

Third Quarter 2024 Earnings Call

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

November 6, 2024



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," "envisions," "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 Inc.'s ("Howmet'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's strategies, outlook, and business and financial prospects; and any future dividends, debt issuances, debt reduction and repurchases of its common stock. These statements reflect beliefs and assumptions that are based on Howmet's perception of historical trends, current conditions and expected future developments, as well as other factors Howmet 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) deterioration in global economic and financial market conditions generally; (b) adverse changes in the markets served by Howmet; (c) the impact of potential cyber attacks and information technology or data security breaches; (d) the loss of significant customers or adverse changes in customers' business or financial conditions; (e) manufacturing difficulties or issues that impact product performance, quality or safety; (f) inability of suppliers to meet obligations due to supply chain disruptions or otherwise; (g) failure to attract and retain a qualified workforce and key personnel, labor disputes or other employee relations issues; (h) the inability to achieve anticipated or targeted revenue growth, cash generation, restructuring plans, cost reductions, improvement in profitability, or strengthening of competitiveness and operations; (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's global operations, including geopolitical and diplomatic tensions, instabilities, conflicts and wars, as well as compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations; (l) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation, which can expose Howmet 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's Form 10-K for the year ended December 31, 2023 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. Under its share repurchase program, Howmet may repurchase shares from time to time, in amounts, at prices, and at such times as it deems appropriate. Howmet is not obligated to repurchase any specific number of shares or to do so at any particular time. The declaration of any future dividends is subject to the discretion and approval of Howmet's Board of Directors after consideration of all factors it deems relevant and subject to applicable law. Howmet may modify, suspend, or cancel its share repurchase program or its dividend policy in any manner and at any time that it may deem necessary or appropriate. Credit ratings are not a recommendation to buy or hold any Howmet securities, and they may be revised or revoked at any time at the sole discretion of the rating organizations. The statements in this presentation are made as of the date of this presentation, even if subsequently made available by Howmet on its website or otherwise. Howmet disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events or otherwise, except as required by applicable law.

Important Information (continued)

Non-GAAP Financial Measures

Some of the information included in this presentation is derived from 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 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.

Other Information

In this presentation: where values are denoted, M=USD millions and B=USD billions; YTD=year to date; YOY=year over year; FY=full year; Q=quarter; bps=basis points; Free Cash Flow Conversion=Free Cash Flow divided by Net Income excluding Special Items; and references to Howmet Aerospace performance that is "record" means its best result since April 1, 2020 when Howmet Aerospace Inc. (previously named Arconic Inc.) separated from Arconic Corporation.

Q3 2024 Highlights

Revenue and Profitability Excluding Special Items ^{1,2}	Q3 2023	Q2 2024	Q3 2024	Q3 YoY
Revenue	\$1.658B	\$1.880B	\$1.835B	+11%
Adj EBITDA ¹	\$382M	\$483M	\$487M	+27%
Adj EBITDA Margin ¹	23.0%	25.7%	26.5%	+350 bps
Adj Operating Income ¹	\$314M	\$414M	\$419M	+33%
Adj Operating Income Margin ¹	18.9%	22.0%	22.8%	+390 bps
Adj Earnings Per Share ²	\$0.46	\$0.67	\$0.71	+54%

Q3 2024 Balance Sheet and Cash Flow

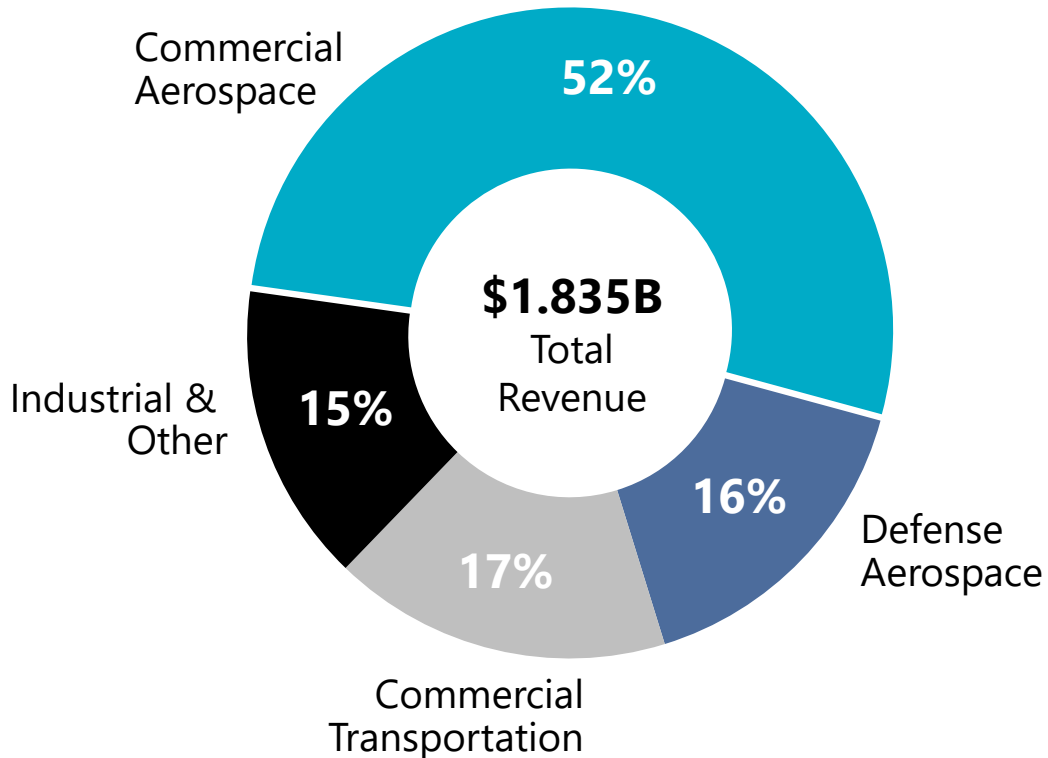
- Record Q3 Free Cash Flow³ of \$162M
- Reduced Debt \$282M and Refinanced \$500M at 3.72% Fixed Rate in Q3
 - Reduced Debt \$305M Q3 YTD with Annualized Interest Expense savings ~\$33M
- Repurchased \$100M of Common Stock at ~\$94.22 Avg Price per Share in Q3; \$310M at ~\$76.75 Q3 YTD
- Net Debt-to-LTM EBITDA⁴ Improved to a Record Low 1.6x; All Long-Term Debt Unsecured at Fixed Rates



1) Net Income (GAAP): Q3 2023 = \$188M, Q2 2024 = \$266M, Q3 2024 = \$332M; Operating income (GAAP): Q3 2023 = \$307M, Q2 2024 = \$398M, Q3 2024 = \$421M; Operating income margin (GAAP): Q3 2023 = 18.5%, Q2 2024 = 21.2%, Q3 2024 = 22.9% 2) EPS (GAAP): Q3 2023 = \$0.45, Q2 2024 = \$0.65, Q3 2024 = \$0.81 3) Q3 2024: Cash provided from operations = \$244M, Cash used for financing activities = (\$441M), Cash used for investing activities = (\$80M) 4) Adjusted for special items; Last twelve months (LTM) Howmet adjusted EBITDA See appendix for reconciliations

Q3 2024 Revenue Up 11% YoY, Commercial Aerospace Up 17% YoY

Revenue by Market
(% of total)



Revenue by Market
(% change)

	YoY	Sequential
Commercial Aerospace	17%	(2%)
Defense Aerospace	15%	Flat
Commercial Transportation	(12%)	(10%)
Industrial & Other ¹	17%	3%
Total Revenue	11%	(2%)

Q3 2024: Revenue Up 11% YoY, Adj EBITDA Margin¹ 26.5%, Adj EPS² Up 54% YoY

Enhanced Profitability

- Exceeded High-End of Guidance on Adj EBITDA¹, Adj EBITDA Margin¹ and Adj Earnings Per Share²
- Revenue up 11% YoY, driven by Commercial Aerospace up 17%, Commercial Transportation down 12%
- Adj EBITDA¹ of \$487M, up 27% YoY. Adj EBITDA Margin¹ of 26.5%, up ~350 bps YoY
- Adj Earnings Per Share² of \$0.71, up 54% YoY

Strong Balance Sheet and Cash Flow

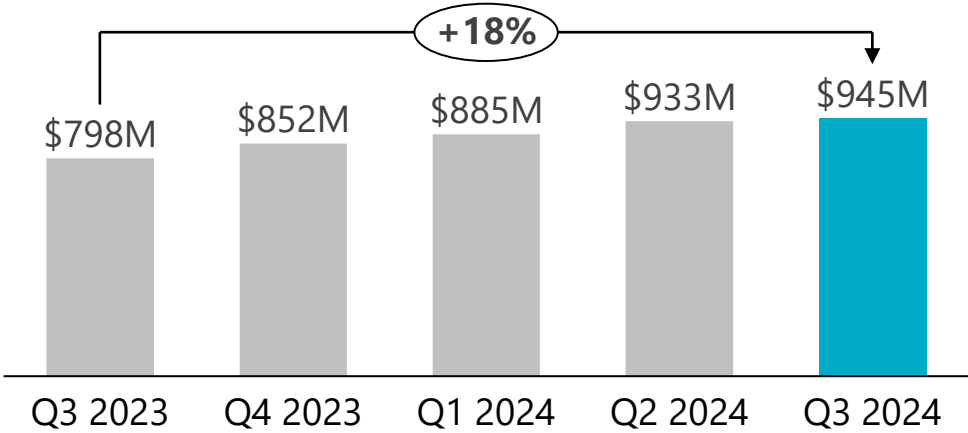
- Healthy Cash Balance of \$475M; Record Q3 Free Cash Flow³ of \$162M
- Net Debt-to-LTM EBITDA⁴ Improved to a Record Low 1.6x
- Two-Notch Rating Upgrade from Moody's and Outlook Upgrade from Fitch in Q3

Capital Deployment

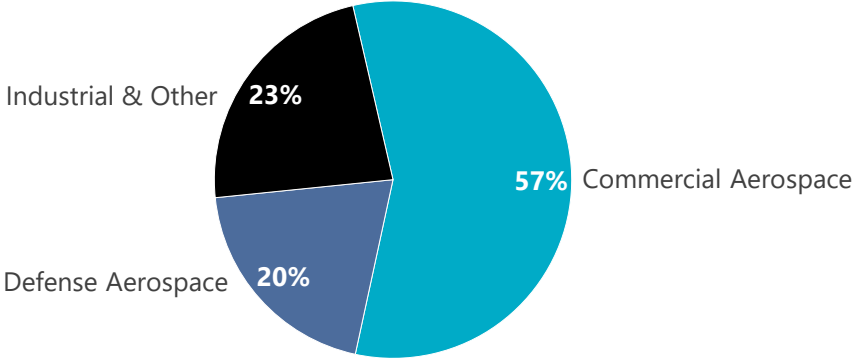
- Capital Deployment: ~\$416M for Debt Reduction, Common Stock Repurchases, and Quarterly Dividends
- Reduced Debt \$282M in Q3; \$305M Q3 YTD with Annualized Interest Expense savings ~\$33M
- Repurchased \$100M of Common Stock at ~\$94.22 Avg Price per Share in Q3; \$310M at ~\$76.75 Q3 YTD
- Paid Quarterly Dividend at \$0.08 per share of Common Stock in Q3; up 60% from Q2 2024

Engine Products: Revenue Up 18% Q3 YoY; Record Adj EBITDA Margin 32.5%

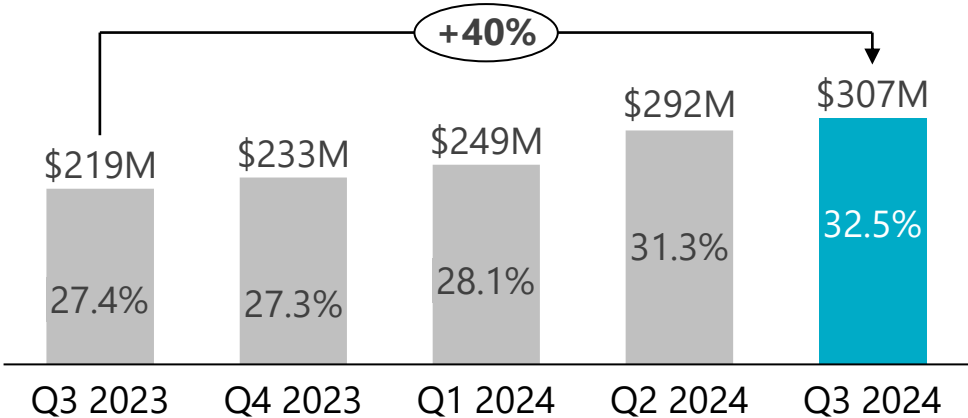
3rd Party Revenue



Q3 Revenue by Market (% of total)



Segment Adjusted EBITDA and Margin

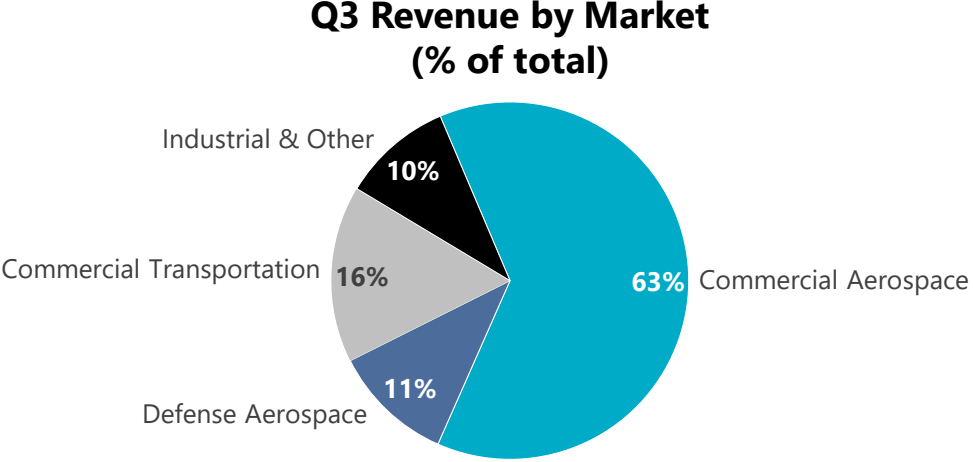
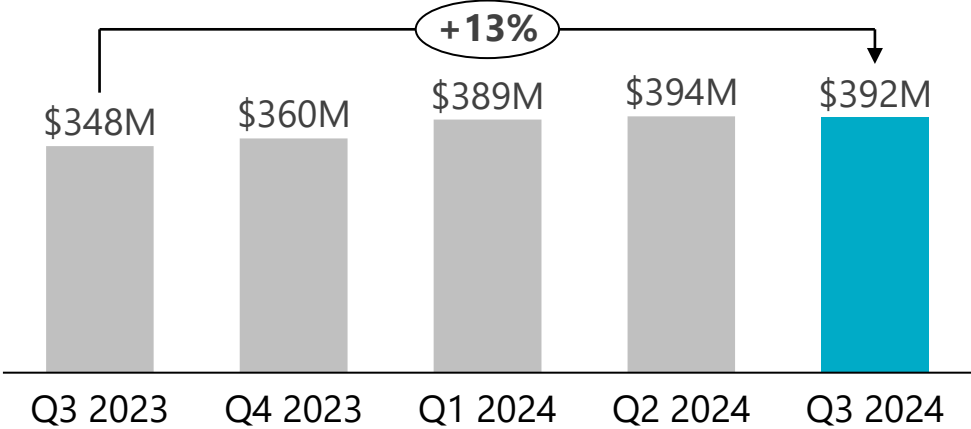


Q3 2024 YoY

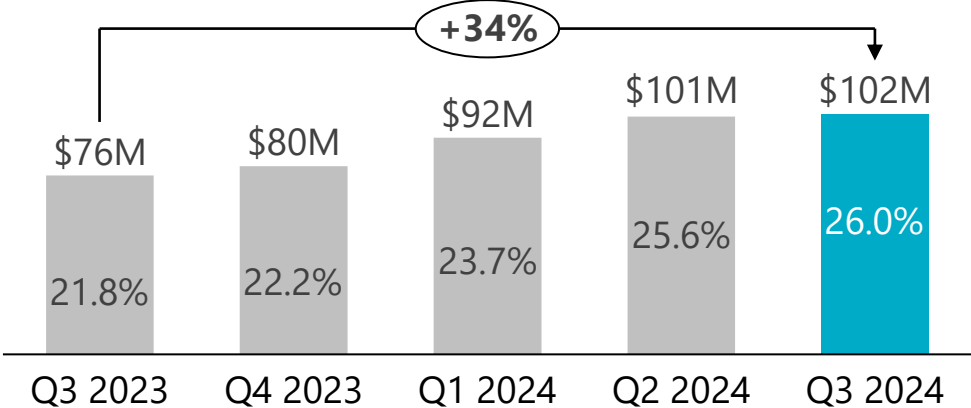
- + Spares Growth Across All Markets
- + Commercial Aerospace Growth
- + Defense Aerospace Growth
- + Industrial Gas Turbine / Oil & Gas Growth

Fastening Systems: Revenue Up 13% Q3 YoY; Adj EBITDA Margin 26.0%

3rd Party Revenue



Segment Adjusted EBITDA and Margin

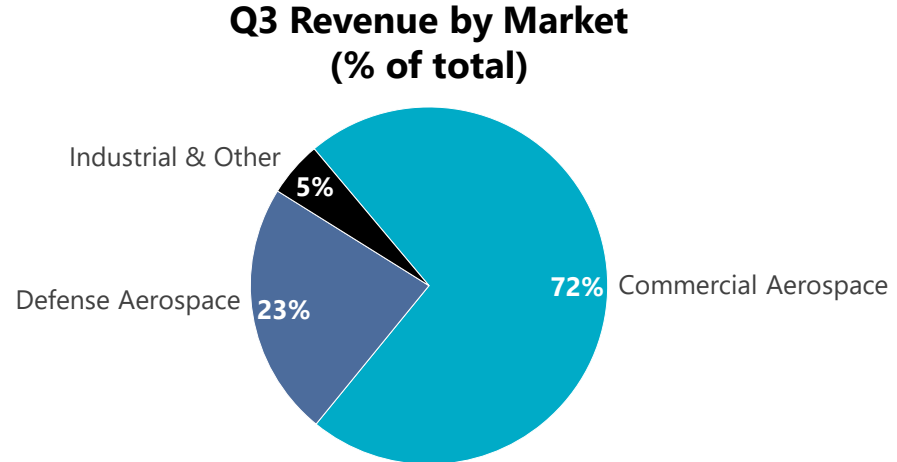
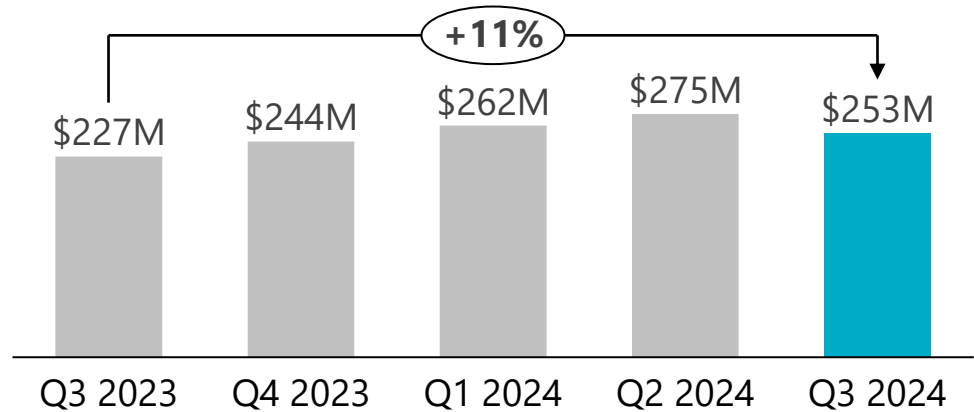


Q3 2024 YoY

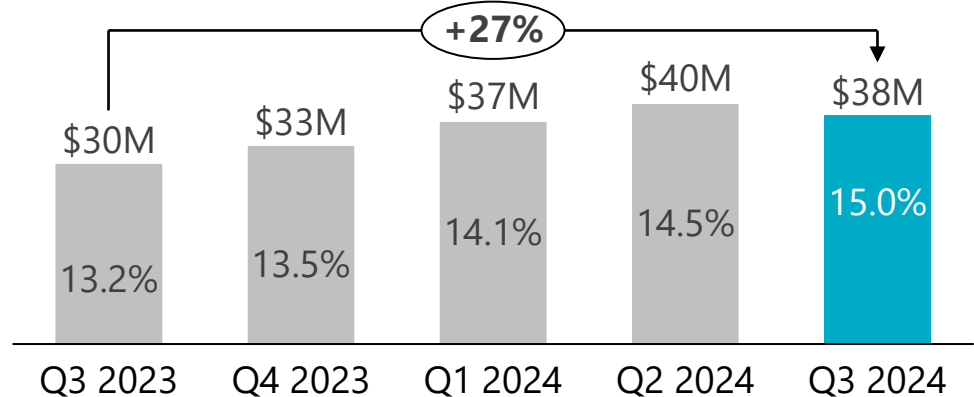
- + Commercial Aerospace Growth
- + Wide Body Recovery
- Commercial Transportation Market Down

Engineered Structures: Revenue Up 11% Q3 YoY; Adj EBITDA Margin 15.0%

3rd Party Revenue



Segment Adjusted EBITDA and Margin

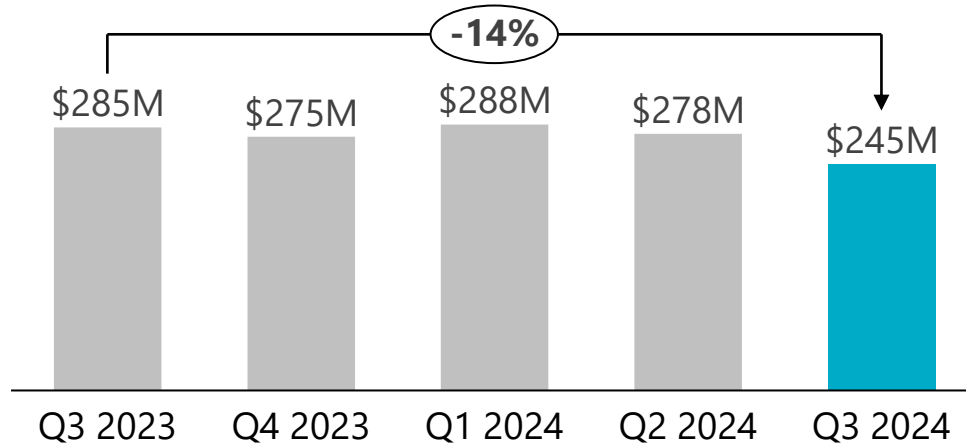


Q3 2024 YoY

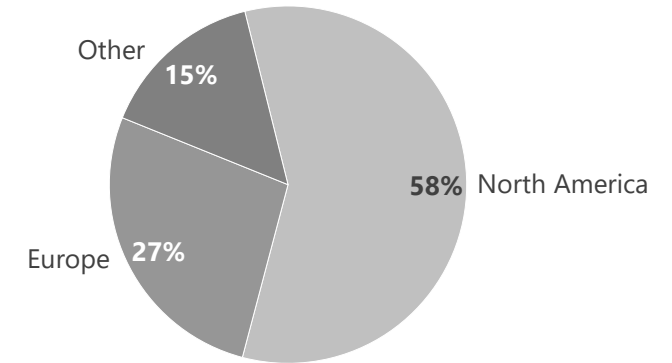
- + Commercial Aerospace Growth
- + Defense Aerospace Growth
- + Margin Expansion
- +/- Product Rationalization

Forged Wheels: Revenue Down 14% Q3 YoY; Adj EBITDA Margin 26.1%

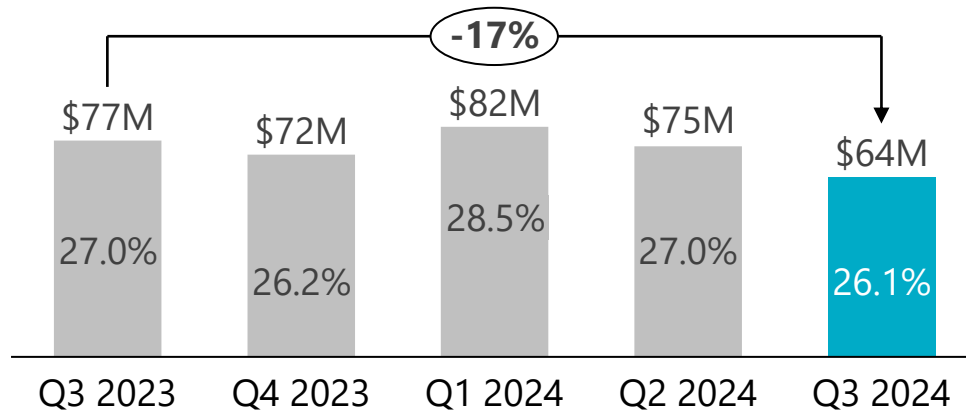
3rd Party Revenue



Q3 Revenue by Region (% of total)



Segment Adjusted EBITDA and Margin



Q3 2024 YoY

- Volume Down 13%
- Commercial Transportation Market Down
- + Cost Flexing

2024 Guidance

	Q4 2024 Guidance			FY 2024 Guidance			What we expect in 2024
	<u>Low</u>	<u>Baseline</u>	<u>High</u>	<u>Low</u>	<u>Baseline</u>	<u>High</u>	
Revenue	\$1.850B	\$1.870B	\$1.890B	\$7.390B	\$7.410B	\$7.430B	<ul style="list-style-type: none"> ▪ FY 2024 Revenue up ~12% vs. FY 2023 ▪ FY 2024 Adj EBITDA¹ up ~26% vs. FY 2023 ▪ FY 2024 Adj EPS^{1,2} up ~45% vs. FY 2023 ▪ FY 2024 Capex of \$310M - \$330M ▪ FY 2024 Free Cash Flow Conversion ~85%
				Baseline Change ▶	(\$30M)		
Adj EBITDA¹ <i>Adj EBITDA Margin¹</i>	\$478M 25.8%	\$488M 26.1%	\$498M 26.3%	\$1.885B 25.5%	\$1.895B 25.6%	\$1.905B 25.6%	
				Baseline Change ▶	+\$30M +50 bps		
Adj Earnings per Share^{1,2}	\$0.70	\$0.71	\$0.72	\$2.65	\$2.66	\$2.67	
				Baseline Change ▶	+\$0.11		
Free Cash Flow				\$890M	\$920M	\$940M	
				Baseline Change ▶	+\$50M		

2025 Preliminary Revenue Guidance: Up ~7.5% YoY

Summary

Revenue / Profit Q3 2024

- Revenue of ~\$1.84B, up 11% YoY, driven by Comm Aerospace up 17%, Comm Transportation down 12%
- Adj EBITDA¹ of \$487M, up 27% YoY
- Adj EBITDA Margin¹ of 26.5%, up ~350 bps YoY
- Adj Earnings Per Share² of \$0.71, up 54% YoY

Cash Generation / Deployment Q3 2024

- Record Q3 Free Cash Flow³ of \$162M
- Reduced Debt \$282M in Q3; \$305M Q3 YTD with Annualized Interest Expense savings ~\$33M
- Repurchased \$100M of Common Stock at ~\$94.22 Avg Price per Share in Q3; \$310M at ~\$76.75 Q3 YTD
- Net Debt-to-LTM EBITDA⁴ Improved to Record Low 1.6x

Guidance Expectations

- Expect FY 2024 Revenue up ~12% YoY, Adj EBITDA¹ up ~26% YoY, Adj Earnings Per Share² up ~45% YoY
- Expect FY 2024 Free Cash Flow of ~\$920M, up ~35% YoY, with Free Cash Flow Conversion of ~85%
- Expect FY 2024 Net Debt-to-LTM EBITDA⁴ to improve towards ~1.5x at year end
- Expect to Increase Common Stock Dividend⁵ by 25% to \$0.10 in Q1 2025
- Expect FY 2025 Revenue up ~7.5% YoY



1) Adjusted EBITDA and EBITDA Margin excluding special items: Net Income (GAAP): Q3 2023 = \$188M, Q3 2024 = \$332M; Operating income (GAAP): Q3 2023 = \$307M, Q3 2024 = \$421M; Operating income margin (GAAP): Q3 2023 = 18.5%, Q3 2024 = 22.9% 2) Adjusted EPS excluding special items: EPS (GAAP): Q3 2023 = \$0.45, Q3 2024 = \$0.81 3) Q3 2024: Cash provided from operations = \$244M, Cash used for financing activities = (\$441M), Cash used for investing activities = (\$80M) 4) Adjusted for special items; Last twelve months (LTM) Howmet adjusted EBITDA 5) Future dividends are subject to the discretion and approval of the Board of Directors See appendix for reconciliations



HOWMET
AEROSPACE

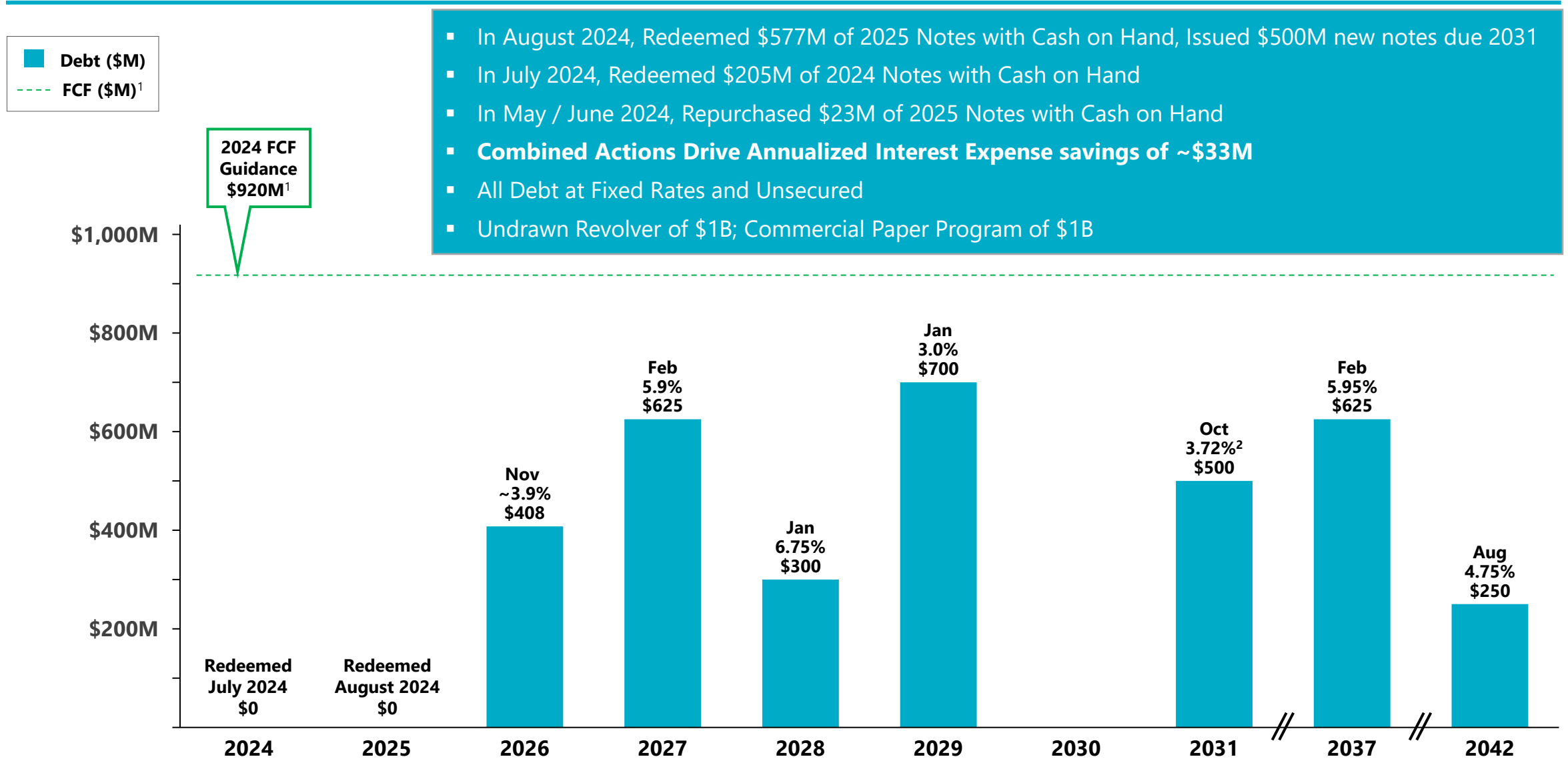
Appendix



2024 Assumptions

	Full Year 2024	2024 Comments
Corporate Overhead ¹	~\$95M	<ul style="list-style-type: none"> Included in Adj EBITDA¹
Depreciation and Amortization	~\$270M	
Interest Expense	~\$185M <i>Previous: ~\$190M</i>	<ul style="list-style-type: none"> Excludes future potential debt issuance, breakage, and tender fees
Operational Tax Rate	20.5% – 21.5% <i>Previous: 21.0 - 22.0%</i>	<ul style="list-style-type: none"> Cash Tax Rate ~15%
Pension / OPEB Expense	~\$35M <i>Previous: ~\$40M</i>	<ul style="list-style-type: none"> ~\$5M Service Costs (included in Adj EBITDA¹) ~\$30M Non-Service Costs (excluded from Adj EBITDA¹) ~ Flat YoY
Miscellaneous Other Expenses	\$25M – \$30M <i>Previous: ~\$15M</i>	<ul style="list-style-type: none"> Included in Other expense (income), net Examples are deferred compensation and foreign currency impacts
Post-Tax Pension / OPEB Liability	~\$525M Pension Liability; ~\$80M OPEB Liability	<ul style="list-style-type: none"> Applied U.S. federal corporate tax rate of 21%
Pension / OPEB Contributions	~\$65M	<ul style="list-style-type: none"> Up ~\$15M YoY
Capex	\$310M – \$330M	<ul style="list-style-type: none"> Increase driven by Engine Products Capacity Expansion
Diluted Share Count Average	~410M <i>Previous: ~411M</i>	<ul style="list-style-type: none"> Q3 2024 Diluted shares exit rate of ~409M Common share buyback Q3 YTD \$310M, October 2024 \$90M Excludes any potential additional common stock repurchases

Robust Liquidity; Each Debt Tower Below 2024 Free Cash Flow Expectations



1) Free Cash Flow – 2024 Guidance Baseline

2) After cross-currency swap to synthetically convert notes into Euro liability of ~€458M with a fixed interest rate of 3.72%

Reconciliation of Net Income and Diluted EPS Excluding Special Items

(\$ in millions, except per-share amounts)	Q3 2023	Q2 2024	Q3 2024
Net income	\$188	\$266	\$332
Diluted Earnings Per Share ("EPS")	\$0.45	\$0.65	\$0.81
Special items:			
Restructuring and other charges (credits) ⁽¹⁾	\$4	\$22	\$(1)
Loss on debt redemption and related costs	—	—	6
Plant fire costs (reimbursements), net	1	(6)	—
Collective bargaining agreement negotiations	1	—	—
Costs (benefits) associated with closures, supply chain disruptions, and other items	1	—	(1)
Subtotal: Pre-tax special items	\$7	\$16	\$4
Tax impact of Pre-tax special items ⁽²⁾	(1)	—	(1)
Subtotal	\$6	\$16	\$3
Discrete and other tax special items ⁽³⁾	\$(2)	\$(6)	\$(45)
Total: After-tax special items	\$4	\$10	\$(42)
Net income excluding Special items	\$192	\$276	\$290
Diluted EPS excluding Special items	\$0.46	\$0.67	\$0.71

Net income excluding Special items and Diluted EPS excluding Special items are non-GAAP financial measures. Management believes that these measures are meaningful to investors because management reviews the operating results of the Company excluding the impacts of Restructuring and other charges (credits), Discrete tax items, and Other special items (collectively, "Special items"). There can be no assurances that additional Special items will not occur in future periods. To compensate for this limitation, management believes that it is appropriate to consider both Net income and Diluted EPS determined under GAAP as well as Net income excluding Special items and Diluted EPS excluding Special items.

- (1) Q2 2024 includes non-cash Special items of a loss on sale of a small manufacturing facility in Engineered Structures \$14 and other exit costs, including accelerated depreciation \$1.
- (2) The Tax impact of Pre-tax 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) Discrete tax items for Q3 2024 are discussed further in the Reconciliation of the Operational Tax Rate. Discrete tax items for Q3 2023 included a net benefit for other small items (\$1). Discrete tax items for Q2 2024 included an excess tax benefit for stock compensation (\$5).

Reconciliation of Operational Tax Rate

(\$ in millions)	Q3 2024			YTD 2024		
	Effective tax rate, as reported	Special items ⁽¹⁾⁽²⁾	Operational tax rate, as adjusted	Effective tax rate, as reported	Special items ⁽¹⁾⁽²⁾	Operational tax rate, as adjusted
Income before income taxes	\$354	\$4	\$358	\$991	\$21	\$1,012
Provision for income taxes	\$22	\$46	\$68	\$150	\$58	\$208
Tax rate	6.2%		19.0%	15.1%		20.6%

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) Pre-tax special items for the quarter ended September 30, 2024 included Loss on debt redemption and related costs \$6 offset by Restructuring and other charges (credits) (\$1) and Costs (benefits) associated with closures, supply chain disruptions, and other items (\$1). Pre-tax special items for the nine months ended September 30, 2024 included Restructuring and other charges (credits) \$21 and Loss on debt redemption and related costs \$6 offset by Plant fire costs (reimbursements) (\$6).
- (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 September 30, 2024, a net benefit related to additional U.S. federal and state research and development ("R&D") credits claimed for prior years upon completion of the Company's R&D study (\$44), and an excess tax benefit for stock compensation (\$2); and
 - for the nine months ended September 30, 2024, a net benefit related to additional U.S. federal and state R&D credits claimed for prior years upon completion of the Company's R&D study (\$44), an excess tax benefit for stock compensation (\$9), a benefit to release a valuation allowance related to U.S. foreign tax credits (\$6), and a net charge for other small items \$1.

Calculation of Segment Markets Revenue

(\$ in millions)	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
Q3 2023					
Aerospace - Commercial	\$446	\$209	\$165	\$—	\$820
Aerospace - Defense	\$165	\$41	\$45	\$—	\$251
Commercial Transportation	\$—	\$67	\$—	\$285	\$352
Industrial and Other	\$187	\$31	\$17	\$—	\$235
Third-party sales market revenue	\$798	\$348	\$227	\$285	\$1,658
Q2 2024					
Aerospace - Commercial	\$528	\$251	\$200	\$—	\$979
Aerospace - Defense	\$192	\$37	\$61	\$—	\$290
Commercial Transportation	\$—	\$68	\$—	\$278	\$346
Industrial and Other	\$213	\$38	\$14	\$—	\$265
Third-party sales market revenue	\$933	\$394	\$275	\$278	\$1,880
Q3 2024					
Aerospace - Commercial	\$534	\$245	\$183	\$—	\$962
Aerospace - Defense	\$189	\$43	\$57	\$—	\$289
Commercial Transportation	\$—	\$65	\$—	\$245	\$310
Industrial and Other	\$222	\$39	\$13	\$—	\$274
Third-party sales market revenue	\$945	\$392	\$253	\$245	\$1,835

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

Revenue includes impacts of foreign currency and material and other inflationary cost pass through.

Calculation of Segment Information

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Engine Products								
Third-party sales	\$ 795	\$ 821	\$ 798	\$ 852	\$ 3,266	\$ 885	\$ 933	\$ 945
Inter-segment sales	\$ 2	\$ 5	\$ 5	\$ 1	\$ 13	\$ 2	\$ 1	\$ 3
Provision for depreciation and amortization	\$ 32	\$ 32	\$ 33	\$ 33	\$ 130	\$ 33	\$ 33	\$ 34
Segment Adjusted EBITDA	\$ 212	\$ 223	\$ 219	\$ 233	\$ 887	\$ 249	\$ 292	\$ 307
Segment Adjusted EBITDA Margin	26.7 %	27.2 %	27.4 %	27.3 %	27.2 %	28.1 %	31.3 %	32.5 %
Depreciation and amortization % of Revenue	4.0 %	3.9 %	4.1 %	3.9 %	4.0 %	3.7 %	3.5 %	3.6 %
Restructuring and other (credits) charges	\$ —	\$ (1)	\$ —	\$ (1)	\$ (2)	\$ —	\$ (1)	\$ 1
Capital expenditures	\$ 33	\$ 21	\$ 30	\$ 28	\$ 112	\$ 55	\$ 33	\$ 55
Fastening Systems								
Third-party sales	\$ 312	\$ 329	\$ 348	\$ 360	\$ 1,349	\$ 389	\$ 394	\$ 392
Provision for depreciation and amortization	\$ 11	\$ 12	\$ 12	\$ 11	\$ 46	\$ 11	\$ 13	\$ 12
Segment Adjusted EBITDA	\$ 58	\$ 64	\$ 76	\$ 80	\$ 278	\$ 92	\$ 101	\$ 102
Segment Adjusted EBITDA Margin	18.6 %	19.5 %	21.8 %	22.2 %	20.6 %	23.7 %	25.6 %	26.0 %
Depreciation and amortization % of Revenue	3.5 %	3.6 %	3.4 %	3.1 %	3.4 %	2.8 %	3.3 %	3.1 %
Restructuring and other charges	\$ —	\$ —	\$ 1	\$ —	\$ 1	\$ —	\$ 2	\$ 1
Capital expenditures	\$ 9	\$ 5	\$ 9	\$ 8	\$ 31	\$ 7	\$ 5	\$ 5

Calculation of Segment Information (continued)

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Engineered Structures								
Third-party sales	\$ 207	\$ 200	\$ 227	\$ 244	\$ 878	\$ 262	\$ 275	\$ 253
Inter-segment sales	\$ —	\$ 1	\$ —	\$ 2	\$ 3	\$ 1	\$ 3	\$ 3
Provision for depreciation and amortization	\$ 12	\$ 12	\$ 12	\$ 11	\$ 47	\$ 11	\$ 11	\$ 10
Segment Adjusted EBITDA	\$ 30	\$ 20	\$ 30	\$ 33	\$ 113	\$ 37	\$ 40	\$ 38
Segment Adjusted EBITDA Margin	14.5 %	10.0 %	13.2 %	13.5 %	12.9 %	14.1 %	14.5 %	15.0 %
Depreciation and amortization % of Revenue	5.8 %	6.0 %	5.3 %	4.5 %	5.4 %	4.2 %	4.0 %	4.0 %
Restructuring and other charges	\$ 1	\$ 5	\$ 1	\$ 14	\$ 21	\$ —	\$ 14	\$ 1
Capital expenditures	\$ 10	\$ 5	\$ 6	\$ 5	\$ 26	\$ 6	\$ 5	\$ 5
Forged Wheels								
Third-party sales	\$ 289	\$ 298	\$ 285	\$ 275	\$ 1,147	\$ 288	\$ 278	\$ 245
Provision for depreciation and amortization	\$ 9	\$ 10	\$ 10	\$ 10	\$ 39	\$ 10	\$ 10	\$ 10
Segment Adjusted EBITDA	\$ 79	\$ 81	\$ 77	\$ 72	\$ 309	\$ 82	\$ 75	\$ 64
Segment Adjusted EBITDA Margin	27.3 %	27.2 %	27.0 %	26.2 %	26.9 %	28.5 %	27.0 %	26.1 %
Depreciation and amortization % of Revenue	3.1 %	3.4 %	3.5 %	3.6 %	3.4 %	3.5 %	3.6 %	4.1 %
Restructuring and other charges	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Capital expenditures	\$ 9	\$ 7	\$ 9	\$ 11	\$ 36	\$ 12	\$ 9	\$ 14

Calculation of Total Segment Adj. EBITDA and Adj. EBITDA Margin

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Third-party sales – Engine Products	\$795	\$821	\$798	\$852	\$3,266	\$885	\$933	\$945
Third-party sales – Fastening Systems	\$312	\$329	\$348	\$360	\$1,349	\$389	\$394	\$392
Third-party sales – Engineered Structures	\$207	\$200	\$227	\$244	\$878	\$262	\$275	\$253
Third-party sales – Forged Wheels	\$289	\$298	\$285	\$275	\$1,147	\$288	\$278	\$245
Total Segment third-party sales	\$1,603	\$1,648	\$1,658	\$1,731	\$6,640	\$1,824	\$1,880	\$1,835
Total Segment Adjusted EBITDA⁽¹⁾	\$379	\$388	\$402	\$418	\$1,587	\$460	\$508	\$511
Total Segment Adjusted EBITDA margin	23.6%	23.5%	24.2%	24.1%	23.9%	25.2%	27.0%	27.8%

Total Segment Adjusted EBITDA and Total Segment Adjusted EBITDA margin are non-GAAP financial measures. Management believes that these measures are meaningful to investors because Total Segment Adjusted EBITDA and Total Segment Adjusted EBITDA margin provide additional information with respect to the operating performance and the Company's ability to meet its financial obligations. The Total Segment Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies. Howmet's definition of Total Segment 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. Special items, including Restructuring and other charges (credits), are excluded from net margin and Segment Adjusted EBITDA.

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

⁽¹⁾ See Reconciliation of Total Segment Adjusted EBITDA to Consolidated Income Before Income Taxes.

Reconciliation of Total Segment Adj. EBITDA to Income Before Income Taxes

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Income before income taxes	\$220	\$243	\$242	\$270	\$975	\$303	\$334	\$354
Loss on debt redemption	1	—	—	1	2	—	—	6
Interest expense	57	55	54	52	218	49	49	44
Other expense (income), net	7	(13)	11	3	8	17	15	17
Operating income	\$285	\$285	\$307	\$326	\$1,203	\$369	\$398	\$421
Segment provision for depreciation and amortization	64	66	67	65	262	65	67	66
Unallocated amounts:								
Restructuring and other charges (credits)	1	3	4	15	23	—	22	(1)
Corporate expense ⁽¹⁾	29	34	24	12	99	26	21	25
Total Segment Adjusted EBITDA	\$379	\$388	\$402	\$418	\$1,587	\$460	\$508	\$511

Total Segment Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Total Segment Adjusted EBITDA provides additional information with respect to the Company's operating performance and the Company's ability to meet its financial obligations. The Total Segment Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies. Howmet's definition of Total Segment 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. Special items, including Restructuring and other charges (credits), are excluded from net margin and Segment Adjusted EBITDA. Differences between the total segment and consolidated totals are in Corporate.

⁽¹⁾ Pre-tax special items included in Corporate expense

	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Plant fire costs (reimbursements), net	\$4	\$(4)	\$1	\$(13)	\$(12)	\$—	\$(6)	\$—
Collective bargaining agreement negotiation	—	7	1	—	8	—	—	—
Costs (benefits) associated with closures, supply chain disruptions, and other items	1	9	1	2	13	1	—	(1)
Total Pre-tax special items included in Corporate expense	\$5	\$12	\$3	\$(11)	\$9	\$1	\$(6)	\$(1)

Reconciliation of Adj. Corporate Exp. Excluding Depreciation and Special Items

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Corporate expense	\$29	\$34	\$24	\$12	\$99	\$26	\$21	\$25
Provision for depreciation and amortization	5	1	1	3	10	2	2	2
Adjusted Corporate expense excluding depreciation	\$24	\$33	\$23	\$9	\$89	\$24	\$19	\$23
Special items:								
Plant fire costs (reimbursements), net	\$4	\$(4)	\$1	\$(13)	\$(12)	\$—	\$(6)	\$—
Collective bargaining agreement negotiations	—	7	1	—	8	—	—	—
Costs (benefits) associated with closures, supply chain disruptions, and other items	1	10	1	2	14	1	—	(1)
Adjusted Corporate expense excluding depreciation and Special items	\$19	\$20	\$20	\$20	\$79	\$23	\$25	\$24

Adjusted Corporate expense excluding depreciation and Adjusted Corporate expense excluding depreciation and 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 Corporate expense determined under GAAP as well as Adjusted Corporate expense excluding depreciation and Adjusted Corporate expense excluding depreciation and Special items.

Reconciliation of Adj. EBITDA and Adj. EBITDA Margin Excluding Special Items and Incremental Margin

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Third-party sales	\$1,603	\$1,648	\$1,658	\$1,731	\$6,640	\$1,824	\$1,880	\$1,835
Operating income	\$285	\$285	\$307	\$326	\$1,203	\$369	\$398	\$421
Operating income margin	17.8%	17.3%	18.5%	18.8%	18.1%	20.2%	21.2%	22.9%
Net income	\$148	\$193	\$188	\$236	\$765	\$243	\$266	\$332
Add:								
Provision for income taxes	\$72	\$50	\$54	\$34	\$210	\$60	\$68	\$22
Other expense (income), net	7	(13)	11	3	8	17	15	17
Loss on debt redemption	1	—	—	1	2	—	—	6
Interest expense, net	57	55	54	52	218	49	49	44
Restructuring and other charges (credits)	1	3	4	15	23	—	22	(1)
Provision for depreciation and amortization	69	67	68	68	272	67	69	68
Adjusted EBITDA	\$355	\$355	\$379	\$409	\$1,498	\$436	\$489	\$488
Add:								
Plant fire costs (reimbursements), net	\$4	\$(4)	\$1	\$(13)	\$(12)	\$—	\$(6)	\$—
Collective bargaining agreement negotiations	—	7	1	—	8	—	—	—
Costs (benefits) associated with closures, supply chain disruptions, and other items	1	10	1	2	14	1	—	(1)
Adjusted EBITDA excluding Special items	\$360	\$368	\$382	\$398	\$1,508	\$437	\$483	\$487
Adjusted EBITDA margin excluding Special items	22.5%	22.3%	23.0%	23.0%	22.7%	24.0%	25.7%	26.5%

	Q3 2023	Q3 2024	Q3 2024 YoY
Third-party sales (b)	\$1,658	\$1,835	\$177
Adjusted EBITDA excluding Special items (a)	\$382	\$487	\$105
Incremental margin (a)/(b)			59%

Adjusted EBITDA, Adjusted EBITDA excluding Special items, Adjusted EBITDA margin excluding Special items, Third-party and Incremental margin are non-GAAP financial measures. Management believes that these measures are meaningful to investors because they provide additional information with respect to the Company's operating performance and the Company's ability to meet its financial obligations. The Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies. 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. Special items, including Restructuring and other charges (credits), are excluded from Adjusted EBITDA.

Reconciliation of Adj. Operating Income and Margin Both Excluding Special Items

(\$ in millions)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024	Q3 2024
Third-party sales	\$1,603	\$1,648	\$1,658	\$1,731	\$6,640	\$1,824	\$1,880	\$1,835
Operating income	\$285	\$285	\$307	\$326	\$1,203	\$369	\$398	\$421
Operating income margin	17.8%	17.3%	18.5%	18.8%	18.1%	20.2%	21.2%	22.9%
Add:								
Restructuring and other charges (credits)	\$1	\$3	\$4	\$15	\$23	\$—	\$22	\$(1)
Plant fire costs (reimbursements), net	4	(4)	1	(13)	(12)	—	(6)	—
Collective bargaining agreement negotiations	—	7	1	—	8	—	—	—
Costs (benefits) associated with closures, supply chain disruptions, and other items	1	10	1	2	14	1	—	(1)
Adjusted operating income excluding Special items	\$291	\$301	\$314	\$330	\$1,236	\$370	\$414	\$419
Adjusted operating income margin excluding Special items	18.2%	18.3%	18.9%	19.1%	18.6%	20.3%	22.0%	22.8%

Adjusted operating income excluding Special items and Adjusted 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 and Operating Income margin determined under GAAP as well as Adjusted operating income excluding Special items and Adjusted operating income margin excluding Special items.

Reconciliation of Free Cash Flow

(\$ in millions)	Q1 2024	Q2 2024	Q3 2024	YTD 2024
Cash provided from operations	\$177	\$397	\$244	\$818
Capital expenditures	(82)	(55)	(82)	(219)
Free cash flow	\$95	\$342	\$162	\$599

The Accounts Receivable Securitization program remains unchanged at \$250 outstanding.

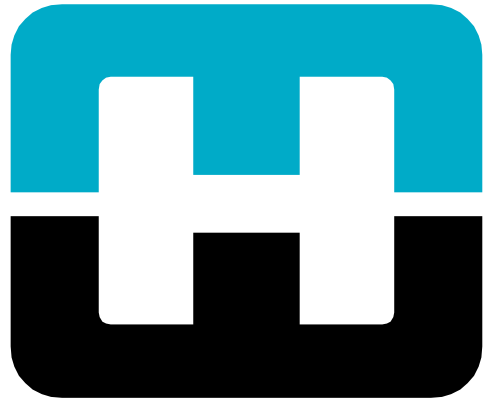
Free cash flow is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews cash flows generated from operations after taking into consideration capital expenditures (due to the fact that these expenditures are considered necessary to maintain and expand the Company's asset base and are expected to generate future cash flows from operations). It is important to note that 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 and Net Debt to Adjusted EBITDA Excluding Special Items

(\$ in millions)	Trailing-12 months ended	
	June 30, 2024	September 30, 2024
Net income	\$933	\$1,077
Add:		
Provision for income taxes	216	184
Other expense, net	46	52
Loss on debt redemption	1	7
Interest expense, net	204	194
Restructuring and other charges	41	36
Provision for depreciation and amortization	272	272
Adjusted EBITDA	\$1,713	\$1,822
Add:		
Plant fire reimbursements, net	(18)	(19)
Collective bargaining agreement negotiation	1	—
Costs associated with closures, supply chain disruptions, and other items	4	2
Adjusted EBITDA excluding Special items	\$1,700	\$1,805
Long-term debt due within one year	\$782	\$1
Long-term debt, less amount due within one year	\$2,877	\$3,393
Total Debt, at period end	\$3,659	\$3,394
Less: Cash, cash equivalents, and restricted cash, at period end	\$752	\$475
Net Debt, at period end	\$2,907	\$2,919
Net Debt to Adjusted EBITDA excluding Special items	1.7	1.6

Net debt, Net debt to Adjusted EBITDA, Adjusted EBITDA, and Adjusted EBITDA excluding Special items are non-GAAP financial measures. 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. The Adjusted EBITDA presented may not be comparable to similarly titled measures of other companies.

Management believes that these measures are meaningful to investors because management assesses the Company's leverage position after factoring in cash that could be used to repay outstanding debt, and also because they provide additional information with respect to the Company's operating performance and the Company's ability to meet its financial obligations.



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