



Fourth Quarter 2023 Earnings Call

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Forward-Looking Statements



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In this presentation, we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995 and relate to trends and events that may affect our future financial position and operating results. The terms such as “will,” “may,” “could,” “would,” “plan,” “believe,” “expect,” “anticipate,” “intend,” “project,” “target,” and similar words or expressions, as well as statements in future tense, are intended to identify forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. 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 2023 and Full Year Financial Highlights



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4Q
2023

\$1.46B

Quarterly
Sales

\$170M

Quarterly
Adj. EBITDA

11.6% of Sales

\$5M

Quarterly
Adj. Free
Cash Flow

FY
2023

\$6.08B

Full Year
Sales

\$693M

Full Year
Adj. EBITDA

11.4% of Sales

\$219M

Full Year
Adj. Free
Cash Flow

Performance Overview



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Issues	Status Update	Quarter Status	
		4Q23	1Q24
<ul style="list-style-type: none"> Customer Production Volatility 	<ul style="list-style-type: none"> Situation continues to improve. 		
<ul style="list-style-type: none"> UAW Work Stoppage 	<ul style="list-style-type: none"> Concluded in 4Q 2023 – issue closed. 		
<ul style="list-style-type: none"> Economic Recoveries 	<ul style="list-style-type: none"> Primary objectives concluded at the tail end of 2023. Few open discussions to close in the first quarter of 2024. 		
<ul style="list-style-type: none"> Operational Challenges <ul style="list-style-type: none"> ➤ Labor Availability ➤ Output (scrap) ➤ Capacity Utilization ➤ Supply Chain 	<ul style="list-style-type: none"> Improvement initiatives are on track. Labor availability challenges (including impact to maintenance) being addressed through active recruiting, necessary changes to compensation, and increased automation where feasible. Enhanced process improvements. Focus on improved plant loading throughout the year. 		

Business News Update



DongFeng

AAM to provide DongFeng's MengShi brand with final drive units for a 4WD PHEV SUV program.



Mahindra

AAM to deliver eLocking differentials for an SUV program launching in 2024.



VinFast

AAM supplying components to VinFast for its mid-size electric vehicle program.



AAM China

Recognized by SAIC-GM for quality excellence & supply chain stability, and named Excellent Supplier of the year by Chery Automobile Co., Ltd.

2023 AAM Highlights



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AAM to supply e-Beam axles for a future EV program, featuring AAM's integrated 3-in-1 e-Drive technology



AAM launched a significant new axle program supporting the next generation Colorado and Canyon



Recognized as an Overdrive Award winner for sustainability at GM's 31st annual Supplier of the Year awards



AAM to supply e-Beam axles for a future 2.5T light electric truck program launching in 2025



AAM to supply independent front axles for multiple plug-in hybrid vehicle models beginning in 2025



Published 2022 Sustainability Report and achieved an A- on the CDP Climate Change survey



AAM has been named a 2023 PACEpilot Award finalist for its innovative electric beam axle



AAM to provide PTUs and RDMs for multiple AWD SUV programs beginning in 2024



Forbes has named AAM one of America's Best Employers for Diversity for 2023

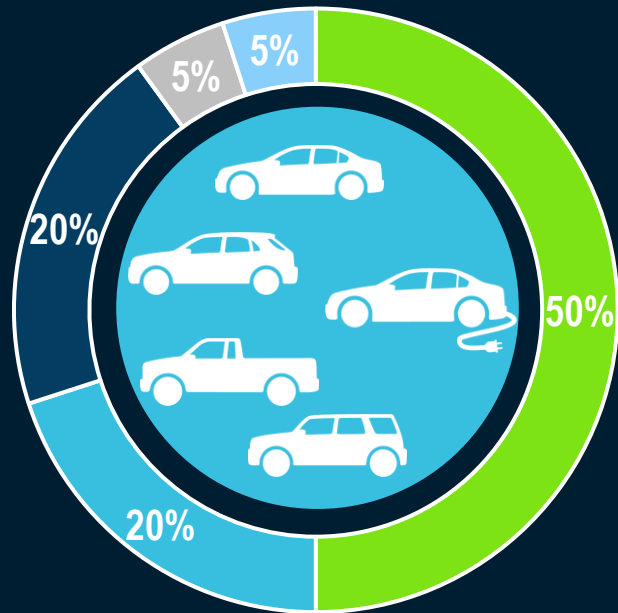
Gross New Business Backlog (disclosed on February 16, 2024)



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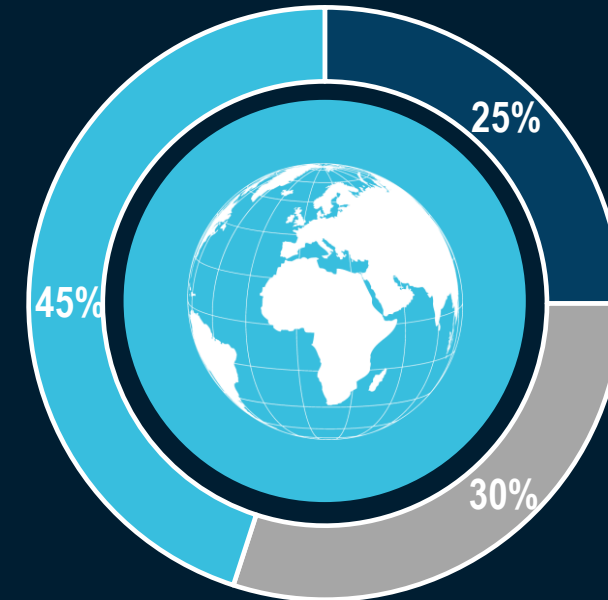
\$600 Million Backlog (2024-2026)

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



2024 Financial Targets

Full Year Sales	\$6.05 to \$6.35 billion
Adjusted EBITDA	\$685 to \$750 million
Adjusted Free Cash Flow	\$200 to \$240 million

- These targets are based on North American light vehicle production of ~15.8 million units, current customer production and launch schedules, and business environment
- Adjusted Free Cash Flow target assumes capital spending in the range of 4.0% - 4.5% of sales
- AAM expects restructuring and acquisition-related cash payments to be between \$15 and \$25 million

4Q Financial Results



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	Three Months Ended December 31,		Difference
	2023	2022	
	(dollars in millions, except per share data)		
Net sales	\$ 1,463.0	\$ 1,392.7	\$ 70.3
Gross profit	\$ 154.9	\$ 167.2	\$ (12.3)
Gross margin	10.6%	12.0%	-1.4%
Selling, general and administrative expenses	\$ 95.7	\$ 88.5	\$ 7.2
SG&A as a % of sales	6.5%	6.4%	0.1%
Amortization of intangible assets	\$ 21.4	\$ 21.3	\$ 0.1
Restructuring and acquisition-related costs	\$ 9.0	\$ 3.8	\$ 5.2
Debt refinancing and redemption costs	\$ (1.0)	\$ (0.4)	\$ (0.6)
Unrealized gain (loss) on equity securities	\$ 0.1	\$ (1.5)	\$ 1.6
Gain on bargain purchase of business	\$ -	\$ 0.6	\$ (0.6)
Pension curtailment and settlement charges	\$ (1.3)	\$ -	\$ (1.3)
Other income, net	\$ 3.0	\$ 2.6	\$ 0.4
Adjusted EBITDA	\$ 169.5	\$ 157.7	\$ 11.8
Adjusted EBITDA margin	11.6%	11.3%	0.3%
Net interest expense	\$ (42.9)	\$ (36.9)	\$ (6.0)
Income tax expense	\$ 5.8	\$ 4.1	\$ 1.7
Effective income tax rate	-43.6%	22.8%	-66.4%
Net income (loss)	\$ (19.1)	\$ 13.9	\$ (33.0)
Diluted earnings (loss) per share	\$ (0.16)	\$ 0.11	\$ (0.27)
Adjusted EPS (loss)	\$ (0.09)	\$ (0.07)	\$ (0.02)

Adjusted earnings (loss) per share are based on weighted average diluted shares outstanding of 117.1 million and 114.6 million for the three months ended on December 31, 2023 and 2022, respectively.

Full Year Financial Results



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	Twelve Months Ended December 31,		Difference
	2023	2022	
	(dollars in millions, except per share data)		
Net sales	\$ 6,079.5	\$ 5,802.4	\$ 277.1
Gross profit	\$ 624.3	\$ 704.9	\$ (80.6)
Gross margin	10.3%	12.1%	-1.8%
Selling, general and administrative expenses	\$ 366.9	\$ 345.1	\$ 21.8
SG&A as a % of sales	6.0%	5.9%	0.1%
Amortization of intangible assets	\$ 85.6	\$ 85.7	\$ (0.1)
Restructuring and acquisition-related costs	\$ 25.2	\$ 30.2	\$ (5.0)
Debt refinancing and redemption costs	\$ (1.3)	\$ (6.4)	\$ 5.1
Unrealized loss on equity securities	\$ (1.1)	\$ (25.5)	\$ 24.4
Gain on bargain purchase of business	\$ -	\$ 13.6	\$ (13.6)
Pension curtailment and settlement charges	\$ (1.3)	\$ -	\$ (1.3)
Other income (expense), net	\$ 8.1	\$ (1.8)	\$ 9.9
Adjusted EBIT DA	\$ 693.3	\$ 747.3	\$ (54.0)
Adjusted EBIT DA margin	11.4%	12.9%	-1.5%
Net interest expense	\$ (175.5)	\$ (157.5)	\$ (18.0)
Income tax expense	\$ 9.1	\$ 2.0	\$ 7.1
Effective income tax rate	-37.1%	3.0%	-40.1%
Net income (loss)	\$ (33.6)	\$ 64.3	\$ (97.9)
Diluted earnings (loss) per share	\$ (0.29)	\$ 0.53	\$ (0.82)
Adjusted EPS (loss)	\$ (0.09)	\$ 0.60	\$ (0.69)

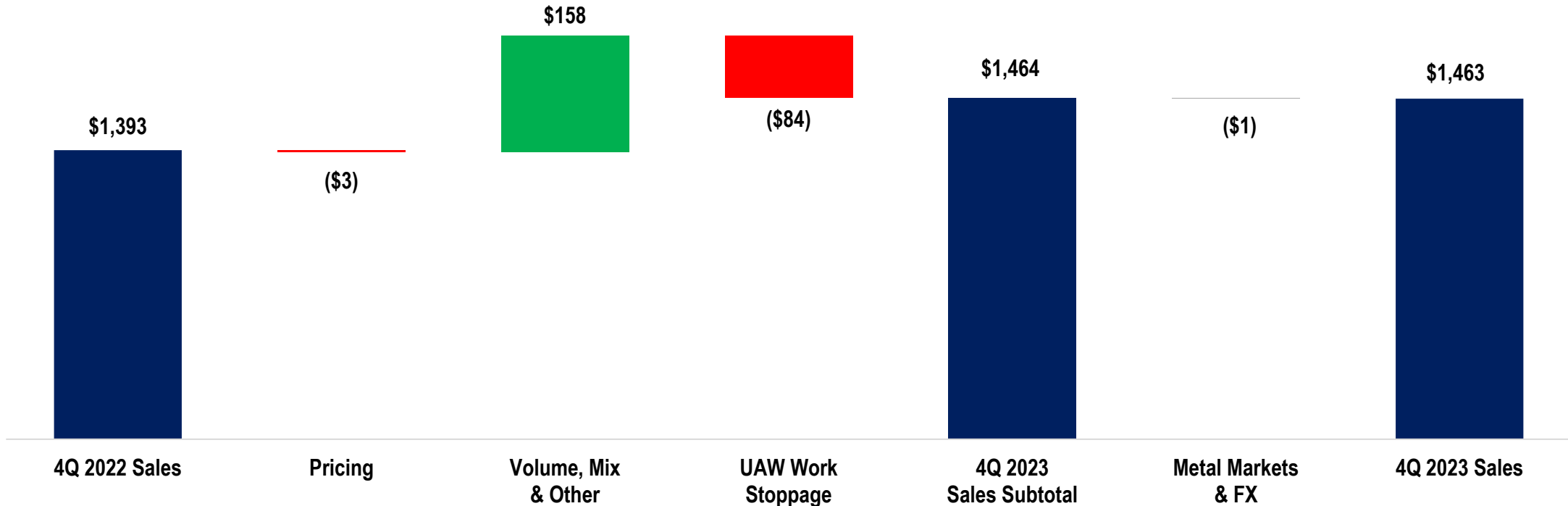
Adjusted earnings (loss) per share are based on weighted average diluted shares outstanding of 116.6 million and 120.4 million for the twelve months ended on December 31, 2023 and 2022, respectively.

4Q 2023 Year-Over-Year Sales Walk



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\$ in millions



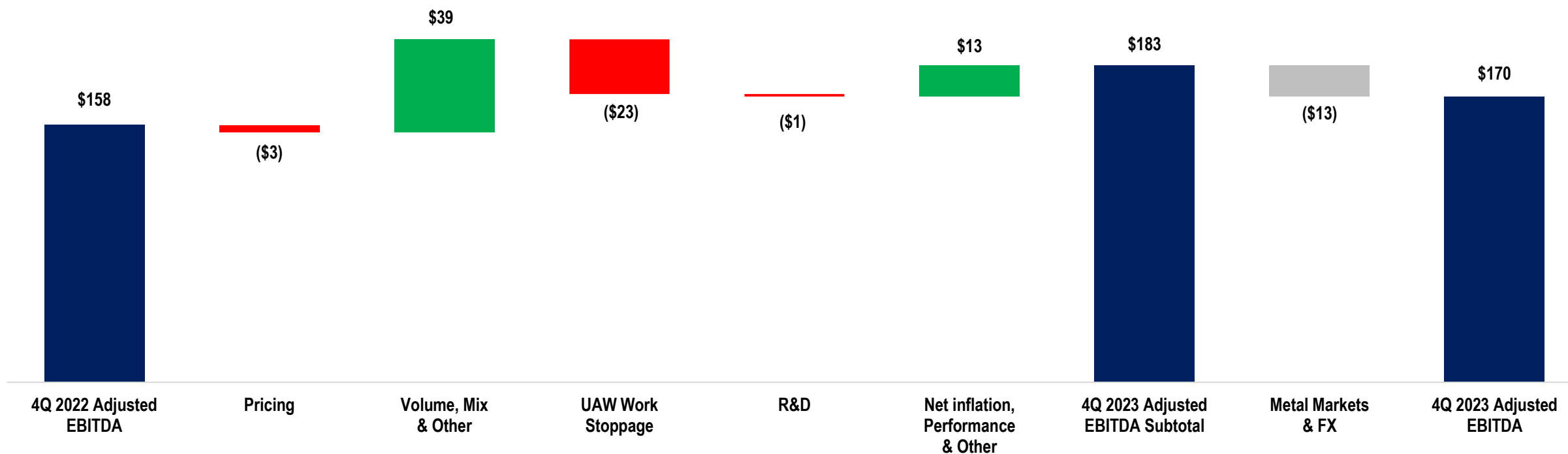
Note: Chart not to scale

4Q 2023 Year-Over-Year EBITDA Walk



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\$ in millions



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



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Cash Flow and Debt Metrics	4Q 2023
Adjusted Free Cash Flow	\$4.5 million
Net Debt	\$2.2 billion
Net Leverage Ratio	3.2x
Liquidity	~\$1.5 billion

AAM Maintains Strong Liquidity

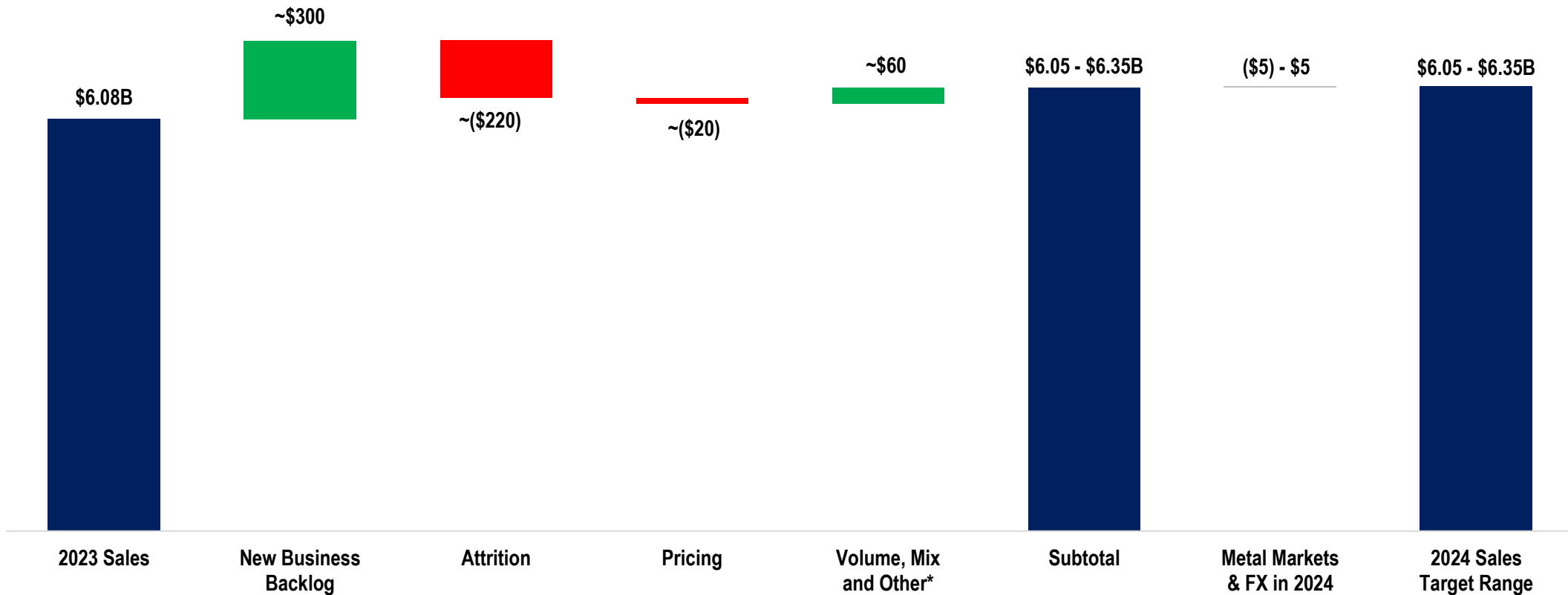
Note: For definitions and reconciliations of non-GAAP financial measures, please see the attached appendix.

2024 Sales Target Walk



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\$ in millions (unless noted otherwise)



*At guidance midpoint

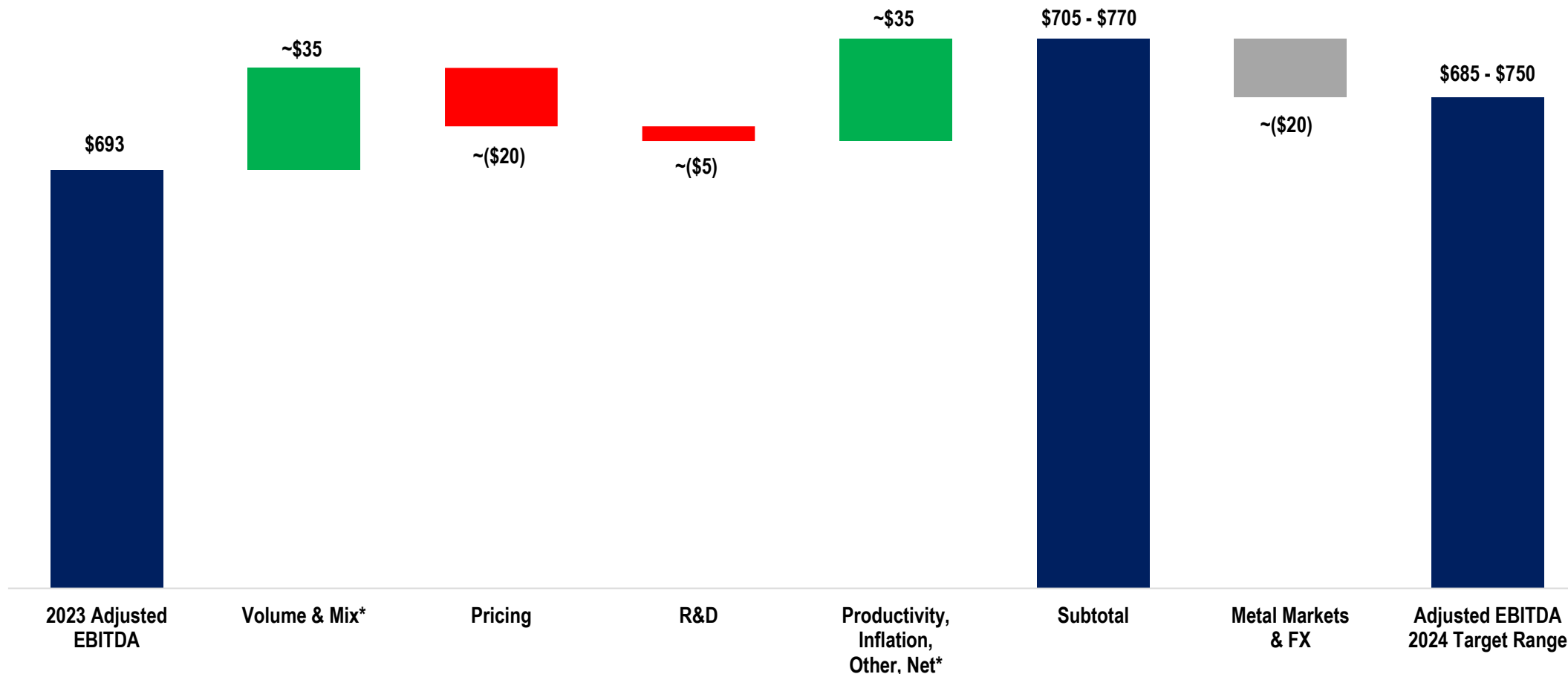
Note: Chart not to scale

2024 Adjusted EBITDA Target Walk



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\$ in millions



*At guidance midpoint

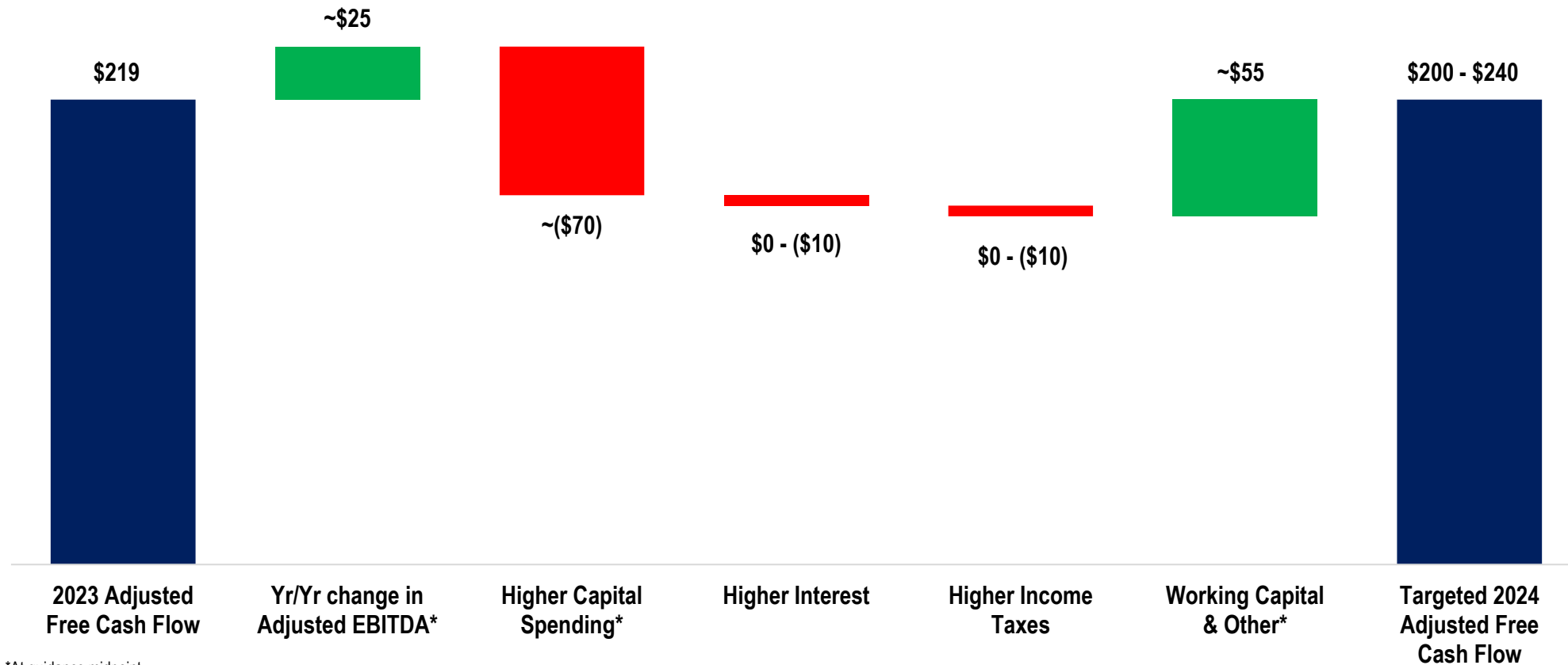
Note: Chart not to scale. For definitions of Adjusted EBITDA and Non-GAAP reconciliations, please see the attached appendix; margins for the outlook are at the midpoint

2024 Targeted Adj. Free Cash Flow Walk

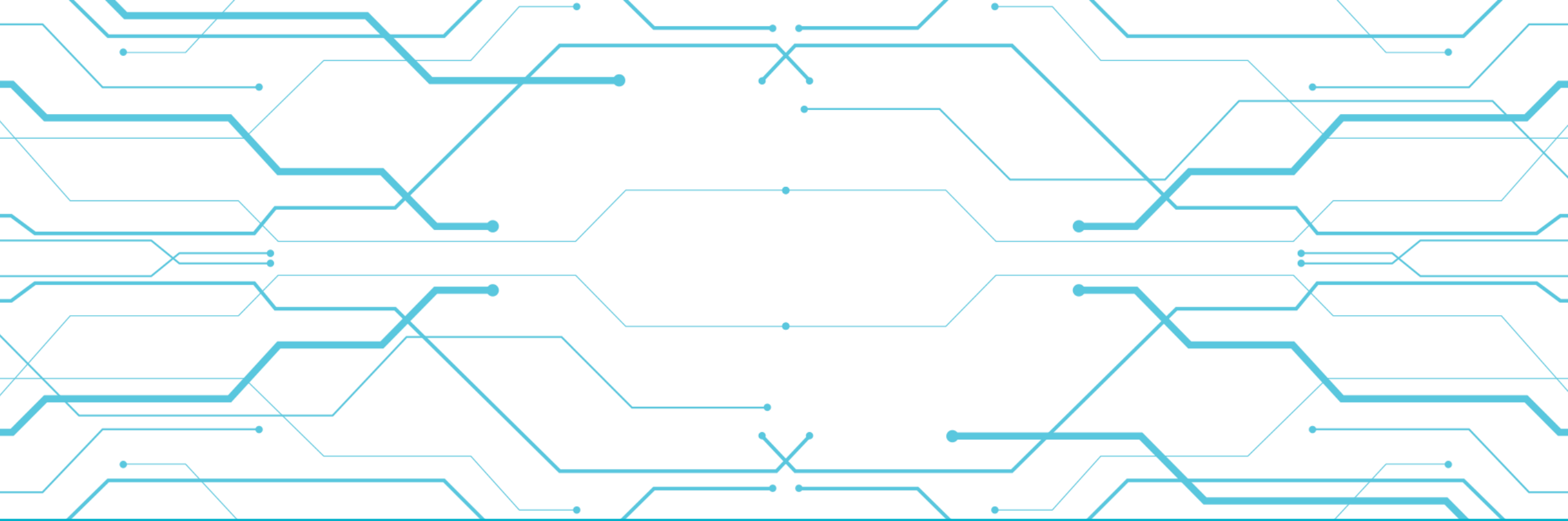


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\$ in millions



*At guidance midpoint



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,	
	2023	2022	2023	2022
Net income (loss)	\$ (19.1)	\$ 13.9	\$ (33.6)	\$ 64.3
Interest expense	50.2	42.3	201.7	174.5
Income tax expense	5.8	4.1	9.1	2.0
Depreciation and amortization	121.4	125.0	487.2	492.1
EBITDA	158.3	185.3	664.4	732.9
Restructuring and acquisition-related costs	9.0	3.8	25.2	30.2
Debt refinancing and redemption costs	1.0	0.4	1.3	6.4
Unrealized loss (gain) on equity securities	(0.1)	1.5	1.1	25.5
Pension curtailment and settlement charges	1.3	-	1.3	-
Non-recurring items:				
Malvern fire insurance recoveries, net of charges	-	(32.7)	-	(39.1)
Acquisition-related fair value inventory adjustment	-	-	-	5.0
Gain on bargain purchase of business	-	(0.6)	-	(13.6)
Adjusted EBITDA	\$ 169.5	\$ 157.7	\$ 693.3	\$ 747.3
Sales	1,463.0	1,392.7	6,079.5	5,802.4
as a % of net sales	11.6%	11.3%	11.4%	12.9%

*Please refer to definition of Non-GAAP measures



Adjusted Earnings (Loss) Per Share Reconciliation

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Diluted earnings (loss) per share	\$ (0.16)	\$ 0.11	\$ (0.29)	\$ 0.53
Restructuring and acquisition-related costs	0.07	0.03	0.22	0.25
Debt refinancing and redemption costs	0.01	-	0.01	0.05
Unrealized loss on equity securities	-	0.01	0.01	0.21
Pension curtailment and settlement charges	0.01	-	0.01	-
Non-recurring items:				
Malvern fire insurance recoveries, net of charges	-	(0.26)	-	(0.32)
Acquisition-related fair value inventory adjustment	-	-	-	0.04
Gain on bargain purchase of business	-	(0.01)	-	(0.11)
Tax effect of adjustments	(0.02)	0.05	(0.05)	(0.05)
Adjusted earnings (loss) per share	<u>\$ (0.09)</u>	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>	<u>\$ 0.60</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,	
	2023	2022	2023	2022
Net cash provided by operating activities	\$ 52.9	\$ 148.5	\$ 396.1	\$ 448.9
Capital expenditures net of proceeds from the sale of property, plant and equipment	(55.9)	(53.1)	(193.7)	(166.7)
Free cash flow	(3.0)	95.4	202.4	282.2
Cash payments for restructuring and acquisition-related costs	7.5	6.6	23.6	27.8
Cash payments (insurance proceeds) related to Malvern fire, net	-	(3.0)	(7.0)	3.0
Adjusted free cash flow	\$ 4.5	\$ 99.0	\$ 219.0	\$ 313.0

*Please refer to definition of Non-GAAP measures



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

	December 31, 2023
Current portion of long term debt	\$ 17.0
Long-term debt, net	2,751.9
Total debt, net	2,768.9
Less: Cash and cash equivalents	519.9
Net debt at end of period	2,249.0
Adjusted LTM EBITDA	\$ 693.3
Net Leverage Ratio	3.2x

*Please refer to definition of Non-GAAP measures

Supplemental Data*



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Segment Financial Information (\$ in millions)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Segment Sales				
Driveline	\$ 1,015.2	\$ 950.2	\$ 4,176.7	\$ 4,063.5
Metal Forming	576.2	563.8	2,454.3	2,280.7
Total Sales	1,591.4	1,514.0	6,631.0	6,344.2
Intersegment Sales	(128.4)	(121.3)	(551.5)	(541.8)
Net External Sales	<u>\$ 1,463.0</u>	<u>\$ 1,392.7</u>	<u>\$ 6,079.5</u>	<u>\$ 5,802.4</u>
Segment Adjusted EBITDA				
Driveline	\$ 140.1	\$ 118.7	\$ 543.6	\$ 510.9
Metal Forming	29.4	39.0	149.7	236.4
Total Segment Adjusted EBITDA	<u>\$ 169.5</u>	<u>\$ 157.7</u>	<u>\$ 693.3</u>	<u>\$ 747.3</u>

*Please refer to definition of Non-GAAP measures

Supplemental Data*



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	Adjusted EBITDA	
	Low End	High End
	<i>(in millions)</i>	
Net Income (loss)	\$ (10)	\$ 40
Interest expense	195	195
Income tax expense	-	15
Depreciation and amortization	480	480
Full year 2024 targeted EBITDA	665	730
Restructuring and acquisition-related costs	20	20
Full year 2024 targeted Adjusted EBITDA	\$ 685	\$ 750

Net cash provided by operating activities	\$ 445	\$ 485
Capital expenditures net of proceeds from the sale of property, plant and equipment	(265)	(265)
Full year 2024 targeted Free Cash Flow	180	220
Cash payments for restructuring and acquisition-related costs	20	20
Full year 2024 targeted Adjusted Free Cash Flow	\$ 200	\$ 240

	Adjusted Free Cash Flow	
	Low End	High End
	<i>(in millions)</i>	
Net cash provided by operating activities	\$ 445	\$ 485
Capital expenditures net of proceeds from the sale of property, plant and equipment	(265)	(265)
Full year 2024 targeted Free Cash Flow	180	220
Cash payments for restructuring and acquisition-related costs	20	20
Full year 2024 targeted Adjusted Free Cash Flow	\$ 200	\$ 240

*Please refer to definition of Non-GAAP measures

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, pension curtailment and settlement charges, 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 (loss) per share to be diluted earnings (loss) per share excluding the impact of restructuring and acquisition-related costs, debt refinancing and redemption costs, loss on sale of a business, pension curtailment and settlement charges, 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.

