-19 and Boeing 787 Production Declines
- – Spares / Aftermarket Demand remains low
- – Increased headcount for H2 2021 Growth
- \+ Industrial Gas Turbine Growth
- \+ Cost Reductions

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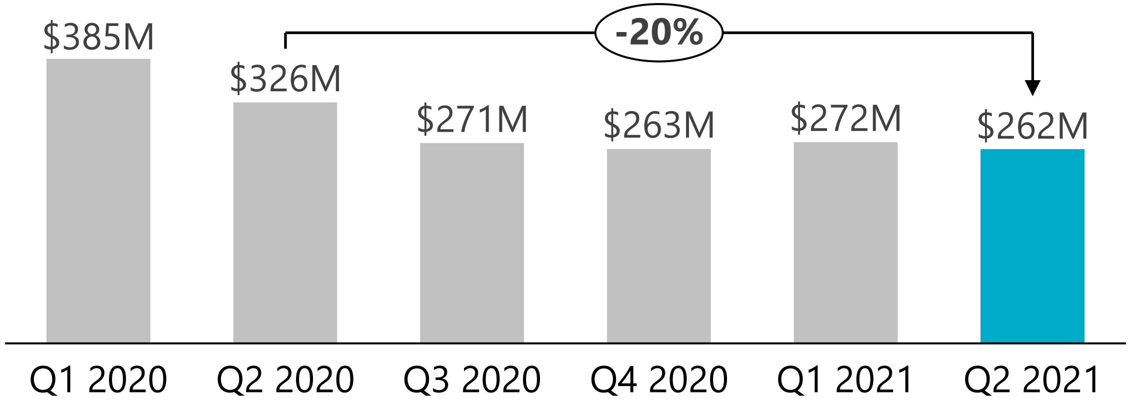
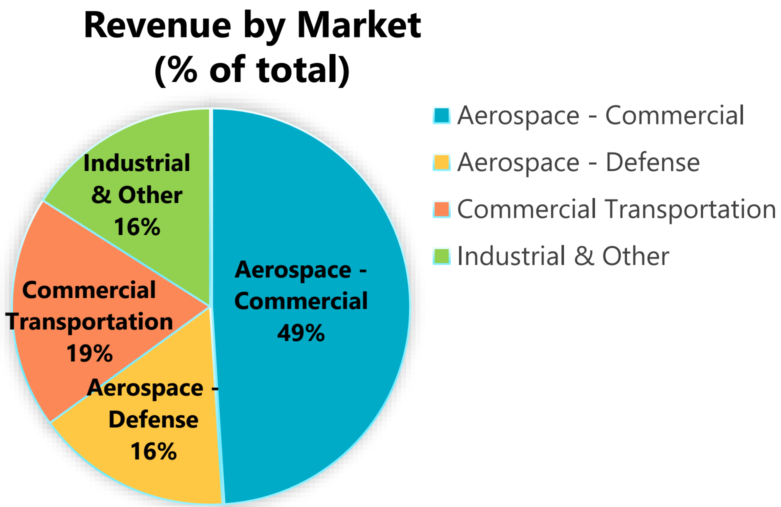
Q2 2021 Depreciation & Amortization (D&A) of $30M, 5.5% of Segment Revenue

See appendix for reconciliations

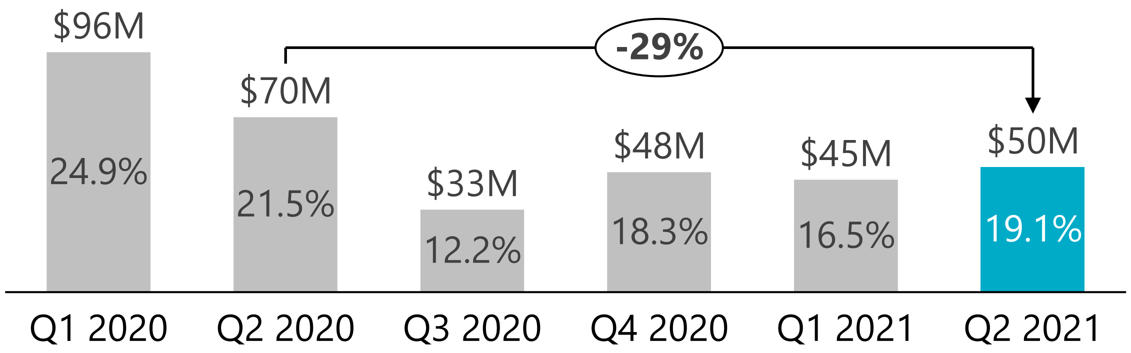
Fastening Systems: Commercial Aero Decline; Cost Reductions

3rd Party Revenue





Segment Operating Profit and Margin



Q2 2021 YoY

- – COVID-19 and Boeing 787 Production Declines
- + Industrial and Commercial Transportation Growth
- + Cost Reductions

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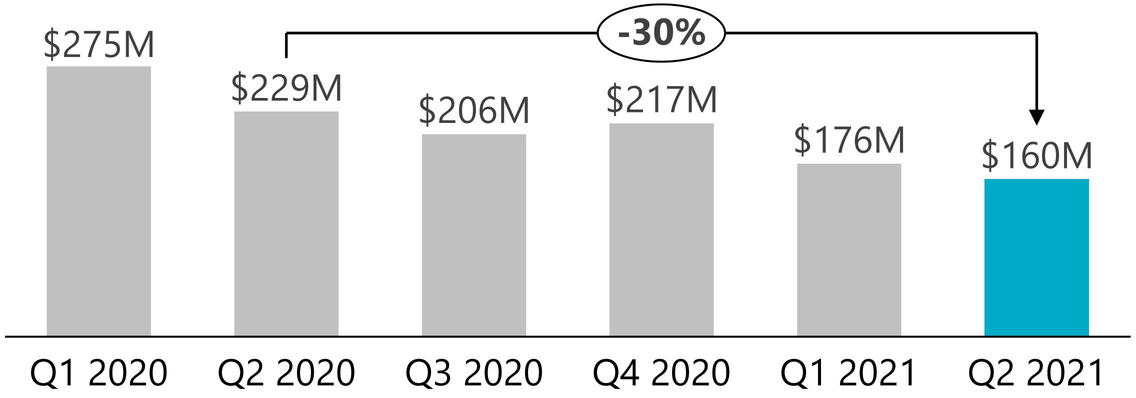
Q2 2021 Depreciation & Amortization (D&A) of $13M, 5.0% of Segment Revenue

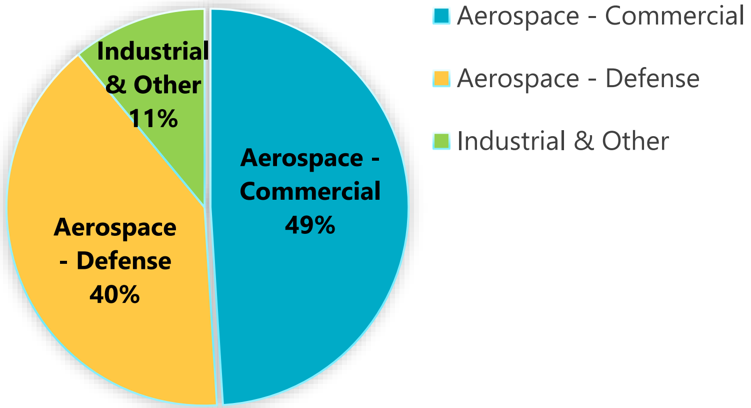
See appendix for reconciliations

Engineered Structures: Commercial Aero Decline; Cost Reductions

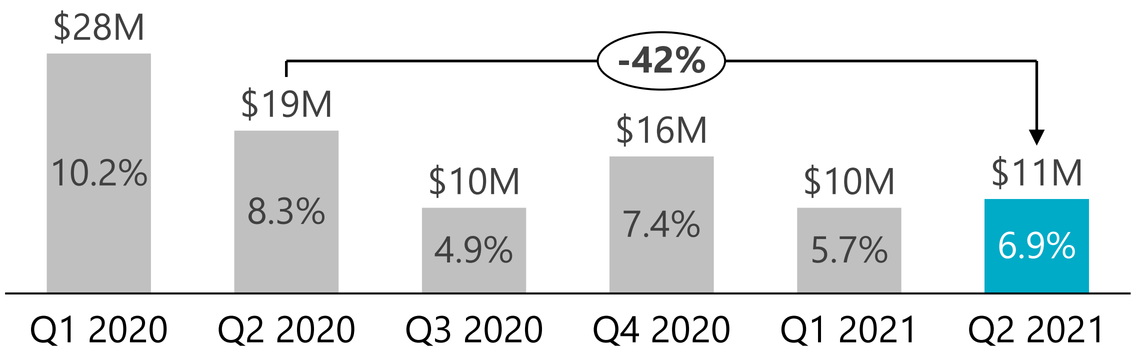
3rd Party Revenue



Revenue by Market (% of total)



Segment Operating Profit and Margin



Q2 2021 YoY

– COVID-19 and Boeing 787 Production Declines

\+ Level Loading of Operations Continues

\+ Cost Reductions

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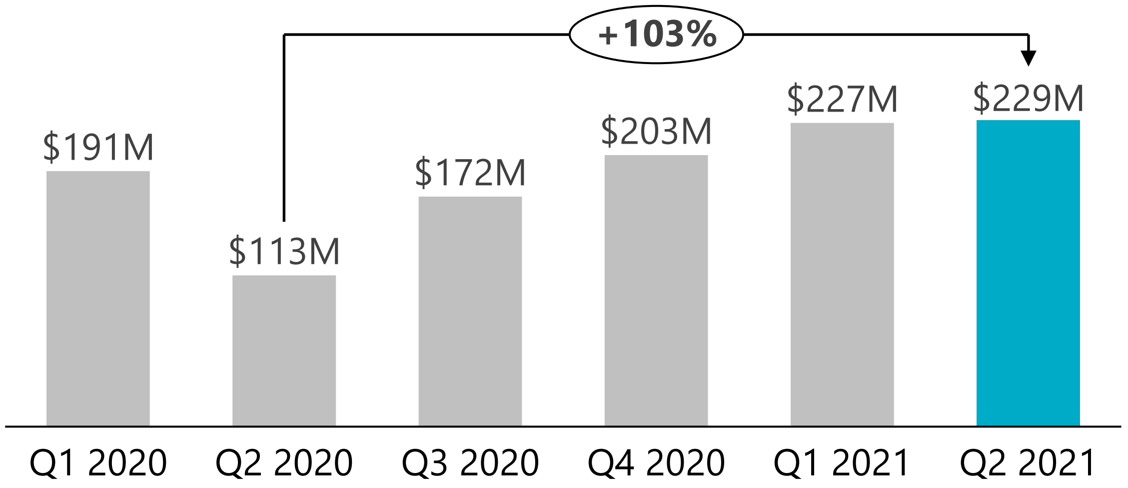
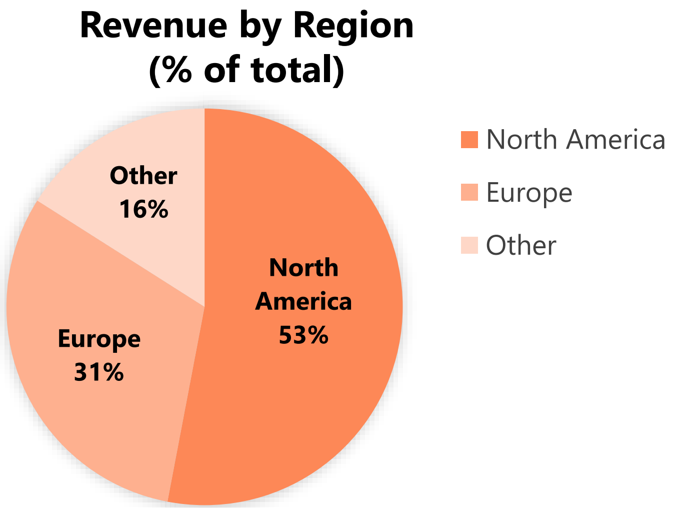
Q2 2021 Depreciation & Amortization (D&A) of $13M, 8.1% of Segment Revenue

See appendix for reconciliations

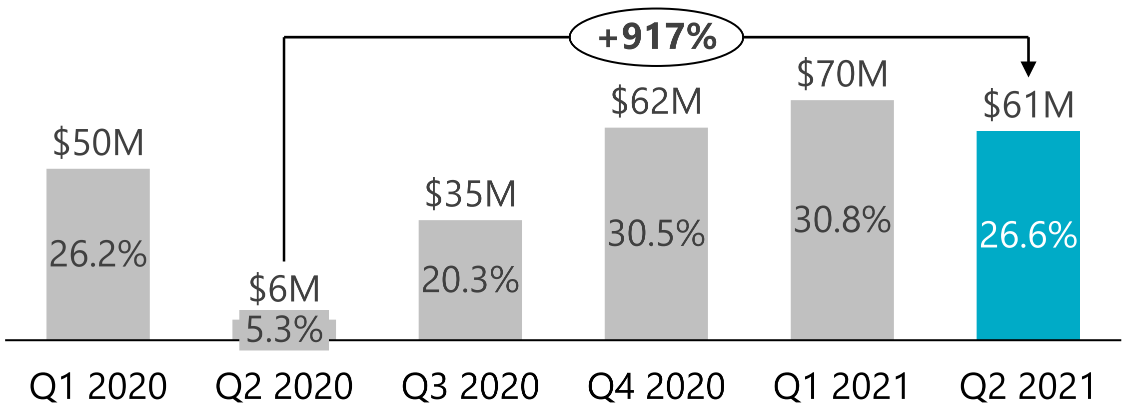
Forged Wheels: Market Recovery Moderated by Supply Chain Constraints

3rd Party Revenue





Segment Operating Profit and Margin



Q2 2021 YoY

+ Commercial Transportation Growth
+ Maximizing Production in Low-Cost Countries; Increasing 39 lb. Wheel Capacity
+ Successful Cost Management with Volume Increases
– Customer Supply Chain Constraints
– Although higher metal costs passed through to customers, adversely impacts margin

Q2 2021 Depreciation & Amortization (D&A) of $9M, 3.9% of Segment Revenue
Revenue by Region based upon shipment invoice
See appendix for reconciliations

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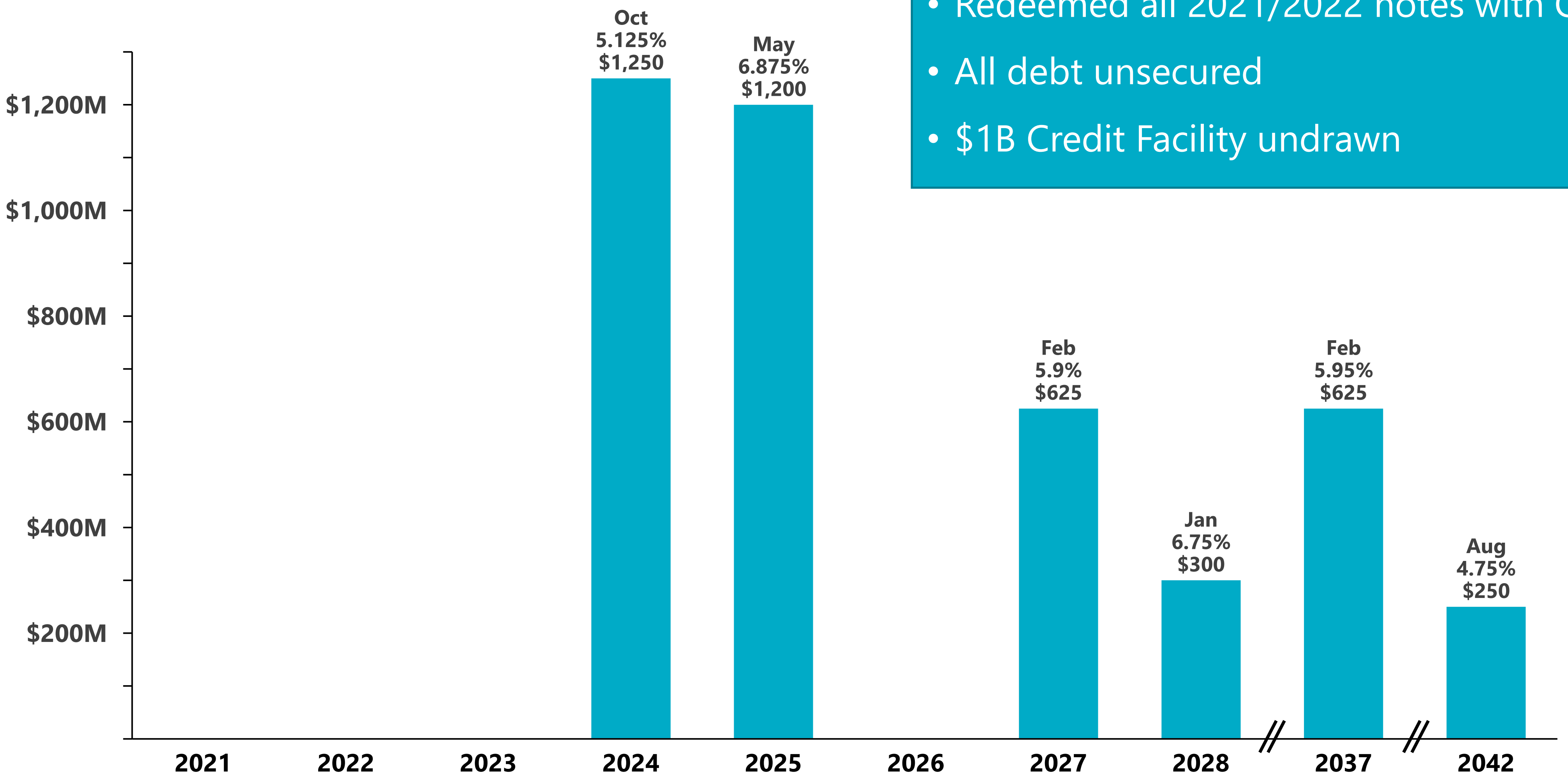
Redeemed all 2021 and 2022 Notes; Next Maturity October 2024

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



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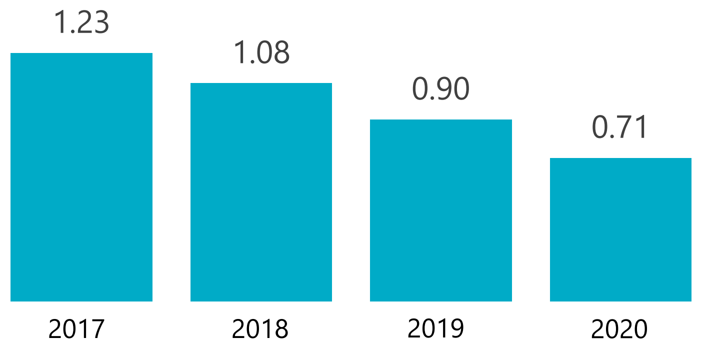
Howmet is Committed to a More Sustainable and Inclusive Future

Ensuring Employee Safety

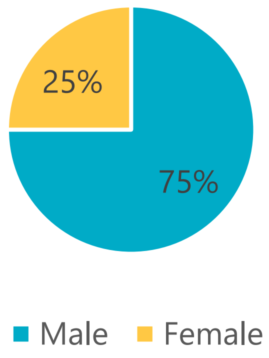
Total Recordable Incident Rate[1]



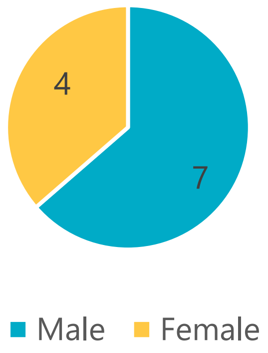
2019 Aerospace & Defense Average Industry Incident Rate: 2.0

Commitment to Improving Diversity

Howmet Employment by Gender[2]



Howmet Board of Directors Diversity[3]



Adding to Customer Sustainability Initiatives

- **Commercial Aero:** Next Generation Jet Engine technology **reduces fuel consumption by ~15%** versus prior generation. Howmet Aerospace provides critical parts necessary to achieve these improvements
- **Commercial Aero**: Light weighting solutions reduce fuel use; Howmet has at least **2X content on composite aircraft**, which are **~20% more fuel efficient than metallic aircraft**
- **Forged Wheels**: Aluminum wheels **5X stronger than steel while being 47% lighter**; Up to **1,400 lbs of weight savings** from retrofitting an 18-wheeler from steel to aluminum
- **IGT** – Howmet products enable higher operating temperatures and pressures increasing **load efficiency towards ~64%** and **reducing nitrogen oxide emissions by ~40%**
- **Renewables:** Fastening systems for solar panels improve **strength and clamping by 5X-10X** and **reduce installation time by up to 80%**

Dedication to STEM Education and Inclusiveness

- Howmet is dedicated to **increasing STEM opportunities and education** in the local community through the Howmet Aerospace Foundation with grants to institutions such as The Pittsburgh Promise and Pittsburgh Public Schools.
- Renewed our commitment to supporting our **six employee resource groups with a strategic focus on Community, Culture, and Careers** – Howmet African Heritage Network, Howmet Hispanic Network, Howmet Next Generation Network, Howmet Pride Network, Howmet Veterans Network and Howmet Women's Network.

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1) Total recordable incident rate represents the number of injuries and illnesses resulting in days away from work, job transfer or restriction, medical treatment or other recordables per 100 full-time workers 2) As of Year-end 2020 3) Current

2021 Guidance

	Q3 2021 Guidance			FY 2021 Guidance		
	Low	**Outlook**	**High**	**Low**	**Outlook**	**High**
Revenue	**$1.28B**	**$1.30B**	**$1.32B**	**$5.05B**	**$5.10B**	**$5.15B**
				Outlook Change	Flat	
Adj EBITDA[1]	**$285M**	**$295M**	**$305M**	**$1.145B**	**$1.170B**	**$1.185B**
Adj EBITDA Margin[1]	*22.3%*	*22.7%*	*23.1%*	*22.7%*	*22.9%*	*23.0%*
				Outlook Change	+$20M *+40 bps*	
Adj Earnings per Share[1,2]	**$0.23**	**$0.25**	**$0.27**	**$0.95**	**$0.99**	**$1.02**
				Outlook Change	+$0.04	
Adj Free Cash Flow				**$415M**	**$450M**	**$485M**
				Outlook Change	+$25M	

What we expect in 2021

- Second half revenue up ~12% vs. first half
- Second half YoY Segment incremental margin ~50%+
- Price Increases greater than 2020
- ~$100M Cost Reduction Carryover Achieved
- Pension/OPEB Contributions of ~$120M
- Capex of $200M - $220M vs. Depreciation and Amortization of ~$270M
- Adj Free Cash Flow Conversion ~100%
- Reinstated Quarterly Dividend[3] of $0.02 per Share of Common Stock in Q3 2021

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1) Excluding special items 2) Assumes ~$7M of deferred comp and other expenses per quarter in H2 2021 3) Future dividends are subject to the discretion and final approval of the Board of Directors

Summary

Q2 Revenue/Profit

- Continued strong performance with profit and margin ahead of prior guidance
- Price increases continued in-line with expectations primarily tied to long-term agreements
- Structural Cost Reductions maintained with $37M YoY benefit in Q2 2021; $98M in H1 2021

Liquidity

- Q2 2021 Adj Free Cash Flow of $164M[1]; Record YTD 2021 Adj Free Cash Flow of $160M[2]
- ~$835M YTD Total Debt reduction with cash on hand
- Repurchased ~6M shares of Common Stock in Q2 2021 for $200M
- Q2 2021 Ending Cash balance of $716M
- ~$160M YTD reduction in Pension / OPEB Liability

Guidance

- Expect Q3 revenue to be ~$100M higher than Q2
- 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
- Focusing on 2021 exit margin rate
- Reinstated quarterly dividend[3] of $0.02 per share of common stock in Q3 2021

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1) Q2 2021: Cash provided from operations = $85M, Cash used for financing activities = ($700M), Cash provided from investing activities = $91M 2) 6 months ended 6/30/21: Cash provided from operations = $79M, Cash used for financing activities = ($1,068M), Cash provided from investing activities = $94M 3) Future dividends are subject to the discretion and final approval of the Board of Directors *See appendix for reconciliations*

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Appendix

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2021 Assumptions

	Full Year 2021	2021 Comments
Corporate Overhead	~$74M	• 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	26.0% - 28.0%	• Cash Tax Rate ~15%
Pension / OPEB-related Expense	~$17M Total ~$10M Non-Service	• Total Reduction of ~50% vs. prior year excluding curtailments and settlements
Post-Tax Unfunded Pension / OPEB-related Liability	~$690M Pension Liability; ~$135M OPEB Liability	• Applied U.S. federal corporate tax rate of 21%
Pension / OPEB Contributions	~$120M	• Includes ~$40M impact of American Rescue Plan Act (ARPA)
Capex	$200-220M	• Less than Depreciation and Amortization; Source of Cash
Diluted Share Count Average	~436M	• Q4 exit rate of ~434M after repurchasing $200 million of common stock

$22M of Special Items Driven By Redemption of Debt due in 2022

Q2 2021 Special Items ($M, except per share amounts)	Income Before Tax	Income After Tax	Earnings per Share Diluted
AS REPORTED	**$110**	**$74**	**$0.17**
Debt redemption and other financing costs	$23	$18	
Other miscellaneous items	($2)	($2)	
Discrete and other tax related items	N/A	$6	
Subtotal: Special items	**$21**	**$22**	
EXCLUDING SPECIAL ITEMS	**$131**	**$96**	**$0.22**

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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

Segment Incremental / Decremental Margins[1]

	Q2 2020	Q2 2021	Q2 2021 YoY
Engine Products	$585M	$544M	($41M)
Fastening Systems	$326M	$262M	($64M)
Engineered Structures	$229M	$160M	($69M)
Combined Aerospace Segment 3rd Party Revenue[2]	**$1,140M**	**$966M**	**($174M)**
Engine Products	$105M	$100M	($5M)
Fastening Systems	$70M	$50M	($20M)
Engineered Structures	$19M	$11M	($8M)
Combined Aerospace Segment Operating Profit[3]	**$194M**	**$161M**	**($33M)**
Engine Products			12.2%
Fastening Systems			31.3%
Engineered Structures			11.6%
Combined Aerospace Segment Decremental Margin			**19.0%**

	Q2 2020	Q2 2021	Q2 2021 YoY
Forged Wheels Segment:			
3rd Party Revenue[2]	$113M	$229M	$116M
Segment Operating Profit[3]	$6M	$61M	$55M
Forged Wheels Segment Incremental Margin			**47.4%**

1) All metrics exclude Corporate
2) Howmet Consolidated Revenue (GAAP): Q2 2020 = $1,253M, Q2 2021 = $1,195M
3) Howmet Consolidated Income (Loss) from Continuing Ops (GAAP): Q2 2020 = ($84M), Q2 2021 = $74M

See appendix slides for reconciliations

Reconciliation of Income from Continuing Operations excluding Special items

($ in millions, except per-share amounts)	Q2 2020	Q1 2021	Q2 2021	YTD 2021
(Loss) income from continuing operations	$(84)	$80	$74	$154
Diluted EPS	$(0.19)	$0.18	$0.17	$0.35
Special items:				
Restructuring and other charges	$105	$9	$5	$14
Discrete tax items[1]	$10	$(1)	$4	$3
Other special items:				
New financing and debt tender fees	65	—	23	23
Plant fire costs (reimbursements), net	4	10	(3)	7
Legal and other advisory reimbursements related to Grenfell Tower, net	(6)	—	(4)	(4)
Other	5	(3)	2	(1)
Total Other special items	$68	$7	$18	$25
Tax impact[2]	$(44)	$1	$(5)	$(4)
Income from continuing operations excluding Special items	**$55**	**$96**	**$96**	$192
Diluted EPS excluding Special items	**$0.12**	**$0.22**	**$0.22**	$0.44

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

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Reconciliation of Operational Tax Rate

($ in millions)	Quarter ended June 30, 2021			Six months ended June 30, 2021		
	As reported	Special items (1)(2)	As adjusted	As reported	Special items (1)(2)	As adjusted
Income from continuing operations before income taxes	$110	$21	$131	$223	$40	$263
Provision (benefit) for income taxes	$36	$(1)	$35	$69	$2	$71
Operational tax rate	32.7%		26.7%	30.9%		27.0%

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

(1) Special items for the quarter ended June 30, 2021 include new financing and debt tender fees $23 and Restructuring and other charges $5, partially offset by ($3) of net reimbursements related to fires at two plants and a reimbursement of legal and other advisory costs related to Grenfell Tower ($4). Special items for the six months ended June 30, 2021 include new financing and debt tender fees $23, Restructuring and other charges $14, and $7 related to net costs related to fires at two plants, net of reimbursement, partially offset by a reimbursement of legal and other advisory costs related to Grenfell Tower ($4).

(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 June 30, 2021, a charge related to a U.K. tax rate change $2, and a net charge for other items $2; and
- for the six months ended June 30, 2021, a charge related to a U.K. tax rate change $2, and a net charge for other items $1.

Calculation of Segment Information

	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Engine Products									
Third-party sales	$ 828	$ 3,320	$ 781	$ 585	$ 485	$ 555	$ 2,406	$ 534	$ 544
Inter-segment sales	$ 2	$ 11	$ 2	$ 1	$ 1	$ 1	$ 5	$ 1	$ 1
Segment operating profit	$ 156	$ 621	$ 165	$ 105	$ 39	$ 108	$ 417	$ 101	$ 100
Segment operating profit margin	18.8 %	18.7 %	21.1 %	17.9 %	8.0 %	19.5 %	17.3 %	18.9 %	18.4 %
Provision for depreciation and amortization	$ 31	$ 131	$ 30	$ 31	$ 31	$ 31	$ 123	$ 31	$ 30
Depreciation and amortization % of Revenue	3.7 %	3.9 %	3.8 %	5.3 %	6.4 %	5.6 %	5.1 %	5.8 %	5.5 %
Restructuring and other charges (credits)	$ 1	$ 297	$ 13	$ 22	$ 9	$ (8)	$ 36	$ 5	$ 5
Capital expenditures	$ 46	$ 211	$ 19	$ 14	$ 15	$ 29	$ 77	$ 11	$ 16
Fastening Systems									
Third-party sales	$ 376	$ 1,561	$ 385	$ 326	$ 271	$ 263	$ 1,245	$ 272	$ 262
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Segment operating profit	$ 99	$ 396	$ 96	$ 70	$ 33	$ 48	$ 247	$ 45	$ 50
Segment operating profit margin	26.3 %	25.4 %	24.9 %	21.5 %	12.2 %	18.3 %	19.8 %	16.5 %	19.1 %
Provision for depreciation and amortization	$ 12	$ 48	$ 12	$ 12	$ 12	$ 12	$ 48	$ 12	$ 13
Depreciation and amortization % of Revenue	3.2 %	3.1 %	3.1 %	3.7 %	4.4 %	4.6 %	3.9 %	4.4 %	5.0 %
Restructuring and other charges	$ —	$ 6	$ 2	$ 24	$ —	$ 13	$ 39	$ 2	$ 3
Capital expenditures	$ 12	$ 36	$ 8	$ 7	$ 9	$ 15	$ 39	$ 5	$ 9

Calculation of Segment Information (continued)

	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Engineered Structures									
Third-party sales	$ 312	$ 1,255	$ 275	$ 229	$ 206	$ 217	$ 927	$ 176	$ 160
Inter-segment sales	$ 3	$ 13	$ 3	$ 2	$ 1	$ 1	$ 7	$ 1	$ 2
Segment operating profit	$ 39	$ 120	$ 28	$ 19	$ 10	$ 16	$ 73	$ 10	$ 11
Segment operating profit margin	12.5 %	9.6 %	10.2 %	8.3 %	4.9 %	7.4 %	7.9 %	5.7 %	6.9 %
Provision for depreciation and amortization	$ 12	$ 58	$ 13	$ 14	$ 13	$ 12	$ 52	$ 12	$ 13
Depreciation and amortization % of Revenue	3.8 %	4.6 %	4.7 %	6.1 %	6.3 %	5.5 %	5.6 %	6.8 %	8.1 %
Restructuring and other charges (credits)	$ 1	$ 199	$ 17	$ (5)	$ 9	$ 7	$ 28	$ 1	$ —
Capital expenditures	$ 5	$ 27	$ 3	$ 5	$ 3	$ 8	$ 19	$ 5	$ 5
Forged Wheels									
Third-party sales	$ 217	$ 969	$ 191	$ 113	$ 172	$ 203	$ 679	$ 227	$ 229
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Segment operating profit	$ 60	$ 253	$ 50	$ 6	$ 35	$ 62	$ 153	$ 70	$ 61
Segment operating profit margin	27.6 %	26.1 %	26.2 %	5.3 %	20.3 %	30.5 %	22.5 %	30.8 %	26.6 %
Provision for depreciation and amortization	$ 8	$ 32	$ 10	$ 9	$ 10	$ 10	$ 39	$ 10	$ 9
Depreciation and amortization % of Revenue	3.7 %	3.3 %	5.2 %	8.0 %	5.8 %	4.9 %	5.7 %	4.4 %	3.9 %
Restructuring and other charges (credits)	$ (1)	$ 4	$ 2	$ 1	$ —	$ —	$ 3	$ —	$ —
Capital expenditures	$ 14	$ 70	$ 7	$ 4	$ 6	$ 6	$ 23	$ 9	$ 13

Calculation of Total Segment Operating Profit Margin

($ in millions)	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Third-party sales – Engine Products	$828	$3,320	$781	$585	$485	$555	$2,406	$534	$544
Third-party sales – Fastening Systems	$376	$1,561	$385	$326	$271	$263	$1,245	$272	$262
Third-party sales – Engineered Structures	$312	$1,255	$275	$229	$206	$217	$927	$176	$160
Third-party sales – Forged Wheels	$217	$969	$191	$113	$172	$203	$679	$227	$229
Total segment third-party sales	**$1,733**	**$7,105**	**$1,632**	**$1,253**	**$1,134**	**$1,238**	**$5,257**	**$1,209**	**$1,195**
Total segment operating profit[1]	$354	$1,390	$339	$200	$117	$234	$890	$226	$222
Total segment operating profit margin	20.4%	19.6%	20.8%	16.0%	10.3%	18.9%	16.9%	18.7%	18.6%

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.

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

[1] See Reconciliation of Consolidated Totals to Total Segment Operating Profit to Consolidated Income Before Income Taxes.

Reconciliation of Total Segment to Consolidated Totals

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

($ in millions)	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Income (loss) from continuing operations before income taxes	$198	$210	$198	$(86)	$(12)	$71	$171	$113	$110
Interest expense	82	338	84	144	77	76	381	72	89
Other expense (income), net	5	31	(24)	16	8	74	74	4	8
Consolidated operating income	**$285**	**$579**	**$258**	**$74**	**$73**	**$221**	**$626**	**$189**	**$207**
Unallocated amounts:									
Restructuring and other charges	10	582	39	105	22	16	182	9	5
Corporate expense (income)[(1)]	59	229	42	21	22	(3)	82	28	10
Total segment operating profit	**$354**	**$1,390**	**$339**	**$200**	**$117**	**$234**	**$890**	**$226**	**$222**

(1) 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. For the quarter ended June 30, 2021, Corporate expense included ($4) of reimbursement related to legal and advisory charges related to Grenfell Tower, and ($3) of net reimbursement related to fires at two plants.

Reconciliation of Total Segment Capital Expenditures to Consolidated Capital Expenditures

($ in millions)	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Total segment capital expenditures	$77	$344	$37	$30	$33	$58	$158	$30	$43
Corporate and discontinued operations	32	297	115	2	3	(11)	109	25	(7)
Capital expenditures	**$109**	**$641**	**$152**	**$32**	**$36**	**$47**	**$267**	**$55**	**$36**

Reconciliation of Operating Income and Margin Excluding Special Items

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Operating income	$258	$74	$73	$221	$626	$189	$207
Special items:							
Restructuring and other charges	39	105	22	16	182	9	5
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)	—	(4)
Plant fire costs (reimbursements), net	11	4	7	(19)	3	10	(3)
Impairment costs related to facilities closures	3	—	—	—	3	—	—
Operating income excluding Special items	**$314**	**$180**	**$100**	**$215**	**$809**	**$208**	**$205**
Sales	$1,634	$1,253	$1,134	$1,238	$5,259	$1,209	$1,195
Operating income margin	15.8%	5.9%	6.4%	17.9%	11.9%	15.6%	17.3%
Operating income margin, excluding Special items	19.2%	14.4%	8.8%	17.4%	15.4%	17.2%	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.

Reconciliation of Adjusted EBITDA excluding Special Items

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Income (loss) from continuing operations after income taxes	$153	$(84)	$36	$106	$211	$80	$74
Add:							
Provision (benefit) for income taxes	$45	$(2)	$(48)	$(35)	$(40)	$33	$36
Other (income) expense, net	(24)	16	8	74	74	4	8
Interest expense	84	144	77	76	381	72	89
Restructuring and other charges	39	105	22	16	182	9	5
Provision for depreciation and amortization	71	73	68	67	279	68	67
Adjusted EBITDA	**$368**	**$252**	**$163**	**$304**	**$1,087**	**$266**	**$279**
Add:							
Costs associated with the Arconic Inc. Separation Transaction	$4	$3	$—	$—	$7	$—	$—
Plant fire costs (reimbursements), net[(1)]	11	(2)	7	(19)	(3)	9	(3)
Legal and other advisory reimbursements related to Grenfell Tower	(1)	(6)	(2)	(3)	(12)	—	(4)
Impairment costs related to facilities closures	3	—	—	—	3	—	—
Adjusted EBITDA excluding Special items	**$385**	**$247**	**$168**	**$282**	**$1,082**	**$275**	**$272**
Sales	$1,634	$1,253	$1,134	$1,238	$5,259	$1,209	$1,195
Adjusted EBITDA excluding Special items Margin	23.6%	19.7%	14.8%	22.8%	20.6%	22.7%	22.8%

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 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.

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

Reconciliation of Adjusted Free Cash Flow

($ in millions)	Q1 2021	Q2 2021	YTD 2021
Cash (used for) provided from operations	$(6)	$85	**$79**
Cash receipts from sold receivables	57	115	**172**
Capital expenditures	(55)	(36)	**(91)**
Adjusted free cash flow	**$(4)**	**$164**	**$160**

The net cash funding from the sale of accounts receivables was neither a use of cash nor a source of cash for all periods presented.

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)	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021
Short-term debt	$391	$384	$376	$489	$13
Long-term debt, less amount due within one year	4,695	4,697	4,699	4,224	4,227
Total debt	**$5,086**	**$5,081**	**$5,075**	**$4,713**	**$4,240**
Less: Cash, cash equivalents, and restricted cash	1,285	1,368	1,611	1,239	716
Net debt	**$3,801**	**$3,713**	**$3,464**	**$3,474**	**$3,524**

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

Reconciliation of Net debt to Adjusted EBITDA Excluding Special Items

($ in millions)	Trailing-12 months ended			
		March 31, 2021		June 30, 2021
Income from continuing operations after income taxes	$	138	$	296
Add:				
Benefit for income taxes		(52)		(14)
Other expense, net		102		94
Interest expense		369		314
Restructuring and other charges		152		52
Provision for depreciation and amortization		276		270
Adjusted EBITDA	**$**	**985**	**$**	**1,012**
Add:				
Costs associated with the Arconic Inc. Separation Transaction	$	3	$	—
Plant fire reimbursements, net [1]		(5)		(6)
Legal and other advisory reimbursements related to Grenfell Tower, net		(11)		(9)
Adjusted EBITDA excluding Special items	**$**	**972**	**$**	**997**
Net debt	$	3,474	$	3,524
Net debt to Adjusted EBITDA excluding Special items		3.57		3.53

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

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

Reconciliation of Corporate Expense Excluding Special Items

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Corporate expense (income)	$42	$21	$22	$(3)	$82	$28	$10
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)	—	(4)
Plant fire costs (reimbursements), net	11	4	7	(19)	3	10	(3)
Impairment costs related to facilities closures	3	—	—	—	3	—	—
Corporate expense excluding Special items	**$25**	**$20**	**$17**	**$19**	**$81**	**$18**	**$17**

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 (income) 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
Second quarter ended June 30, 2020					
Aerospace - Commercial	$312	$224	$144	$—	$680
Aerospace - Defense	$125	$39	$64	$—	$228
Commercial Transportation	$—	$34	$—	$113	$147
Industrial and Other	$148	$29	$21	$—	$198
Third-party sales end-market revenue	**$585**	**$326**	**$229**	**$113**	**$1,253**
Second quarter ended June 30, 2021					
Aerospace - Commercial	$260	$129	$79	$—	$468
Aerospace - Defense	$121	$41	$64	$—	$226
Commercial Transportation	$—	$49	$—	$229	$278
Industrial and Other	$163	$43	$17	$—	$223
Third-party sales end-market revenue	**$544**	**$262**	**$160**	**$229**	**$1,195**

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

Reconciliation of Segment Adjusted EBITDA

($ in millions)	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021
Engine Products									
Segment operating profit	$156	$621	$165	$105	$39	$108	$417	$101	$100
Provision for depreciation and amortization	31	131	30	31	31	31	123	31	30
Adjusted EBITDA	**$187**	**$752**	**$195**	**$136**	**$70**	**$139**	**$540**	**$132**	**$130**
Third-party sales	$828	$3,320	$781	$585	$485	$555	$2,406	$534	$544
Adjusted EBITDA margin	22.6%	22.7%	25.0%	23.2%	14.4%	25.0%	22.4%	24.7%	23.9%
Fastening Systems									
Segment operating profit	$99	$396	$96	$70	$33	$48	$247	$45	$50
Provision for depreciation and amortization	12	48	12	12	12	12	48	12	13
Adjusted EBITDA	**$111**	**$444**	**$108**	**$82**	**$45**	**$60**	**$295**	**$57**	**$63**
Third-party sales	$376	$1,561	$385	$326	$271	$263	$1,245	$272	$262
Adjusted EBITDA margin	29.5%	28.4%	28.1%	25.2%	16.6%	22.8%	23.7%	21.0%	24.0%
Engineered Structures									
Segment operating profit	$39	$120	$28	$19	$10	$16	$73	$10	$11
Provision for depreciation and amortization	12	58	13	14	13	12	52	12	13
Adjusted EBITDA	**$51**	**$178**	**$41**	**$33**	**$23**	**$28**	**$125**	**$22**	**$24**
Third-party sales	$312	$1,255	$275	$229	$206	$217	$927	$176	$160
Adjusted EBITDA margin	16.3%	14.2%	14.9%	14.4%	11.2%	12.9%	13.5%	12.5%	15.0%
Forged Wheels									
Segment operating profit	$60	$253	$50	$6	$35	$62	$153	$70	$61
Provision for depreciation and amortization	8	32	10	9	10	10	39	10	9
Adjusted EBITDA	**$68**	**$285**	**$60**	**$15**	**$45**	**$72**	**$192**	**$80**	**$70**
Third-party sales	$217	$969	$191	$113	$172	$203	$679	$227	$229
Adjusted EBITDA margin	31.3%	29.4%	31.4%	13.3%	26.2%	35.5%	28.3%	35.2%	30.6%

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

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