



Fourth Quarter 2022 Earnings Call

BRINGING THE FUTURE
FASTER

Forward-Looking Statements



BRINGING THE FUTURE
FASTER

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 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 2022 and Full Year Financial Highlights



BRINGING THE FUTURE
FASTER

4Q
2022

\$1.39B

Quarterly
Sales

\$158M

Quarterly
Adj. EBITDA

11.3% of Sales

\$99M

Quarterly
Adj. Free
Cash Flow

FY
2022

\$5.80B

Full Year
Sales

\$747M

Full Year
Adj. EBITDA

12.9% of Sales

\$313M

Full Year
Adj. Free
Cash Flow



JUPITER
ELECTRIC MOBILITY



Jupiter Electric Mobility

Jupiter Electric Mobility sourced their 1st E- Beam axle for the 2.2T Battery Electric Light Commercial vehicle from AAM.

Jupiter Electric Mobility Pvt. Ltd. is an electric vehicle & technology company and a subsidiary of Jupiter Wagons Limited a manufacturer of railcars, commercial and heavy vehicles, and marine containers.

ELECTRIC SUV Program

AAM to supply TracRite Electronic Locking Differentials for a new model year 2024 Electric SUV program, providing superior traction and fully synchronized e4WD propulsion.

2022 AAM Highlights



BRINGING THE FUTURE
FASTER



AAM electric drive unit powers Mercedes-AMG GT 63 S E PERFORMANCE



Announced contracts valued at more than \$10 billion for next-gen full-size truck axle programs with multiple customers



Recognized as an Overdrive Award winner at General Motors' 30th annual Supplier of the Year awards



Awarded multiple contracts to supply major global OEMs with electric components for electric drive units



AAM is the new axle supplier for GM's next generation Colorado and Canyon (debut in model year 2023)



Named to Forbes' list of America's Best Large Employers



AAM Recognized with Three PACE Awards for Innovative EV Technology



Acquisition of Tekfor to provide synergies, diversify sales mix and increase electrification product portfolio



2021 Sustainability Report expanded commitment to net zero emissions by 2040

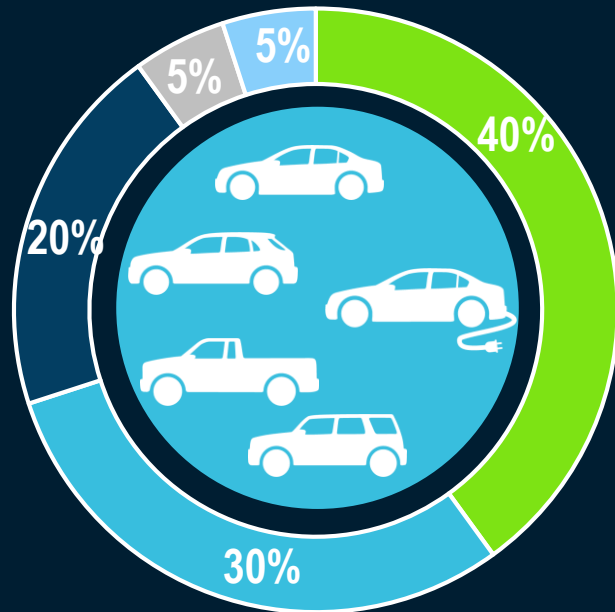
Gross New Business Backlog (disclosed on January 4, 2023)



BRINGING THE FUTURE
FASTER

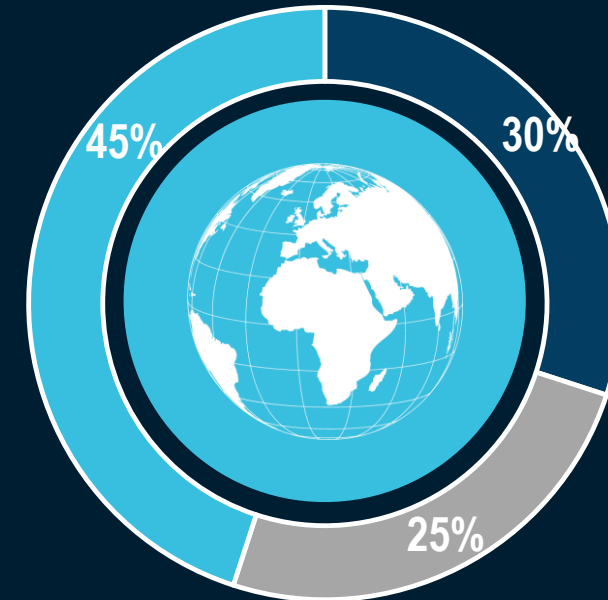
\$725 Million Backlog (2023-2025)

Backlog By Segment



■ Electric ■ Trucks/SUV ■ Crossover ■ Pass Car ■ Other

Backlog By Geography



■ Asia ■ Europe ■ Americas

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



2023 Financial Targets

Full Year Sales	\$5.95 to \$6.25 billion
Adjusted EBITDA	\$725 to \$800 million
Adjusted Free Cash Flow	\$225 to \$300 million

- These targets are based on North American light vehicle production range of 14.5 – 15.1 million units, current customer production and launch schedules and business environment
- 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



BRINGING THE FUTURE
FASTER

	Three Months Ended December 31,		Difference
	2022	2021	
	(dollars in millions, except per share data)		
Net sales	\$ 1,392.7	\$ 1,235.1	\$ 157.6
Gross profit	\$ 167.2	\$ 140.0	\$ 27.2
Gross margin	12.0%	11.3%	0.7%
Selling, general and administrative expenses	\$ 88.5	\$ 77.5	\$ 11.0
SG&A as a % of sales	6.4%	6.3%	0.1%
Amortization of intangible assets	\$ 21.3	\$ 21.5	\$ (0.2)
Restructuring and acquisition-related costs	\$ 3.8	\$ 8.6	\$ (4.8)
Debt refinancing and redemption costs	\$ (0.4)	\$ -	\$ (0.4)
Unrealized gain (loss) on equity securities	\$ (1.5)	\$ 5.0	\$ (6.5)
Other income (expense), net	\$ 2.6	\$ (1.9)	\$ 4.5
Adjusted EBITDA	\$ 157.7	\$ 164.6	\$ (6.9)
Adjusted EBITDA margin	11.3%	13.3%	-2.0%
Net interest expense	\$ (36.9)	\$ (41.8)	\$ 4.9
Income tax expense (benefit)	\$ 4.1	\$ (2.3)	\$ 6.4
Effective income tax rate	22.8%	4.7%	18.1%
Net income (loss) attributable to AAM	\$ 13.9	\$ (46.3)	\$ 60.2
Diluted earnings (loss) per share	\$ 0.11	\$ (0.41)	\$ 0.52
Adjusted EPS	\$ (0.07)	\$ (0.09)	\$ 0.02

Adjusted earnings per share are based on weighted average diluted shares outstanding of 114.6 million and 114.1 million for the three months ended on December 31, 2022 and 2021, respectively.

Full Year Financial Results



BRINGING THE FUTURE
FASTER

	Twelve Months Ended December 31,		Difference
	2022	2021	
	(dollars in millions, except per share data)		
Net sales	\$ 5,802.4	\$ 5,156.6	\$ 645.8
Gross profit	\$ 704.9	\$ 722.7	\$ (17.8)
Gross margin	12.1%	14.0%	-1.9%
Selling, general and administrative expenses	\$ 345.1	\$ 344.2	\$ 0.9
SG&A as a % of sales	5.9%	6.7%	-0.8%
Amortization of intangible assets	\$ 85.7	\$ 85.8	\$ (0.1)
Restructuring and acquisition-related costs	\$ 30.2	\$ 49.4	\$ (19.2)
Debt refinancing and redemption costs	\$ (6.4)	\$ (34.0)	\$ 27.6
Unrealized gain (loss) on equity securities	\$ (25.5)	\$ 24.4	\$ (49.9)
Other expense, net	\$ (1.8)	\$ (3.2)	\$ 1.4
Adjusted EBITDA	\$ 747.3	\$ 833.3	\$ (86.0)
Adjusted EBITDA margin	12.9%	16.2%	-3.3%
Net interest expense	\$ (157.5)	\$ (184.3)	\$ 26.8
Income tax expense (benefit)	\$ 2.0	\$ (4.7)	\$ 6.7
Effective income tax rate	3.0%	-391.7%	394.7%
Net income (loss) attributable to AAM	\$ 64.3	\$ 5.9	\$ 58.4
Diluted earnings per share	\$ 0.53	\$ 0.05	\$ 0.48
Adjusted EPS	\$ 0.60	\$ 0.93	\$ (0.33)

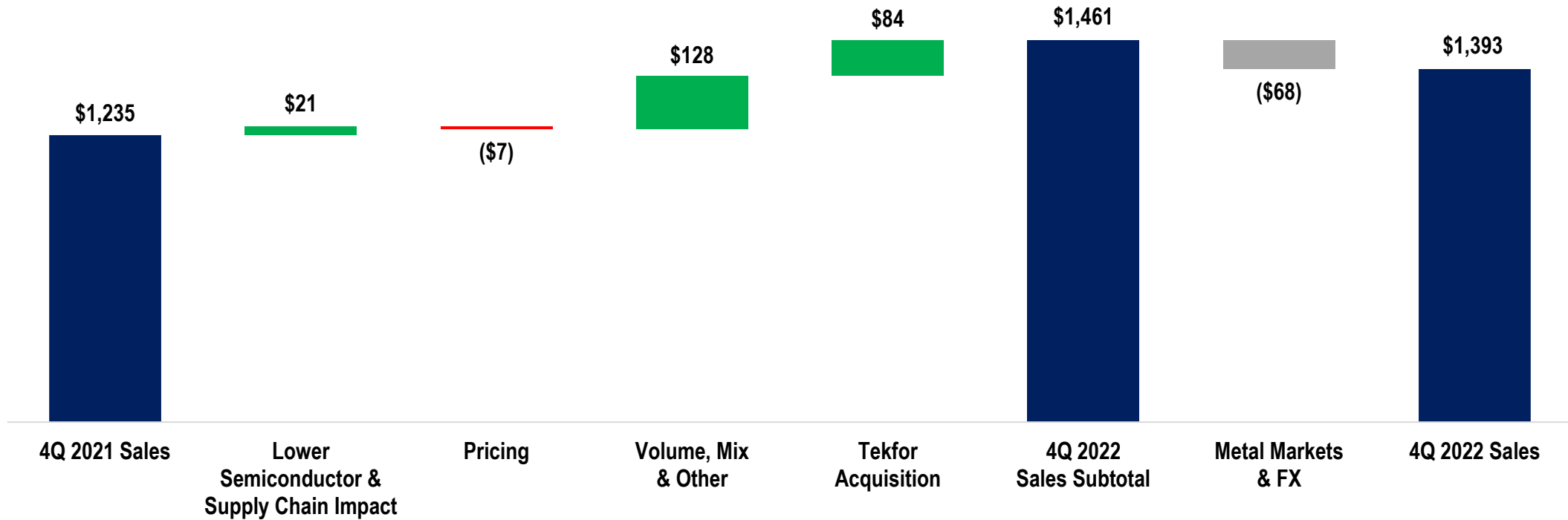
Adjusted earnings per share are based on weighted average diluted shares outstanding of 120.4 million and 118.7 million for the twelve months ended on December 31, 2022 and 2021, respectively.

4Q 2022 Year-Over-Year Sales Walk



BRINGING THE FUTURE
FASTER

\$ in millions



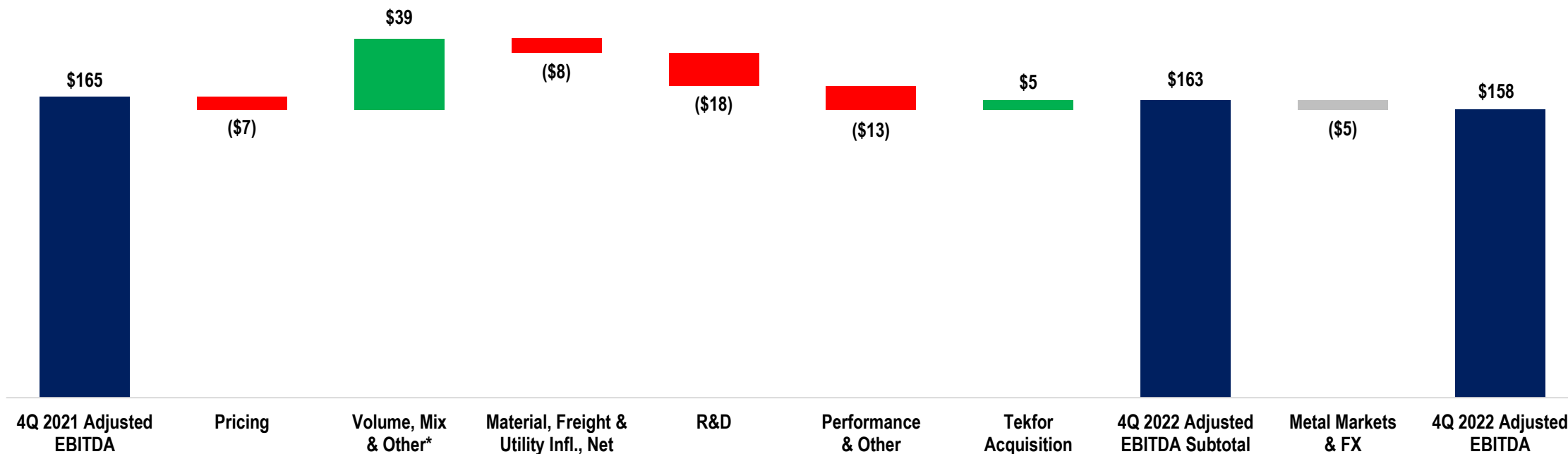
Note: Chart not to scale

4Q 2022 Year-Over-Year EBITDA Walk



BRINGING THE FUTURE
FASTER

\$ in millions



*Includes semiconductor and supply chain impact.

Note: Chart not to scale. For definitions of Adjusted EBITDA and Non-GAAP reconciliations, please see the attached appendix.

Adjusted Free Cash Flow and Credit Profile



BRINGING THE FUTURE
FASTER

Cash Flow and Debt Metrics	4Q 2022
Adjusted Free Cash Flow	\$99 million
Net Debt	\$2.4 billion
Net Leverage Ratio	3.2x
Liquidity	~\$1.4 billion

AAM Maintains Strong Liquidity

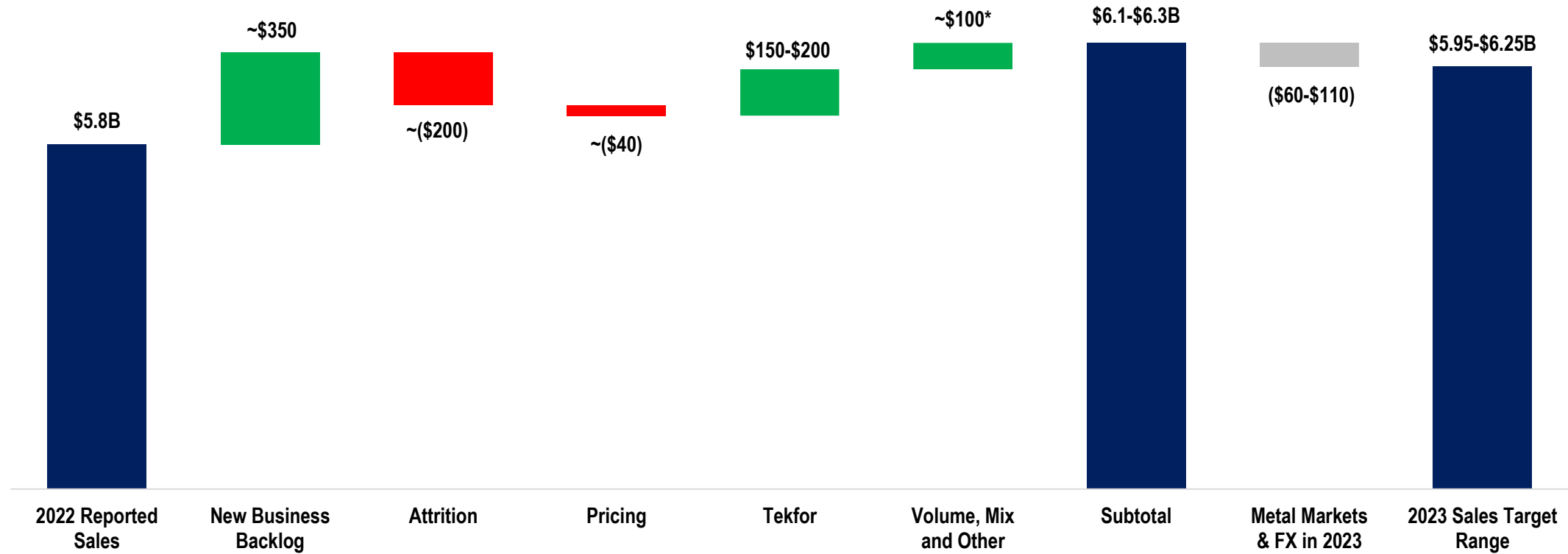
Note: For definitions and reconciliations of non-GAAP financial measures, please see the attached appendix.

2023 Sales Target Walk



BRINGING THE FUTURE
FASTER

\$ in millions



*At guidance midpoint.

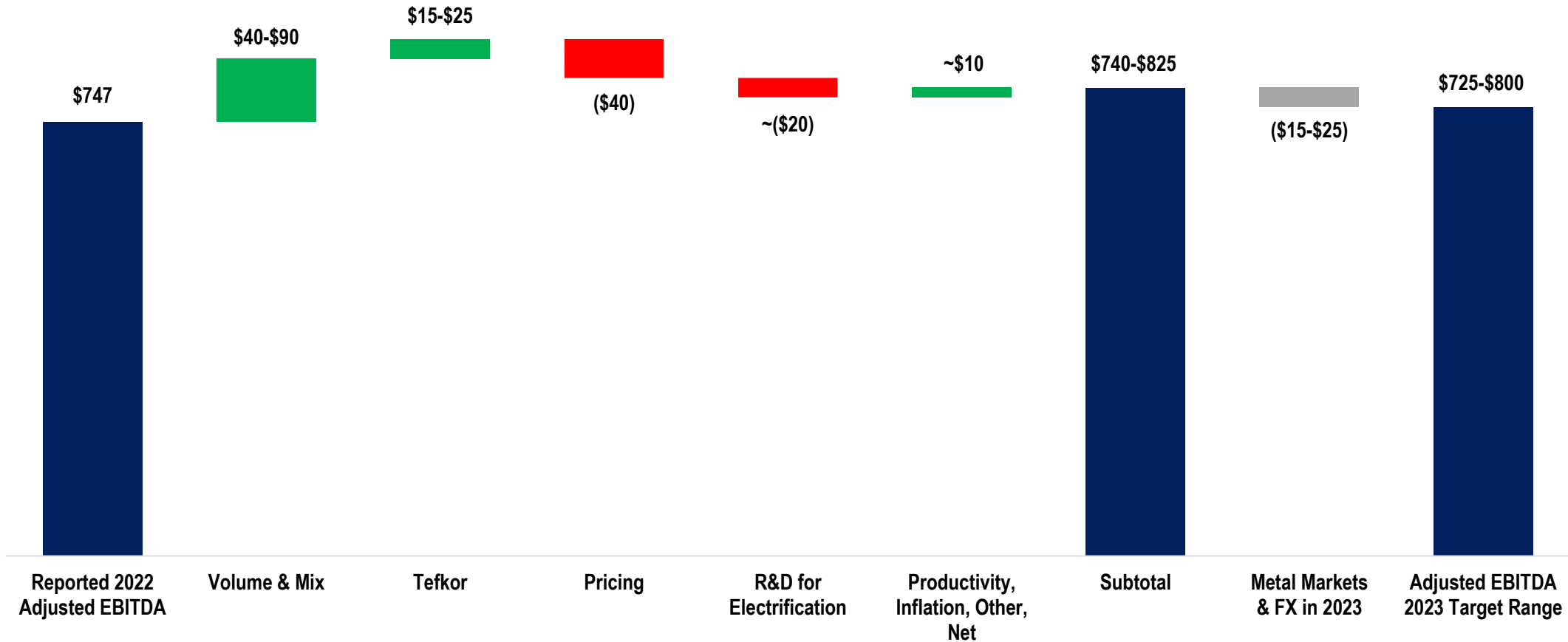
Note: Chart not to scale

2023 Adjusted EBITDA Target Walk



BRINGING THE FUTURE
FASTER

\$ in millions



Note: Chart not to scale. Midpoint of guidance used in certain instances if range is not identified. For definitions of Adjusted EBITDA and Non-GAAP reconciliations, please see the attached appendix.

2023 Targeted Adj. Free Cash Flow Walk

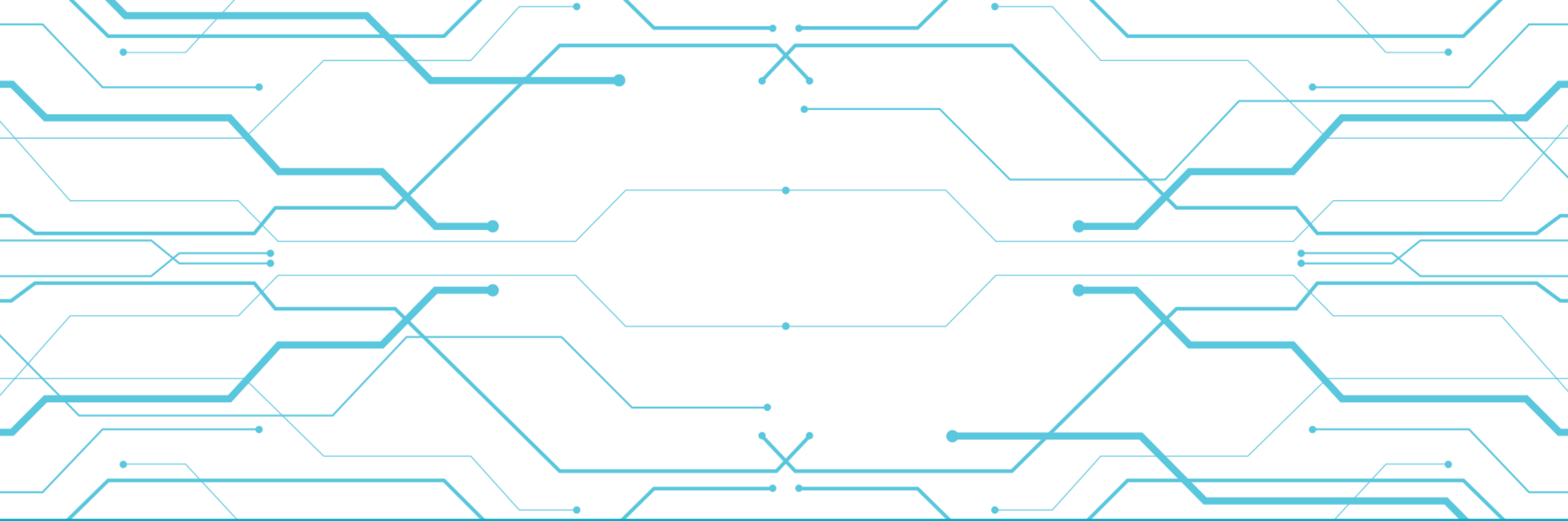


BRINGING THE FUTURE
FASTER

\$ in millions



Note: Chart not to scale. Midpoint of guidance used if range is not identified. For definitions of Adjusted Free Cash Flow and Non-GAAP reconciliations, please see the attached appendix.



Supplemental Data



BRINGING THE FUTURE
FASTER

Reconciliation of Non-GAAP Measures



BRINGING THE FUTURE
FASTER

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



BRINGING THE FUTURE
FASTER

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Net income (loss)	\$ 13.9	\$ (46.3)	\$ 64.3	\$ 5.9
Interest expense	42.3	44.5	174.5	195.2
Income tax expense (benefit)	4.1	(2.3)	2.0	(4.7)
Depreciation and amortization	125.0	123.1	492.1	544.3
EBITDA	185.3	119.0	732.9	740.7
Restructuring and acquisition-related costs	3.8	8.6	30.2	49.4
Debt refinancing and redemption costs	0.4	-	6.4	34.0
Loss on sale of business	-	-	-	2.7
Unrealized loss (gain) on equity securities	1.5	(5.0)	25.5	(24.4)
Pension settlements	-	42.3	-	42.3
Non-recurring items:				
Malvern fire insurance recoveries, net of charges	(32.7)	(0.3)	(39.1)	(11.4)
Acquisition-related fair value inventory adjustment	-	-	5.0	-
Gain on bargain purchase of business	(0.6)	-	(13.6)	-
Adjusted EBITDA	\$ 157.7	\$ 164.6	\$ 747.3	\$ 833.3
Sales	1,392.7	1,235.1	5,802.4	5,156.6
as a % of net sales	11.3%	13.3%	12.9%	16.2%

Supplemental Data



BRINGING THE FUTURE
FASTER

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
Diluted earnings (loss) per share	\$ 0.11	\$ (0.41)	\$ 0.53	\$ 0.05
Restructuring and acquisition-related costs	0.03	0.08	0.25	0.42
Debt refinancing and redemption costs	-	-	0.05	0.29
Loss on sale of business	-	-	-	0.02
Unrealized loss (gain) on equity securities	0.01	(0.04)	0.21	(0.21)
Pension settlements	-	0.36	-	0.36
Accelerated depreciation*	-	-	-	0.27
Non-recurring items:				
Malvern fire insurance recoveries, net of charges	(0.26)	-	(0.32)	(0.10)
Gain on bargain purchase of business	(0.01)	-	(0.11)	-
Acquisition-related fair value inventory adjustment	-	-	0.04	-
Tax effect of adjustments	0.05	(0.08)	(0.05)	(0.17)
Adjusted earnings (loss) per share	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>	<u>\$ 0.60</u>	<u>\$ 0.93</u>

*Please refer to definition of Non-GAAP measures



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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$ 148.5	\$ 102.4	\$ 448.9	\$ 538.4
Capital expenditures net of proceeds from the sale of property, plant and equipment	(53.1)	(65.2)	(166.7)	(179.2)
Free cash flow	95.4	37.2	282.2	359.2
Cash payments for restructuring and acquisition-related costs	6.6	9.8	27.8	57.7
Cash payments (insurance proceeds) related to Malvern fire, net	(3.0)	(3.4)	3.0	6.0
Adjusted free cash flow	<u>\$ 99.0</u>	<u>\$ 43.6</u>	<u>\$ 313.0</u>	<u>\$ 422.9</u>



Net Debt and Net Leverage Ratio

(\$ in millions)

	December 31, 2022
Current portion of long-term debt	\$ 75.9
Long-term debt, net	2,845.1
Total debt, net	2,921.0
Less: Cash and cash equivalents	511.5
Net debt at end of period	2,409.5
Adjusted LTM EBITDA	\$ 747.3
 Net Leverage Ratio	 3.2x



Segment Financial Information
(\$ in millions)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Segment Sales				
Driveline	\$ 967.2	\$ 913.0	\$ 4,130.8	\$ 3,744.9
Metal Forming	527.1	410.1	2,113.0	1,762.2
Total Sales	1,494.3	1,323.1	6,243.8	5,507.1
Intersegment Sales	(101.6)	(88.0)	(441.4)	(350.5)
Net External Sales	<u>\$ 1,392.7</u>	<u>\$ 1,235.1</u>	<u>\$ 5,802.4</u>	<u>\$ 5,156.6</u>
Segment Adjusted EBITDA				
Driveline	\$ 126.7	\$ 127.5	\$ 547.0	\$ 577.7
Metal Forming	31.0	37.1	200.3	255.6
Total Segment Adjusted EBITDA	<u>\$ 157.7</u>	<u>\$ 164.6</u>	<u>\$ 747.3</u>	<u>\$ 833.3</u>

Supplemental Data



BRINGING THE FUTURE
FASTER

	Adjusted EBITDA	
	Low End	High End
	<i>(in millions)</i>	
Net income	\$ 10	\$ 65
Interest expense	200	200
Income tax expense	-	20
Depreciation and amortization	490	490
Full year 2023 targeted EBITDA	700	775
Restructuring and acquisition-related costs	25	25
Full year 2023 targeted Adjusted EBITDA	<u>\$ 725</u>	<u>\$ 800</u>

Supplemental Data



BRINGING THE FUTURE
FASTER

	Adjusted Free Cash Flow	
	Low End	High End
	<i>(in millions)</i>	
Net cash provided by operating activities	\$ 435	\$ 510
Capital expenditures net of proceeds from the sale of property, plant and equipment	(230)	(230)
Full year 2023 targeted Free Cash Flow	205	280
Cash payments for restructuring and acquisition-related costs	25	25
Other	(5)	(5)
Full year 2023 targeted Adjusted Free Cash Flow	<u>\$ 225</u>	<u>\$ 300</u>

Definition of Non-GAAP Measures



BRINGING THE FUTURE
FASTER

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 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, unrealized gains or losses on equity securities 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, 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 accelerated depreciation on certain property, plant and equipment beginning in the first quarter of 2021.

