



THIRD QUARTER 2016
RESULTS AND SUPPLEMENTAL INFORMATION

Forward-Looking Statements



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. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events and are subject to risks and may differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to: reduced purchases of our products by General Motors Company (GM), FCA US LLC (FCA), or other customers; reduced demand for our customers’ products (particularly light trucks and sport utility vehicles (SUVs) produced by GM and FCA); our ability to develop and produce new products that reflect market demand; lower-than-anticipated market acceptance of new or existing products; our ability to respond to changes in technology, increased competition or pricing pressures; our ability to attract new customers and programs for new products; our ability to consummate and integrate acquisitions and joint ventures; liabilities arising from warranty claims, product recall or field actions, product liability and legal proceedings to which we are or may become a party, or the impact of product recall or field actions on our customers; our ability to achieve the level of cost reductions required to sustain global cost competitiveness; supply shortages or price increases in raw materials, utilities or other operating supplies for us or our customers as a result of natural disasters or otherwise; our ability or our customers’ and suppliers’ ability to successfully launch new product programs on a timely basis; our ability to realize the expected revenues from our new and incremental business backlog; risks inherent in our international operations (including adverse changes in political stability, taxes and other law changes, potential disruptions of production and supply, and currency rate fluctuations, including those resulting from the United Kingdom’s vote to exit the European Union); negative or unexpected tax consequences; risks related to a failure of our information technology systems and networks, and risks associated with current and emerging technology threats and damage from computer viruses, unauthorized access, cyber attack and other similar disruptions; global economic conditions; our ability to maintain satisfactory labor relations and avoid work stoppages; our suppliers’, our customers’ and their suppliers’ ability to maintain satisfactory labor relations and avoid work stoppages; price volatility in, or reduced availability of, fuel; our ability to protect our intellectual property and successfully defend against assertions made against us; our ability to attract and retain key associates; availability of financing for working capital, capital expenditures, research and development (R&D) or other general corporate purposes including acquisitions, as well as our ability to comply with financial covenants; our customers’ and suppliers’ availability of financing for working capital, capital expenditures, R&D or other general corporate purposes; changes in liabilities arising from pension and other postretirement benefit obligations; risks of noncompliance with environmental laws and regulations or risks of environmental issues that could result in unforeseen costs at our facilities; adverse changes in laws, government regulations or market conditions affecting our products or our customers’ products (such as the Corporate Average Fuel Economy (CAFE) regulations); our ability or our customers’ and suppliers’ ability to comply with the Dodd-Frank Act and other regulatory requirements and the potential costs of such compliance; and other unanticipated events and conditions that may hinder our ability to compete. It is not possible to foresee or identify all such factors and we make no commitment to update any forward-looking statement or to disclose any facts, events or circumstances after the date hereof that may affect the accuracy of any forward-looking statement.

Q3 2016 Financial Results



	Three Months Ended September 30			
	2016		2015	
	(dollars in millions, except per share data)			
Net Sales	\$	1,006.9	\$	971.6
Gross Profit	\$	181.2	\$	158.3
Gross Margin		18.0%		16.3%
SG&A	\$	79.9	\$	65.5
SG&A as a % of Sales		7.9%		6.7%
Net Income	\$	61.7	\$	60.9
Dilluted EPS	\$	0.78	\$	0.78
Adjusted EBITDA*	\$	156.7	\$	149.2
Adjusted EBITDA* Margin		15.6%		15.4%
Free Cash Flow	\$	54.6	\$	73.2
Net Debt / Adjusted EBITDA*		1.6		2.0

* For definitions of terms, refer to Appendix.

YTD 2016 Financial Results



	Nine Months Ended September 30			
	2016		2015	
	(dollars in millions, except per share data)			
Net Sales	\$	3,001.5	\$	2,944.7
Gross Profit	\$	546.6	\$	475.6
Gross Margin		18.2%		16.1%
SG&A	\$	235.4	\$	204.6
SG&A as a % of Sales		7.8%		6.9%
Net Income	\$	193.8	\$	172.7
Dilluted EPS	\$	2.47	\$	2.21
Adjusted EBITDA*	\$	471.3	\$	433.6
Adjusted EBITDA* Margin		15.7%		14.7%
Free Cash Flow	\$	135.8	\$	136.2

* For definitions of terms, refer to Appendix.

Full Year 2016 Outlook



2016 Targets

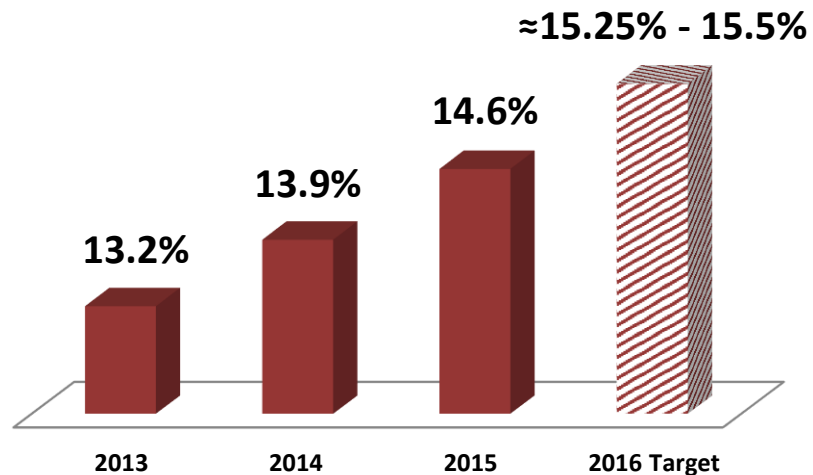
Net Sales \$3.95 Billion

Adj. EBITDA* Margin 15.25% - 15.5%

Free Cash Flow* \approx \$160 Million¹

Capital Spending \approx 6%

Adjusted EBITDA* Margin

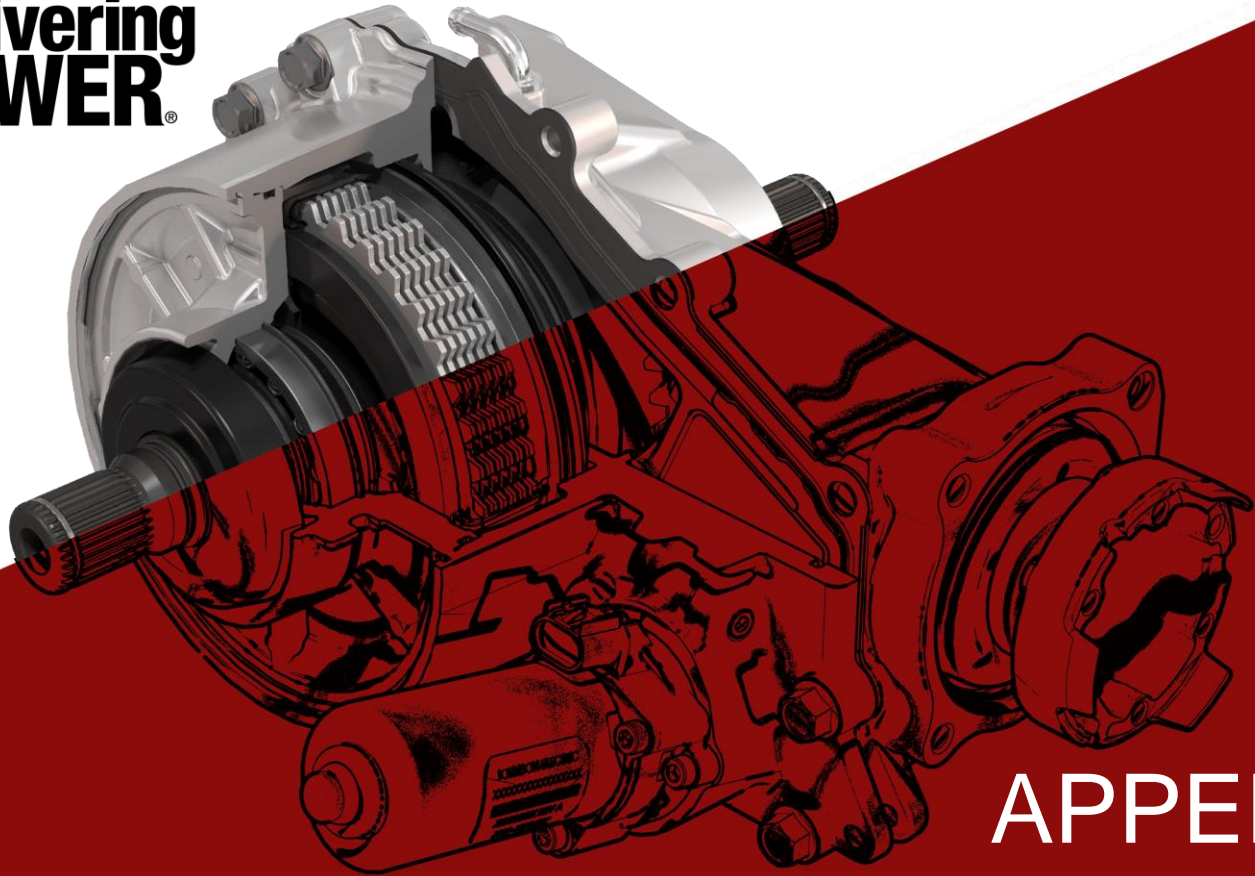


¹ Includes the impact of an estimated \$30 million of payments related to transfer pricing payments to Mexican tax authorities.

* For definitions of terms, refer to Appendix.



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APPENDIX

Supplemental Data



American Axle & Manufacturing Holdings, Inc. (AAM) has included the following information within presentations, earnings releases, and conference calls because management believes that the information may be useful to investors in assessing AAM's business and operating performance on a comparable basis for the periods presented. AAM uses this information for that purpose. However, this information should not be viewed as a substitute for financial measures determined under accounting principles generally accepted in the United States of America (GAAP). The following supplemental data includes a reconciliation of the adjusted amounts presented or non-GAAP financial measures to the comparable GAAP financial measure.

Supplemental Data



Earnings before Interest, Income Taxes, Depreciation and Amortization (EBITDA)^(a) Reconciliation Schedule (\$ in millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net income, as reported	\$ 61.7	\$ 60.9	\$ 193.8	\$ 172.7
Interest expense	23.2	24.8	70.2	74.7
Income tax expense	17.8	14.4	53.8	36.5
Depreciation and amortization	49.9	49.1	150.4	149.7
EBITDA, as defined	<u>\$ 152.6</u>	<u>\$ 149.2</u>	<u>\$ 468.2</u>	<u>\$ 433.6</u>
as % of net sales	<u>15.2 %</u>	<u>15.4 %</u>	<u>15.6 %</u>	<u>14.7 %</u>

For the Trailing Twelve Months Ended September 30, 2016 (\$ in millions)

	Quarter Ended				Trailing Twelve
	December 31,	March 31,	June 30,	September 30,	Months Ended
	2015	2016	2016	2016	September 30,
					2016
Net income, as reported	\$ 62.9	\$ 61.1	\$ 71.0	\$ 61.7	\$ 256.7
Interest expense	24.5	23.6	23.4	23.2	94.7
Income tax expense	0.6	15.3	20.7	17.8	54.4
Depreciation and amortization	48.7	49.8	50.7	49.9	199.1
EBITDA, as defined	<u>\$ 136.7</u>	<u>\$ 149.8</u>	<u>\$ 165.8</u>	<u>\$ 152.6</u>	<u>\$ 604.9</u>
as % of net sales	<u>14.3 %</u>	<u>15.5 %</u>	<u>16.2 %</u>	<u>15.2 %</u>	<u>15.3 %</u>

Supplemental Data



Adjusted EBITDA^(a) Reconciliation Schedule (\$ in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
EBITDA, as defined	\$ 152.6	\$ 149.2	\$ 468.2	\$ 433.6
Special charges ^(b)	3.4	—	3.4	—
Other Non-recurring items ^(c)	0.7	—	(0.3)	—
Adjusted EBITDA, as defined	<u>\$ 156.7</u>	<u>\$ 149.2</u>	<u>\$ 471.3</u>	<u>\$ 433.6</u>
as % of net sales	<u>15.6 %</u>	<u>15.4 %</u>	<u>15.7 %</u>	<u>14.7 %</u>

For the Trailing Twelve Months Ended September 30, 2016 (\$ in millions)

	Quarter Ended				Trailing Twelve Months Ended
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	September 30, 2016
EBITDA, as defined	\$ 136.7	\$ 149.8	\$ 165.8	\$ 152.6	\$ 604.9
Debt refinancing and redemption costs	0.8	—	—	—	0.8
Special charges ^(b)	—	—	—	3.4	3.4
Other Non-recurring items ^(c)	—	—	(1.0)	0.7	(0.3)
Adjusted EBITDA, as defined	<u>\$ 137.5</u>	<u>\$ 149.8</u>	<u>\$ 164.8</u>	<u>\$ 156.7</u>	<u>\$ 608.8</u>
as % of net sales	<u>14.3 %</u>	<u>15.5 %</u>	<u>16.1 %</u>	<u>15.6 %</u>	<u>15.4 %</u>

Supplemental Data



Earnings before Interest and Income Taxes (EBIT)^(a) Reconciliation Schedule (\$ in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income, as reported	\$ 61.7	\$ 60.9	\$ 193.8	\$ 172.7
Interest expense	23.2	24.8	70.2	74.7
Income tax expense	17.8	14.4	53.8	36.5
EBIT, as defined	<u>\$ 102.7</u>	<u>\$ 100.1</u>	<u>\$ 317.8</u>	<u>\$ 283.9</u>

For the Trailing Twelve Months Ended September 30, 2016

(\$ in millions)

	Quarter Ended				Trailing Twelve
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	Months Ended September 30, 2016
Net income, as reported	\$ 62.9	\$ 61.1	\$ 71.0	\$ 61.7	\$ 256.7
Interest expense	24.5	23.6	23.4	23.2	94.7
Income tax expense	0.6	15.3	20.7	17.8	54.4
EBIT, as defined	<u>\$ 88.0</u>	<u>\$ 100.0</u>	<u>\$ 115.1</u>	<u>\$ 102.7</u>	<u>\$ 405.8</u>

Supplemental Data



Adjusted EBIT^(a) Reconciliation Schedule (\$ in millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
EBIT, as defined	\$ 102.7	\$ 100.1	\$ 317.8	\$ 283.9
Special charges ^(b)	3.4	—	3.4	—
Other Non-recurring items ^(c)	0.7	—	(0.3)	—
Adjusted EBIT, as defined	\$ 106.8	\$ 100.1	\$ 320.9	\$ 283.9

For the Trailing Twelve Months Ended September 30, 2016 (\$ in millions)

	Quarter Ended				Trailing Twelve
	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	Months Ended September 30, 2016
EBIT, as defined	\$ 88.0	\$ 100.0	\$ 115.1	\$ 102.7	\$ 405.8
Debt refinancing and redemption costs	0.8	—	—	—	0.8
Special charges ^(b)	—	—	—	3.4	3.4
Other Non-recurring items ^(c)	—	—	(1.0)	0.7	(0.3)
Adjusted EBIT, as defined	\$ 88.8	\$ 100.0	\$ 114.1	\$ 106.8	\$ 409.7

Supplemental Data



Net Debt^(d) to Capital Reconciliation Schedule

(\$ in millions)

	September 30, 2016	December 31, 2015
Current portion of long-term debt	\$ 3.4	\$ 3.3
Long-term debt, net	1,401.0	1,375.7
Total debt, net	1,404.4	1,379.0
Less: Cash and cash equivalents	433.9	282.5
Net debt at end of period ^(d)	970.5	1,096.5
Stockholders' equity at end of period	520.0	301.5
Total invested capital at end of period	\$ 1,490.5	\$ 1,398.0
Net debt to capital ^(e)	65.1 %	78.4 %
Market share price	\$ 17.22	\$ 18.94
Shares outstanding	76,473,166	76,092,979
Market capitalization	\$ 1,316.9	\$ 1,441.2
Net debt to capital - market value ^(e)	42.4 %	43.2 %

Supplemental Data



Free Cash Flow^(f)

(\$ in millions)

Three Months Ended

Nine Months Ended

September 30,

September 30,

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net cash provided by operating activities	\$ 107.5	\$ 113.8	\$ 291.0	\$ 268.1
Less: Purchases of property, plant and equipment, net of proceeds from sale of property, plant and equipment and from government grants	(52.9)	(40.6)	(155.2)	(131.9)
Free cash flow ^(f)	<u>\$ 54.6</u>	<u>\$ 73.2</u>	<u>\$ 135.8</u>	<u>\$ 136.2</u>

Supplemental Data



Calculation of Credit Statistics

(\$ in millions)

	Trailing Twelve		
	Months Ended	For The Years Ended	
	September 30, 2016	2015	2014
Net debt ^(d)	\$ 970.5	\$ 1,096.5	\$ 1,268.4
Net interest expense	\$ 91.5	\$ 96.6	\$ 97.8
Adjusted EBIT ^(a) , as defined	\$ 409.7	\$ 372.7	\$ 312.1
Adjusted EBITDA ^(a) , as defined	\$ 608.8	\$ 571.1	\$ 512.0
Adj. EBITDA Leverage	1.6	1.9	2.5
Adj. Interest Coverage	4.5	3.9	3.2

Supplemental Data



Full Year 2016 Outlook

	<u>Adjusted EBITDA Margin</u>	
	<u>Low End</u>	<u>High End</u>
	(\$ in millions, except percentages)	
Net income	\$ 235	\$ 245
Income tax expense	65	65
Interest expense	94	94
Depreciation and amortization	205	205
Full year 2016 targeted EBITDA	\$ 599	\$ 609
Special charges	3	3
Other non-recurring items	—	—
Full year 2016 targeted Adjusted EBITDA	\$ 602	\$ 612
Full year 2016 targeted sales	\$ 3,950	\$ 3,950
Full year 2016 targeted Adjusted EBITDA margin	15.25 %	15.5 %

	<u>Free Cash Flow</u>
	(\$ in millions)
Net cash provided by operating activities	\$ 400
Less: Purchases of property, plant and equipment, net of proceeds from sale of property, plant and equipment and government grants	(240)
Full year 2016 targeted free cash flow	\$ 160

Notes to Supplemental Data



(a) We define EBIT to be earnings before interest expense and income taxes. We define EBITDA to be earnings before interest expense, income taxes, depreciation and amortization. Adjusted EBIT and Adjusted EBITDA are defined as EBIT and EBITDA, respectively, excluding the impact of special charges, other non-recurring items and debt refinancing and redemption costs. We believe that EBIT and EBITDA and Adjusted EBIT 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 banking institutions routinely use EBIT and EBITDA, together with other measures, to measure our operating performance relative to other Tier 1 automotive suppliers. EBIT and EBITDA and Adjusted EBIT 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 EBIT and EBITDA and Adjusted EBIT and Adjusted EBITDA differently.

(b) Special charges of \$3.4 million for the three and nine months ended September 30, 2016 relate to an asset impairment charge.

(c) Other non-recurring items for the three months ended September 30, 2016 reflect \$0.7 million of acquisition related expenses. For the nine months ended September 30, 2016, other non-recurring items also include a \$1.0 million investment gain related to the final distribution of the Reserve Yield Plus Fund.

(d) Net debt is equal to total debt, net less cash and cash equivalents. Net debt in 2014 has been adjusted to reflect the impact of retrospective adoption of Accounting Standards Update 2015-03, *Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*.

(e) Net debt to capital is equal to net debt divided by the sum of stockholders' equity and net debt. Net debt to capital - market value is equal to net debt divided by the sum of market capitalization and net debt. We believe that net debt to capital and net debt to capital - market value are meaningful measures of financial condition as they are commonly utilized by management, investors and creditors to assess relative capital structure risk. Other companies may calculate net debt to capital and net debt to capital - market value differently.

(f) 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 and government grants. We believe free cash flow is a meaningful measure as it is 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 is also a key metric used in our calculation of incentive compensation. Other companies may calculate free cash flow differently.