

*The Element of* **Possibility**<sup>™</sup>

# 3<sup>rd</sup> Quarter Supplemental Financial Information

**Alcoa Corporation**

December 1, 2016



## 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,” “intends,” “may,” “outlook,” “plans,” “projects,” “seeks,” “sees,” “should,” “targets,” “will,” “would,” or other words of similar meaning. All statements by Alcoa Corporation that reflect expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts concerning global demand growth for aluminum, supply/demand balances; statements, projections or forecasts of future financial results or operating performance; and statements about strategies, outlook, business and financial prospects. Forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Although Alcoa Corporation believes that the expectations reflected in any forward-looking statements are based on reasonable assumptions, it can give no assurance that these expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Such risks and uncertainties include, but are not limited to: (a) material adverse changes in aluminum industry conditions, including global supply and demand conditions and fluctuations in London Metal Exchange-based prices and premiums, as applicable, for primary aluminum, alumina, and other products, and fluctuations in indexed-based and spot prices for alumina; (b) deterioration in global economic and financial market conditions generally; (c) unfavorable changes in the markets served by Alcoa Corporation; (d) the impact of changes in foreign currency exchange rates on costs and results; (e) increases in energy costs; (f) changes in discount rates or investment returns on pension assets; (g) the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated from restructuring programs and productivity improvement, cash sustainability, technology advancements, and other initiatives; (h) the inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions, divestitures, facility closures, curtailments, or expansions, or joint ventures; (i) political, economic, and regulatory risks in the countries in which Alcoa Corporation operates or sells products; (j) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation; (k) the impact of cyber attacks and potential information technology or data security breaches; and (l) the other risk factors discussed in Alcoa Corporation’s registration statement on Form 10 and other reports filed by Alcoa Corporation with the U.S. Securities and Exchange Commission. Alcoa Corporation disclaims any obligation to update publicly any forward-looking statements, whether in response to new information, future events or otherwise, except as required by applicable law. Market projections are subject to the risks discussed above and other risks in the market.

# Important information (continued)



## Non-GAAP financial measures

This presentation includes unaudited “non-GAAP financial measures” (GAAP means accounting principles generally accepted in the United States of America) as defined in Regulation G under the Securities Exchange Act of 1934, including Adjusted EBITDA. Alcoa Corporation believes that the presentation of non-GAAP financial measures helps investors by providing additional information with respect to the operating performance of Alcoa Corporation and the ability of Alcoa Corporation to meet its financial obligations. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. See the appendix for a reconciliation of the non-GAAP financial measures included in this presentation to their comparable GAAP financial measures. Alcoa Corporation has not provided a reconciliation of any forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures due primarily to the variability and complexity in making accurate forecasts and projections, as not all of the information for a quantitative reconciliation is available to the company without unreasonable effort. References to historical EBITDA herein means adjusted EBITDA, for which we have provided calculations and reconciliations in the Appendix.

# Quarterly income statement summary



<i>\$M, Except Realized Prices and Per Share Amounts</i>	3Q15	2Q16	3Q16	Prior Year Change	Sequential Change
Realized Aluminum Price (\$ / MT) - Cast Products segment	\$1,906	\$1,854	\$1,873	(\$33)	\$19
Realized Alumina Price (\$ / MT) - Alumina segment	\$314	\$265	\$248	(\$66)	(\$17)
Revenue	\$2,679	\$2,323	\$2,329	(\$350)	\$6
Cost of Goods Sold	\$2,239	\$1,938	\$1,964	(\$275)	\$26
COGS % Revenue	83.6%	83.4%	84.3%	0.7% pts.	0.9% pts
SG&A and R&D Expenses <sup>1</sup>	\$109	\$97	\$100	(\$9)	\$3
SG&A and R&D % Revenue	4.1%	4.2%	4.3%	0.2% pts.	0.1% pts
EBITDA <sup>2</sup>	\$331	\$288	\$265	(\$66)	(\$23)
Other Expenses / (Income), Net <sup>3</sup>	\$4	(\$23)	(\$106)	(\$110)	(\$83)
Restructuring and Other Charges	\$54	\$8	\$17	(\$37)	\$9
Effective Tax Rate	550.0%	115.3%	86.8%	(463.2% pts.)	(28.5% pts.)
Net (Loss) Income	(\$63)	(\$9)	\$14	\$77	\$23
Less: Net Income attributable to noncontrolling interest	\$61	\$43	\$20	(\$41)	(\$23)
Net Loss attributable to Alcoa Corp.	(\$124)	(\$52)	(\$6)	\$118	\$46
Pro Forma Earnings Per Share	(\$0.68)	(\$0.28)	(\$0.04)	\$0.64	\$0.24

1. SG&A refers to selling, general administrative, and other expenses and R&D refers to research and development expenses. 2Q16 R&D spend is lower by \$10M compared to previous 2Q16 reports; the previously reported amount for R&D included an immaterial error due to an over-allocation of \$10M of expenses.

2. See appendix for EBITDA reconciliations.

3. 3Q16 includes a \$118 gain on the sale of property near the Intalco smelter.

# 3Q16 Segment financial summary



## Key financial metrics – Three months ending September 30, 2016

Segment	3 <sup>rd</sup> Party Revenue \$M	Total Revenue <sup>1</sup> \$M	Adj. EBITDA <sup>1,2</sup> \$M	Adj. EBITDA Margin %
Bauxite	\$93	\$285	\$97	34.0%
Alumina	\$585	\$902	\$74	8.2%
Aluminum	–	\$918	\$61	6.6%
Cast Products	\$1,294	\$1,385	\$71	5.1%
Rolled Products	\$237	\$237	\$3	1.3%
Energy	\$77	\$118	\$45	38.1%
Corporate	\$43	(\$1,516)	(\$86)	–
<i>Transformation</i>	<i>\$43</i>	<i>\$43</i>	<i>(\$24)</i>	<i>–</i>
<i>Corp. Pension / OPEB</i>	<i>–</i>	<i>–</i>	<i>(\$8)</i>	<i>–</i>
<i>Impact of LIFO and metal price lag</i>	<i>–</i>	<i>–</i>	<i>\$6</i>	<i>–</i>
<i>Other</i>	<i>–</i>	<i>(\$1,559)<sup>3</sup></i>	<i>(\$60)</i>	<i>–</i>
<b>Alcoa Corporation Total</b>	<b>\$2,329</b>	<b>\$2,329</b>	<b>\$265</b>	<b>11.4%</b>

1. Before intersegment eliminations.

2. See appendix for adjusted EBITDA reconciliations.

3. Represents the elimination of revenue generated from product sales from one Alcoa Corporation segment to another (e.g., sales from the Aluminum segment to the Cast Products segment).

# 2016 Nine months YTD segment financial summary



## Key financial metrics – Nine months ending September 30, 2016

Segment	3 <sup>rd</sup> Party Revenue \$M	Total Revenue <sup>1</sup> \$M	Adj. EBITDA <sup>1,2</sup> \$M	Adj. EBITDA Margin %
Bauxite	\$224	\$773	\$273	35.3%
Alumina	\$1,682	\$2,612	\$189	7.2%
Aluminum	\$15	\$2,822	\$144	5.1%
Cast Products	\$3,864	\$4,061	\$215	5.3%
Rolled Products	\$683	\$683	\$18	2.6%
Energy	\$209	\$336	\$122	36.3%
Corporate	\$104	(\$4,506)	(\$234)	–
<i>Transformation</i>	<i>\$104</i>	<i>\$104</i>	<i>(\$89)</i>	–
<i>Corp. Pension / OPEB</i>	–	–	<i>(\$36)</i>	–
<i>Impact of LIFO and metal price lag</i>	–	–	\$37	–
<i>Other</i>	–	<i>(\$4,610)<sup>3</sup></i>	<i>(\$146)</i>	–
<b>Alcoa Corporation Total</b>	<b>\$6,781</b>	<b>\$6,781</b>	<b>\$727</b>	<b>10.7%</b>

1. Before intersegment eliminations.

2. See appendix for adjusted EBITDA reconciliations.

3. Represents the elimination of revenue generated from product sales from one Alcoa Corporation segment to another (e.g., sales from the Aluminum segment to the Cast Products segment).

# Reconciliations



# 3Q16 Segment adjusted EBITDA reconciliation



(\$ in millions)

Alcoa Corporation - Segments	For the three months ended September 30, 2016					
	Bauxite	Alumina	Aluminum	Cast Products	Rolled Products	Energy
<b>After-tax operating income (ATOI)</b>	<b>\$55</b>	<b>\$16</b>	<b>\$10</b>	<b>\$44</b>	<b>(\$9)</b>	<b>\$23</b>
Add:						
Depreciation, depletion, and amortization	21	48	72	10	5	15
Equity loss (income)	-	9	(5)	2	10	-
Income taxes	22	7	(9)	15	(3)	7
Other	(1)	(6)	(7)	-	-	-
<b>Adjusted EBITDA</b>	<b>\$97</b>	<b>\$74</b>	<b>\$61</b>	<b>\$71</b>	<b>\$3</b>	<b>\$45</b>
Total sales	\$285	\$902	\$918	\$1,385	\$237	\$118
Adjusted EBITDA margin	34.0%	8.2%	6.6%	5.1%	1.3%	38.1%

Alcoa Corporation's definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) is net margin plus an add-back for depreciation, depletion, 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, depletion, and amortization. The Other line in the table above includes gains/losses on asset sales and other non-operating items. Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Adjusted EBITDA provides additional information with respect to Alcoa Corporation'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.



# Nine months segment adjusted EBITDA reconciliation



(\$ in millions)

Alcoa Corporation - Segments	For the nine months ended September 30, 2016					
	Bauxite	Alumina	Aluminum	Cast Products	Rolled Products	Energy
<b>After-tax operating income (ATOI)</b>	<b>\$156</b>	<b>\$21</b>	<b>(\$16)</b>	<b>\$133</b>	<b>(\$25)</b>	<b>\$59</b>
Add:						
Depreciation, depletion, and amortization	57	143	222	31	17	43
Equity loss (income)	-	30	(12)	5	31	-
Income taxes	61	7	(43)	46	(5)	20
Other	(1)	(12)	(7)	-	-	-
<b>Adjusted EBITDA</b>	<b>\$273</b>	<b>\$189</b>	<b>\$144</b>	<b>\$215</b>	<b>\$18</b>	<b>\$122</b>
Total sales	\$773	\$2,612	\$2,822	\$4,061	\$683	\$336
Adjusted EBITDA margin	35.3%	7.2%	5.1%	5.3%	2.6%	36.3%

Alcoa Corporation's definition of Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) is net margin plus an add-back for depreciation, depletion, 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, depletion, and amortization. The Other line in the table above includes gains/losses on asset sales and other non-operating items. Adjusted EBITDA is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because Adjusted EBITDA provides additional information with respect to Alcoa Corporation'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.

# Adjusted EBITDA reconciliation



(in millions)

	Sep YTD 2016	Q3 2016	Q2 2016	Q3 2015
<i>Sales</i>				
Sales to unrelated parties	\$6,028	\$2,075	\$2,061	\$2,445
Sale to related parties	753	254	262	234
<b>Total sales</b>	<b>\$6,781</b>	<b>\$2,329</b>	<b>\$2,323</b>	<b>\$2,679</b>
<i>Adjusted EBITDA</i>				
<b>Net Loss attributable to Alcoa Corporation</b>	<b>\$(261)</b>	<b>\$(6)</b>	<b>\$(52)</b>	<b>\$(124)</b>
Add:				
Net income attributable to non-controlling interest	58	20	43	61
Provision for income taxes	178	92	68	77
Other (income) expenses, net	(90)	(106)	(23)	4
Interest expense	197	67	66	69
Restructuring and other charges	109	17	8	54
Provision for depreciation, depletion, and amortization	536	181	178	190
<b>Adjusted EBITDA</b>	<b>\$727</b>	<b>\$265</b>	<b>\$288</b>	<b>\$331</b>

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