



First Quarter 2021 Earnings Call

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Forward-Looking Statements



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This supplemental information contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. These risks and uncertainties include uncertainty around the duration and effects of the COVID-19 pandemic, and include factors detailed in the reports we file with the SEC, including those described under “Risk Factors” in our most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. These forward-looking statements speak only as of the date of this communication. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

It should also be noted that this information contains certain financial measures, including Adjusted EBITDA, Adjusted Earnings per Share, Adjusted Free Cash Flow, Net Leverage Ratio and Liquidity that are not required by, or presented in accordance with, accounting principles generally accepted in the United States, or GAAP. These measures are presented here to provide additional useful measurements to review our operations, provide transparency to investors and enable period-to-period comparability of financial performance. A description of non-GAAP financial measures that we use to evaluate our operations and financial performance, and reconciliation of these non-GAAP financial measures to the most directly comparable financial measures calculated and reported in accordance with GAAP, can be found in the appendix under “Reconciliation of Non-GAAP Measures”.

1Q 2021 AAM Financial Highlights



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>\$1.4B

Quarterly
Sales

\$263M

18.4%

Record First Quarter
Adj. EBITDA Margin

\$174M

Record First Quarter
Adjusted Free Cash Flow

AAM Starts 2021 With Strong Financial Performance

Business Update



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REE

AAM and REE have agreed to jointly develop an exciting new electric propulsion system for e-Mobility

Ford

AAM is supplying both air-cooled and liquid-cooled **Power Transfer Units (PTU)** for the all-new Ford Bronco Sport.

Sustainability Update



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In 2021, AAM published a comprehensive sustainability report with the reporting framework based on SASB, GRI, and TCFD standards



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In a survey conducted by *Institutional Investor*, our Financially Material ESG Disclosures were ranked 1st out of 80+ nominated Small-cap Consumer companies*

*For our 2019 sustainability report



2021 Financial Targets

Full Year Sales	\$5.3 - \$5.5 billion
Adjusted EBITDA	\$850 - \$925 million
Adjusted Free Cash Flow	\$300 - \$400 million

- Trending toward the high-end of ranges based on current production schedules and customers prioritizing large truck and SUV output
- These targets are based on North American light vehicle production in the range of 15.0 – 15.5 million units
- Full year targets are based on current and anticipated customer production and launch schedules
- Adjusted Free Cash Flow target assumes capital spending of approximately 4.5% of sales
- AAM expects restructuring and acquisition-related cash payments to be between \$50 and \$65 million

1Q Financial Results



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	Three Months Ended March 31,		Difference
	2021	2020	
	(dollars in millions, except per share data)		
Net sales	\$ 1,425.1	\$ 1,343.5	\$ 81.6
Gross profit	\$ 227.1	\$ 195.3	\$ 31.8
Gross margin	15.9%	14.5%	1.4%
SG&A	\$ 90.0	\$ 90.3	\$ (0.3)
SG&A as a % of sales	6.3%	6.7%	-0.4%
Amortization of intangible assets	\$ 21.5	\$ 21.8	\$ (0.3)
Restructuring and acquisition costs	\$ 17.5	\$ 17.6	\$ (0.1)
Other income (expense)	\$ 0.1	\$ (3.8)	\$ 3.9
Adjusted EBITDA	\$ 262.9	\$ 213.3	\$ 49.6
Adjusted EBITDA margin	18.4%	15.9%	2.5%
Net interest expense	\$ 48.2	\$ 48.7	\$ (0.5)
Income tax expense	\$ 8.8	\$ 3.3	\$ 5.5
Effective tax rate	18.6%	-0.7%	19.3%
Net income (loss) attributable to AAM	\$ 38.6	\$ (501.3)	\$ 539.9
Diluted EPS	\$ 0.33	\$ (4.45)	\$ 4.78
Adjusted EPS	\$ 0.57	\$ 0.20	\$ 0.37

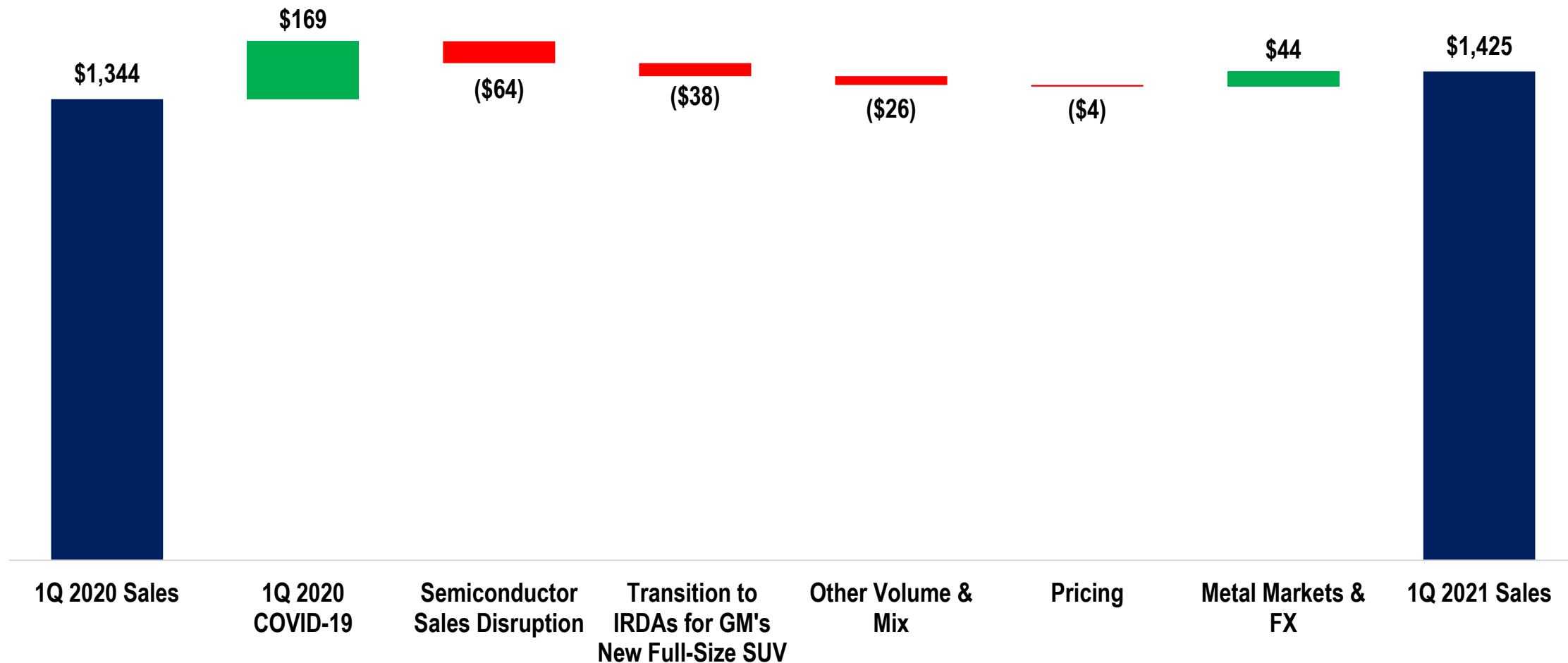
Adjusted earnings per share are based on weighted average diluted shares outstanding of 118.3 million and 116.4 million for the three months ended on March 31, 2021 and 2020, respectively.

1Q 2021 Year-Over-Year Sales Walk



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\$ in millions

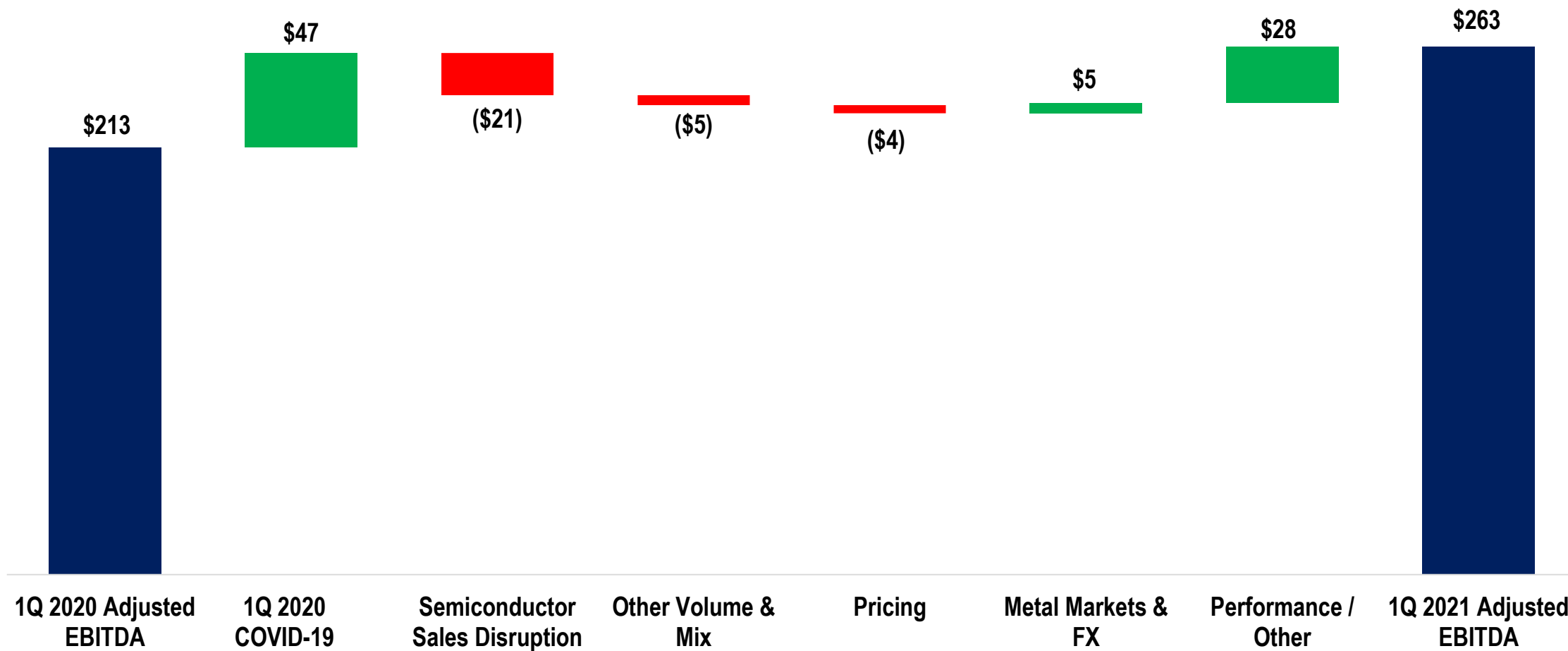


1Q 2021 Year-Over-Year EBITDA Walk



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\$ in millions



Adjusted Free Cash Flow and Credit Profile

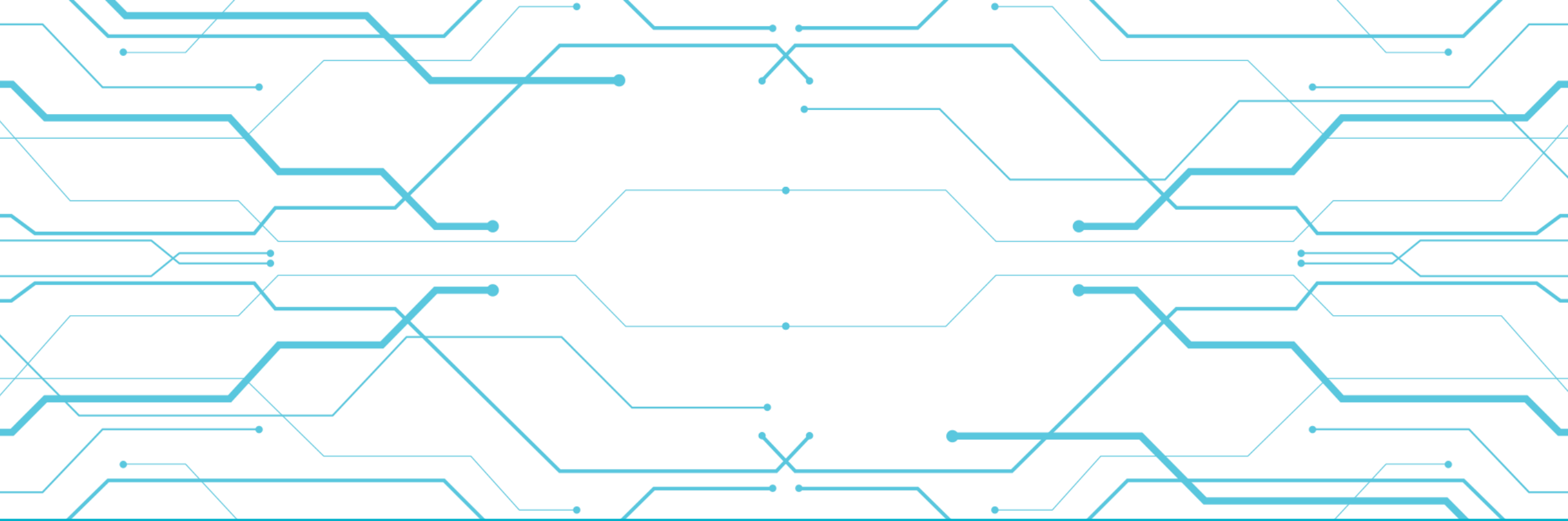


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Cash Flow and Debt Metrics	1Q 2021
Adjusted Free Cash Flow	\$174.1 million
Net Debt	\$2.8 billion
Net Leverage Ratio	3.6x
Liquidity	\$1.55 billion

AAM prepaid over \$100 million of Term Loans in 1Q 2021

Note: For definitions and reconciliations of non-GAAP financial measures, please see the attached appendix.



Supplemental Data



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Reconciliation of Non-GAAP Measures



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In addition to the results reported in accordance with accounting principles generally accepted in the United States of America (GAAP) included within this presentation, we have provided certain information, which includes non-GAAP financial measures. Such information is reconciled to its closest GAAP measure in accordance with Securities and Exchange Commission rules and is included in the following slides.

Certain of the forward-looking financial measures included in this earnings release are provided on a non-GAAP basis. A reconciliation of non-GAAP forward-looking financial measures to the most directly comparable forward-looking financial measures calculated and presented in accordance with GAAP has been provided. The amounts in these reconciliations are based on our current estimates and actual results may differ materially from these forward-looking estimates for many reasons, including potential event driven transactional and other non-core operating items and their related effects in any future period, the magnitude of which may be significant.



EBITDA and Adjusted EBITDA Reconciliation (\$ in millions)

	Three Months Ended March 31,	
	2021	2020
Net income (loss)	\$ 38.6	\$ (501.2)
Interest expense	51.1	51.5
Income tax expense	8.8	3.3
Depreciation and amortization	142.0	129.6
EBITDA	240.5	(316.8)
Restructuring and acquisition-related costs	17.5	17.6
Debt refinancing and redemption costs	1.1	1.5
Impairment charges	-	510.0
Loss on sale of business	2.6	1.0
Non-recurring items:		
Malvern fire charges, net of recoveries	1.2	-
Adjusted EBITDA	\$ 262.9	\$ 213.3
as % of net sales	18.4%	15.9%



Adjusted Earnings Per Share Reconciliation

	Three Months Ended March 31,	
	2021	2020
Diluted earnings (loss) per share	\$ 0.33	\$ (4.45)
Restructuring and acquisition-related costs	0.15	0.16
Debt refinancing and redemption costs	0.01	0.01
Loss on sale of business	0.02	0.01
Impairment charges	-	4.53
Accelerated depreciation*	0.09	0.06
Non-recurring items:		
Malvern fire charges, net of recoveries	0.01	-
Tax adjustments related to the CARES Act	-	(0.07)
Tax effect of adjustments	(0.04)	(0.04)
Adjustment for anti-dilutive effect	-	(0.01)
Adjusted earnings per share	<u>\$ 0.57</u>	<u>\$ 0.20</u>

*Please refer to definition of Non-GAAP measures



Free Cash Flow and Adjusted Free Cash Flow Reconciliation (\$ in millions)

	Three Months Ended March 31,	
	2021	2020
Net cash provided by operating activities	\$ 179.1	\$ 139.4
Less: Capital expenditures net of proceeds from sale of property, plant and equipment	(39.6)	(69.2)
Free cash flow	139.5	70.2
Cash payments for restructuring and acquisition-related costs	23.4	13.1
Cash payments related to the Malvern fire net of recoveries	11.2	-
Adjusted free cash flow	\$ 174.1	\$ 83.3



Net Debt and Net Leverage Ratio (\$ in millions)

	March 31, 2021
Current portion of long-term debt	\$ 13.7
Long-term debt, net	3,360.9
Total debt, net	3,374.6
Less: Cash and cash equivalents	601.2
Net debt at end of period	2,773.4
Adjusted LTM EBITDA	\$ 769.4
Net Leverage Ratio	3.6x



Segment Financial Information (\$ in millions)

	Three Months Ended March 31,	
	2021	2020
Segment Sales		
Driveline	\$ 1,026.1	\$ 945.9
Metal Forming	489.3	482.1
Total Sales	1,515.4	1,428.0
Intersegment Sales	(90.3)	(84.5)
Net External Sales	<u>\$ 1,425.1</u>	<u>\$ 1,343.5</u>
Segment Adjusted EBITDA		
Driveline	\$ 170.5	\$ 134.5
Metal Forming	92.4	78.8
Total Segment Adjusted EBITDA	<u>\$ 262.9</u>	<u>\$ 213.3</u>

Supplemental Data



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Full Year 2021 Outlook (\$ in millions)

	Adjusted EBITDA	
	Low End	High End
Net income	\$ 40	\$ 100
Interest expense	200	200
Income tax expense	10	25
Depreciation and amortization	530	530
Full year 2021 targeted EBITDA	780	855
Restructuring and acquisition-related costs	60	60
Other	10	10
Full year 2021 targeted Adjusted EBITDA	<u>\$ 850</u>	<u>\$ 925</u>

	Adjusted Free Cash Flow	
	Low End	High End
Net cash provided by operating activities	\$ 480	\$ 580
Capital expenditures net of proceeds from the sale of property, plant and equipment	(240)	(240)
Full year 2021 targeted Free Cash Flow	240	340
Cash payments for restructuring and acquisition-related costs	60	60
Full year 2021 targeted Adjusted Free Cash Flow	<u>\$ 300</u>	<u>\$ 400</u>

Definition of Non-GAAP Measures



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EBITDA and Adjusted EBITDA

We define EBITDA to be earnings before interest expense, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding the impact of restructuring and acquisition-related costs, debt refinancing and redemption costs, loss on sale of a business, impairment charges, pension settlements and non-recurring items. We believe that EBITDA and Adjusted EBITDA are meaningful measures of performance as they are commonly utilized by management and investors to analyze operating performance and entity valuation. Our management, the investment community and the banking institutions routinely use EBITDA and Adjusted EBITDA, together with other measures, to measure our operating performance relative to other Tier 1 automotive suppliers. We also use Segment Adjusted EBITDA as the measure of earnings to assess the performance of each segment and determine the resources to be allocated to the segments. EBITDA and Adjusted EBITDA should not be construed as income from operations, net income or cash flow from operating activities as determined under GAAP. Other companies may calculate EBITDA and Adjusted EBITDA differently.

Adjusted Earnings (Loss) Per Share

We define Adjusted earnings per share to be diluted earnings per share excluding the impact of restructuring and acquisition-related costs, debt refinancing and redemption costs, loss on sale of a business, impairment charges, pension settlements, certain accelerated depreciation and non-recurring items, including the tax effect thereon. We believe Adjusted earnings per share is a meaningful measure as it is commonly utilized by management and investors in assessing ongoing financial performance that provides improved comparability between periods through the exclusion of certain items that management believes are not indicative of core operating performance and which may obscure underlying business results and trends. Other companies may calculate Adjusted earnings per share differently.

Free Cash Flow and Adjusted Free Cash Flow

We define free cash flow to be net cash provided by operating activities less capital expenditures net of proceeds from the sale of property, plant and equipment. Adjusted free cash flow is defined as free cash flow excluding the impact of cash payments for restructuring and acquisition-related costs and cash payments related to the Malvern fire net of recoveries. We believe free cash flow and Adjusted free cash flow are meaningful measures as they are commonly utilized by management and investors to assess our ability to generate cash flow from business operations to repay debt and return capital to our stockholders. Free cash flow and Adjusted free cash flow are also key metrics used in our calculation of incentive compensation. Other companies may calculate free cash flow and Adjusted free cash flow differently.

Net Debt and Net Leverage Ratio

We define net debt to be total debt, net less cash and cash equivalents. We define Net Leverage Ratio to be net debt divided by the trailing 12 months of Adjusted EBITDA. We believe that Net Leverage Ratio is a meaningful measure of financial condition as it is commonly used by management, investors and creditors to assess capital structure risk. Other companies may calculate Net Leverage Ratio differently.

Liquidity

We define Liquidity as cash on hand plus amounts available on our revolving credit facility and foreign credit facilities.

US SAAR

We define US SAAR as the seasonally adjusted annual rate of light vehicle sales in the United States.

Accelerated Depreciation

In the first quarter of 2021, one of our largest customers announced their intention to cease production operations in Brazil in 2021 as part of their restructuring actions. As such, we have accelerated depreciation on certain property, plant and equipment beginning in the first quarter of 2021. In the first quarter of 2020, we accelerated depreciation for certain assets that were idled as a result of our largest customer exiting their operations in Thailand, which they announced in the first quarter of 2020.

