

ALCOA CORPORATION ANNOUNCES DECISIONS ON SMELTING ASSETS

Dec 21, 2017

PITTSBURGH--(BUSINESS WIRE)-- Alcoa Corporation, a global leader in bauxite, alumina and aluminum products, today announced decisions regarding smelting assets in the United States and Italy. The actions support the Company's strategic priorities to reduce complexity and to strengthen the balance sheet.

- In the United States, Alcoa intends to permanently close its Rockdale Operations site in Texas, which has been fully curtailed since the end of 2008. The site includes a primary aluminum smelter and casthouse, an aluminum powder plant and associated buildings and equipment. Alcoa's strategic review of these assets, [announced earlier this year](#), concluded that these operations have limited economic prospects. Separately, the Company continues to market for sale more than 30,000 acres of land at the Rockdale site.
- In Italy, Alcoa has reached an agreement to divest the Portovesme primary aluminum smelter, fully curtailed since 2012 and closed since 2014, to Invitalia, the Italian government agency that manages economic development. As part of the agreement, Alcoa and the Italian government have settled matters related to past energy tariffs, including the Italian Energy Authority Regulation 148/2004 matter, and a groundwater remediation project.

"We continuously evaluate our portfolio of global assets against many factors to optimize value," said President and Chief Executive Officer Roy Harvey. "Achieving a resolution on these two assets further streamlines our Company as we continue to execute against our strategic priorities."

The Company will record an estimated charge of \$55 million (pre- and after-tax) in the fourth quarter of 2017 associated with the permanent closure of Rockdale. In addition, the Company will record an estimated \$22 million (pre- and after-tax) reserve reduction in the fourth quarter of 2017 associated with a reserve established at the end of 2015 for the Italy matter.

The net earnings impact of the two actions is estimated to be a negative \$0.18 per share in the fourth quarter of 2017. The Company anticipates annual adjusted EBITDA benefits of approximately \$3 million upon completion of the Rockdale decommissioning in 2022, and of approximately \$4 million upon completion of the Portovesme divestiture in 2018.

Cash outlays for the Rockdale closure are expected to be approximately \$53 million over the next five years, including holding and demolition costs, with approximately \$16 million in 2018. Cash outlays for the Italy settlement, including the pre-existing 148/2004 matter and remediation reserves, are expected to be between \$40 million and \$50 million over the next five years, with approximately \$10 million in 2018.

About Alcoa

Alcoa (NYSE: AA) is a global industry leader in bauxite, alumina and aluminum products, with a strong portfolio of value-added cast and rolled products and substantial energy assets. Alcoa is built on a foundation of strong values and operating excellence dating back nearly 130 years to the world-changing discovery that made aluminum an affordable and vital part of modern life. Since inventing the aluminum industry, and throughout our history, our talented Alcoans have followed on with breakthrough innovations and best practices that have led to efficiency, safety, sustainability and stronger communities wherever we operate. Visit us online on www.alcoa.com, follow @Alcoa on Twitter and on Facebook at www.facebook.com/Alcoa.

The above website addresses are included only as inactive textual references and are not intended to be active links to such websites. Information contained on such websites or that can be accessed through such websites do not constitute part of this press release.

Dissemination of Company Information

Alcoa Corporation intends to make future announcements regarding company developments and financial performance through its website at www.alcoa.com.

Forward-Looking Statements

This press release 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," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect the Company's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements. 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 the Company 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. Additional information concerning factors that could cause actual results to differ materially from those projected in the forward-looking statements is contained in our filings with

the Securities and Exchange Commission. The Company 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.

Adjusted EBITDA Definition

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. Alcoa Corporation has not provided a reconciliation of the forward-looking Adjusted EBITDA amounts included in this release to the most directly comparable GAAP financial measures due primarily to the variability and complexity in making accurate forecasts and projections, as not all of the information for a quantitative reconciliation is available to the company without unreasonable effort.

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