

Forged Wheels

	2020	2019	2018
Third-party sales	\$ 679	\$ 969	\$ 966
Segment operating profit	\$ 153	\$ 253	\$ 220

Forged Wheels provides forged aluminum wheels and related products for heavy-duty trucks, trailers, and buses globally. Forged Wheels' products are sold directly to OEMs and through distributors with the sales and costs and expenses of this segment transacted in local currency.

Third-party sales for the Forged Wheels segment decreased \$290, or 30%, in 2020 compared with 2019, primarily due to lower volumes in the commercial transportation end market driven by COVID-19 and production downtime related to the Barberton plant fire (discussed below).

Third-party sales for the Forged Wheels segment increased \$3, effectively flat in 2019 compared with 2018, primarily the result of stable volumes in the commercial transportation end market.

Operating profit for the Forged Wheels segment decreased \$100, or 40%, in 2020 compared with 2019, primarily due to lower commercial transportation sales volumes and COVID-19 productivity impacts, partially offset by cost reductions.

Operating profit for the Forged Wheels segment increased \$33 or 15%, in 2019 compared with 2018, primarily due to net cost savings and lower raw material costs.

In mid-February 2020, a fire occurred at the Company's forged wheels plant located in Barberton, Ohio. The downtime reduced production levels and affected productivity at the plant. The Company has insurance with a deductible of \$10.

In 2021 compared to 2020, demand in the commercial transportation markets served by Forged Wheels is expected to increase in most regions. Commercial transportation OEMs are expected to increase output as global economies recover from 2020 COVID-19 lows.

Reconciliation of Total segment operating profit to Income from continuing operations before income taxes

	2020	2019	2018
Income from continuing operations before income taxes	\$ 171	\$ 210	\$ 428
Interest expense	381	338	377
Other expense (income), net	74	31	(30)
Consolidated operating income	\$ 626	\$ 579	\$ 775
Unallocated amounts:			
Restructuring and other charges	182	582	163
Corporate expense	82	229	167
Total segment operating profit	\$ 890	\$ 1,390	\$ 1,105

Total segment operating profit is a non-GAAP financial measure. Management believes that this measure is meaningful to investors because management reviews the operating results of the segments of the Company excluding Corporate results.

See Restructuring and Other Charges, Interest Expense, and Other Expense (Income), Net, discussions above under Results of Operations for reference.

Corporate expense decreased \$147, or 64%, in 2020 compared with 2019 primarily due to lower annual incentive compensation accruals and executive compensation costs; lower costs driven by overhead cost reductions, lower contract services and outsourcing costs; lower research and development expenses; and lower net legal and other advisory costs along with costs incurred in 2019 that did not recur in 2020, including the impacts of facility fires, net of insurance of \$6 and collective bargaining agreement negotiation costs of \$9. Costs associated with the Arconic Inc. Separation Transaction of \$7, were an increase of \$2 compared to 2019.

Corporate expense increased \$62, or 37%, in 2019 compared with 2018 primarily due to costs associated with the Arconic Inc. Separation Transaction of \$5; higher annual incentive compensation accruals and executive compensation costs; net impacts associated with a fire at a fasteners plant of \$9 (net of insurance reimbursements); and collective bargaining agreement negotiation costs of \$9; partially offset by costs incurred in 2018 that did not recur in 2019 related to settlements of certain customer claims of \$38; lower costs driven by overhead cost reductions; lower research and development expenses; and lower net legal and other advisory costs related to Grenfell Tower of \$10.