



***KAISER***  
***ALUMINUM***

**THIRD QUARTER 2020**

**EARNINGS CONFERENCE CALL**

October 22, 2020



# 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, including but not limited to the impact of extraordinary external events, such as the current COVID-19 pandemic, and their collateral consequences. 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.

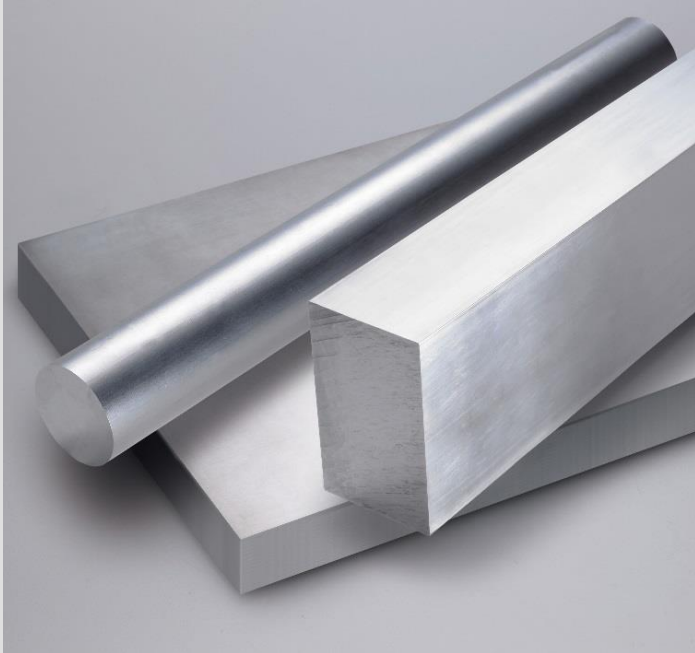
# THIRD QUARTER AND OUTLOOK

**KEITH A. HARVEY**

PRESIDENT AND CHIEF EXECUTIVE OFFICER

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# THIRD QUARTER 2020



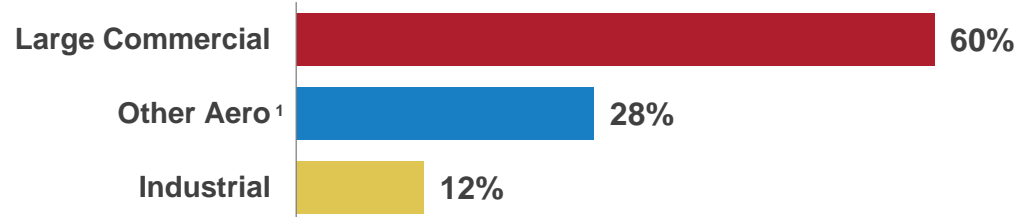
## Solid third quarter results:

- Strong rebound in automotive following 2nd quarter COVID-19 driven auto supply chain shutdowns
- Continued strength in demand for defense applications
- General engineering remains strong despite normal seasonal demand weakness
- Commercial aerospace demand declined sharply on weaker market conditions
- Aggressively flexed costs and operating levels to align with demand
- Total liquidity \$1 billion; continue to sustain quarterly dividend

**SOLID EXECUTION IN CHALLENGING MARKET CONDITIONS**

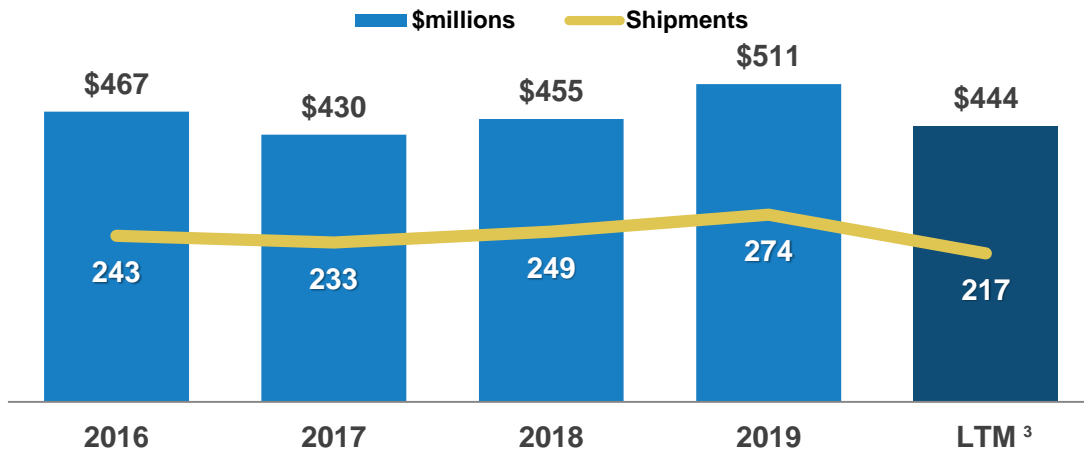
# OUTLOOK – AERO/HIGH STRENGTH

## KAISER'S SERVED MARKET APPLICATIONS



Aero/High Strength ~60% of total value added revenue

## AEROSPACE / HIGH STRENGTH VALUE ADDED REVENUE<sup>2</sup>



- Total Aero/High Strength expected to be down ~25-30% year-over-year
  - Large commercial aerospace: expect VAR down ~30-35% on weaker market conditions
    - 737Max recertification
    - Slow recovery in airline passenger miles
    - Destocking in the supply chain
  - Business jet destocking
  - Defense: shipments and VAR remain strong and continue trending up; expect growth through 2021
  - Longer-term outlook could be 2-4 years for commercial aerospace demand to recover to record 2019 levels
- Kaiser remains very well-positioned as a preferred strategic supplier with solid multi-year agreements

**WELL POSITIONED AS A PREFERRED STRATEGIC SUPPLIER**

<sup>1</sup> Includes regional jets, business jets, military and other aircraft

<sup>2</sup> Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 23 and 26

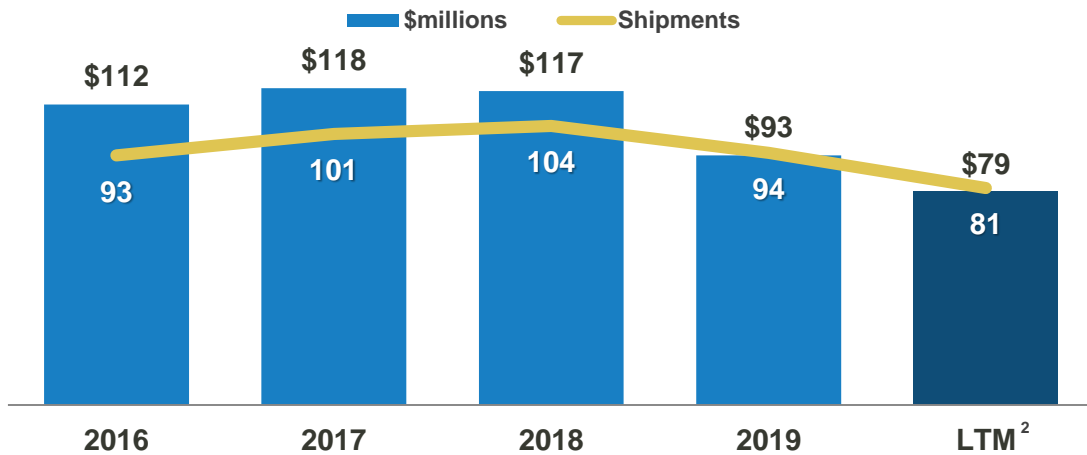
<sup>3</sup> LTM = Last Twelve Months ending September 30, 2020

# OUTLOOK – AUTOMOTIVE EXTRUSIONS

## KAISER'S SERVED MARKET APPLICATIONS



## AUTOMOTIVE EXTRUSION VALUE ADDED REVENUE<sup>1</sup>



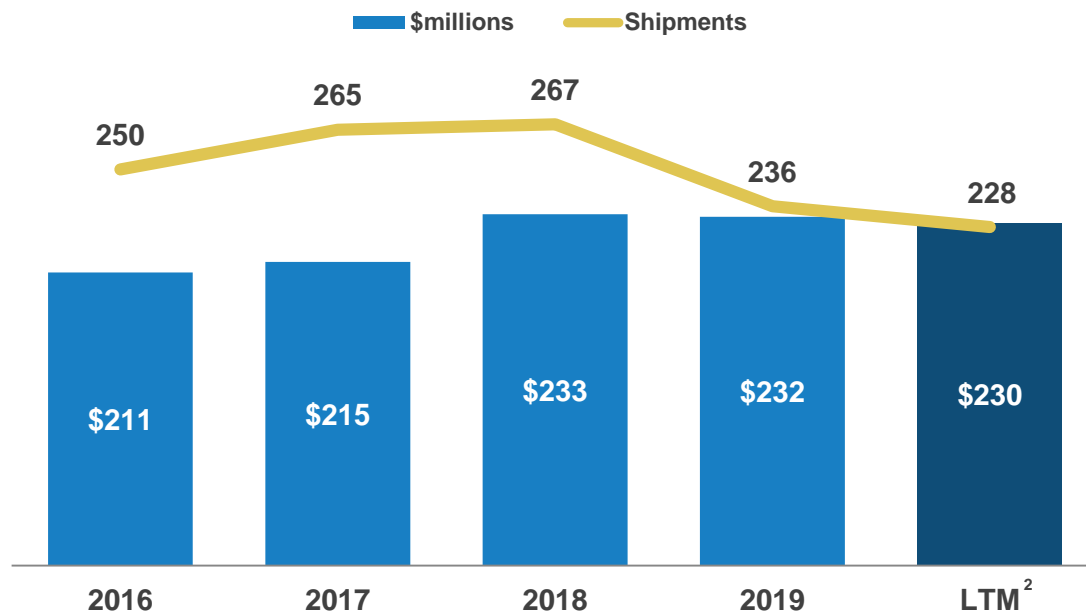
- Strong recovery as production and demand rebounded from COVID-19 impacted shut downs in 2Q20
- 3Q20 VAR exceeded strong 1Q20 pace; Expect similar VAR and shipments in 4Q20
- Continued strength in demand for automotive applications
  - 2021 N.A. build rates expected to increase to 15.2M units from 12.9M units in 2020
  - Model design and consumer preference for larger vehicles continues to drive aluminum content growth
- Numerous new product launches planned through balance of year and into 2021

**CONTINUED STRENGTH IN DEMAND FOR AUTOMOTIVE APPLICATIONS**



# OUTLOOK – GENERAL ENGINEERING

## GENERAL ENGINEERING VALUE ADDED REVENUE<sup>1</sup>

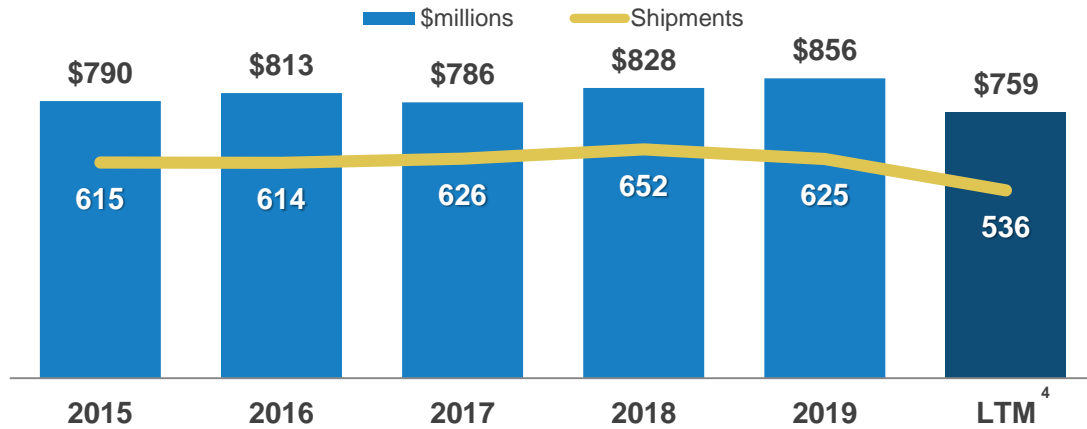


- Continued strength in demand despite normal seasonal demand weakness
- Solid service center and end market demand (semi-conductor and automotive); capacity pivoted to support demand
- Re-shoring continues with increasing demand for domestic supply to minimize risk of supply chain disruption
- Pricing remains relatively stable
- Well positioned with long standing customer relationships and **KaiserSelect®** product quality

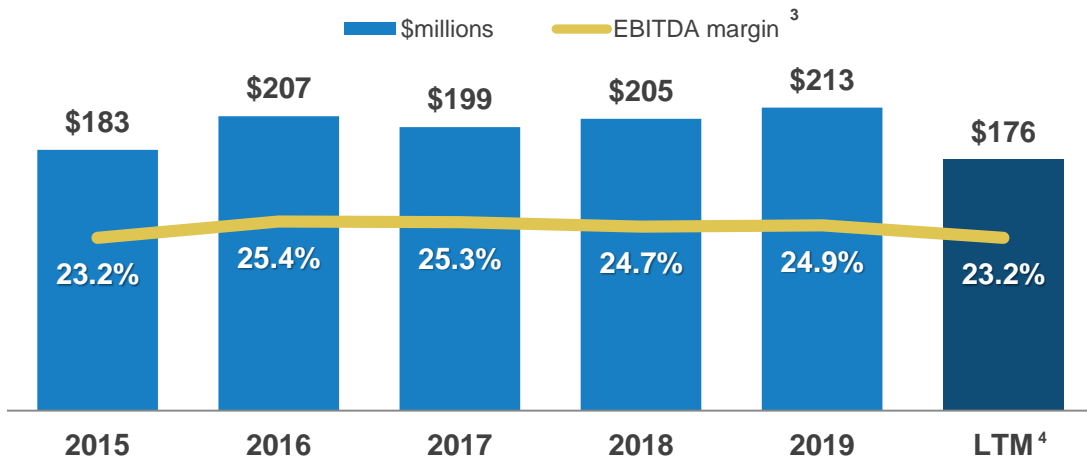
**STRONG DEMAND DESPITE NORMAL SEASONAL DEMAND WEAKNESS**

# 2H 2020 SUMMARY OUTLOOK

## VALUE ADDED REVENUE<sup>1</sup>



## EBITDA<sup>2</sup>



- Reiterate total VAR in 2H20 down ~10%-15% from 2Q20 pace
  - Aerospace/HS VAR expected to be down 25%-30% year-over-year
  - Continued automotive recovery in Q4 to a pace similar to 1Q20
  - Expect 2H20 normal seasonal demand weakness for general engineering applications from 2Q20 pace
- Reiterate 2H20 EBITDA margin expected to be in the mid-teens
- Continue to reduce costs to align with demand; strong leverage opportunities as demand recovers
- Capital spending for the year expected at \$50 million to \$60 million

<sup>1</sup> Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slide 23

<sup>2</sup> EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slide 29

<sup>3</sup> EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

<sup>4</sup> LTM = Last Twelve Months, as of September 30, 2020

# THIRD QUARTER AND FIRST NINE MONTHS 2020 FINANCIAL RECAP

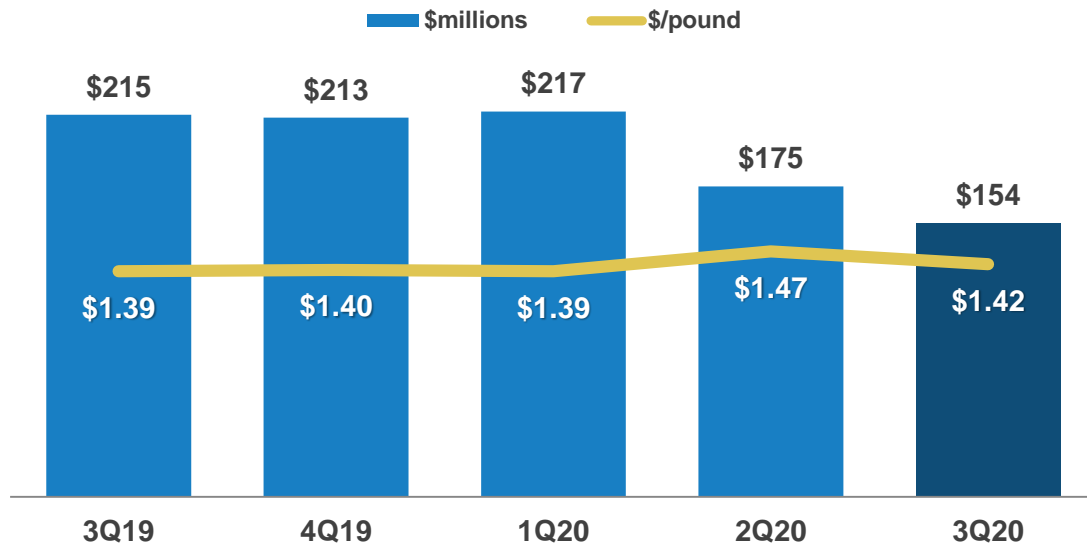
**NEAL E. WEST**

SENIOR VICE PRESIDENT & CHIEF FINANCIAL OFFICER

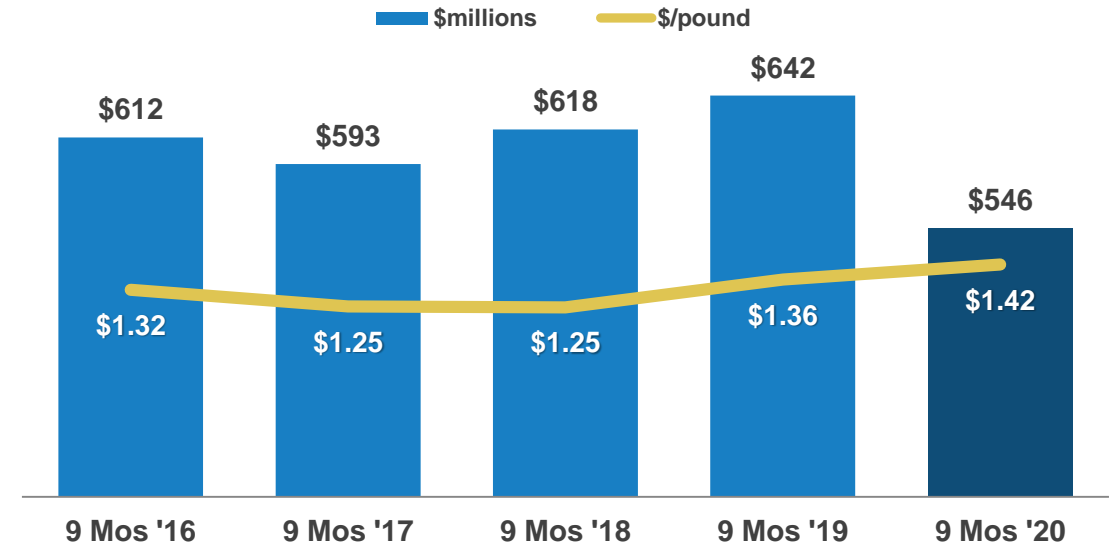
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# VALUE ADDED REVENUE

## QUARTERLY VALUE ADDED REVENUE<sup>1</sup>



## 9 MONTHS VALUE ADDED REVENUE<sup>2</sup>



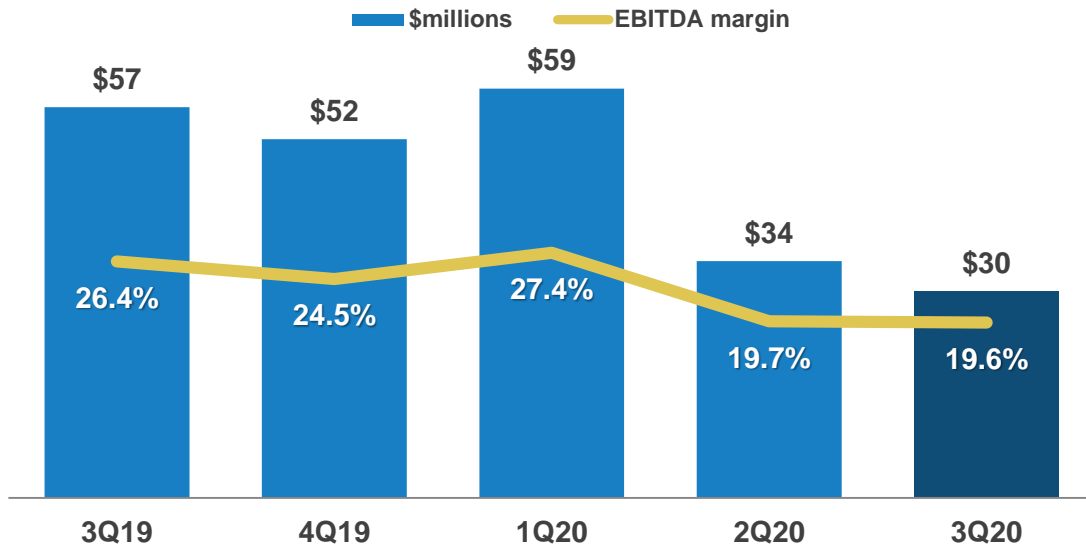
3Q20 - total VAR declined on a 28% decrease in shipments driven primarily by the sharp reduction in commercial aerospace

- Aero/HS down 43% driven by weak commercial aerospace partially offset by strong defense, favorable product mix, and recognition of ~\$15 million related to modifications to 2020 customer declarations
- Auto up 2% as auto manufacturers resumed production and new programs launched
- GE pricing stable, VAR down 4% due to normal seasonal weakness

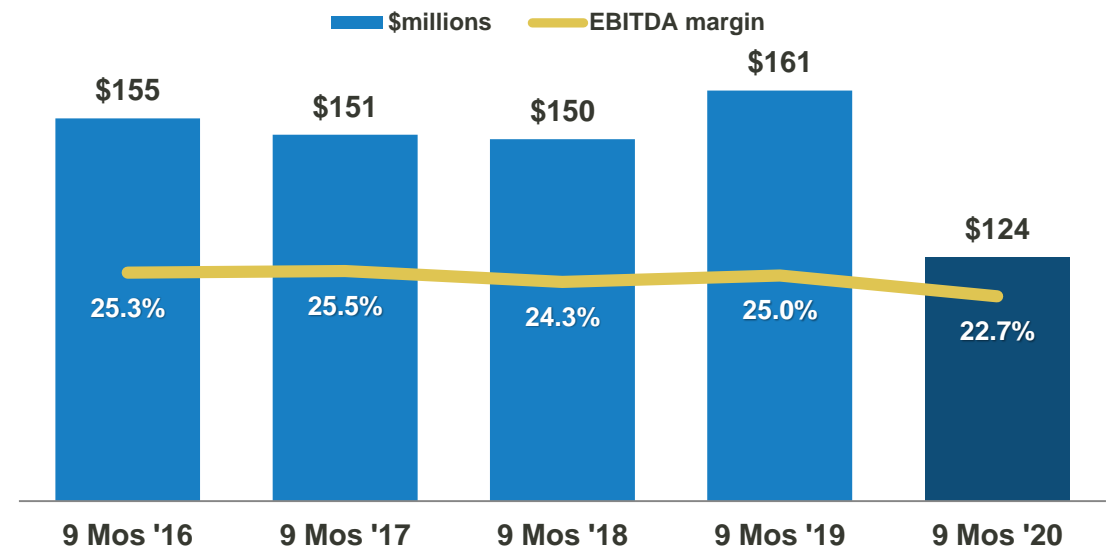
9 mos'20 - total VAR declined on a 19% decrease in shipments – lower commercial aerospace, planned exit of other non-strategic

# ADJUSTED EBITDA AND EBITDA MARGIN<sup>1</sup>

## QUARTERLY ADJUSTED EBITDA AND EBITDA MARGIN<sup>2</sup>



## 9 MONTHS ADJUSTED EBITDA AND EBITDA MARGIN<sup>3</sup>



3Q20 and 9mos'20 adjusted EBITDA and margin

- Lower value added revenue inclusive of ~\$15 million related to modifications to 2020 customer declarations
- Continued to aggressively flex costs and operating levels in line with changing market conditions

<sup>1</sup> EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

<sup>2</sup> Quarterly Adjusted EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slide 27

<sup>3</sup> Nine Months Adjusted EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slide 28

# CONSOLIDATED FINANCIAL HIGHLIGHTS

<i>(in \$millions except Shipments &amp; EPS)</i>	Quarterly				Nine Months		
	<u>3Q19</u>	<u>4Q19</u>	<u>1Q20</u>	<u>2Q20</u>	<u>3Q20</u>	<u>3Q19</u>	<u>3Q20</u>
<b>Shipments</b> <i>(in millions of lbs.)</i>	154	153	156	119	109	473	383
<b>Net Sales</b>	\$375	\$369	\$369	\$276	\$256	\$1,145	\$901
<b>Value Added Revenue</b> <sup>1</sup>	\$215	\$213	\$217	\$175	\$154	\$642	\$546
<b>As Reported:</b>							
<b>Operating Income</b>	\$41	\$10	\$46	\$5	\$12	\$116	\$63
<b>Net Income (Loss)</b>	\$25	(\$11) <sup>7</sup>	\$29	(\$7)	\$0.4	\$73	\$23
<b>EPS</b> <sup>2</sup>	\$1.57	(\$0.66) <sup>7</sup>	\$1.81	(\$0.41)	\$0.02	\$4.47	\$1.44
<b>Adjusted:</b>							
<b>Operating Income</b>	\$44	\$40	\$46	\$21	\$17	\$124	\$85
<b>EBITDA</b> <sup>3</sup>	\$57	\$52	\$59	\$34	\$30	\$160	\$124
<b>EBITDA margin</b> <sup>4</sup>	26.4%	24.5%	27.4%	19.7%	19.6%	25.0%	22.7%
<b>Net Income</b> <sup>5</sup>	\$29	\$29	\$30	\$6	\$5	\$82	\$41
<b>EPS</b> <sup>6</sup>	\$1.82	\$1.79	\$1.90	\$0.36	\$0.33	\$5.06	\$2.60

<sup>1</sup> Value Added Revenue (VAR) = Net sales less hedged cost of alloyed metal; refer to slides 21, 22, 24, and 25

<sup>2</sup> As Reported EPS = Reported Earnings Per diluted Share; refer to slides 30 and 31

<sup>3</sup> EBITDA = Consolidated Operating Income before non-run-rate plus Depreciation and Amortization; refer to slides 27 and 28

<sup>4</sup> EBITDA margin = EBITDA as a percent of Value Added Revenue (VAR)

<sup>5</sup> Adjusted Net Income = Reported Net Income excluding non-run-rate items; refer to slides 30 and 31

<sup>6</sup> Adjusted EPS = Reported Earnings Per diluted Share excluding non-run-rate items; refer to slides 30 and 31

<sup>7</sup> 4Q19 Net Loss and Net Loss per Diluted Share includes Pre-tax charges of \$45 million, or \$2.14 per Diluted Share After-tax, related to Senior Notes Refinancing and Goodwill Impairment

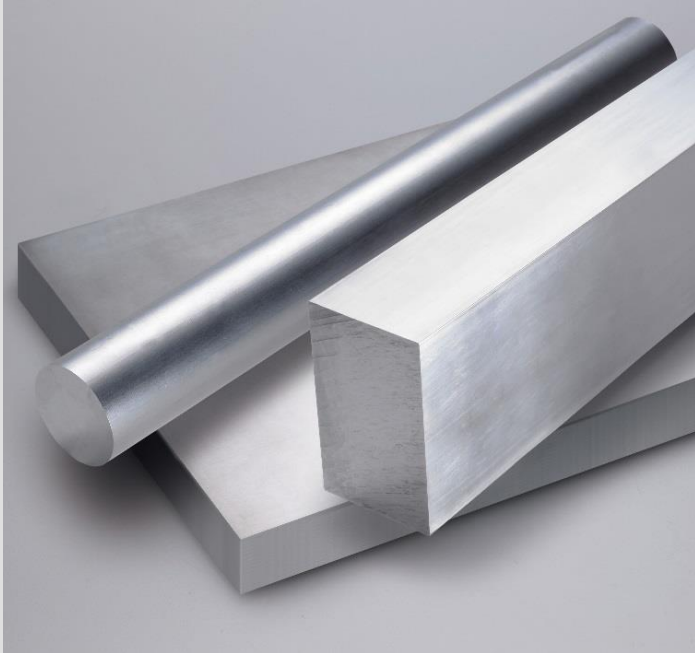
# CLOSING REMARKS

**KEITH A. HARVEY**

PRESIDENT AND CHIEF EXECUTIVE OFFICER

***Kaiser***  
***ALUMINUM***

# SUMMARY



- Solid third quarter results:
  - Strong rebound in automotive demand
  - Continued strength in demand for our defense and general engineering applications
  - Commercial aerospace demand declined sharply on weaker market conditions
  - Aggressively flexed costs and operating levels to align to demand
- 2H20 outlook: Reiterate total VAR down 10%-15% from 2Q20 rate with expected EBITDA margin in mid-teens
- Capital spending for the year at \$50 million to \$60 million
- Strong liquidity and financial flexibility to navigate challenging market conditions and capitalize on opportunities for long-term profitable growth

**WELL POSITIONED IN THE SHORT-TERM AND FOR LONG-TERM GROWTH**



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The image is a composite of four industrial scenes related to aluminum processing. The top-left scene shows a worker in a hard hat and safety vest. The top-right scene shows a large metal roller. The bottom-left scene shows a worker in a hard hat. The bottom-right scene shows a large metal roller with water spraying. The Kaiser Aluminum logo is overlaid on the top-left scene, and the word 'APPENDIX' is overlaid on the bottom-left scene.

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**APPENDIX**

# BUSINESS CYCLE FINANCIAL STRATEGY

BE WELL-PREPARED FOR ECONOMIC ADVERSITY

## LIQUIDITY MANAGEMENT

Provide sufficient liquidity to fund strategic and sustaining investments, interest, taxes and regular dividends through the full business cycle

Contingency planning defines minimum liquidity required to continue funding these priorities through an economic downturn

## DEBT LEVERAGE

Prudent leverage for our cyclic business is  
~2.0x net debt to normalized Adj. EBITDA<sup>1</sup> ratio

Debt leverage for opportunistic strategic initiatives may exceed 2.0x if there is a clear plan to de-lever to 2.0x or less

# BALANCED CAPITAL ALLOCATION PRIORITIES

## 1. ORGANIC INVESTMENT

Recession capex is less than typical ~75%<sup>1</sup> of depreciation

## 2. INORGANIC GROWTH

Opportunistic investment for strategic value creation

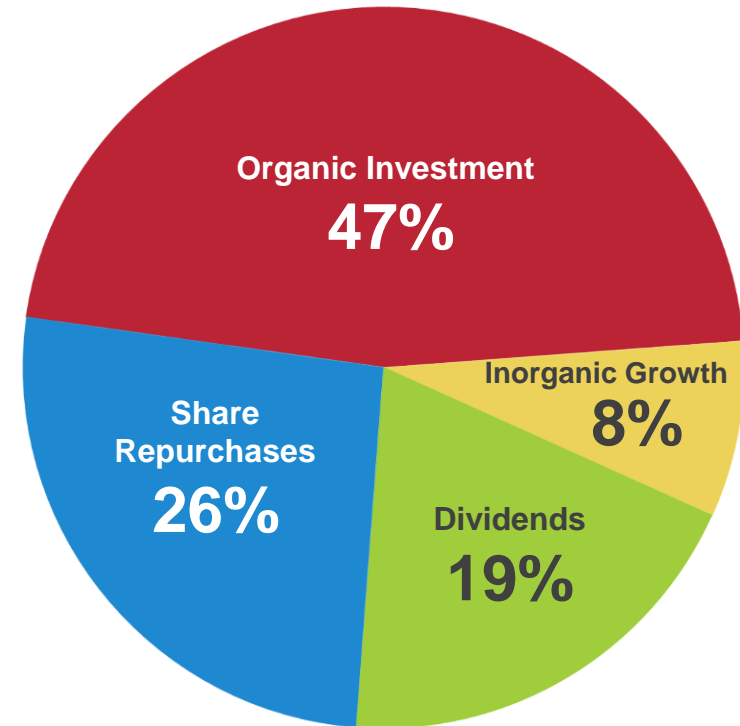
## 3. REGULAR DIVIDENDS

Maintain and increase regular dividends

## 4. SHARE REPURCHASES

Deploy excess cash<sup>2</sup> beyond recession contingency needs

>\$1.8B CAPITAL ALLOCATION  
2007 - 2020<sup>3</sup>



<sup>1</sup> During periods of reduced activity level, sustaining capex will decline due to reduced wear on equipment

<sup>2</sup> Excess cash is liquidity beyond the minimum required in contingency planning for an economic downturn

<sup>3</sup> Capital Allocation ending September 30, 2020

# SALES ANALYSIS BY APPLICATION - QUARTERLY

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
<b>Shipments</b> (lbs, mm)											
Aero & High Strength	57.4	60.2	62.7	68.5	67.0	64.0	67.1	75.5	66.4	48.2	27.3
General Engineering	74.3	72.2	62.7	57.8	63.0	62.7	57.7	52.9	62.4	58.2	54.7
Automotive Extrusions	26.7	28.8	24.1	24.7	25.6	22.7	23.5	22.5	24.3	9.5	24.7
Other Applications <sup>1</sup>	7.7	7.7	9.3	7.6	7.0	6.3	5.9	1.6	2.5	2.7	2.2
<b>Total</b>	<b>166.1</b>	<b>168.9</b>	<b>158.8</b>	<b>158.6</b>	<b>162.6</b>	<b>155.7</b>	<b>154.2</b>	<b>152.5</b>	<b>155.6</b>	<b>118.6</b>	<b>108.9</b>
<b>Value Added Revenue</b> <sup>2</sup> (\$mm)											
Aero & High Strength	\$ 106.6	\$ 113.8	\$ 112.5	\$ 122.0	\$ 124.9	\$ 120.7	\$ 127.6	\$ 138.0	\$ 130.1	\$ 102.3	\$ 73.3
General Engineering	60.3	59.2	58.4	54.6	61.5	61.2	57.7	51.6	60.7	61.8	55.4
Automotive Extrusions	30.3	31.6	27.5	27.4	25.7	21.6	23.8	22.2	24.0	9.0	24.2
Other Applications	5.4	5.6	6.6	6.1	6.3	5.7	5.7	1.3	1.8	1.5	1.5
<b>Total</b>	<b>\$ 202.6</b>	<b>\$ 210.2</b>	<b>\$ 205.0</b>	<b>\$ 210.1</b>	<b>\$ 218.4</b>	<b>\$ 209.2</b>	<b>\$ 214.8</b>	<b>\$ 213.1</b>	<b>\$ 216.6</b>	<b>\$ 174.6</b>	<b>\$ 154.4</b>
<b>Value Added Revenue</b> (\$/lb.)											
Aero & High Strength	\$ 1.86	\$ 1.89	\$ 1.79	\$ 1.78	\$ 1.86	\$ 1.89	\$ 1.90	\$ 1.83	\$ 1.96	\$ 2.12	\$ 2.68
General Engineering	0.81	0.82	0.93	0.95	0.98	0.98	1.00	0.97	0.97	1.06	1.01
Automotive Extrusions	1.13	1.10	1.14	1.11	1.00	0.95	1.01	0.99	0.99	0.95	0.98
Other Applications	0.70	0.73	0.71	0.80	0.90	0.90	0.97	0.81	0.72	0.56	0.68
<b>Overall</b> <sup>3</sup>	<b>\$ 1.22</b>	<b>\$ 1.24</b>	<b>\$ 1.29</b>	<b>\$ 1.32</b>	<b>\$ 1.34</b>	<b>\$ 1.34</b>	<b>\$ 1.39</b>	<b>\$ 1.40</b>	<b>\$ 1.39</b>	<b>\$ 1.47</b>	<b>\$ 1.42</b>

<sup>1</sup> Includes custom industrial products and billet

<sup>2</sup> Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slide 24

<sup>3</sup> Total VAR / Total Shipments

Totals may not sum due to rounding

# SALES ANALYSIS BY APPLICATION – NINE MONTHS

	9 Mos '16	9 Mos '17	9 Mos '18	9 Mos '19	9 Mos '20
<b>Shipments</b> (lbs, mm)					
Aero & High Strength	179.2	172.8	180.3	198.1	141.9
General Engineering	190.5	203.1	209.2	183.4	175.3
Automotive Extrusions	70.8	75.9	79.6	71.8	58.5
Other Applications <sup>1</sup>	22.1	20.9	24.7	19.2	7.4
<b>Total</b>	<b>462.6</b>	<b>472.7</b>	<b>493.8</b>	<b>472.5</b>	<b>383.1</b>
<b>Value Added Revenue<sup>2</sup></b> (\$mm)					
Aero & High Strength	\$ 348.0	\$ 320.5	\$ 333.0	\$ 373.2	\$ 305.7
General Engineering	160.4	165.2	177.9	180.4	177.9
Automotive Extrusions	85.6	88.7	89.3	71.1	57.2
Other Applications	18.0	18.2	17.6	17.7	4.8
<b>Total</b>	<b>\$ 612.0</b>	<b>\$ 592.6</b>	<b>\$ 617.8</b>	<b>\$ 642.4</b>	<b>\$ 545.6</b>
<b>Value Added Revenue<sup>3</sup></b> (\$/lb.)					
Aero & High Strength	\$ 1.94	\$ 1.85	\$ 1.85	\$ 1.88	\$ 2.15
General Engineering	0.84	0.81	0.85	0.98	1.01
Automotive Extrusions	1.21	1.17	1.12	0.99	0.98
Other Applications	0.81	0.87	0.71	0.92	0.65
<b>Overall<sup>3</sup></b>	<b>\$ 1.32</b>	<b>\$ 1.25</b>	<b>\$ 1.25</b>	<b>\$ 1.36</b>	<b>\$ 1.42</b>

<sup>1</sup> Includes custom industrial products and billet

<sup>2</sup> Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slide 25

<sup>3</sup> Total VAR / Total Shipments

Totals may not sum due to rounding

# SALES ANALYSIS BY APPLICATION - ANNUAL

	FY 2016	FY 2017	FY 2018	FY 2019	LTM <sup>4</sup>
<b>Shipments</b> (lbs, mm)					
Aero & High Strength	243.2	233.0	248.8	273.6	217.4
General Engineering	249.9	264.7	266.9	236.3	228.2
Automotive Extrusions	92.9	101.0	104.4	94.3	81.0
Other Applications <sup>1</sup>	28.3	27.0	32.3	20.8	9.0
<b>Total</b>	<b>614.3</b>	<b>625.7</b>	<b>652.4</b>	<b>625.0</b>	<b>535.6</b>
<b>Value Added Revenue</b> <sup>2</sup> (\$mm)					
Aero & High Strength	\$ 466.9	\$ 430.3	\$ 455.0	\$ 511.2	\$ 443.7
General Engineering	211.2	215.0	232.5	232.0	229.5
Automotive Extrusions	111.8	117.7	116.7	93.3	79.4
Other Applications	23.1	23.3	23.7	19.0	6.1
<b>Total</b>	<b>\$ 813.0</b>	<b>\$ 786.3</b>	<b>\$ 827.9</b>	<b>\$ 855.5</b>	<b>\$ 758.7</b>
<b>Value Added Revenue</b> (\$/lb.)					
Aero & High Strength	\$ 1.92	\$ 1.85	\$ 1.83	\$ 1.87	\$ 2.04
General Engineering	0.85	0.81	0.87	0.98	1.01
Automotive Extrusions	1.20	1.17	1.12	0.99	0.98
Other Applications	0.82	0.86	0.73	0.91	0.68
<b>Overall</b> <sup>3</sup>	<b>\$ 1.32</b>	<b>\$ 1.26</b>	<b>\$ 1.27</b>	<b>\$ 1.37</b>	<b>\$ 1.42</b>

<sup>1</sup> Includes custom industrial products and billet

<sup>2</sup> Value Added Revenue (VAR) = Net Sales less hedged cost of alloyed metal; refer to slide 26

<sup>3</sup> Total VAR / Total Shipments

<sup>4</sup> LTM = Last Twelve Months, as of September 30, 2020

Totals may not sum due to rounding

# RECONCILIATION OF NET SALES TO VALUE ADDED REVENUE – QUARTERLY

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
<b>Net Sales</b> (\$mm)											
Aero & High Strength	\$ 170.2	\$ 185.0	\$ 185.7	\$ 198.5	\$ 198.5	\$ 189.4	\$ 198.9	\$ 216.4	\$ 196.0	\$ 144.6	\$ 100.9
General Engineering	143.3	147.9	133.9	120.9	130.0	128.2	117.1	104.8	121.7	110.8	105.1
Automotive Extrusions	60.5	67.3	56.1	55.4	53.0	45.5	47.5	44.5	47.4	16.7	46.2
Other Applications <sup>1</sup>	14.0	15.2	17.4	14.6	13.7	12.2	11.4	3.0	4.2	3.6	3.5
<b>Total</b>	<b>\$ 388.0</b>	<b>\$ 415.4</b>	<b>\$ 393.1</b>	<b>\$ 389.4</b>	<b>\$ 395.2</b>	<b>\$ 375.3</b>	<b>\$ 374.9</b>	<b>\$ 368.7</b>	<b>\$ 369.3</b>	<b>\$ 275.7</b>	<b>\$ 255.7</b>
<b>Hedged Cost of Alloyed Metal</b> <sup>2</sup> (\$mm)											
Aero & High Strength	\$ 63.6	\$ 71.2	\$ 73.2	\$ 76.5	\$ 73.6	\$ 68.7	\$ 71.3	\$ 78.4	\$ 65.9	\$ 42.3	\$ 27.6
General Engineering	83.0	88.7	75.5	66.3	68.5	67.0	59.4	53.2	61.0	49.0	49.7
Automotive Extrusions	30.2	35.7	28.6	28.0	27.3	23.9	23.7	22.3	23.4	7.7	22.0
Other Applications	8.6	9.6	10.8	8.5	7.4	6.5	5.7	1.7	2.4	2.1	2.0
<b>Total</b>	<b>\$ 185.4</b>	<b>\$ 205.2</b>	<b>\$ 188.1</b>	<b>\$ 179.3</b>	<b>\$ 176.8</b>	<b>\$ 166.1</b>	<b>\$ 160.1</b>	<b>\$ 155.6</b>	<b>\$ 152.7</b>	<b>\$ 101.1</b>	<b>\$ 101.2</b>
<b>Value Added Revenue</b> <sup>3</sup> (\$mm)											
Aero & High Strength	\$ 106.6	\$ 113.8	\$ 112.5	\$ 122.0	\$ 124.9	\$ 120.7	\$ 127.6	\$ 138.0	\$ 130.1	\$ 102.3	\$ 73.3
General Engineering	60.3	59.2	58.4	54.6	61.5	61.2	57.7	51.6	60.7	61.8	55.4
Automotive Extrusions	30.3	31.6	27.5	27.4	25.7	21.6	23.8	22.2	24.0	9.0	24.2
Other Applications	5.4	5.6	6.6	6.1	6.3	5.7	5.7	1.3	1.8	1.5	1.5
<b>Total</b>	<b>\$ 202.6</b>	<b>\$ 210.2</b>	<b>\$ 205.0</b>	<b>\$ 210.1</b>	<b>\$ 218.4</b>	<b>\$ 209.2</b>	<b>\$ 214.8</b>	<b>\$ 213.1</b>	<b>\$ 216.6</b>	<b>\$ 174.6</b>	<b>\$ 154.4</b>

<sup>1</sup> Includes custom industrial products and billet

<sup>2</sup> 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.

<sup>3</sup> 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 – NINE MONTHS

	9 Mos '16	9 Mos '17	9 Mos '18	9 Mos '19	9 Mos '20
<b>Net Sales</b> (\$mm)					
Aero & High Strength	\$ 500.7	\$ 483.2	\$ 540.9	\$ 586.8	\$ 441.5
General Engineering	318.3	361.1	425.1	375.3	337.6
Automotive Extrusions	143.6	161.6	183.9	146.0	110.3
Other Applications <sup>1</sup>	36.1	38.5	46.6	37.3	11.3
<b>Total</b>	<b>\$ 998.7</b>	<b>\$ 1,044.4</b>	<b>\$ 1,196.5</b>	<b>\$ 1,145.4</b>	<b>\$ 900.7</b>
<b>Hedged Cost of Alloyed Metal</b> <sup>2</sup> (\$mm)					
Aero & High Strength	\$ 152.7	\$ 162.7	\$ 207.9	\$ 213.6	\$ 135.8
General Engineering	157.9	195.9	247.2	194.9	159.7
Automotive Extrusions	58.0	72.9	94.6	74.9	53.1
Other Applications	18.1	20.3	29.0	19.6	6.5
<b>Total</b>	<b>\$ 386.7</b>	<b>\$ 451.8</b>	<b>\$ 578.7</b>	<b>\$ 503.0</b>	<b>\$ 355.1</b>
<b>Value Added Revenue</b> <sup>3</sup> (\$mm)					
Aero & High Strength	\$ 348.0	\$ 320.5	\$ 333.0	\$ 373.2	\$ 305.7
General Engineering	160.4	165.2	177.9	180.4	177.9
Automotive Extrusions	85.6	88.7	89.3	71.1	57.2
Other Applications	18.0	18.2	17.6	17.7	4.8
<b>Total</b>	<b>\$ 612.0</b>	<b>\$ 592.6</b>	<b>\$ 617.8</b>	<b>\$ 642.4</b>	<b>\$ 545.5</b>

<sup>1</sup> Includes custom industrial products and billet

<sup>2</sup> 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.

<sup>3</sup> 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 2016	FY 2017	FY 2018	FY 2019	LTM <sup>4</sup>
<b>Net Sales</b> (\$mm)					
Aero & High Strength	\$ 675.4	\$ 653.7	\$ 739.4	\$ 803.2	\$ 657.9
General Engineering	420.1	476.2	546.0	480.1	442.4
Automotive Extrusions	188.8	217.3	239.3	190.5	154.8
Other Applications <sup>1</sup>	46.3	50.3	61.2	40.3	14.3
<b>Total</b>	<b>\$ 1,330.6</b>	<b>\$ 1,397.5</b>	<b>\$ 1,585.9</b>	<b>\$ 1,514.1</b>	<b>\$ 1,269.4</b>
<b>Hedged Cost of Alloyed Metal<sup>2</sup></b> (\$mm)					
Aero & High Strength	\$ 208.5	\$ 223.4	\$ 284.4	\$ 292.0	\$ 214.2
General Engineering	208.9	261.2	313.5	248.1	212.9
Automotive Extrusions	77.0	99.6	122.6	97.2	75.4
Other Applications	23.2	27.0	37.5	21.3	8.2
<b>Total</b>	<b>\$ 517.6</b>	<b>\$ 611.2</b>	<b>\$ 758.0</b>	<b>\$ 658.6</b>	<b>\$ 510.7</b>
<b>Value Added Revenue<sup>3</sup></b> (\$mm)					
Aero & High Strength	\$ 466.9	\$ 430.3	\$ 455.0	\$ 511.2	\$ 443.7
General Engineering	211.2	215.0	232.5	232.0	229.5
Automotive Extrusions	111.8	117.7	116.7	93.3	79.4
Other Applications	23.1	23.3	23.7	19.0	6.1
<b>Overall</b>	<b>\$ 813.0</b>	<b>\$ 786.3</b>	<b>\$ 827.9</b>	<b>\$ 855.5</b>	<b>\$ 758.7</b>

<sup>1</sup> Includes custom industrial products and billet

<sup>2</sup> 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.

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

<sup>4</sup> LTM = Last Twelve Months, as of September 30, 2020

Totals may not sum due to rounding

# RECONCILIATION OF REPORTED NET INCOME TO ADJUSTED EBITDA - QUARTERLY

(in \$ millions)

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
<b>Consolidated - Reported Net Income (Loss)</b>	<b>\$25.7</b>	<b>\$20.7</b>	<b>\$21.7</b>	<b>\$23.6</b>	<b>\$28.0</b>	<b>\$19.2</b>	<b>\$25.4</b>	<b>(\$10.6)</b>	<b>\$29.1</b>	<b>(\$6.6)</b>	<b>\$0.4</b>
Interest Expense	5.6	5.7	5.7	5.7	5.7	5.8	5.8	7.3	6.1	10.5	12.1
Other (Income) Expense	(0.1)	0.5	(0.7)	1.2	(0.5)	0.1	0.8	20.3	0.8	(0.5)	0.5
Income Tax Provision (Benefit)	5.9	7.8	8.2	6.4	9.8	7.3	8.7	(7.4)	9.6	1.3	(0.7)
<b>Consolidated - Reported Operating Income</b>	<b>\$37.1</b>	<b>\$34.7</b>	<b>\$34.9</b>	<b>\$36.9</b>	<b>\$43.0</b>	<b>\$32.4</b>	<b>\$40.7</b>	<b>\$9.6</b>	<b>\$45.6</b>	<b>\$4.7</b>	<b>\$12.3</b>
Operating NRR <sup>1</sup> items:											
Mark-to-Market Loss (Gain) <sup>2</sup>	6.3	5.5	2.9	3.0	2.4	1.5	1.1	0.8	0.1	0.5	(1.7)
Consolidated LIFO to Plant LIFO Adjustment	(5.7)	3.3	(2.2)	1.5	(1.8)	1.0	2.1	2.1	(0.7)	2.7	1.2
Workers' Compensation Discount Rate Effect	(0.4)	-	(0.2)	0.1	0.3	0.4	0.2	(0.1)	0.7	-	0.7
Goodwill Impairment	-	-	-	-	-	-	-	25.2	-	-	-
Restructuring Charges	-	-	-	-	-	-	-	-	-	11.9	0.5
Impairment Loss	0.1	-	-	1.3	-	0.1	-	0.8	-	-	0.5
Legacy Environmental	0.3	0.2	1.0	0.2	0.4	-	0.3	1.0	0.5	1.6	3.8
VEBA Net Periodic Benefit Cost	-	-	-	0.1	-	-	-	0.1	-	-	-
<b>Total Operating NRR Items</b>	<b>0.6</b>	<b>9.0</b>	<b>1.5</b>	<b>6.2</b>	<b>1.3</b>	<b>3.0</b>	<b>3.7</b>	<b>29.9</b>	<b>0.6</b>	<b>16.7</b>	<b>5.0</b>
Consolidated Operating Income before operating NRR	37.7	43.7	36.4	43.1	44.3	35.4	44.4	39.5	46.2	21.4	17.3
Depreciation & Amortization - Consolidated	10.5	10.9	11.0	11.5	11.9	12.1	12.3	12.8	13.2	13.0	12.9
<b>Consolidated - Adjusted EBITDA</b>	<b>\$48.2</b>	<b>\$54.6</b>	<b>\$47.4</b>	<b>\$54.6</b>	<b>\$56.2</b>	<b>\$47.5</b>	<b>\$56.7</b>	<b>\$52.3</b>	<b>\$59.4</b>	<b>\$34.4</b>	<b>\$30.2</b>

<sup>1</sup> NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

<sup>2</sup> Mark-to-market loss (gain) on derivative instruments for 2018, 2019, and 2020 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, 2019, and 2020. 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 – NINE MONTHS

(in \$ millions)

	9 Mos '16	9 Mos '17	9 Mos '18	9 Mos '19	9 Mos '20
<b>Consolidated - Reported Net Income</b>	<b>\$67.2</b>	<b>\$60.6</b>	<b>\$68.1</b>	<b>\$72.6</b>	<b>\$22.9</b>
Interest Expense	14.7	16.4	17.0	17.3	28.7
Other Expense	12.8	(0.5)	(0.3)	0.4	0.8
Income Tax Provision	40.2	36.8	21.9	25.8	10.2
<b>Consolidated - Reported Operating Income</b>	<b>\$134.9</b>	<b>\$113.3</b>	<b>\$106.7</b>	<b>\$116.1</b>	<b>\$62.6</b>
Operating NRR <sup>1</sup> items:					
Mark-to-Market (Gain) Loss <sup>2</sup>	(16.9)	(14.0)	14.7	5.0	(1.2)
Consolidated LIFO to Plant LIFO Adjustment	2.2	3.9	(4.6)	1.3	3.2
Lower of Cost or Market Inventory Write-Down	4.9	-	-	-	-
Workers' Compensation Discount Rate Effect	-	0.1	(0.6)	0.9	1.4
Goodwill Impairment	-	18.4	-	-	-
Restructuring Charge	-	-	-	-	12.4
Impairment Loss	2.8	-	0.1	0.1	0.5
Legacy Environmental	-	0.2	1.5	0.7	5.9
Total Operating NRR Items	(7.0)	8.6	11.1	8.0	22.3
Consolidated Operating Income before operating NRR	127.9	121.9	117.8	124.1	84.9
Depreciation & Amortization - Consolidated	26.7	29.3	32.4	36.3	39.1
<b>Consolidated - Adjusted EBITDA</b>	<b>\$154.6</b>	<b>\$151.2</b>	<b>\$150.2</b>	<b>\$160.4</b>	<b>\$124.0</b>

<sup>1</sup> NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

<sup>2</sup> Mark-to-market (gain) loss on derivative instruments for 2018, 2019, and 2020 represents the reversal of mark-to-market gain on hedges entered into prior to the adoption of ASU 2017-12 and settled in 2018, 2019, and 2020. 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 - ANNUAL

(in \$ millions)

	Annual				
	2016	2017	2018	2019	LTM <sup>5</sup>
<b>Consolidated - Reported Net Income (Loss)</b>	<b>\$91.7</b>	<b>\$45.4</b>	<b>\$91.7</b>	<b>\$62.0</b>	<b>\$12.3</b>
Interest Expense	20.3	22.2	22.7	24.6	36.0
Other Expense	13.6	-	0.9	20.7	21.1
Income Tax Provision	55.5	87.6	28.3	18.4	2.8
<b>Consolidated - Reported Operating Income<sup>1</sup></b>	<b>\$181.1</b>	<b>\$155.2</b>	<b>\$143.6</b>	<b>\$125.7</b>	<b>\$72.2</b>
Operating NRR <sup>2</sup> items:					
Mark-to-Market (Gain) Loss <sup>3</sup>	(18.7)	(19.4)	17.7	5.8	(0.3)
Consolidated LIFO to Plant LIFO Adjustment	0.6	3.8	(3.1)	3.4	5.3
Workers' Compensation Discount Rate Effect	(0.3)	-	(0.5)	0.8	1.3
Goodwill Impairment	-	18.4	-	25.2	25.2
Restructuring Charge	-	-	-	-	12.4
Impairment Loss	2.8	0.8	1.4	0.9	1.3
Legacy Environmental	0.1	0.3	1.7	1.7	6.9
VEBA Net Periodic Benefit Cost <sup>4</sup>	-	-	0.1	0.1	0.1
<b>Total Operating NRR Items</b>	<b>(10.6)</b>	<b>3.9</b>	<b>17.3</b>	<b>37.9</b>	<b>52.2</b>
<b>Consolidated Operating Income before operating NRR</b>	<b>170.5</b>	<b>159.1</b>	<b>160.9</b>	<b>163.6</b>	<b>124.4</b>
<b>Depreciation &amp; Amortization - Consolidated</b>	<b>36.0</b>	<b>39.7</b>	<b>43.9</b>	<b>49.1</b>	<b>51.9</b>
<b>Consolidated - Adjusted EBITDA</b>	<b>\$206.5</b>	<b>\$198.8</b>	<b>\$204.8</b>	<b>\$212.7</b>	<b>\$176.3</b>

<sup>1</sup> 2016 and 2017 restated to reflect the retrospective adoption of ASU 2017-07

<sup>2</sup> NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

<sup>3</sup> Mark-to-market (gain) loss on derivative instruments for 2018, 2019 and LTM 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, 2019 and LTM. Operating income excluding non-run-rate items reflects the realized loss (gain) of such settlements.

<sup>4</sup> Includes effect of terminating the defined benefit accounting for the Union VEBA and related accrual adjustments.

<sup>5</sup> LTM = Last Twelve Months, as of September 30, 2020

Totals may not sum due to rounding

# ADJUSTED NET INCOME AND EPS - QUARTERLY

(in \$ millions except EPS)

	<u>1Q18</u>	<u>2Q18</u>	<u>3Q18</u>	<u>4Q18</u>	<u>1Q19</u>	<u>2Q19</u>	<u>3Q19</u>	<u>4Q19</u>	<u>1Q20</u>	<u>2Q20</u>	<u>3Q20</u>
<b>Reported Net Income (Loss)</b>	\$ 25.7	\$ 20.7	\$ 21.7	\$ 23.6	\$ 28.0	\$ 19.2	\$ 25.4	\$ (10.6)	\$ 29.1	\$ (6.6)	\$ 0.4
Operating NRR <sup>1</sup> Items	0.6	9.0	1.5	6.2	1.3	3.0	3.7	29.9	0.6	16.7	5.0
Non-Operating NRR Items <sup>2</sup>	1.5	1.5	1.5	1.6	1.7	1.6	1.6	22.0	1.2	1.2	1.1
Tax impact of above NRR items	(0.5)	(2.8)	(0.8)	(1.7)	(0.7)	(1.1)	(1.5)	(12.5)	(0.5)	(5.6)	(1.3)
<b>Adjusted Net Income</b>	\$ 27.3	\$ 28.4	\$ 23.9	\$ 29.7	\$ 30.3	\$ 22.7	\$ 29.2	\$ 28.8	\$ 30.4	\$ 5.7	\$ 5.2
Reported net income (loss) per diluted share	\$ 1.51	\$ 1.22	\$ 1.29	\$ 1.41	\$ 1.71	\$ 1.18	\$ 1.57	\$ (0.66)	\$ 1.81	\$ (0.41)	\$ 0.02
<b>Adjusted earnings per diluted share<sup>3</sup></b>	\$ 1.60	\$ 1.68	\$ 1.43	\$ 1.77	\$ 1.85	\$ 1.40	\$ 1.82	\$ 1.79	\$ 1.90	\$ 0.36	\$ 0.33

<sup>1</sup> NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

<sup>2</sup> 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 and Debt refinancing charges

<sup>3</sup> Diluted shares for EPS calculated using treasury stock method

Totals may not sum due to rounding

# ADJUSTED NET INCOME AND EPS BY NINE MONTHS

(in \$ millions except EPS)

	9 Mos '16	9 Mos '17	9 Mos '18	9 Mos '19	9 Mos '20
<b>Reported Net Income</b>	\$ 67.2	\$ 60.6	\$ 68.1	\$ 72.6	\$ 22.9
Operating NRR <sup>1</sup> Items	(4.6)	8.6	11.1	8.0	22.3
Non-Operating NRR Items <sup>2</sup>	-	2.6	4.5	4.9	3.5
Tax impact of above NRR items	1.9	(4.3)	(4.1)	(3.3)	(7.4)
NRR tax charge	-	-	-	-	-
<b>Adjusted Net Income</b>	\$ 64.5	\$ 67.5	\$ 79.6	\$ 82.2	\$ 41.3
Reported net income per diluted share <sup>3</sup>	\$ 3.70	\$ 3.49	\$ 4.03	\$ 4.47	\$ 1.44
<b>Adjusted net income per diluted share<sup>3</sup></b>	\$ 3.54	\$ 3.89	\$ 4.72	\$ 5.06	\$ 2.60

<sup>1</sup> NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

<sup>2</sup> 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

<sup>3</sup> Diluted shares for EPS calculated using the treasury stock method

Totals may not sum due to rounding

# ADJUSTED NET INCOME AND EPS - ANNUAL

(in \$ millions except EPS)

	Annual				
	2016	2017	2018	2019	LTM <sup>5</sup>
<b>Reported Net Income</b>	\$ 91.7	\$ 45.4	\$ 91.7	\$ 62.0	\$ 12.3
Operating NRR <sup>1,2</sup> Items	(10.6)	3.9	17.3	37.9	52.2
Non-Operating NRR Items <sup>2,3</sup>	14.4	4.5	6.1	26.9	25.4
Tax impact of above NRR items	(1.5)	(3.1)	(5.8)	(15.8)	(19.8)
NRR tax charge	-	37.2	-	-	-
<b>Adjusted Net Income</b>	\$ 94.0	\$ 87.9	\$ 109.3	\$ 111.0	\$ 70.1
Reported net income per diluted share <sup>4</sup>	\$ 5.09	\$ 2.63	\$ 5.43	\$ 3.83	\$ 0.76
<b>Adjusted net income per diluted share<sup>4</sup></b>	\$ 5.21	\$ 5.09	\$ 6.48	\$ 6.85	\$ 4.38

<sup>1</sup> NRR is an abbreviation for Non-Run-Rate; NRR items are pre-tax

<sup>2</sup> 2016 and 2017 restated to reflect the retrospective adoption of ASU 2017-07

<sup>3</sup> 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 and Debt refinancing charges. 2015 and 2016 were restated to reflect debt refinancing charges to be consistent with 2019.

<sup>4</sup> Diluted shares for EPS calculated using treasury stock method

<sup>5</sup> LTM = Last Twelve Months, as of September 30, 2020

Totals may not sum due to rounding



A detailed industrial scene showing the manufacturing of aluminum. Large rollers are visible at the top, and a wide sheet of aluminum is being processed. A powerful spray of water is directed at the sheet, creating a misty atmosphere. The machinery is dark and metallic, contrasting with the bright, reflective surface of the aluminum.

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