Third Quarter 2021 Earnings Call

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

November 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; any future dividends and repurchases of its debt or equity securities; and expected employment plans. 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.

In this presentation "YTD" references mean the nine months ended September 30, 2021; and "YTD 2021" references mean the period from January 1, 2021 through the date of this presentation

Q3 2021 Highlights

Revenue and Profitability Excluding Special Items[1]	Q3 2020	Q2 2021	Q3 2021
Revenue	$1.134B	$1.195B	$1.283B
Adj EBITDA[1]	$168M	$272M	$292M
Adj EBITDA Margin[1]	14.8%	22.8%	22.8%
Adj Operating Income[2]	$100M	$205M	$224M
Adj Earnings Per Share[3]	$0.03	$0.22	$0.27

- Q3 2021 Revenue up 7% Sequentially
- Q3 2021 Adj EBITDA[1] up 7% and Adj Earnings Per Share[3] up 23% Sequentially

Balance Sheet and Cash Flow

- Q3 2021 Adj Free Cash Flow of $115M[4]; Record YTD Adj Free Cash Flow of $275M[5]
- 2021 Debt Actions Reduce Annualized Interest Expense ~$70M
- Repurchased ~770K shares of Common Stock in Q3 2021 for $25M; ~7M shares for $225M Q3 YTD
- Q3 2021 Ending Cash balance of $726M
- ~$180M YTD 2021 reduction in Pension / OPEB Liability; YTD 2021 Pension and OPEB Expense reduced by ~50% YoY

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1) Income (Loss) from Continuing Ops (GAAP): Q3 2020 = $36M, Q2 2021 = $74M; Q3 2021 = $27M 2) Operating income (GAAP): Q3 2020 = $73M, Q2 2021 = $207M, Q3 2021 = $205M 3) EPS (GAAP): Q3 2020 = $0.08, Q2 2021 = $0.17, Q3 2021 = $0.06 4) Q3 2021: Cash provided from operations = $67M, Cash used for financing activities = ($106M), Cash provided from investing activities = $50M 5) 9 months ended 9/30/21: Cash provided from operations = $146M, Cash used for financing activities = ($1,174M), Cash provided from investing activities = $144M *See appendix for reconciliations*

Q3 2021 at Expectations; Revenue Growth, Margin Expansion, Solid Cash Flow

Markets

- Q3 2021 Revenue up 13% YoY and 7% Sequentially
- Commercial Aerospace up 15% YoY and 16% Sequentially driven by Engine Products
- Commercial Transportation up 38% YoY. Sequential Growth impacted by customer supply chain constraints
- Industrial Gas Turbine up 26% YoY and up 6% Sequentially driven by new builds and spares
- Defense Aerospace down 11% YoY and up 3% Sequentially

Price Increase / Cost Reduction / Cash Management

- Price Increases continued in line with expectations primarily tied to long-term agreements
- Structural Cost Reductions of $23M in Q3 2021; $121M YTD, exceeded full year target of $100M
- Incremental Operating Margin: Engine Products ~70%; Forged Wheels ~45%
- Operating Margin up 630 bps for Fasteners and up 210 bps for Structures despite lower revenues YoY
- Adj EBITDA Margin[1] up 800 bps driven by Volume, Price, and Structural Cost Reductions
- Q3 2021 Adj Free Cash Flow of $115M[2]; Record YTD Adj Free Cash Flow of $275M[3]
- 2021 Debt Actions Reduce Annualized Interest Expense ~$70M

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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): Q3 2020 = $36M, Q3 2021 = $27M 2) Q3 2021: Cash provided from operations = $67M, Cash used for financing activities = ($106M), Cash provided from investing activities = $50M 3) 9 months ended 9/30/21: Cash provided from operations = $146M, Cash used for financing activities = ($1,174M), Cash provided from investing activities = $144M *See appendix for reconciliations*

Q3 2021 Adjusted EBITDA Margin 22.8%[1]; Up 800 Basis Points YoY

	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
3rd Party Revenue	$1,253M	$1,134M	$1,238M	$1,209M	$1,195M	**$1,283M**
Adj EBITDA[1]	$247M	$168M	$282M	$275M	$272M	**$292M**
Adj EBITDA Margin[1]	19.7%	14.8%	22.8%	22.7%	22.8%	**22.8%**

Q3 2021

- Revenue Growth driven by Commercial Aerospace, Commercial Transportation, and Industrial Gas Turbine
  - Q3 2021 at **$1,283M** versus Q2 2020 – Q2 2021 average of **$1,206M**
- Adj EBITDA Margin expansion of **800 bps** versus Q3 2020
- Adj EBITDA Margins consistent since Q4 2020 despite headcount additions in Engine Products of ~500 in Q3 2021 and ~300 in Q2 2021 associated with Aerospace ramp up

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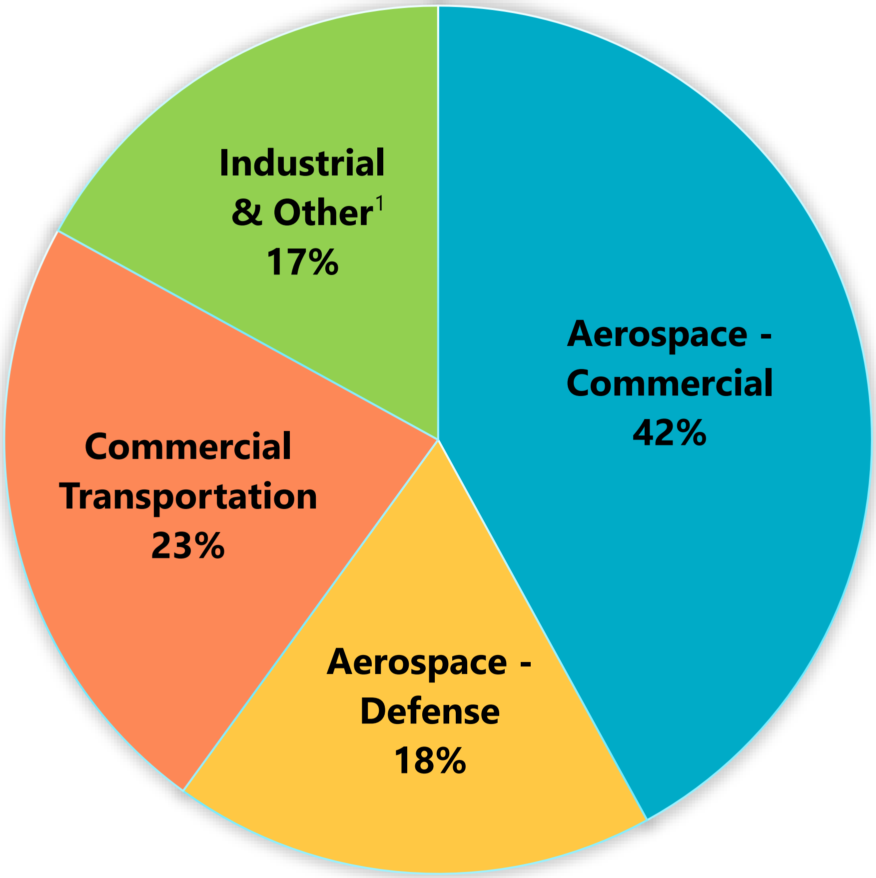
1) Excluding special items. Howmet Consolidated Income (Loss) from Continuing Ops (GAAP): Q2 2020 = ($84M), Q3 2020 = $36M, Q4 2020 = $106M, Q1 2021 = $80M, Q2 2021 = $74M, Q3 2021 = $27M *See appendix for reconciliations*

Q3 2021 Revenue Up 13% YoY and Up 7% Sequentially

Revenue by Market (% of total)



Revenue by Market (% change)	YoY	Sequential
Aerospace - Commercial	15%	16%
Aerospace - Defense	(11%)	3%
Subtotal - Aerospace	6%	12%
Commercial Transportation	38%	4%
Industrial & Other[1]	14%	(2%)
Total Revenue	13%	7%

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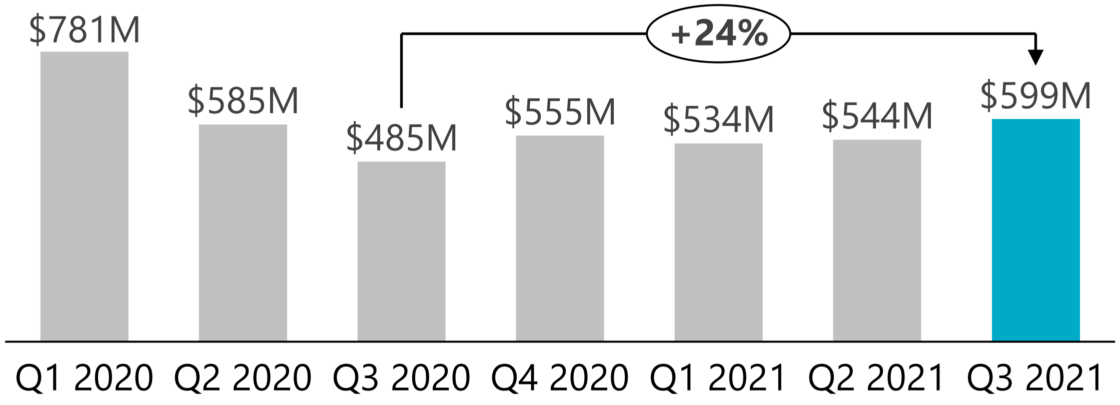
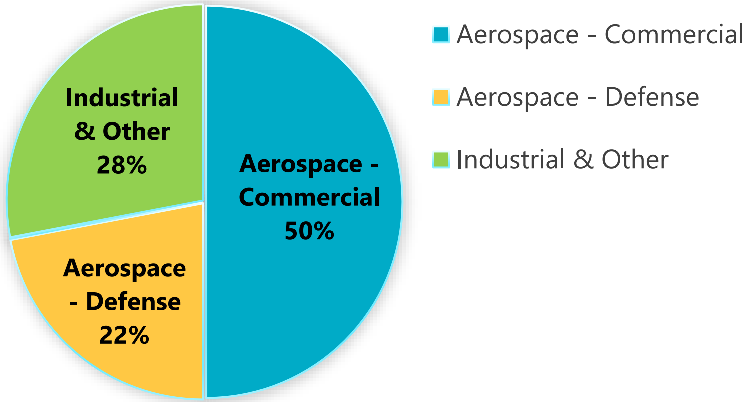
1) IGT represents ~45%, general Industrial represents ~40%, and Oil & Gas represents ~15% of total Industrial & Other

Engine Products: Commercial Aerospace Returning; Headcount Adds for Growth

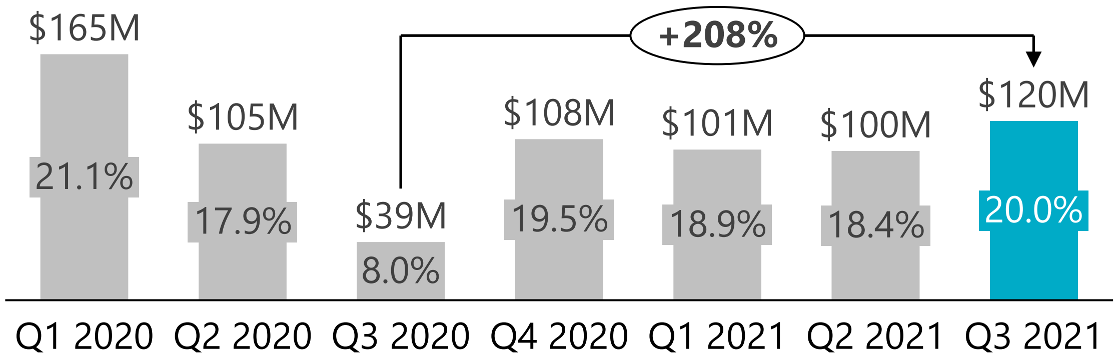
3rd Party Revenue



Revenue by Market (% of total)



Segment Operating Profit and Margin



Q3 2021 YoY

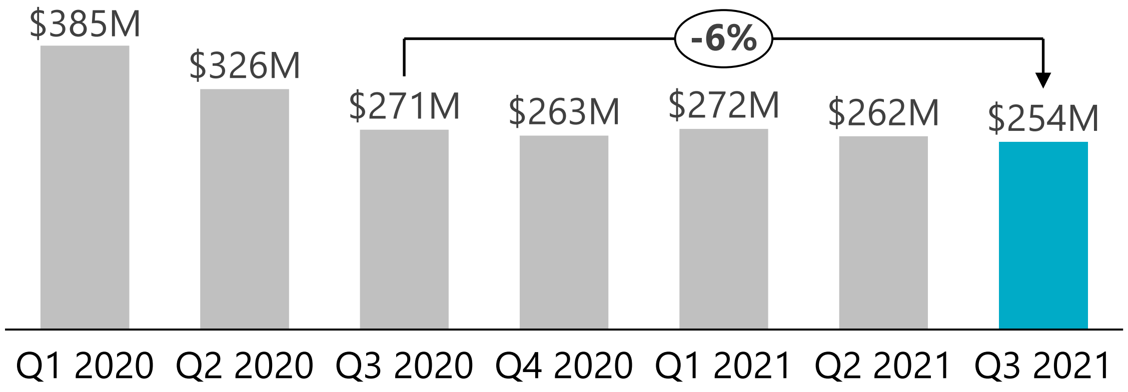
+ Narrow Body Recovery
+ Industrial Gas Turbine Growth
+ Cost Reductions
+ Increased Headcount ~500 for Future Growth
– Spares / Aftermarket Demand remains low
– Defense Aerospace Decline

Q3 2021 Depreciation & Amortization (D&A) of $31M, 5.2% of Segment Revenue

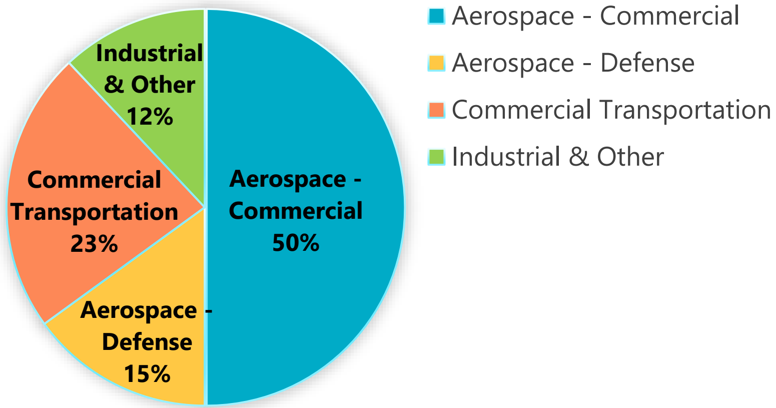
See appendix for reconciliations

Fastening Systems: Commercial Aerospace Decline ~25%; Cost Reductions Continue

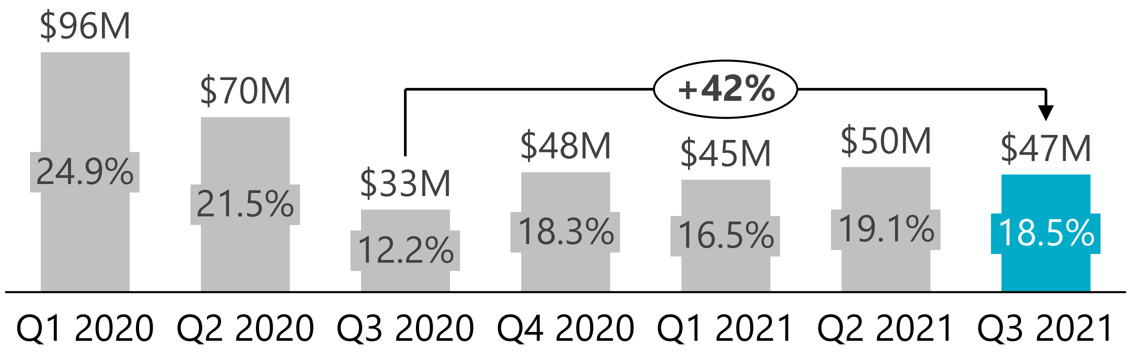
3rd Party Revenue



Revenue by Market (% of total)



Segment Operating Profit and Margin



Q3 2021 YoY

- \+ Commercial Transportation and Industrial Growth
- \+ Cost Reductions
- – Boeing 787 Production Decline
- – Lagging Commercial Aero Recovery; Inventory Corrections

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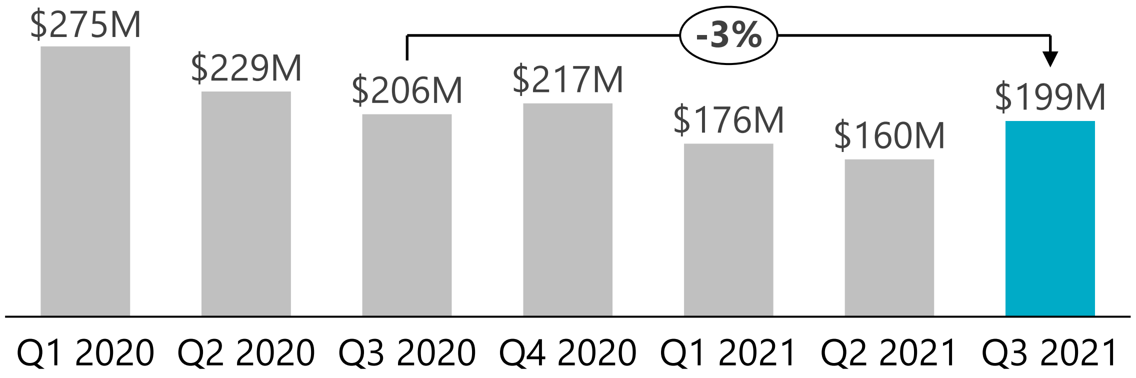
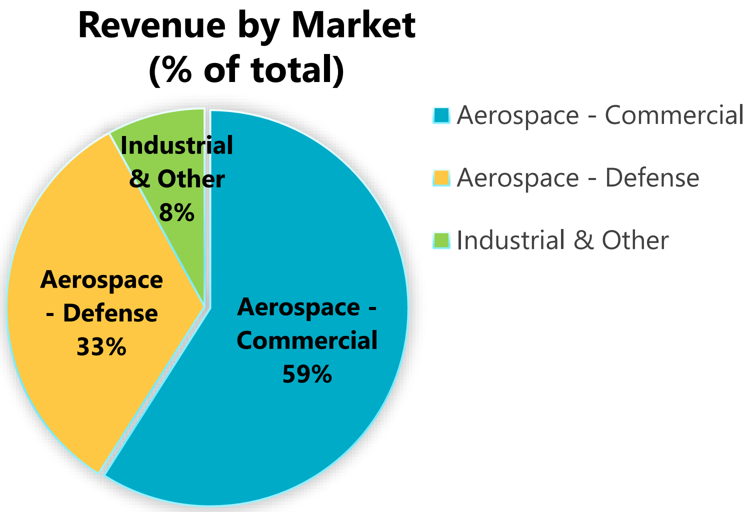
Q3 2021 Depreciation & Amortization (D&A) of $12M, 4.7% of Segment Revenue

See appendix for reconciliations

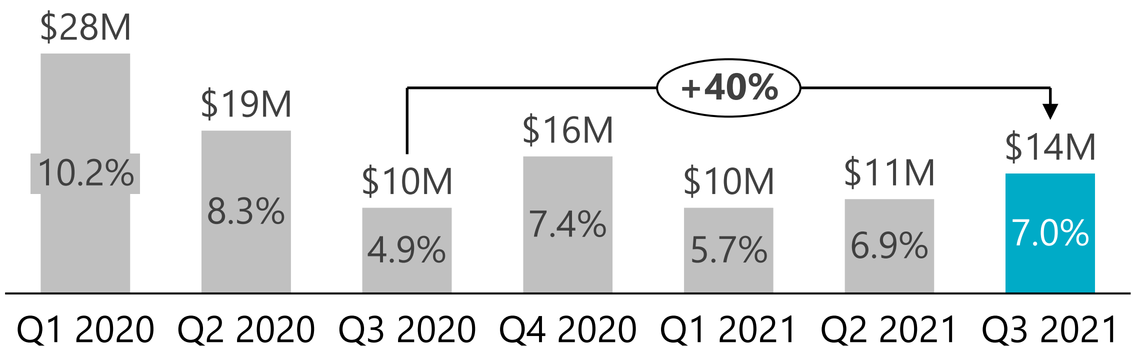
Engineered Structures: Commercial and Defense Aerospace Flat; Cost Reductions

3rd Party Revenue





Segment Operating Profit and Margin



Q3 2021 YoY

+ Level Loading of Operations Continues
+ Cost Reductions
+ Narrow Body Recovery
– Boeing 787 Production Decline
– Defense Aerospace Decline

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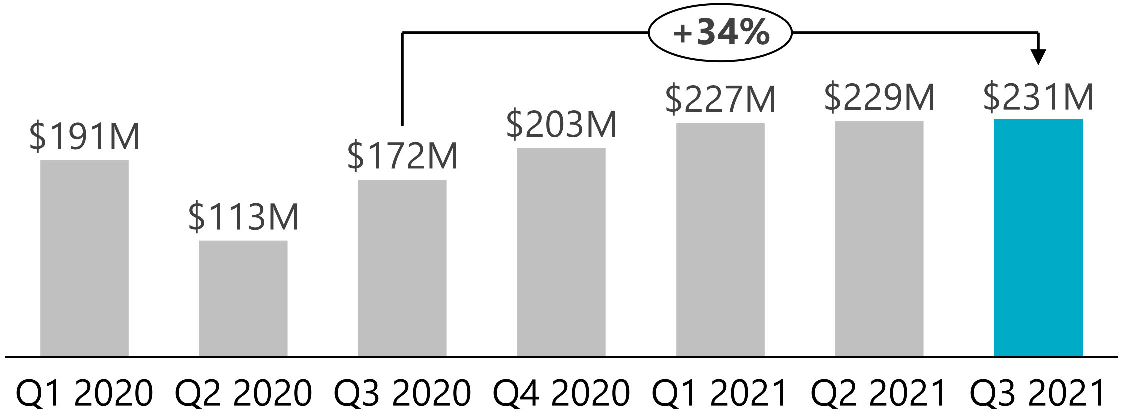
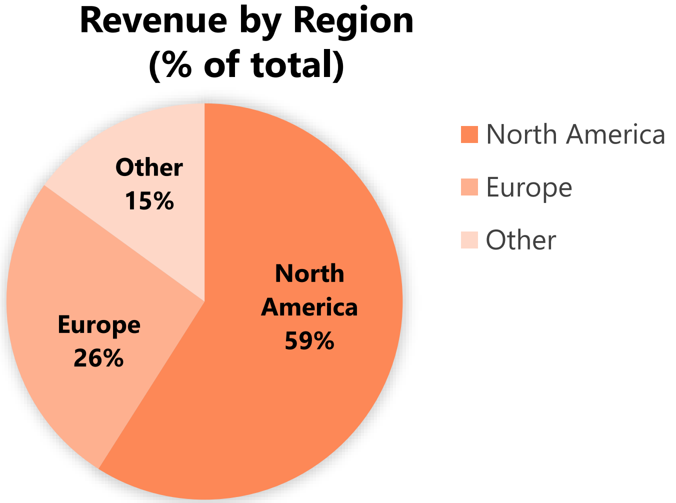
Q3 2021 Depreciation & Amortization (D&A) of $12M, 6.0% of Segment Revenue

See appendix for reconciliations

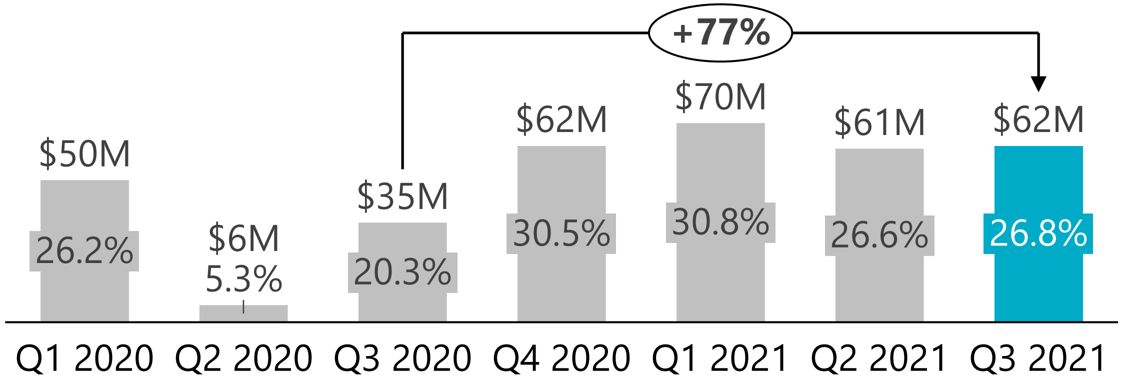
Forged Wheels: Market Recovery Moderated by Supply Chain Constraints

3rd Party Revenue





Segment Operating Profit and Margin



Q3 2021 YoY

+ Commercial Transportation Growth
+ Maximizing Production in Low-Cost Countries; Increasing 39 lb. Wheel Capacity
+ Successful Cost Management
– Volume down 4% Sequentially due to Customer Supply Chain Constraints
– Margin impacted by Metal Cost pass through

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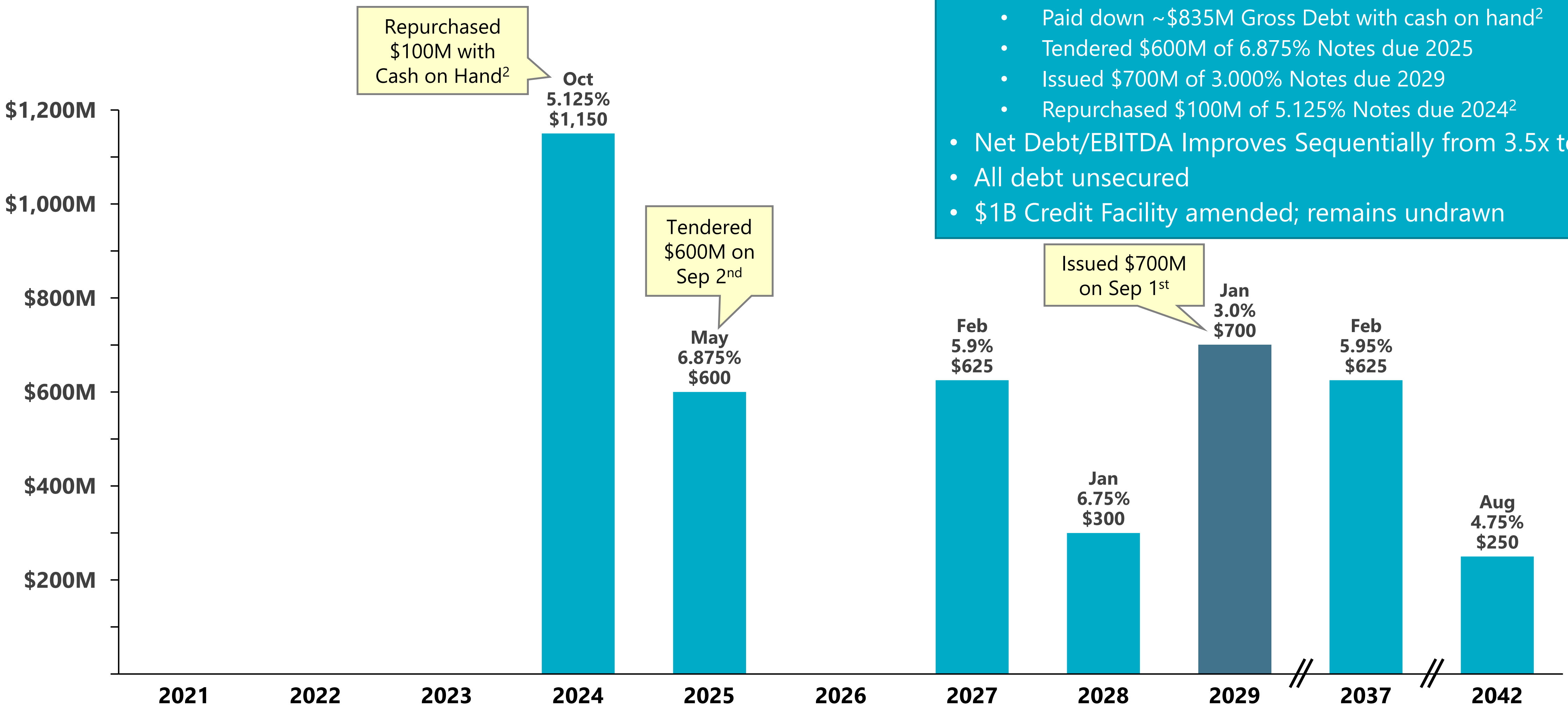
Q3 2021 Depreciation & Amortization (D&A) of $10M, 4.3% of Segment Revenue
Revenue by Region based upon shipment invoice
See appendix for reconciliations

Annualized Interest Expense Reduced ~$70M; Net Debt-to-LTM EBITDA Improves to 3.2x[1]

- Debt Actions:
  - Paid down ~$835M Gross Debt with cash on hand[2]
  - Tendered $600M of 6.875% Notes due 2025
  - Issued $700M of 3.000% Notes due 2029
  - Repurchased $100M of 5.125% Notes due 2024[2]
- Net Debt/EBITDA Improves Sequentially from 3.5x to 3.2x[1]
- All debt unsecured
- $1B Credit Facility amended; remains undrawn



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1) Adjusted for special items; Last twelve month (LTM) Howmet adjusted EBITDA *See appendix for reconciliations*
2) Repurchased $53M in Q3 2021 and $47M in October 2021

2021 Guidance

	Q4 2021 Guidance			FY 2021 Guidance		
	Low	Outlook	High	Low	Outlook	High
Revenue	$1.295B	$1.315B	$1.325B	~$4.980B	~$5.000B	~$5.010B
				Outlook Change	-$100M	
Adj EBITDA[1]	$290M	$300M	$310M	~$1.125B	~$1.135B	~$1.145B
Adj EBITDA Margin[1]	*22.4%*	*22.8%*	*23.4%*	*~22.6%*	*~22.7%*	*~22.9%*
				Outlook Change	-$35M *-20 bps*	
Adj Earnings per Share[1,2]	$0.27	$0.29	$0.30	$0.98	$1.00	$1.01
				Outlook Change	+$0.01	
Adj Free Cash Flow				$425M	$450M	$475M
				Outlook Change	Flat	

What we expect in 2021

- Second half Revenue up ~8% vs. first half
- Q4 Sequential Segment Incremental Operating Margin ~28%
- Price Increases greater than 2020
- ~$100M Cost Reduction Carryover Exceeded
- Pension/OPEB Contributions of ~$120M
- Capex of $180M - $200M vs. Depreciation and Amortization of ~$270M
- Adj Free Cash Flow Conversion ~100%

1) Excluding special items 2) Assumes ~$6M of deferred comp and other expenses in Q4 2021

Summary

Q3 Revenue / Profit	▪ Strong performance in-line with Guidance ▪ Q3 marked the start of the Commercial Aerospace Recovery with Commercial Aerospace Revenue up 16% sequentially ▪ Price Increases continued in-line with expectations primarily tied to long-term agreements ▪ Structural Cost Reductions of \$23M in Q3 2021; \$121M YTD, exceeded full year target of \$100M ▪ Adj EBITDA Margin[1] up 800 bps YoY driven by Volume, Price, and Structural Cost Reductions
Liquidity	▪ Q3 2021 Adj Free Cash Flow of \$115M[2]; Record YTD Adj Free Cash Flow of \$275M[3] ▪ 2021 Debt Actions Reduce Annualized Interest Expense ~\$70M ▪ Repurchased ~770K shares of Common Stock in Q3 2021 for \$25M; ~7M shares for \$225M YTD ▪ Q3 2021 Ending Cash balance of \$726M ▪ ~\$180M YTD 2021 reduction in Pension / OPEB Liability ▪ Reinstated Quarterly Dividend[4] of \$0.02 per share of Common Stock in Q3 2021
Guidance	▪ Expect Q4 Revenue to be ~\$35M higher than Q3 ▪ Second half 2021 Revenue expected to be up ~8% vs. first half 2021 ▪ Raised Annual 2021 Guidance for Adj Earnings per Share despite lower Revenue Guidance ▪ Focusing on 2021 exit Adj EBITDA Margin rate of ~23%

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1) Adjusted EBITDA Margin excluding special items; Income (Loss) from Continuing Ops (GAAP): Q3 2020 = \$36M, Q3 2021 = \$27M 2) Q3 2021: Cash provided from operations = \$67M, Cash used for financing activities = (\$106M), Cash provided from investing activities = \$50M 3) 9 months ended 9/30/21: Cash provided from operations = \$146M, Cash used for financing activities = (\$1,174M), Cash provided from investing activities = \$144M 4) 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	$255M – $260M	• Excludes debt issuance, breakage and tender fees • Annualized Run Rate after 2021 Debt Actions ~$235M
Operational Tax Rate for Continuing Ops	~26%	• 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	~$670M 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	$180M – $200M	• Less than Depreciation and Amortization; Source of Cash
Diluted Share Count Average	~436M	• Q4 exit rate of ~434M after repurchasing $225M of common stock

Special Items of $93M Driven By Debt Tender

Q3 2021 Special Items ($M, except per share amounts)	Income Before Tax	Income After Tax	Earnings per Share Diluted
AS REPORTED	**$23**	**$27**	**$0.06**
Debt tender and other financing costs	$120	$93	
Costs associated with closures, shutdowns, pension plan settlement charges and other items	$19	$14	
Discrete and other tax related items	N/A	($14)	
Subtotal: Special items	**$139**	**$93**	
EXCLUDING SPECIAL ITEMS	**$162**	**$120**	**$0.27**

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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

Combined Segment Incremental Margins[1]

	Q3 2020	Q3 2021	Q3 2021 YoY
Engine Products	$485M	$599M	$114M
Fastening Systems	$271M	$254M	($17M)
Engineered Structures	$206M	$199M	($7M)
Forged Wheels	$172M	$231M	$59M
Combined Segment 3rd Party Revenue[2]	**$1,134M**	**$1,283M**	**$149M**
Engine Products	$39M	$120M	$81M
Fastening Systems	$33M	$47M	$14M
Engineered Structures	$10M	$14M	$4M
Forged Wheels	$35M	$62M	$27M
Combined Segment Operating Profit[3]	**$117M**	**$243M**	**$126M**
Engine Products			71%
Fastening Systems			n/a
Engineered Structures			n/a
Forged Wheels			46%
Combined Segment Incremental Margin			**85%**

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1) All metrics exclude Corporate
2) Howmet Consolidated Revenue (GAAP): Q3 2020 = $1,134M, Q3 2021 = $1,283M
3) Howmet Consolidated Income (Loss) from Continuing Ops (GAAP): Q3 2020 = $36M, Q3 2021 = $27M
See appendix slides for reconciliations

Reconciliation of Income from Continuing Operations Excluding Special Items

($ in millions, except per-share amounts)	Q3 2020	Q2 2021	Q3 2021	YTD 2021
Income from continuing operations	**$36**	**$74**	**$27**	**$181**
Diluted EPS	**$0.08**	**$0.17**	**$0.06**	**$0.41**
Special items:				
Restructuring and other charges	**$22**	**$5**	**$8**	**$22**
Discrete tax items[1]	**$(41)**	**$4**	**$(12)**	**$(9)**
Other special items:				
Debt tender fees and related costs	—	23	120	143
Plant fire costs (reimbursements), net	7	(3)	1	8
Legal and other advisory reimbursements related to Grenfell Tower, net	(2)	(4)	—	(4)
Costs associated with closures, shutdowns, and other items	—	—	10	10
Other tax items	(2)	2	(2)	(3)
Total Other special items	**$3**	**$18**	**$129**	**$154**
Tax impact[2]	**$(7)**	**$(5)**	**$(32)**	**$(36)**
Income from continuing operations excluding Special items	**$13**	**$96**	**$120**	**$312**
Diluted EPS excluding Special items	**$0.03**	**$0.22**	**$0.27**	**$0.71**

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) 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 September 30, 2021			Nine months ended September 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	$23	$139	$162	$246	$179	$425
(Benefit) provision for income taxes	$(4)	$46	$42	$65	$48	$113
Operational tax rate	(17.4)%		25.9%	26.4%		26.6%

Operational tax rate is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of 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 September 30, 2021 include debt tender fees and related costs $120, Restructuring and other charges $11, costs associated with closures, shutdowns, and other items $10, and $1 costs related to fires at two plants, net of reimbursement. Special items for the nine months ended September 30, 2021 include debt tender fees and related costs $143, Restructuring and other charges $25, $8 costs related to fires at two plants, net of reimbursement, costs associated with closures, shutdowns, and other items $10, 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 September 30, 2021, a net benefit related to prior year amended returns and audit settlements ($13), and a net charge for other items $1; and
- for the nine months ended September 30, 2021, a net benefit related to prior year amended returns and audit settlements ($13), a charge related to a U.K. tax rate change $2, and a net charge for other items $2.

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Calculation of Segment Information

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Engine Products								
Third-party sales	$ 781	$ 585	$ 485	$ 555	$ 2,406	$ 534	$ 544	$ 599
Inter-segment sales	$ 2	$ 1	$ 1	$ 1	$ 5	$ 1	$ 1	$ 1
Segment operating profit	$ 165	$ 105	$ 39	$ 108	$ 417	$ 101	$ 100	$ 120
Segment operating profit margin	21.1 %	17.9 %	8.0 %	19.5 %	17.3 %	18.9 %	18.4 %	20.0 %
Provision for depreciation and amortization	$ 30	$ 31	$ 31	$ 31	$ 123	$ 31	$ 30	$ 31
Depreciation and amortization % of Revenue	3.8 %	5.3 %	6.4 %	5.6 %	5.1 %	5.8 %	5.5 %	5.2 %
Restructuring and other charges (credits)	$ 13	$ 22	$ 9	$ (8)	$ 36	$ 5	$ 5	$ 5
Capital expenditures	$ 19	$ 14	$ 15	$ 29	$ 77	$ 11	$ 16	$ 21
Fastening Systems								
Third-party sales	$ 385	$ 326	$ 271	$ 263	$ 1,245	$ 272	$ 262	$ 254
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Segment operating profit	$ 96	$ 70	$ 33	$ 48	$ 247	$ 45	$ 50	$ 47
Segment operating profit margin	24.9 %	21.5 %	12.2 %	18.3 %	19.8 %	16.5 %	19.1 %	18.5 %
Provision for depreciation and amortization	$ 12	$ 12	$ 12	$ 12	$ 48	$ 12	$ 13	$ 12
Depreciation and amortization % of Revenue	3.1 %	3.7 %	4.4 %	4.6 %	3.9 %	4.4 %	5.0 %	4.7 %
Restructuring and other charges	$ 2	$ 24	$ —	$ 13	$ 39	$ 2	$ 3	$ 3
Capital expenditures	$ 8	$ 7	$ 9	$ 15	$ 39	$ 5	$ 9	$ 8

Calculation of Segment Information (continued)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Engineered Structures								
Third-party sales	$ 275	$ 229	$ 206	$ 217	$ 927	$ 176	$ 160	$ 199
Inter-segment sales	$ 3	$ 2	$ 1	$ 1	$ 7	$ 1	$ 2	$ 1
Segment operating profit	$ 28	$ 19	$ 10	$ 16	$ 73	$ 10	$ 11	$ 14
Segment operating profit margin	10.2 %	8.3 %	4.9 %	7.4 %	7.9 %	5.7 %	6.9 %	7.0 %
Provision for depreciation and amortization	$ 13	$ 14	$ 13	$ 12	$ 52	$ 12	$ 13	$ 12
Depreciation and amortization % of Revenue	4.7 %	6.1 %	6.3 %	5.5 %	5.6 %	6.8 %	8.1 %	6.0 %
Restructuring and other charges (credits)	$ 17	$ (5)	$ 9	$ 7	$ 28	$ 1	$ —	$ —
Capital expenditures	$ 3	$ 5	$ 3	$ 8	$ 19	$ 5	$ 5	$ 3
Forged Wheels								
Third-party sales	$ 191	$ 113	$ 172	$ 203	$ 679	$ 227	$ 229	$ 231
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Segment operating profit	$ 50	$ 6	$ 35	$ 62	$ 153	$ 70	$ 61	$ 62
Segment operating profit margin	26.2 %	5.3 %	20.3 %	30.5 %	22.5 %	30.8 %	26.6 %	26.8 %
Provision for depreciation and amortization	$ 10	$ 9	$ 10	$ 10	$ 39	$ 10	$ 9	$ 10
Depreciation and amortization % of Revenue	5.2 %	8.0 %	5.8 %	4.9 %	5.7 %	4.4 %	3.9 %	4.3 %
Restructuring and other charges	$ 2	$ 1	$ —	$ —	$ 3	$ —	$ —	$ —
Capital expenditures	$ 7	$ 4	$ 6	$ 6	$ 23	$ 9	$ 13	$ 15

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Calculation of Total Segment Operating Profit Margin

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Third-party sales – Engine Products	$781	$585	$485	$555	$2,406	$534	$544	$599
Third-party sales – Fastening Systems	$385	$326	$271	$263	$1,245	$272	$262	$254
Third-party sales – Engineered Structures	$275	$229	$206	$217	$927	$176	$160	$199
Third-party sales – Forged Wheels	$191	$113	$172	$203	$679	$227	$229	$231
Total segment third-party sales	$1,632	$1,253	$1,134	$1,238	$5,257	$1,209	$1,195	$1,283
Total segment operating profit[1]	$339	$200	$117	$234	$890	$226	$222	$243
Total segment operating profit margin	20.8%	16.0%	10.3%	18.9%	16.9%	18.7%	18.6%	18.9%

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.

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Reconciliation of Total Segment to Consolidated Totals

Reconciliation of Total Segment Operating Profit to Consolidated Income (Loss) Before Income Taxes

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Income (loss) from continuing operations before income taxes	$198	$(86)	$(12)	$71	$171	$113	$110	$23
Loss on debt redemption	—	64	—	—	64	—	23	118
Interest expense, net	84	80	77	76	317	72	66	63
Other (income) expense, net	(24)	16	8	74	74	4	8	1
Operating income	$258	$74	$73	$221	$626	$189	$207	$205
Unallocated amounts:								
Restructuring and other charges	39	105	22	16	182	9	5	8
Corporate expense (income)[1]	42	21	22	(3)	82	28	10	30
Total segment operating profit	$339	$200	$117	$234	$890	$226	$222	$243

(1) For the quarter ended March 31, 2020, Corporate expense included $4 of costs associated with the Arconic Inc. Separation Transaction, $11 costs related to fires at two plants, net of reimbursement, and costs associated with closures and shutdowns $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 costs related to fires at two plants, net of reimbursement. 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 costs related to fires at two plants, net of reimbursement. 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 costs related to fires at two plants, net of reimbursement. For the quarter ended June 30, 2021, Corporate expense included ($4) of reimbursement related to legal and advisory charges related to Grenfell Tower, and ($3) of net reimbursement related to fires at two plants. For the quarter ended September 30, 2021, Corporate expense included costs associated with closures, shutdowns, and other items $10 and $1 costs related to fires at two plants, net of reimbursement.

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	Q3 2021
Operating income	$258	$74	$73	$221	$626	$189	$207	$205
Special items:								
Restructuring and other charges	39	105	22	16	182	9	5	8
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)	1
Costs associated with closures, shutdowns, and other items	3	—	—	—	3	—	—	10
Operating income excluding Special items	$314	$180	$100	$215	$809	$208	$205	$224
Sales	$1,634	$1,253	$1,134	$1,238	$5,259	$1,209	$1,195	$1,283
Operating income margin	15.8%	5.9%	6.4%	17.9%	11.9%	15.6%	17.3%	16.0%
Operating income margin, excluding Special items	19.2%	14.4%	8.8%	17.4%	15.4%	17.2%	17.2%	17.5%

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	Q3 2021
Income (loss) from continuing operations after income taxes	**$153**	**$(84)**	**$36**	**$106**	**$211**	**$80**	**$74**	**$27**
Add:								
Provision (benefit) for income taxes	$45	$(2)	$(48)	$(35)	$(40)	$33	$36	$(4)
Other (income) expense, net	(24)	16	8	74	74	4	8	1
Loss on debt redemption	—	64	—	—	64	—	23	118
Interest expense, net	84	80	77	76	317	72	66	63
Restructuring and other charges	39	105	22	16	182	9	5	8
Provision for depreciation and amortization	71	73	68	67	279	68	67	68
Adjusted EBITDA	**$368**	**$252**	**$163**	**$304**	**$1,087**	**$266**	**$279**	**$281**
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)	1
Legal and other advisory reimbursements related to Grenfell Tower	(1)	(6)	(2)	(3)	(12)	—	(4)	—
Costs associated with closures, shutdowns, and other items	3	—	—	—	3	—	—	10
Adjusted EBITDA excluding Special items	**$385**	**$247**	**$168**	**$282**	**$1,082**	**$275**	**$272**	**$292**
Sales	**$1,634**	**$1,253**	**$1,134**	**$1,238**	**$5,259**	**$1,209**	**$1,195**	**$1,283**
Adjusted EBITDA Margin, excluding Special items	**23.6%**	**19.7%**	**14.8%**	**22.8%**	**20.6%**	**22.7%**	**22.8%**	**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 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.

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Reconciliation of Adjusted Free Cash Flow

($ in millions)	Q1 2021	Q2 2021	Q3 2021	YTD 2021
Cash (used for) provided from operations	$(6)	$85	$67	$146
Cash receipts from sold receivables	57	115	95	267
Capital expenditures	(55)	(36)	(47)	(138)
Adjusted free cash flow	$(4)	$164	$115	$275

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

In the third quarter of 2021, the Company restructured its accounts receivable securitization. As a result, going forward, Cash receipts from sold receivables (which had been included in the investing section of the Statement of Consolidated Cash Flows) will be $0 as the entire impact of the accounts receivable securitization program will be included in the Cash (used for) provided from operations section of the Statement of Consolidated Cash Flows. Consequently, for the fourth quarter of 2021 and full year 2022, the definition of Adjusted free cash flow will be simplified to be Cash (used for) provided from operations less Capital expenditures.

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)	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021
Short-term debt	$384	$376	$489	$13	$14
Long-term debt, less amount due within one year	4,697	4,699	4,224	4,227	4,272
Total debt	$5,081	$5,075	$4,713	$4,240	$4,286
Less: Cash, cash equivalents, and restricted cash	1,368	1,611	1,239	716	726
Net debt	$3,713	$3,464	$3,474	$3,524	$3,560

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	
	June 30, 2021	September 30, 2021
Income from continuing operations after income taxes	$ 296	$ 287
Add:		
(Benefit) provision for income taxes	(14)	30
Other expense, net	94	87
Loss on debt redemption	23	141
Interest expense, net	291	277
Restructuring and other charges	52	38
Provision for depreciation and amortization	270	270
Adjusted EBITDA	$ 1,012	$ 1,130
Add:		
Plant fire reimbursements, net	$ (6)	$ (12)
Legal and other advisory reimbursements related to Grenfell Tower, net	(9)	(7)
Costs associated with closures, shutdowns, and other items	—	10
Adjusted EBITDA excluding Special items	$ 997	$ 1,121
Net debt	$ 3,524	$ 3,560
Net debt to Adjusted EBITDA excluding Special items	3.5	3.2

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	Q3 2021
Corporate expense (income)	**$42**	**$21**	**$22**	**$(3)**	**$82**	**$28**	**$10**	**$30**
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)	1
Costs associated with closures, shutdowns, and other items	3	—	—	—	3	—	—	10
Corporate expense excluding Special items	**$25**	**$20**	**$17**	**$19**	**$81**	**$18**	**$17**	**$19**

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
Third quarter ended September 30, 2020					
Aerospace - Commercial	**$199**	**$169**	**$104**	**$—**	**$472**
Aerospace - Defense	**$142**	**$37**	**$82**	**$—**	**$261**
Commercial Transportation	**$—**	**$38**	**$—**	**$172**	**$210**
Industrial and Other	**$144**	**$27**	**$20**	**$—**	**$191**
Third-party sales end-market revenue	**$485**	**$271**	**$206**	**$172**	**$1,134**
Third quarter ended September 30, 2021					
Aerospace - Commercial	**$299**	**$126**	**$118**	**$—**	**$543**
Aerospace - Defense	**$130**	**$37**	**$65**	**$—**	**$232**
Commercial Transportation	**$—**	**$59**	**$—**	**$231**	**$290**
Industrial and Other	**$170**	**$32**	**$16**	**$—**	**$218**
Third-party sales end-market revenue	**$599**	**$254**	**$199**	**$231**	**$1,283**

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

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Reconciliation of Segment Adjusted EBITDA

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021
Engine Products								
Segment operating profit	$165	$105	$39	$108	$417	$101	$100	$120
Provision for depreciation and amortization	30	31	31	31	123	31	30	31
Adjusted EBITDA	**$195**	**$136**	**$70**	**$139**	**$540**	**$132**	**$130**	**$151**
Third-party sales	$781	$585	$485	$555	$2,406	$534	$544	$599
Adjusted EBITDA margin	25.0%	23.2%	14.4%	25.0%	22.4%	24.7%	23.9%	25.2%
Fastening Systems								
Segment operating profit	$96	$70	$33	$48	$247	$45	$50	$47
Provision for depreciation and amortization	12	12	12	12	48	12	13	12
Adjusted EBITDA	**$108**	**$82**	**$45**	**$60**	**$295**	**$57**	**$63**	**$59**
Third-party sales	$385	$326	$271	$263	$1,245	$272	$262	$254
Adjusted EBITDA margin	28.1%	25.2%	16.6%	22.8%	23.7%	21.0%	24.0%	23.2%
Engineered Structures								
Segment operating profit	$28	$19	$10	$16	$73	$10	$11	$14
Provision for depreciation and amortization	13	14	13	12	52	12	13	12
Adjusted EBITDA	**$41**	**$33**	**$23**	**$28**	**$125**	**$22**	**$24**	**$26**
Third-party sales	$275	$229	$206	$217	$927	$176	$160	$199
Adjusted EBITDA margin	14.9%	14.4%	11.2%	12.9%	13.5%	12.5%	15.0%	13.1%
Forged Wheels								
Segment operating profit	$50	$6	$35	$62	$153	$70	$61	$62
Provision for depreciation and amortization	10	9	10	10	39	10	9	10
Adjusted EBITDA	**$60**	**$15**	**$45**	**$72**	**$192**	**$80**	**$70**	**$72**
Third-party sales	$191	$113	$172	$203	$679	$227	$229	$231
Adjusted EBITDA margin	31.4%	13.3%	26.2%	35.5%	28.3%	35.2%	30.6%	31.2%

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

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