



# November 2022 Investor Presentation

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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 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.”

# Technology Day and Ride & Drive



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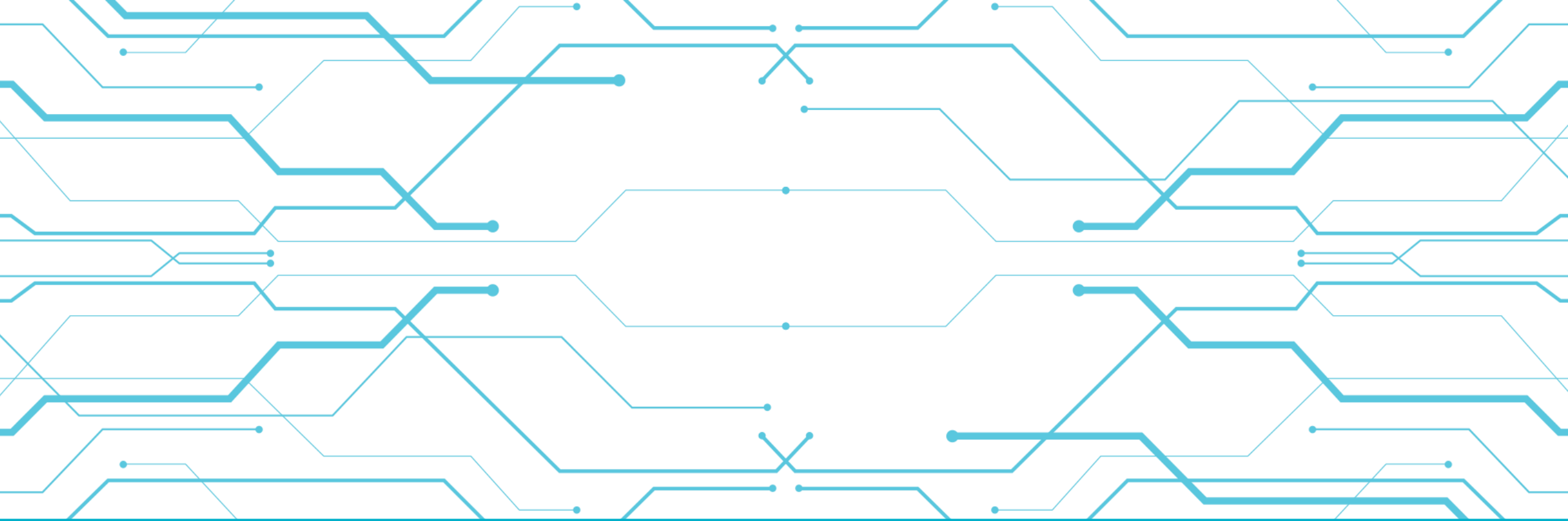
**January 4, 2023**

**Las Vegas Motor Speedway**

Please contact [investorrelations@aam.com](mailto:investorrelations@aam.com)  
for more information



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# AAM Overview



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# AAM - Quick Facts

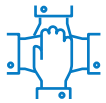


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Global-leader in design, engineering and manufacturing of automotive propulsion systems and technologies to support electric, hybrid and ICE vehicles



**\$5.2B 2021 Revenue**



**~20,000 Employees**



**18 Countries**



**Nearly 85 Locations**



**14 Global Engineering and Tech Centers**



## DRIVELINE

- One of the leaders in hybrid and electric driveline solutions
- A Global Leader in
  - Full-size pickup truck and SUV driveline systems
  - AWD systems for crossover vehicles
  - Damped gears, viscous dampers and rubber isolation pulleys
- Pioneer of disconnecting AWD Systems



## METAL FORMING

- Leading automotive forger in the world
- A Global Leader in
  - Forged Gears & Shafts
  - CVT Pulleys
  - Powdered Metal Connecting Rods
  - Aluminum Valve Bodies
  - Machined Helical Gears
  - Differential Assemblies
- Strong position in electrified propulsion components

# 3Q 2022 AAM Financial Highlights



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**\$1.54B**

Quarterly  
Sales

**\$198.4M**

Third Quarter  
Adjusted EBITDA

**\$45.8M**

Adjusted Free  
Cash Flow

AAM Continues To Deliver Positive Free Cash Flow Under Current Industry Conditions



## EKA Mobility

AAM to deliver electric-beam axles to EKA Mobility for its 2.5T battery electric light commercial vehicle program. EKA Mobility is a subsidiary of Pinnacle Industries Limited.



## Volvo Cars

AAM awarded contracts to supply Volvo Cars with gears for its next generation front and rear electric drive units.



## PACE Awards

AAM named a winner of a PACE Award for its P3 2-speed Electric Drive Technology featured on the Mercedes-AMG 63 S E PERFORMANCE.



## PACE Innovation Partnership Award

AAM recognized as a winner of a PACE Innovation Partnership Award for successfully bringing to market technology innovations (P3 2-speed Electric Drive Technology).



## PACEpilot Award

AAM named a winner of a PACEpilot Innovation to Watch award for the company's P4 integrated 3-in-1 Wheel-End Electric Drive Unit which includes a motor, gearbox, and inverter in a single compact package.

The Above Awards Are In Addition To Two Awards Received In 2020





## Chery Automobile Company, Ltd.

AAM awarded contracts to supply power transfer units and rear drive modules for a new Chery SUV program.



## GM Colorado/Canyon

AAM selected as the new axle supplier for GM's next generation mid-size pickup trucks. The new vehicles will debut for model year 2023.

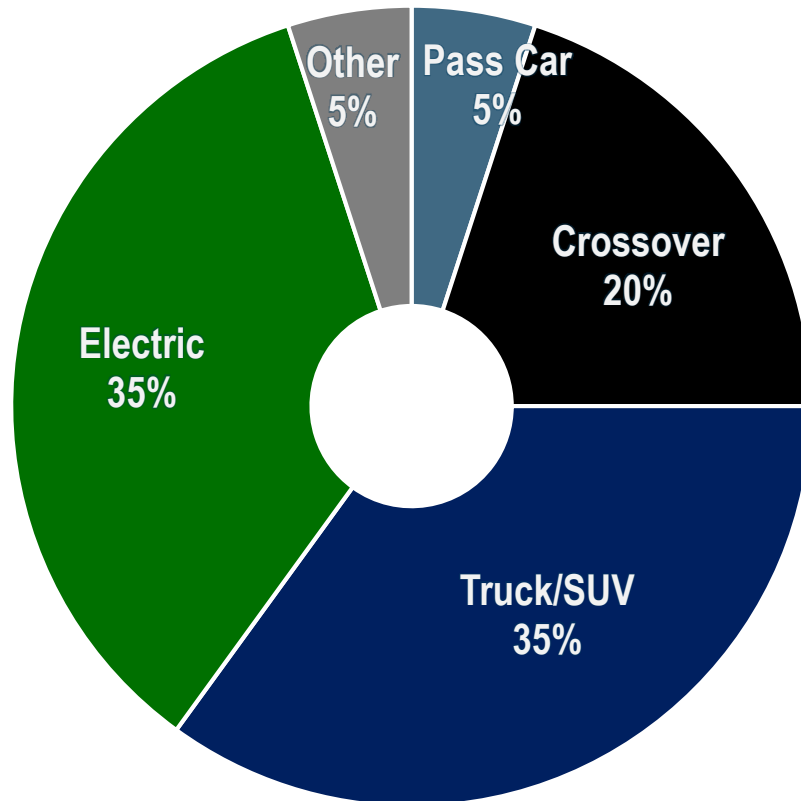
# Gross New Business Backlog (as of February 11, 2022)



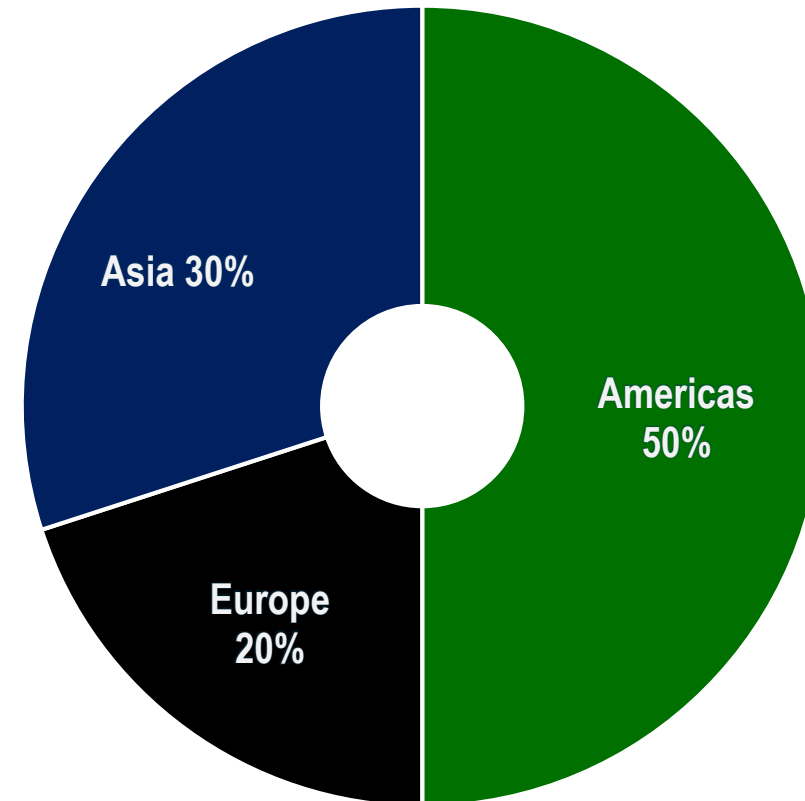
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## \$700 Million Backlog (2022-2024)

Backlog By Segment



Backlog By Geography



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



## 2022 Financial Targets

<b>Full Year Sales</b>	<b>\$5.75 to \$5.85 billion</b>
<b>Adjusted EBITDA</b>	<b>\$745 to \$765 million</b>
<b>Adjusted Free Cash Flow</b>	<b>~\$300 million</b>

- Adjusted Free Cash Flow target assumes capital spending in the range of 3.0% - 3.5% of sales.
- AAM expects restructuring and acquisition-related cash payments to be between \$30 and \$40 million.
- In addition to normal production seasonality, we expect the fourth quarter operating environment to be similar to that experienced in the third quarter, including the continuation of higher than previously anticipated volatility in truck production.

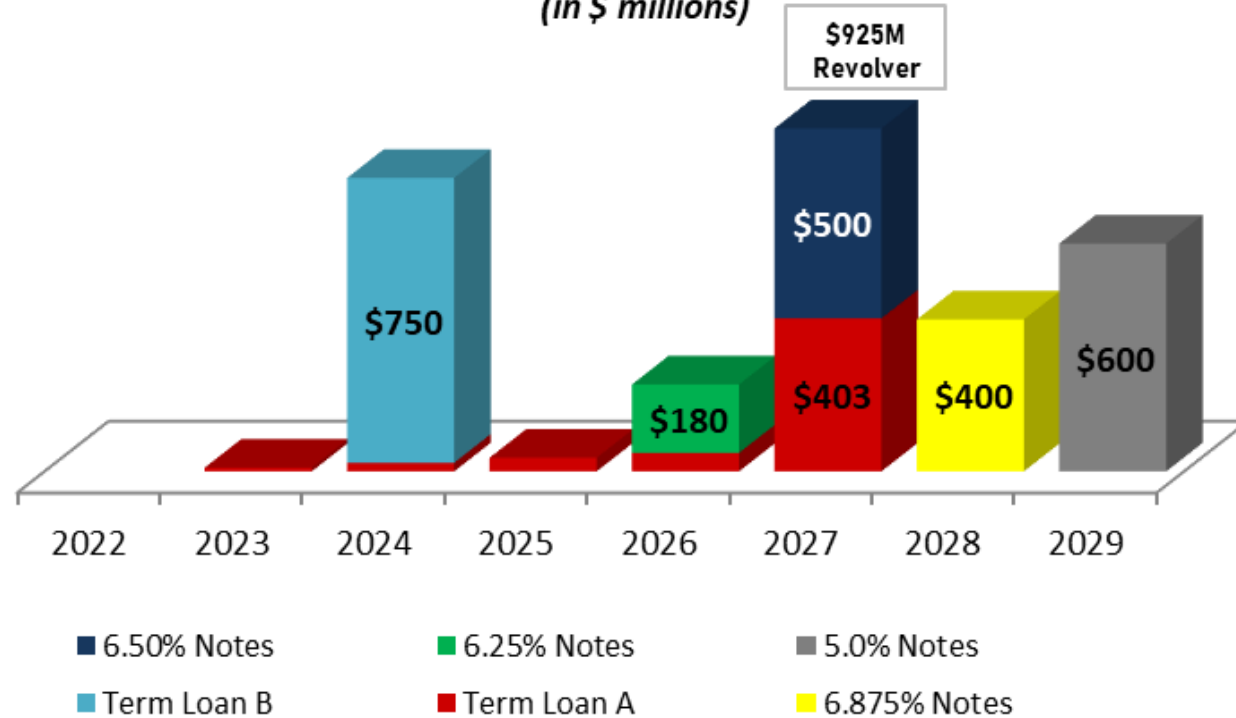
# Debt Maturity Profile



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## Senior Debt Maturities

As of 9/30/2022  
(in \$ millions)



AAM's Capital Allocation strategy includes a focus on debt reduction to strengthen the balance sheet.

Weighted average maturity of Senior debt is ~4 years

# Sustainability Initiatives



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## New Targets

- We are focused on achieving profitable growth and doing so sustainably.
- We initially set goals to reduce GHG emissions, energy usage, and water consumption by 5% by the end of 2024.
- AAM achieved those goals ahead of schedule.
- We established new targets to guide AAM's global environmental sustainability initiatives.
- We have been approved for our Science Based Targets initiative (SBTi) accreditation of our climate goals.



### Scope 1, 2 & 3 Emissions

ACHIEVE NET ZERO CARBON BY 2040



### Energy

100% RENEWABLE ENERGY SOURCING  
IN THE U.S. BY 2025



### Water

ZERO INCIDENTS OF WATER CONTAMINATION  
AND WATER SCARCITY IN WATERSHEDS  
WHERE WE OPERATE



### Waste

ZERO-WASTE-TO-LANDFILL STATUS  
FOR ALL FACILITIES BY 2035

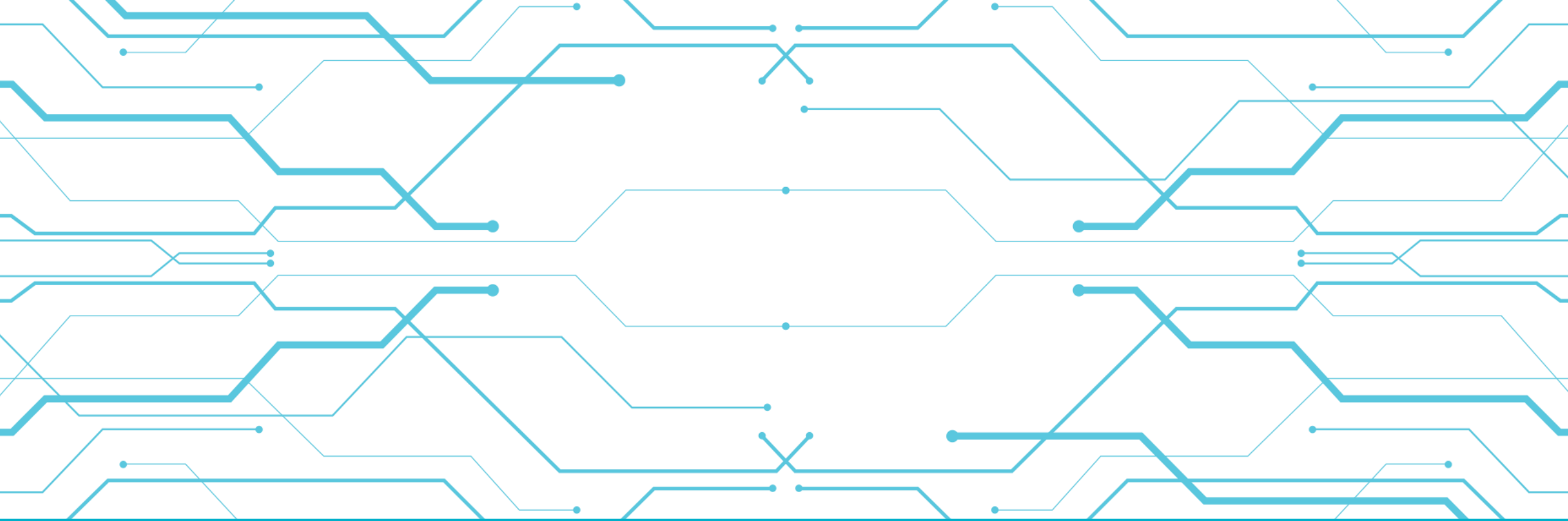
ENVIRONMENTAL

SOCIAL

PRODUCT

SUPPLY CHAIN

GOVERNANCE



# Electrification Product Technology



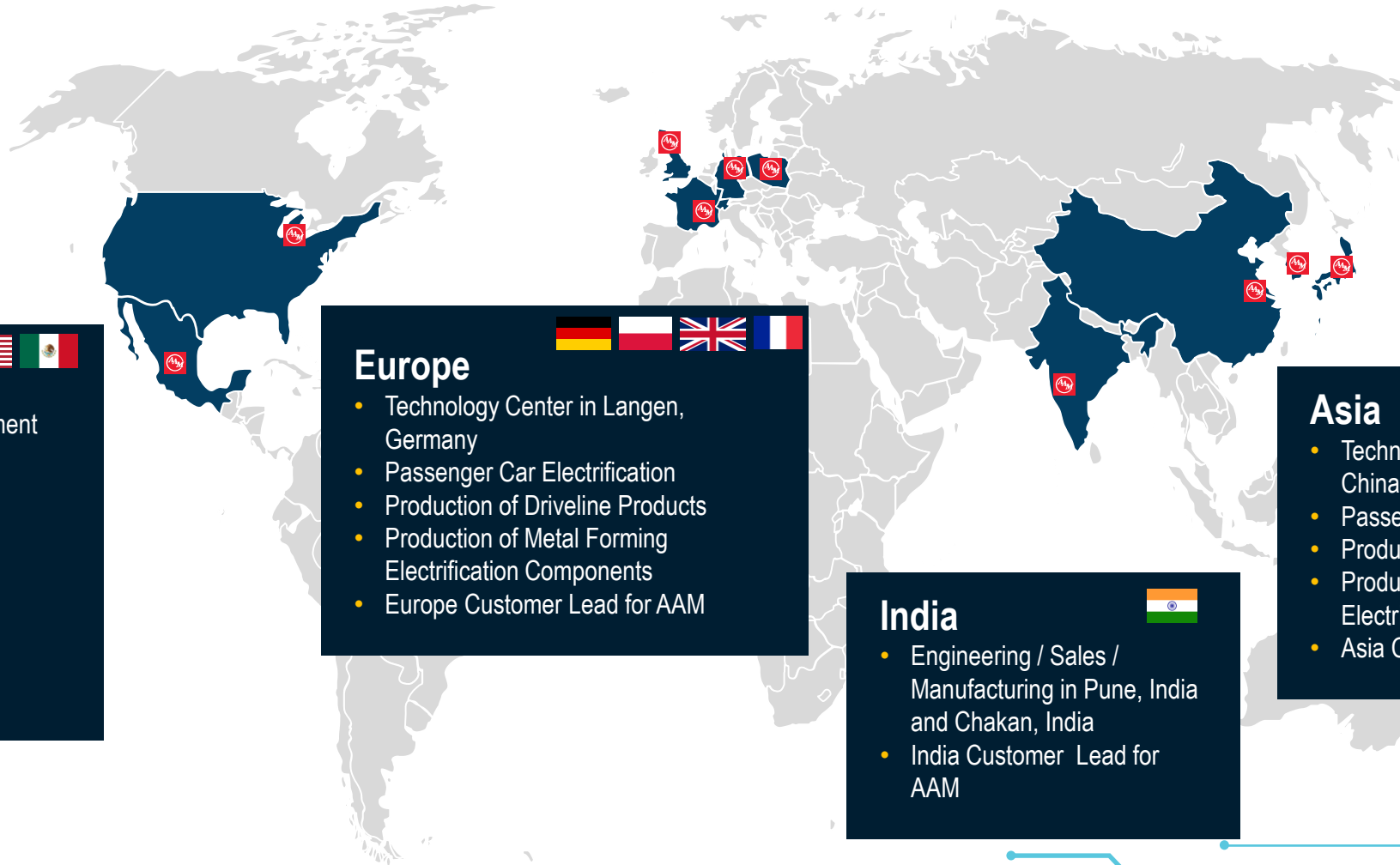
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# AAM Electrification Global Footprint



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Sales, Engineering, and Manufacturing Support in All Major Regions



## North America



- Advanced Technology Development Center in Detroit, Michigan
- Global Innovation Hub
- Global Core Technology
- Truck Electrification
- Production of Driveline Products
- Production of Metal Forming Electrification Components
- N.A. Customer Lead for AAM

## Europe



- Technology Center in Langen, Germany
- Passenger Car Electrification
- Production of Driveline Products
- Production of Metal Forming Electrification Components
- Europe Customer Lead for AAM

## India



- Engineering / Sales / Manufacturing in Pune, India and Chakan, India
- India Customer Lead for AAM

## Asia



- Technology Center in Shanghai, China
- Passenger Car Electrification
- Production of Driveline Products
- Production of Metal Forming Electrification Components
- Asia Customer Lead for AAM

# AAM Key Electrification Awards



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## 2-in-1 Electric Drive Units

### Jaguar I-PACE (Europe)

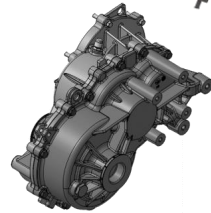
- Two P4 Electric Drive Units
- 150 kW Power Level
- Power Dense Concentric Design
- Integrated Park Lock (Front EDU only)



Launched

### Baojun E300 City Car (China)

- P4 Gearbox
- 40 kW Peak Power
- Offset Gearbox Design
- Integrated Park Lock



Launched

### AMG High-Performance Luxury (Europe)

- P3 Hybrid Electric Drive Unit
- 160kW Peak Power
- 2-speed Concentric Gearbox Design
- Integrated TracRite® eLSD



Launched

## Electric Beam Axle

### Pinnacle Mobility EKA (India)

- eBeam Rear axle T2400
- Motor & Inverter from Inovance (China)
- 70kW Peak Power
- Banjo housing

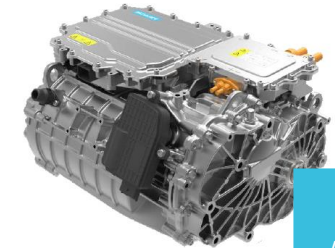


Awarded 20+ Different Electrification Vehicle Programs

## 3-in-1 Electric Drive Units (Platform)

### AAM / Inovance 3-in-1 eDrive (China)

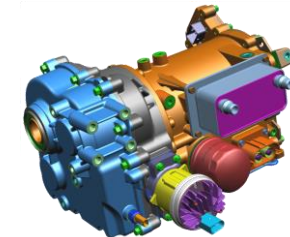
- P4 Platform Electric Drive Units
- Scalable Power Levels (100-135kW)
- Offset Gearbox Design
- Optional Park Lock



Multiple Programs Awarded & Launched

### AAM Next Generation 3-in-1 eDrive

- P4 Platform Wheel End eDrive Units
- 4x 100kW Units per Vehicle
- Compact Offset Gearbox Design
- Integrated SiC MOSFET Inverter



2024 Launch

## Electric Drive Components

### Planetary Geartrain

- European BEV Passenger Car Application



Multiple Programs Awarded and Launched

### Electric Drive Unit Differentials

- Multiple Chinese BEV Car & SUV Awards
- Multiple North American Light Vehicle Awards
- North American BEV Semi-Truck Application





# Significant Content Opportunity



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## Customer **In-House** Support

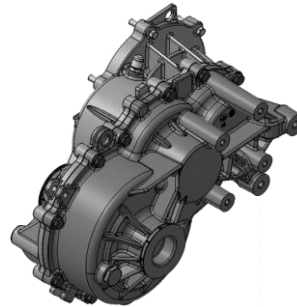
Components



Subsystems



Gearboxes



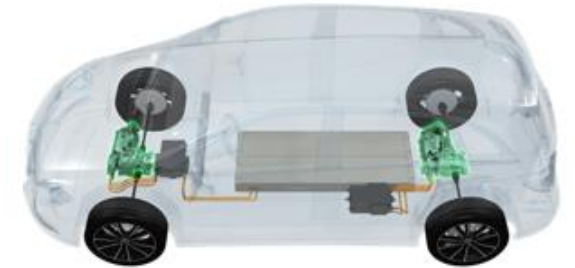
AAM CPV: Up to \$500

## Customer **Outsourced** Support

Electric Drive Units



Vehicle Integration & Controls



AAM CPV: Up to \$2,500+

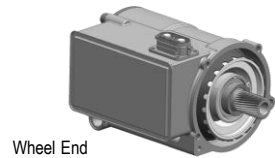
# AAM is Positioned to Support All OEM Sourcing Strategies

# Scalable & Modular Platform

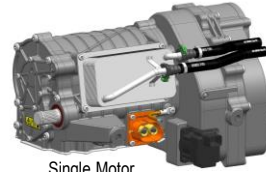


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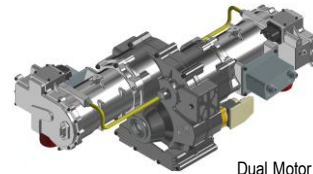
AAM's Next Generation Scalable & Modular Electric Drive Units support numerous vehicle applications while optimizing capital and development costs



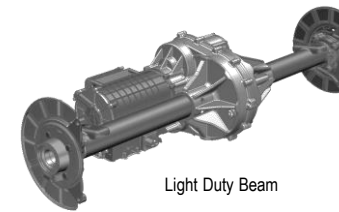
Wheel End



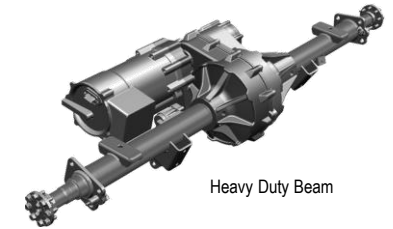
Single Motor



Dual Motor



Light Duty Beam



Heavy Duty Beam

Scalable Power Levels

Modular Motor Construction

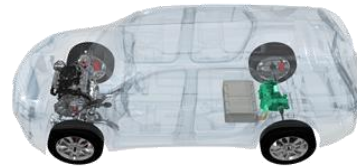
Various EDU Architectures

Multiple Gear Ratios

Optional Torque  
Vectoring & Disconnect



P3 HYBRID ARCHITECTURE



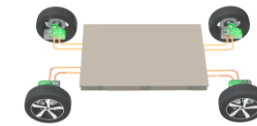
P4 SPLIT AXLE HYBRID ARCHITECTURE



P4 RWD ARCHITECTURE



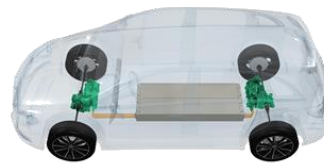
P4 AWD MPV ARCHITECTURE



P4 AWD ARCHITECTURE



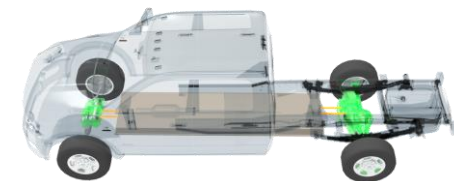
P4 FWD ARCHITECTURE



P4 AWD ARCHITECTURE



P4 4WD ARCHITECTURE



P4 4WD HD ARCHITECTURE

 Denotes AAM EDU application

# Electrification Summary



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**Proven electric drive systems design and integration capabilities in production**

**Well positioned to support all OEM sourcing strategies leveraging our strengths in software, integration, and manufacturing**

**Global reach and scalable product portfolio to serve all segments and major markets**

**Strategic partnerships to further accelerate the development and delivery of scalable, next-generation 3-in-1 electric drive systems**

**Highly integrated product technology resulting in improved power density, value, and efficiency**

**Next generation electric drive system is positioning us for continued profitable growth**

# Key Priorities



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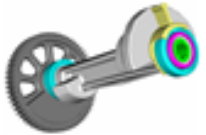
**GENERATE STRONG FREE CASH FLOW**

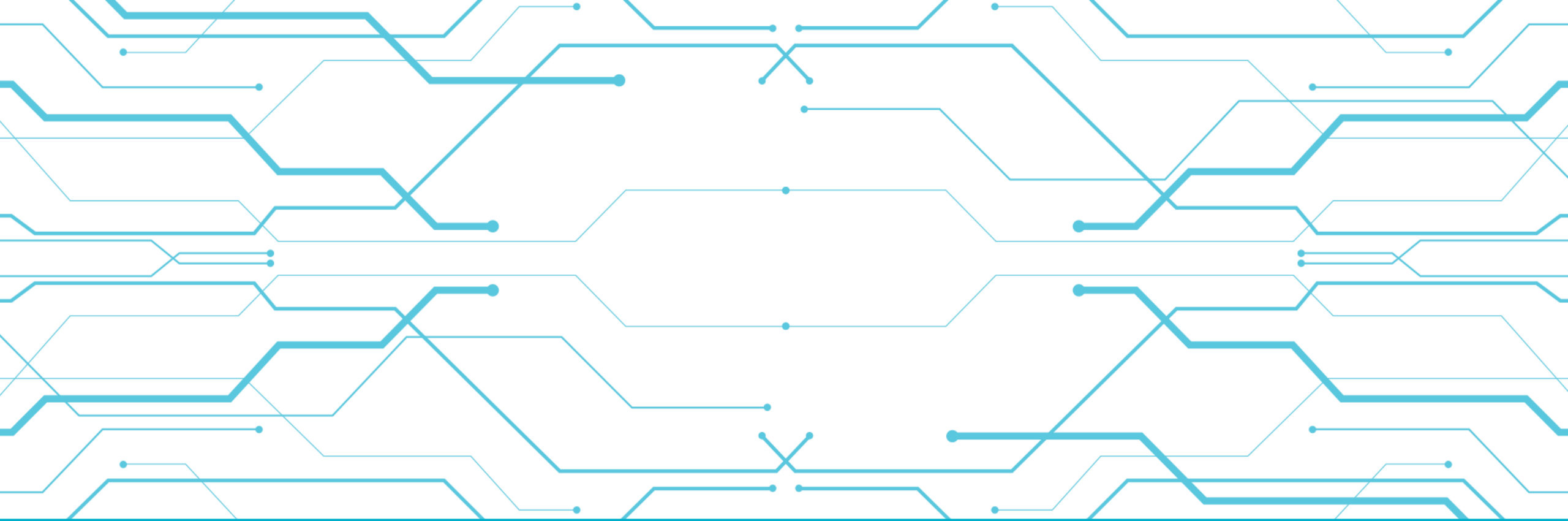
**STRENGTHEN OUR BALANCE SHEET**

**SECURE OUR TRADITIONAL BUSINESS**

**ADVANCE OUR ELECTRIFICATION PRODUCT PORTFOLIO**

**POSITION AAM FOR PROFITABLE GROWTH**





# 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		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Net income (loss)	\$ 26.5	\$ (2.4)	\$ 50.4	\$ 52.2
Interest expense	44.8	49.7	132.2	150.7
Income tax benefit	(5.7)	(13.6)	(2.1)	(2.4)
Depreciation and amortization	124.8	135.6	367.1	421.2
<b>EBITDA</b>	<b>190.4</b>	<b>169.3</b>	<b>547.6</b>	<b>621.7</b>
Restructuring and acquisition-related costs	7.9	7.4	26.4	40.8
Debt refinancing and redemption costs	0.2	31.6	6.0	34.0
Loss on sale of business	-	-	-	2.7
Unrealized loss (gain) on equity securities	2.3	(19.4)	24.0	(19.4)
Non-recurring items:				
Malvern fire charges, net of recoveries	(1.0)	(5.7)	(6.4)	(11.1)
Acquisition-related fair value inventory adjustment	-	-	5.0	-
Gain on bargain purchase of business	(1.4)	-	(13.0)	-
<b>Adjusted EBITDA</b>	<b>\$ 198.4</b>	<b>\$ 183.2</b>	<b>\$ 589.6</b>	<b>\$ 668.7</b>
Sales	1,535.2	1,213.1	4,409.7	3,921.5
as a % of net sales	12.9%	15.1%	13.4%	17.1%

# Supplemental Data



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## EBITDA and Adjusted EBITDA for the Trailing Twelve Months Ended September 30, 2022 (\$ in millions)

	Quarter Ended				Trailing Twelve
	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	Months Ended September 30, 2022
Net income (loss)	\$ (46.3)	\$ 1.0	\$ 22.9	\$ 26.5	\$ 4.1
Interest expense	44.5	44.7	42.7	44.8	176.7
Income tax expense (benefit)	(2.3)	3.0	0.6	(5.7)	(4.4)
Depreciation and amortization	123.1	120.4	121.9	124.8	490.2
EBITDA	119.0	169.1	188.1	190.4	666.6
Restructuring and acquisition-related costs	8.6	8.9	9.6	7.9	35.0
Debt refinancing and redemption costs	-	5.6	0.2	0.2	6.0
Pension settlement	42.3	-	-	-	42.3
Unrealized loss (gain) on equity securities	(5.0)	18.0	3.7	2.3	19.0
Non-recurring items:	-	-	-	-	-
Malvern fire charges, net of recoveries	(0.3)	(5.5)	0.1	(1.0)	(6.7)
Acquisition-related fair value inventory adjustment	-	-	5.0	-	5.0
Gain on bargain purchase of business	-	-	(11.6)	(1.4)	(13.0)
Adjusted EBITDA	\$ 164.6	\$ 196.1	\$ 195.1	\$ 198.4	\$ 754.2
Sales	1,235.1	1,436.2	1,438.3	1,535.2	5,644.8
as a % of net sales	13.3%	13.7%	13.6%	12.9%	13.4%





## Adjusted Earnings Per Share Reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Diluted earnings (loss) per share	\$ 0.22	\$ (0.02)	\$ 0.42	\$ 0.44
Restructuring and acquisition-related costs	0.07	0.06	0.22	0.33
Debt refinancing and redemption costs	-	0.27	0.05	0.29
Loss on sale of business	-	-	-	0.02
Unrealized loss (gain) on equity securities	0.02	(0.16)	0.20	(0.16)
Accelerated depreciation*	-	0.08	-	0.27
Non-recurring items:				
Malvern fire charges, net of recoveries	(0.01)	(0.05)	(0.05)	(0.09)
Acquisition-related fair value inventory adjustment	-	-	0.04	-
Gain on bargain purchase of business	(0.01)	-	(0.11)	-
Tax effect of adjustments	(0.02)	(0.03)	(0.10)	(0.09)
Adjusted earnings per share	<u>\$ 0.27</u>	<u>\$ 0.15</u>	<u>\$ 0.67</u>	<u>\$ 1.01</u>

\*Please refer to definition of Non-GAAP measures.



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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$ 85.2	\$ 89.8	\$ 300.4	\$ 436.0
Capital expenditures net of proceeds from the sale of property, plant and equipment	(46.6)	(33.2)	(113.6)	(114.0)
Free cash flow	38.6	56.6	186.8	322.0
Cash payments for restructuring and acquisition-related costs	4.7	9.0	21.2	47.9
Cash payments related to the Malvern fire, net of recoveries	2.5	3.5	6.0	9.4
Adjusted free cash flow	<u>\$ 45.8</u>	<u>\$ 69.1</u>	<u>\$ 214.0</u>	<u>\$ 379.3</u>



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

	<b>September 2022</b>
Current portion of long term debt	\$ 19.2
Long-term debt, net	2,974.1
Total debt, net	2,993.3
Less: Cash and cash equivalents	472.3
Net debt at end of period	2,521.0
Adjusted LTM EBITDA	\$ 754.2
Net Leverage Ratio	3.3x



**Segment Financial Information**  
(\$ in millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Segment Sales				
Driveline	\$ 1,061.1	\$ 870.4	\$ 3,163.6	\$ 2,831.9
Metal Forming	591.2	422.7	1,585.9	1,352.1
Total Sales	1,652.3	1,293.1	4,749.5	4,184.0
Intersegment Sales	(117.1)	(80.0)	(339.8)	(262.5)
Net External Sales	<u>\$ 1,535.2</u>	<u>\$ 1,213.1</u>	<u>\$ 4,409.7</u>	<u>\$ 3,921.5</u>
Segment Adjusted EBITDA				
Driveline	\$ 146.4	\$ 128.4	\$ 420.3	\$ 450.2
Metal Forming	52.0	54.8	169.3	218.5
Total Segment Adjusted EBITDA	<u>\$ 198.4</u>	<u>\$ 183.2</u>	<u>\$ 589.6</u>	<u>\$ 668.7</u>

# Supplemental Data



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	<b>Adjusted EBITDA</b>	
	<b>Low End</b>	<b>High End</b>
	<i>(in millions)</i>	
Net income	\$ 20	\$ 30
Interest expense	180	180
Income tax expense (benefit)	(5)	5
Depreciation and amortization	500	500
Full year 2022 targeted EBITDA	695	715
Restructuring and acquisition-related costs	35	35
Other	15	15
Full year 2022 targeted Adjusted EBITDA	<u>\$ 745</u>	<u>\$ 765</u>

	<b>Adjusted Free Cash Flow</b>	
	<i>(in millions)</i>	
Net cash provided by operating activities	\$	455
Capital expenditures net of proceeds from the sale of property, plant and equipment		(190)
Full year 2022 targeted Free Cash Flow		265
Cash payments for restructuring and acquisition-related costs		35
Full year 2022 targeted Adjusted Free Cash Flow (approximate)	<u>\$</u>	<u>300</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, 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.

