

The Element of **Possibility™**

3rd Quarter Earnings

Alcoa Corporation

October 17, 2018



Cautionary statement regarding 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 or targeted financial results or operating performance; statements about strategies, outlook, and business and financial prospects; and statements about return of capital. 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 known and unknown 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 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) declines in the discount rates used to measure pension liabilities or lower-than-expected investment returns on pension assets, or unfavorable changes in laws or regulations that govern pension plan funding; (g) the inability to achieve improvement in profitability and margins, cost savings, cash generation, revenue growth, fiscal discipline, or strengthening of competitiveness and operations anticipated from operational and productivity improvements, 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, restarts, expansions, or joint ventures; (i) political, economic, trade, and regulatory risks in the countries in which Alcoa Corporation operates or sells products; (j) labor disputes or work stoppages; (k) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation; (l) the impact of cyberattacks and potential information technology or data security breaches; and (m) the other risk factors discussed in Item 1A of Alcoa Corporation’s Form 10-K for the fiscal year ended December 31, 2017 and other reports filed by Alcoa Corporation with the U.S. Securities and Exchange Commission (SEC). 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

Some of the information included in this presentation is derived from Alcoa's consolidated financial information but is not presented in Alcoa'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. Alcoa Corporation believes that the presentation of non-GAAP financial measures is useful to investors because such measures provide both additional information about the operating performance of Alcoa Corporation and insight on the ability of Alcoa Corporation to meet its financial obligations by adjusting the most directly comparable GAAP financial measure for the impact of, among others, "special items" as defined by the Company, non-cash items in nature, and/or nonoperating expense or income items. 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. 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.

This presentation includes a range of forecasted 2018 Adjusted EBITDA for the Company. Alcoa Corporation has not provided a reconciliation of this forward-looking non-GAAP financial measure to the most directly comparable GAAP financial measure for the following reasons. The Company's financial results are heavily dependent on market-driven factors, such as LME-based prices for aluminum, index- and spot-based prices for alumina, and foreign currency exchange rates. As such, the Company may experience significant volatility on a daily basis related to its forecasted Adjusted EBITDA. Management applies estimated sensitivities, such as those relating to aluminum and alumina prices and foreign currency exchange rates, to the components that comprise Adjusted EBITDA. However, a similar analysis cannot be performed relating to the components necessary to reconcile Adjusted EBITDA to the most directly comparable GAAP financial measure without unreasonable effort due to the additional variability and complexity associated with forecasting such items. Consequently, management believes such reconciliation would imply a degree of precision that would be confusing and/or potentially misleading to investors.

Financial presentation information

On January 1, 2018, Alcoa Corporation adopted guidance issued by the Financial Accounting Standards Board to the presentation of net periodic benefit cost related to pension and other postretirement benefit plans. This guidance requires the non-service cost components of net periodic benefit cost to be reported separately from the service cost component in an entity's income statement. Additionally, this guidance is required to be applied retrospectively. Accordingly, previously reported amounts for Cost of goods sold, Selling, general administrative, and other expenses, and Other expenses (income), net on Alcoa Corporation's consolidated income statement have been recast to reflect these changes. As a result, previously reported amounts for Adjusted EBITDA on both a consolidated basis and for each of the Company's three segments have been updated to reflect these changes. See the appendix for additional information.

Glossary of terms

A glossary of abbreviations and defined terms used throughout this presentation can be found in the appendix.

Roy Harvey

President and Chief Executive Officer



Strengthening balance sheet; announcing stock repurchase



3Q18 Financial results and business update

3Q18 Financial results

- Net loss of \$41 million, or \$0.22 per share; excluding special items, adjusted net income of \$119 million, or \$0.63 per share
- Adjusted EBITDA excluding special items of \$795 million
- Cash balance at \$1.0 billion on September 30, 2018

Business update

- One serious injury in 3Q18; reviewing heat stress prevention practices
- Pension and OPEB net liability down ~\$500 million to \$2.2 billion
- Members of the Australian Workers' Union returned to work; voting on new agreement
- Launched formal consultation process with workers' representatives for collective dismissals of employees at two Spanish smelters
- Continue to project alumina and aluminum deficits, and increasing bauxite stockpile
- FY18 adjusted EBITDA excluding special items outlook of \$3.1 to \$3.2 billion¹
- Announcing \$200 million stock repurchase authorization
- Strengthening organization to support operator-centric approach

1. Based on actual YTD 2018 results; outlook for unpriced sales at \$2,000 LME, \$500 API, \$0.20 Midwest premium and updated regional premiums and currencies.

William Oplinger

Executive Vice President and Chief Financial Officer



Revenue down 5% sequentially on lower aluminum prices



Quarterly income statement

M, Except realized prices and per share amounts

	3Q17	2Q18	3Q18
Realized primary aluminum price (\$/mt)	\$2,237	\$2,623	\$2,465
Realized alumina price (\$/mt)	\$314	\$467	\$493
Revenue	\$2,964	\$3,579	\$3,390
Cost of goods sold	\$2,340	\$2,632	\$2,534
SG&A and R&D expenses	\$78	\$73	\$65
Adjusted EBITDA	\$546	\$874	\$791
Depreciation, depletion and amortization	\$194	\$192	\$173
Other expenses, net	\$48	\$9	\$2
Interest expense	\$26	\$32	\$33
Restructuring and other charges	\$(10)	\$231	\$177
Tax provision	\$119	\$180	\$251
Net income	\$169	\$230	\$155
Less: Net income attributable to noncontrolling interest	\$56	\$155	\$196
Net income (loss) attributable to Alcoa Corporation	\$113	\$75	\$(41)
Diluted earnings per share	\$0.60	\$0.39	\$(0.22)
Diluted shares outstanding	187.2	188.7	186.5

Prior Year Change	Sequential Change
\$228	\$(158)
\$179	\$26
\$426	\$(189)
\$194	\$(98)
\$(13)	\$(8)
\$245	\$(83)
\$(21)	\$(19)
\$(46)	\$(7)
\$7	\$1
\$187	\$(54)
\$132	\$71
\$(14)	\$(75)
\$140	\$41
\$(154)	\$(116)
\$(0.82)	\$(0.61)
(0.7)	(2.2)

Special items total \$160M driven by pension/OPEB actions



Breakdown of special items by income statement classification – gross basis

<i>M, Except per share amounts</i>	3Q17	2Q18	3Q18	Description of significant <u>3Q18</u> special items
Net income (loss) attributable to Alcoa Corporation	\$113	\$75	\$(41)	
Diluted earnings per share	\$0.60	\$0.39	\$(0.22)	
Special items	\$22	\$211	\$160	
<i>Cost of goods sold</i>	\$34	\$30	\$4	<i>Bécancour lockout related costs; Warrick smelter restart costs</i>
SG&A	\$2	-	-	
<i>Restructuring and other charges</i>	\$(10)	\$231	\$177	<i>U.S. pension annuitization; cessation of U.S. salaried retiree life insurance</i>
<i>Interest expense</i>	-	\$3	-	
<i>Other expenses / (income), net</i>	\$11	\$6	\$(8)	<i>Mark-to-market energy contracts</i>
<i>Tax provision</i>	\$(9)	\$(46)	\$(13)	<i>Taxes on special items and discrete tax items</i>
<i>Noncontrolling interest</i>	\$(6)	\$(13)	-	
Adjusted net income attributable to Alcoa Corporation	\$135	\$286	\$119	
Adjusted diluted earnings per share	\$0.72	\$1.52	\$0.63	

Adjusted net earnings \$119 million; adjusted EPS \$0.63



Quarterly income statement excluding special items

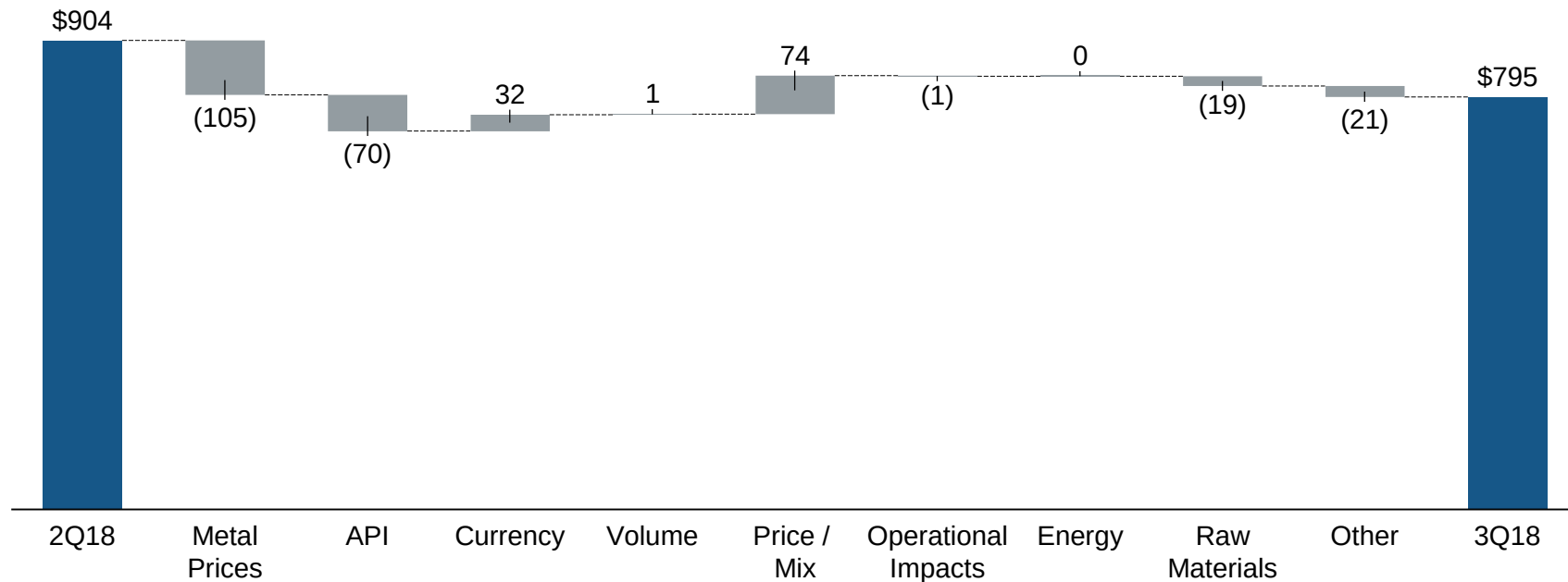
M, Except realized prices and per share amounts

	3Q17	2Q18	3Q18
Realized primary aluminum price (\$/mt)	\$2,237	\$2,623	\$2,465
Realized alumina price (\$/mt)	\$314	\$467	\$493
Revenue	\$2,964	\$3,579	\$3,390
Cost of goods sold	\$2,306	\$2,602	\$2,530
COGS % of Revenue	77.8%	72.7%	74.6%
SG&A and R&D expenses	\$76	\$73	\$65
SG&A and R&D % of Revenue	2.6%	2.0%	1.9%
Adjusted EBITDA	\$582	\$904	\$795
Depreciation, depletion and amortization	\$194	\$192	\$173
Other expenses, net	\$37	\$3	\$10
Interest expense	\$26	\$29	\$33
Tax provision	\$128	\$226	\$264
Operational tax rate	39.3%	33.3%	45.6%
Adjusted net income	\$197	\$454	\$315
Less: Net income attributable to noncontrolling interest	\$62	\$168	\$196
Adjusted net income attributable to Alcoa Corporation	\$135	\$286	\$119
Adjusted diluted earnings per share	\$0.72	\$1.52	\$0.63
Diluted shares outstanding	187.2	188.7	188.7

Prior Year Change	Sequential Change
\$228	\$(158)
\$179	\$26
\$426	\$(189)
\$224	\$(72)
(3.2)% pts.	1.9% pts.
\$(11)	\$(8)
(0.7)% pts.	(0.1)% pts.
\$213	\$(109)
\$(21)	\$(19)
\$(27)	\$7
\$7	\$4
\$136	\$38
6.3% pts.	12.3% pts.
\$118	\$(139)
\$134	\$28
\$(16)	\$(167)
\$(0.09)	\$(0.89)
1.5	-

Market prices are largest adjusted EBITDA factor in 3Q

Adjusted EBITDA excluding special items sequential changes, \$M

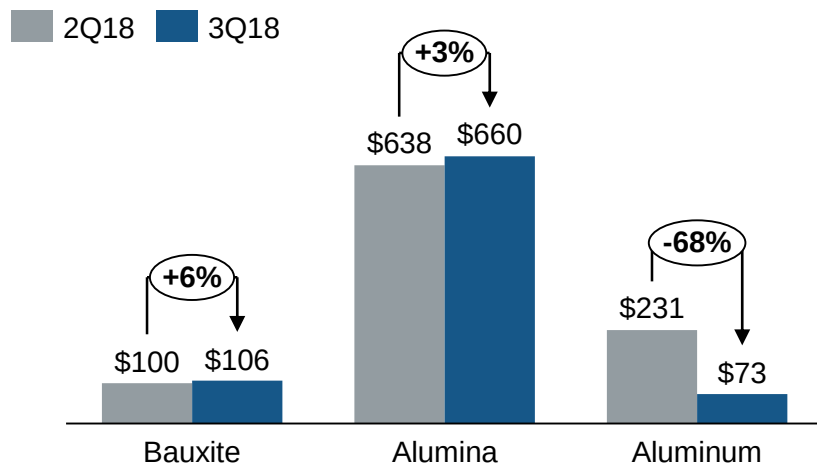


Metal prices, alumina costs impact Aluminum segment



Adjusted EBITDA excluding special items breakdown

Segment information, \$M



3Q18 Segment Adj.
EBITDA Margin %

36.4%

40.1%

3.3%

Change vs. 2Q18,
Margin %

3.4% pts.

0.3% pts.

-6.3% pts.

Total Adjusted EBITDA information, \$M

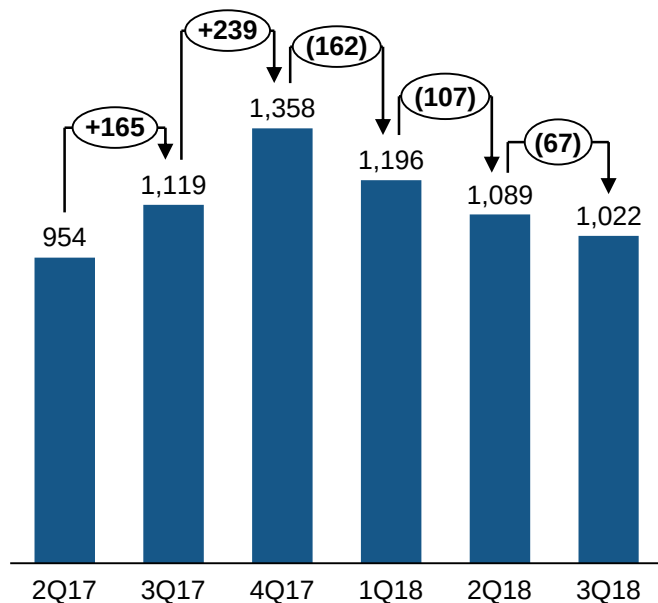
	2Q18	3Q18	Change
Segment total	\$969	\$839	\$(130)
Transformation	(1)	1	2
Corporate inventory accounting ¹	(32)	(17)	15
Other corporate	(32)	(28)	4
Total Adjusted EBITDA	\$904	\$795	\$(109)

1. Includes intercompany eliminations, and impact from both LIFO and metal price lag.

Cash at \$1 billion after pension and debt payments

Quarterly cash comparison and cash flows, \$M

Quarter ending cash balance



Free cash flow and change in cash

	3Q17	2Q18	3Q18	3Q18 Notes
Cash from (used for) operations	\$384	\$(430)	\$288	\$299 of pension/OPEB payments
Capital expenditures	(96)	(95)	(82)	
Free cash flow	\$288	\$(525)	\$206	

	3Q17	2Q18	3Q18	3Q18 Notes
Cash from (used for) operations	\$384	\$(430)	\$288	\$299 of pension/OPEB payments
Cash from (used for) financing	(115)	433	(280)	\$98 of debt repayment; \$181 distributions to NCI
Cash from (used for) investing	(104)	(100)	(83)	
Effect of exchange rate changes	(4)	(11)	6	
Net change in restricted cash	4	1	2	
Net change in cash balance	\$165	\$(107)	\$(67)	

Balance sheet strengthening

Key financial metrics as of September 30, 2018

Key metrics

Cash	3Q18 Days working capital
\$1,022M	26 Days
2018 YTD Capital expenditures ¹	2018 YTD Return on capital
\$251M	12.0%
Net debt-to-LTM adjusted EBITDA	Pension & OPEB net liability ²
0.26x	\$2.2B

Days working capital comparison

	3Q17	3Q18	Change
Days sales outstanding (DSO)	26	28	2
plus: Days on hand of inventory (DOH)	41	45	4
less: Days payables outstanding (DPO)	50	47	(3)
equals: Days working capital (DWC)	17	26	9

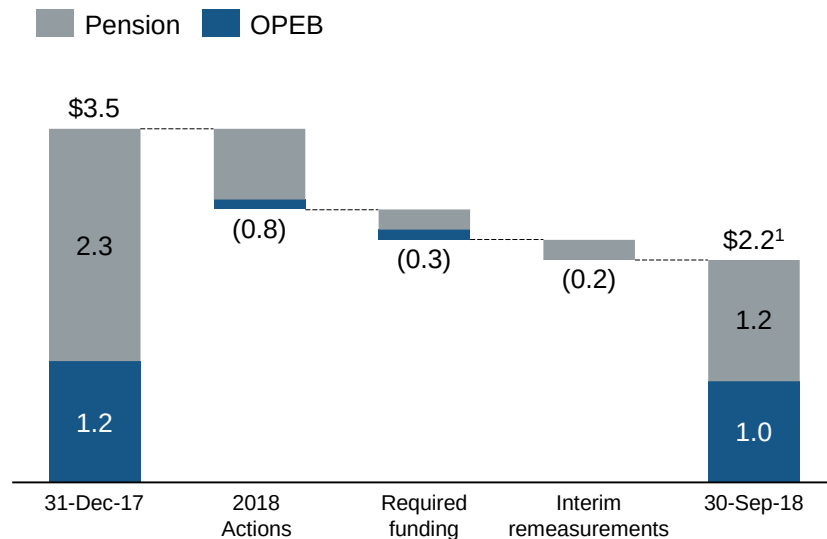
- Receivables moving with sales and pricing
- Increased raw material pricing driving inventory values
- Sales prices outpacing payables, decreasing DPO

1. \$51M in return-seeking capital expenditures and \$200M in sustaining capital expenditures.
2. Several U.S. and Canadian pension and OPEB plans were remeasured one or more times since December 31, 2017 due to plan changes and/or annuitizations initiated in 2018. The valuations of the remaining pension and OPEB plans were as of December 31, 2017.

Actions lowering net pension and OPEB liability

Net pension & OPEB liability overview

Net liability bridge, \$B



2018 Actions

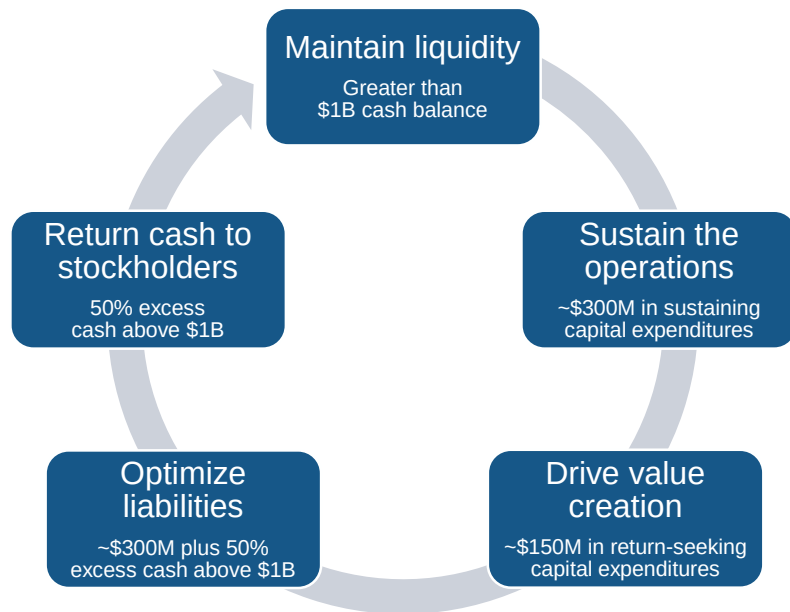
- **January:** Announced pension freeze for U.S. and Canadian salaried employees, and elimination of contribution to U.S. salaried pre-Medicare retirees, both effective 2021
- **April:** Annuitization of certain Canadian pension benefits, and transfer of \$560 million in gross liability; contributed an additional \$105 million
- **May:** Additional contribution of \$500 million to U.S. pension plans (gross proceeds of May debt offering)
- **August:** Annuitization of certain U.S. pension benefits, and transfer of \$290 million in gross liability; contributed an additional \$100 million to further fund U.S. pension plans; announced cessation of salaried retiree life insurance effective September 1, 2018

1. Does not include upcoming 2018 year-end remeasurements for demographic changes, discount rate impacts or asset performance.

Announcing \$200M stock repurchase program

Capital allocation framework and update

2018 Framework



2018 Update

- Cash at \$1.0 billion; ~30% attributable to noncontrolling interest
- Sustaining capital expenditures on track
- Anticipating to spend approximately \$100 million on return seeking projects
- Completed ~\$300 million in liability optimization
- Announcing \$200 million stock repurchase authorization effective immediately and to be executed based upon cash availability and market conditions

2018 Outlook



FY18 Key metrics

Total shipments		
	2018 YTD Actual	FY18 Outlook
Bauxite (Mdmmt)	34.6	46.5 – 47.5
Alumina (Mmt)	10.1	13.6 – 13.8
Aluminum (Mmt)	2.5	3.1 – 3.3

Cash flow impacts		
	2018 YTD Actual	FY18 Outlook
Minimum required pension/all OPEB funding	\$342M	~ \$415M
Additional pension funding	\$705M	~ \$700M
Return-seeking capital expenditures ²	\$51M	~ \$100M
Sustaining capital expenditures ²	\$200M	~ \$300M
DOJ / SEC (final payment January 2018)	\$74M	\$74M
Environmental and ARO payments ³	\$74M	~ \$110M

Adjusted EBITDA excl. special items impacts		
	2018 YTD Actual	FY18 Outlook
Adjusted EBITDA excl. special items	\$2.4B	\$3.1 – \$3.2B ¹
Transformation EBITDA impacts	\$(2)M	~ \$(10)M
Corporate inventory EBITDA impacts	\$(18)M	~ \$(30)M
Other corporate EBITDA impacts	\$(91)M	~ \$(125)M

Other income statement excl. special items impacts		
	2018 YTD Actual	FY18 Outlook
Non-operating pension/OPEB expense	\$109M	~ \$140M
Depreciation, depletion and amortization	\$559M	~ \$740M
Interest expense	\$88M	~ \$120M
Operational tax rate	37.2%	~ 38%
Net income of noncontrolling interest	\$488M	40% of AWAC NI

1. Based on actual YTD 2018 results; outlook for unpriced sales at \$2,000 LME, \$500 API, \$0.20 Midwest premium and updated regional premiums and currencies.
2. AWAC portion of FY18 Outlook: ~40% of return-seeking capital expenditures, and ~60% of sustaining capital expenditures
3. As of September 30, 2018, the environmental remediation reserve balance was \$285M and the ARO liability was \$643M.

Roy Harvey

President and Chief Executive Officer



Deficit still projected for alumina and aluminum



Projected 2018 market balances

	Bauxite (3 rd -party seaborne)	Alumina (smelter grade)	Aluminum (primary)
2018 Outlook	Surplus	Deficit	Deficit
2018 Supply/Demand Balance, Mmt			
Global	7 to 11; stockpile growth	-1.2 to -0.4; deficit	-1.4 to -1.0; deficit
China	-71 to -69; deficit	-0.5 to -0.1; deficit	0.6 to 0.8; surplus
World ex-China	78 to 80; surplus	-0.7 to -0.3; deficit	-2.0 to -1.8; deficit
2018 Notes	Guinea supply growth	Balances before Chinese alumina exports of 0.3 Mmt	Demand growth, 2018 vs. 2017 • Global = 3.75 to 4.75% • China = 4.75 to 5.25% • World ex-China = 3 to 3.5%

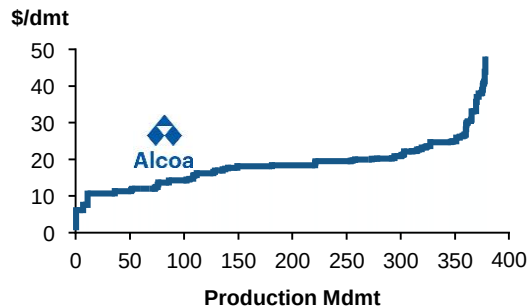
Very low cost position in bauxite and alumina



Alcoa's position on 2018 global production cost curves

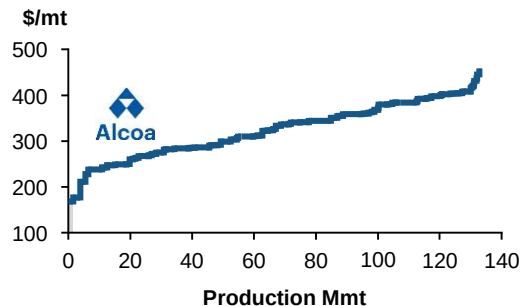
Bauxite

20th
percentile



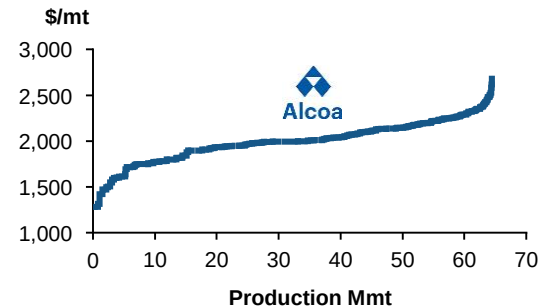
Alumina

15th
percentile



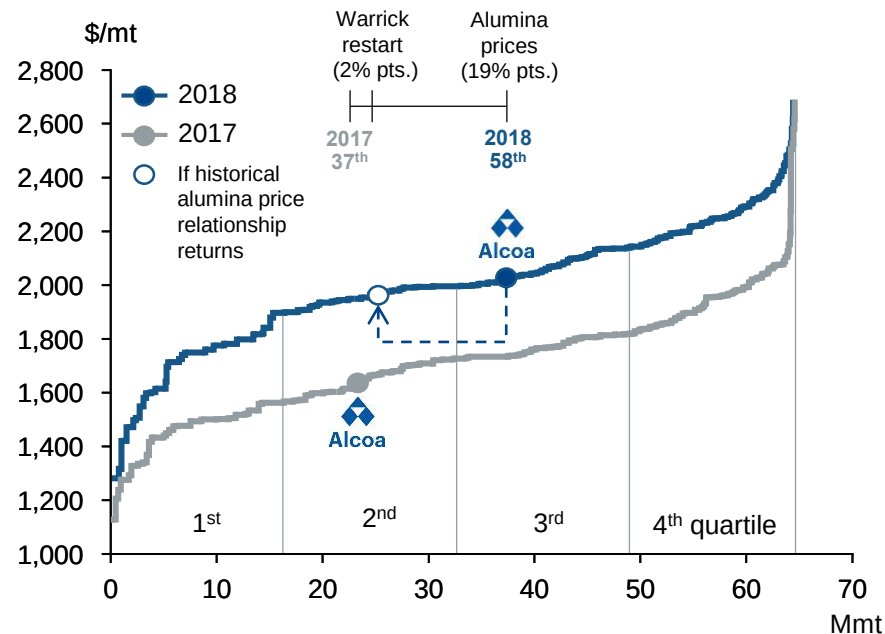
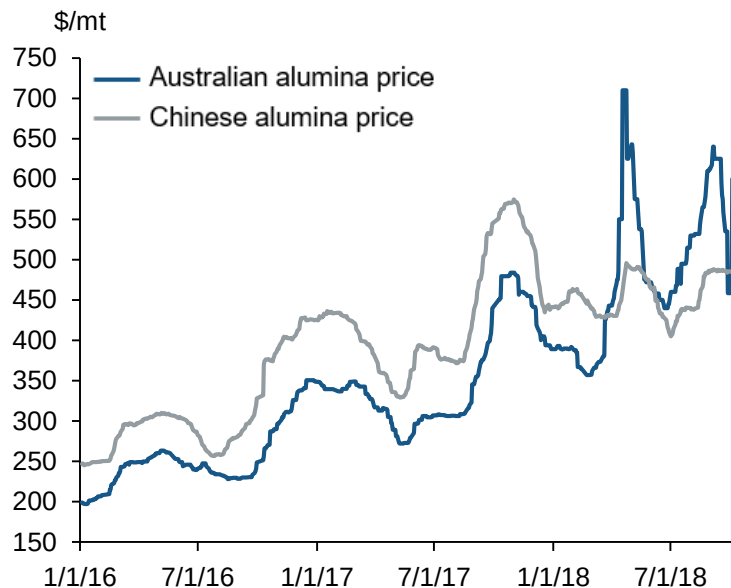
Aluminum

58th
percentile



Alumina price movements change smelting cost curve

Alumina prices and smelting cost curves with Alcoa percentiles



Alcoa Alumina segment
Adj. EBITDA margin %

Year	Adj. EBITDA margin %
2016:	10%
2017:	27%
2018 YTD:	37%

Focused on value creation across all parts of the business



Value creation levers

Business Operations		Bauxite
	+	Alumina
	+	Aluminum
	-	Non-segment expenses
	=	Enterprise value
Financial Considerations	-	Noncontrolling interest
	-	Debt & debt-like items
	+	Cash & equity investments
	=	Equity value

Business operations levers:

- Completed restart of two potlines at Warrick smelter to reduce complexity and improve efficiency of integrated complex; third potline restart in process
- Investing ~\$100 million in return-seeking capital projects in 2018 to drive production improvements at several refineries and smelters, reduce costs in flat-rolled aluminum and facilitate future growth in bauxite
- Taking actions to manage and control operating costs in order to support and enable future profitability
- Working to minimize and/or eliminate on-going legacy costs

Financial considerations levers:

- Multiple pension/OPEB related actions completed in 2018, continually looking for ways to further reduce both the gross and net liability
- Actively addressing and working to resolve legacy liabilities while identifying opportunities to redeploy idle assets
- Maintaining targeted cash balance, and continuing to progress joint ventures; developing "green smelting" technology with Elysis

Strengthening company; delivering on capital allocation



3Q18 Summary

Strategic priorities



3Q18 Review

De-risking balance sheet; pension and OPEB actions driving down net liability

FY18 adjusted EBITDA excluding special items outlook of \$3.1 to \$3.2B¹

Announcing \$200M share repurchase authorization

1. Based on actual YTD 2018 results; outlook for unpriced sales at \$2,000 LME, \$500 API, \$0.20 Midwest premium and updated regional premiums and currencies.

Questions?

Alcoa Corporation



Appendix



3Q18 Financial summary



Three months ending September 30, 2018, excluding special items

\$M	Bauxite	Alumina	Aluminum ^{4,5}	Transformation	Corporate inventory accounting	Other corporate	Alcoa Corporation
Total revenue ¹	\$291	\$1,645	\$2,204	\$25	\$(775)	-	\$3,390
Third-party revenue	\$67	\$1,101	\$2,198	\$24	-	-	\$3,390
Adjusted EBITDA ²	\$106	\$660	\$73	\$1	\$(17)	\$(28)	\$795
<i>Adjusted EBITDA margin %</i>	<i>36.4%</i>	<i>40.1%</i>	<i>3.3%</i>				<i>23.5%</i>
Depreciation, depletion and amortization	\$27	\$48	\$91	-	-	\$7	\$173
Other expenses / (income), net ³	-	\$(10)	\$5	-	-	\$15	\$10
Interest expense							\$33
Provision for income taxes							\$264
Adjusted net income							\$315
Net income attributable to noncontrolling interest							\$196
Adjusted net income attributable to Alcoa Corp.							\$119

1. Intersegment eliminations included in Corporate inventory accounting.
2. Includes the Company's proportionate share of earnings from equity investments in certain bauxite mines, hydroelectric generation facilities, and an aluminum smelter located in Brazil, Canada, and/or Guinea.
3. Amounts for Alumina and Aluminum represent the Company's proportionate share of earnings from its equity investment in the Saudi Arabian joint venture.
4. Flat-rolled aluminum shipments, revenue and adjusted EBITDA were 0.13 Mmt, \$473M and \$29M, respectively.
5. Third-party energy sales volume, revenue and adjusted EBITDA in Brazil were 895 GWh, \$76M and \$58M, respectively.

3Q18 Adjusted EBITDA drivers by segment



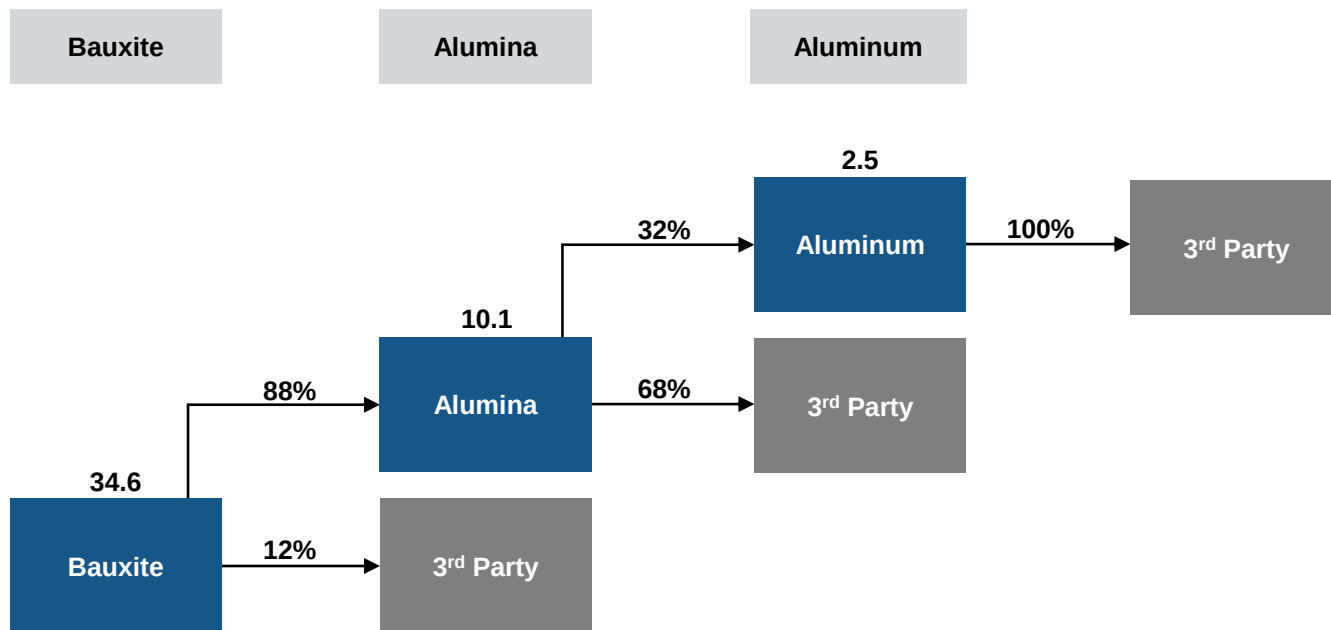
Adjusted EBITDA excl. special items sequential changes by segment, \$M

Segment	Adj. EBITDA 2Q18	Metal Prices	API	Currency	Volume	Price/Mix	Op. Impacts	Energy	Raw Materials	Other	Adj. EBITDA 3Q18
Bauxite	\$100	-	-	7	-	5	3	-	-	(9)	\$106
Alumina	\$638	-	(21)	18	(4)	60	(16)	(6)	(7)	(2)	\$660
Aluminum	\$231	(90)	(82)	7	5	9	12	6	(12)	(13)	\$73
Segment Total	\$969	(90)	(103)	32	1	74	(1)	-	(19)	(24)	\$839

Aluminum value chain



2018 YTD Alcoa product shipments by segment, Mmt

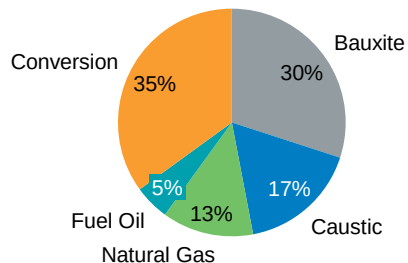


Composition of alumina and aluminum production costs



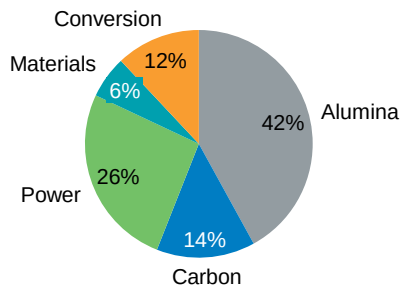
Alcoa 3Q18 production cash costs

Alumina refining



Input Cost	Inventory Flow	Pricing Convention	Estimated Annual Cost Sensitivity
Caustic Soda	5 - 6 Months	Quarterly	\$9M per \$10/dmt
Natural Gas ¹	N/A	N/A	N/A
Fuel Oil	1 - 2 Months	Prior Month	\$3M per \$1/bbl

Aluminum smelting



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

1. Australia is priced on a rolling 16 quarter average.

2018 Business information



Estimated annual Adjusted EBITDA sensitivities

\$/M											
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		119				(16)	6		(1)		
Aluminum	203	(39)	106	102	24	(1)	(3)	3	(4)	6	3
Total	203	80	106	102	24	(20)	7	3	(5)	6	3

Pricing conventions

Segment	3 rd -Party Revenue
Bauxite	Negotiated prices
Alumina	~95% of third-party smelter grade alumina priced on API/spot - API based on prior month average of spot prices
Aluminum	- LME + Regional Premium + Product Premium - Primary aluminum 15-day lag; flat rolled aluminum 30-day lag - Brazilian hydroelectric sales at market prices

Regional premium breakdown

Regional premiums	% of 2018 Primary aluminum shipments
Midwest ¹	~45%
Rotterdam Duty Paid	~45%
CIF Japan	~10%

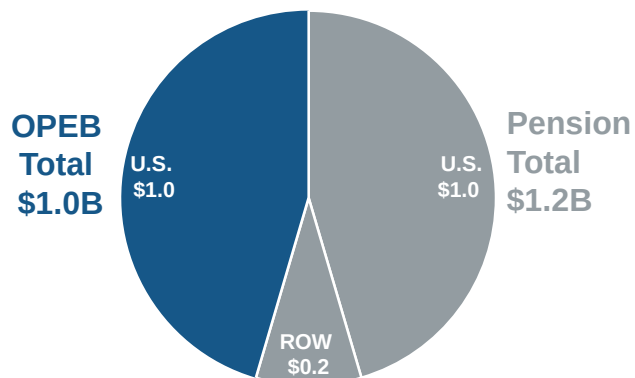
1. ~90% of non-U.S. sourced Midwest sales are subject to U.S. tariffs or sold duty unpaid.

Pension and OPEB summary



Net pension and OPEB liability and financial impacts

Net liability as of September 30, 2018^{1,2}



Pension funding status as of December 31, 2017

- U.S. ERISA ~83%
- GAAP Worldwide ~70%

U.S. pension contributions currently not tax deductible

Estimated financial impacts, \$M

Expense impact	2018
Segment pension	\$50
Segment OPEB	\$5
Corporate pension & OPEB	\$5
Total adj. EBITDA impact	\$60
Non-operating	\$140
Special items ¹ (curtailment/settlement)	\$320
Total expense impact	\$520

Cash flow impact	2018
Minimum required pension funding	\$275
Additional pension funding	\$705
OPEB payments	\$140
Total cash impact	\$1,120

- Several U.S. and Canadian pension and OPEB plans were remeasured one or more times since December 31, 2017 due to plan changes and/or annuitizations initiated in 2018. These actions resulted in a net charge for the plan settlements and curtailment of benefits. The valuations of the remaining pension and OPEB plans were as of December 31, 2017.
- The impact on the combined pension and OPEB liability of a 25 basis point change in the weighted average discount rate is approximately \$170M.

Investments summary



Investee	Country	Nature of Investment ⁴	Ownership Interest	Carrying Value as of September 30, 2018	P&L Location of Equity Earnings
Elysis Limited Partnership	Canada	Aluminum smelting technology	48.235%		
Ma'aden Aluminum Company ¹	Saudi Arabia	Aluminum smelter	25.1%		
Ma'aden Bauxite and Alumina Company ¹	Saudi Arabia	Bauxite mine and Alumina refinery	25.1% ⁵		
Ma'aden Rolling Company ¹	Saudi Arabia	Aluminum rolling mill	25.1%		
Subtotal Ma'aden and Elysis				\$893M	Other expenses / (income), net
Consortio Serra do Facão	Brazil	Hydroelectric generation facility	34.97%		
Energetica Barra Grande S.A.	Brazil	Hydroelectric generation facility	42.18%		
Halco Mining, Inc. ²	Guinea	Bauxite mine	45% ⁵		
Manicouagan Power Limited Partnership	Canada	Hydroelectric generation facility	40%		
Mineração Rio do Norte S.A. (MRN)	Brazil	Bauxite mine	18.2% ⁵		
Pechiney Reynolds Quebec, Inc. ³	Canada	Aluminum smelter	50%		
Subtotal other				\$488M	COGS
Total investments				\$1,381M	

1. Alcoa Corporation has an investment in a joint venture related to the ownership and operation of an integrated aluminum complex (bauxite mine, alumina refinery, aluminum smelter, and rolling mill) in Saudi Arabia. The joint venture is owned 74.9% by the Saudi Arabian Mining Company (known as "Ma'aden") and 25.1% by Alcoa Corporation.
2. Halco Mining, Inc. owns 100% of Boké Investment Company, which owns 51% of Compagnie des Bauxites de Guinée (CBG).
3. Pechiney Reynolds Quebec, Inc. owns a 50.1% interest in the Bécancour smelter in Quebec, Canada thereby entitling Alcoa Corporation to a 25.05% interest in the smelter. Through two wholly-owned Canadian subsidiaries, Alcoa Corporation also owns 49.9% of the Bécancour smelter.
4. Each of the investees either owns the facility listed or has an ownership interest in an entity that owns the facility listed.
5. A portion or all of each of these ownership interests are held by majority-owned subsidiaries that are part of AWAC.

Production and capacity information



Alcoa Corporation annual consolidated amounts

Bauxite production, Mdmt

Mine	Country	2017 Production
Darling Range	Australia	33.2
Juruti	Brazil	5.6
Poços de Caldas	Brazil	0.2
Trombetas (MRN)	Brazil	2.7
Boké (CBG)	Guinea	3.2
Al Ba'itha ¹	Saudi Arabia	0.9
Total		45.8

Alumina refining, kmt

Facility	Country	Capacity	Curtailed
Kwinana	Australia	2,190	-
Pinjarra	Australia	4,234	-
Wagerup	Australia	2,555	-
Poços de Caldas	Brazil	390	214
São Luís (Alumar)	Brazil	1,890	-
San Ciprián	Spain	1,500	-
Point Comfort	U.S.	2,305	2,305
Total		15,064	2,519
<i>Ras Al Khair¹</i>	<i>Saudi Arabia</i>	<i>452</i>	<i>-</i>

Aluminum smelting, kmt

Facility	Country	Capacity	Curtailed
Portland	Australia	197	30
São Luís (Alumar)	Brazil	268	268
Baie Comeau	Canada	280	-
Bécancour	Canada	310	207
Deschambault	Canada	260	-
Fjarðaál	Iceland	344	-
Lista	Norway	94	-
Mosjøen	Norway	188	-
Avilés	Spain	93	32
La Coruña	Spain	87	24
San Ciprián	Spain	228	-
Intalco	U.S.	279	49
Massena West	U.S.	130	-
Warrick ²	U.S.	269	161
Wenatchee	U.S.	146	146
Total		3,173	917
<i>Ras Al Khair¹</i>	<i>Saudi Arabia</i>	<i>186</i>	<i>-</i>

1. The Company's proportionate share of earnings from its equity investment in the Saudi Arabian joint venture does not impact adjusted EBITDA.
2. In second quarter 2018, Alcoa completed the restart of two (108 kmt) of the three potlines included in the partial restart plan for the Warrick smelter. On May 28, the Company announced that the third (53 kmt) line scheduled for restart had been shut down due to a temporary power outage. The Company is in the process of restarting the third potline.

Valuation framework



Valuation framework key considerations

				LTM ending 9/30/2018 Adj. EBITDA excl. special items	FY18 Outlook Adj. EBITDA excl. special items
Business Operations	+	Bauxite	Economic value using market multiple of: i. AWAC joint venture, minus small portions of AWAC JV in Aluminum and Transformation	\$421M	
	+	Alumina	ii. Ownership in certain mines and refineries outside the JV	\$2,252M	
	+	Aluminum	Economic value using market multiple of: i. Smelters, casthouses, rolling mill, and energy assets ii. Smelters and casthouses restart optionality	\$703M	\$3.1B to \$3.2B ¹
	-	Non-segment expenses	Economic value using market multiple of: i. Net corporate expenses and Transformation	\$228M	
	=	Enterprise value			
Financial Considerations	-	Noncontrolling interest	Implied value of noncontrolling interest in AWAC JV, based on Alumina Limited's observed enterprise value		
	-	Debt & debt-like items	Book value of debt of \$1.8B (\$1.8B, >95% Alcoa) ² , pension & OPEB net liabilities of \$2.2B (\$2.2B, >95% Alcoa; U.S. contributions not tax deductible) ² , environmental & ARO liabilities of \$0.7B (\$0.9B, ~80% Alcoa) ²		
	+	Cash & equity investments	Cash position of \$0.7B (\$1.0B, ~70% Alcoa) ² plus carrying value of investments in the Ma'aden joint venture and Elysis of \$0.8B (\$0.9B, ~90% Alcoa) ²		
	=	Equity value			

- Based on actual YTD 2018 results; outlook for unpriced sales at \$2,000 LME, \$500 API, \$0.20 Midwest premium and updated regional premiums and currencies.
- Dollar amounts reflect Alcoa Corporation's consolidated balance sheet values as of September 30, 2018. The "Alcoa" percentages exclude amounts attributable to Alcoa Corporation's partner in the AWAC JV.

Adjusted EBITDA reconciliation



\$M	3Q17	2Q18	3Q18	LTM
Net income (loss) attributable to Alcoa Corporation	\$113	\$75	\$(41)	\$(12)
Add:				
Net income attributable to noncontrolling interest	56	155	196	615
Provision for income taxes	119	180	251	841
Other expenses, net	48	9	2	62
Interest expense	26	32	33	118
Restructuring and other charges	(10)	231	177	686
Depreciation, depletion and amortization	194	192	173	746
Adjusted EBITDA	546	874	791	3,056
Special items before tax and noncontrolling interest	36	30	4	92
Adjusted EBITDA excl. special items	\$582	\$904	\$795	\$3,148

Alcoa Corporation's definition of Adjusted EBITDA 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.

Special items detail, net of tax and noncontrolling interest

\$M	3Q17	2Q18	3Q18	P&L classification
Special items	\$22	\$211	\$160	
Warrick smelter restart costs	17	2	1	Cost of goods sold
Bécancour lockout related costs	-	2	2	Cost of goods sold
Contractor arbitration loss	-	15	-	Cost of goods sold
Portland restart power exposure	3	-	-	Cost of goods sold
Brazil VAT	7	-	-	Cost of goods sold/SG&A
Contractor arbitration loss	-	2	-	Interest
Mark-to-market energy contracts	7	6	(7)	Other expenses / (income), net
Pension related actions	-	122	230	Restructuring and other charges
OPEB related actions	-	-	(56)	Restructuring and other charges
Other restructuring related items	(14)	65	2	Restructuring and other charges
Income tax items	2	(3)	(12)	Tax provision

Free Cash Flow reconciliation



\$M	3Q17	4Q17	1Q18	2Q18	3Q18
Cash from operations	\$384	\$455	\$55	\$(430) ¹	\$288
Capital expenditures	(96)	(150)	(74)	(95)	(82)
Free cash flow	\$288	\$305	\$(19)	\$(525)	\$206

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, which are both considered necessary to maintain and expand Alcoa Corporation's asset base, and 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.

1. Cash from operations for the quarter ended June 30, 2018 includes a \$500 million cash outflow for discretionary contributions made to three of Alcoa Corporation's U.S. defined benefit pension plans. The \$500 million was funded with the gross proceeds of 6.125% Senior notes due 2028 issued in May 2018.

Net Debt reconciliation



<i>\$M</i>	2Q18	3Q18
Long-term debt due within one year	\$13	\$4
Long-term debt, less amount due within one year	1,916	1,820
Total debt	1,929	1,824
Less: Cash and cash equivalents	1,089	1,022
Net debt	\$840	\$802

Net debt is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management assesses Alcoa Corporation's leverage position after considering available cash that could be used to repay outstanding debt.

Days Working Capital

<i>\$M</i>	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Receivables from customers	\$708	\$789	\$840	\$811	\$814	\$1,025	\$1,017
Add: Inventories	1,294	1,287	1,323	1,453	1,630	1,668	1,666
Less: Accounts payable, trade	1,434	1,508	1,618	1,898	1,813	1,752	1,711
DWC working capital	\$568	\$568	\$545	\$366	\$631	\$941	\$972
Sales	\$2,655	\$2,859	\$2,964	\$3,174	\$3,090	\$3,579	\$3,390
Number of days in the quarter	90	91	92	92	90	91	92
Days Working Capital ¹	19	18	17	11	18	24	26

1. Days Working Capital = DWC working capital divided by (sales / number of days in the quarter).

Annualized Return on Capital



Reconciliation and calculation information

\$M	2017 YTD	2018 YTD
<i>Numerator:</i>		
Net income attributable to Alcoa Corporation	413	184
Add: Net income attributable to noncontrolling interest	202	475
Add: Provision for income taxes	328	569
Profit before taxes (PBT)	943	1,228
Add: Interest expense	77	91
Less: Interest income	9	13
Add: Special items ¹	(36)	424
ROC earnings before taxes	975	1,730
ROC earnings before taxes multiplied by four divided by three	1,300	2,307
ROC earnings after fixed tax rate of 35%	845	1,499
<i>Denominator²:</i>		
Total assets	17,086	16,600
Less: Cash, cash equivalents, restricted cash and short-term investments	973	1,109
Less: Current liabilities	2,666	2,998
Add: Long-term debt due within one year and short-term borrowings	22	11
Average capital base²	13,469	12,504
ROC	6.3%	12.0%

$$\text{ROC \%} = \frac{(\text{PBT} + \text{net interest}^3 + \text{special items}) \times 4/3 \times (1 - \text{fixed tax rate}^4)}{(\text{Total assets} - \text{cash}^5 - \text{current liabilities} + \text{short-term debt})} \times 100$$

$$\begin{aligned} \text{2017 YTD ROC \%} &= \frac{(\$943 + \$68 - \$36) \times 4/3 \times (1 - 0.35)}{(\$17,086 - \$973 - \$2,666 + \$22)} \times 100 = 6.3\% \end{aligned}$$

$$\begin{aligned} \text{2018 YTD ROC \%} &= \frac{(\$1,228 + \$78 + \$424) \times 4/3 \times (1 - 0.35)}{(\$16,600 - \$1,109 - \$2,998 + \$11)} \times 100 = 12.0\% \end{aligned}$$

1. Special items are before taxes and noncontrolling interest.
2. Denominator calculated using quarter ending balances.
3. Interest expense less interest income.
4. Fixed tax rate of 35%.
5. Defined as cash, cash equivalents, restricted cash and short-term investments.

Glossary of terms

Abbreviations listed in alphanumeric order

Abbreviation	Description
% pts	Percentage points
1H##	Six months ending June 30
1Q##	Three months ending March 31
2H##	Six months ending December 31
2Q##	Three months ending June 30
3Q##	Three months ending September 30
4Q##	Three months ending December 31
Adj.	Adjusted
API	Alumina Price Index
ARO	Asset retirement obligations
AUD	Australian dollar
AWAC	Alcoa World Alumina and Chemicals
B	Billion
bbl	Barrel
BRL	Brazilian real
CAD	Canadian dollar
CIF	Cost, insurance and freight
COGS	Cost of goods sold
dmt	Dry metric ton
DOJ	Department of Justice
DWC	Days working capital
EBITDA	Earnings before interest, taxes, depreciation and amortization
EPS	Earnings per share
ERISA	Employee Retirement Income Security Act of 1974
EUR	Euro
Est.	Estimated
excl. or ex.	Excluding
FOB	Free on board
FY##	Twelve months ending December 31

Abbreviation	Description
GAAP	Accounting principles generally accepted in the United States of America
GWh	Gigawatt hour
ISK	Icelandic krona
JV	Joint venture
kmt	Thousand metric tons
LIFO	Last in first out method of inventory accounting
LME	London Metal Exchange
LTM	Last twelve months
M	Million
Mdmt	Million dry metric tons
Mmt	Million metric tons
Mt	Metric ton
N/A	Not applicable
NCI	Noncontrolling interest
NI	Net income
NOK	Norwegian krone
Op.	Operational
OPEB	Other postretirement employee benefits
P&L	Profit and loss
PBT	Profit before taxes
R&D	Research and development
ROC	Return on capital
ROW	Rest of world
SEC	Securities and Exchange Commission
SG&A	Selling, general administrative and other
U.S.	United States of America
USD	United States dollar
VAT	Value Added Tax
YTD	Year-to-date

*The Element of **Possibility***[™]

