



First Quarter 2019
Earnings Conference Call

April 24, 2019

Forward Looking Statements

The information contained in this presentation includes statements based on management's current expectations, estimates and projections that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include statements regarding the company's anticipated financial and operating performance, relate to future events and expectations and involve known and unknown risks and uncertainties. The Company cautions that such forward-looking statements are not guarantees of future performance or events and involve significant risks and uncertainties and actual events may vary materially from those expressed or implied in the forward-looking statements as a result of various factors. For a summary of specific risk factors that could cause results to differ materially from those expressed in the forward-looking statements, please refer to the company's reports filed with the Securities and Exchange Commission, including the company's most recent Forms 10-Q and 10-K. All information in this presentation is as of the date of the presentation. The company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company's expectations except as may be required by law.

Non-Run-Rate Items

Non-run-rate items to us are items that, while they may recur from period to period, (1) are particularly material to results, (2) impact costs as a result of external market factors and (3) may not recur in future periods if the same level of underlying performance were to occur. These are part of our business and operating environment but are worthy of being highlighted for the benefit of the users of our financial statements.

Further, presentations including such terms as net income, operating income, or earnings before interest, tax, depreciation and amortization (“EBITDA”) “before non-run-rate”, “after adjustments” or “adjusted”, are not intended to be (and should not be relied on) in lieu of the comparable caption under generally accepted accounting principles (“GAAP”) to which it is reconciled. Such presentations are solely intended to provide greater clarity of the impact of certain material items on the GAAP measure and are not intended to imply such items should be excluded.

Non-GAAP Financial Measures

This information contains certain non-GAAP financial measures. A “non-GAAP financial measure” is defined as a numerical measure of a company’s financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets or statements of cash flow of the company. Pursuant to the requirements of Regulation G, the Company has provided a reconciliation of non-GAAP financial measures to the most directly comparable financial measure in the accompanying tables.

The non-GAAP financial measures used within this presentation are value added revenue, EBITDA, Adjusted EBITDA, operating income excluding non-run-rate items, adjusted net income and earnings per diluted share, excluding non-run-rate items and ratios related thereto. These measures are presented because management uses this information to monitor and evaluate financial results and trends and believes this information to also be useful for investors.

2019 First Quarter

- Strong y/y and sequential results:

1Q19 results	VAR ¹	EBITDA ²	Margin ³
B(W) than 1Q18	8%	17%	190 bps
B(W) than 2H18 avg. qtr. ⁴	5%	10%	120 bps

- Improving results driven by:

- VAR: moderating aero supply chain destocking
- EBITDA: higher VAR and non-contract prices
- EBITDA margin: higher non-contract prices and operating leverage

- EBITDA increased 17% y/y and 10% vs. 2H18 run rate

- Higher prices and improved aerospace demand drove the improved results
- Trentwood cost efficiency was ~\$5M worse than 2H18 run rate
 - Purchased ingot costs necessitated by planned casting furnace rebuilds
 - Unplanned downtime in Trentwood finishing operations

¹ Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slide 20

² EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slide 22

³ EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

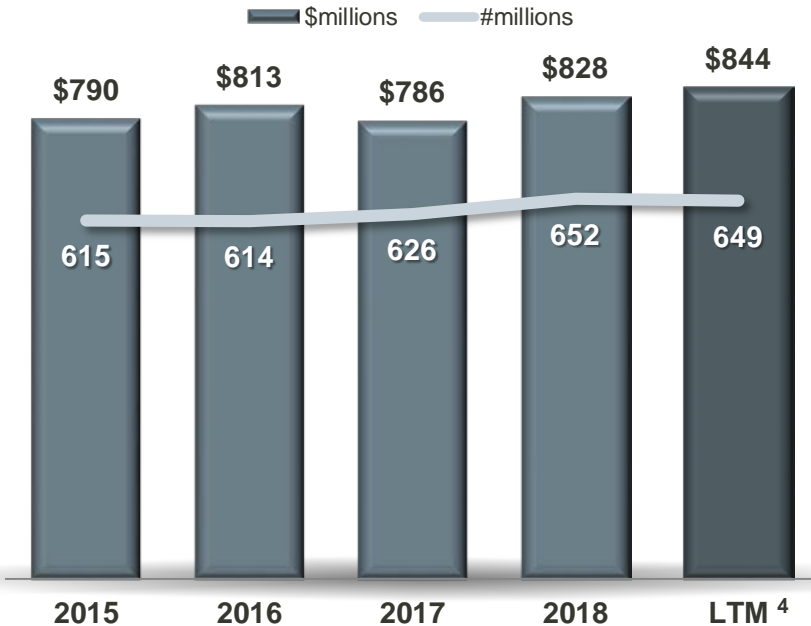
⁴ Refer to slide 10

2019 Business Environment

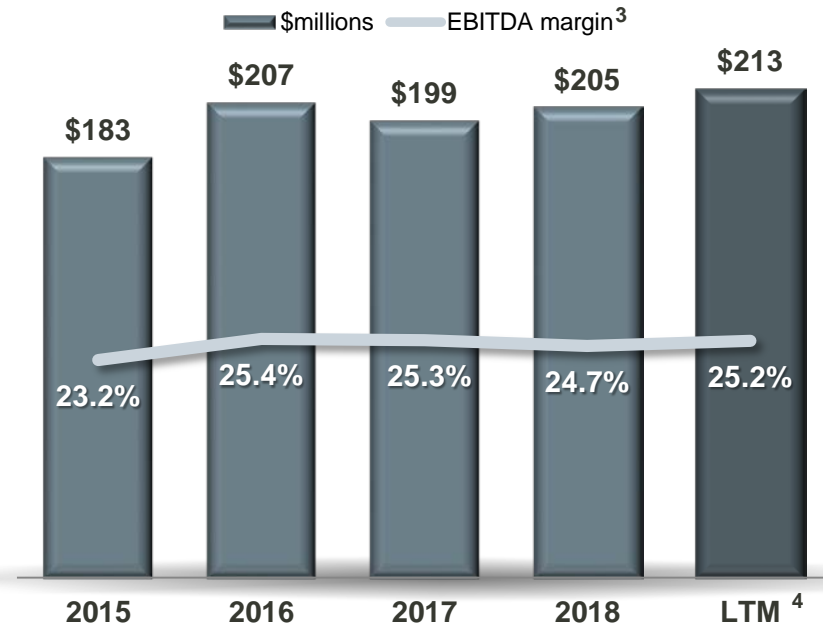
- **Demand outlook**
 - Boeing 737-MAX will lead to destocking; depth and timing is uncertain
 - Demand for military aircraft continues to increase
 - Auto extrusion content transitioning – end-of-life programs, new program launches
 - General engineering demand exhibits continuing strength
- **Market conditions continue to support current non-contract prices**
- **Section 232 tariffs:**
 - Foreign Trade Zone reduced >50% of tariff exposure after December 2018
 - Decisions pending on exclusion requests to eliminate remaining ~\$200k/mo.
- **Expect ~\$15M EBITDA impact for planned 2Q19 maintenance at Trentwood**

2019 Outlook

Value Added Revenue¹



EBITDA²



- Aerospace demand is uncertain pending resolution of the 737-MAX situation
- Automotive demand is uncertain during 2019 transition year; expect strong content growth in 2020-2021
- Industrial demand is strong; aero destocking may provide capacity to boost general engineering shipments
- Estimate ~\$15M impact from 2Q19 planned maintenance at Trentwood
- No change to outlook – low to mid single digit increase in VAR and shipments, EBITDA margin >25%

¹ Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slides 19 and 21

² EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slide 23

³ EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

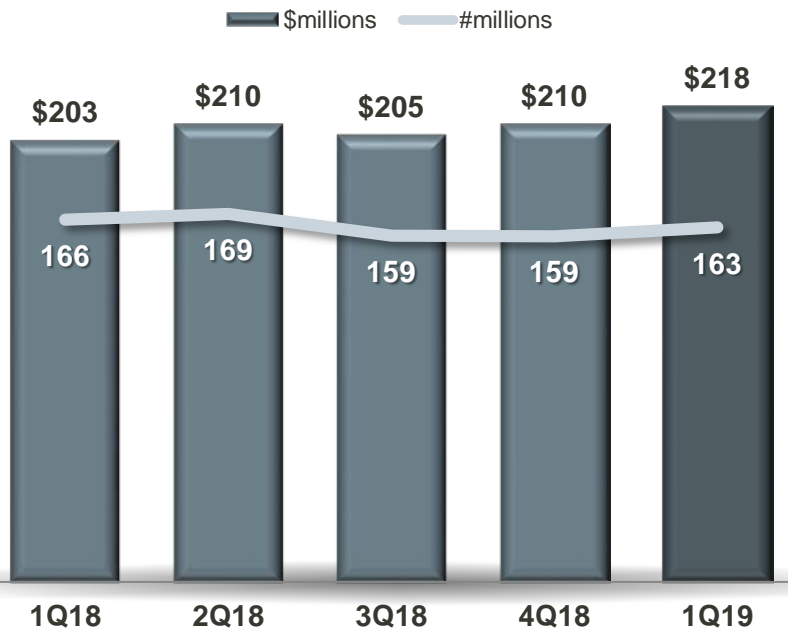
⁴ LTM = Last Twelve Months, as of March 31, 2019

First Quarter 2019 Financial Recap

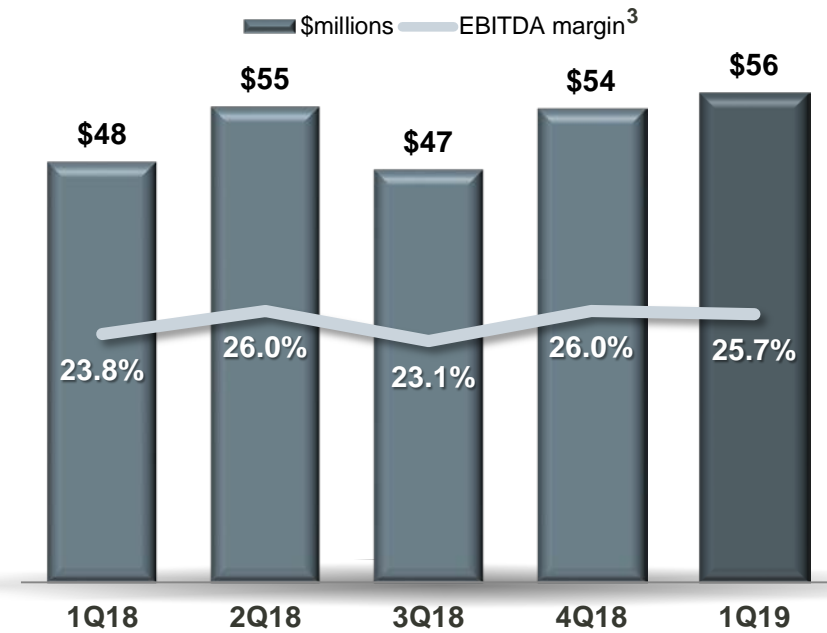
Neal E. West, SVP & CFO

VAR¹ and Adjusted EBITDA²

Quarterly Value Added Revenue



Quarterly Adjusted EBITDA



1Q19 VAR lower y/y shipments, higher VAR driven by higher prices and rich VAR mix:

- Strong aero demand
- Lower auto volume driven by end-of-life programs
- General engineering plate shipments lower to accommodate strong aerospace demand

1Q19 Adjusted EBITDA improved y/y:

- Higher VAR
- Significantly improved pricing
- Partially offset by cost inefficiencies – purchased ingot, unplanned downtime in Trentwood finishing operations

¹ Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slides 18 and 20

² EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slide 22

³ EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

Consolidated Financial Highlights

Quarterly

(in \$millions except Shipments & EPS)

	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>1Q19</u>	<u>FY</u> <u>2018</u>	<u>2H18</u> <u>Avg</u>	<u>LTM</u> ⁷
Shipments (in millions of lbs)	166	169	159	159	163	652	159	649
Net Sales	\$388	\$415	\$393	\$389	\$395	\$1,586	\$391	\$1,593
Value Added Revenue ¹	\$203	\$210	\$205	\$210	\$218	\$828	\$208	\$844
As Reported:								
Operating Income	\$37	\$35	\$35	\$37	\$43	\$144	\$36	\$150
Net Income	\$26	\$21	\$22	\$24	\$28	\$92	\$23	\$94
EPS ²	\$1.51	\$1.22	\$1.29	\$1.41	\$1.71	\$5.43	\$1.35	\$5.63
Adjusted:								
Operating Income	\$38	\$44	\$36	\$43	\$44	\$161	\$40	\$168
EBITDA ³	\$48	\$55	\$47	\$55	\$56	\$205	\$51	\$213
EBITDA margin ⁴	23.8%	26.0%	23.1%	26.0%	25.7%	24.7%	24.6%	25.2%
Net Income ⁵	\$27	\$28	\$24	\$30	\$30	\$109	\$27	\$112
EPS ⁶	\$1.60	\$1.68	\$1.43	\$1.77	\$1.85	\$6.48	\$1.60	\$6.73

¹ Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 18-21

² As Reported EPS = Reported Earnings Per diluted Share; refer to slides 24-25

³ EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 22-23

⁴ EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

⁵ Adjusted Net Income = Reported Net Income excluding non-run-rate items; refer to slides 24-25

⁶ Adjusted EPS = Reported Earnings Per diluted Share excluding non-run-rate items; refer to slides 24-25

⁷ LTM = Last Twelve Months, as of March 31, 2019

Totals may not sum due to rounding

Closing Remarks

Jack A. Hockema, CEO and Chairman

Summary

- **Strong 1Q19 results**
- **2019 outlook is uncertain:**
 - 737-MAX situation
 - Auto extrusion content transitioning – end-of-life programs, new program launches
- **Long-term outlook:**
 - Continuing secular demand growth for automotive and aerospace applications
 - Trentwood modernization to drive further efficiency, quality and capacity benefits
- **Strong balance sheet and cash flow generation supports continued investments and flexibility to manage through economic and business cycles**

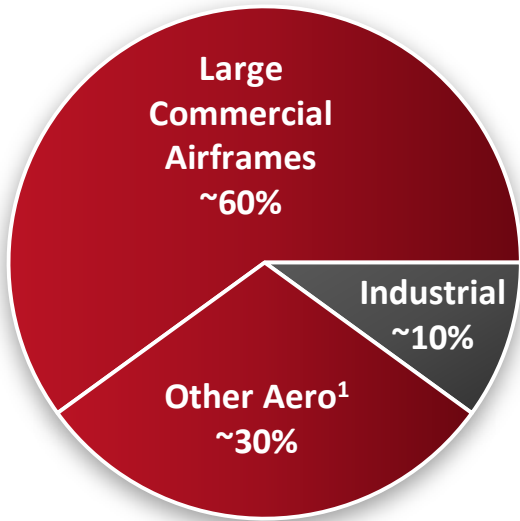
KAISEER
ALUMINUM

A photograph of several aluminum extrusions, including a round rod and several rectangular bars, arranged in a stack. The metal has a brushed finish and is set against a white background with soft shadows.

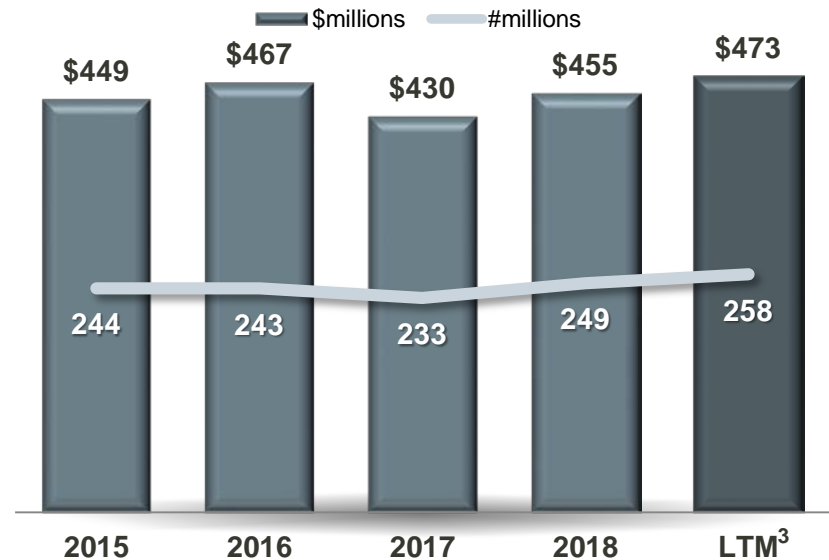
Appendix

Outlook – Aero/High Strength

Kaiser's Served Market Applications



Aerospace / High Strength Value Added Revenue²



- Commercial aerospace demand is uncertain pending 737-MAX resolution
- Increased defense spending from U.S. allies bolsters demand for our military applications
- Kaiser remains very well-positioned as a preferred supplier

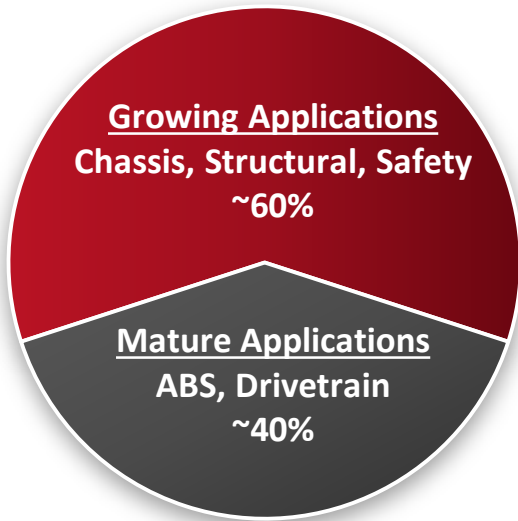
¹ Includes regional jets, business jets, military and other aircraft

² Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 19 and 21

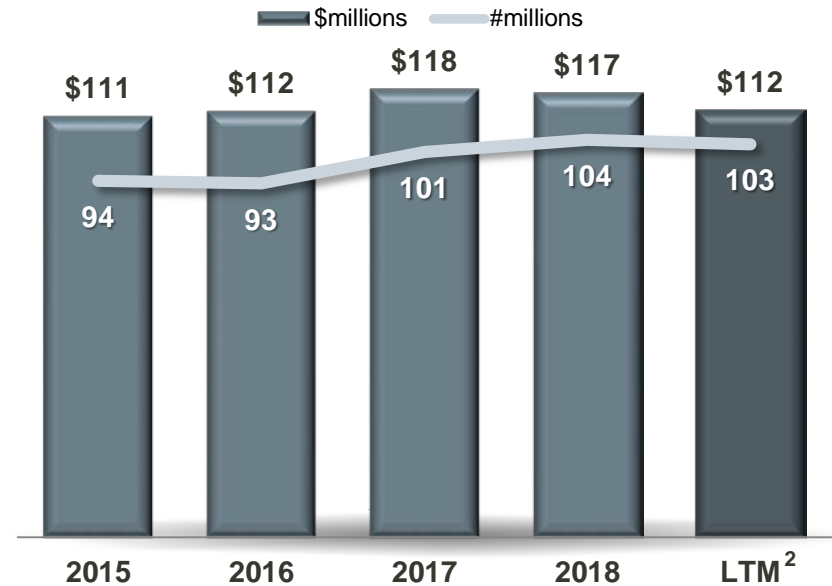
³ LTM = Last Twelve Months, as of March 31, 2019

Outlook – Automotive Extrusions

Kaiser's Served Market Applications



Automotive Extrusion Value Added Revenue¹



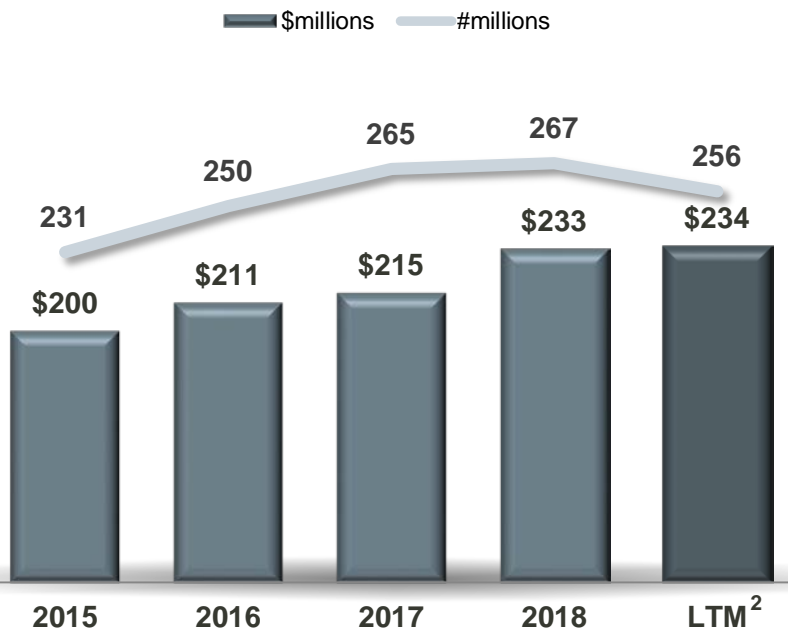
- Anticipate 2019 N.A. build rates to decline slightly from 2018
- Uncertain 2019 outlook; transition from end-of-life programs to new program launches
- Expect strong content growth in 2020 and 2021

¹ Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 19 and 21

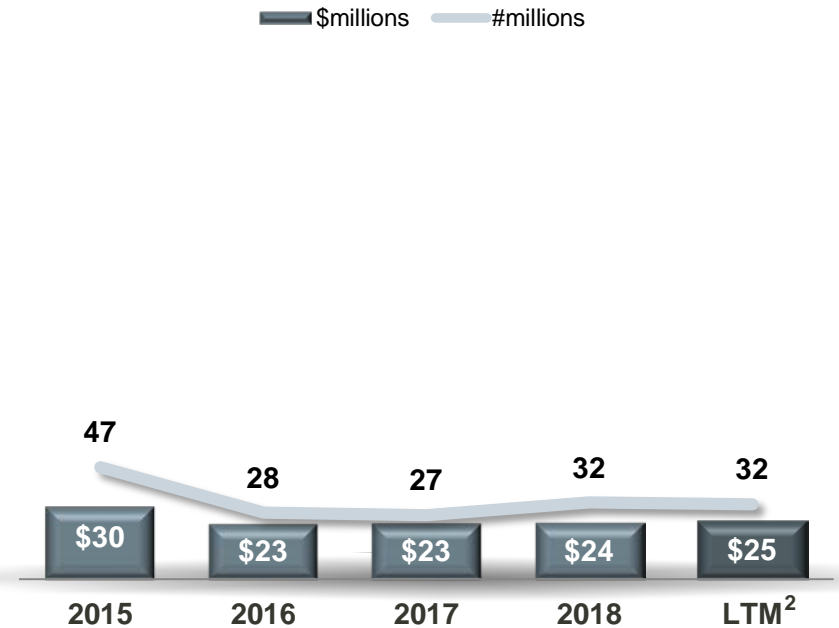
² LTM = Last Twelve Months, as of March 31, 2019

Outlook – Industrial Applications

General Engineering Value Added Revenue¹



Other Applications Value Added Revenue



- Demand continues to exhibit strength
- General engineering plate capacity in 1H19 squeezed by high plate production for aerospace applications

- VAR for non-core “Other” applications declines as capacity is redirected to more strategic applications

¹ Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 19 and 21

² LTM = Last Twelve Months, as of March 31, 2019

Sales Analysis By Application - Quarterly

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Shipments (lbs, mm)									
Aero & High Strength	60.4	59.0	53.4	60.2	57.4	60.2	62.7	68.5	67.0
General Engineering	71.2	67.8	64.1	61.6	74.3	72.2	62.7	57.8	63.0
Automotive Extrusions	25.5	25.9	24.5	25.1	26.7	28.8	24.1	24.7	25.6
Other Applications ¹	6.5	6.8	7.6	6.1	7.7	7.7	9.3	7.6	7.0
Total	163.6	159.5	149.6	153.0	166.1	168.9	158.8	158.6	162.6
Value Added Revenue ² (\$mm)									
Aero & High Strength	\$ 111.9	\$ 110.2	\$ 98.4	\$ 109.8	\$ 106.6	\$ 113.8	\$ 112.5	\$ 122.0	\$ 124.9
General Engineering	57.0	55.6	52.6	49.8	60.3	59.2	58.4	54.6	61.5
Automotive Extrusions	29.5	30.3	28.9	29.0	30.3	31.6	27.5	27.4	25.7
Other Applications	5.5	6.1	6.6	5.1	5.4	5.6	6.6	6.1	6.3
Total	\$ 203.9	\$ 202.2	\$ 186.5	\$ 193.7	\$ 202.6	\$ 210.2	\$ 205.0	\$ 210.1	\$ 218.4
Value Added Revenue (\$/lb.)									
Aero & High Strength	\$ 1.85	\$ 1.87	\$ 1.84	\$ 1.82	\$ 1.86	\$ 1.89	\$ 1.79	\$ 1.78	\$ 1.86
General Engineering	0.80	0.82	0.82	0.81	0.81	0.82	0.93	0.94	0.98
Automotive Extrusions	1.16	1.17	1.18	1.16	1.13	1.10	1.14	1.11	1.00
Other Applications	0.85	0.90	0.87	0.84	0.70	0.73	0.71	0.80	0.90
Overall ³	\$ 1.25	\$ 1.27	\$ 1.25	\$ 1.27	\$ 1.22	\$ 1.24	\$ 1.29	\$ 1.32	\$ 1.34

¹ Includes custom industrial products and billet

² Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slide 20

³ Total VAR / Total Shipments

Totals may not sum due to rounding

Sales Analysis By Application - Annual

	FY 2015	FY 2016	FY 2017	FY 2018	LTM ⁴
Shipments (lbs, mm)					
Aero & High Strength	243.5	243.2	233.0	248.8	258.4
General Engineering	231.4	249.9	264.7	267.0	255.7
Automotive Extrusions	93.5	92.9	101.0	104.3	103.2
Other Applications ¹	47.0	28.3	27.0	32.3	31.6
Total	615.4	614.3	625.7	652.4	648.9
Value Added Revenue ² (\$mm)					
Aero & High Strength	\$ 449.1	\$ 466.9	\$ 430.3	\$ 455.0	\$ 473.2
General Engineering	200.0	211.2	215.0	232.5	233.7
Automotive Extrusions	110.5	111.8	117.7	116.7	112.2
Other Applications	30.3	23.1	23.3	23.7	24.6
Total	\$ 789.9	\$ 813.0	\$ 786.3	\$ 827.9	\$ 843.7
Value Added Revenue (\$/lb.)					
Aero & High Strength	\$ 1.84	\$ 1.92	\$ 1.85	\$ 1.83	\$ 1.83
General Engineering	0.86	0.85	0.81	0.87	0.91
Automotive Extrusions	1.18	1.20	1.17	1.12	1.09
Other Applications	0.64	0.82	0.86	0.73	0.78
Overall ³	\$ 1.28	\$ 1.32	\$ 1.26	\$ 1.27	\$ 1.30

¹ Includes custom industrial products and billet

² Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slide 21

³ Total VAR / Total Shipments

⁴ LTM = Last Twelve Months, as of March 31, 2019

Totals may not sum due to rounding

Reconciliation of Net Sales to Value Added Revenue – Quarterly

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Net Sales (\$mm)									
Aero & High Strength	\$ 167.5	\$ 165.5	\$ 150.2	\$ 170.5	\$ 170.2	\$ 185.0	\$ 185.7	\$ 198.5	\$ 198.5
General Engineering	123.2	122.0	115.9	115.1	143.3	147.9	133.9	120.9	130.0
Automotive Extrusions	53.0	55.9	52.7	55.7	60.5	67.3	56.1	55.4	53.0
Other Applications ¹	11.6	12.9	14.0	11.8	14.0	15.2	17.4	14.6	13.7
Total	\$ 355.3	\$ 356.3	\$ 332.8	\$ 353.1	\$ 388.0	\$ 415.4	\$ 393.1	\$ 389.4	\$ 395.2
Hedged Cost of Alloyed Metal ² (\$mm)									
Aero & High Strength	\$ 55.6	\$ 55.3	\$ 51.8	\$ 60.7	\$ 63.6	\$ 71.2	\$ 73.2	\$ 76.5	\$ 73.6
General Engineering	66.2	66.4	63.3	65.3	83.0	88.7	75.5	66.3	68.5
Automotive Extrusions	23.5	25.6	23.8	26.7	30.2	35.7	28.6	28.0	27.3
Other Applications	6.1	6.8	7.4	6.7	8.6	9.6	10.8	8.5	7.4
Total	\$ 151.4	\$ 154.1	\$ 146.3	\$ 159.4	\$ 185.4	\$ 205.2	\$ 188.1	\$ 179.3	\$ 176.8
Value Added Revenue ³ (\$mm)									
Aero & High Strength	\$ 111.9	\$ 110.2	\$ 98.4	\$ 109.8	\$ 106.6	\$ 113.8	\$ 112.5	\$ 122.0	\$ 124.9
General Engineering	57.0	55.6	52.6	49.8	60.3	59.2	58.4	54.6	61.5
Automotive Extrusions	29.5	30.3	28.9	29.0	30.3	31.6	27.5	27.4	25.7
Other Applications	5.5	6.1	6.6	5.1	5.4	5.6	6.6	6.1	6.3
Total	\$ 203.9	\$ 202.2	\$ 186.5	\$ 193.7	\$ 202.6	\$ 210.2	\$ 205.0	\$ 210.1	\$ 218.4

¹ Includes custom industrial products and billet

² Hedged cost of alloyed metal is our Midwest transaction price of aluminum plus the price of alloying elements plus any realized gains and/or losses on settled hedges, related to the metal sold in the referenced period.

³ Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal

Totals may not sum due to rounding

Reconciliation of Net Sales to Value Added Revenue – Annual

	FY 2015	FY 2016	FY 2017	FY 2018	LTM ⁴
Net Sales (\$mm)					
Aero & High Strength	\$ 695.5	\$ 675.4	\$ 653.7	\$ 739.4	\$ 767.7
General Engineering	426.1	420.1	476.2	546.0	532.7
Automotive Extrusions	199.2	188.8	217.3	239.3	231.8
Other Applications ¹	71.1	46.3	50.3	61.2	60.9
Total	\$ 1,391.9	\$ 1,330.6	\$ 1,397.5	\$ 1,585.9	\$ 1,593.1
Hedged Cost of Alloyed Metal ² (\$mm)					
Aero & High Strength	\$ 246.4	\$ 208.5	\$ 223.4	\$ 284.4	\$ 294.5
General Engineering	226.1	208.9	261.2	313.5	299.0
Automotive Extrusions	88.7	77.0	99.6	122.6	119.6
Other Applications	40.8	23.2	27.0	37.5	36.3
Total	\$ 602.0	\$ 517.6	\$ 611.2	\$ 758.0	\$ 749.4
Value Added Revenue ³ (\$mm)					
Aero & High Strength	\$ 449.1	\$ 466.9	\$ 430.3	\$ 455.0	\$ 473.2
General Engineering	200.0	211.2	215.0	232.5	233.7
Automotive Extrusions	110.5	111.8	117.7	116.7	112.2
Other Applications	30.3	23.1	23.3	23.7	24.6
Overall	\$ 789.9	\$ 813.0	\$ 786.3	\$ 827.9	\$ 843.7

¹ Includes custom industrial products and billet

² Hedged cost of alloyed metal is our Midwest transaction price of aluminum plus the price of alloying elements plus any realized gains and/or losses on settled hedges, related to the metal sold in the referenced period.

³ Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal

⁴ LTM = Last Twelve Months, as of March 31, 2019

Totals may not sum due to rounding

Reconciliation of Reported Net Income to Adjusted EBITDA

(in \$ millions)

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Consolidated - Reported Net Income (Loss)	\$36.0	\$4.7	\$19.9	(\$15.2)	\$25.7	\$20.7	\$21.7	\$23.6	\$28.0
Interest Expense	5.6	5.5	5.3	5.8	5.6	5.7	5.7	5.7	5.7
Other (Income) Expense ¹	(0.8)	0.1	0.2	0.5	(0.1)	0.5	(0.7)	1.2	(0.5)
Income Tax Provision	18.5	2.2	16.1	50.8	5.9	7.8	8.2	6.4	9.8
Consolidated - Reported Operating Income¹	\$59.3	\$12.5	\$41.5	\$41.9	\$37.1	\$34.7	\$34.9	\$36.9	\$43.0
Operating NRR ² items:									
Mark-to-Market (Gain) Loss ³	(15.1)	11.9	(10.8)	(5.4)	6.3	5.5	2.9	3.0	2.4
Consolidated LIFO to Plant LIFO Adjustment	0.4	1.5	2.0	(0.1)	(5.7)	3.3	(2.2)	1.5	(1.8)
Workers' Compensation Discount Rate Effect	0.1	0.1	(0.1)	(0.1)	(0.4)	-	(0.2)	0.1	0.3
Goodwill Impairment	-	18.4	-	-	-	-	-	-	-
Impairment Loss	-	-	-	0.8	0.1	-	-	1.3	-
Legacy Environmental	-	-	0.2	0.1	0.3	0.2	1.0	0.2	0.4
VEBA Net Periodic Benefit Cost ¹	-	-	-	-	-	-	-	0.1	-
Total Operating NRR Items	(14.6)	31.9	(8.7)	(4.7)	0.6	9.0	1.5	6.2	1.3
Consolidated Operating Income before operating NRR	44.7	44.4	32.8	37.2	37.7	43.7	36.4	43.1	44.3
Depreciation & Amortization - Consolidated	9.6	9.5	10.2	10.4	10.5	10.9	11.0	11.5	11.9
Consolidated - Adjusted EBITDA	\$54.3	\$53.9	\$43.0	\$47.6	\$48.2	\$54.6	\$47.4	\$54.6	\$56.2

¹ 2017 restated to reflect the retrospective adoption of ASU 2017-07

² NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

³ Mark-to-market (gain) loss on derivative instruments for 2018 and 2019 represents the reversal of mark-to-market (gain) loss on hedges entered into prior to the adoption of ASU 2017-12 and settled in 2018 and 2019. Operating income excluding non-run-rate items reflects the realized (gain) loss of such settlements.

Totals may not sum due to rounding

Reconciliation of Reported Net Income to Adjusted EBITDA

(in \$ millions)	Annual				
	2015	2016	2017	2018	LTM ⁴
Consolidated - Reported Net (Loss) Income	(\$236.6)	\$91.7	\$45.4	\$91.7	\$94.0
Interest Expense	24.1	20.3	22.2	22.7	22.8
Other Expense	1.8	13.6	-	0.9	0.5
Income Tax (Benefit) Provision	(135.2)	55.5	87.6	28.3	32.2
Consolidated - Reported Operating (Loss) Income¹	(\$345.9)	\$181.1	\$155.2	\$143.6	\$149.5
Operating NRR ² items:					
Mark-to-Market Loss (Gain) ³	3.4	(18.7)	(19.4)	17.7	13.8
Consolidated LIFO to Plant LIFO Adjustment	(7.0)	0.6	3.8	(3.1)	0.8
Lower of Cost or Market Inventory Write-Down	2.6	4.9	-	-	-
Workers' Compensation Discount Rate Effect	0.2	(0.3)	-	(0.5)	0.2
Goodwill Impairment	-	-	18.4	-	-
Impairment Loss	0.1	2.8	0.8	1.4	1.3
Legacy Environmental	1.3	0.1	0.3	1.7	1.8
VEBA Net Periodic Benefit Cost (Income) ¹	2.4	-	-	0.1	0.1
Loss (Gain) on Removal of Union VEBA Net Assets ¹	493.4	-	-	-	-
Total Operating NRR Items	496.4	(10.6)	3.9	17.3	18.0
Consolidated Operating Income before operating NRR	150.5	170.5	159.1	160.9	167.5
Depreciation & Amortization - Consolidated	32.4	36.0	39.7	43.9	45.3
Consolidated - Adjusted EBITDA	\$182.9	\$206.5	\$198.8	\$204.8	\$212.8

¹ 2016 and 2017 restated to reflect the retrospective adoption of ASU 2017-07

² NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

³ Mark-to-market loss (gain) on derivative instruments for 2018 and 2019 represents the reversal of mark-to-market loss (gain) on hedges entered into prior to the adoption of ASU 2017-12 and settled in 2018 and 2019. Operating income excluding non-run-rate items reflects the realized loss (gain) of such settlements.

⁴ LTM = Last Twelve Months, as of March 31, 2019

Totals may not sum due to rounding

Adjusted Net Income and EPS

(in \$ millions except EPS)

	<u>1Q17</u>	<u>2Q17</u>	<u>3Q17</u>	<u>4Q17</u>	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>1Q19</u>
GAAP Net Income (Loss)	\$ 36.0	\$ 4.7	\$ 19.9	\$ (15.2)	\$ 25.7	\$ 20.7	\$ 21.7	\$ 23.6	\$ 28.0
Operating NRR ^{1,2} Items	(14.6)	31.9	(8.7)	(4.7)	0.6	9.0	1.5	6.2	1.3
Non-Operating NRR Items ^{2,3}	(0.2)	1.1	1.7	1.9	1.5	1.5	1.5	1.6	1.7
Tax impact of above NRR items	5.5	(12.4)	2.6	1.2	(0.5)	(2.8)	(0.8)	(1.7)	(0.7)
NRR tax charge	-	-	-	37.2	-	-	-	-	-
Adjusted Net Income	\$ 26.7	\$ 25.3	\$ 15.5	\$ 20.4	\$ 27.3	\$ 28.4	\$ 23.9	\$ 29.7	\$ 30.3
GAAP earnings (losses) per diluted share ⁴	\$ 2.04	\$ 0.27	\$ 1.16	\$ (0.90)	\$ 1.51	\$ 1.22	\$ 1.29	\$ 1.41	\$ 1.71
Adjusted earnings per diluted share⁴	\$ 1.52	\$ 1.47	\$ 0.90	\$ 1.22	\$ 1.60	\$ 1.68	\$ 1.43	\$ 1.77	\$ 1.85

¹ NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

² 2017 restated to reflect the retrospective adoption of ASU 2017-07

³ Non-Operating NRR Items do not contribute to Reported Operating Income and represent the non-service-cost component of the net periodic benefit cost relating to the Salaried VEBA

⁴ Diluted shares for EPS calculated using treasury method

Totals may not sum due to rounding

Adjusted Net Income and EPS

(in \$ millions except EPS)

	Annual				
	2015	2016	2017	2018	LTM ⁵
GAAP Net (Loss) Income	\$ (236.6)	\$ 91.7	\$ 45.4	\$ 91.7	\$ 94.0
Operating NRR ^{1,2} Items	496.4	(10.6)	3.9	17.3	18.0
Non-Operating NRR Items ^{2,3}	—	3.3	4.5	6.1	6.3
Tax impact of above NRR items	(186.0)	2.7	(3.1)	(5.8)	(6.0)
NRR tax (benefit) charge	(2.2)	—	37.2	-	-
Adjusted Net Income	\$ 71.6	\$ 87.1	\$ 87.9	\$ 109.3	\$ 112.3
GAAP (losses) earnings per diluted share ⁴	\$ (13.76)	\$ 5.09	\$ 2.63	\$ 5.43	\$ 5.63
Adjusted earnings per diluted share⁴	\$ 3.95	\$ 4.83	\$ 5.09	\$ 6.48	\$ 6.73

¹ NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

² 2016 and 2017 restated to reflect the retrospective adoption of ASU 2017-07

³ Non-Operating NRR Items do not contribute to Reported Operating Income and represent the non-service-cost component of the net periodic benefit cost relating to the Salaried VEBA

⁴ Diluted shares for EPS calculated using treasury method

⁵ LTM = Last Twelve Months, as of March 31, 2019

Totals may not sum due to rounding

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