



First Quarter 2024 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.”

1Q 2024 AAM Financial Highlights



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\$1.61B

Quarterly
Sales

\$205.6M

First Quarter
Adjusted EBITDA
(12.8% margin)

\$(21.4)M

Adjusted Free
Cash Flow Use

AAM Delivered Solid Performance



XPENG DiDi

AAM (in partnership with Inovance) to provide XPENG DiDi with 3-in-1 electric drive units. Start of production to begin later this year.

EV Component Wins

AAM to supply various electric vehicle components for multiple luxury OEM customers.

2023 Sustainability Report



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Report Highlights

- Published new sustainability report in April 2024
- Achieved ISO 50001 certification at all manufacturing facilities
- Introduced a new Cybersecurity Awareness program, #AAMSecure
- Received 21 quality performance awards
- Exceeded our 2023 U.S. renewable and carbon-free energy goal
- Achieved 22,000+ consolidated days without a recordable safety incident
- Launched 14 major global product programs
- Increased our Supplier Diversity spend year-over-year by 12%
- Enhanced our Human Rights policy
- Launched a global transportation campaign to reduce emissions



ENVIRONMENTAL

SOCIAL

PRODUCT

SUPPLY CHAIN

GOVERNANCE



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

1Q Financial Results



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	Three Months Ended March 31,		Difference
	2024	2023	
	(dollars in millions, except per share data)		
Net sales	\$ 1,606.9	\$ 1,493.9	\$ 113.0
Gross profit	\$ 198.5	\$ 160.6	\$ 37.9
Gross margin	12.4%	10.8%	1.6%
Selling, general and administrative expenses	\$ 98.3	\$ 98.3	\$ -
SG&A as a % of sales	6.1%	6.6%	-0.5%
Amortization of intangible assets	\$ 20.7	\$ 21.4	\$ (0.7)
Restructuring and acquisition-related costs	\$ 2.5	\$ 4.8	\$ (2.3)
Unrealized gain (loss) on equity securities	\$ 0.1	\$ (0.3)	\$ 0.4
Other income, net	\$ -	\$ 3.7	\$ (3.7)
Adjusted EBITDA	\$ 205.6	\$ 175.4	\$ 30.2
Adjusted EBITDA margin	12.8%	11.7%	1.1%
Net interest expense	\$ (40.7)	\$ (44.6)	\$ 3.9
Income tax expense	\$ 15.9	\$ -	\$ 15.9
Effective income tax rate	43.7%	0.0%	43.7%
Net income (loss)	\$ 20.5	\$ (5.1)	\$ 25.6
Diluted earnings (loss) per share	\$ 0.17	\$ (0.04)	\$ 0.21
Adjusted EPS (loss)	\$ 0.18	\$ (0.01)	\$ 0.19

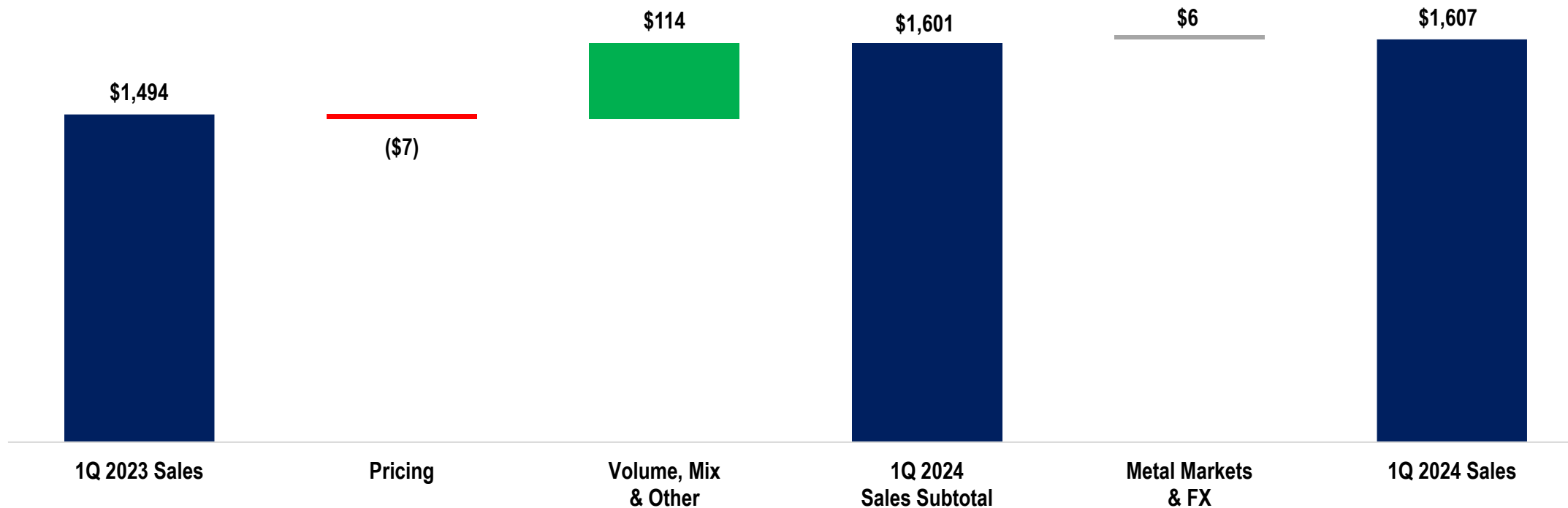
Note: Adjusted earnings per share are based on weighted average diluted shares outstanding of 121.0 million and 115.2 million for the three months ended on March 31, 2024 and 2023, respectively.

1Q 2024 Revenue Walk (Yr/Yr)

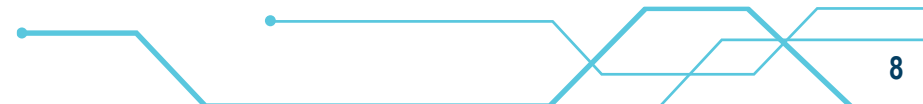


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\$ in millions



Note: chart not to scale

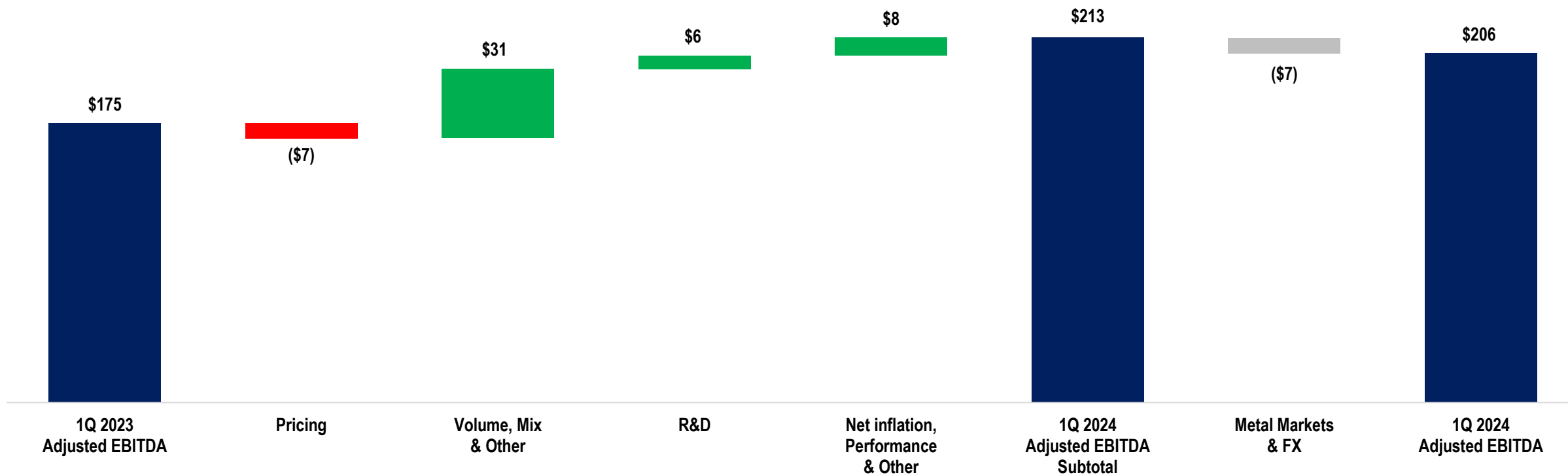


1Q 2024 Adjusted EBITDA Walk



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\$ in millions



Note: chart not to scale

Adjusted Free Cash Flow and Credit Profile

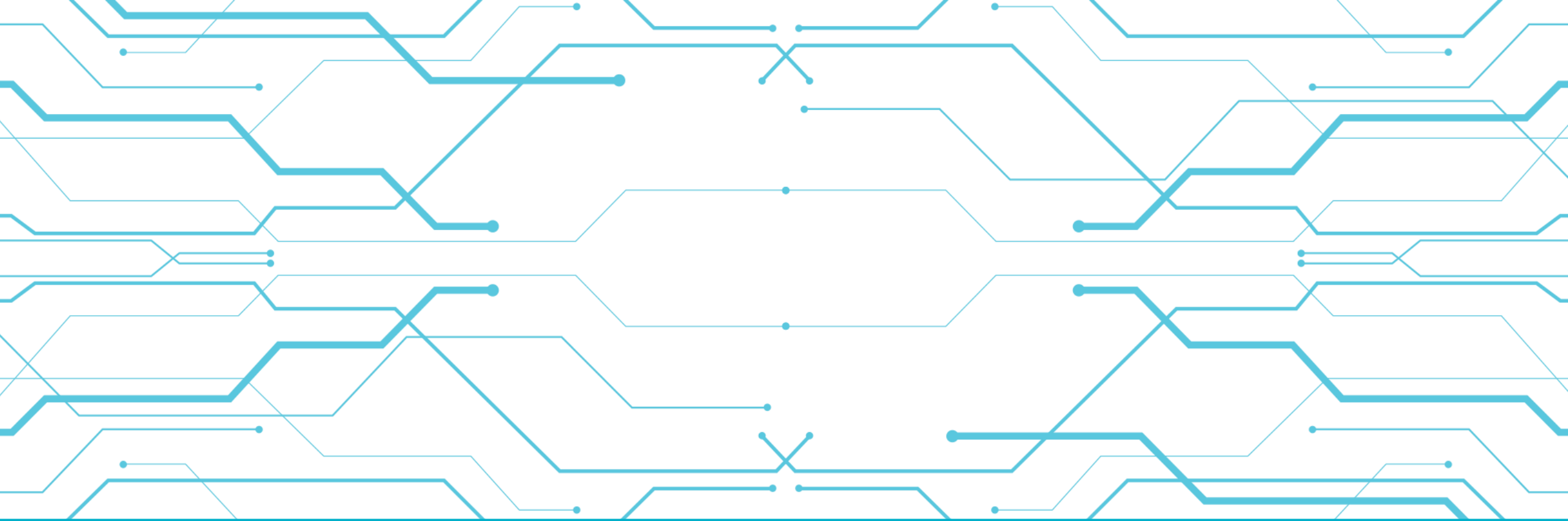


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Cash Flow and Debt Metrics	1Q 2024
Adjusted Free Cash Flow	\$(21.4) million
Net Debt	\$2.3 billion
Net Leverage Ratio	3.2x
Liquidity	~\$1.4 billion

AAM Maintains Strong Liquidity

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



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 March 31,	
	2024	2023
Net income (loss)	\$ 20.5	\$ (5.1)
Interest expense	49.0	50.5
Income tax expense	15.9	-
Depreciation and amortization	117.8	124.9
EBITDA	203.2	170.3
Restructuring and acquisition-related costs	2.5	4.8
Unrealized (gain) loss on equity securities	(0.1)	0.3
Adjusted EBITDA	\$ 205.6	\$ 175.4
Sales	1,606.9	1,493.9
as a % of net sales	12.8%	11.7%

*Please refer to definition of Non-GAAP measures.

Supplemental Data*



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EBITDA and Adjusted EBITDA for the Trailing Twelve Months Ended March 31, 2024 (\$ in millions)

	Quarter Ended				Trailing Twelve Months Ended
	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	March 31, 2024
Net income (loss)	\$ 8.0	\$ (17.4)	\$ (19.1)	\$ 20.5	\$ (8.0)
Interest expense	50.2	50.8	50.2	49.0	200.2
Income tax expense (benefit)	5.3	(2.0)	5.8	15.9	25.0
Depreciation and amortization	120.5	120.4	121.4	117.8	480.1
EBITDA	184.0	151.8	158.3	203.2	697.3
Restructuring and acquisition-related costs	7.9	3.5	9.0	2.5	22.9
Debt refinancing and redemption costs	-	0.3	1.0	-	1.3
Unrealized loss (gain) on equity securities	(0.3)	1.2	(0.1)	(0.1)	0.7
Pension curtailment and settlement charges	-	-	1.3	-	1.3
Adjusted EBITDA	\$ 191.6	\$ 156.8	\$ 169.5	\$ 205.6	\$ 723.5
Sales	1,570.7	1,551.9	1,463.0	1,606.9	6,192.5
as a % of net sales	12.2%	10.1%	11.6%	12.8%	11.7%

*Please refer to definition of Non-GAAP measures.



Adjusted Earnings (Loss) Per Share Reconciliation

	Three Months Ended March 31,	
	2024	2023
Diluted earnings (loss) per share	\$ 0.17	\$ (0.04)
Restructuring and acquisition-related costs	0.02	0.04
Unrealized loss (gain) on equity securities	-	-
Tax effect of adjustments	(0.01)	(0.01)
Adjusted earnings (loss) per share	\$ 0.18	\$ (0.01)

*Please refer to definition of Non-GAAP measures.



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

	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities	\$ 17.8	\$ 32.1
Capital expenditures net of proceeds from the sale of property, plant and equipment	(44.9)	(46.2)
Free cash flow	(27.1)	(14.1)
Cash payments for restructuring and acquisition-related costs	5.7	4.0
Cash payments (insurance proceeds) related to Malvern fire, net	-	(7.0)
Adjusted free cash flow	<u>\$ (21.4)</u>	<u>\$ (17.1)</u>

*Please refer to definition of Non-GAAP measures.



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

	March 31, 2024
Current portion of long term debt	\$ 25.0
Long-term debt, net	2,735.0
Total debt, net	2,760.0
Less: Cash and cash equivalents	469.8
Net debt at end of period	2,290.2
Adjusted LTM EBITDA	\$ 723.5
Net Leverage Ratio	3.2x

*Please refer to definition of Non-GAAP measures.



Segment Financial Information
(\$ in millions)

	Three Months Ended	
	March 31,	
	2024	2023
Segment Sales		
Driveline	\$ 1,106.4	\$ 1,013.8
Metal Forming	644.1	619.1
Total Sales	1,750.5	1,632.9
Intersegment Sales	(143.6)	(139.0)
Net External Sales	<u>\$ 1,606.9</u>	<u>\$ 1,493.9</u>
Segment Adjusted EBITDA		
Driveline	\$ 157.4	\$ 114.1
Metal Forming	48.2	61.3
Total Segment Adjusted EBITDA	<u>\$ 205.6</u>	<u>\$ 175.4</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)	\$ 30
Interest expense	195	195
Income tax expense	-	25
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	<u>\$ 685</u>	<u>\$ 750</u>

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	<u>\$ 200</u>	<u>\$ 240</u>

	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	<u>\$ 200</u>	<u>\$ 240</u>

*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, unrealized gains or losses on equity securities, pension curtailment and settlement charges 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 (loss) per share excluding the impact of restructuring and acquisition-related costs, debt refinancing and redemption costs, unrealized gains or losses on equity securities, pension curtailment and settlement charges 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.

