



Fourth Quarter 2021 Earnings Call

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Forward-Looking Statements



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This presentation 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”.

4Q 2021 and Full Year Financial Highlights



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4Q
2021

\$1.24B

Quarterly
Sales

\$165M

Quarterly
Adj. EBITDA

13.3% of Sales

\$44M

Quarterly
Adj. Free
Cash Flow

FY
2021

\$5.16B

Full Year
Sales

\$833M

Full Year
Adj. EBITDA

16.2% of Sales

\$423M

Full Year
Adj. Free
Cash Flow



Secured Contracts

Valued at more than **\$10 billion** of lifetime revenues for next-generation full-size truck axle programs with multiple customers.



2022 Ford Maverick™

AAM's high performance power transfer units (PTU) are featured on the all-wheel-drive versions of the Maverick. The PTU directs power to the rear-drive module when torque is needed.



Autotech Ventures

AAM is committing \$15 million to Autotech Ventures. Autotech is focused on tech start-ups in the global ground transportation industry.

AAM Highlights



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Secured an agreement with REE to supply high-performance Electric Drive Units



Named as the sole-supplier of Front and Rear Pickup Axles for GM's Oshawa truck plant



Won both PACE Partnership and Innovation Awards for Electric Drive Technology



Secured business with NIO supplying Differentials for its next generation ePowertrain program



AAM Continues to Secure Core Axle Business to Support and Fund Our Pivot to Electrification

CEO **ACT!ON** FOR DIVERSITY & INCLUSION

AAM CEO pledges to ACT ON supporting a more inclusive workplace



AAM to supply TracRite Electronic Locking Front Differentials for the new HUMMER EV



Supplying Power Transfer Units for the All-New Ford Bronco Sport and Maverick



AAM Recognized as one of America's Best Large Employers

Gross New Business Backlog

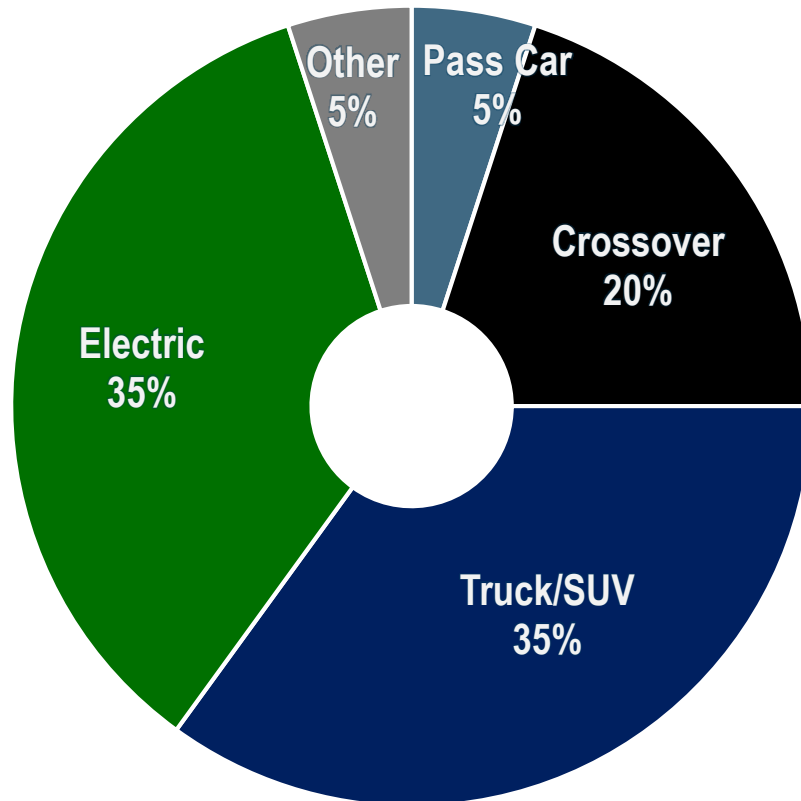


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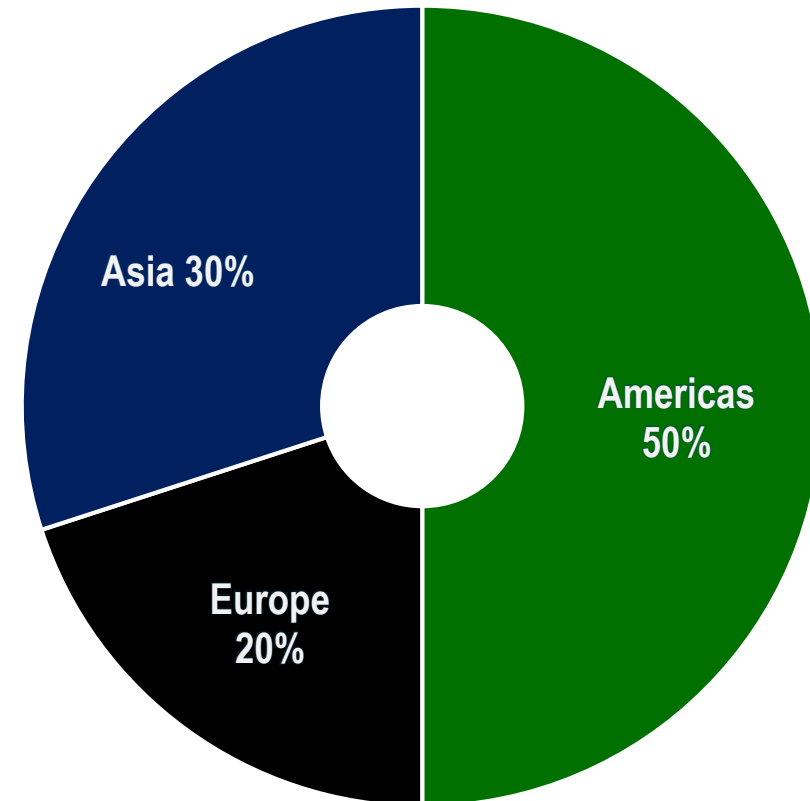
\$700 Million Backlog

as disclosed on February 11, 2022

Backlog By Segment



Backlog By Geography



Electrification continues to be a growing portion of AAM's new business backlog



2022 Financial Targets

| | |
|--------------------------------|-------------------------------|
| Full Year Sales | \$5.6 to \$5.9 billion |
| Adjusted EBITDA | \$800 to \$875 million |
| Adjusted Free Cash Flow | \$300 to \$375 million |

- These targets are based on North American light vehicle production range of 14.8 – 15.2 million units, current customer production and launch schedules and business environment
- Sales range includes approximately \$150 - \$200 million increase in index-based metal market customer pass-throughs and foreign currency versus 2021
- Adjusted Free Cash Flow target assumes capital spending in the range of 3.5% - 4.0% of sales
- AAM expects restructuring and acquisition-related cash payments to be between \$20 and \$30 million

4Q Financial Results



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| | Three Months Ended December 31, | | Difference |
|----------------------------------------------|----------------------------------------------|------------|------------|
| | 2021 | 2020 | |
| | (dollars in millions, except per share data) | | |
| Net sales | \$ 1,235.1 | \$ 1,437.9 | \$ (202.8) |
| Gross profit | \$ 140.0 | \$ 236.5 | \$ (96.5) |
| Gross margin | 11.3% | 16.4% | -5.1% |
| Selling, general and administrative expenses | \$ 77.5 | \$ 83.3 | \$ (5.8) |
| SG&A as a % of sales | 6.3% | 5.8% | 0.5% |
| Amortization of intangible assets | \$ 21.5 | \$ 21.6 | \$ (0.1) |
| Restructuring and acquisition-related costs | \$ 8.6 | \$ 28.6 | \$ (20.0) |
| Debt refinancing and redemption costs | \$ - | \$ (1.2) | \$ 1.2 |
| Unrealized gain on equity securities | \$ 5.0 | \$ - | \$ 5.0 |
| Other expense, net | \$ (1.9) | \$ (1.4) | \$ (0.5) |
| Adjusted EBITDA | \$ 164.6 | \$ 261.5 | \$ (96.9) |
| Adjusted EBITDA margin | 13.3% | 18.2% | -4.9% |
| Net interest expense | \$ (41.8) | \$ (49.9) | \$ 8.1 |
| Income tax expense (benefit) | \$ (2.3) | \$ 13.9 | \$ (16.2) |
| Effective income tax rate | 4.7% | 27.8% | -23.1% |
| Net income (loss) attributable to AAM | \$ (46.3) | \$ 36.0 | \$ (82.3) |
| Diluted earnings (loss) per share | \$ (0.41) | \$ 0.30 | \$ (0.71) |
| Adjusted EPS | \$ (0.09) | \$ 0.51 | \$ (0.60) |

Adjusted earnings per share are based on weighted average diluted shares outstanding of 114.1 million and 118.4 million for the three months ended on December 31, 2021 and 2020, respectively.

Full Year Financial Results



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| | Twelve Months Ended December 31, | | Difference |
|----------------------------------------------|----------------------------------------------|------------|------------|
| | 2021 | 2020 | |
| | (dollars in millions, except per share data) | | |
| Net sales | \$ 5,156.6 | \$ 4,710.8 | \$ 445.8 |
| Gross profit | \$ 722.7 | \$ 582.7 | \$ 140.0 |
| Gross margin | 14.0% | 12.4% | 1.6% |
| Selling, general and administrative expenses | \$ 344.2 | \$ 313.9 | \$ 30.3 |
| SG&A as a % of sales | 6.7% | 6.7% | 0.0% |
| Amortization of intangible assets | \$ 85.8 | \$ 86.6 | \$ (0.8) |
| Restructuring and acquisition-related costs | \$ 49.4 | \$ 67.2 | \$ (17.8) |
| Debt refinancing and redemption costs | \$ (34.0) | \$ (7.9) | \$ (26.1) |
| Unrealized gain on equity securities | \$ 24.4 | \$ - | \$ 24.4 |
| Other expense, net | \$ (3.2) | \$ (5.2) | \$ 2.0 |
| Adjusted EBITDA | \$ 833.3 | \$ 719.8 | \$ 113.5 |
| Adjusted EBITDA margin | 16.2% | 15.3% | 0.9% |
| Net interest expense | \$ (184.3) | \$ (200.7) | \$ 16.4 |
| Income tax benefit | \$ (4.7) | \$ (49.2) | \$ 44.5 |
| Effective income tax rate | -391.7% | 8.1% | -399.8% |
| Net income (loss) attributable to AAM | \$ 5.9 | \$ (561.3) | \$ 567.2 |
| Diluted earnings (loss) per share | \$ 0.05 | \$ (4.96) | \$ 5.01 |
| Adjusted EPS | \$ 0.93 | \$ 0.14 | \$ 0.79 |

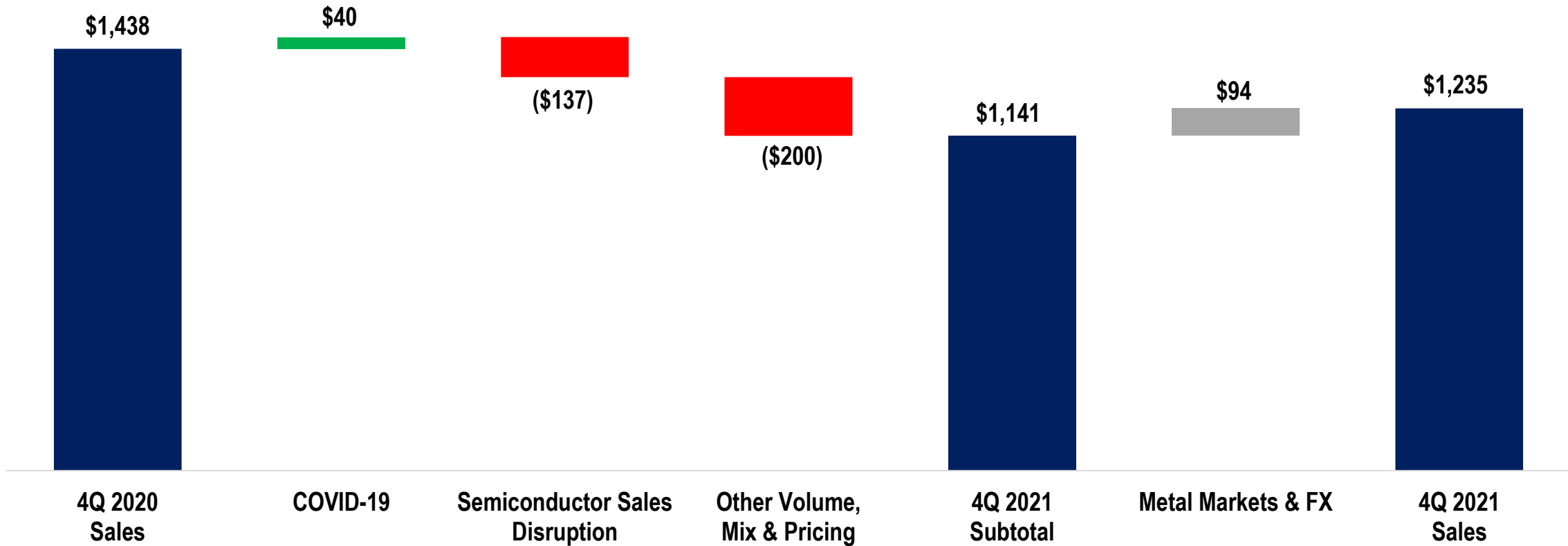
Adjusted earnings per share are based on weighted average diluted shares outstanding of 118.7 million and 117.9 million for the twelve months ended on December 31, 2021 and 2020, respectively.

4Q 2021 Year-Over-Year Sales Walk



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\$ in millions



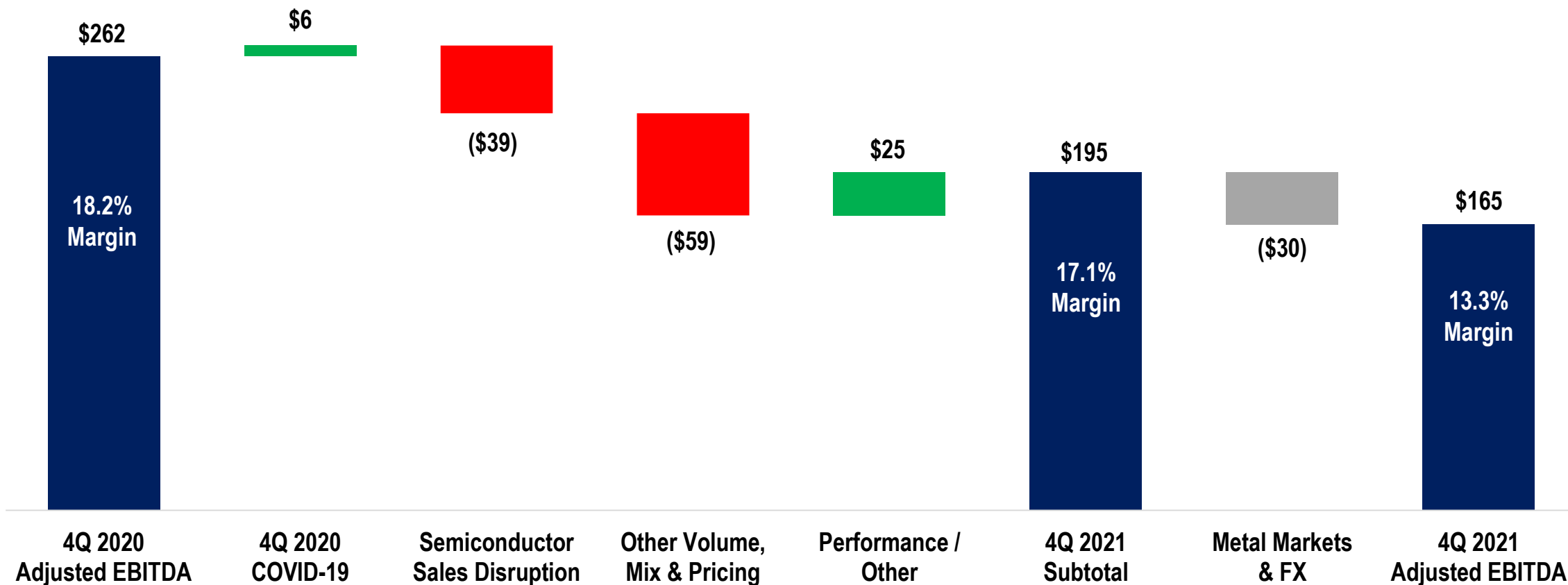
Note: Chart not to scale

4Q 2021 Year-Over-Year EBITDA Walk



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\$ in millions



Note: For definitions of Adjusted EBITDA and Non-GAAP reconciliations, please see the attached appendix

Note: Chart not to scale

Adjusted Free Cash Flow and Credit Profile



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| Cash Flow and Debt Metrics | 4Q 2021 |
|----------------------------|----------------|
| Adjusted Free Cash Flow | \$44 million |
| Net Debt | \$2.6 billion |
| Net Leverage Ratio | 3.1x |
| Liquidity | ~\$1.5 billion |

AAM Maintains Strong Liquidity

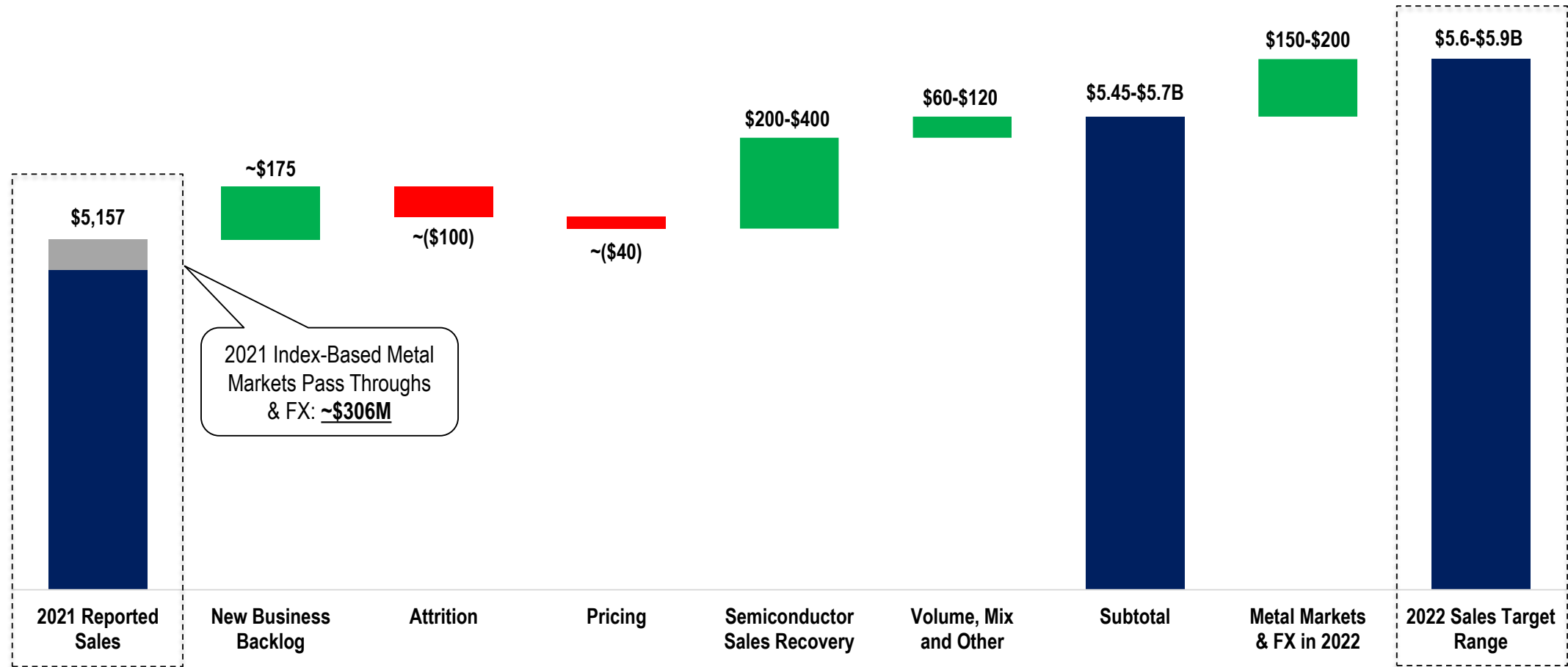
Note: For definitions and reconciliations of non-GAAP financial measures, please see the attached appendix.

2022 Sales Target Walk



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\$ in millions



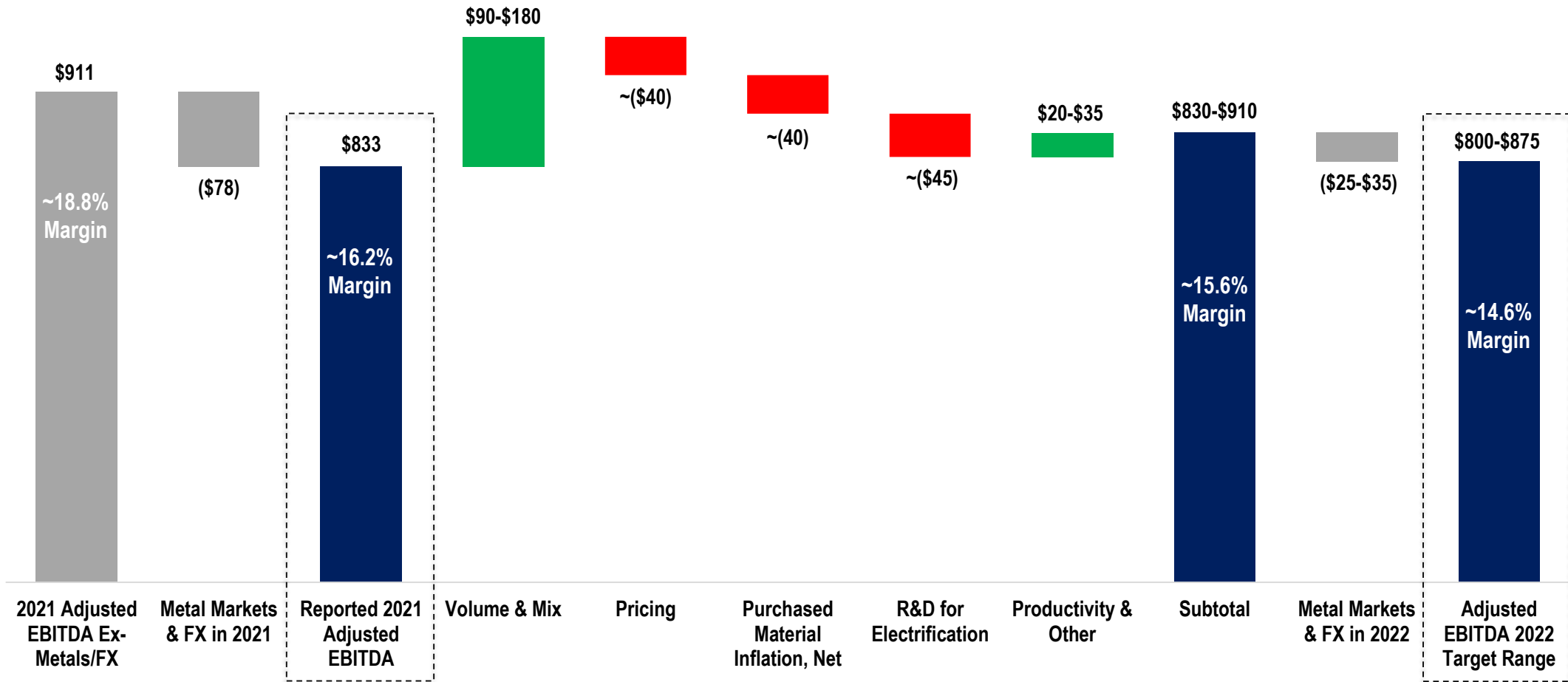
Note: Chart not to scale

2022 Adjusted EBITDA Target Walk



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\$ in millions



Note: For definitions of Adjusted EBITDA and Non-GAAP reconciliations, please see the attached appendix; margins for the outlook are at the midpoint

Note: Chart not to scale

2022 Targeted Adj. Free Cash Flow Walk



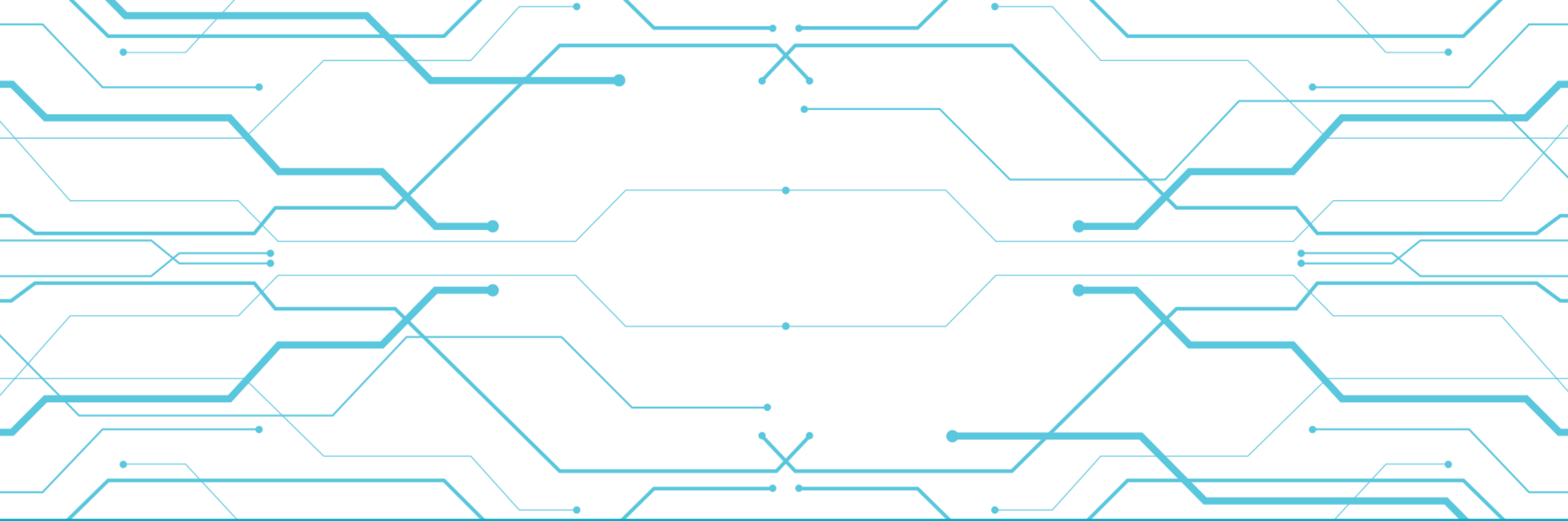
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\$ in millions



Note: For definitions of Adjusted Free Cash Flow and Non-GAAP reconciliations, please see the attached appendix

Note: Chart not to scale



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.

Supplemental Data



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EBITDA and Adjusted EBITDA Reconciliation (\$ in millions)

| | Three Months Ended | | Twelve Months Ended | |
|---------------------------------------------|--------------------|----------|---------------------|------------|
| | December 31, | | December 31, | |
| | 2021 | 2020 | 2021 | 2020 |
| Net income (loss) | \$ (46.3) | \$ 36.1 | \$ 5.9 | \$ (561.1) |
| Interest expense | 44.5 | 52.3 | 195.2 | 212.3 |
| Income tax expense (benefit) | (2.3) | 13.9 | (4.7) | (49.2) |
| Depreciation and amortization | 123.1 | 128.2 | 544.3 | 521.9 |
| EBITDA | 119.0 | 230.5 | 740.7 | 123.9 |
| Restructuring and acquisition-related costs | 8.6 | 28.6 | 49.4 | 67.2 |
| Debt refinancing and redemption costs | - | 1.2 | 34.0 | 7.9 |
| Loss on sale of business | - | - | 2.7 | 1.0 |
| Impairment charges | - | - | - | 510.0 |
| Unrealized gain on equity securities | (5.0) | - | (24.4) | - |
| Pension settlements | 42.3 | 0.5 | 42.3 | 0.5 |
| Non-recurring items: | | | | |
| Malvern fire charges, net of recoveries | (0.3) | 0.7 | (11.4) | 9.3 |
| Adjusted EBITDA | \$ 164.6 | \$ 261.5 | \$ 833.3 | \$ 719.8 |
| Sales | 1,235.1 | 1,437.9 | 5,156.6 | 4,710.8 |
| as a % of net sales | 13.3% | 18.2% | 16.2% | 15.3% |



Adjusted Earnings (Loss) Per Share Reconciliation

| | Three Months Ended | | Twelve Months Ended | |
|--------------------------------------------------------|--------------------|---------|---------------------|-----------|
| | December 31, | | December 31, | |
| | 2021 | 2020 | 2021 | 2020 |
| Diluted earnings (loss) per share | \$ (0.41) | \$ 0.30 | \$ 0.05 | \$ (4.96) |
| Restructuring and acquisition-related costs | 0.08 | 0.24 | 0.42 | 0.60 |
| Debt refinancing and redemption costs | - | 0.01 | 0.29 | 0.07 |
| Loss on sale of business | - | - | 0.02 | 0.01 |
| Impairment charges | - | - | - | 4.51 |
| Unrealized gain on equity securities | (0.04) | - | (0.21) | - |
| Pension settlement | 0.36 | 0.01 | 0.36 | 0.01 |
| Accelerated depreciation* | - | - | 0.27 | - |
| Non-recurring items: | | | | |
| Malvern fire charges, net of recoveries | - | 0.01 | (0.10) | 0.08 |
| Tax adjustments related to the CARES Act | - | - | - | (0.07) |
| Adjustments to liability for unrecognized tax benefits | - | - | - | (0.06) |
| Other | - | - | - | 0.14 |
| Tax effect of adjustments | (0.08) | (0.06) | (0.17) | (0.19) |
| Adjusted earnings (loss) per share | \$ (0.09) | \$ 0.51 | \$ 0.93 | \$ 0.14 |

*Please refer to definition of Non-GAAP measures



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

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|-------------------------------------------------------------------------------------|------------------------------------|----------|-------------------------------------|----------|
| | 2021 | 2020 | 2021 | 2020 |
| Net cash provided by operating activities | \$ 102.4 | \$ 208.3 | \$ 538.4 | \$ 454.7 |
| Capital expenditures net of proceeds from the sale of property, plant and equipment | (65.2) | (69.2) | (179.2) | (213.9) |
| Free cash flow | 37.2 | 139.1 | 359.2 | 240.8 |
| Cash payments for restructuring and acquisition-related costs | 9.8 | 33.6 | 57.7 | 70.6 |
| Cash payments related to the Malvern fire net of recoveries | (3.4) | - | 6.0 | - |
| Adjusted free cash flow | \$ 43.6 | \$ 172.7 | \$ 422.9 | \$ 311.4 |



Net Debt and Net Leverage Ratio

(\$ in millions)

| | December 31, 2021 |
|-----------------------------------|------------------------------|
| Current portion of long-term debt | \$ 18.8 |
| Long-term debt, net | 3,085.7 |
| Total debt, net | 3,104.5 |
| Less: Cash and cash equivalents | 530.2 |
| Net debt at end of period | 2,574.3 |
| Adjusted LTM EBITDA | \$ 833.3 |
| Net Leverage Ratio | 3.1X |



Segment Financial Information
(\$ in millions)

| | Three Months Ended | | Twelve Months Ended | |
|-------------------------------|--------------------|------------|---------------------|------------|
| | December 31, | | December 31, | |
| | 2021 | 2020 | 2021 | 2020 |
| Segment Sales | | | | |
| Driveline | \$ 913.0 | \$ 1,028.8 | \$ 3,744.9 | \$ 3,375.5 |
| Metal Forming | 410.1 | 504.3 | 1,762.2 | 1,652.0 |
| Total Sales | 1,323.1 | 1,533.1 | 5,507.1 | 5,027.5 |
| Intersegment Sales | (88.0) | (95.2) | (350.5) | (316.7) |
| Net External Sales | \$ 1,235.1 | \$ 1,437.9 | \$ 5,156.6 | \$ 4,710.8 |
| Segment Adjusted EBITDA | | | | |
| Driveline | \$ 127.5 | \$ 165.8 | \$ 577.7 | \$ 474.8 |
| Metal Forming | 37.1 | 95.7 | 255.6 | 245.0 |
| Total Segment Adjusted EBITDA | \$ 164.6 | \$ 261.5 | \$ 833.3 | \$ 719.8 |



| | Adjusted EBITDA | |
|---------------------------------------------|----------------------|----------|
| | Low End | High End |
| | <i>(in millions)</i> | |
| Net income | \$ 75 | \$ 135 |
| Interest expense | 180 | 180 |
| Income tax benefit | 20 | 35 |
| Depreciation and amortization | 500 | 500 |
| Full year 2022 targeted EBITDA | 775 | 850 |
| Restructuring and acquisition-related costs | 25 | 25 |
| Full year 2022 targeted Adjusted EBITDA | \$ 800 | \$ 875 |

Supplemental Data



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| | Adjusted Free Cash Flow | |
|-------------------------------------------------------------------------------------|--------------------------------|-----------------|
| | Low End | High End |
| | <i>(in millions)</i> | |
| Net cash provided by operating activities | \$ 490 | \$ 565 |
| Capital expenditures net of proceeds from the sale of property, plant and equipment | (215) | (215) |
| Full year 2022 targeted Free Cash Flow | 275 | 350 |
| Cash payments for restructuring and acquisition-related costs | 25 | 25 |
| Full year 2022 targeted Adjusted Free Cash Flow | \$ 300 | \$ 375 |

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, unrealized gains or losses on equity securities 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 are also key metrics used in our calculation of incentive compensation. 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 (loss) 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, unrealized gains or losses on equity securities and non-recurring items, including the tax effect thereon. We believe Adjusted earnings (loss) 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 (loss) 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, including payments for capital expenditures, 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 six months 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.

