Fourth Quarter 2021 Earnings Call

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

February 2, 2022

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Important Information

Forward–Looking Statements

This presentation contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect Howmet Aerospace's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, statements, forecasts and outlook relating to the condition of end markets; future financial results or operating performance; future strategic actions; Howmet Aerospace's strategies, outlook, and business and financial prospects; and any future repurchases of its debt or equity securities. These statements reflect beliefs and assumptions that are based on Howmet Aerospace's perception of historical trends, current conditions and expected future developments, as well as other factors Howmet Aerospace believes are appropriate in the circumstances. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and changes in circumstances that are difficult to predict, which could cause actual results to differ materially from those indicated by these statements. Such risks and uncertainties include, but are not limited to: (a) 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 COVID-19 and its effects, among other things, on global supply, demand, and distribution disruptions); (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) inability to meet increased demand, production targets or commitments; (j) competition from new product offerings, disruptive technologies or other developments; (k) geopolitical, economic, and regulatory risks relating to Howmet Aerospace's global operations, including compliance with U.S. and foreign trade and tax laws, and other regulations; (l) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet Aerospace to substantial costs and liabilities; (m) failure to comply with government contracting regulations; (n) adverse changes in discount rates or investment returns on pension assets; and (o) 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 (including adjusted EBITDA, adjusted EBITDA margin and adjusted earnings per share, each excluding special items, and adjusted free cash flow) to the most directly comparable GAAP financial measures because such reconciliations, as well as the directly comparable GAAP measures, are not available without unreasonable efforts due to the variability and complexity of the charges and other components excluded from the non-GAAP measures, such as the effects of foreign currency movements, gains or losses on sales of assets, taxes, and any future restructuring or impairment charges. These reconciling items are in addition to the inherent variability already included in the GAAP measures, which includes, but is not limited to, price/mix and volume. Howmet Aerospace believes such reconciliations of forward-looking non-GAAP financial measures would imply a degree of precision that would be confusing or misleading to investors.

References to "Pro Forma" reflect metrics further adjusted for Separation-related allocations, as if the Arconic Inc. Separation had occurred at the beginning of the periods presented.

Q4 and Full Year 2021 Highlights

Revenue and Profitability Excluding Special Items[1]	Q4 2020	Q3 2021	Q4 2021	FY 2020[6]	FY 2021
Revenue	$1.238B	$1.283B	$1.285B	$5.257B	$4.972B
Adj EBITDA[1]	$282M	$292M	$296M	$1,083M	$1,135M
Adj EBITDA Margin[1]	22.8%	22.8%	23.0%	20.6%	22.8%
Adj Operating Income[2]	$215M	$224M	$229M	$814M	$866M
Adj Earnings Per Share[3]	$0.21	$0.27	$0.30	$0.77	$1.01

- Q4 2021 Adj EBITDA Margin[1] expansion despite 787 production declines and Omicron effect on manufacturing sites

FY 2021 Balance Sheet and Cash Flow

- Record Adj Free Cash Flow[4] of $517M with Adj FCF Conversion[5] of 117%; 123% excluding voluntary pension contributions
- Ending Cash Balance of $722M
- Q4 Repurchased ~7M shares of Common Stock for $205M at an avg Price of ~$30
- FY Repurchased ~13M shares of Common Stock for $430M at an avg Price of ~$32; Jan 2022 ~3M shares for $100M
- Reduced YoY Pension / OPEB Liability by ~$275M; Expense by ~54%; Cash Contribution by ~54%

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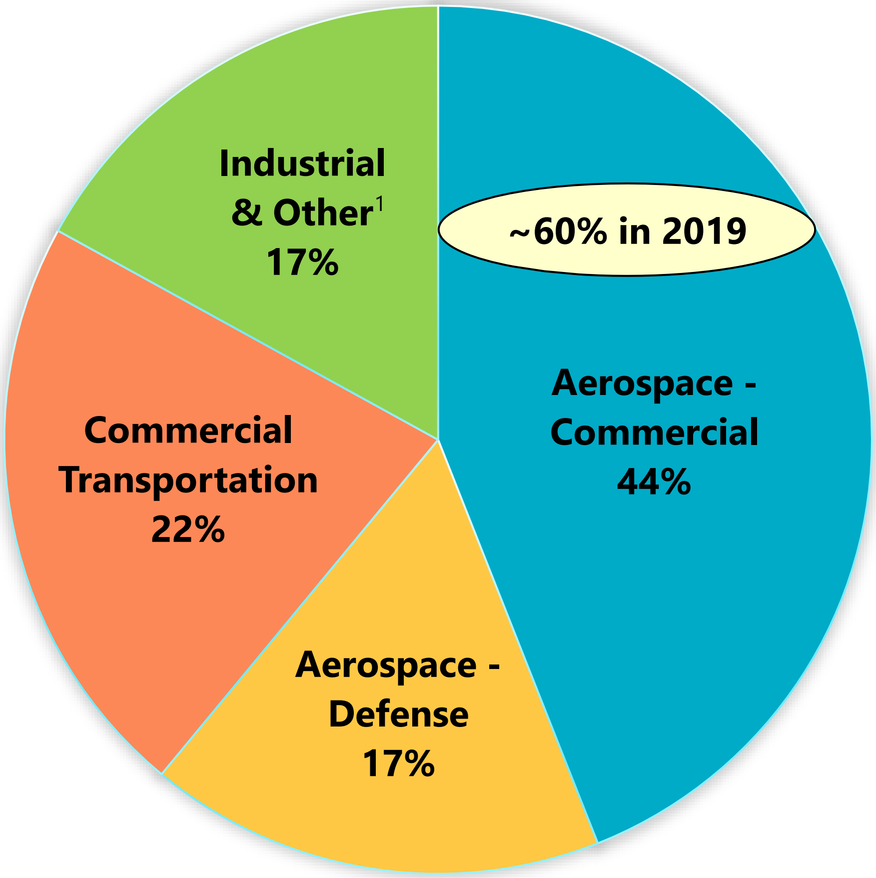
1) Income from Continuing Ops (GAAP): Q4 2020 = $106M, FY 2020 = $211M, Q3 2021 = $27M, Q4 2021 = $77M, FY 2021 = $258M 2) Operating income (GAAP): Q4 2020 = $221M, FY 2020 = $626M, Q3 2021 = $205M, Q4 2021 = $147M, FY 2021 = $748M 3) EPS (GAAP): Q4 2020 = $0.24, FY 2020 = $0.48, Q3 2021 = $0.06, Q4 2021 = $0.18, FY 2021 = $0.59 4) Record since April 2020 separation; FY 2021: Cash provided from operations = $449M, Cash used for financing activities = ($1,444M), Cash provided from investing activities = $107M 5) Free Cash Flow Conversion = Adjusted Free Cash Flow divided by Income from Continuing Ops after income taxes excluding special items 6) Full Year 2020 reflects Pro Forma *See appendix for reconciliations*

Q4 2021 Revenue Up 4% YoY and Flat Sequentially

Revenue by Market (% of total)



Revenue by Market (% change)	YoY	Sequential
Aerospace - Commercial	13%	4%
Aerospace - Defense	(22%)	(4%)
Subtotal - Aerospace	**Flat**	1%
Commercial Transportation	20%	(1%)
Industrial & Other[1]	(2%)	(3%)
Total Revenue	4%	**Flat**

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

FY 2021: Adj EPS[2]+31%, Record Adj FCF[3]$517M, Debt Reduction ~$845M, Share Repurchase $430M

Enhanced Profitability

- Price Increases
- Structural Cost Reductions of ~$130M exceeded full year target of $100M
- Adj EBITDA Margin[1] up 220 bps with ~$285M less revenue; Q4 2021 exit rate of 23.0%
- Adj Earnings Per Share[2] of $1.01, up 31%

Strengthened Balance Sheet

- Ending Cash Balance of $722M
- Record Adj FCF[3] of $517M with Adj FCF Conversion[4] of 117%; 123% excluding voluntary pension contributions
- Reduced YoY Pension / OPEB Liability by ~$275M; Expense by ~54%; Cash Contribution by ~54%
- Improved Net Debt-to-LTM EBITDA[5] to 3.1x

Balanced Capital Allocation

- Investments in Wheels Expansion in Hungary/Mexico and Automation in Engines/Fasteners
- Debt reduction of ~$845M with Cash on Hand; Reduced Annualized Interest Expense ~$70M
- Reinstated Quarterly Dividend[6] of $0.02 per share of Common Stock in Q3 2021
- Repurchased ~13M shares of Common Stock for $430M at an average Price of ~$32

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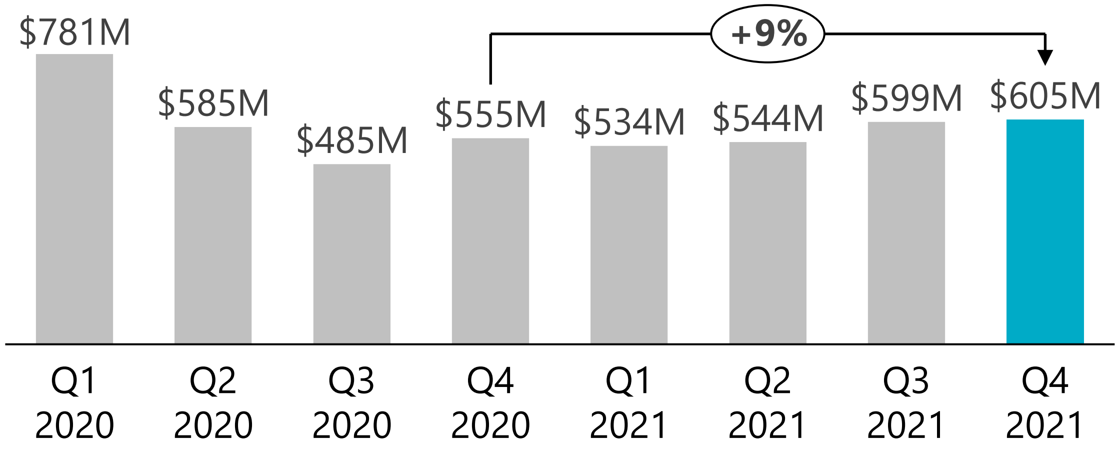
Comparisons are FY 2021 year over year unless otherwise noted. 1) Adjusted EBITDA Margin excluding special items; Income from Continuing Ops (GAAP): FY 2020 = $211M, Q4 2021 = $77M, FY 2021 = $258M 2) Reflects Adj. EPS excluding special items; EPS (GAAP): FY 2020 = $0.48, FY 2021 = $0.59 3) Record since April 2020 separation; FY 2021: Cash provided from operations = $449M, Cash used for financing activities = ($1,444M), Cash provided from investing activities = $107M 4) Free Cash Flow Conversion = Adjusted Free Cash Flow divided by Income from Continuing Ops after income taxes excluding special items 5) Adjusted for special items; Last twelve month (LTM) Howmet adjusted EBITDA 6) Future dividends are subject to the discretion and final approval of the Board of Directors

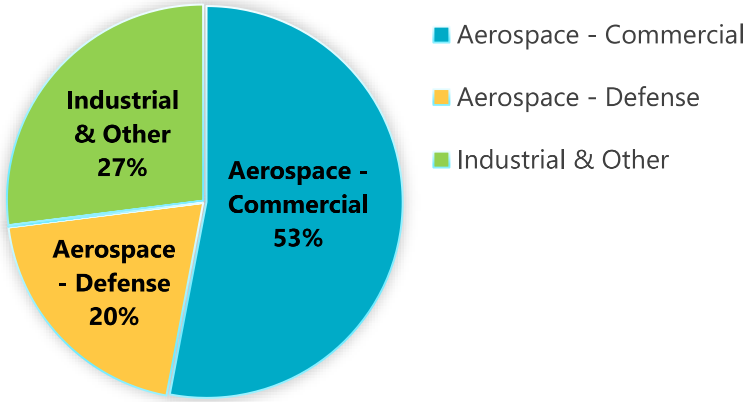
See appendix for reconciliations

Engine Products: Commercial Aerospace Recovery; Headcount Adds for Growth

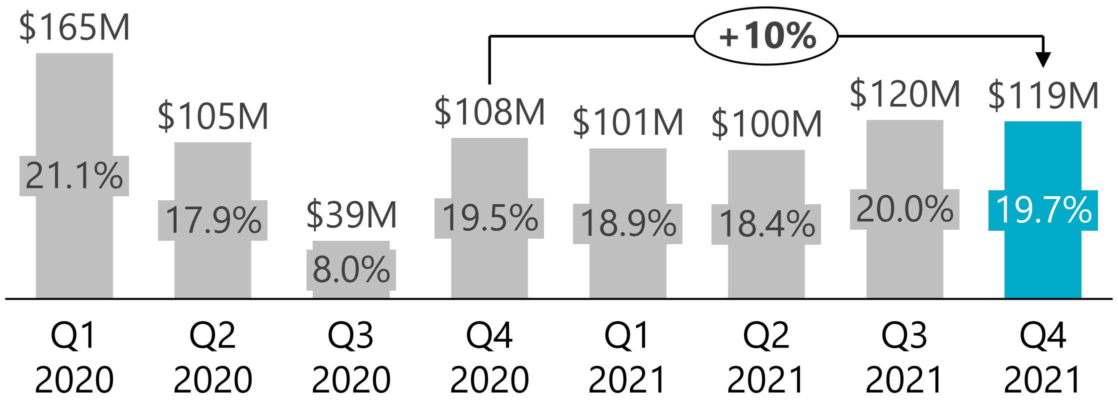
3rd Party Revenue



Revenue by Market (% of total)



Segment Operating Profit and Margin



Q4 2021 YoY

+ Narrow Body Recovery
+ Cost Reductions
+ Increased Headcount ~150 in Q4; up ~950 since Q1 2021
– Spares / Aftermarket Demand Remains Low
– Defense Aerospace Decline

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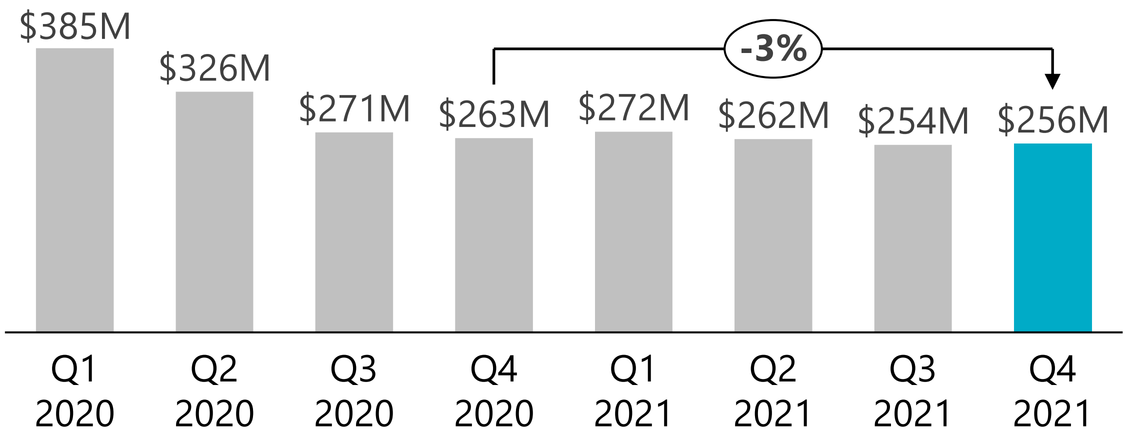
Q4 2021: Depreciation & Amortization (D&A) of $32M, 5.3% of Segment Revenue; Adjusted EBITDA of $151M, 25.0% of Segment Revenue

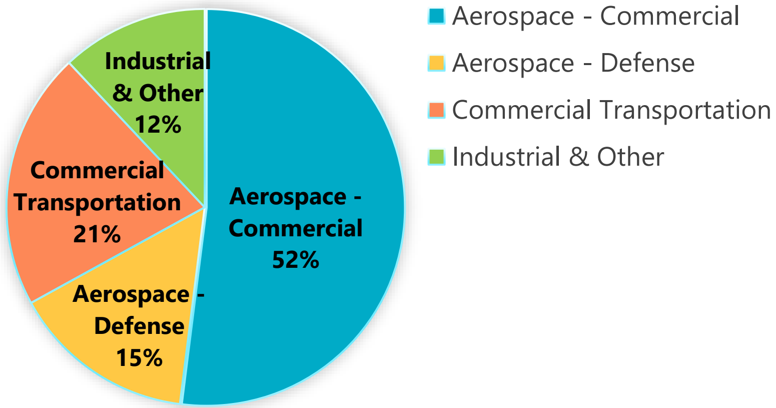
See appendix for reconciliations

Fastening Systems: Commercial Aerospace Decline; Cost Reductions Continue

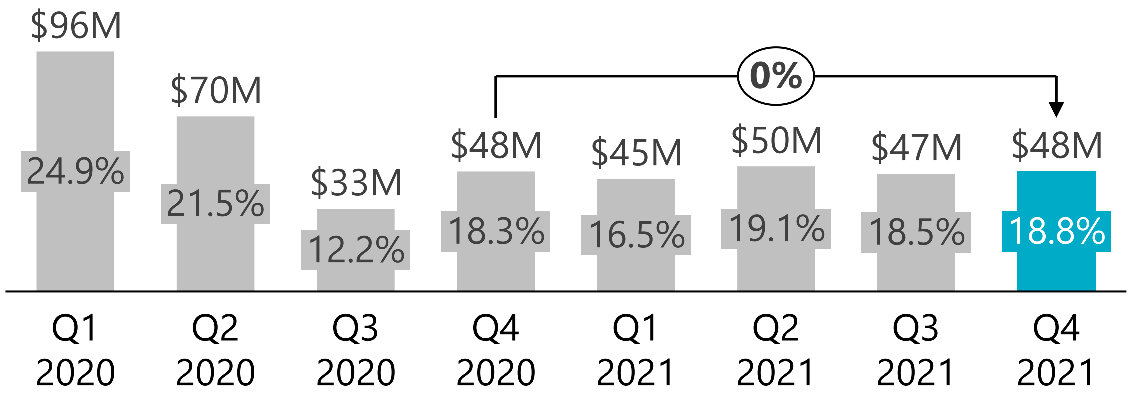
3rd Party Revenue



Revenue by Market (% of total)



Segment Operating Profit and Margin



Q4 2021 YoY

+ Commercial Transportation Growth
+ Cost Reductions
– Boeing 787 Production Decline
– Lagging Commercial Aero Recovery; Inventory Corrections Continue

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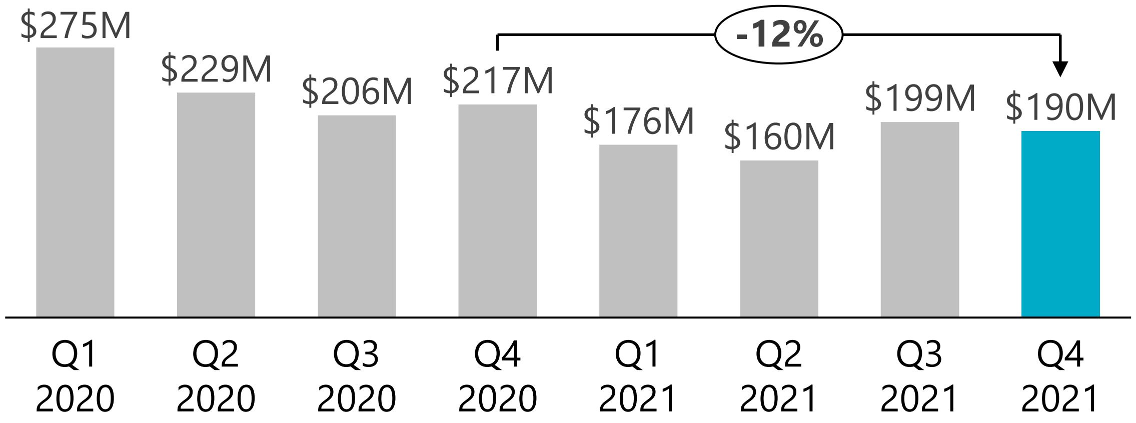
Q4 2021: Depreciation & Amortization (D&A) of $12M, 4.7% of Segment Revenue; Adjusted EBITDA of $60M, 23.4% of Segment Revenue

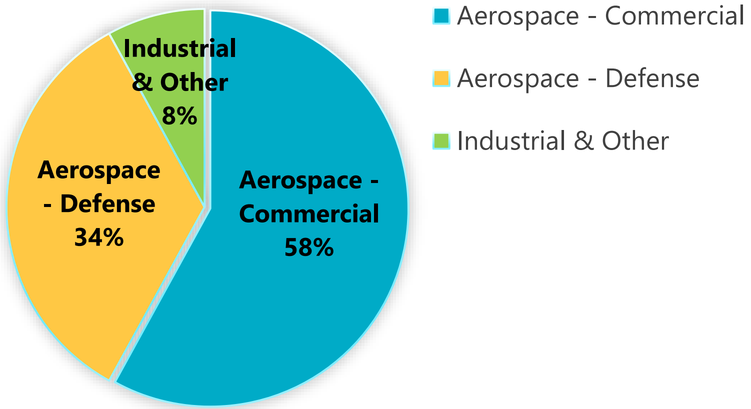
See appendix for reconciliations

Engineered Structures: Defense Aerospace Decline; Cost Reductions Continue

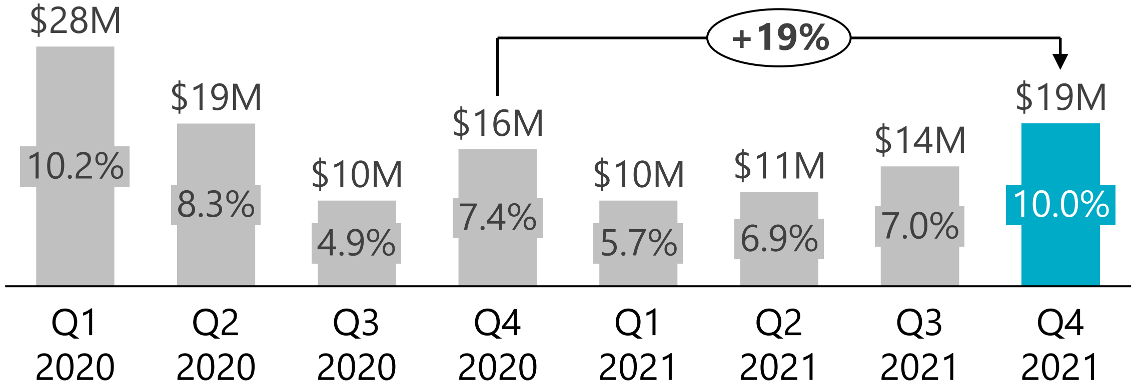
3rd Party Revenue



Revenue by Market (% of total)



Segment Operating Profit and Margin



Q4 2021 YoY

+ Cost Reductions
+ Narrow Body Recovery
− Boeing 787 Production Decline
− Defense Aerospace Decline

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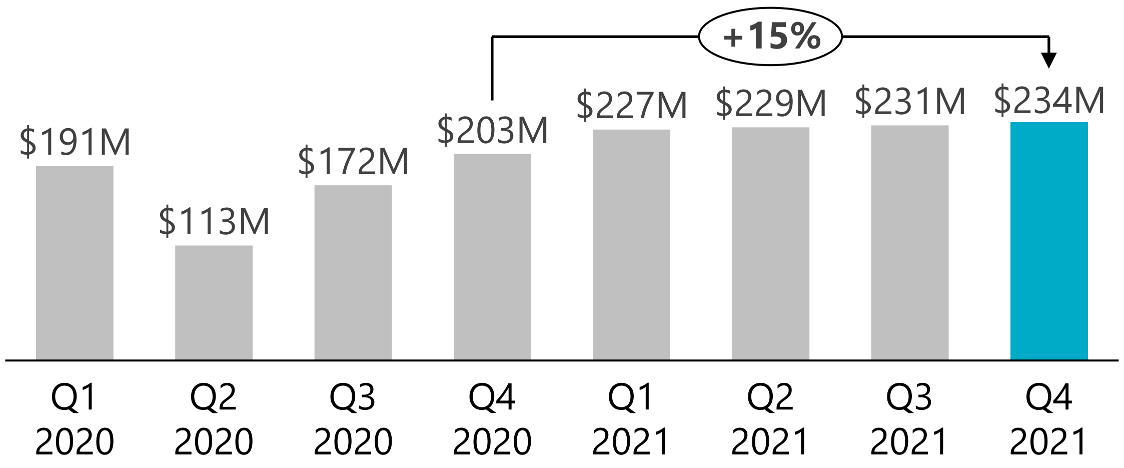
Q4 2021: Depreciation & Amortization (D&A) of $12M, 6.3% of Segment Revenue; Adjusted EBITDA of $31M, 16.3% of Segment Revenue

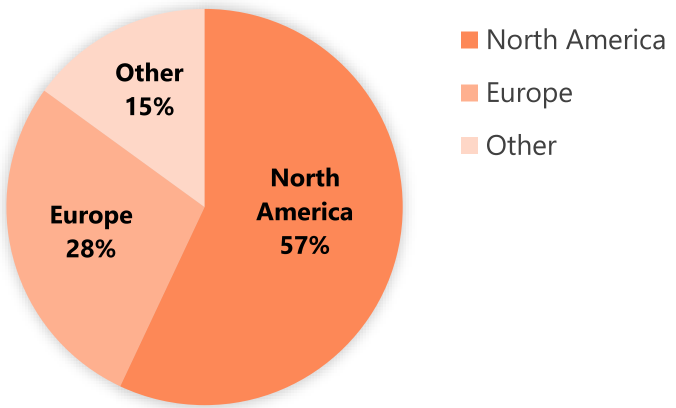
See appendix for reconciliations

Forged Wheels: Steady Volumes Despite Customer Supply Chain Constraints

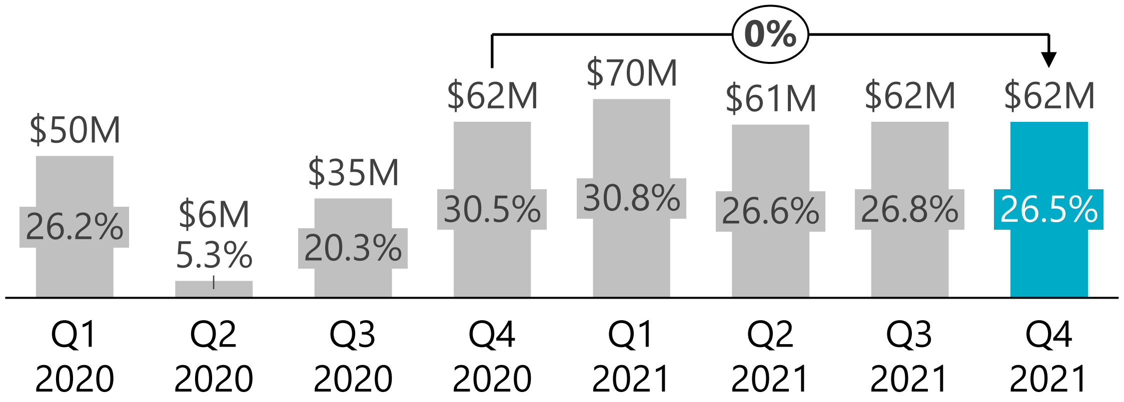
3rd Party Revenue



Revenue by Region (% of total)



Segment Operating Profit and Margin



Q4 2021 YoY

+ Commercial Transportation Demand
+ Maximizing Production in Low-Cost Countries
− Margin Impacted by Metal Cost Pass Through
− Customer Supply Chain Constraints

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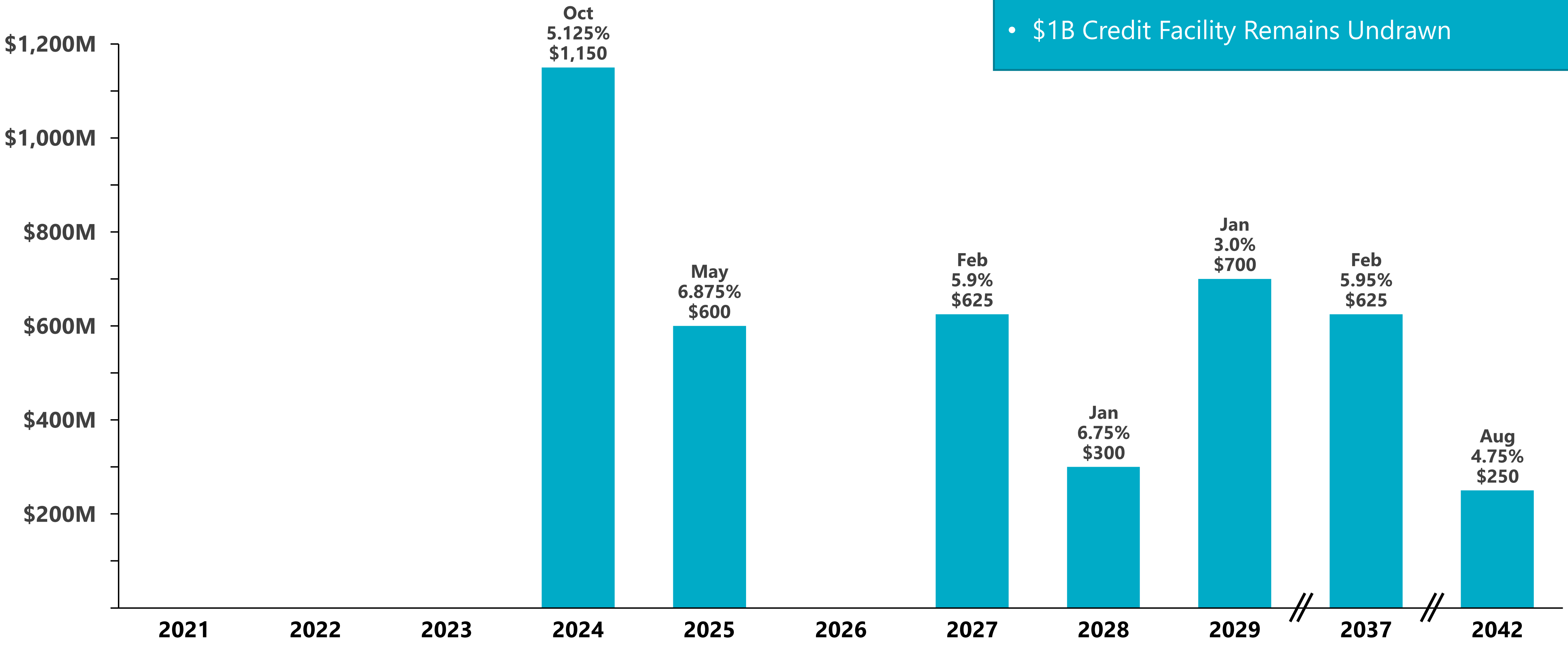
Q4 2021: Depreciation & Amortization (D&A) of $10M, 4.3% of Segment Revenue; Adjusted EBITDA of $72M, 30.8% of Segment Revenue

Revenue by Region based upon shipment invoice

See appendix for reconciliations

Annualized Interest Expense Reduced ~$70M

- Debt Reduction of ~$845M with Cash on Hand
- All Debt Unsecured
- $1B Credit Facility Remains Undrawn



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2022 Guidance

	Q1 2022 Guidance			FY 2022 Guidance		
	Low	Midpoint	High	Low	Midpoint	High
Revenue	$1.280B	$1.300B	$1.320B	$5.560B	$5.640B	$5.720B
Adj EBITDA[1]	$286M	$295M	$304M	$1.265B	$1.300B	$1.335B
Adj EBITDA Margin[1]	*22.4%*	*22.7%*	*23.0%*	*22.8%*	*23.0%*	*23.3%*
Adj Earnings per Share[1,2]	$0.28	$0.29	$0.30	$1.31	$1.37	$1.43
Adj Free Cash Flow				$575M	$625M	$675M

What we expect in 2022

- FY 2022 Revenue up ~13% vs. FY 2021
- FY 2022 Revenue includes ~$125M+ of material pass through impacting Margin by ~50+ bps
- FY 2022 Adj EBITDA up ~15% vs. FY 2021
- FY 2022 Adj EPS up ~36% vs. FY 2021
- Pension/OPEB Contributions of ~$60M
- Capex of $220M - $250M vs. Depreciation and Amortization of ~$270M
- Adj Free Cash Flow Conversion ~110%

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1) Excluding special items 2) Assumes ~$6M of deferred comp and other expenses in FY 2022

Summary

Revenue / Profit FY 2021

- Revenue down 5% YoY; Adj EBITDA[1] up 5% YoY; Adj Earnings Per Share[2] up 31% YoY despite 787 and COVID impacts
- Price Increases
- Structural Cost Reductions of ~$130M exceeded full year target of $100M
- Adj EBITDA Margin[1] up 220 bps with ~$285M less revenue; Q4 2021 exit rate of 23.0%

Liquidity FY 2021

- Record Adj FCF[3] of $517M with Adj FCF Conversion[4] of 117%; 123% excluding voluntary pension contributions
- Repurchased ~13M shares of Common Stock for $430M at an average Price of ~$32
- Reduced YoY Pension / OPEB Liability by ~$275M; Expense by ~54%; Cash Contribution by ~54%
- Debt reduction of ~$845M with Cash on Hand; Reduced Annualized Interest Expense ~$70M
- Reinstated Quarterly Dividend[5] of $0.02 per share of Common Stock in Q3 2021
- Ending Cash Balance of $722M

Guidance FY 2022

- Expect Revenue up ~13% YoY
- Expect Adj EBITDA up ~15% YoY
- Expect Adj EPS up ~36% YoY
- Expect Adj Free Cash Flow at $625M, up ~21% YoY, with FCF Conversion of ~110%

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1) Adjusted EBITDA Margin excluding special items; Income from Continuing Ops (GAAP): FY 2020 = $211M, Q4 2021 = $77M, FY 2021 = $258M 2) Reflects Adj. EPS excluding special items; EPS (GAAP): FY 2020 = $0.48, FY 2021 = $0.59 3) Record since April 2020 separation; FY 2021: Cash provided from operations = $449M, Cash used for financing activities = ($1,444M), Cash provided from investing activities = $107M 4) Free Cash Flow Conversion = Adjusted Free Cash Flow divided by Income from Continuing Ops after income taxes excluding special items 5) Future dividends are subject to the discretion and final approval of the Board of Directors *See appendix for reconciliations*

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Appendix

2022 Assumptions

	Full Year 2022	2022 Comments
Corporate Overhead	~$80M	• Adj Operating Income excluding special items
Depreciation and Amortization	~$270M	
Interest Expense	~$232M	• Excludes debt issuance, breakage and tender fees
Operational Tax Rate	24.5% - 25.5%	• Cash Tax Rate ~15%
Pension / OPEB Expense	~$20M Total ~$15M Non-Service	
Post-Tax Pension / OPEB Liability	~$605M Pension Liability; ~$130M OPEB Liability	• Applied U.S. federal corporate tax rate of 21%
Pension / OPEB Contributions	~$60M	• Improvement from FY 2021 Contributions of $112M
Capex	$220M - $250M	• Less than Depreciation and Amortization; Source of Cash
Diluted Share Count Average	~425M	• 2021 exit rate for diluted shares of ~428M • 2022 diluted shares of ~425M after $100M common share buyback in Jan 2022

Special Items Driven By Pension Plan Settlement Charges

~95% of Special Items are Non-cash

Q4 2021 Special Items ($M, except per share amounts)	Income Before Tax	Income After Tax	Earnings per Share Diluted
AS REPORTED	**$78**	**$77**	**$0.18**
Costs associated with pension plan settlement charges	$66	$50	
Costs associated with closures and shutdowns	$25	$19	
Other miscellaneous items	($5)	($4)	
Discrete and other tax related items	N/A	($12)	
Subtotal: Special items	**$86**	**$53**	
EXCLUDING SPECIAL ITEMS	**$164**	**$130**	**$0.30**

( ) = 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]

	Q4 2020	Q4 2021	Q4 2021 YoY
Engine Products	$555M	$605M	$50M
Fastening Systems	$263M	$256M	($7M)
Engineered Structures	$217M	$190M	($27M)
Forged Wheels	$203M	$234M	$31M
Combined Segment 3rd Party Revenue[2]	**$1,238M**	**$1,285M**	**$47M**
Engine Products	$108M	$119M	$11M
Fastening Systems	$48M	$48M	-
Engineered Structures	$16M	$19M	$3M
Forged Wheels	$62M	$62M	-
Combined Segment Operating Profit[3]	**$234M**	**$248M**	**$14M**
Engine Products			22%
Fastening Systems			n/a
Engineered Structures			n/a
Forged Wheels			n/a
Combined Segment Incremental Margin			**30%**

Structures Operating Profit up +$3M despite a ($27M) drop in Revenue

Wheels Operating Profit flat despite a +$31M increase in Revenue driven by Aluminum Price

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1) All metrics exclude Corporate
2) Howmet Consolidated Revenue (GAAP): Q4 2020 = $1,238M, Q4 2021 = $1,285M
3) Howmet Consolidated Income from Continuing Ops (GAAP): Q4 2020 = $106M, Q4 2021 = $77M
See appendix slides for reconciliations

2021 and 2022 Share Repurchases

($ in millions, except share and per-share amounts)	Number of shares	Average price per share[1]	Total
Q2 2021 share repurchases	**5,878,791**	**$34.02**	**$200**
Q3 2021 share repurchases	**769,274**	**$32.50**	**$25**
October 2021 share repurchases	879,307	$30.71	$27
November 2021 share repurchases	2,336,733	$30.79	$72
December 2021 share repurchases	3,546,041	$29.91	$106
Q4 2021 share repurchases	**6,762,081**	**$30.32**	**$205**
2021 share repurchases	**13,410,146**	**$32.07**	**$430**
January 2022 share repurchases	**2,957,552**	**$33.81**	**$100**
2021 and 2022 share repurchases	**16,367,698**	**$32.38**	**$530**

(1) Excludes commissions cost

After the share repurchases made through February 1, 2022, approximately $1,247M remains authorized for common stock share repurchases.

Reconciliation of Income from Continuing Operations Excluding Special Items

($ in millions, except per-share amounts)	Q4 2020	Q3 2021	Q4 2021	FY 2020	FY 2021
Income from continuing operations	**$106**	**$27**	**$77**	**$211**	**$258**
Diluted EPS	**$0.24**	**$0.06**	**$0.18**	**$0.48**	**$0.59**
Special items:					
Restructuring and other charges	**$16**	**$8**	**$68**	**$182**	**$90**
Discrete tax items[(1)]	**$(76)**	**$(12)**	**$18**	**$(115)**	**$9**
Other special items:					
Debt tender fees and related costs	—	120	4	65	147
Costs, including interest, associated with the Arconic Inc. Separation Transaction	—	—	—	14	—
Plant fire (reimbursements) costs, net	(19)	1	(11)	3	(3)
Release of tax indemnification receivable	53	—	—	53	—
Legal and other advisory reimbursements related to Grenfell Tower, net	(3)	—	—	(12)	(4)
Costs associated with closures, shutdowns, and other items	—	10	25	3	35
Reversal of state investment tax credits	9	—	—	9	—
Other tax items	4	(2)	3	—	—
Total Other special items	**$44**	**$129**	**$21**	**$135**	**$175**
Tax impact[(2)]	**$2**	**$(32)**	**$(54)**	**$(59)**	**$(90)**
Income from continuing operations excluding Special items	**$92**	**$120**	**$130**	**$354**	**$442**
Allocation adjustments[(3)]				**$(13)**	
Income from continuing operations excluding Special items and Allocation adjustments				**$341**	
Diluted EPS excluding Special items	**$0.21**	**$0.27**	**$0.30**	**$0.80**	**$1.01**
Diluted EPS excluding Special items and Allocation adjustments				**$0.77**	

Income from continuing operations excluding Special items, Income from continuing operations excluding Special items and Allocation adjustments, Diluted EPS excluding Special items, and Diluted EPS excluding Special items and Allocation adjustments 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”). In addition, management believes that the Income from continuing operations excluding Special items and Allocation adjustments and Diluted EPS excluding Special items and Allocation adjustments are meaningful to investors as it reflects how management reviewed the standalone costs of Howmet in the quarter ended March 31, 2020 as if the Arconic Inc. Separation Transaction had happened on January 1, 2020. 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.

(3) Adjustments include differences between allocations as required under discontinued operations as part of generally accepted accounting principals and estimated actual spending in selling, general administrative, and other expenses, and miscellaneous non-operating income related to pension, other post retirement benefits, and foreign exchange related to Howmet on a standalone basis as if the Arconic Inc. Separation Transaction had occurred on January 1, 2020.

Reconciliation of 2021 Operational Tax Rate

($ in millions)	Quarter ended December 31, 2021			Year ended December 31, 2021		
	As reported	Special items (1)(2)	As adjusted	As reported	Special items (1)(2)	As adjusted
Income from continuing operations before income taxes	$78	$86	$164	$324	$265	$589
Provision for income taxes	$1	$33	$34	$66	$81	$147
Operational tax rate	1.3%		20.7%	20.4%		25.0%

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 December 31, 2021 include Restructuring and other charges $68, costs associated with closures, shutdowns, and other items $25, and debt tender fees and related costs $4, partially offset by ($11) net reimbursement related to fires at two plants. Special items for the year ended December 31, 2021 include debt tender fees and related costs $147, Restructuring and other charges $90, and costs associated with closures, shutdowns, and other items $35, partially offset by ($4) reimbursement related to legal and advisory charges related to Grenfell Tower and ($3) net reimbursement related to fires at two plants.

(2) Tax Special items includes discrete tax items, the tax impact on Special items based on the applicable statutory rates, the difference between such rates and the Company's consolidated estimated annual effective tax rate and other tax related items. Discrete tax items for each period included the following:

- for the quarter ended December 31, 2021, a charge related to valuation allowance adjustments $12, a charge related to prior year earnings distributed or no longer considered permanently reinvested $9, and a net benefit for other items ($3); and
- for the year ended December 31, 2021, a net benefit related to prior year amended returns and audit settlements ($14), a charge related to prior year foreign earnings distributed or no longer considered permanently reinvested $13, a net charge related to valuation allowance adjustments $9, and a net charge for other items $1.

Reconciliation of 2020 Operational Tax Rate

($ in millions)	Quarter ended December 31, 2020			Year ended December 31, 2020		
	As reported	Special items (1)(2)	As adjusted	As reported	Special items (1)(2)	As adjusted
Income from continuing operations before income taxes	$71	$56	$127	$171	$317	$488
Provision for income taxes	$(35)	$70	$35	$(40)	$174	$134
Operational tax rate	(49.3)%		27.6%	(23.4)%		27.5%

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 December 31, 2020 include ($19) net reimbursement related to fires at two plants and ($3) reimbursement related to legal and advisory charges related to Grenfell tower, partially offset by Restructuring and other charges $16. Special items for the year ended December 31, 2020 include Restructuring and other charges $182, debt tender fees and related costs $65, costs including interest associated with the Arconic Inc. Separation Transaction $14, costs associated with closures, shutdowns, and other items $3, and $3 costs related to fires at two plants, net of reimbursement, partially offset by ($12) reimbursement related to legal and advisory charges related to Grenfell tower.

(2) Tax Special items includes discrete tax items, the tax impact on Special items based on the applicable statutory rates, the difference between such rates and the Company's consolidated estimated annual effective tax rate and other tax related items. Discrete tax items for each period included the following:

- for the quarter ended December 31, 2020, a discrete tax benefit of ($64) related to the release of a reserve as a result of a favorable Spanish tax case decision, a ($30) benefit related to the recognition of a previously uncertain U.S. tax position, offset by a charge for an adjustment of $6 related to a U.S. law change, a charge of $4 related to tax rate changes in various jurisdictions, a charge of $4 for prior year items, and a net charge of $4 for other items; and
- for the year ended December 31, 2020, a discrete tax benefit of ($64) related to the release of a reserve as a result of a favorable Spanish tax case decision, a ($30) benefit related to the recognition of a previously uncertain U.S. tax position, a ($30) benefit for a U.S. tax law change, and a net ($3) benefit for a number of small items, offset by an $8 charge resulting from the remeasurement of deferred tax balances in various jurisdictions as a result of the Arconic Inc. Separation Transaction, and a $4 charge related to tax rates in various jurisdictions. The U.S. tax law change resulted from final regulations issued in July 2020 that provided an election to exclude from global intangible low-taxed income any foreign earnings subject to a local country tax rate of at least 90% of the U.S. tax rate.

Calculation of Segment Information

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Engine Products										
Third-party sales	$ 781	$ 585	$ 485	$ 555	$ 2,406	$ 534	$ 544	$ 599	$ 605	$ 2,282
Inter-segment sales	$ 2	$ 1	$ 1	$ 1	$ 5	$ 1	$ 1	$ 1	$ 1	$ 4
Segment operating profit	$ 165	$ 105	$ 39	$ 108	$ 417	$ 101	$ 100	$ 120	$ 119	$ 440
Segment operating profit margin	21.1 %	17.9 %	8.0 %	19.5 %	17.3 %	18.9 %	18.4 %	20.0 %	19.7 %	19.3 %
Provision for depreciation and amortization	$ 30	$ 31	$ 31	$ 31	$ 123	$ 31	$ 30	$ 31	$ 32	$ 124
Depreciation and amortization % of Revenue	3.8 %	5.3 %	6.4 %	5.6 %	5.1 %	5.8 %	5.5 %	5.2 %	5.3 %	5.4 %
Restructuring and other charges (credits)	$ 13	$ 22	$ 9	$ (8)	$ 36	$ 5	$ 5	$ 5	$ 59	$ 74
Capital expenditures	$ 19	$ 14	$ 15	$ 29	$ 77	$ 11	$ 16	$ 21	$ 26	$ 74
Fastening Systems										
Third-party sales	$ 385	$ 326	$ 271	$ 263	$ 1,245	$ 272	$ 262	$ 254	$ 256	$ 1,044
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Segment operating profit	$ 96	$ 70	$ 33	$ 48	$ 247	$ 45	$ 50	$ 47	$ 48	$ 190
Segment operating profit margin	24.9 %	21.5 %	12.2 %	18.3 %	19.8 %	16.5 %	19.1 %	18.5 %	18.8 %	18.2 %
Provision for depreciation and amortization	$ 12	$ 12	$ 12	$ 12	$ 48	$ 12	$ 13	$ 12	$ 12	$ 49
Depreciation and amortization % of Revenue	3.1 %	3.7 %	4.4 %	4.6 %	3.9 %	4.4 %	5.0 %	4.7 %	4.7 %	4.7 %
Restructuring and other charges (credits)	$ 2	$ 24	$ —	$ 13	$ 39	$ 2	$ 3	$ 3	$ (8)	$ —
Capital expenditures	$ 8	$ 7	$ 9	$ 15	$ 39	$ 5	$ 9	$ 8	$ 20	$ 42

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Calculation of Segment Information (continued)

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Engineered Structures										
Third-party sales	$ 275	$ 229	$ 206	$ 217	$ 927	$ 176	$ 160	$ 199	$ 190	$ 725
Inter-segment sales	$ 3	$ 2	$ 1	$ 1	$ 7	$ 1	$ 2	$ 1	$ 2	$ 6
Segment operating profit	$ 28	$ 19	$ 10	$ 16	$ 73	$ 10	$ 11	$ 14	$ 19	$ 54
Segment operating profit margin	10.2 %	8.3 %	4.9 %	7.4 %	7.9 %	5.7 %	6.9 %	7.0 %	10.0 %	7.4 %
Provision for depreciation and amortization	$ 13	$ 14	$ 13	$ 12	$ 52	$ 12	$ 13	$ 12	$ 12	$ 49
Depreciation and amortization % of Revenue	4.7 %	6.1 %	6.3 %	5.5 %	5.6 %	6.8 %	8.1 %	6.0 %	6.3 %	6.8 %
Restructuring and other charges (credits)	$ 17	$ (5)	$ 9	$ 7	$ 28	$ 1	$ —	$ —	$ 15	$ 16
Capital expenditures	$ 3	$ 5	$ 3	$ 8	$ 19	$ 5	$ 5	$ 3	$ 8	$ 21
Forged Wheels										
Third-party sales	$ 191	$ 113	$ 172	$ 203	$ 679	$ 227	$ 229	$ 231	$ 234	$ 921
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Segment operating profit	$ 50	$ 6	$ 35	$ 62	$ 153	$ 70	$ 61	$ 62	$ 62	$ 255
Segment operating profit margin	26.2 %	5.3 %	20.3 %	30.5 %	22.5 %	30.8 %	26.6 %	26.8 %	26.5 %	27.7 %
Provision for depreciation and amortization	$ 10	$ 9	$ 10	$ 10	$ 39	$ 10	$ 9	$ 10	$ 10	$ 39
Depreciation and amortization % of Revenue	5.2 %	8.0 %	5.8 %	4.9 %	5.7 %	4.4 %	3.9 %	4.3 %	4.3 %	4.2 %
Restructuring and other charges	$ 2	$ 1	$ —	$ —	$ 3	$ —	$ —	$ —	$ —	$ —
Capital expenditures	$ 7	$ 4	$ 6	$ 6	$ 23	$ 9	$ 13	$ 15	$ 8	$ 45

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	Q4 2021	FY 2021
Third-party sales – Engine Products	$781	$585	$485	$555	$2,406	$534	$544	$599	$605	$2,282
Third-party sales – Fastening Systems	$385	$326	$271	$263	$1,245	$272	$262	$254	$256	$1,044
Third-party sales – Engineered Structures	$275	$229	$206	$217	$927	$176	$160	$199	$190	$725
Third-party sales – Forged Wheels	$191	$113	$172	$203	$679	$227	$229	$231	$234	$921
Total segment third-party sales	**$1,632**	**$1,253**	**$1,134**	**$1,238**	**$5,257**	**$1,209**	**$1,195**	**$1,283**	**$1,285**	**$4,972**
Total segment operating profit[1]	$339	$200	$117	$234	$890	$226	$222	$243	$248	$939
Total segment operating profit margin	20.8%	16.0%	10.3%	18.9%	16.9%	18.7%	18.6%	18.9%	19.3%	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.

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	Q4 2021	FY 2021
Income (loss) from continuing operations before income taxes	$198	$(86)	$(12)	$71	$171	$113	$110	$23	$78	$324
Loss on debt redemption	—	64	—	—	64	—	23	118	5	146
Interest expense	84	80	77	76	317	72	66	63	58	259
Other (income) expense, net	(24)	16	8	74	74	4	8	1	6	19
Operating income	**$258**	**$74**	**$73**	**$221**	**$626**	**$189**	**$207**	**$205**	**$147**	**$748**
Unallocated amounts:										
Restructuring and other charges	39	105	22	16	182	9	5	8	68	90
Corporate expense (income)[(1)]	42	21	22	(3)	82	28	10	30	33	101
Total segment operating profit	**$339**	**$200**	**$117**	**$234**	**$890**	**$226**	**$222**	**$243**	**$248**	**$939**

(1) For the quarter ended March 31, 2020, Corporate expense included $4 of costs associated with the Arconic Inc. Separation Transaction, $11 of costs related to fires at two plants, net of reimbursement, $3 of costs associated with closures and shutdowns, and ($1) of 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 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 of 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 of 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 $10 of costs associated with closures, shutdowns, and other items and $1 of costs related to fires at two plants, net of reimbursement. For the quarter ended December 31, 2021, Corporate expense included $25 of costs associated with closures, shutdowns, and other items and ($11) of net reimbursement related to fires at two plants.

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	Q4 2021	FY 2021
Operating income	$258	$74	$73	$221	$626	$189	$207	$205	$147	$748
Special items:										
Restructuring and other charges	39	105	22	16	182	9	5	8	68	90
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)	—	—	(4)
Plant fire costs (reimbursements), net	11	4	7	(19)	3	10	(3)	1	(11)	(3)
Costs associated with closures, shutdowns, and other items	3	—	—	—	3	—	—	10	25	35
Operating income excluding Special items	$314	$180	$100	$215	$809	$208	$205	$224	$229	$866
Allocation adjustments[1]					5					
Operating income excluding Special items and Allocation adjustments					$814					
Sales	$1,634	$1,253	$1,134	$1,238	$5,259	$1,209	$1,195	$1,283	$1,285	$4,972
Operating income margin	15.8%	5.9%	6.4%	17.9%	11.9%	15.6%	17.3%	16.0%	11.4%	15.0%
Operating income margin excluding Special items	19.2%	14.4%	8.8%	17.4%	15.4%	17.2%	17.2%	17.5%	17.8%	17.4%

Operating income excluding Special items, Operating income excluding Special items and Allocation adjustments, 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. In addition, management believes that the Operating income excluding Special items and Allocation adjustments are meaningful to investors as it reflects how management reviewed the standalone costs of Howmet in the quarter ended March 31, 2020 as if the Arconic Inc. Separation Transaction had happened on January 1, 2020. 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.

(1) Adjustments include differences between allocations as required under discontinued operations as part of generally accepted accounting principals and estimated actual spending in selling, general administrative, and other expenses related to Howmet on a standalone basis as if the Arconic Inc. Separation Transaction had occurred on January 1, 2020.

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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	Q4 2021	FY 2021
Income (loss) from continuing operations after income taxes	$153	$(84)	$36	$106	$211	$80	$74	$27	$77	$258
Add:										
Provision (benefit) for income taxes	$45	$(2)	$(48)	$(35)	$(40)	$33	$36	$(4)	$1	$66
Other (income) expense, net	(24)	16	8	74	74	4	8	1	6	19
Loss on debt redemption	—	64	—	—	64	—	23	118	5	146
Interest expense	84	80	77	76	317	72	66	63	58	259
Restructuring and other charges	39	105	22	16	182	9	5	8	68	90
Provision for depreciation and amortization	71	73	68	67	279	68	67	68	67	270
Adjusted EBITDA	$368	$252	$163	$304	$1,087	$266	$279	$281	$282	$1,108
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	(11)	(4)
Legal and other advisory reimbursements related to Grenfell Tower	(1)	(6)	(2)	(3)	(12)	—	(4)	—	—	(4)
Costs associated with closures, shutdowns, and other items	3	—	—	—	3	—	—	10	25	35
Adjusted EBITDA excluding Special items	$385	$247	$168	$282	$1,082	$275	$272	$292	$296	$1,135
Allocation adjustments[(2)]	1	—	—	—	1	—	—	—	—	—
Adjusted EBITDA excluding Special items and Allocation adjustments	$386	$247	$168	$282	$1,083	$275	$272	$292	$296	$1,135
Sales	$1,634	$1,253	$1,134	$1,238	$5,259	$1,209	$1,195	$1,283	$1,285	$4,972
Allocation adjustments[(2)]	(2)	—	—	—	(2)	—	—	—	—	—
Third-party sales with Allocation adjustments	$1,632	$1,253	$1,134	$1,238	$5,257	$1,209	$1,195	$1,283	$1,285	$4,972
Adjusted EBITDA Margin excluding Special items	23.6%	19.7%	14.8%	22.8%	20.6%	22.7%	22.8%	22.8%	23.0%	22.8%
Adjusted EBITDA Margin excluding Special items and Allocation adjustments	23.7%	19.7%	14.8%	22.8%	20.6%	22.7%	22.8%	22.8%	23.0%	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, Adjusted EBITDA excluding Special items and Allocation adjustments, Adjusted EBITDA Margin excluding Special items, and Adjusted EBITDA Margin excluding Special items and Allocation adjustments 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.

(2) Adjustments include differences between allocations as required under discontinued operations as part of generally accepted accounting principals and estimated actual revenue and spending in selling, general administrative, depreciation, depletion, and other expenses related to Howmet on a standalone basis as if the Arconic Inc. Separation Transaction had occurred on January 1, 2020.

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Reconciliation of Adjusted Free Cash Flow

($ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Cash (used for) provided from operations	$(6)	$85	$67	$303	$449
Cash receipts from sold receivables	57	115	95	—	267
Capital expenditures	(55)	(36)	(47)	(61)	(199)
Adjusted free cash flow	$(4)	$164	$115	$242	$517

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 2021 and full year 2022, the definition of Adjusted free cash flow is 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)	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Short-term debt	$376	$489	$13	$14	$5
Long-term debt, less amount due within one year	4,699	4,224	4,227	4,272	4,227
Total debt	**$5,075**	**$4,713**	**$4,240**	**$4,286**	**$4,232**
Less: Cash, cash equivalents, and restricted cash	1,611	1,239	716	726	722
Net debt	**$3,464**	**$3,474**	**$3,524**	**$3,560**	**$3,510**

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 September 30, 2021	Trailing-12 months ended December 31, 2021
Income from continuing operations after income taxes	$ 287	$ 258
Add:		
Provision for income taxes	30	66
Other expense, net	87	19
Loss on debt redemption	141	146
Interest expense, net	277	259
Restructuring and other charges	38	90
Provision for depreciation and amortization	270	270
Adjusted EBITDA	**$ 1,130**	**$ 1,108**
Add:		
Plant fire reimbursements, net	$ (12)	$ (4)
Legal and other advisory reimbursements related to Grenfell Tower, net	(7)	(4)
Costs associated with closures, shutdowns, and other items	10	35
Adjusted EBITDA Margin excluding Special items	**$ 1,121**	**$ 1,135**
Net debt	$ 3,560	$ 3,510
Net debt to Adjusted EBITDA Margin excluding Special items	3.2	3.1

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

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

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	Q4 2021	FY 2021
Corporate expense (income)	$42	$21	$22	$(3)	$82	$28	$10	$30	$33	$101
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)	—	—	(4)
Plant fire costs (reimbursements), net	11	4	7	(19)	3	10	(3)	1	(11)	(3)
Costs associated with closures, shutdowns, and other items	3	—	—	—	3	—	—	10	25	35
Corporate expense excluding Special items	**$25**	**$20**	**$17**	**$19**	**$81**	**$18**	**$17**	**$19**	**$19**	**$73**

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
Fourth quarter ended December 31, 2020					
Aerospace - Commercial	$229	$158	$110	$—	$497
Aerospace - Defense	$163	$36	$87	$—	$286
Commercial Transportation	$—	$37	$—	$203	$240
Industrial and Other	$163	$32	$20	$—	$215
Third-party sales end-market revenue	**$555**	**$263**	**$217**	**$203**	**$1,238**
Fourth quarter ended December 31, 2021					
Aerospace - Commercial	$319	$134	$110	$—	$563
Aerospace - Defense	$121	$38	$64	$—	$223
Commercial Transportation	$—	$54	$—	$234	$288
Industrial and Other	$165	$30	$16	$—	$211
Third-party sales end-market revenue	**$605**	**$256**	**$190**	**$234**	**$1,285**

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

Reconciliation of Segment Adjusted EBITDA

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Engine Products										
Segment operating profit	$165	$105	$39	$108	$417	$101	$100	$120	$119	$440
Provision for depreciation and amortization	30	31	31	31	123	31	30	31	32	124
Adjusted EBITDA	**$195**	**$136**	**$70**	**$139**	**$540**	**$132**	**$130**	**$151**	**$151**	**$564**
Third-party sales	$781	$585	$485	$555	$2,406	$534	$544	$599	$605	$2,282
Adjusted EBITDA margin	25.0%	23.2%	14.4%	25.0%	22.4%	24.7%	23.9%	25.2%	25.0%	24.7%
Fastening Systems										
Segment operating profit	$96	$70	$33	$48	$247	$45	$50	$47	$48	$190
Provision for depreciation and amortization	12	12	12	12	48	12	13	12	12	49
Adjusted EBITDA	**$108**	**$82**	**$45**	**$60**	**$295**	**$57**	**$63**	**$59**	**$60**	**$239**
Third-party sales	$385	$326	$271	$263	$1,245	$272	$262	$254	$256	$1,044
Adjusted EBITDA margin	28.1%	25.2%	16.6%	22.8%	23.7%	21.0%	24.0%	23.2%	23.4%	22.9%
Engineered Structures										
Segment operating profit	$28	$19	$10	$16	$73	$10	$11	$14	$19	$54
Provision for depreciation and amortization	13	14	13	12	52	12	13	12	12	49
Adjusted EBITDA	**$41**	**$33**	**$23**	**$28**	**$125**	**$22**	**$24**	**$26**	**$31**	**$103**
Third-party sales	$275	$229	$206	$217	$927	$176	$160	$199	$190	$725
Adjusted EBITDA margin	14.9%	14.4%	11.2%	12.9%	13.5%	12.5%	15.0%	13.1%	16.3%	14.2%
Forged Wheels										
Segment operating profit	$50	$6	$35	$62	$153	$70	$61	$62	$62	$255
Provision for depreciation and amortization	10	9	10	10	39	10	9	10	10	39
Adjusted EBITDA	**$60**	**$15**	**$45**	**$72**	**$192**	**$80**	**$70**	**$72**	**$72**	**$294**
Third-party sales	$191	$113	$172	$203	$679	$227	$229	$231	$234	$921
Adjusted EBITDA margin	31.4%	13.3%	26.2%	35.5%	28.3%	35.2%	30.6%	31.2%	30.8%	31.9%

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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Reconciliation of Adjusted Free Cash Flow as a Percentage of Income from Continuing Operations

($ in millions)	FY 2021
Cash provided from operations	$449
Cash receipts from sold receivables	267
Capital expenditures	(199)
Adjusted free cash flow (a)	**$517**
Voluntary pension plan contributions for U.K. and U.S.	$28
Adjusted free cash flow excluding Voluntary pension plan contributions (b)	**$545**
Income from continuing operations	$258
Special items:	
Restructuring and other charges	$90
Discrete tax items[1]	$9
Other special items:	
Debt tender fees and related costs	147
Plant fire reimbursements, net	(3)
Legal and other advisory reimbursements related to Grenfell Tower, net	(4)
Costs associated with closures, shutdowns, and other items	35
Total Other special items	$175
Tax impact[2]	$(90)
Income from continuing operations excluding Special items (c)	**$442**
Adjusted free cash flow as a percentage of Income from continuing operations (a)/(c)	**117%**
Adjusted free cash flow excluding Voluntary pension plan contributions as a percentage of Income from continuing operations (b)/(c)	**123%**

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.

Income from continuing operations 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 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 the year ended December 31, 2021 included a net benefit related to prior year amended returns and audit settlements ($14), a charge related to prior year foreign earnings distributed or no longer considered permanently reinvested $13, a net charge related to valuation allowance adjustments $9, and a net charge for other items $1.

(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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