The Element of **Possibility**™

BMO Capital Markets Global Metals & Mining Conference

Roy Harvey, Chief Executive Officer

Alcoa Corporation

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Important information

Forward-looking statements

This presentation contains statements that relate to future events and expectations and as such constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as “anticipates,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “goal,” “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 bauxite, alumina, and aluminum, and supply/demand balances; statements, projections or forecasts of future financial results or operating performance; and statements about strategies, outlook, business and financial prospects. These statements reflect beliefs and assumptions that are based on Alcoa Corporation’s perception of historical trends, current conditions and expected future developments, as well as other factors that management 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. 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 cyberattacks and potential information technology or data security breaches; and (l) the other risk factors discussed in Alcoa Corporation’s registration statements and other reports filed 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 reconciliations 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.

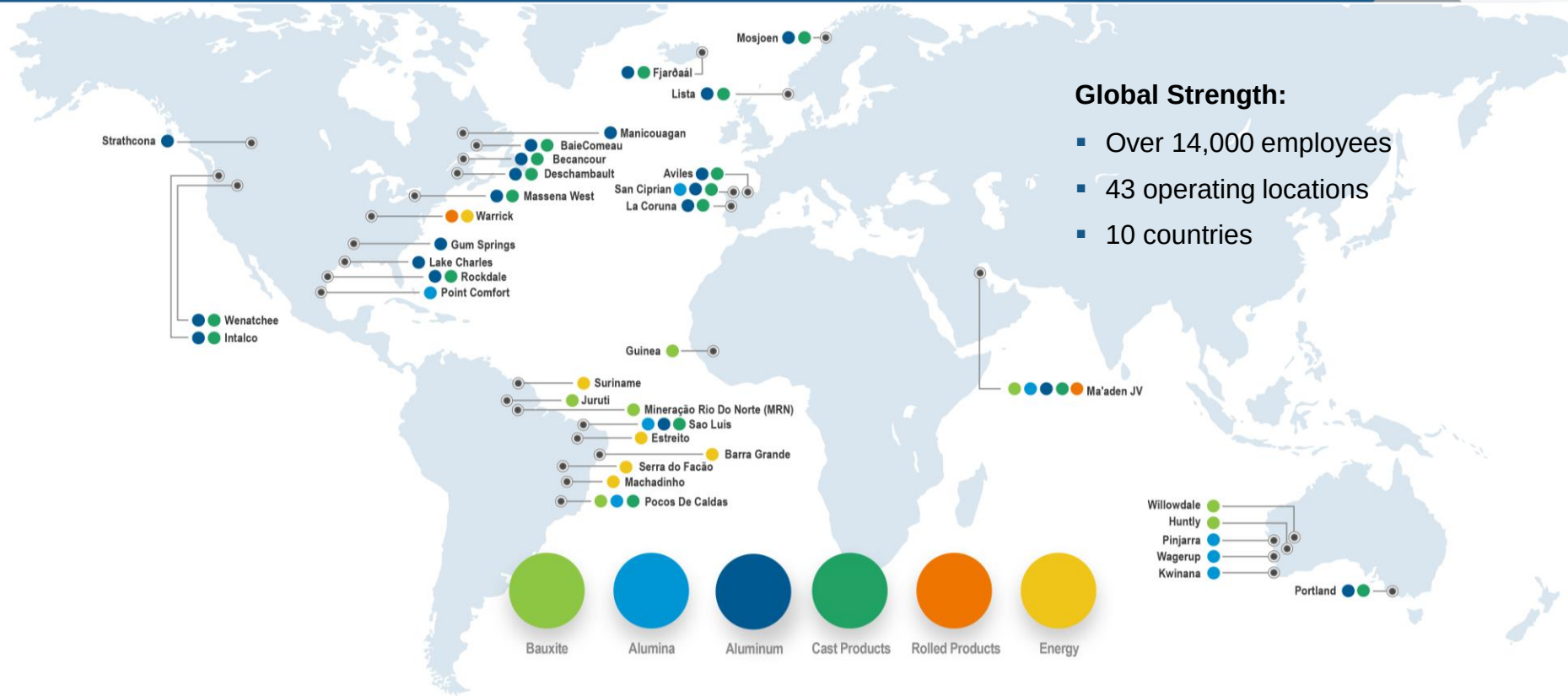
Alcoa Corporation: a compelling investment

Today's conversation

- Global network of world-class aluminum assets and operations
- Key 2016 financial metrics and 2017 outlook
- Potential impacts from the China Ministry of Environmental Protection's draft proposal
- Strategic priorities for Alcoa Corporation:

Reduce complexity, simplify the business	Drive returns, create value for our stockholders	Strengthen the balance sheet

Global portfolio encompassing the aluminum value chain



Global Strength:

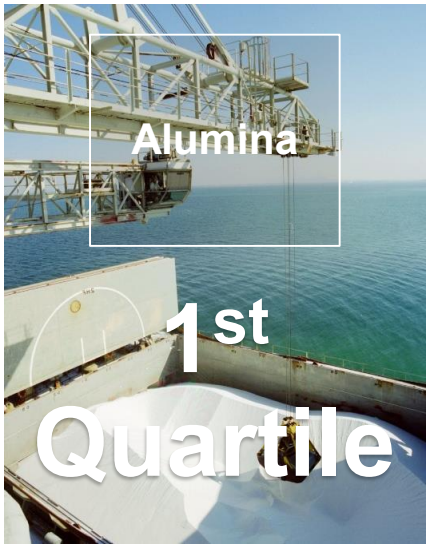
- Over 14,000 employees
- 43 operating locations
- 10 countries

World class, low cost assets well-positioned for the future

2016 cost curve and business position



World's largest bauxite miner[1]



World's largest alumina refiner[1]



Global network of 16 aluminum smelters

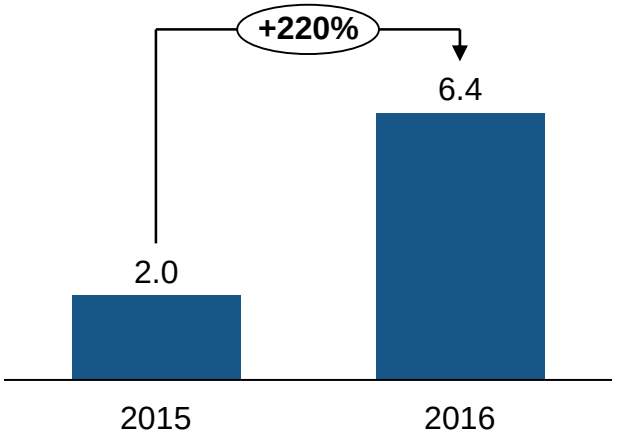
Source for cost curve and business position: CRU and Alcoa analysis.

1. Based on 2016 equity production. Includes operating entities and equity interests that comprise the joint venture known as Alcoa World Alumina and Chemicals (AWAC).

Growing and profitable 3rd party bauxite business

Bauxite 3rd party shipments and growth initiatives

3rd party shipments
M bdmt[1]



Key long-term growth initiatives

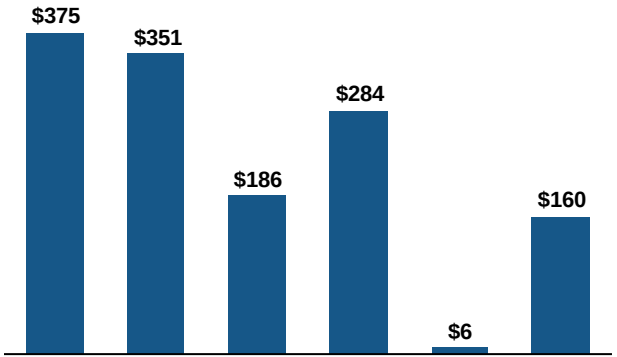
- **0.5M mt** – Estimated production increase starting in late 2017 from Phase II of the Juruti mine expansion project
- **2.5M mt** – Approved amount per annum for export by the Western Australia State Government over the next five years
- **~10M mt[2]** – Total estimated production growth that could be phased in from existing mines over the next four to five years

1. bdmt – Bone dry metric tons.
2. Includes the 0.5M mt from Juruti, 2.5M mt of export from Western Australia.

Diverse earnings drivers fueled by improving market prices

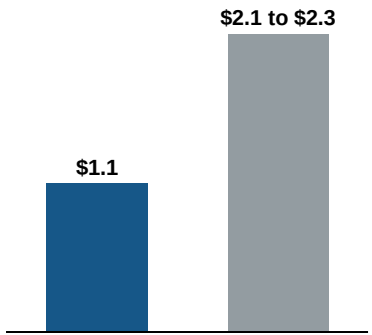
Adjusted EBITDA information and considerations

2016 Segment Adjusted EBITDA[1], $M



	Bauxite	Alumina	Aluminum	Cast Products	Rolled Products	Energy
FY16 Adjusted EBITDA Margin	*35.2%*	*9.7%*	*4.9%*	*5.1%*	*0.6%*	*35.7%*

Total Adjusted EBITDA excl. special items, $B



2017 Considerations[3]

- **Tax rate**
  Based on adjusted EBITDA of $2.1 to $2.3B, estimated effective tax rate (ETR) ranges from 30% to 40%; ETR is impacted by jurisdiction of earnings
- **Minority interest**
  Earnings attributed to AWAC 40% minority interest partner primarily driven by earnings in Bauxite & Alumina segments
- **Comparison of 1H vs. 2H**
  First half includes higher energy prices in Spain, restart costs for Portland smelter and shifting some Brazilian energy volume into the 2nd half of the year

1. See appendix for Adjusted EBITDA reconciliations.
2. See appendix for 2016 Adjusted EBITDA reconciliation. Net loss attributable to Alcoa Corporation for full year 2016 was $(400) million.
3. Based on $1,795 LME, $335 API and spot regional premiums and foreign currencies as of January 24, 2017.

Balance sheet ready for any cycle

Key metrics as of December 31, 2016

Net Debt-to-FY16 Adjusted EBITDA[1]	Debt-to-Capital[2]	4Q16 Days Working Capital[3]
▪ Current business operations are ready to support our debt ▪ Improvement potential based on current market prices and outlook	▪ Appropriate capital structure and financial flexibility ▪ Efficiently manage leverage and pension & OPEB obligations	▪ Efficient working capital management to support business operations ▪ Relentless focus on generating cash
0.6x	**16%**	**13 Days**

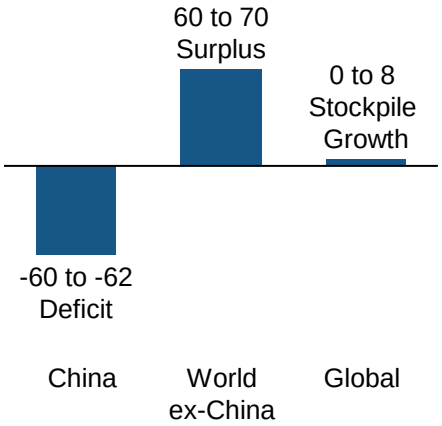
1. See appendix for Adjusted EBITDA reconciliations; net debt of $592M calculated as long-term and current portion of debt of $1,445M, less cash of $853M.
2. Debt-to-Capital = Total Debt divided by the sum of Total Debt plus Total Equity.
3. Days Working Capital = Working Capital (Receivables from customers plus Inventories minus Accounts payable, trade) divided by (Sales/number of days in the quarter).

Stable market outlook in 2017

Projected global market balances

Bauxite – Relative balance

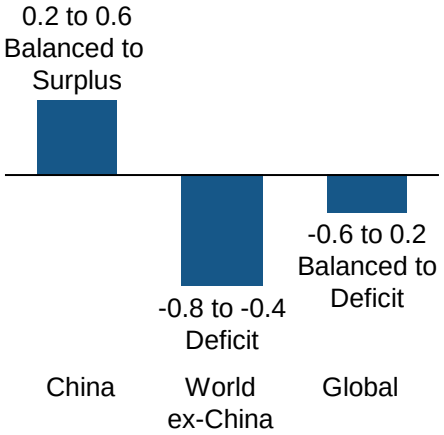
2017E Bauxite Balance (3rd Party Seaborne) (Mmt)



Chinese stockpile growth: risks include changes to Malaysian and Indonesian export policies and Chinese ramp up in Guinea

Alumina – Relative balance

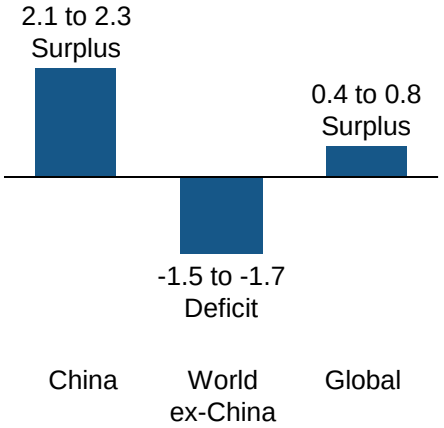
2017E Alumina[1] Balance (Mmt)



Balances assume Chinese alumina imports of 3.3 Mmt

Aluminum – Modest surplus

2017E Primary Aluminum Balance (Mmt)



Demand Growth (vs. 2016)

+6%	***+2%***	***+4%***

Source: Alcoa analysis, CRU, Wood Mackenzie, IAI, CNIA, NBS, Aladdiny, Bloomberg;
1. Alumina refers to smelter-grade alumina.

Potential China curtailments could create alumina deficit

Effects on the aluminum supply chain from potential curtailments

Situation & background

- Draft proposal issued by the China Ministry of Environmental Protection (MEP)
- Potential 30% reduction to aluminum and 50% reduction to alumina production in four key provinces (Hebei, Henan, Shandong, and Shanxi) during the winter months of November to March

Map of China[1]



Key provinces as % of China totals	
Bauxite imports	100%
Alumina production	69%
Aluminum production	39%

Estimated potential impact from China curtailments

M mt	Key Takeaway	Supply Change	Demand Change
Bauxite	**Marginal impact as refiners could stockpile**	–	(8.8)
Alumina	**Net reduction of 5.7M mt could create a large deficit condition**	(8.0)	(2.3)
Aluminum	**Potential surplus could be reduced**	(1.2)	–

Source: Alcoa analysis
1. Key provinces of Hebei, Henan, Shandong, and Shanxi highlighted in black.
2. CPC – calcined petroleum coke.

Alcoa Corporation: a compelling investment

Key takeaways

Reduce complexity, simplify the business

Drive returns, create value for our stockholders

Strengthen the balance sheet

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Appendix

Including reconciliations

Outlook for 2017

FY17 Key metrics

Estimated shipments

Bauxite (Mbdmt)[1]	47.5 – 48.5
Alumina (Mmt)	13.8 – 13.9
Aluminum (Mmt)	2.3 – 2.4
Cast Products (Mmt)	2.8 – 2.9
Rolled Products (Mmt)[2]	0.6 – 0.7
Energy net generation (GWh)[3]	7.1 – 7.2

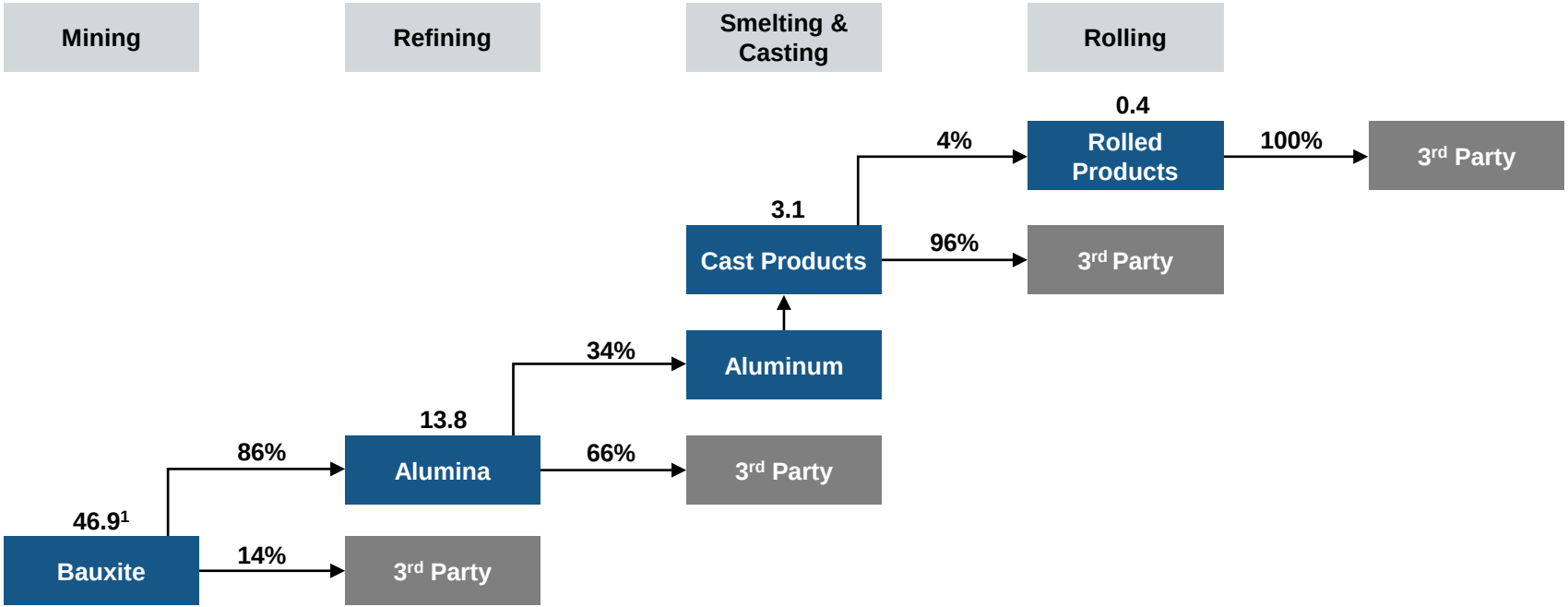
Key financial measures

INCOME STATEMENT IMPACTS	Pension & OPEB	~ $175M
	Interest	~ $110M
	Transformation[4]	~ $150M
	Other Corporate spending[5]	~ $150M
	Minority interest	40% of AWAC Net Income
	Effective corporate tax rate[6]	Varies
CASH FLOW IMPACTS	Pension & OPEB	< $250M
	Return-seeking capital expenditures[7]	~ $150M
	Sustaining capital expenditures[7]	< $300M
	DOJ / SEC payments (January)	$74
	Environmental and Asset Retirement Obligation payments	$150M – $170M

1. Does not include ~1.0Mbdmt of Ma'aden shipments.
2. Includes tolled volume from Tennessee.
3. Does not include Yadkin or Manicouagan and reflects reduced generation at Warrick.
4. Transformation in 2017 reflects addition of Warrick smelter, Suralco refinery and Anglesea power station.
5. Does not include Transformation, Corp. Pension/OPEB, and Impact of LIFO and metal price lag.
6. Varies with jurisdictional profitability.
7. AWAC portion: ~55% of return-seeking capital expenditures, and ~45% of sustaining capital expenditures.

Aluminum value chain

Product shipments by business (2016 shipments in millions of metric tons)

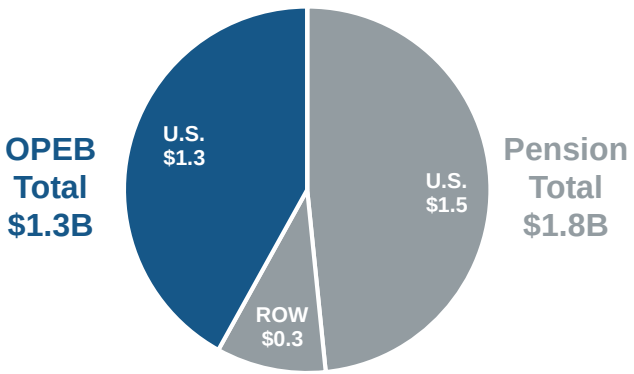


1. Does not include 0.9Mbdmt of Ma'aden shipments in 2016.

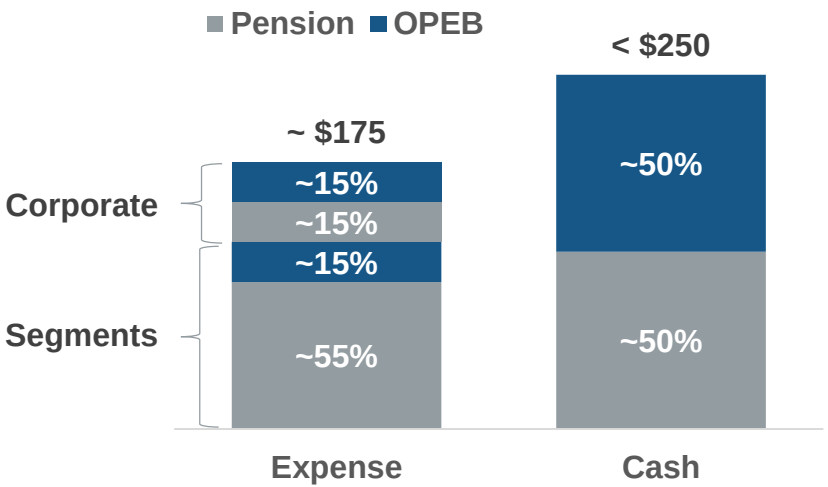
Pension and OPEB summary

Pension and OPEB overview

$3.1B in unfunded liability as of December 31, 2016[1]



2017 Impacts, $M



Pension funding status

- U.S. ERISA **~86%**
- GAAP Worldwide **~75%**

2017 Service cost estimates

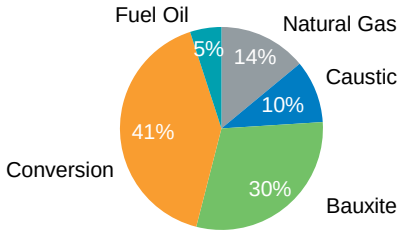
- Pension: < $75M (~95%+ in Segments)
- OPEB: < $10M (~95%+ in Segments)

1. Blended discount rate used for both Pension & OPEB unfunded liability is 4.09%.

Composition of production costs

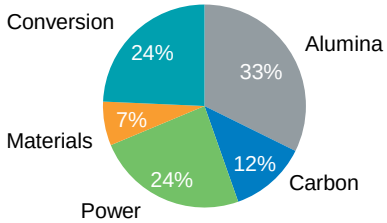
FY 2016 Production cost information

Alcoa alumina refining cost structure



Input Cost	Inventory Flow	Pricing Convention	Estimated Annual EBITDA Sensitivity
Fuel Oil	1 - 2 Months	Prior Month	$3M per $1/bbl
Natural Gas[1]	N/A	N/A	N/A
Caustic Soda	3 - 6 Months	Spot & Semi-annual	$9M per $10/DMT

Alcoa aluminum smelting cost structure



Input Cost	Inventory Flow	Pricing Convention	Estimated Annual EBITDA Sensitivity
Petroleum Coke	1 - 2 Months	Spot, Quarterly & Semi-annual	$7M per $10/MT
Alumina	~2 Months	30-day lag to API[2]	$43M per $10/MT
Coal Tar Pitch	1 - 2 Months	Spot, Quarterly & Semi-annual	$1.5M per $10/MT

1. Natural gas information related to Point Comfort will no longer apply as we have curtailed the plant. Australia is priced on a rolling 16 quarter average.
2. API: Alumina Price Index.

2017 Business sensitivities

Estimated annual EBITDA sensitivities

$ in millions

Segment	LME + $100/mt	API + $10/mt	Midwest + $100/mt	Europe + $100/mt	Japan + $100/mt	AUD + 0.01 USD/AUD	BRL + 0.10 BRL/USD	CAD + 0.01 CAD/USD	EUR + 0.01 USD/EUR	ISK + 10 ISK/USD	NOK + 0.10 NOK/USD
Bauxite						(3)	4				
Alumina	11	110				(16)	5		(1)		
Aluminum	209	(41)	102	101	8	(1)		2	(3)	6	2
Cast Products	6		3	3	15			1	(1)	2	1
Rolled Products											
Energy							(3)				
Alcoa Corp.	226	69	105	104	23	(20)	6	3	(5)	8	3

Pricing conventions

Segment	Pricing
Bauxite	Negotiated prices
Alumina	API pricing follows 30-day lag; LME pricing follows 60-day lag
Aluminum	30-day lag to LME + Regional Premium – Molten Discount

Segment	Pricing
Cast Products	15-day lag to LME + Regional Premium + Product Premium
Rolled Products	30-day lag to LME + Regional Premium + Conversion Revenue
Energy	Market pricing

Cast Products % of 2017 Shipments	Regional Premiums	Pricing
~50%	Midwest – Platts	15-day lag
~40%	Rotterdam DP – Metal Bulletin	45-day lag
~10%	CIF Japan – Platts	20-day lag

Capacity closed, sold and curtailed

Smelting capacity

Closed / Sold since December 2007

Facility	Year	kmt
Baie Comeau	2008	53
Eastalco	2010	195
Badin	2010	60
Tennessee	2011	215
Rockdale	2011	76
Baie Comeau	2013	105
Fusina	2013	44
Massena East	2013	41
Massena East	2014	84
Point Henry	2014	190
Portovesme	2014	150
Mt. Holly (sale)	2014	115
Poços de Caldas	2015	96
Warrick	2016	269
Total		**1,693**

Curtailed

Facility	Year	kmt
Intalco	2007	49
Portland	2008	30
Rockdale	2008	191
Avilés	2012	32
La Coruña	2012	24
São Luís	2013	97
São Luís	2014	97
São Luís	2015	74
Wenatchee	2015	184
Total		**778**

Refining capacity

Closed / Sold since December 2007

Facility	Year	kmt
Jamalco (sale)	2014	779
Suralco	2016	2,207
Total		**2,986**

Curtailed

Facility	Year	kmt
Point Comfort	2008	295
Point Comfort	2015	375
Point Comfort	2016	1,635
Total		**2,305**

Adjusted EBITDA reconciliation

(in millions)

	4Q16	FY16
Net Loss attributable to Alcoa Corporation	**$(125)**	**$(400)**
Add:		
Net (loss) income attributable to noncontrolling interest	(4)	54
Provision for income taxes	6	184
Other expenses (income), net	1	(89)
Interest expense	46	243
Restructuring and other charges	209	318
Provision for depreciation, depletion, and amortization	182	718
Adjusted EBITDA	**315**	**1,028**
Special items before tax and noncontrolling interest	**20**	**80**
Adjusted EBITDA excl. special items	**$335**	**$1,108**

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. 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.

FY16 Segment adjusted EBITDA reconciliation

($ in millions)	For the year ended December 31, 2016					
Alcoa Corporation – Segments	**Bauxite**	**Alumina**	**Aluminum**	**Cast Products**	**Rolled Products**	**Energy**
After-tax operating income (ATOI)	**$212**	**$102**	**$(19)**	**$176**	**$(41)**	**$76**
Add:						
Depreciation, depletion, and amortization	77	186	295	42	23	57
Equity loss (income)	–	40	(23)	7	40	–
Income taxes	87	37	(60)	60	(17)	26
Other	(1)	(14)	(7)	(1)	1	1
Adjusted EBITDA	**$375**	**$351**	**$186**	**$284**	**$6**	**$160**
Total sales	$1,066	$3,607	$3,763	$5,517	$1,069	$448
Adjusted EBITDA margin	**35.2%**	**9.7%**	**4.9%**	**5.1%**	**0.6%**	**35.7%**

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.

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