First Quarter 2022 Earnings Call

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

May 3, 2022

HOWMET AEROSPACE

Important Information

Forward–Looking Statements

This presentation contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "goal," "guidance," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect Howmet Aerospace's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, statements, forecasts and outlook relating to the condition of end markets; future financial results or operating performance; future strategic actions; Howmet Aerospace's strategies, outlook, and business and financial prospects; and any future 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 geopolitical and diplomatic tensions, instabilities and conflicts, 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 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, 2021 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)

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.

Segment Information

Beginning the first quarter of 2022, the Company's primary measure of segment performance is Segment Adjusted EBITDA; previously, it was Segment operating profit. The Company believes that Segment Adjusted EBITDA is a better representation of its business because it provides additional information with respect to the Company's operating performance and the Company's ability to meet its financial obligations. Howmet's definition of 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, are also excluded from Net margin and Segment Adjusted EBITDA. Segment Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Where values are denoted, M=USD millions and B=USD billions.

Q1 2022 Highlights

Revenue and Profitability Excluding Special Items[1]

	Q1 2021	Q4 2021	Q1 2022
Revenue	$1.209B	$1.285B	$1.324B
Adj EBITDA[1]	$275M	$296M	$300M
Adj EBITDA Margin[1]	22.7%	23.0%	22.7%
Adj Earnings Per Share[2]	$0.22	$0.30	$0.31

- Revenue up 10% YoY driven by Commercial Aerospace
- Adj EBITDA[1] up 9% YoY and Adj Earnings Per Share[2] up 41% YoY

Balance Sheet and Cash Flow

- Free Cash Flow[3] essentially breakeven at ($7M), including ~($85M) Inventory build primarily for Commercial Aero recovery
- Ending Cash Balance of $522M; Repurchased $175M of Common Stock at an average Price of ~$34 per share
- Reduced Pension / OPEB Liability by ~$200M YoY and Pension Contributions / OPEB Payments by ~60% YoY

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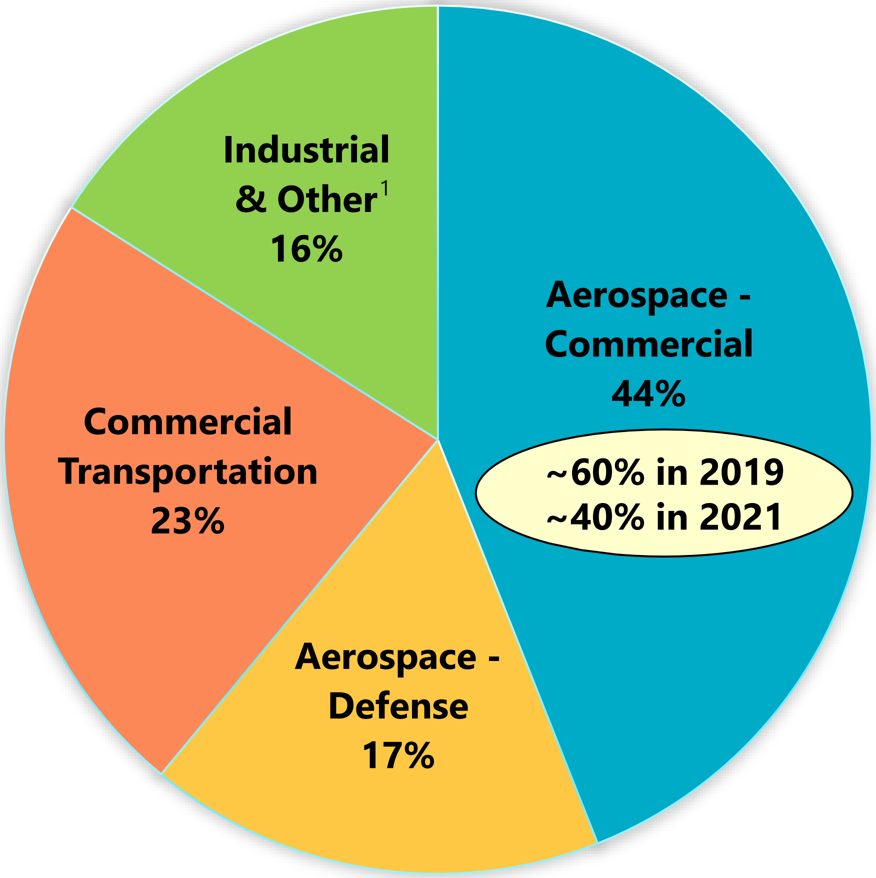
1) Net Income (GAAP): Q1 2021 = $80M, Q4 2021 = $77M, Q1 2022 = $131M 2) EPS (GAAP): Q1 2021 = $0.18, Q4 2021 = $0.18, Q1 2022 = $0.31 3) Q1 2022: Cash provided from operations = $55M, Cash used for financing activities = ($194M), Cash used for investing activities = ($61M) *See appendix for reconciliations*

Q1 2022 Revenue Up 10% YoY

Revenue by Market (% of total)



Revenue by Market (% change)	YoY	Sequential
Aerospace - Commercial	29%	4%
Aerospace - Defense	(16%)	1%
Subtotal - Aerospace	12%	3%
Commercial Transportation	10%	4%
Industrial & Other[1]	**Flat**	**Flat**
Total Revenue	10%	3%

1) IGT represents ~50%, general Industrial represents ~35%, and Oil & Gas represents ~15% of total Industrial & Other

Q1 2022: Strong Profit / Cash Performance, Adj EPS[1] +41%, Share Repurchase $175M

Enhanced Profitability

- Healthy start with Adj EBITDA[2] of $300M, exceeded Guidance midpoint
- Adj EBITDA Margin[2] of 22.7%, in line with Guidance midpoint
- Revenue up 10% YoY including ~$40M of material pass through
- Adj Earnings Per Share[1] of $0.31, up 41% YoY

Strengthened Balance Sheet

- Free Cash Flow[3] of ($7M), includes ~($85M) Inventory build primarily for Commercial Aero recovery
- Ending Cash Balance of $522M; Repurchased $175M of Common Stock
- Reduced Pension/OPEB Liability by ~$200M YoY & Pension Contributions/OPEB Payments by ~60% YoY
- Balance Sheet improvement reflected in Moody's Apr 27th Upgrade to Ba1 from Ba2

Balanced Capital Allocation

- Capex less than Depreciation and Amortization; Productivity projects focused on automation
- Repurchased ~5M shares of Common Stock for $175M at an average Price of ~$34 per share
- Paid Quarterly Dividend[4] of $0.02 per share of Common Stock

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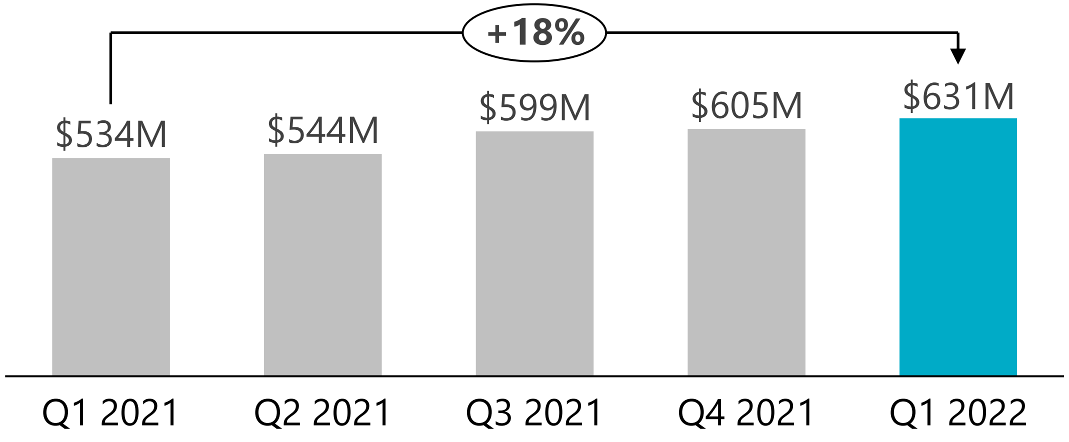
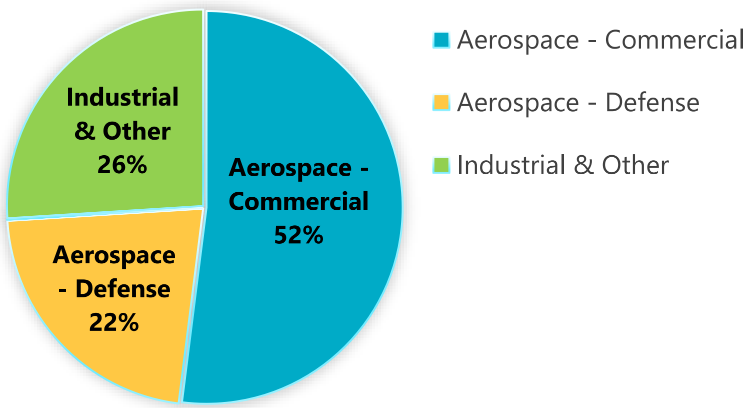
1) Adjusted EPS excluding special items: EPS (GAAP): Q1 2021 = $0.18, Q1 2022 = $0.31 2) Adjusted EBITDA and EBITDA Margin excluding special items: Net Income (GAAP): Q1 2022 = $131M 3) Q1 2022: Cash provided from operations = $55M, Cash used for financing activities = ($194M), Cash used for investing activities = ($61M) 4) Future dividends are subject to the discretion and final approval of the Board of Directors *See appendix for reconciliations*

Engine Products: Adj EBITDA Margin Up 270 bps YoY driven by Narrow Body

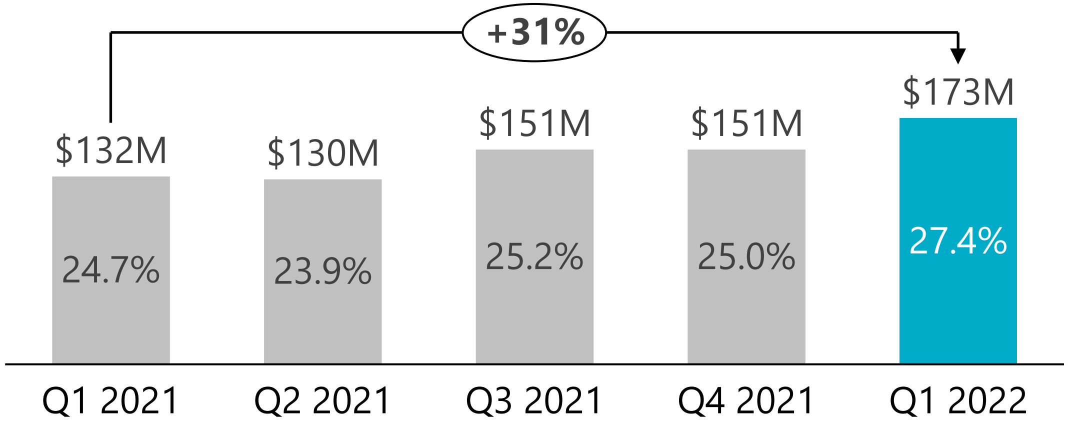
3rd Party Revenue



Revenue by Market (% of total)



Segment Adjusted EBITDA and Margin



Q1 2022 YoY

+ Narrow Body Recovery
+ Industrial Gas Turbine Growth
+ Increased Headcount ~325 in Q1 2022; up ~1,275 since Q1 2021
+ Strong Productivity Gains
– Defense Aerospace Decline

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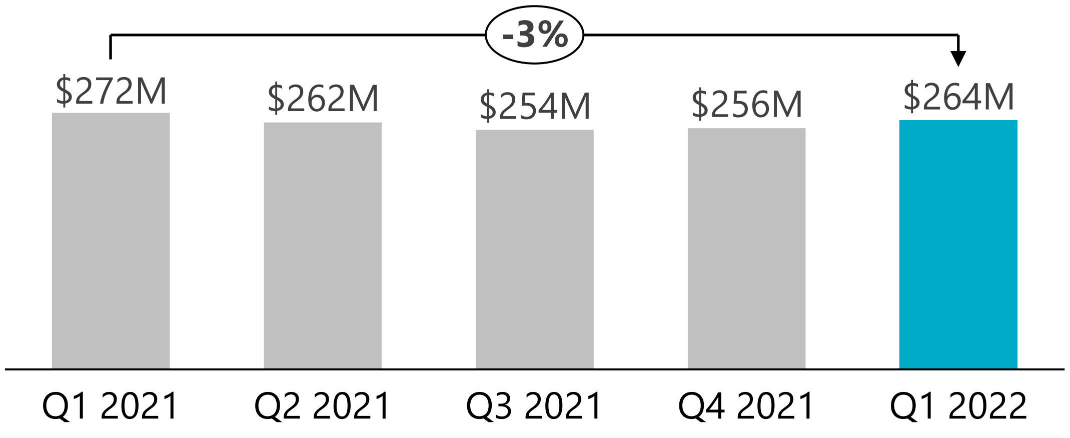
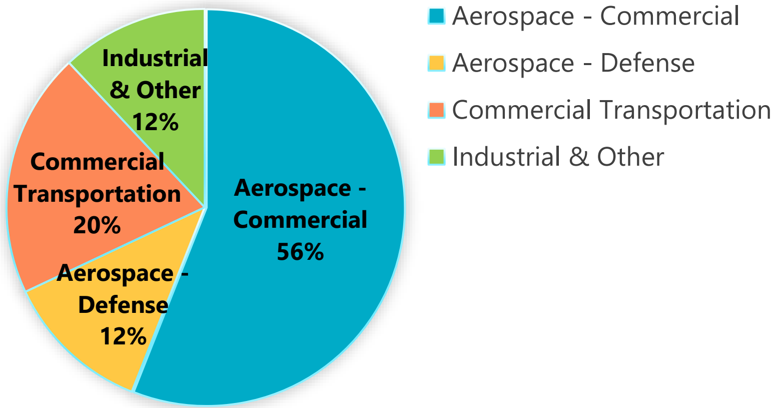
Fastening Systems: Headcount Adds for Growth; Defense Aerospace Decline

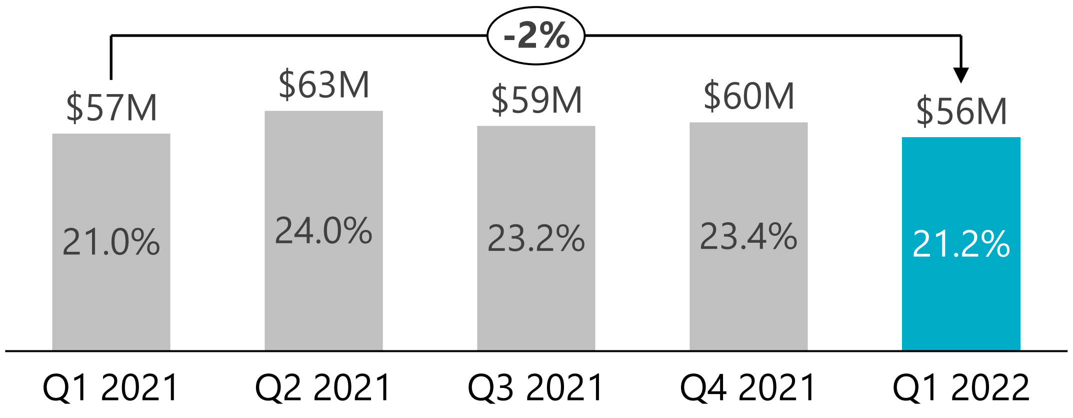
3rd Party Revenue



Revenue by Market (% of total)



Segment Adjusted EBITDA and Margin



Q1 2022 YoY

+ Narrow Body Recovery
+ Commercial Transportation Growth
+ Increased Headcount ~135 in Q1 2022 for Future Growth
– Boeing 787 Production Decline
– Defense Aerospace Decline
– Inflationary Costs

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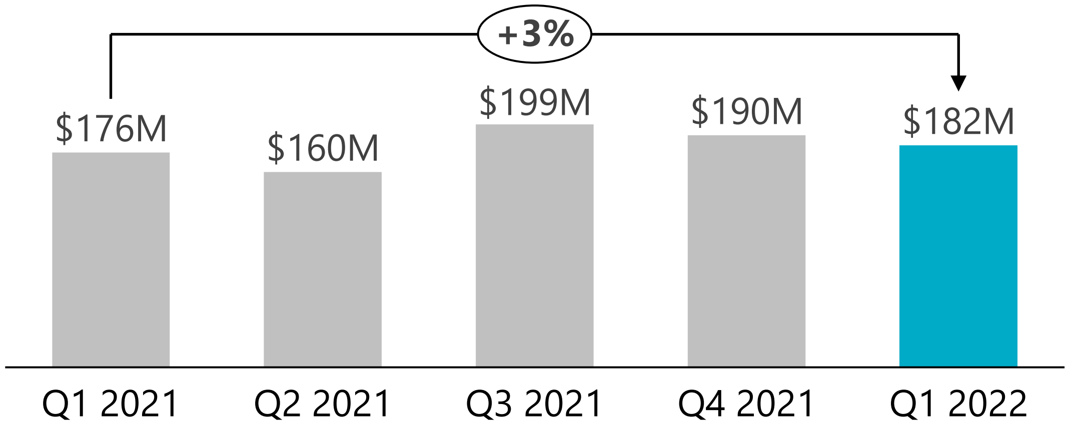
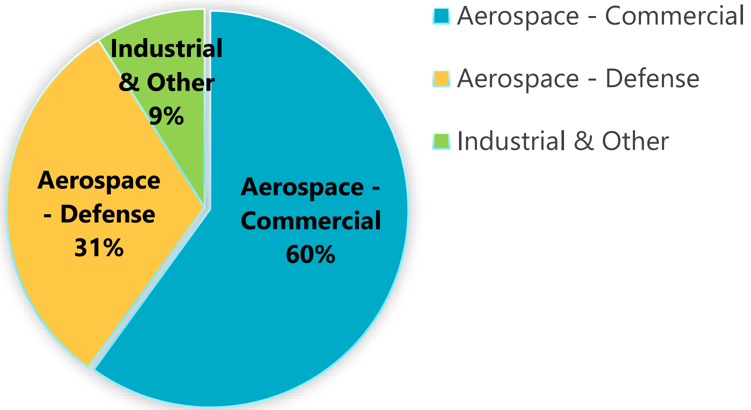
Engineered Structures: Narrow Body Recovery; Defense Aero Decline

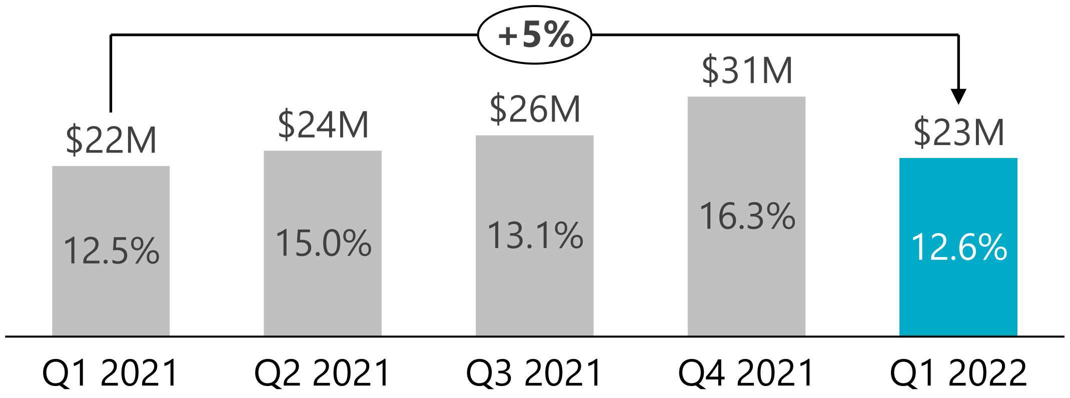
3rd Party Revenue



Revenue by Market (% of total)



Segment Adjusted EBITDA and Margin



Q1 2022 YoY

- \+ Narrow Body Recovery
- – Boeing 787 Production Decline
- – Defense Aerospace Decline
- – Inflationary Costs

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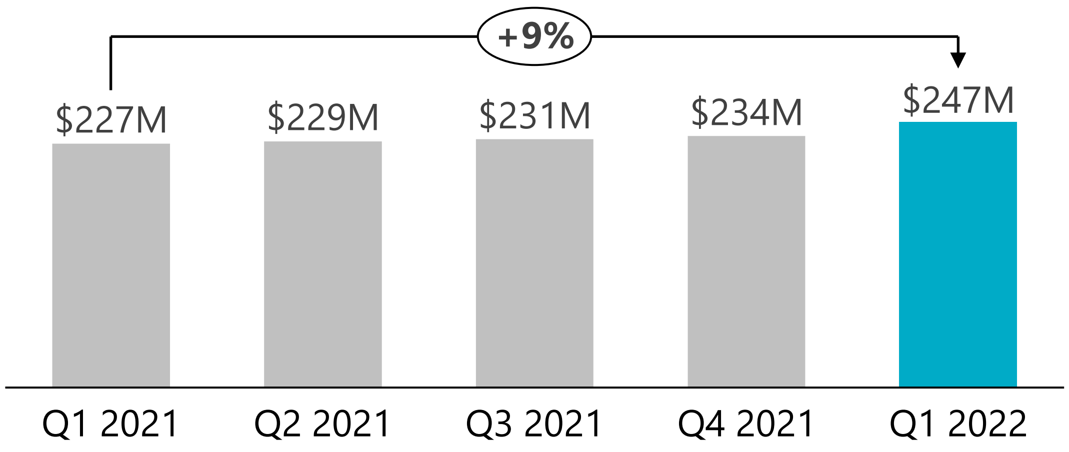
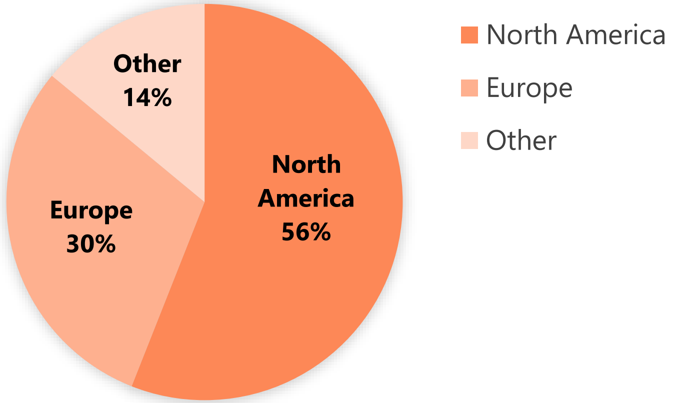
Forged Wheels: Material Price Up; Volumes Down/Customer Supply Chain Constraints

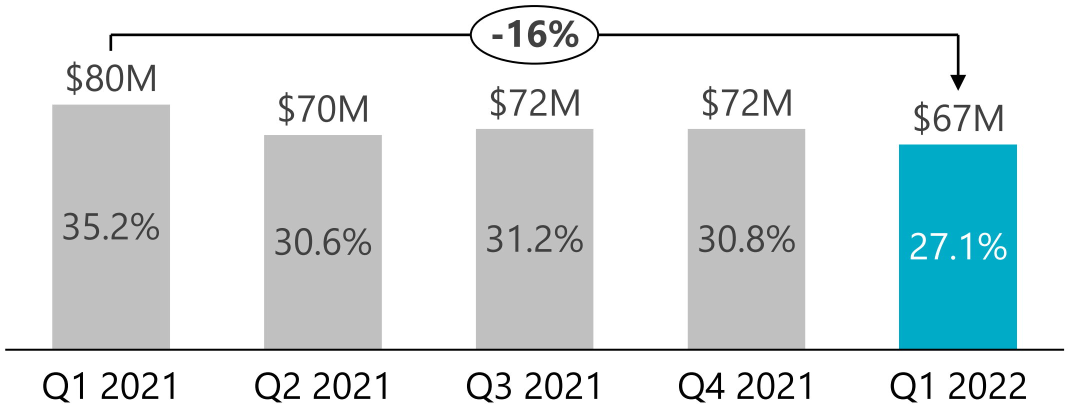
3rd Party Revenue



Revenue by Region (% of total)



Segment Adjusted EBITDA and Margin



Q1 2022 YoY

+ Commercial Transportation Demand
– Volumes down on Customer Supply Chain Constraints
– Margin Impacted by Material Cost Pass Through
– Unfavorable Foreign Currency

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Howmet's Commitment to ESG

Environmental Achievements | **2021 Reductions vs 2020**

6.2% Reduction in GHG emissions

3.0% Decline in Energy Consumption

10.8% Reduction in water use

6.8% Reduction in landfilled waste

GOAL by 2024

Reduce Scope 1 and Scope 2 GHG emissions intensity 21.5% by 2024 vs 2019 baseline.

Deploying over **100 energy-saving projects** representing a **$28M investment**

Howmet Aerospace's technology and advanced products help our customers reduce their environmental impacts by lowering their fuel consumption and greenhouse gas (GHG) emissions.

Commitment to Safety, Diversity, Equity and Inclusion

Safety

Days Away, Restricted and Transfer (DART) at 0.22, 5x better than industry average.

Diversity and Inclusion

Named one of the **"Best Places to Work for LGBTQ Equality"** by the Human Rights Campaign Foundation

HUMAN RIGHTS CAMPAIGN FOUNDATION
BEST PLACES TO WORK
2022 for LGBTQ+ Equality
100% CORPORATE EQUALITY INDEX

Governance

Board Diversity

Recognized by **50/50 Women on Boards** for having **40%** of our **Board of Directors** composed of **women.**

3+ 2020
50 WOMEN 50 ON BOARDS
Three or More Women Serve on Our Board

Supply Chain

81% of key suppliers have **sustainability programs** considered leading or active.

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2022 Guidance: EPS Increased; Revenue, EBITDA, EBITDA % Unchanged

	Q2 2022 Guidance			FY 2022 Guidance		
	Low	Midpoint	High	Low	Midpoint	High
Revenue	$1.350B	$1.370B	$1.390B	$5.560B	$5.640B	$5.720B
Adj EBITDA[1]	$302M	$310M	$318M	$1.265B	$1.300B	$1.335B
Adj EBITDA Margin[1]	*22.4%*	*22.6%*	*22.9%*	*22.8%*	*23.0%*	*23.3%*
Adj Earnings per Share[1,2]	$0.31	$0.32	$0.33	$1.33	$1.39	$1.45
Free Cash Flow				$575M	$625M	$675M

What we expect in 2022

- FY 2022 Revenue up ~13% vs. FY 2021, includes material pass through
- FY 2022 Adj EBITDA up ~15% vs. FY 2021
- FY 2022 Adj EPS up ~38% vs. FY 2021
- Pension/OPEB Contributions of ~$60M
- Capex of $220M - $250M vs. Depreciation and Amortization of ~$270M
- Free Cash Flow Conversion ~110%

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

Summary

Revenue / Profit Q1 2022	▪ Revenue up 10% YoY; Adj EBITDA[1] up 9% YoY; Adj Earnings Per Share[2] up 41% YoY ▪ Healthy start with Adj EBITDA[1] of $300M, exceeded Guidance midpoint ▪ Adj EBITDA Margin[1] 22.7%, in line with Guidance midpoint
Liquidity Q1 2022	▪ Free Cash Flow[3] essentially breakeven, including ~($85M) Inventory build primarily for Aero recovery ▪ Ending Cash Balance of $522M; Repurchased $175M of Common Stock at an average Price of ~$34 ▪ Reduced Pension / OPEB Liability by ~$200M YoY & Pension Contributions / OPEB Payments by ~60% YoY ▪ Balance Sheet improvement reflected in Moody's Apr 27th Upgrade to Ba1 from Ba2
Guidance FY 2022	▪ Expect Revenue up ~13% YoY ▪ Expect Adj EBITDA up ~15% YoY ▪ Expect Adj EPS up ~38% YoY ▪ Expect Free Cash Flow at $625M, up ~21% YoY, with FCF Conversion of ~110%

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1) Adjusted EBITDA and EBITDA Margin excluding special items: Net Income (GAAP): Q1 2021 = $80M, Q1 2022 = $131M 2) Adjusted EPS excluding special items: EPS (GAAP): Q1 2021 = $0.18, Q1 2022 = $0.31 3) Q1 2022: Cash provided from operations = $55M, Cash used for financing activities = ($194M), Cash used for investing activities = ($61M) *See appendix for reconciliations*

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Appendix

2022 Assumptions

	Full Year 2022	2022 Comments
Corporate Overhead	~$76M	• Adjusted EBITDA excluding special items • Corporate Depreciation and Amortization ~$1M per quarter
Depreciation and Amortization	~$270M	
Interest Expense	~$232M	• Excludes debt issuance, breakage and tender fees
Operational Tax Rate	24% - 25%	• Cash Tax Rate ~15%
Pension / OPEB Expense	~$20M	• ~$5M Service Costs (included in Adjusted EBITDA) • ~$15M Non-Service Costs
Post-Tax Pension / OPEB Liability	~$590M 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	~423M	• Diluted shares of ~423M after $175M common share buyback in Q1 2022

Reconciliation of Net Income and Diluted EPS Excluding Special Items

($ in millions, except per-share amounts)	Q1 2021	Q4 2021	Q1 2022
Net income	**$80**	**$77**	**$131**
Diluted EPS	**$0.18**	**$0.18**	**$0.31**
Special items:			
Restructuring and other charges	**$9**	**$68**	**$2**
Discrete tax items[(1)]	**$(1)**	**$18**	**$(2)**
Other special items:			
Debt tender fees and related costs	—	4	—
Plant fire costs (reimbursements), net	10	(11)	5
Legal and other advisory reimbursements	—	—	(3)
Costs associated with closures, shutdowns, and other items	—	25	—
Other tax items	(3)	3	—
Total Other special items	**$7**	**$21**	**$2**
Tax impact[(2)]	**$1**	**$(54)**	**$(1)**
Net income excluding Special items	**$96**	**$130**	**$132**
Diluted EPS excluding Special items	**$0.22**	**$0.30**	**$0.31**

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, 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 determined under GAAP as well as Net income 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.

Reconciliation of Operational Tax Rate

($ in millions)	Quarter ended March 31, 2022		
	As reported	Special items [1][2]	As adjusted
Income before income taxes	**$171**	**$4**	**$175**
Provision for income taxes	**$40**	**$3**	**$43**
Operational tax rate	**23.4%**		**24.6%**

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

(1) Special items for the quarter ended March 31, 2022 include $5 costs related to fires at two plants and Restructuring and other charges $2, partially offset by ($3) reimbursement related to legal and advisory charges.

(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 the period included the following:

- for the quarter ended March 31, 2022, a net benefit for other items ($2).

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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	Q1 2022
Engine Products											
Third-party sales	$ 781	$ 585	$ 485	$ 555	$ 2,406	$ 534	$ 544	$ 599	$ 605	$ 2,282	$ 631
Inter-segment sales	$ 2	$ 1	$ 1	$ 1	$ 5	$ 1	$ 1	$ 1	$ 1	$ 4	$ 1
Provision for depreciation and amortization	$ 30	$ 31	$ 31	$ 31	$ 123	$ 31	$ 30	$ 31	$ 32	$ 124	$ 31
Segment Adjusted EBITDA	$ 195	$ 136	$ 70	$ 139	$ 540	$ 132	$ 130	$ 151	$ 151	$ 564	$ 173
Segment Adjusted EBITDA Margin	25.0 %	23.2 %	14.4 %	25.0 %	22.4 %	24.7 %	23.9 %	25.2 %	25.0 %	24.7 %	27.4 %
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 %	4.9 %
Restructuring and other charges (credits)	$ 13	$ 22	$ 9	$ (8)	$ 36	$ 5	$ 5	$ 5	$ 59	$ 74	$ 3
Capital expenditures	$ 19	$ 14	$ 15	$ 29	$ 77	$ 11	$ 16	$ 21	$ 26	$ 74	$ 27
Fastening Systems											
Third-party sales	$ 385	$ 326	$ 271	$ 263	$ 1,245	$ 272	$ 262	$ 254	$ 256	$ 1,044	$ 264
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Provision for depreciation and amortization	$ 12	$ 12	$ 12	$ 12	$ 48	$ 12	$ 13	$ 12	$ 12	$ 49	$ 12
Segment Adjusted EBITDA	$ 108	$ 82	$ 45	$ 60	$ 295	$ 57	$ 63	$ 59	$ 60	$ 239	$ 56
Segment Adjusted EBITDA Margin	28.1 %	25.2 %	16.6 %	22.8 %	23.7 %	21.0 %	24.0 %	23.2 %	23.4 %	22.9 %	21.2 %
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 %	4.5 %
Restructuring and other charges (credits)	$ 2	$ 24	$ —	$ 13	$ 39	$ 2	$ 3	$ 3	$ (8)	$ —	$ (3)
Capital expenditures	$ 8	$ 7	$ 9	$ 15	$ 39	$ 5	$ 9	$ 8	$ 20	$ 42	$ 15

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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	Q1 2022
Engineered Structures											
Third-party sales	$ 275	$ 229	$ 206	$ 217	$ 927	$ 176	$ 160	$ 199	$ 190	$ 725	$ 182
Inter-segment sales	$ 3	$ 2	$ 1	$ 1	$ 7	$ 1	$ 2	$ 1	$ 2	$ 6	$ 1
Provision for depreciation and amortization	$ 13	$ 14	$ 13	$ 12	$ 52	$ 12	$ 13	$ 12	$ 12	$ 49	$ 12
Segment Adjusted EBITDA	$ 41	$ 33	$ 23	$ 28	$ 125	$ 22	$ 24	$ 26	$ 31	$ 103	$ 23
Segment Adjusted EBITDA Margin	14.9 %	14.4 %	11.2 %	12.9 %	13.5 %	12.5 %	15.0 %	13.1 %	16.3 %	14.2 %	12.6 %
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 %	6.6 %
Restructuring and other charges (credits)	$ 17	$ (5)	$ 9	$ 7	$ 28	$ 1	$ —	$ —	$ 15	$ 16	$ 2
Capital expenditures	$ 3	$ 5	$ 3	$ 8	$ 19	$ 5	$ 5	$ 3	$ 8	$ 21	$ 7
Forged Wheels											
Third-party sales	$ 191	$ 113	$ 172	$ 203	$ 679	$ 227	$ 229	$ 231	$ 234	$ 921	$ 247
Inter-segment sales	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Provision for depreciation and amortization	$ 10	$ 9	$ 10	$ 10	$ 39	$ 10	$ 9	$ 10	$ 10	$ 39	$ 10
Segment Adjusted EBITDA	$ 60	$ 15	$ 45	$ 72	$ 192	$ 80	$ 70	$ 72	$ 72	$ 294	$ 67
Segment Adjusted EBITDA Margin	31.4 %	13.3 %	26.2 %	35.5 %	28.3 %	35.2 %	30.6 %	31.2 %	30.8 %	31.9 %	27.1 %
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 %	4.0 %
Restructuring and other charges	$ 2	$ 1	$ —	$ —	$ 3	$ —	$ —	$ —	$ —	$ —	$ —
Capital expenditures	$ 7	$ 4	$ 6	$ 6	$ 23	$ 9	$ 13	$ 15	$ 8	$ 45	$ 9

Calculation of Total Segment Adjusted EBITDA and Margin

($ in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022
Third-party sales – Engine Products	$781	$585	$485	$555	$2,406	$534	$544	$599	$605	$2,282	$631
Third-party sales – Fastening Systems	$385	$326	$271	$263	$1,245	$272	$262	$254	$256	$1,044	$264
Third-party sales – Engineered Structures	$275	$229	$206	$217	$927	$176	$160	$199	$190	$725	$182
Third-party sales – Forged Wheels	$191	$113	$172	$203	$679	$227	$229	$231	$234	$921	$247
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**	**$1,324**
Total Segment Adjusted EBITDA[1]	$404	$266	$183	$299	$1,152	$291	$287	$308	$314	$1,200	$319
Total Segment Adjusted EBITDA margin	24.8%	21.2%	16.1%	24.2%	21.9%	24.1%	24.0%	24.0%	24.4%	24.1%	24.1%

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, are also excluded from net margin and Segment Adjusted EBITDA. Differences between the total segment and consolidated totals are in Corporate.

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.

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

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

Reconciliation of Total Segment to Consolidated Totals

Reconciliation of Total Segment Adjusted EBITDA 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	Q1 2022
Income (loss) before income taxes	$198	$(86)	$(12)	$71	$171	$113	$110	$23	$78	$324	$171
Loss on debt redemption	—	64	—	—	64	—	23	118	5	146	—
Interest expense	84	80	77	76	317	72	66	63	58	259	58
Other (income) expense, net	(24)	16	8	74	74	4	8	1	6	19	1
Operating income	$258	$74	$73	$221	$626	$189	$207	$205	$147	$748	$230
Segment provision for depreciation and amortization	65	66	66	65	262	65	65	65	66	261	65
Unallocated amounts:											
Restructuring and other charges	39	105	22	16	182	9	5	8	68	90	2
Corporate expense[1]	42	21	22	(3)	82	28	10	30	33	101	22
Total Segment Adjusted EBITDA	$404	$266	$183	$299	$1,152	$291	$287	$308	$314	$1,200	$319

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 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, are also excluded from net margin and Segment Adjusted EBITDA. Differences between the total segment and consolidated totals are in Corporate.

(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. 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, 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 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 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 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. For the quarter ended March 31, 2022, Corporate expense included $5 of costs related to fires at two plants and ($3) of reimbursement related to legal and advisory charges.

Adjusted Corporate Expense Excluding Depreciation and Special Items

($ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022
Corporate expense	$28	$10	$30	$33	$101	$22
Less: Provision for depreciation and amortization	3	2	3	1	$9	1
Adjusted Corporate expense excluding depreciation	$25	$8	$27	$32	$92	$21
Special items:						
Legal and other advisory reimbursements	—	(4)	—	—	(4)	(3)
Plant fire costs (reimbursements), net	9	(3)	1	(11)	(4)	5
Costs associated with closures, shutdowns, and other items	—	—	10	25	35	—
Adjusted Corporate expense excluding depreciation and Special items	$16	$15	$16	$18	$65	$19

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

Reconciliation of Adjusted EBITDA and Margin Excluding Special Items and Incremental Margin

($ in millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021	Q1 2022
Net income	**$80**	**$74**	**$27**	**$77**	**$258**	**$131**
Add:						
Provision (benefit) for income taxes	$33	$36	$(4)	$1	$66	$40
Other expense, net	4	8	1	6	19	1
Loss on debt redemption	—	23	118	5	146	—
Interest expense, net	72	66	63	58	259	58
Restructuring and other charges	9	5	8	68	90	2
Provision for depreciation and amortization	68	67	68	67	270	66
Adjusted EBITDA	**$266**	**$279**	**$281**	**$282**	**$1,108**	**$298**
Add:						
Plant fire costs (reimbursements), net	$9	$(3)	$1	$(11)	$(4)	$5
Legal and other advisory reimbursements	—	(4)	—	—	(4)	(3)
Costs associated with closures, shutdowns, and other items	—	—	10	25	35	—
Adjusted EBITDA excluding Special items	**$275**	**$272**	**$292**	**$296**	**$1,135**	**$300**
Third-party sales	**$1,209**	**$1,195**	**$1,283**	**$1,285**	**$4,972**	**$1,324**
Adjusted EBITDA margin excluding Special items	**22.7%**	**22.8%**	**22.8%**	**23.0%**	**22.8%**	**22.7%**

	Q1 2021	Q1 2022	Q1 2022 YoY
Third-party sales	$1,209	$1,324	
Year-over-Year Material pass through		($40)	
Third-party sales excluding Material pass through	**$1,209**	**$1,284**	**$75**
Adjusted EBITDA excluding Special items	**$275**	**$300**	**$25**
Incremental Margin			**33%**

Adjusted EBITDA, Adjusted EBITDA excluding Special items, and Adjusted EBITDA margin excluding Special items are non-GAAP financial measures. Management believes that these measures are meaningful to investors because they 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. 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.

Reconciliation of Adjusted EBITDA and Margin Excluding Special Items and Material Pass-through

($ in millions)	Q1 2022
Net income	**$131**
Add:	
Provision for income taxes	$40
Other expense, net	1
Interest expense, net	58
Restructuring and other charges	2
Provision for depreciation and amortization	66
Adjusted EBITDA	**$298**
Add:	
Plant fire costs, net	$5
Legal and other advisory reimbursements	(3)
Adjusted EBITDA excluding Special items (a)	**$300**
Third-party sales (b)	**$1,324**
Year-over-Year Material pass-through	**(40)**
Year-over-Year Third-party sales excluding Material pass-through (c)	**$1,284**
Third-party sales (b)	**$1,324**
Quarter-over-Quarter Material pass-through	**(24)**
Quarter-over-Quarter Third-party sales excluding Material pass-through (d)	**$1,300**
Adjusted EBITDA margin excluding Special items (a)/(b)	**22.7%**
Year-over-Year Adjusted EBITDA margin excluding Special items and Material pass-through (a)/(c)	**23.4%**
Quarter-over-Quarter Adjusted EBITDA margin excluding Special items and Material pass-through (a)/(d)	**23.1%**

Adjusted EBITDA, Adjusted EBITDA excluding Special items, and Adjusted EBITDA margin excluding Special items are non-GAAP financial measures. Management believes that these measures are meaningful to investors because they 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. 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.

Reconciliation of Free Cash Flow

($ in millions)	Q1 2022
Cash provided from operations	$55
Capital expenditures	(62)
Free cash flow	**$(7)**

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

($ in millions)	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
Short-term debt	$489	$13	$14	$5	$3
Long-term debt, less amount due within one year	4,224	4,227	4,272	4,227	4,228
Total debt	$4,713	$4,240	$4,286	$4,232	$4,231
Less: Cash, cash equivalents, and restricted cash	1,239	716	726	722	522
Net debt	$3,474	$3,524	$3,560	$3,510	$3,709

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

Reconciliation of Net Debt to Adjusted EBITDA Excluding Special Items

($ in millions)	Trailing-12 months ended December 31, 2021	Trailing-12 months ended March 31, 2022
Net income	$ 258	$ 309
Add:		
Provision for income taxes	66	73
Other expense, net	19	16
Loss on debt redemption	146	146
Interest expense, net	259	245
Restructuring and other charges	90	83
Provision for depreciation and amortization	270	268
Adjusted EBITDA	$ 1,108	$ 1,140
Add:		
Plant fire reimbursements, net	$ (4)	$ (8)
Legal and other advisory reimbursements	(4)	(7)
Costs associated with closures, shutdowns, and other items	35	35
Adjusted EBITDA Margin excluding Special items	$ 1,135	$ 1,160
Net debt	$ 3,510	$ 3,709
Net debt to Adjusted EBITDA Margin excluding Special items	3.1	3.2

The Company's definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) is net margin plus an add-back for depreciation and amortization. Net margin is equivalent to Sales minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; Research and development expenses; and Provision for depreciation and amortization. Management believes that 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. See prior page for reconciliation.

Calculation of Segment Markets Revenue

($ in millions)	Engine Products	Fastening Systems	Engineered Structures	Forged Wheels	Total Segment
First quarter ended March 31, 2021					
Aerospace - Commercial	**$227**	**$148**	**$80**	**$—**	**$455**
Aerospace - Defense	**$151**	**$42**	**$77**	**$—**	**$270**
Commercial Transportation	**$—**	**$46**	**$—**	**$227**	**$273**
Industrial and Other	**$156**	**$36**	**$19**	**$—**	**$211**
Third-party sales market revenue	**$534**	**$272**	**$176**	**$227**	**$1,209**
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 market revenue	**$605**	**$256**	**$190**	**$234**	**$1,285**
First quarter ended March 31, 2022					
Aerospace - Commercial	**$329**	**$148**	**$109**	**$—**	**$586**
Aerospace - Defense	**$137**	**$32**	**$57**	**$—**	**$226**
Commercial Transportation	**$—**	**$53**	**$—**	**$247**	**$300**
Industrial and Other	**$165**	**$31**	**$16**	**$—**	**$212**
Third-party sales market revenue	**$631**	**$264**	**$182**	**$247**	**$1,324**

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

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