Howmet Aerospace Inc (HWM)

Updated October 31st, 2025 by Quinn Mohammed

Key Metrics

Current Price:	$208	**5 Year CAGR Estimate:**	1.3%	**Market Cap:**	$81 B
Fair Value Price:	$100	**5 Year Growth Estimate:**	17.0%	**Ex-Dividend Date:**	11/07/2025
% Fair Value:	209%	**5 Year Valuation Multiple Estimate:**	-13.7%	**Dividend Payment Date:**	11/25/2025
Dividend Yield:	0.2%	**5 Year Price Target**	$218	**Years Of Dividend Growth:**	5
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Howmet Aerospace (HWM) is a leading provider of advanced engineered solution for the aerospace and transportation industries. Its main products are jet engine components, aerospace fastening systems, airframe structural components, and forged aluminum wheels. It is a massive manufacturer, with a market cap of $81 billion.

Through its four segments, including Engine Products (which accounted for 50% of 2024 revenue), Fastening Systems (22%), Engineered Structures (14%), and Forged Wheels (14%), Howmet generated $7.4 billion in revenue in 2024.

Howmet was previously known as Arconic, but it changed its name and ticker (which was previously ARNC) to Howmet (HWM) on April 1, 2020, as a result of its separation into two companies. Even before that, Arconic only became a standalone company on November 1, 2016, after being spun off from Alcoa.

On July 29th, 2025, Howmet increased its dividend by 20% to $0.12 per share quarterly.

On October 30th, 2025, Howmet Aerospace published its third quarter earnings report for the period ended September 30th. The company's revenue rose by 14% over the year-ago period to $2.09 billion in the quarter. Adjusted EPS increased 34% to $0.95 from $0.81 in third quarter 2024.

Howmet also repurchased $200 million of its common stock during the quarter for an average share price of $182.20.

Management raised its guidance, which includes the impact of tariffs on its business that it expects to be able to pass onto its customers. It now expects $8.175B to $8.195B of revenue, and adjusted EPS of $3.66 to $3.68, for a $3.67 midpoint. Adjusted EBITDA and free cash flow are expected to be $2.375B and $1.3B at the midpoint of guidance.

For 2026, Howmet is expecting approximately $9 billion of revenue, which would be a 10% year-over-year increase.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AFFOPS	-	-	$1.22	$1.36	$1.29	$0.80	$1.01	$1.40	$1.84	$2.69	***$3.67***	***$8.05***
DPS	-	-	$0.24	$0.24	$0.12	$0.02	$0.04	$0.10	$0.17	$0.26	***$0.48***	***$0.97***
Shares[1]	-	-	451	503	463	439	435	421	416	410	***403***	***375***

Howmet, as it's known today, only began with the year 2020, when it spun off its Global Rolled Products business as Arconic, and itself became Howmet. Therefore, earnings should be looked at from 2020 and beyond. However, in the table above, we have also elected to display Arconic's results prior to 2020.

From 2020 through 2024, Howmet's EPS grew at a stunning average annual rate of 35% per year. Furthermore, in the last three years, it has kept up this pace, with a 39% EPS CAGR.

Howmet is banking on continued solid demand in engine spares, defense aerospace, and industrial end markets. However, this is offset by current weakness in commercial transportation.

We believe the company will continue to deliver impressive growth rates, generating annual EPS growth of 17% over the next five years from the 2025 base of $3.67.

[1] In millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/AFFO	-	-	17.1	13.0	15.1	23.2	31.0	25.0	25.0	31.4	***56.7***	***27.1***
Avg. Yld.	-	-	0.2%	1.4%	1.1%	0.5%	0.1%	0.2%	0.3%	0.3%	***0.2%***	***0.4%***

Howmet's shares have traded at a wide valuation over its history, but following its transformation in 2020, the company has traded at a premium valuation. We peg fair value at 27.1 times earnings, its five-year average valuation, implying a meaningful valuation headwind from here. While we forecast at least 15% dividend growth, the yield is unlikely to move sharply higher as the share price keeps up.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	-	-	20%	18%	9%	3%	4%	7%	9%	10%	***13%***	***12%***

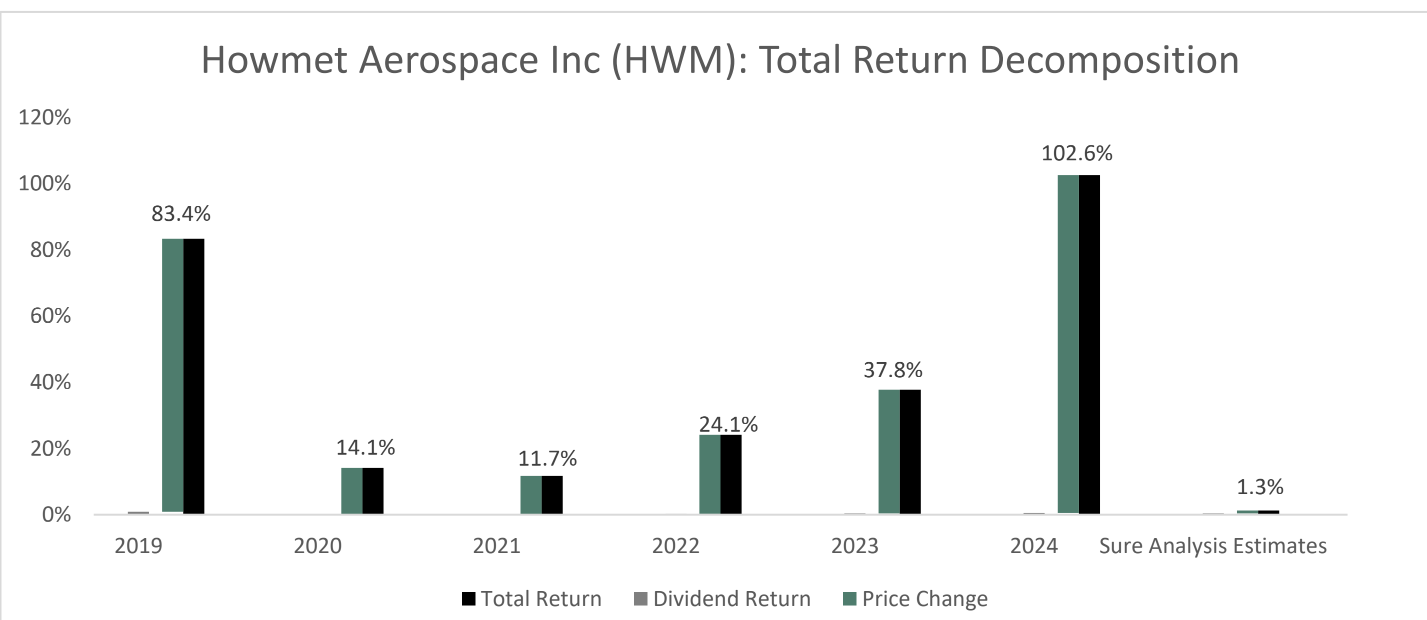
Howmet's patent portfolio, comprised of about 1,170 granted and pending patents, offers a significant competitive advantage to the company. And its revenue by markets, including Commercial Aerospace (which accounted for 53% of Q3 2025 revenue), Defense Aerospace (17%), Commercial Transportation (14%), and Industrial & Other (16%) offer some diversification in its sales.

At the end of Q3 2025, Howmet had $3.3 billion of long-term debt, partly offset by $546 million of cash and cash equivalents. It is actively paying down debt, having paid $365 million in 2024 and $140 million year-to-date in 2025. As a result, its leverage ratio hit a record low 1.3X, and its annualized interest expense is now roughly $48 million lower.

Final Thoughts & Recommendation

Howmet's annual EPS growth potential of 17% and its 0.2% yield are likely to be offset by -13.7% P/E multiple contraction, leading to 1.3% annual total returns over the next five years. The company trades at a very high premium, making it expensive, but it also possesses impressive growth potential. Its dividend is growing at an incredible rate, but the growing share price has kept a lid on the yield. Shares of Howmet have already increased 90% year-to-date. HWM maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	12,413	12,394	12,960	6,778	7,098	5,259	4,972	5,663	6,640	7,430
Gross Profit	2,309	2,698	2,739	1,664	1,884	1,381	1,376	1,560	1,867	2,311
Gross Margin	18.6%	21.8%	21.1%	24.6%	26.5%	26.3%	27.7%	27.5%	28.1%	31.1%
SG&A Exp.	765	924	715	363	424	287	259	280	343	362
D&A Exp.		1,132	551	576	536	338	270	265	272	277
Operating Profit	867	1,109	1,364	946	1,137	798	830	983	1,216	1,639
Operating Margin	7.0%	8.9%	10.5%	14.0%	16.0%	15.2%	16.7%	17.4%	18.3%	22.1%
Net Profit	(322)	(941)	(74)	642	470	261	258	469	765	1,155
Net Margin	-2.6%	-7.6%	-0.6%	9.5%	6.6%	5.0%	5.2%	8.3%	11.5%	15.5%
Free Cash Flow	402	(1,030)	(635)	(551)	(180)	(258)	250	540	682	977
Income Tax	339	1,476	544	119	84	(40)	66	137	210	228

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	36,477	20,038	18,718	18,693	17,562	11,443	10,219	10,255	10,428	10,519
Cash & Equivalents	1,362	1,863	2,150	2,277	1,577	1,610	720	791	610	564
Accounts Receivable	960	974	1,035	1,047	583	328	367	506	675	689
Inventories	2,284	2,253	2,480	2,492	1,607	1,488	1,402	1,609	1,765	1,840
Goodwill & Intang.	6,353	6,136	5,522	5,419	4,666	4,673	4,616	4,534	4,540	4,485
Total Liabilities	22,346	14,897	13,794	13,108	12,957	7,866	6,711	6,654	6,391	5,965
Acct. Payable	1,510	1,744	1,839	2,129	976	599	732	962	982	948
Long-Term Debt	8,827	8,084	6,844	6,330	5,940	5,075	4,232	4,162	3,706	3,315
Shareholder's Equity	11,988	5,057	4,855	5,518	4,536	3,522	3,453	3,546	3,982	4,499
LTD/E Ratio	0.73	1.58	1.39	1.14	1.29	1.42	1.21	1.16	0.92	0.73

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets		-3.3%	-0.4%	3.4%	2.6%	1.8%	2.4%	4.6%	7.4%	11.0%
Return on Equity		-9.8%	-1.5%	12.2%	9.2%	6.4%	7.3%	13.2%	20.0%	26.9%
ROIC		-5.2%	-0.6%	5.4%	4.2%	2.7%	3.1%	6.1%	9.9%	14.8%
Shares Out.	-	-	451	503	463	439	435	421	416	410
Revenue/Share	28.31	28.30	28.74	13.48	15.33	11.98	11.43	13.45	15.96	18.12
FCF/Share	0.92	(2.35)	(1.41)	(1.10)	(0.39)	(0.59)	0.57	1.28	1.64	2.38

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.