



2018 INVESTOR DAY

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AAM VIDEO



Forward Looking Statements



This presentation 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 presentation contains certain financial measures, including Adjusted EBITDA, Adjusted Earnings per Share, Adjusted Free Cash Flow, and Net Leverage Ratio 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”.

Agenda



Industry Update and AAM Vision

David C. Dauch, Chairman and CEO

Integration and Operations Update

Michael K. Simonte, President

Business Unit Leader Panel

Business Unit Presidents

Lunch and Breakout Sessions

Technology Leadership

Philip R. Guys, Vice President and CTO

Financial Update

Christopher J. May, Vice President and CFO

Closing and Q&A

David C. Dauch, Chairman and CEO



David C. Dauch

Chairman & CEO

AAM's Investor Day



KEY THEMES OF THE DAY:

- AAM's **experienced management team** is successfully driving operational excellence, integration activities and profitable growth opportunities across the globe
- AAM's **product, process and systems technology leadership** will ensure AAM is **DELIVERING POWER** to vehicles well into the future – across all propulsion configurations
- AAM will benefit from the trends of **electrification** and **global growth**
- AAM's competitive advantages will continue to support our **industry leading profit margin** profile
- AAM will be a **strong free cash flow generator** while properly investing in organic growth and innovative technologies for advanced mobility solutions

About AAM



AAM is a premier, global leader in design, engineering, validation and manufacturing of driveline, metal forming, powertrain and casting technologies for automotive, commercial and industrial markets

Over
75
MANUFACTURING
FACILITIES



\$7B
PRO FORMA SALES

Over
700
CUSTOMERS

AAM is **Delivering POWER** through world-class quality, technology leadership and operational excellence

16
ENGINEERING CENTERS

Over
25,000
ASSOCIATES



17
COUNTRIES

Over
90
LOCATIONS



History Timeline



For over 20 years, AAM has been Delivering **POWER**



MPG Acquisition



Greater Size and Scale

Targeting **>\$7B** net sales in 2018

Accelerated Business Diversification

Estimate GM **≈40%** of 2018 total sales

Enhanced presence in **Europe and Asia** and **commercial and industrial** markets

Enhanced Profitability and Free Cash Flow Generation

Target Adj. EBITDA* Margin of **17.5%-18%** in 2018

Target Adj. Free Cash Flow* **≈5%** of Sales

Synergy Attainment and Value Capture

Achieved **\$85M** annual savings run rate in Q1 2018

Targeting **\$120M** by 1Q 2019 and **\$140M** by 2020

AAM Market Leadership



DRIVELINE | \$4.0B

- **#1 Globally** - Full-Size Pickup Trucks and SUV driveline systems
- **#1 North America** and **#2 China** AWD Systems for crossovers
- **Pioneer** of Disconnecting AWD systems



POWERTRAIN | \$1.1B

- **#1 Globally**
 - Powder metal connecting rods
 - Damped gears and rubber isolation pulleys
 - Viscous dampers for passenger cars
- **#1 North America** - Aluminum valve bodies



METAL FORMING | \$1.5B

- **Largest automotive forger in the world**
- **#1 Globally** - Differential gears, axle shafts, hypoid pinions and ring gears
- **#1 North America** - Transmission gears and CVT pulleys



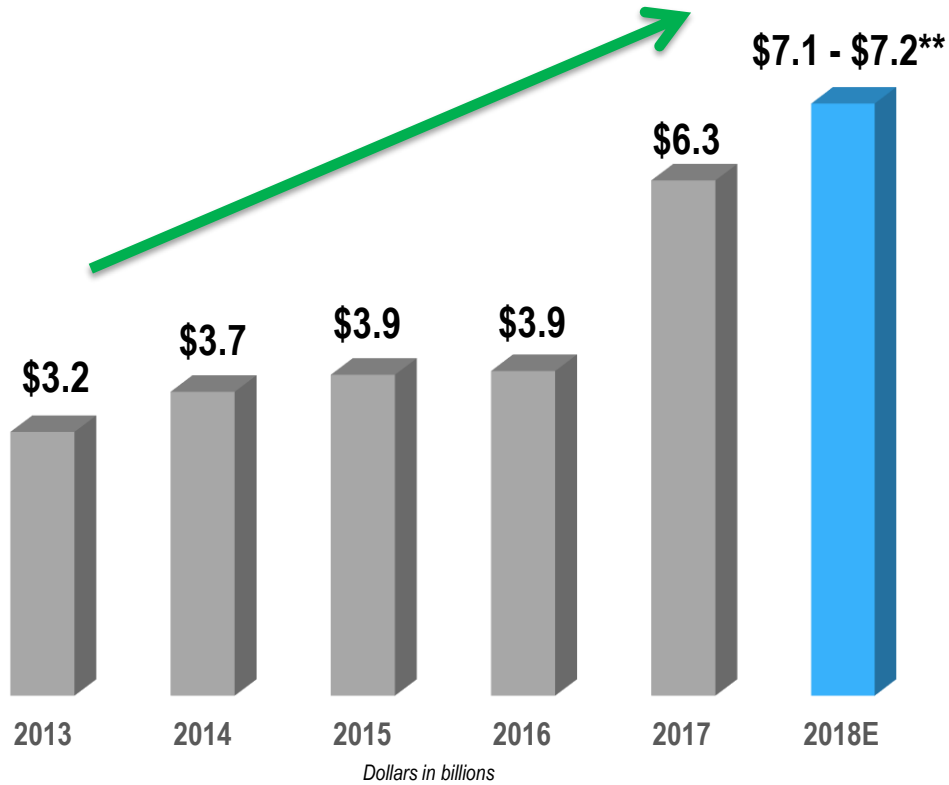
CASTING | \$900M

- **Leading automotive iron casting operations**
- **#1 North America** ductile iron casting supplier
- **#1 / #2 North America** - Differential carriers and cases, steering knuckles, control arms and brake calipers

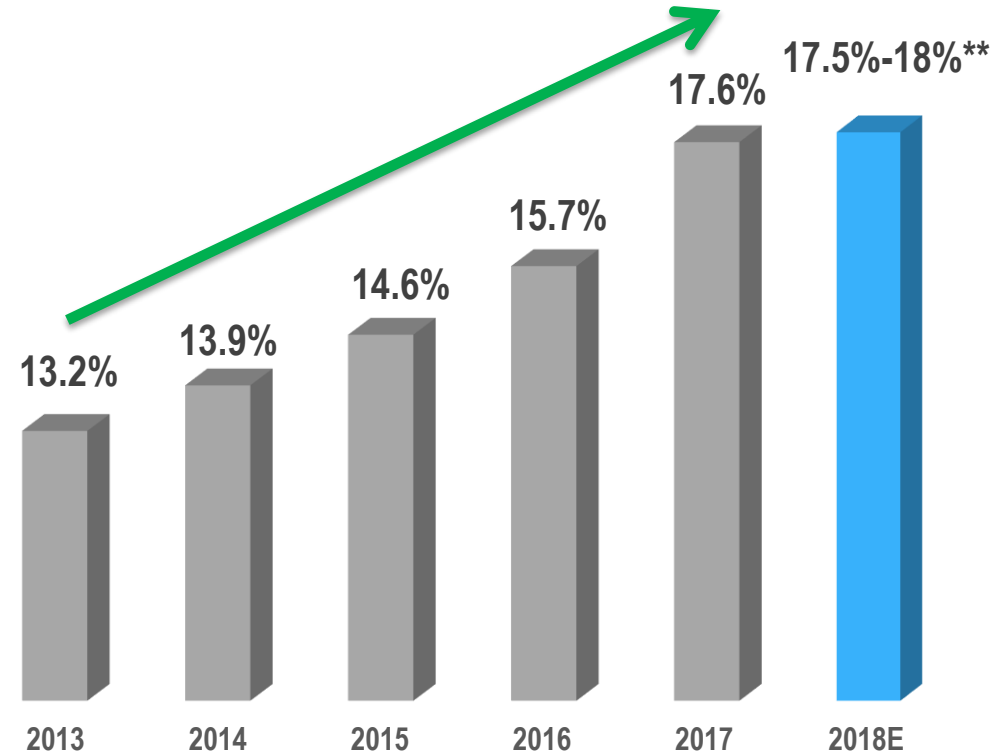
Strong Financial Performance



SALES



ADJUSTED EBITDA * MARGIN



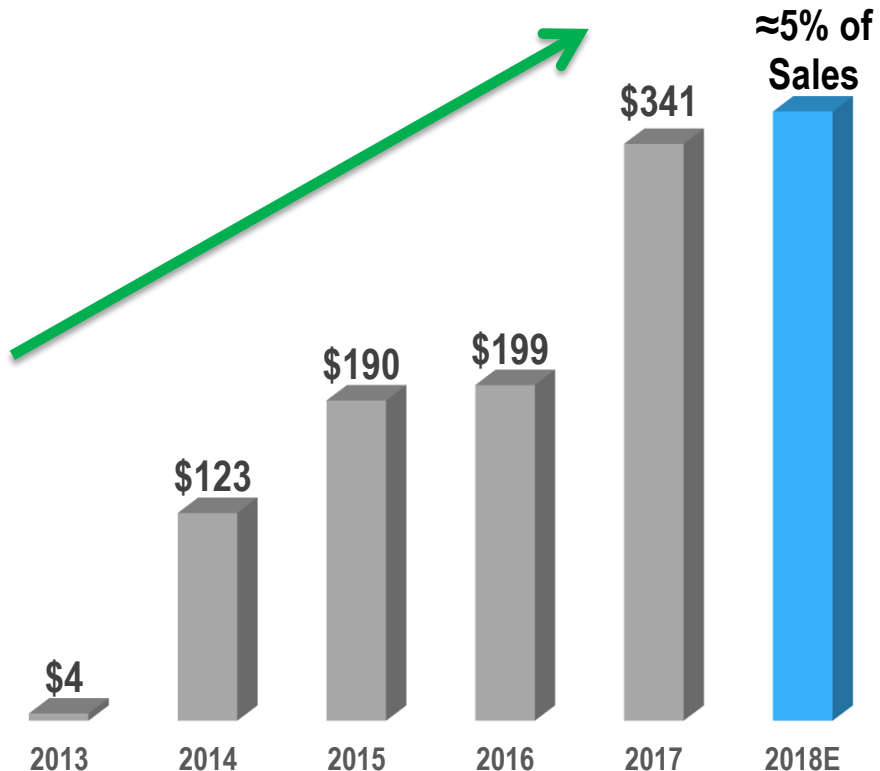
AAM has been growing sales while delivering industry-leading profitability

* For definitions of terms and Non-GAAP reconciliations, please see the attached appendix **Mid point of the 2018 target used for charting purposes

Strong Financial Performance

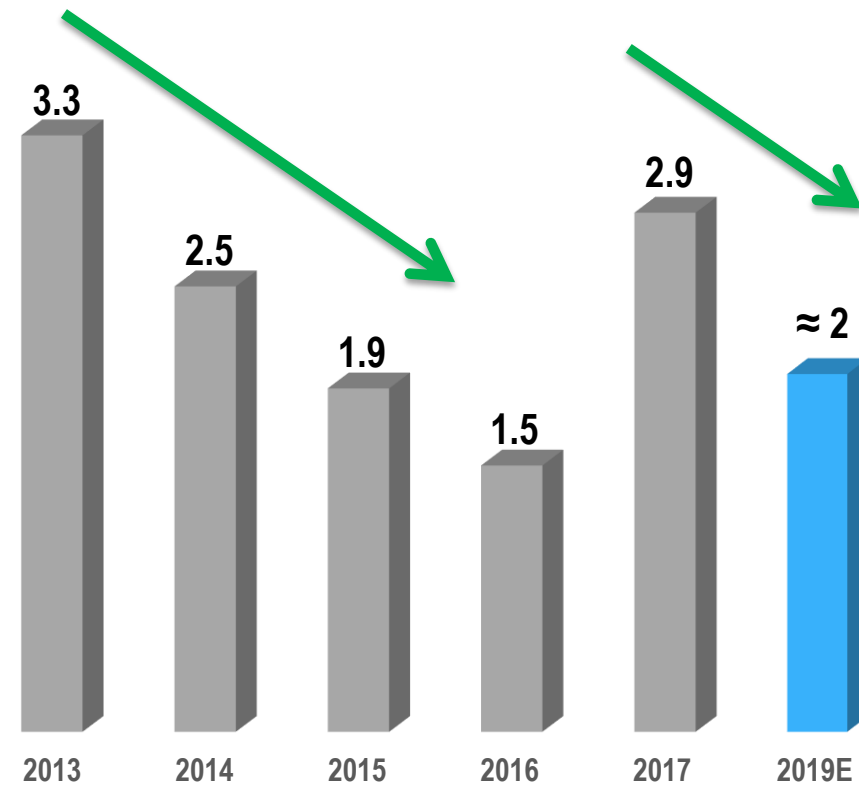


ADJ. FREE CASH FLOW*



Dollars in millions

NET LEVERAGE RATIO*



Strong free cash flow growth generation and net leverage reduction

* For definitions of terms and Non-GAAP reconciliations, please see the attached appendix

AAM 2020



AAM developed a strategy to increase our size and scale while achieving greater business diversification by 2020

	2015	AAM 2020	2018E
Sales	\$3.9 billion	\$7 to \$8 billion	Targeting \$7.1 - \$7.2 billion
Customer Diversification	GM \approx 66% Detroit 3 > 85%	GM < 50% Detroit 3 < 75%	GM \approx 40% Detroit 3 \approx 60%
Geographic Diversification	NA \approx 85% Asia < 10% Europe < 5%	NA < 75% Asia > 10% Europe \approx 10%	NA < 80% Asia \approx 10% Europe \approx 10%

The acquisition of MPG was a significant step towards AAM's 2020 goals



Industry Trends

Industry Trends Driving Growth at AAM



Key Megatrends Drive AAM Growth

Backlog and
Global
Growth

Multi-speed
Transmissions
/ Downsized
Engines

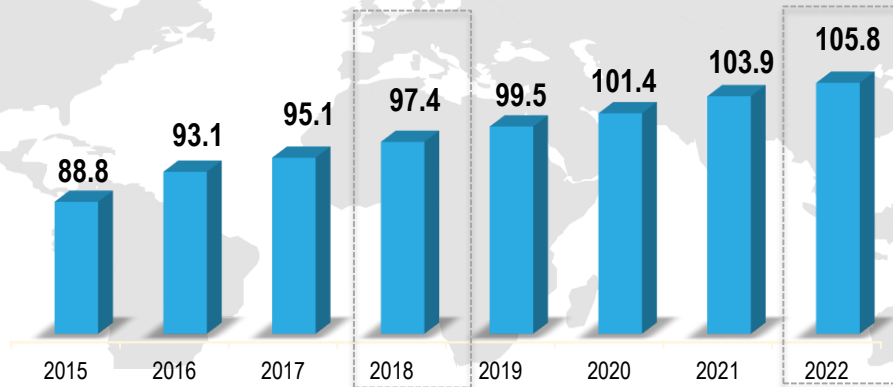
Mix Shift
Towards Light
Trucks

Electrification
of the
Powertrain

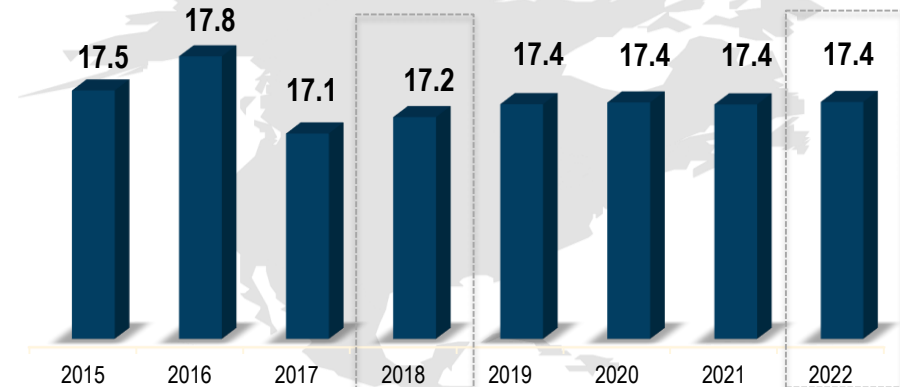
Global and Regional LV Production Projections



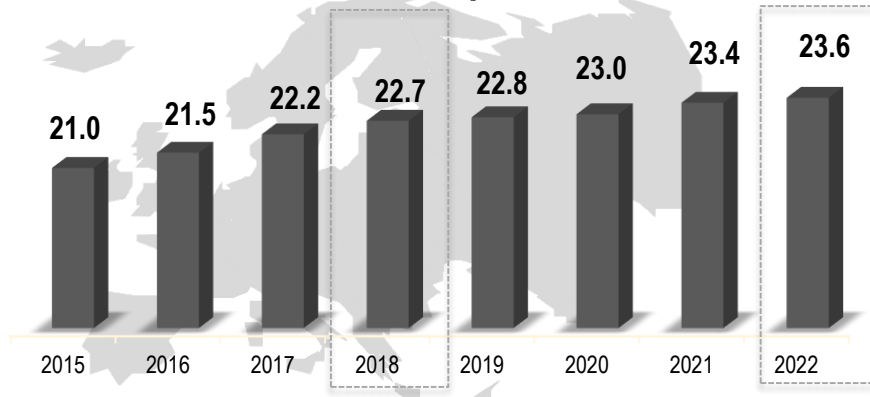
Global Production



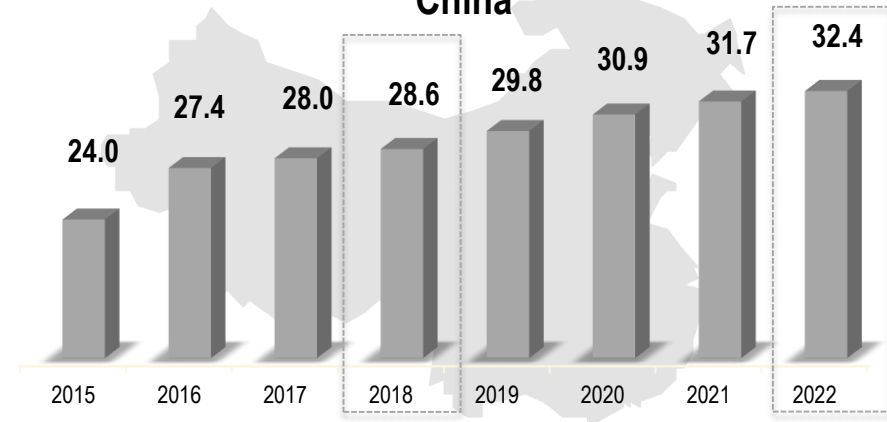
North America



Europe



China



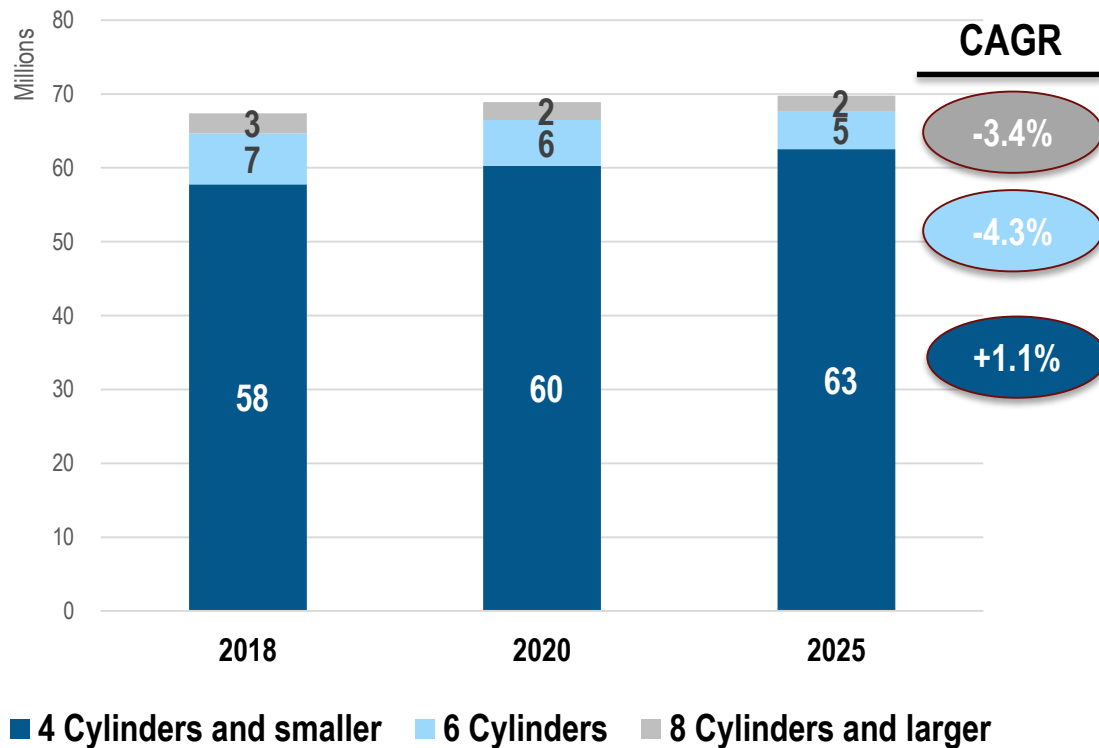
China is expected to account for nearly half of global light vehicle production growth in next 5 years

Multi-speed Transmissions and Downsized Engines

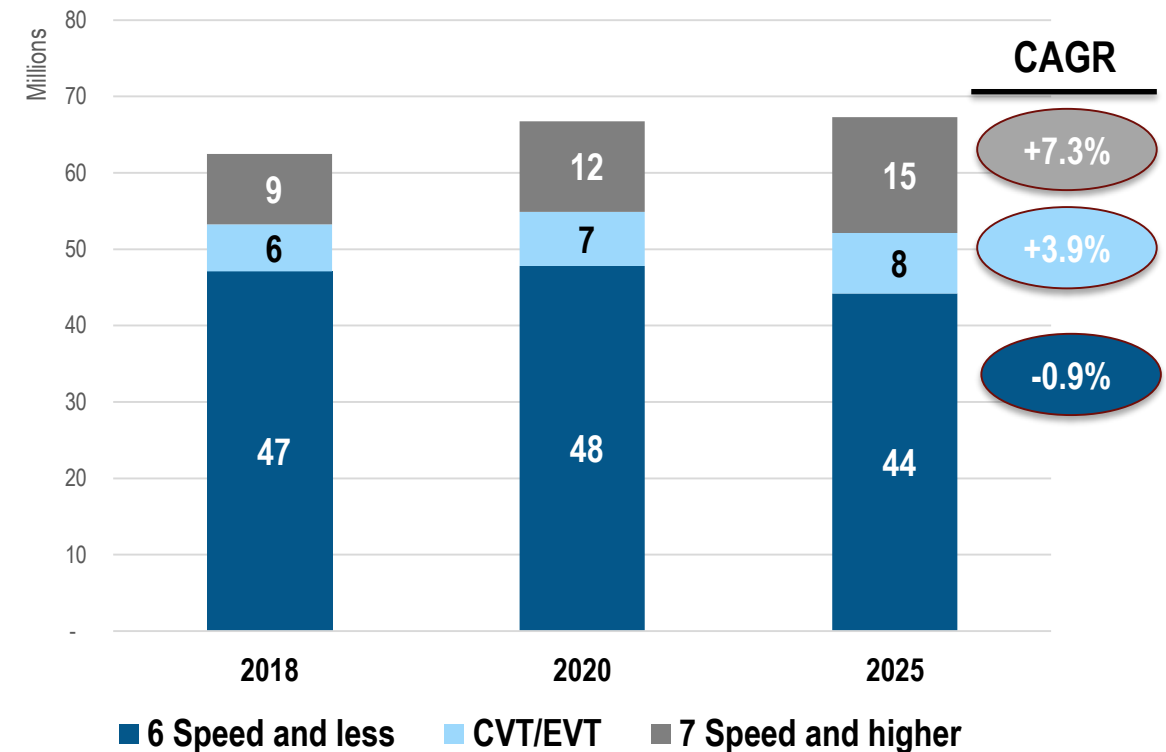


Projections for North America, Europe, China

Vehicle Production Mix by Engine Type



ICE Vehicle Production Mix by Transmission Type

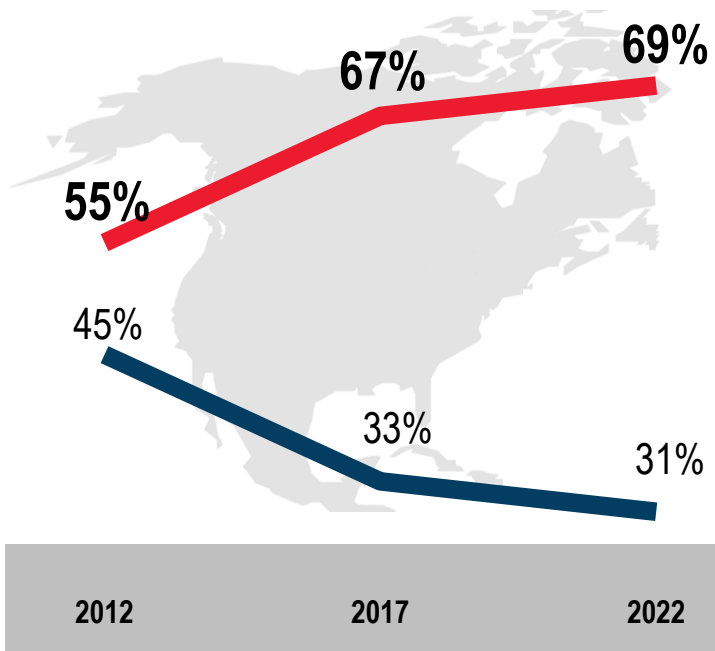


Downsized engines and multi-speed transmissions are driving fuel efficiency gains

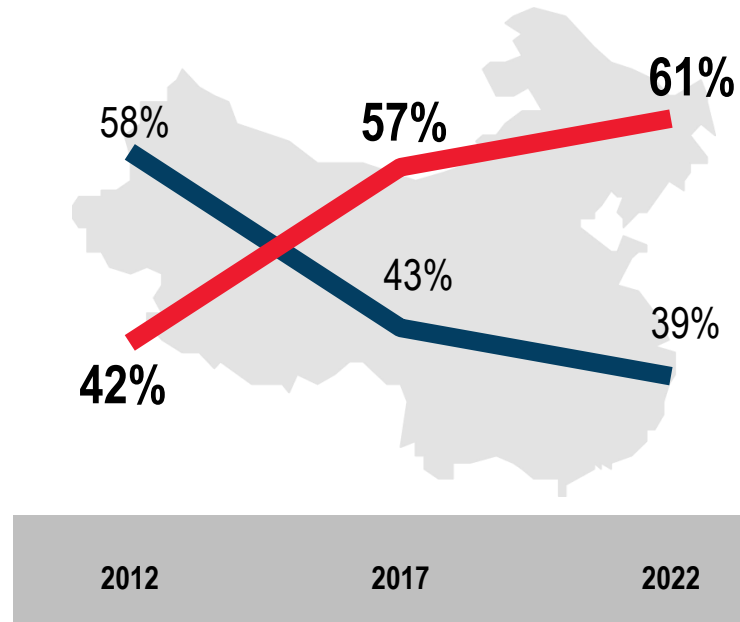
Light Vehicle Mix



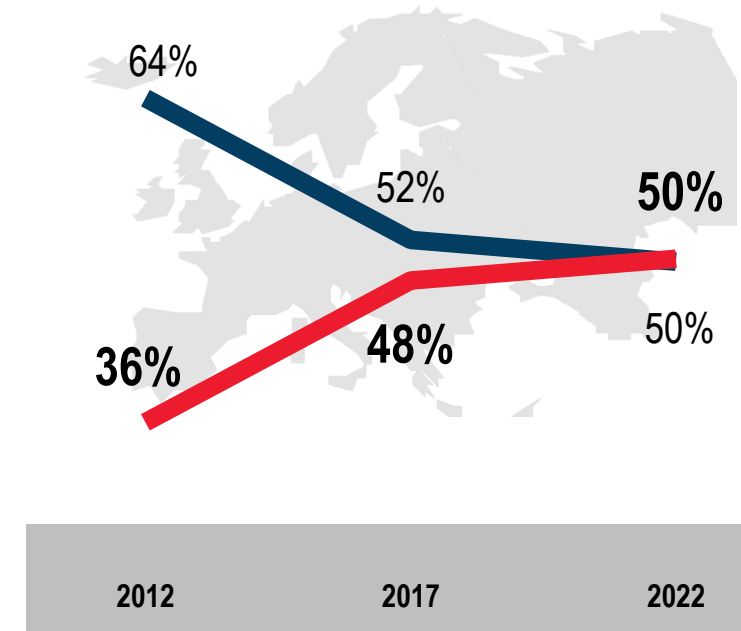
North America



China



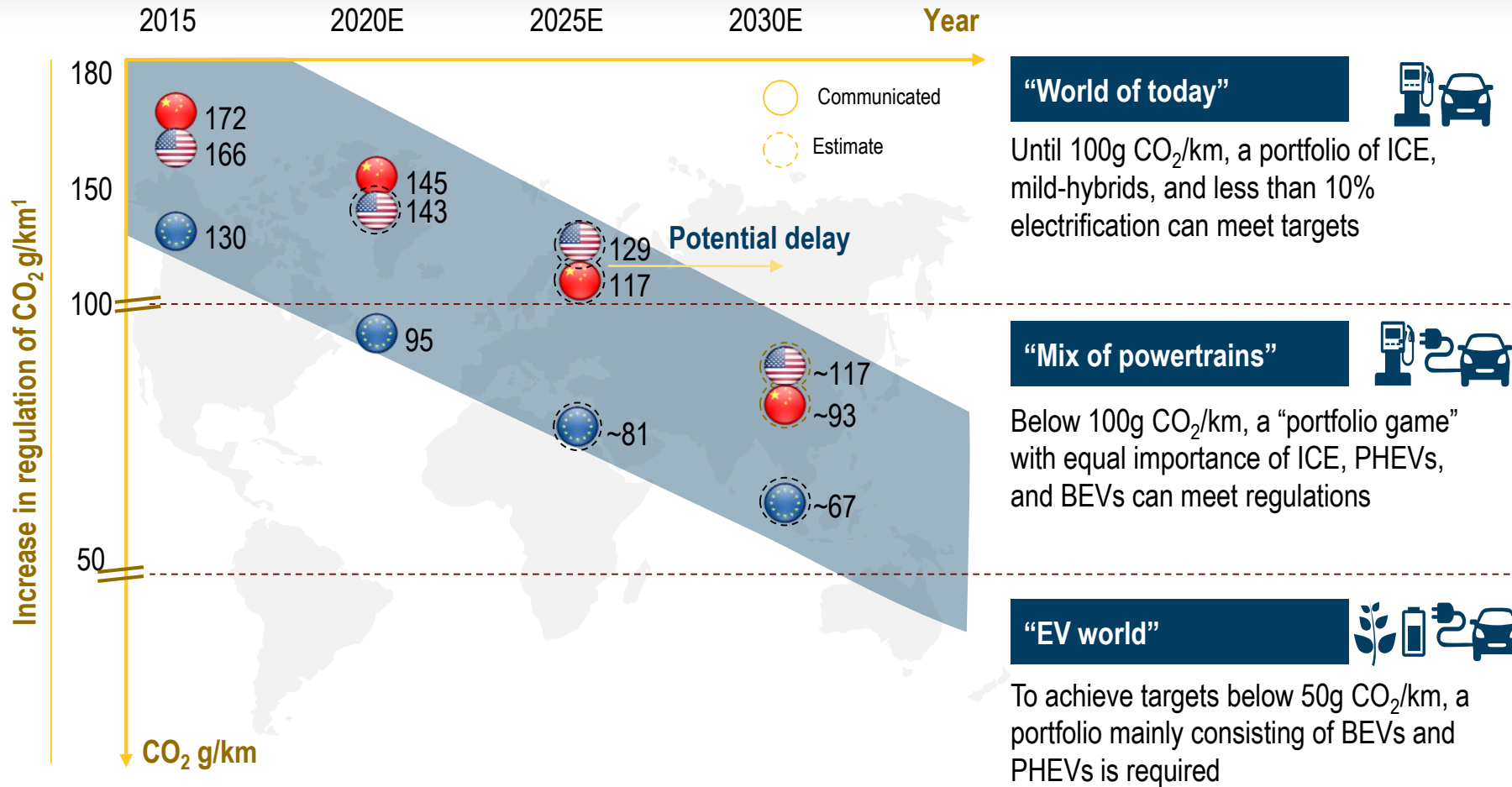
Europe



 Light Trucks - Pickups/SUV/CUV/Vans  Passenger Car

Consumer demand shift to light trucks is a global trend

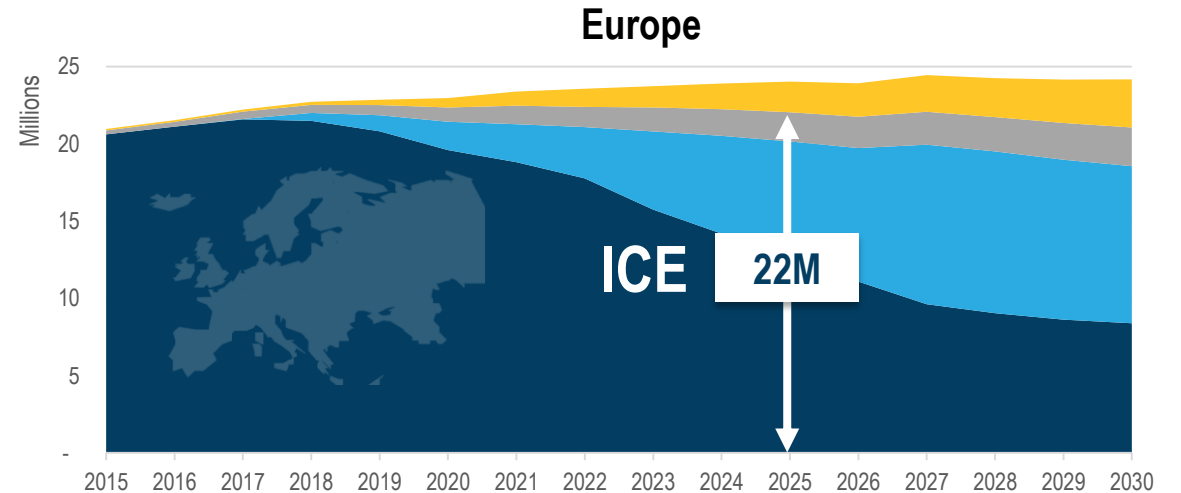
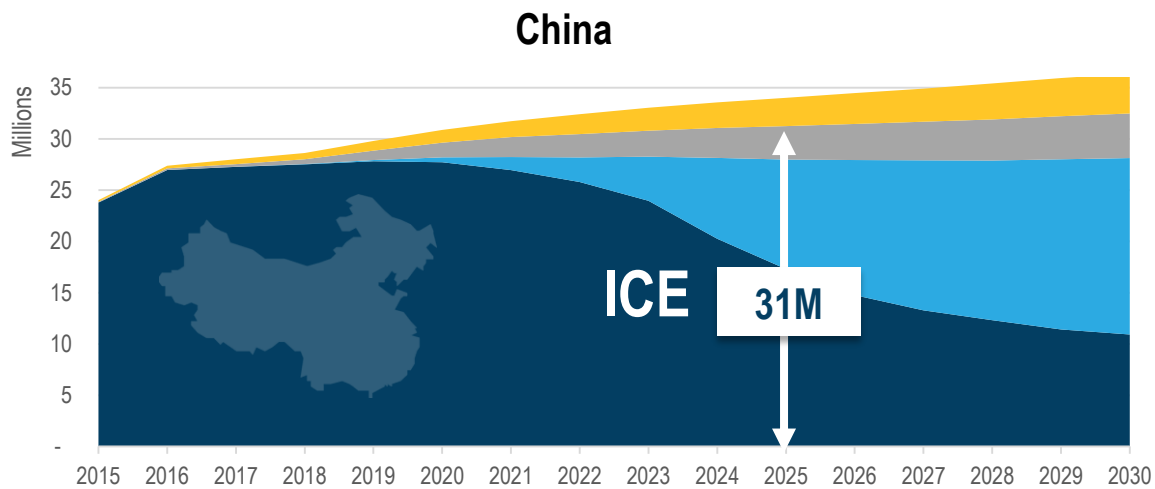
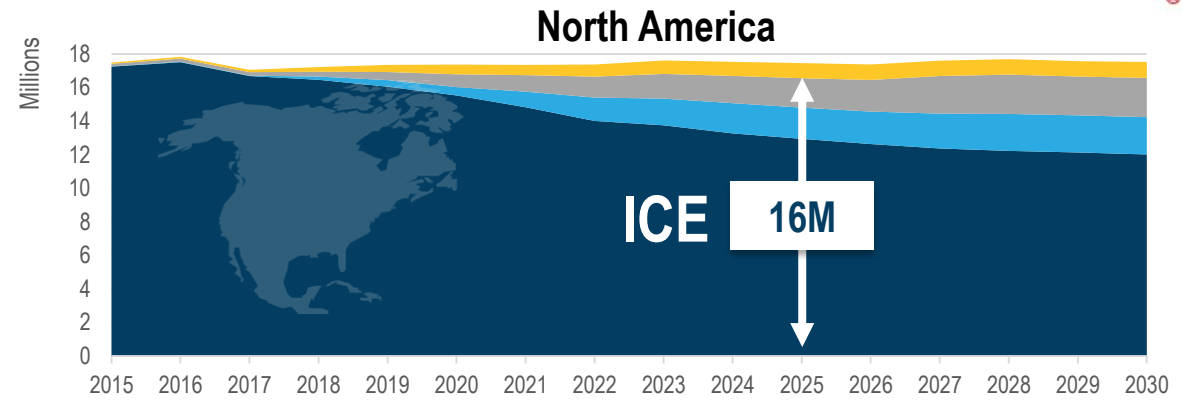
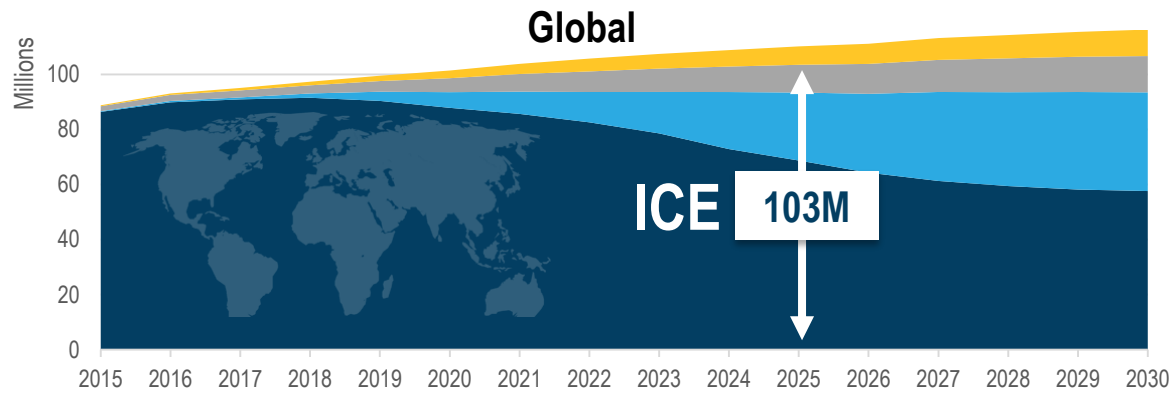
Regulatory Environment



CO₂ and fuel economy regulations are necessary to drive EV penetration in the near term

¹ To ensure comparability, CO₂ figures are cycle-adjusted and normed to New European Driving Cycle (NEDC)

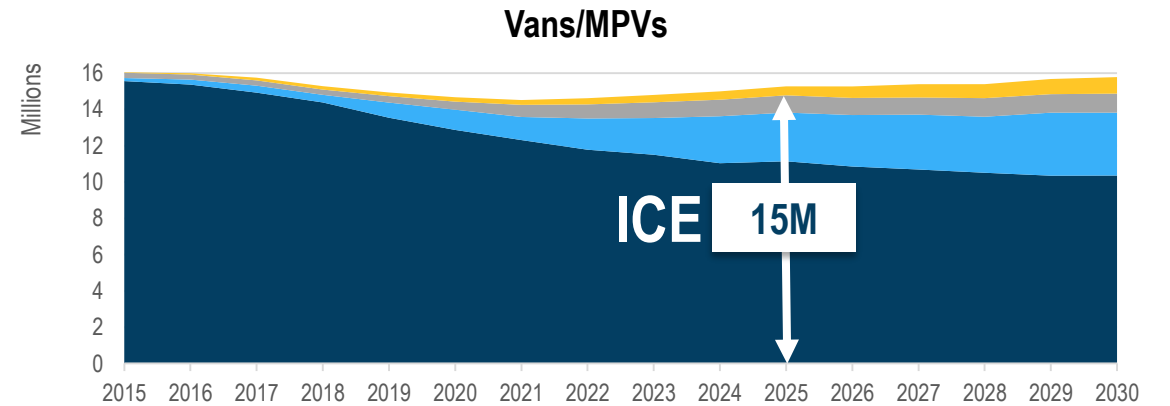
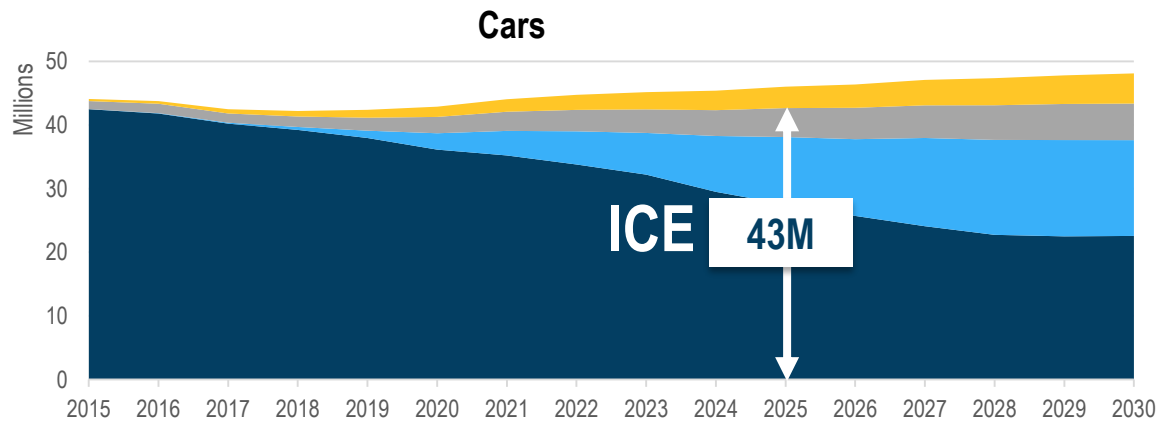
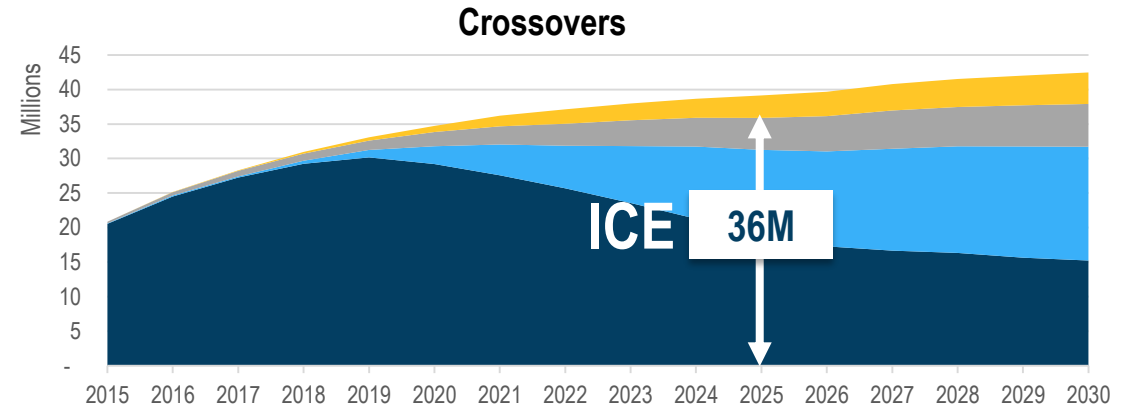
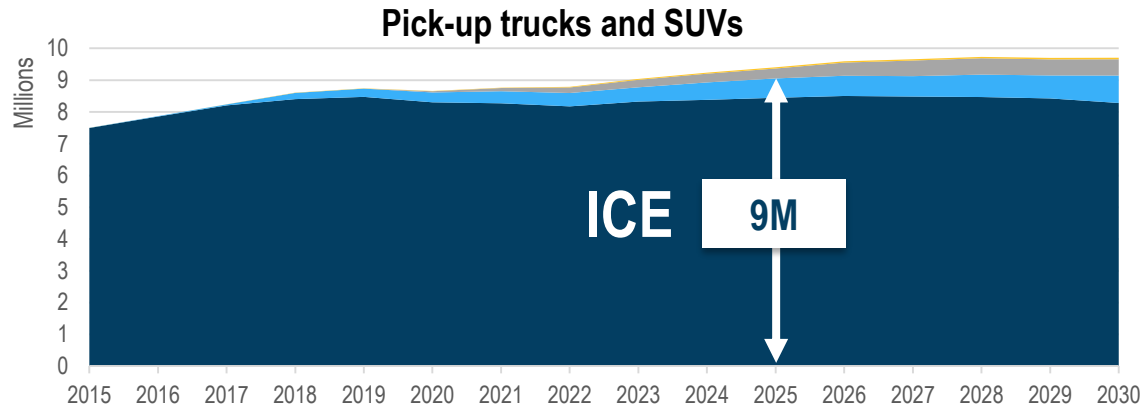
Evolution of Powertrain Systems



■ ICE ■ Hybrid-Mild ■ Hybrid-Full ■ Electric

Hybrids and BEVs will grow significantly over the next 10 years while the ICE remains very relevant

Pace of Electrification by Vehicle Type



■ ICE ■ Hybrid-Mild ■ Hybrid-Full ■ Electric

The rate of adoption of electrification will vary significantly by vehicle type



AAM Growth Opportunities

Industry Trends Driving Growth at AAM



Key Megatrends Drive AAM Growth

**Backlog and
Global
Growth**

High Speed
Transmissions
/ Downsized
Engines

Mix Shift
Towards Light
Trucks

Electrification
of the
Powertrain

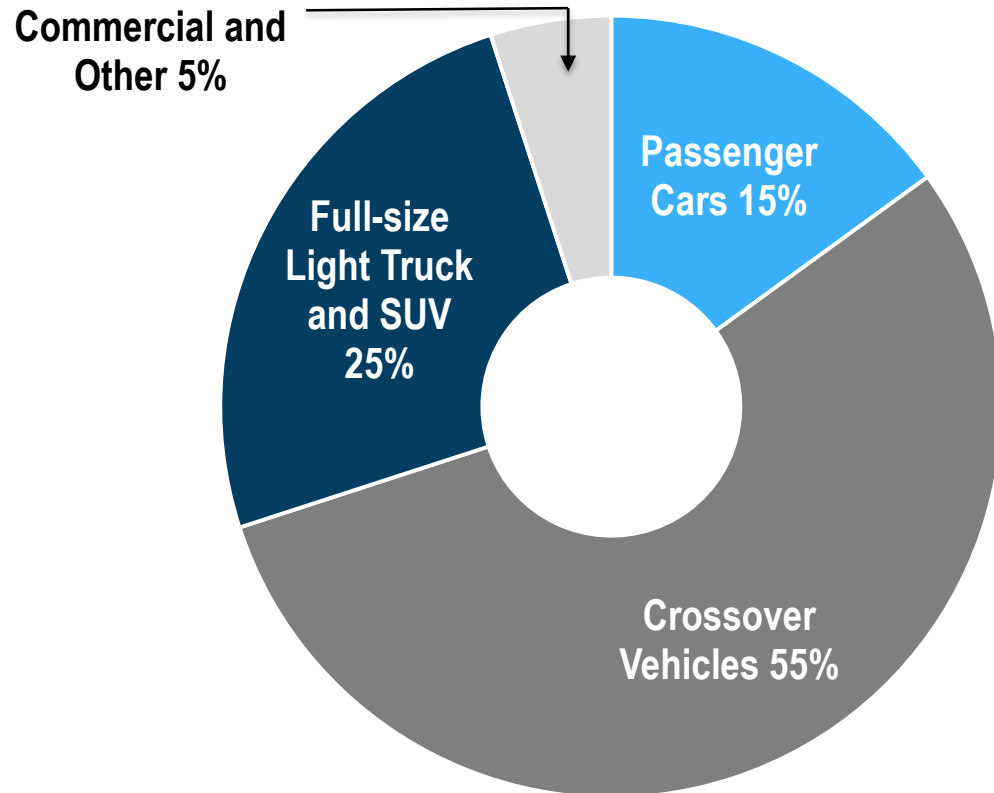
New and Incremental Business Backlog



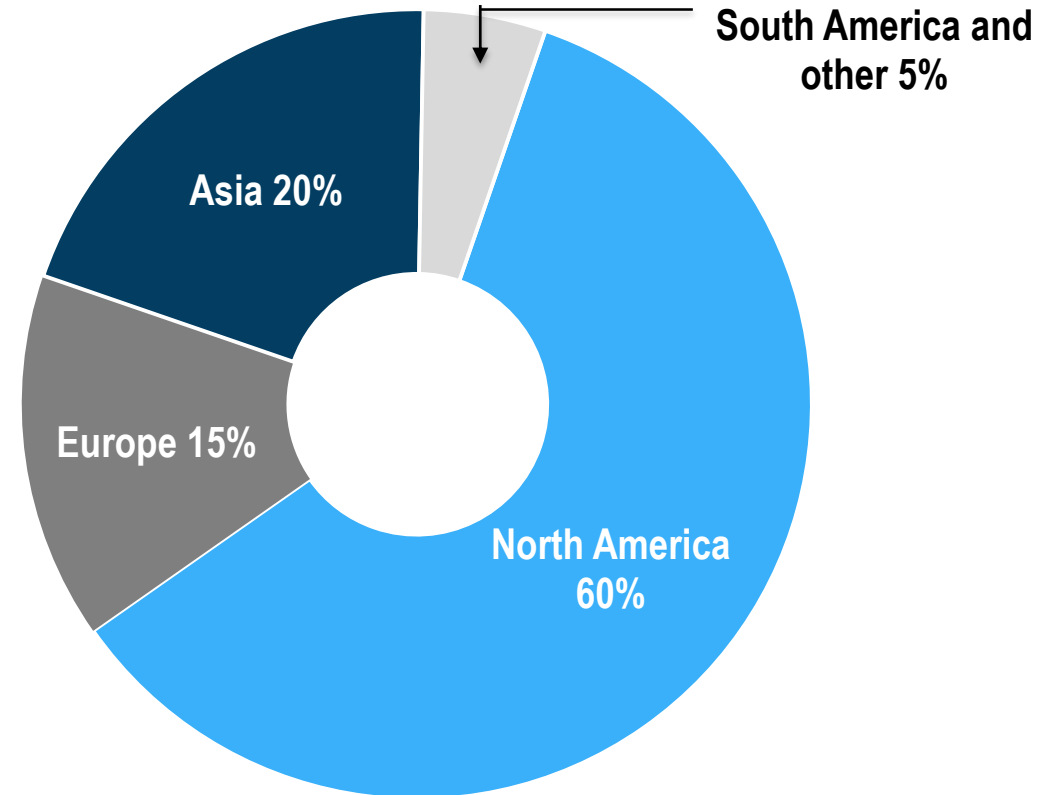
\$1.5 BILLION: 2018-2020

as disclosed on January 17, 2018

Backlog by Vehicle Segment



Backlog by Global Market

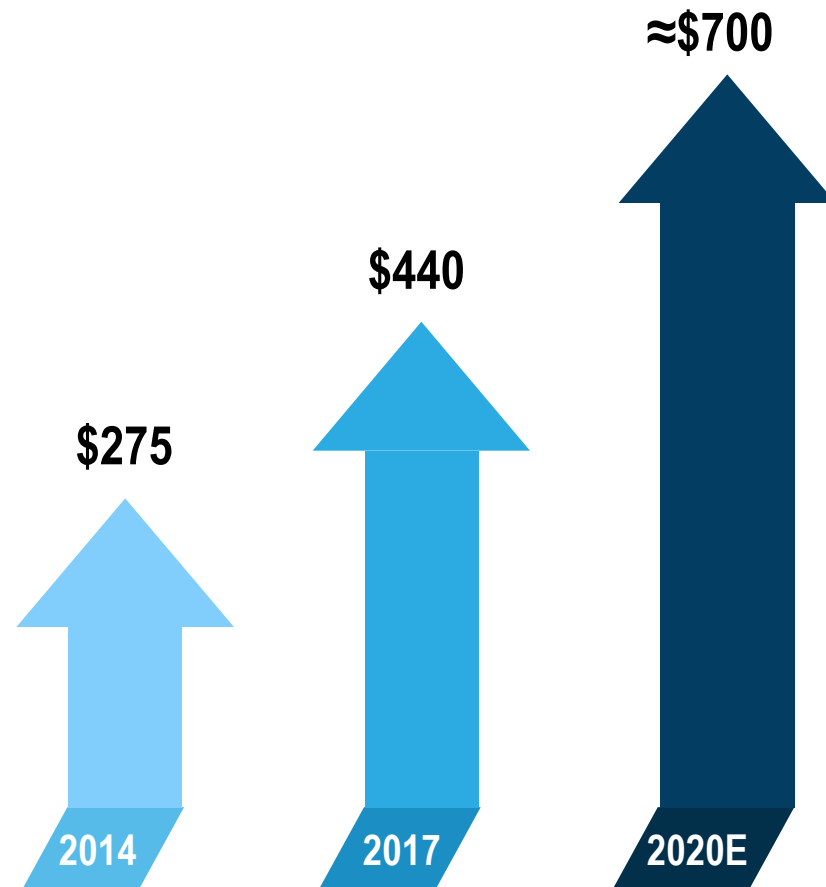


40% of our New Business Backlog is in markets outside of North America

China Continues to Drive Growth for AAM



AAM China Sales



Dollars in millions

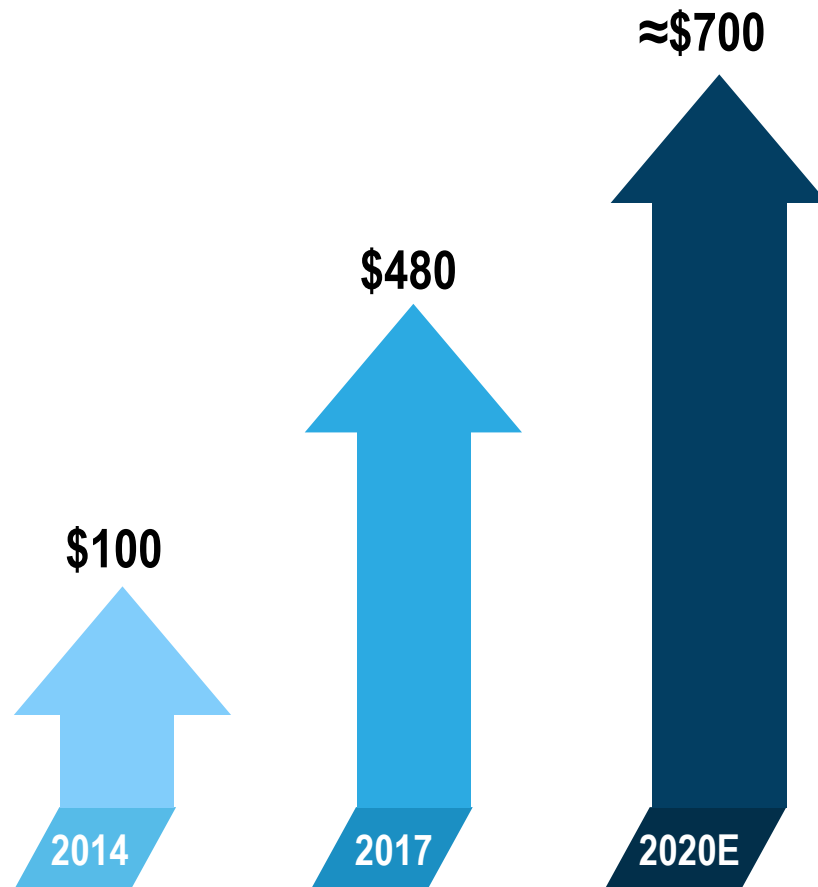
Current growth driven by:

- Demand for crossover vehicles, luxury passenger cars and LCVs
- JV partnerships (Liuzhou AAM and HAAM)
- New business awards in our backlog:
 - Differential assemblies (SAIC-GM)
 - Power Transfer Units (Foton, SAIC-GM, CAF)
 - Isolation Pulleys (Geely and Renault)
 - Rubber Dampers (Chery)
 - Transmission Valve Bodies (Wanliyang)
 - Balance Shaft Assemblies (CAF and SAIC)
 - Transmissions Shafts and Gears (Volkswagen)
 - Connecting Rods (SAIC)

Exponential Growth in Europe



AAM Europe Sales



Dollars in millions

Current growth driven by:

- MPG acquisition
 - Added Metal Forming operations
 - Strong Powertrain presence
- New business launches
 - Two new e-AAM program launches
 - Global crossover program begins production
 - Growing relationships with Daimler, JLR, Ford, Renault, and BMW

Global Growth Beyond 2020



- 60% of AAM's \$1.5 billion quoting and emerging business opportunities are outside of North America*
- Hybridization will drive additional Powertrain content
- Increased demand for our e-AAM products to support higher electric vehicle production, especially in Europe and China
- Increased global Metal Forming presence
- Further leveraging joint venture partnerships

AAM's multi business unit strategy for global growth features many innovative technologies

Industry Trends Driving Growth at AAM



Key Megatrends Drive AAM Growth

Backlog and
Global
Growth

Multi-speed
Transmissions
/ Downsized
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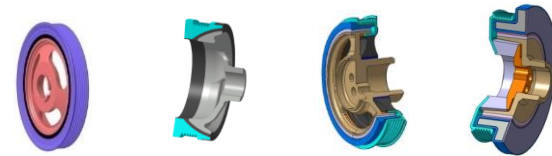
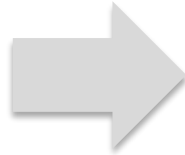
Key Fuel Efficiency Trends Benefit AAM



Downsized Engines



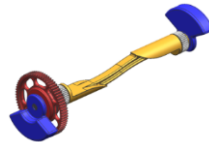
3 Cylinder Engine



Crankshaft Dampers & Isolation Pulleys

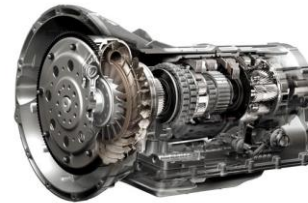


Balance Shaft Systems



Damped Gears

Multi-speed Transmissions



10 Speed Transmission



Transmission Components

Demand for fuel efficiency gains is driving powertrain conversions, leading to additional AAM content-per-vehicle opportunities of over \$100

Industry Trends Driving Growth at AAM



Key Megatrends Drive AAM Growth

Backlog and
Global
Growth

Multi-speed
Transmissions
/ Downsized
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Mix Shift
Towards Light
Trucks

Electrification
of the
Powertrain

Favorable Trends in Vehicle Mix



67%

of total NA production

Light trucks, including SUVs, crossovers and vans, made up over 2/3 of 2017 North American production

>75%

AAM Revenue in 2018

AAM estimates over 3/4 of sales will come from global light truck production in 2018

80%

Of New Business Backlog

80% of AAM new business backlog is related to light trucks, including 55% related to crossover vehicles

All of AAM's business units are benefiting from higher CPV on light trucks

Top Selling NA Pick-ups – AAM’s Foundation



**MAJOR
AAM Content**
(CPV \$500 - \$2,500)



GM Silverado/Sierra



RAM 2500/3500



Nissan Titan

**SIGNIFICANT
AAM Content**
(CPV \$100 - \$500)



Ram 1500



Ford F-Series



GM Colorado/Canyon

AAM Content
(CPV up to \$100)



Toyota Tacoma



Toyota Tundra



Nissan Frontier

AAM has Major or Significant content on 85% of the pick-ups in North America

Top Selling NA Full-Size SUVs and Vans



**MAJOR
AAM Content**
(CPV \$500 - \$2,500)



GM Tahoe/Yukon/Escalade



GM Suburban/Yukon XL, Escalade ESV



Chevrolet Express/GMC Savana

**SIGNIFICANT
AAM Content**
(CPV \$100 - \$500)



Jeep Wrangler



Ford Expedition/Lincoln Navigator



Ford Econoline

AAM Content
(CPV up to \$100)



Toyota Sequoia



Lexus GX

AAM has Major content on over 50% of full-size SUV market in North America

Top Selling NA Crossovers – AAM Growth Driver



**MAJOR
AAM Content**
(CPV \$300 - \$1,200)



GM Equinox/Terrain/Envision



Jeep Cherokee

Currently
Launching



Ford Edge

**SIGNIFICANT
AAM Content**
(CPV \$100 - \$300)



Ford Explorer/Escape



Jeep Grand Cherokee



GM Traverse/Acadia/Enclave

AAM Content
(CPV up to \$100)



Toyota Rav4



Honda C-RV



Nissan Rogue

AAM has content on all of the top 10 best selling crossovers in North America

Global Light Truck Programs with Major AAM Content



Crossover Vehicles

Major AAM Content
(CPV \$300 - \$1,200)



Mercedes GLC (China)



Jaguar F-Pace



Ford EcoSport



GM Trax/Encore



Land Rover Velar

Pick-up Trucks and SUVs

Major AAM Content
(CPV \$500 - \$2,500)



VW Amarok



Ford Everest



GM INTL Mid-size truck



Isuzu D-Max

AAM is benefiting from global growth in light trucks

Industry Trends Driving Growth at AAM



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Multi-speed
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e-AAM's Path to Commercialization



eAAM

HYBRID AND ELECTRIC
DRIVELINE SYSTEMS BY 

AAM completes the purchase
of remaining stake in the
e-AAM joint venture

2012

AAM announced e-AAM
business award for an AWD,
fully electric crossover with a
premium European OEM

2015



AAM's first e-AAM
program launches

2018

2010

AAM enters into JV with SAAB to
develop and produce electric
driveline systems



2013

e-AAM develops product
portfolio to serve multiple
customer requirements

2017

AAM wins new e-AAM
business for a hybrid, high
performance passenger car
with another premium
European OEM

2020

2nd business
award launches



AAM and Electrification | Current State



>5%

of our 2018 – 2020 Backlog

e-AAM is becoming an increasing part of our new business backlog

\$100M - \$200M

Revenue by 2021

Launching two sizable electrification programs with premium global OEMs

>\$1B

Booked Revenue

Revenues of awarded business through lifetime of the booked programs

AAM is benefiting from early investments in electrification

AAM and Electrification | Future State



RAPID GROWTH

Total Addressable Market

Estimated TAM for e-Drive units expected to grow from \$2 billion today to \$10 billion by 2025

≈ \$500M*

New Business Opportunities

Approximately 1/3 of AAM's **current** \$1.5 billion quoted and emerging new business opportunities relate to our e-AAM products across Asia, Europe and North America

25% - 30%

Expected Win Rate

Based on AAM's technology and customer interest, we expect to achieve our normal win rate on new e-Drive business opportunities

We expect e-AAM quoting activity to continue to expand and deliver significant organic growth


Benefits of Electrification



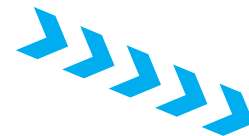
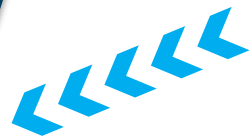
Increased
Served
Markets



Further
Growth in
Europe
and China

eAAM
HYBRID AND ELECTRIC
DRIVELINE SYSTEMS BY 

Content-
Per-Vehicle
Opportunity
\$2,500+



Relevance
to Auto 2.0



AAM's Long-Term Vision

Vision of AAM 2025



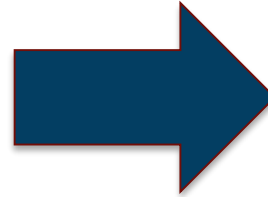
Sales	Increase size and scale that will allow AAM to operate as a leading, global Tier 1 supplier through organic and strategic growth
Customer Diversification	<ul style="list-style-type: none">• No customer > 20%• Detroit 3 sales < 50%
Geographic Diversification	<ul style="list-style-type: none">• North America < 50%• Asia > 25%• Europe > 15%
Long-Term Strategic Focus	<ul style="list-style-type: none">• Play a consolidator role in our served markets• Drive step function diversification• Lead in advanced propulsion systems, including electrification

Driving Shareholder Value



Short-Term Enhancement Actions

- Complete integration and synergy attainment plan of MPG acquisition
- Continue to invest in key R&D initiatives
- Generate significant free cash flow
- Pay down gross debt and further strengthen financial profile



Future Enhancement Actions

- Continue to build position as leading, global Tier 1 supplier
- Balance capital allocation among organic, strategic, financial and shareholder friendly objectives

AAM is committed to driving long-term shareholder value



Operations and Integration Update



Michael K. Simonte

President

WE ARE AAM



WE ARE QUALITY

WE ARE OPERATIONAL EXCELLENCE

WE ARE TECHNOLOGY LEADERSHIP



WE ARE



2018 Operating Priorities



**Integration and
Harmonization**

**Synergy
Attainment
Update**

**Global Operating
Performance
Objectives**

**Profitable Growth
Objectives**

2018 Operating Priorities

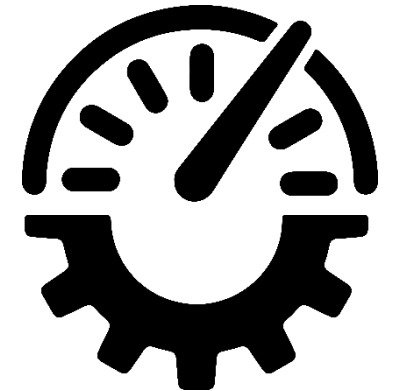
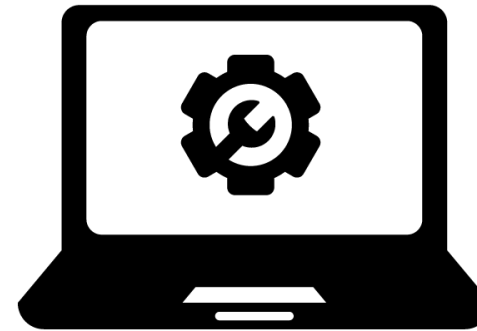


Integration and Harmonization

Synergy Attainment Update

Global Operating
Performance Objectives

Profitable Growth Objectives



AAM's Operating System
and Best Practices

Associate Management
and Development

Information
Technology

Capacity
Optimization

2018 Operating Priorities



Integration and Harmonization

Synergy Attainment Update

Global Operating
Performance Objectives

Profitable Growth Objectives

Building on existing Program Management expertise, AAM has developed a disciplined **Integration Management Office (IMO)** to drive synergy attainment, including:

- Full-time staffing for the IMO
- Synergy tracking system
- Weekly progress reporting protocols
- Senior management involvement and accountability

AAM has established a process that can be successfully deployed in future M&A transactions

2018 Operating Priorities



Integration and Harmonization	Synergy Attainment Update	Global Operating Performance Objectives	Profitable Growth Objectives
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AAM is **RAISING** our total cost reduction synergy target to \$140 million by 2020 and confirming our previous estimate of \$120 million of cost reductions by 1Q 2019

Public Company Costs and Overhead Rationalization	Purchasing Power and AAM Know-How	Vertical Integration Benefits and Manufacturing Initiatives	Targeted Cost Reduction Synergies - Run Rate by 2020
\$40 M	\$60 M	\$40 M	= \$140 M

2018 Operating Priorities



Integration and Harmonization

Synergy Attainment Update

Global Operating
Performance Objectives

Profitable Growth Objectives

**Public Company
Costs and Overhead
Rationalization**

\$40 M

Public Company Costs

- Management, governance and corporate office redundancy
- Optimization of professional fees, listing fees, insurance and other related items

Overhead Rationalization

- Engineering and business office consolidation
- Shared services and scale advantages (especially Finance, HR and IT)

Substantially all of these synergy initiatives will be implemented and realized by 2018 YE

2018 Operating Priorities



Integration and Harmonization

Synergy Attainment Update

Global Operating
Performance Objectives

Profitable Growth Objectives

**Purchasing
Power and AAM
Know-How**

\$60 M

Material cost reductions

- Direct material
- Maintenance, repair and operating supplies
- Indirect services
- Freight and logistics

**Energy and utilities (purchased rate and consumption)
Health and welfare benefits consolidation**

AAM's combined purchasing power is driving significant cost reductions

2018 Operating Priorities



Integration and Harmonization

Synergy Attainment Update

Global Operating
Performance Objectives

Profitable Growth Objectives

**Vertical Integration
Benefits and
Manufacturing
Initiatives**

\$40 M

Vertical Integration Benefits

- Castings, forgings, powdered metal components
- Engineering and test services

Manufacturing Initiatives

- Capacity / facility rationalization
- Optimized product / plant loading
- Best practice read-across

AAM expects to exceed initial estimates although some savings will be achieved beyond 1Q 2019

2018 Operating Priorities



Integration and Harmonization

Synergy Attainment Update

**Global Operating
Performance Objectives**

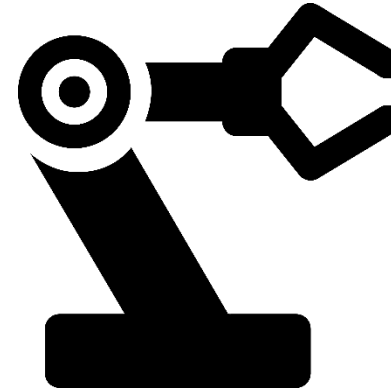
Profitable Growth Objectives



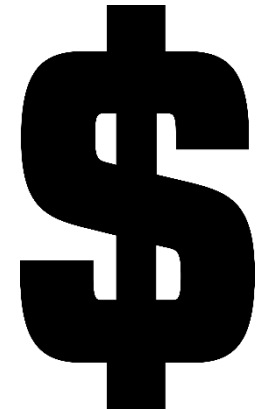
**Global Operational
Excellence**



**Quality & Customer
Satisfaction**



**Technology
Leadership**



**2018 Financial
Commitments**

2018 Operating Priorities

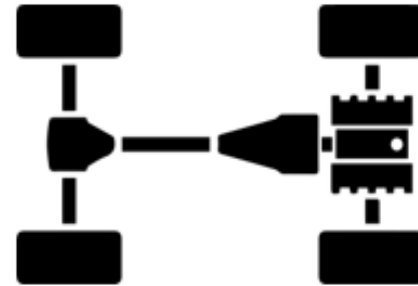


Integration and Harmonization

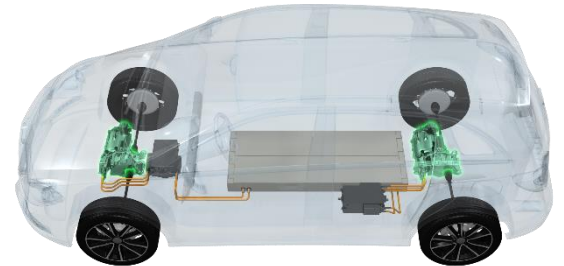
Synergy Attainment Update

Global Operating Performance Objectives

Profitable Growth Objectives



eAAM
HYBRID AND ELECTRIC
DRIVELINE SYSTEMS BY



**60 Major
Global Launches**

Global Growth

**Powertrain Business
Unit Opportunities**

**Electrification
of the Powertrain**

Business Unit Video



WE ARE





Alberto Satine

President, Driveline



Norman Willemse

President, Metal Forming



Greg Deveson

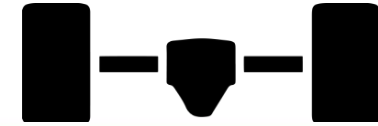
President, Powertrain



Tim Bowes

President, Casting

Driveline



Global leader in manufacture, assembly and integration of RWD, AWD and 4WD systems.

KEY TECHNOLOGIES AND PROCESSES

- High performance/efficiency driveline systems for light and commercial vehicles
- EcoTrac Disconnecting AWD
- e-AAAM hybrid and electric driveline systems
- Quantum lightweight axles
- Lightweighting and mass optimization
- Driveline system integration



\$4B

2017 Pro Forma Sales

16

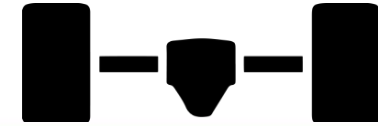
Manufacturing Locations



≈13K

Associates

Driveline



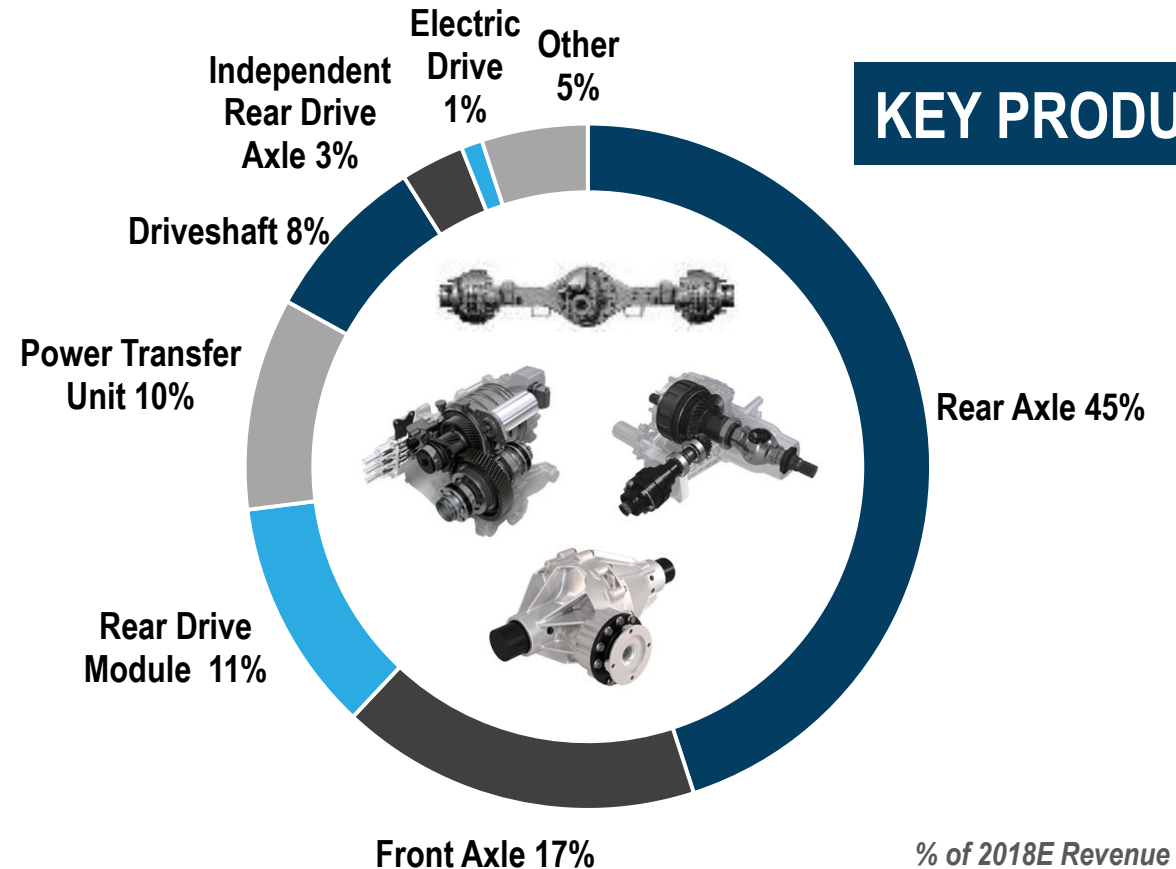
MARKET LEADERSHIP*

- #1 Globally - Full-Size Pickup Trucks and SUV driveline systems
- #1 North America and #2 China AWD Systems for crossovers
- Pioneer of Disconnecting AWD systems

TOTAL ADDRESSABLE MARKET SIZE

≈ \$30 Billion

KEY PRODUCTS



KEY CUSTOMERS



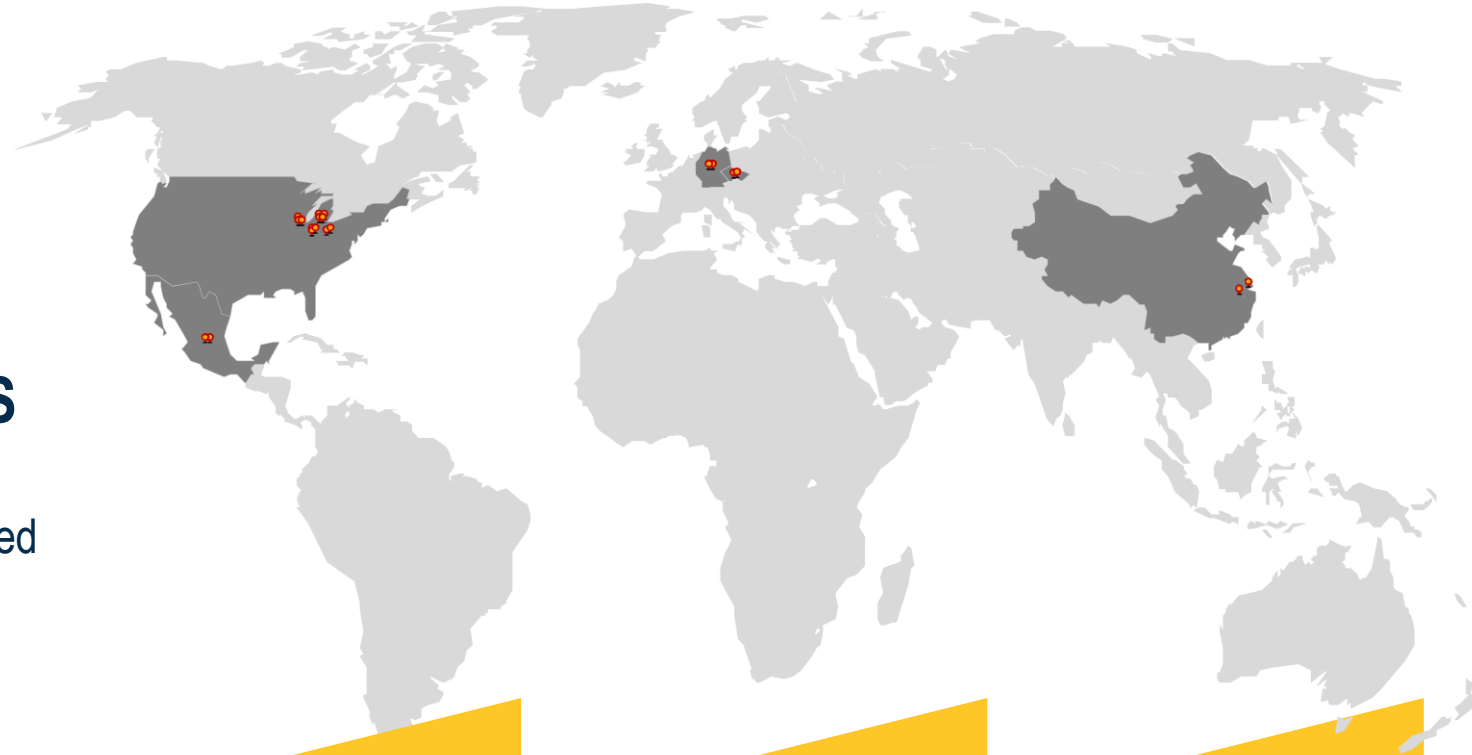
Metal Forming



Global leader in forming and machining of metal engine, transmission, driveline and safety-critical components across several markets.

KEY TECHNOLOGIES AND PROCESSES

- Hot, Warm and Cold Forging Technology providing comprehensive solutions for growing customer forged product applications
- Net/Near Net Technologies for power density and lightweighting
- Machining Heat Treatment and Sub-assembly providing additional customer value-add



\$1.5B

2017 Pro Forma Sales

25

Manufacturing Locations



≈4.5K

Associates

Metal Forming



MARKET LEADERSHIP*

- Largest automotive forger in the world
- #1 Globally – Differential gears, axle shafts, hypoid pinions and ring gears
- #1 North America – Transmission gears and CVT Pulleys

TOTAL ADDRESSABLE MARKET SIZE

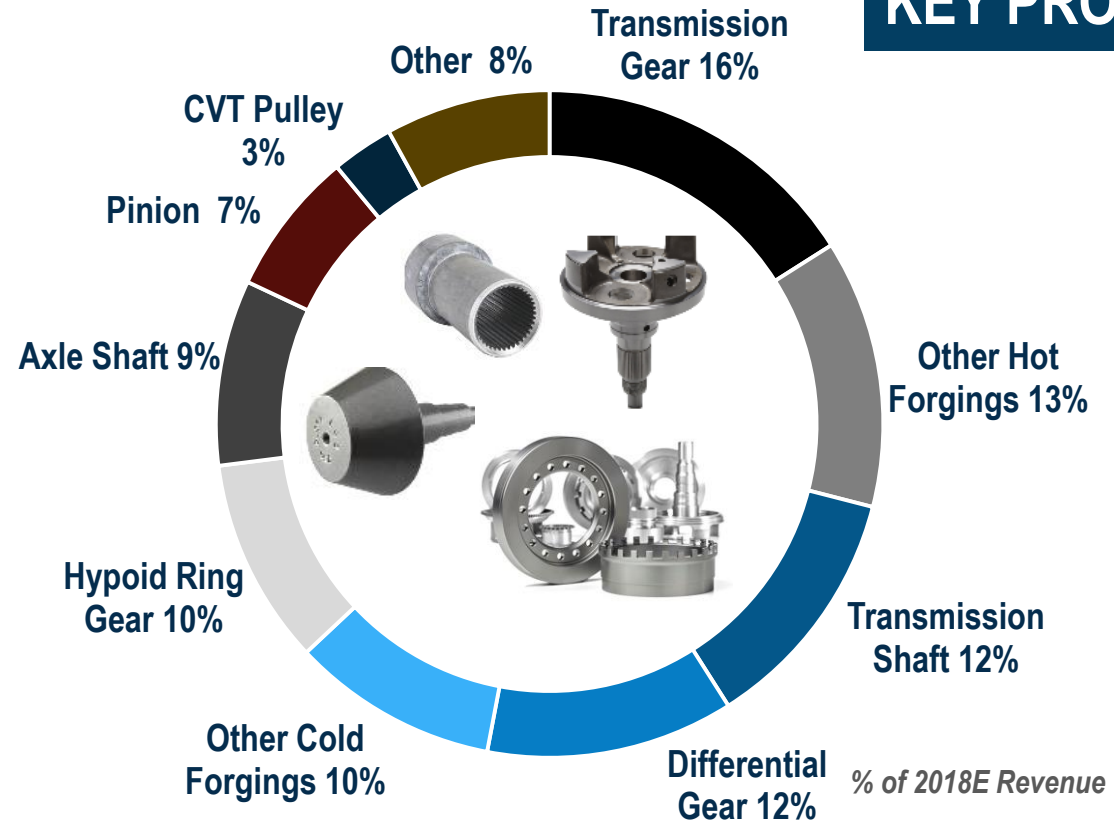
≈ \$20 Billion

KEY CUSTOMERS



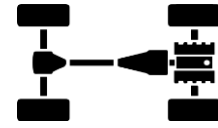
Note: Market leadership based on company estimates as compared to other independent suppliers

KEY PRODUCTS



% of 2018E Revenue

Powertrain



Global leader of complex powertrain components and sub-assemblies focused on design-to-launch solutions that reduce cost and weight while improving vehicle performance.

KEY TECHNOLOGIES AND PROCESSES

- Powder metal processes providing high strength, near net shaped products
- Vibration controls systems improve product reliability and provide NVH solutions
- Advanced machining and assembly of performance critical clutch, control and torque management systems
- High pressure aluminum die casting process for valve and solenoid bodies



\$1.1B

2017 Pro Forma Sales



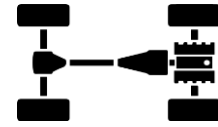
Manufacturing Locations



≈5K

Associates

Powertrain



MARKET LEADERSHIP*

#1 Globally

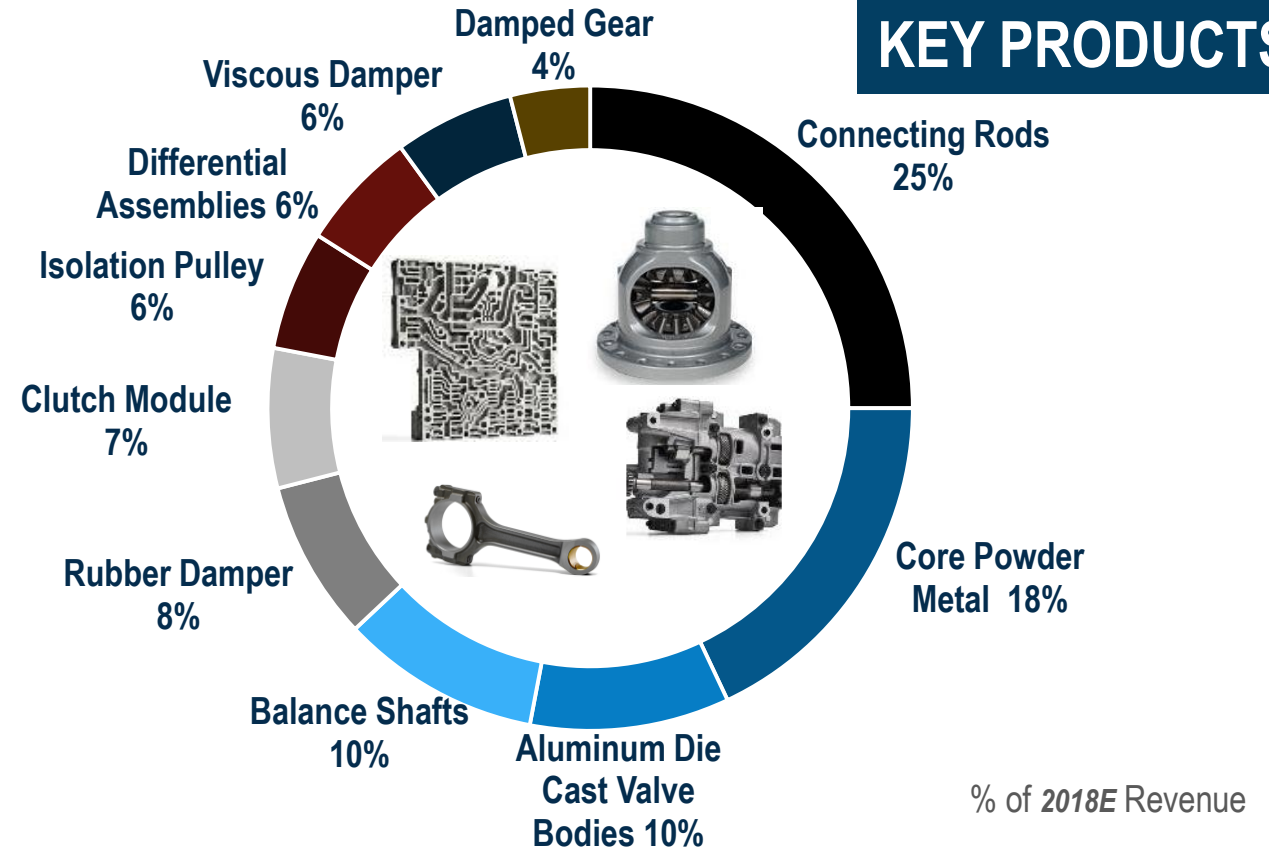
- Powder metal connecting rods
- Damped gears and rubber isolation pulleys
- Viscous dampers for passenger cars

#1 North America - Aluminum valve bodies

TOTAL ADDRESSABLE MARKET SIZE

≈ \$30 Billion

KEY PRODUCTS



KEY CUSTOMERS



Casting



AAM is a leader in casting technology and one of North America's largest suppliers of iron castings.

KEY TECHNOLOGIES AND PRODUCTS

- High strength irons
- Thin wall castings
- Lost foam casting technology
- 3D printing
- Advanced machining and assembly



2017 Pro Forma Sales



Manufacturing Locations



≈4K

Associates

Casting



MARKET LEADERSHIP*

- Leading automotive iron casting operations
- #1 North America ductile iron casting supplier
- #1/#2 North America - Differential carriers and cases, steering knuckles, control arms and brake calipers

TOTAL ADDRESSABLE MARKET SIZE

≈ \$10 Billion

KEY CUSTOMERS



FIAT CHRYSLER AUTOMOBILES



DAIMLER TRUCKS NORTH AMERICA

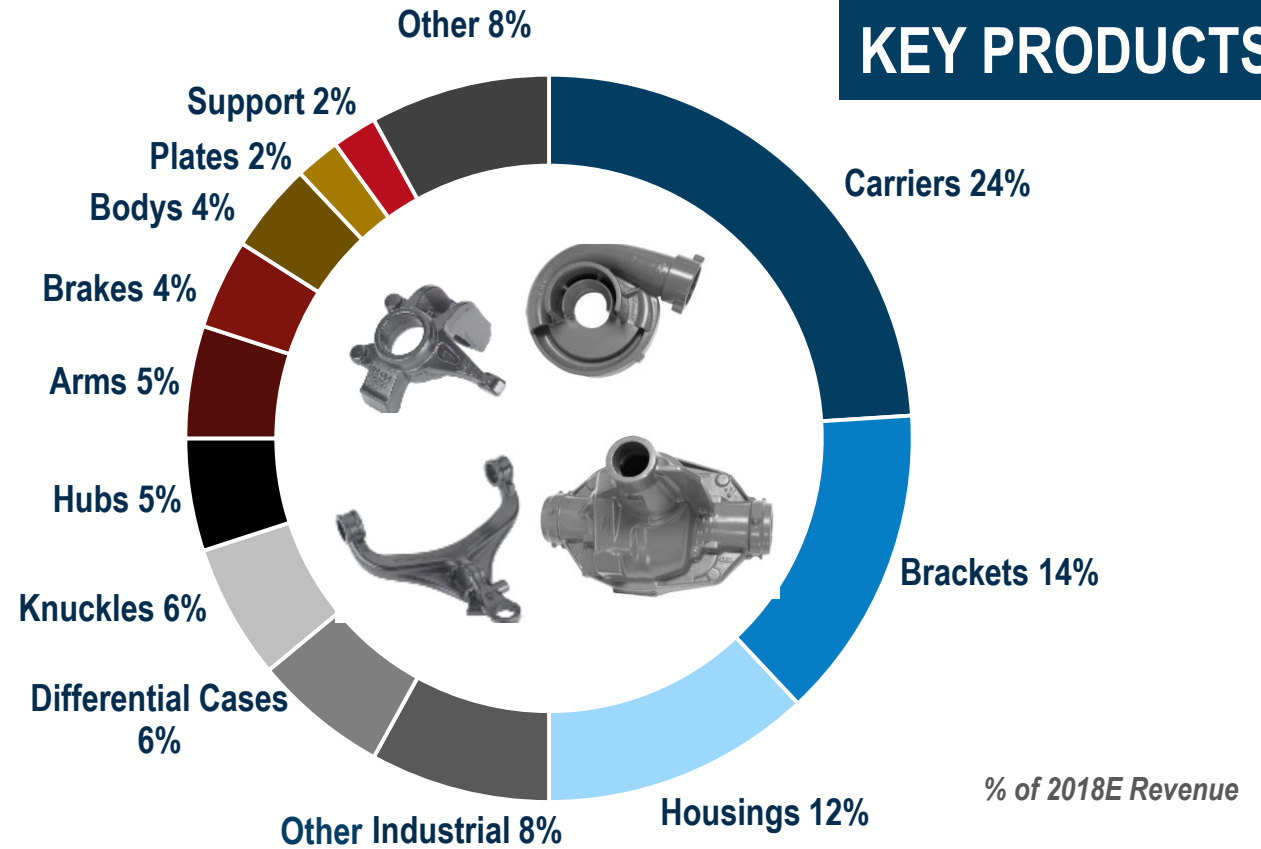


Bobcat.



Note: Market leadership based on company estimates as compared to other independent suppliers

KEY PRODUCTS



Growth Opportunities by Business Unit



	Driveline	Metal Forming	Powertrain	Casting
China Expansion	✓	✓	✓	
Increased Market Share in Europe	✓	✓	✓	
Electrification / Hybridization	✓	✓	✓	
Lightweighting / Power Density	✓	✓	✓	✓
Multi-speed Transmissions / Downsized Engines		✓	✓	
Mix Shift Towards Light Trucks	✓	✓	✓	✓
Strength in Commercial/Industrial Markets	✓	✓		✓
Further Vertical Integration	✓	✓	✓	✓



Technology Leadership



Philip R. Guys

Vice President & Chief Technology Officer

AAM Technology Leadership Video



WE ARE

®

The video thumbnail features a blue-tinted background with three panels: a worker at a lathe, a robotic arm, and workers on an assembly line. The text 'WE ARE' is at the top, the AAM logo is in the center, and social media icons are at the bottom.

Technology Leadership & Product Innovations



PRODUCT DIVERSIFICATION & TECHNOLOGY ADVANCEMENT



Revolutionary new designs w/
significant mass reduction

2005

Passenger Car and
Crossover Vehicle AWD
Components
New Products for AAM

2010

High Efficiency Axles
Industry Leader

2015

ECO TRAC
DISCONNECTING AWD SYSTEM BY AAM
Disconnecting AWD System
Industry Leader
First to Market in 2013

2020
And Beyond

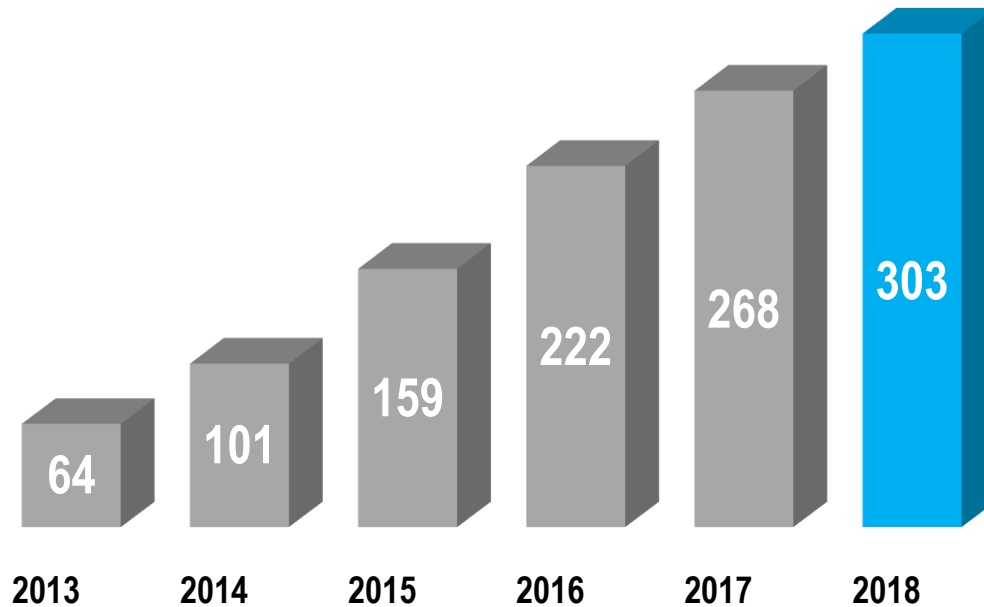
eAAM
HYBRID AND ELECTRIC
DRIVELINE SYSTEMS BY AAM
Hybrid and Electric
Driveline Systems
To Market in 2018

Developing and designing innovative solutions to meet the trends and demands of the industry

Recent Patent Activity



AAM Patent Portfolio Since 2013*



TECHNOLOGY LEADERSHIP

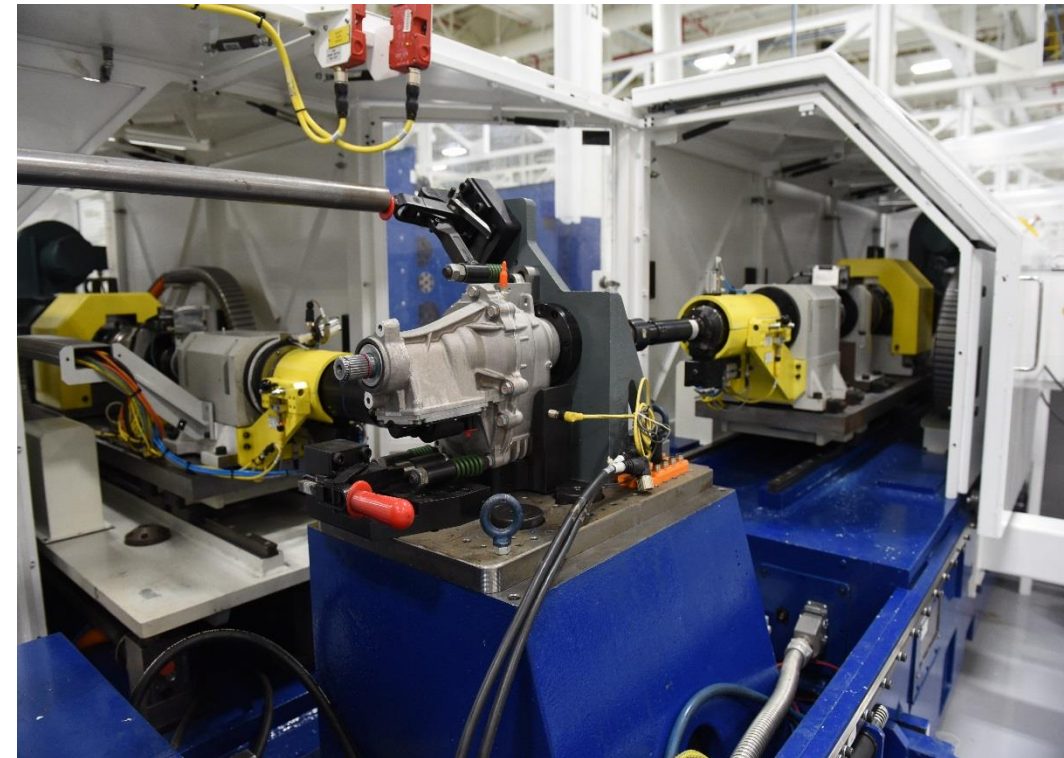
- Nearly **15%** of all patents since 2013 relate to e-AAM technologies
- For the past two years, Ocean Tomo has included AAM in the OT300 Patent Index Fund

In its history, AAM has accumulated nearly **900** patents for advanced, innovative technologies

Global Engineering Centers



PRODUCT DEVELOPMENT,
TEST & VALIDATION,
KNOWLEDGE-BASED
ENGINEERING



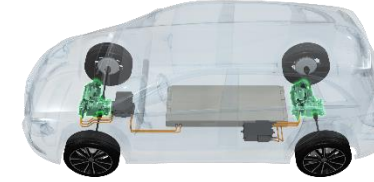
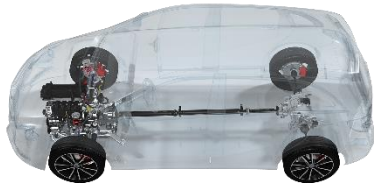
16
GLOBAL ENGINEERING
DEVELOPMENT CENTERS

USA | DETROIT | ROCHESTER HILLS | MEXICO
GUANAJUATO | BRAZIL | ARAUCÁRIA
GERMANY | BAD HOMBURG | DIEBURG | ZELL
SWEDEN | ARJEPLOG | TROLLHÄTTAN
SCOTLAND | GLASGOW | POLAND | ŚWIDNICA
CHINA | CHANGSHU | SHANGHAI | INDIA | PUNE



Innovative Product Technologies

AAM Technology Leadership



ICE

HYBRID

ELECTRIC (BEV)

AAM CORE COMPETENCIES



Efficiency



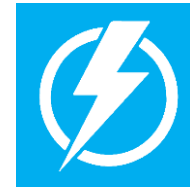
Customer Value



Lightweighting

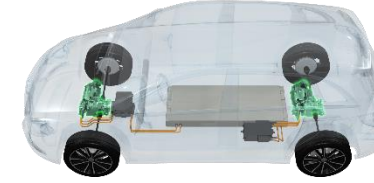
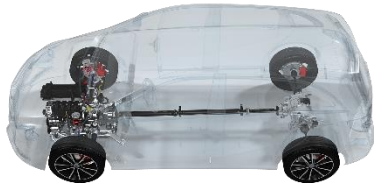


Performance/NVH



Power Density

AAM Technology Leadership - Conventional



ICE

HYBRID

ELECTRIC (BEV)

CONTINUOUS IMPROVEMENT

Engine | Transmission | Driveline

AAM continues to make innovative improvements to our conventional products

Vibration Control Systems (VCS)



VCS | Family of products and NVH based system solutions that provide superior noise & vibration reduction that is well positioned for downsized engines, including stop/start and hybrid powertrains

KEY COMPONENTS

- **Balancing Shaft Systems** – cancel inherent unbalance forces within 3 and 4-cylinder engines
- **Damped Gears** – reduce dynamic torque, resulting in significant improvement of NVH of gear drives
- **Crankshaft Dampers** – counter torsional, axial, bending vibrations of the crankshaft
- **Isolation Pulleys** – prevents the transfer of crankshaft rotary speed fluctuations into the belt drive – Commonly required for 48V Start/Stop technology adaption
- **Viscous Dampers** – utilize a silicone oil to provide increased system damping and optimal attenuation for hybrid engine architectures

Balance Shaft Module with Oil Pump



Crankshaft Dampers & Isolation Pulleys



Our VCS products are benefiting from the global trend of engine downsizing and turbocharging

EcoTrac® Disconnecting AWD Systems



EcoTrac AWD systems | Utilize electronics and software to improve Fuel Economy, Safety, and Performance



KEY ATTRIBUTES

- Advanced mechatronics (motors, actuators and sensors)
- Disconnects at the power transfer unit (PTU), causing the driveshaft to stop spinning
- Can automatically engage when it senses AWD traction requirement
- Improved vehicle fuel economy without sacrifice in AWD functionality
- Our Gen II design began production in 2018 with additional lightweighting and efficiency improvements

Disconnecting Drive Module



EcoTrac utilizes a combination of software and engineering capabilities to improve fuel economy

EcoTrac Continues to Drive Profitable Growth



2013

Jeep



Cherokee

2017

GM



Terrain/Equinox

Currently Launching

Ford



Edge

Cadillac



Cadillac XT4

\$550M in 2018

≈\$800M

2020

47%
CAGR

\$55M in 2013

Featured on several significant global crossover platforms

QUANTUM™ Technology

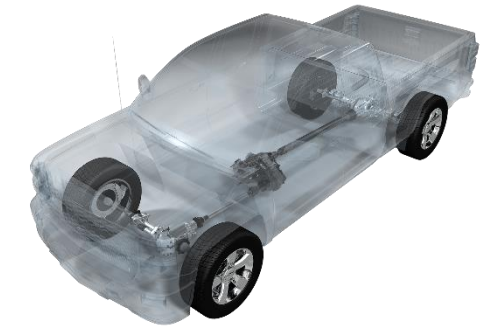


QUANTUM | Features all-new, completely redesigned family of lightweight axles and drive units

KEY ATTRIBUTES

- Industry first technology along with a revolutionary design
- Significant mass reduction (up to 35%)
- In combination, additional efficiency and weight reduction can deliver 1% to 1.5% improved vehicle fuel economy
- Scalable across multiple applications - without loss of performance or power
- Streamlined manufacturing process for key driveline components

QUANTUM™
LIGHTWEIGHT AXLE TECHNOLOGY BY 



QUANTUM™ in Light Duty Truck



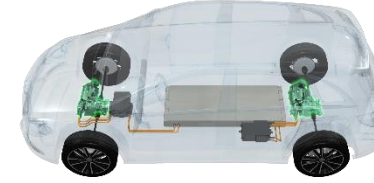
QUANTUM™ RDU w/ eLSD



QUANTUM™ Rear Axle

Actively collaborating on QUANTUM projects with multiple customers

AAM Technology Leadership - Electrification



ICE

HYBRID

ELECTRIC (BEV)

EXPANSION OF AAM'S PRODUCT PORTFOLIO

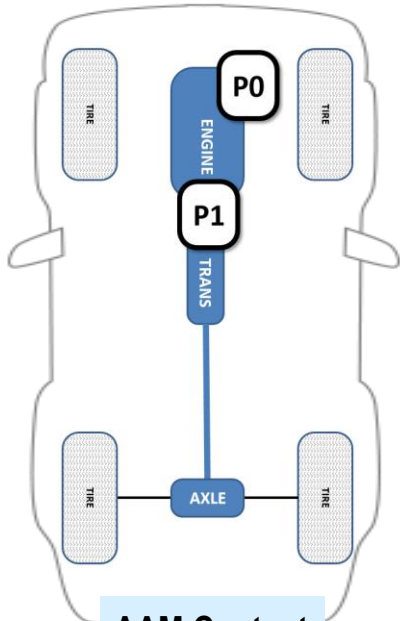
Opportunities for global growth | Increased content-per-vehicle | Increase in served market

AAM's advanced product portfolio is well positioned for hybridization and electrification

Hybrid and Electric Vehicle Architectures



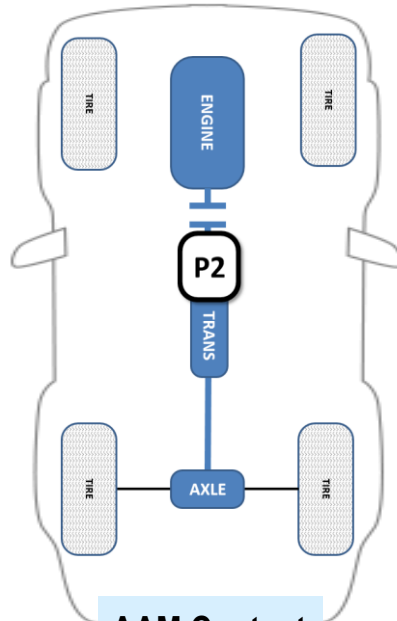
P0/P1



AAM Content



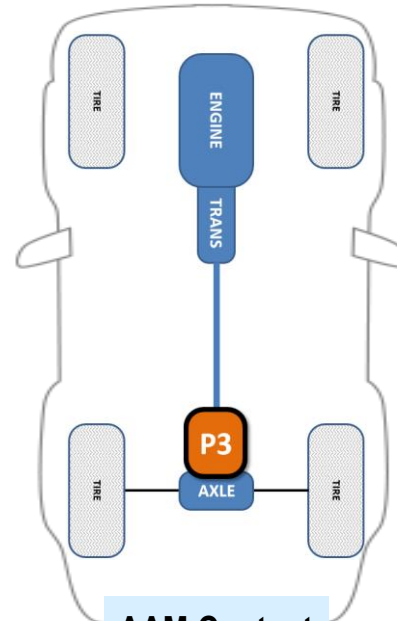
P2



AAM Content



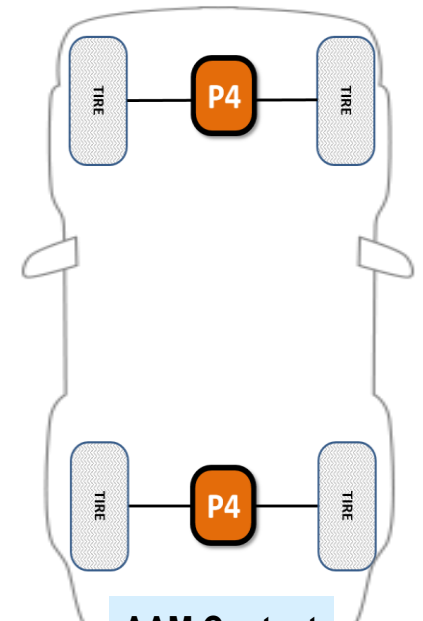
P3



AAM Content



P4



AAM Content



 Conventional AAM Content  New Electrification AAM Content

AAM content is featured across all hybrid and electric vehicle architectures

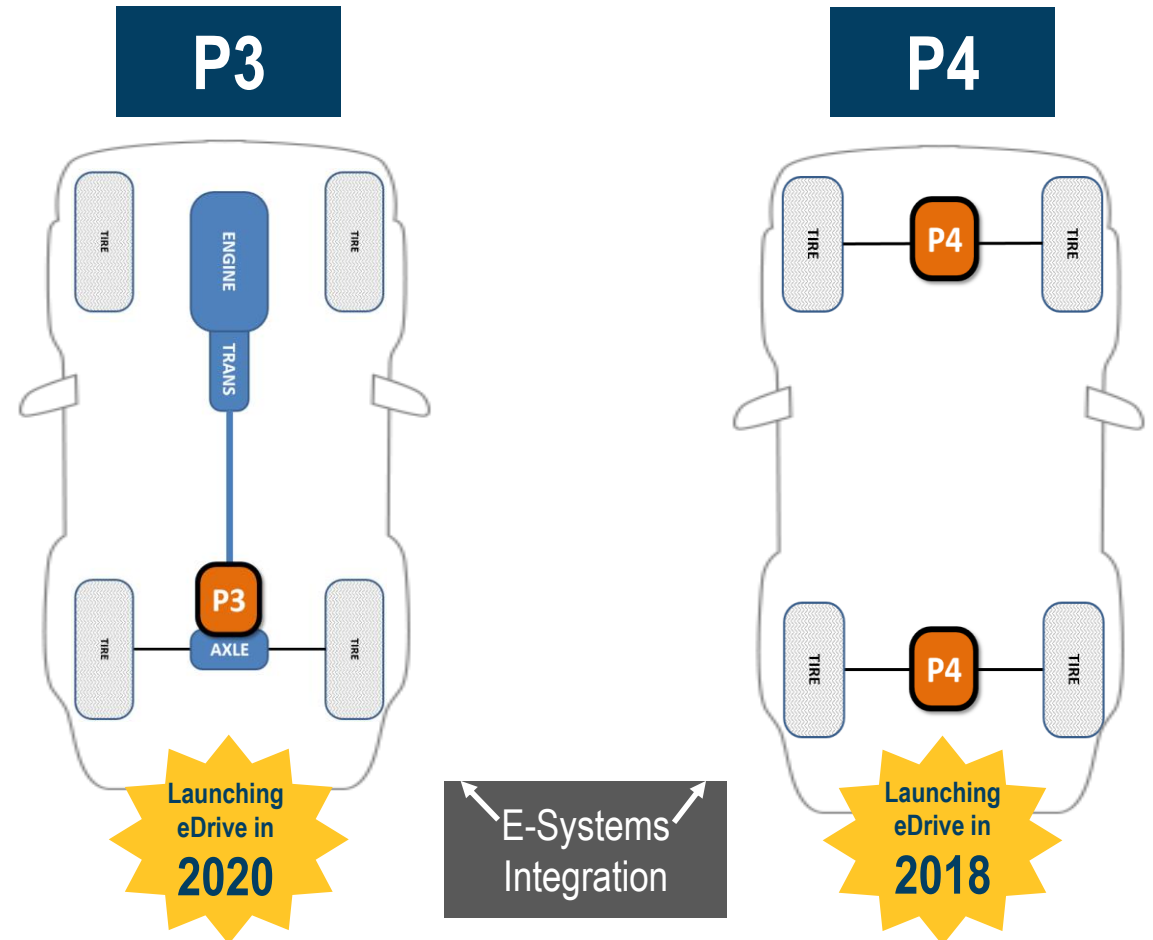
AAM's Capabilities for Hybrid and Electric Vehicles



P0, P1 and **P2** are **fully supported** by AAM's conventional content.

Our e-AAM investments have been focused on **P3** and **P4** solutions as **growth opportunities**.

- Conventional AAM Content
- New Electrification AAM Content



Content per vehicle opportunities of \$500 - \$2,500+ for P3 and P4 applications

e-AAM Hybrid and Electric Driveline Systems™

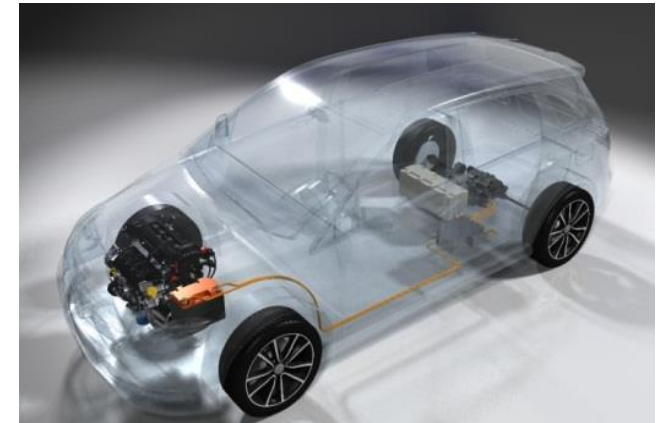


e-AAM driveline systems | Position AAM to benefit from the global trend of electrification

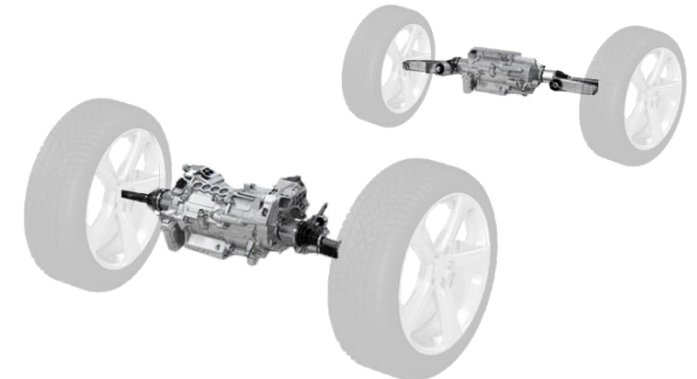


KEY ATTRIBUTES

- Highly integrated electric motor, gear reduction, & differential
- Power dense, low NVH, high efficiency design allows for easy integration for multiple vehicle platforms
- Modular solutions for passenger cars / crossovers to provide economies of scale
- Optional features for performance and functionality

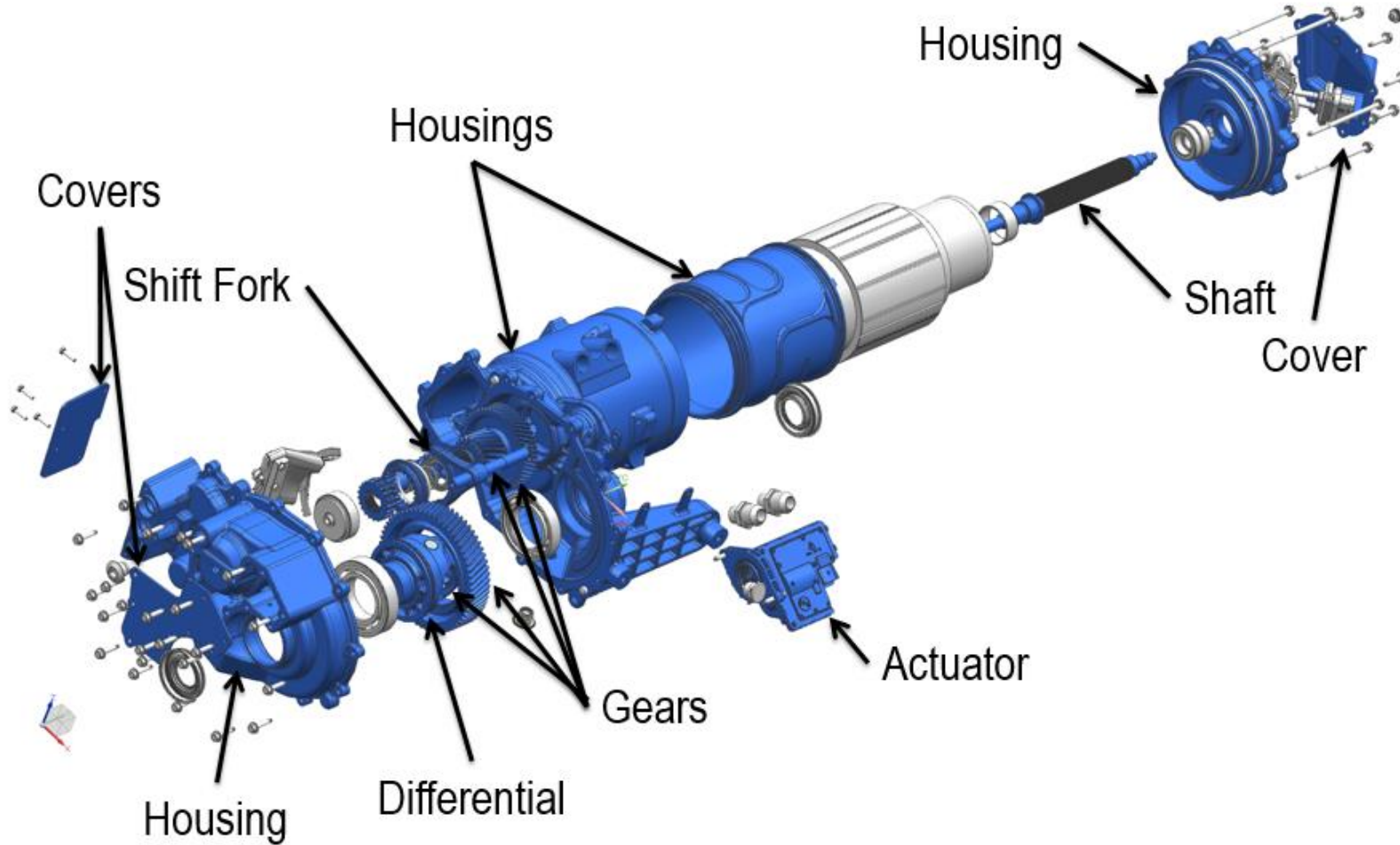


AAM P4 Rear e-Drive unit (Hybrid)



AAM P4 e-Drive units (e-AWD BEV)

Electric Rear Drive Unit



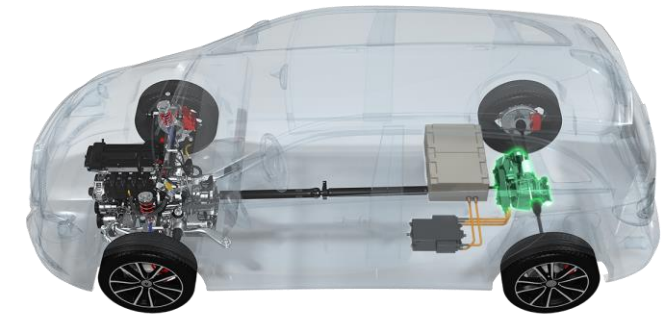
Current AAM Product
Currently Sourced

Significant content opportunities for AAM's business units within an e-Drive unit

e-AAM P3 Business Award



P3 e-Drive unit | Designed by e-AAM for a hybrid high performance passenger car with a premium European OEM that will begin production in 2020



P3 Powertrain Architecture

KEY ATTRIBUTES

- 160kW Concentric e-Drive enabling supercar performance and significant fuel economy benefits
- Electric launch torque of 3500Nm / Total wheel torque 12000Nm
- Two speed transmission (12.6:1 and 5.3:1 ratios)
- Integrated Electronic limited slip (eLSD)



P3 e-Drive unit

e-AAM P3 Beam Axle Development Project

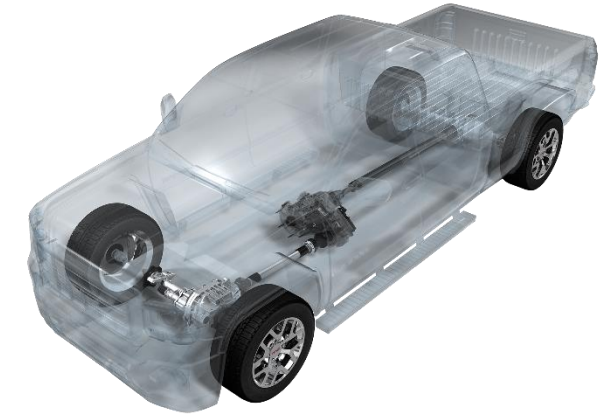


P3 e-Drive Beam Axle | e-AAM is developing an integrated unit for light truck hybrid applications

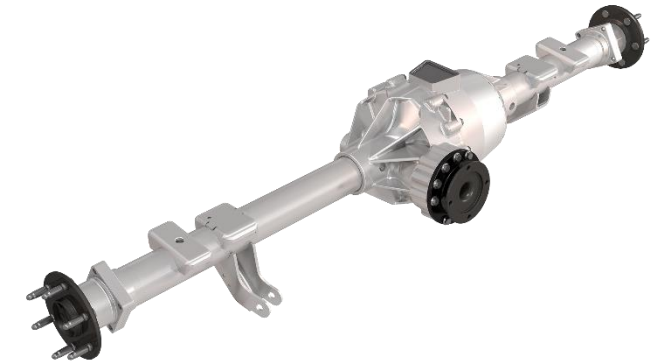


KEY ATTRIBUTES

- 90 kW Concentric P3 e-Drive integrated into existing beam axle package space
- For a hybrid light truck - results in fuel economy improvement from 25 to 40 MPG (*58% improvement to EPA combined cycle*)
- Adds 2500 Nm to 8000 Nm mechanical torque
- Weight neutral - all additional eMachine weight offset by Quantum technology lightweighting



P3 Powertrain Architecture



Beam axle w/ P3 e-Drive unit




AAM is developing advanced e-Drive technologies for multiple vehicle segments

P4 Portfolio of Technologies



Integrating electric motor and power electronics into single e-Drive unit



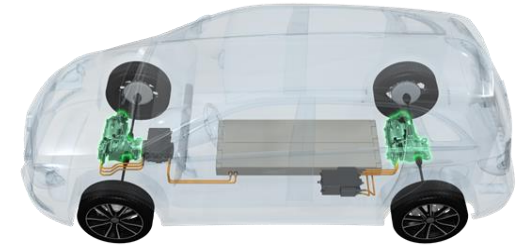
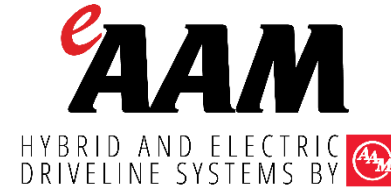
	Gear Box	Configuration	Offset	Concentric	Offset
		Performance Options	1-speed	1-speed	2-speed
		Traction Options			Torque Vectoring
	Motor	Type	Permanent Magnet	Permanent Magnet	Permanent Magnet or Induction
		Power Level	30-50 kW	70-140 kW	150-200 kW
		Cooling	Air	Oil / Water	Oil / Water
	Electronics	Integrated Electronics	Not Integrated	Not Integrated	Integrated

Broad spectrum of P4 solutions to meet a wide range of customer and geographic requirements

e-AAM P4 Business Launch



P4 e-Drive units | e-AAM's first launch consists of front and rear units on an fully electric, AWD crossover vehicle



AWD BEV Powertrain Architecture

KEY ATTRIBUTES

- 147kW Concentric e-Drive (700 N-m total system output)
- Permanent magnet electric motor – synchronous
- Single speed two-stage planetary transmission with 9:1 ratio
- Most power dense system on the market



AAM concentric e-Drive unit

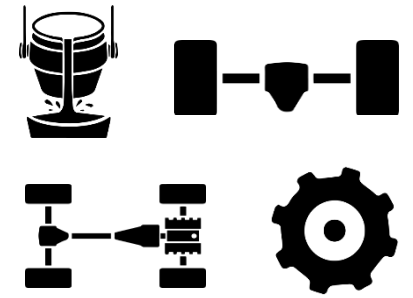
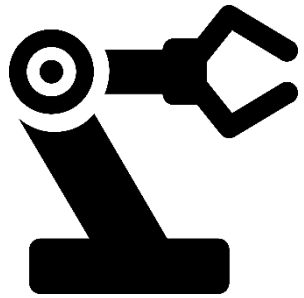
Currently in production at AAM's Swidnica Manufacturing Facility in Poland

Next Generation e-AAM Technology



Metric	Opportunities	Target
Mass	Less material and composite housing	>20% ↓
Power Density	High efficiency, compact motor design	>30% ↑
NVH	Non-metallic motor housing, planetary reduction phasing	6dB ↓
Customer Value	Integrated power electronics	↑

Closing Comments



**History of
Technology
Leadership**

**Global
Presence and
Capabilities**

**Integrated
Systems
Expertise**

**Broad Product
Portfolio to
Address
Market Trends**

**Leveraging
Expertise of
All Four
Business
Units**



Financial Overview



Christopher J. May

Vice President & Chief Financial Officer

Agenda



- Here and now (2018 updates and MPG financial target tracking)
- Mid-cycle through 2020
 - Revenue perspectives and walks
 - Margin growth opportunities
 - R&D
 - Cash flow
- Leverage and liquidity
- Sensitivity analysis
- Misconceptions...Seeking the truth
- Why AAM – Bringing it all together

AAM's 2018 Financial Targets



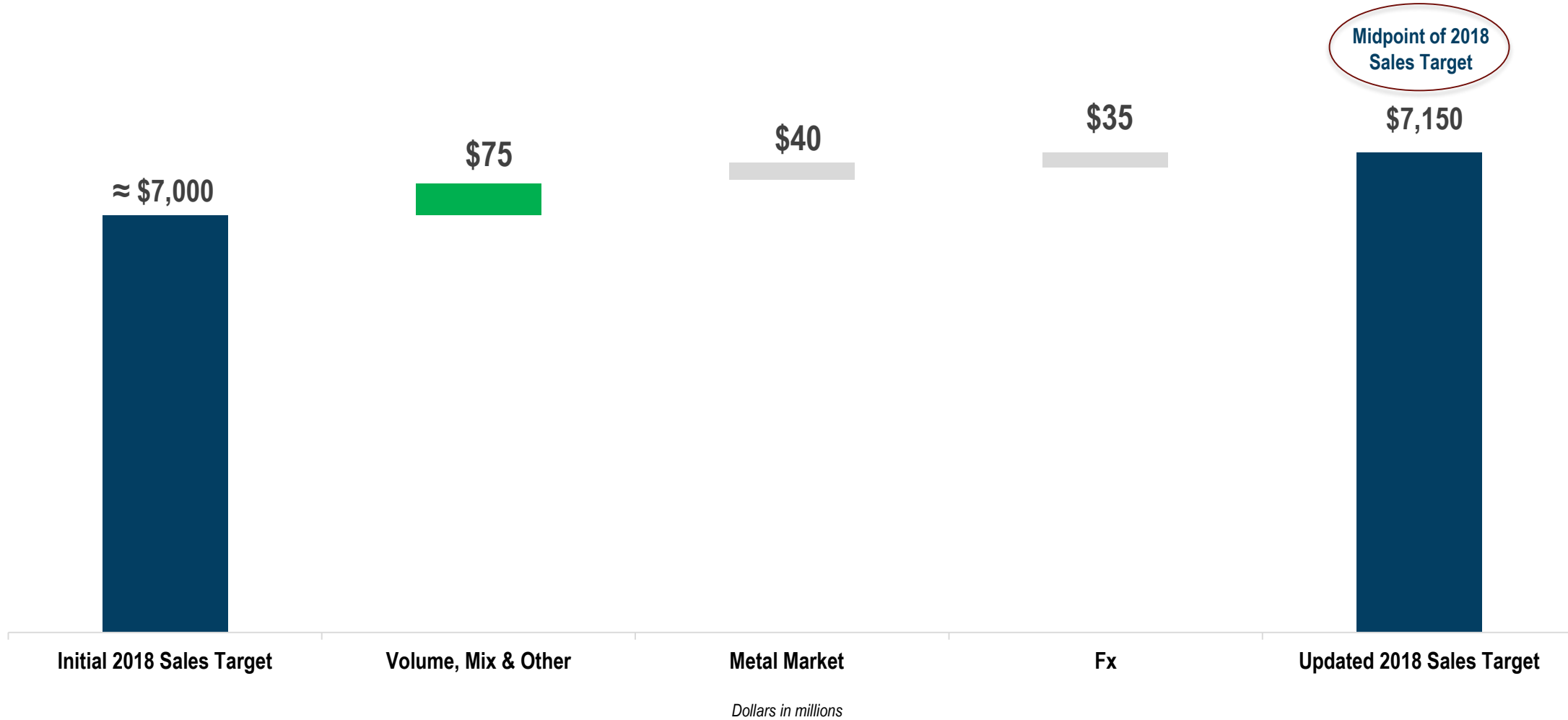
2018 Full Year Targets

Sales	Increased from \approx\$7 billion to \$7.1 - \$7.2 billion
Adjusted EBITDA* Margin	Confirmed 17.5% - 18% of sales
Adjusted Free Cash Flow*	Confirmed \approx 5% of sales

- Based on the anticipated launch schedule of our new business backlog and our assumption that the US SAAR* is in the range of 16.8 to 17.0 million units.
- Adjusted Free Cash Flow target assumes capital expenditures of \approx 8% of sales. Elevated capital spending in 2018 reflects significant new and replacement program launches.
- We estimate approximately \$50 to \$75 million of restructuring and acquisition-related costs and related payments during 2018. The impact of these have been excluded from our Adjusted EBITDA and Adjusted Free Cash Flow targets.

AAM expects another record year in 2018

2018 Updated Sales Target Walk



AAM continues to benefit from strong end markets

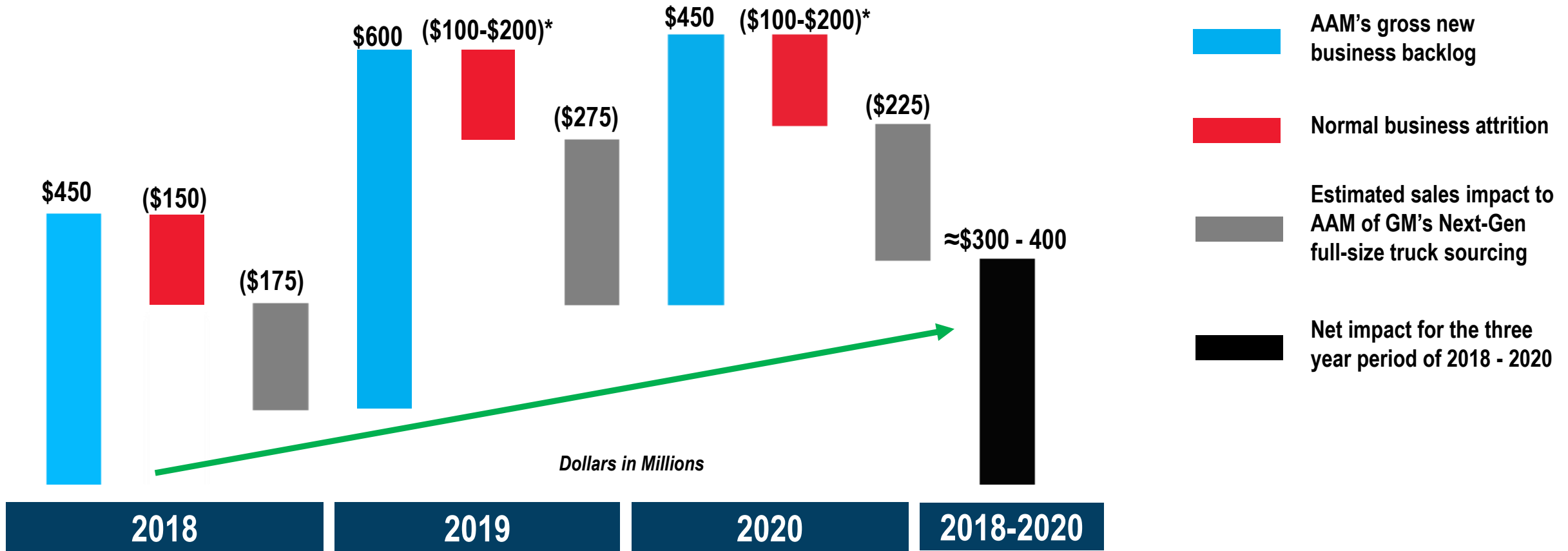
Financial Targets from MPG Acquisition



Initial Targets shared in November 2016		Update	Status
Sales CAGR*	3% to 5% from 2017 – 2019	7% growth pro forma in 2017 Guide of ≈3% growth in 2018	On track
Adjusted EBITDA* Margin	17% to 18% by 2018	Achieved 17.6% in 2017 Guide of 17.5% - 18% in 2018 17% - 18% through 2020	On track
Synergy Attainment	\$100M to \$120M by 1Q 2019	Targeting \$120M by 1Q 2019 and \$140M by 2020	Outperforming
Adjusted Free Cash Flow*	5% to 7% of Sales through 2019	Achieved 5.5% of sales in 2017 Guide of ≈5% in 2018 Cumulative > \$1.5B 2017-2020	On track

* For definitions of terms, please see the attached appendix

Backlog and Impact of GM's Sourcing Decision



AAM expects to continue to grow sales during this transition

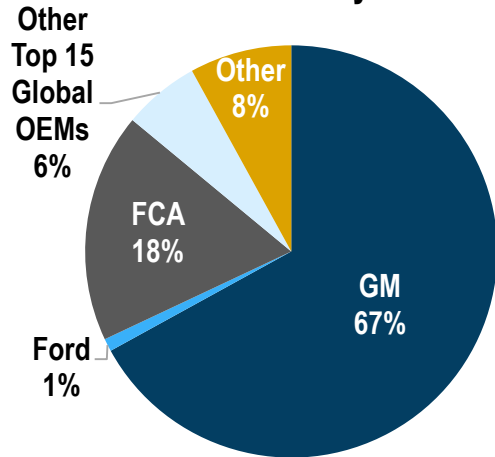
* Utilized the mid point for the range for charting purposes.

As disclosed of January 17, 2018

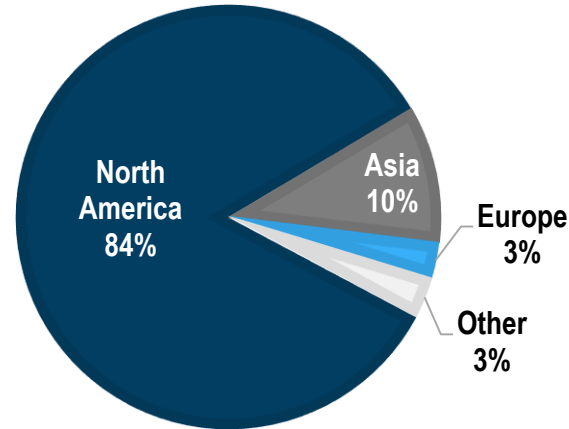
Revenue Diversification



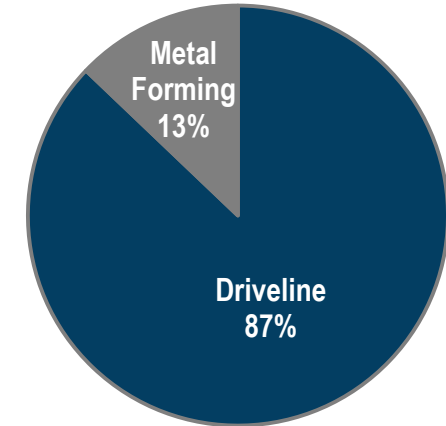
AAM 2016 Sales by Customer



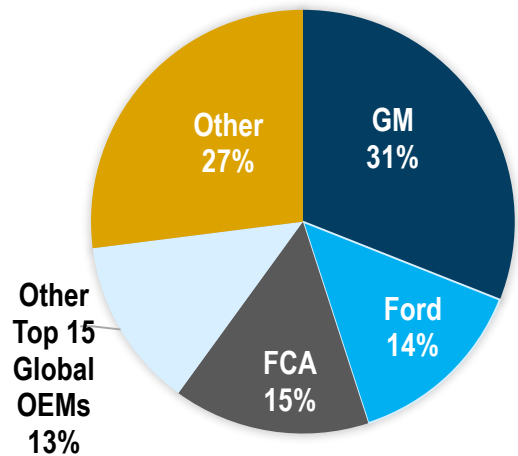
2016 Sales by Region



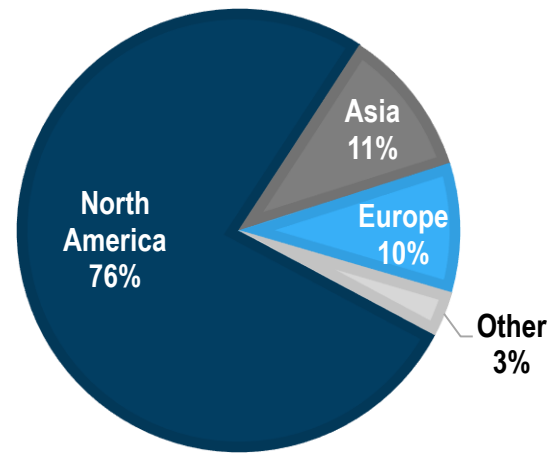
2016 Sales by BU



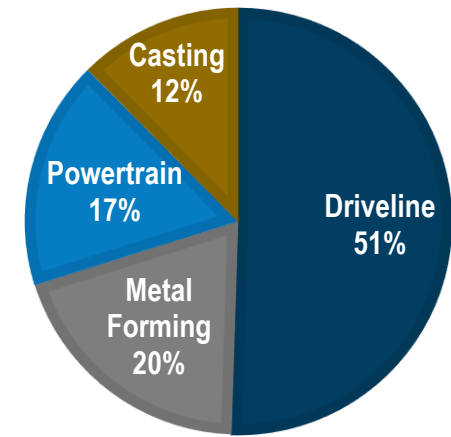
AAM 2020E Sales by Customer



2020E Sales by Region

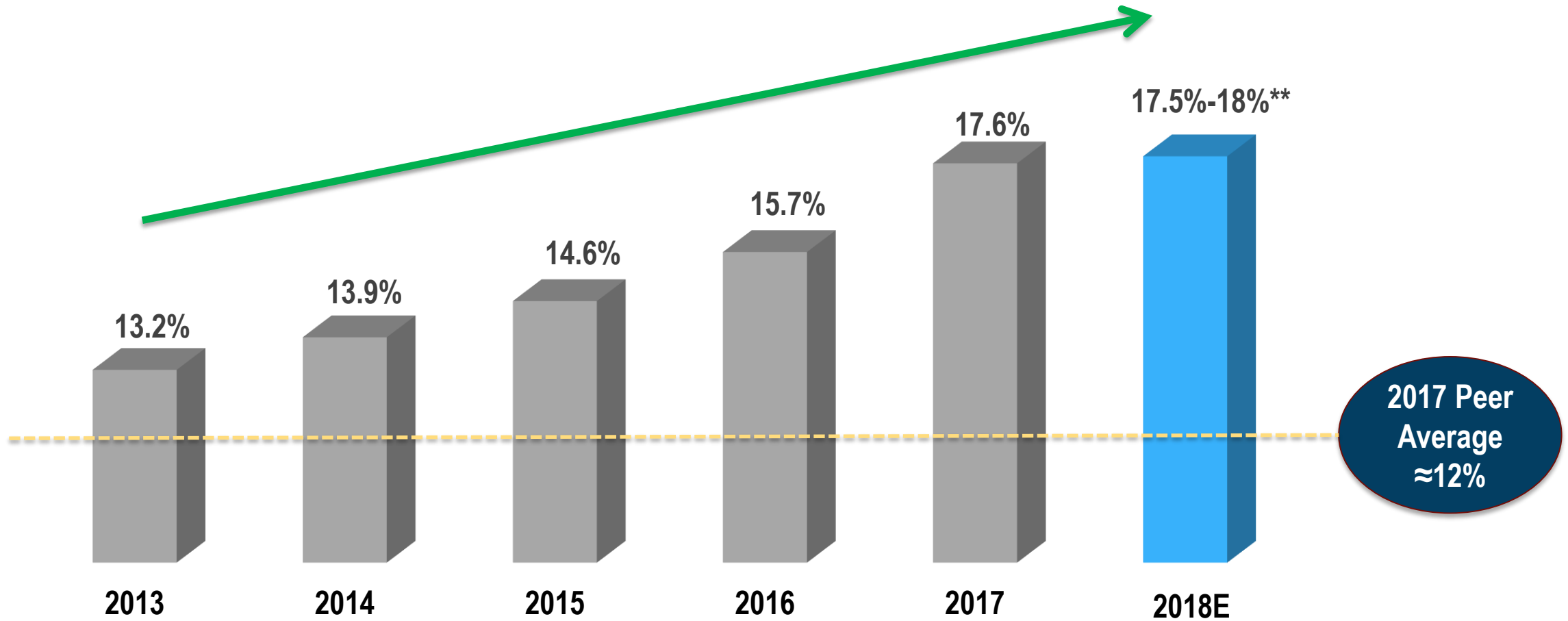


2020 Estimated Sales by BU



AAM experiencing diversification and growth in many areas

Adjusted EBITDA* Margins



AAM has increased Adjusted EBITDA margins the last 5 years and exceeded peers

* For definitions of terms and Non-GAAP reconciliations, please see the attached appendix **Mid point of the 2018 target used for charting purposes

Margin Drivers – the Story Continues



Historical Performance Drivers

- Strong product mix and new business backlog
- Benefits from global cost reduction actions
- Synergy attainment from acquisitions
- Global operations committed to continuous improvement, productivity initiatives, and operational excellence

Continued Margin Opportunities

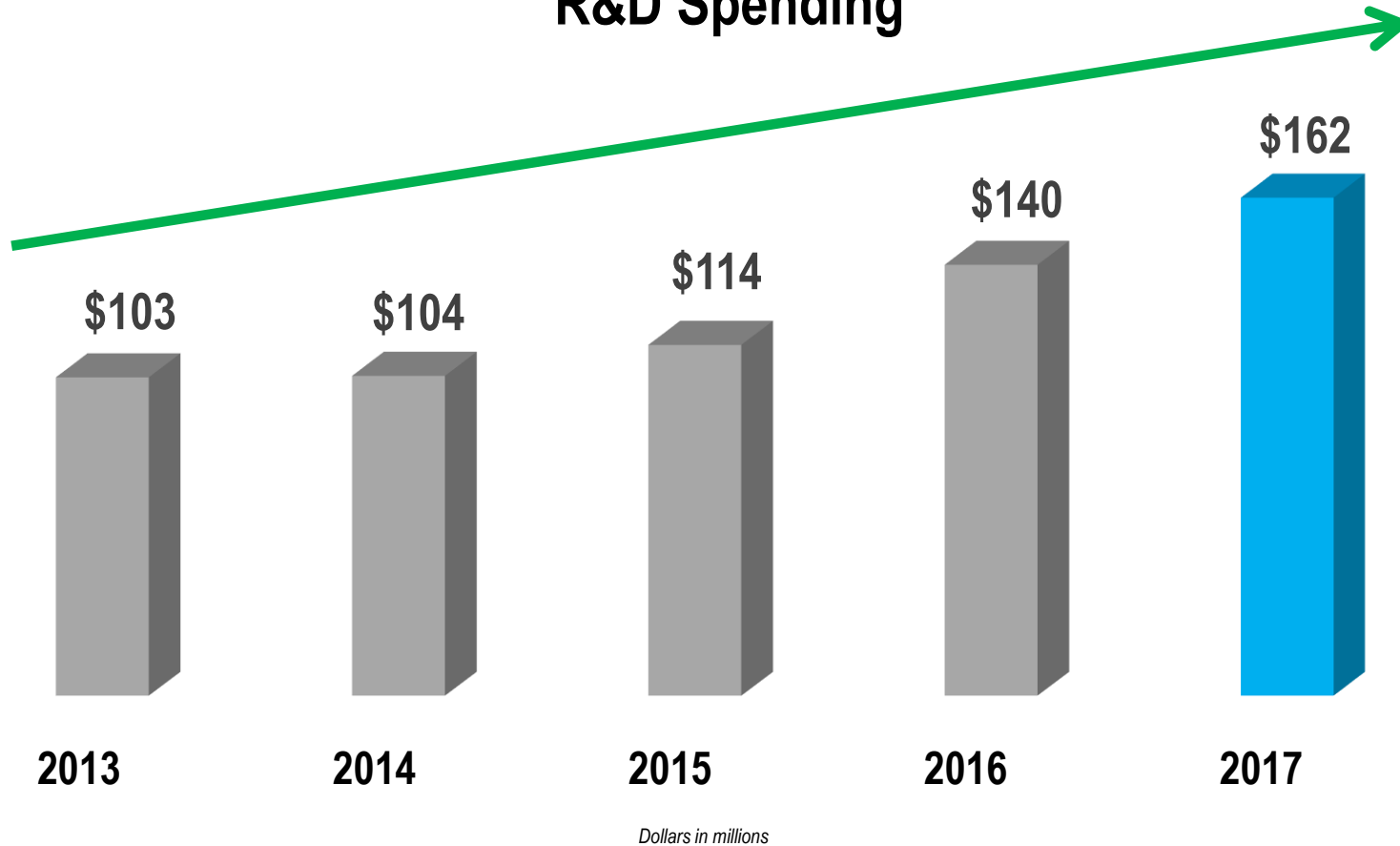
- Global expansion of business and served markets
- Product design optimization
- Innovative product and process technologies
- Advanced Technology Development Center for benchmarking and process improvements
- Leverage size, scale and further vertical integration

AAM has confidence in its opportunities to sustain industry leading margin performance

Continuing to Invest in R&D Initiatives



R&D Spending

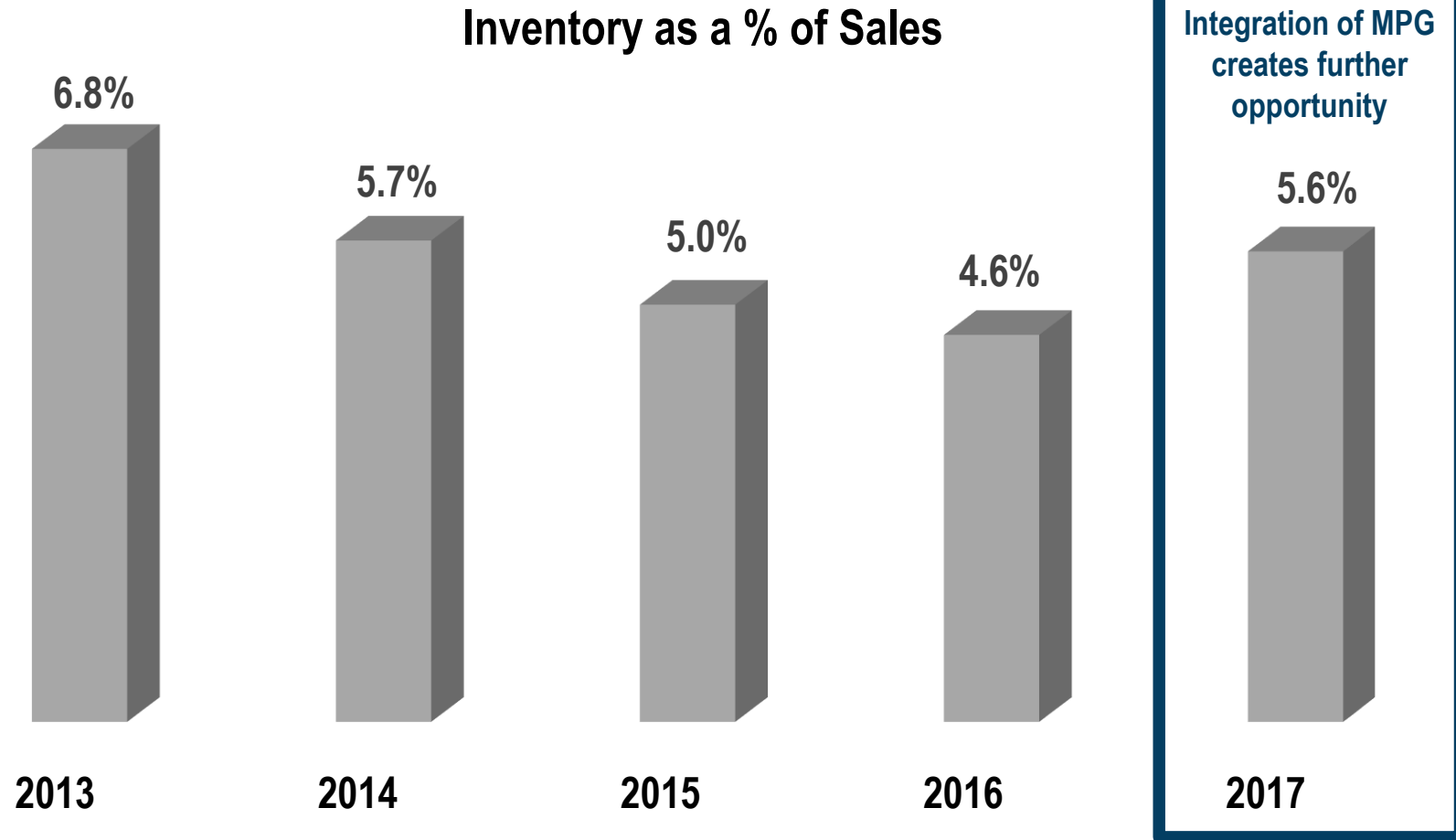


R&D Product Generation

- EcoTrac
- e-Drive systems
- Quantum
- One piece axle tubes
- Powertrain NVH components
- Power dense gears
- Many others

AAM's R&D has contributed to very successful products

A Working Capital Success Story



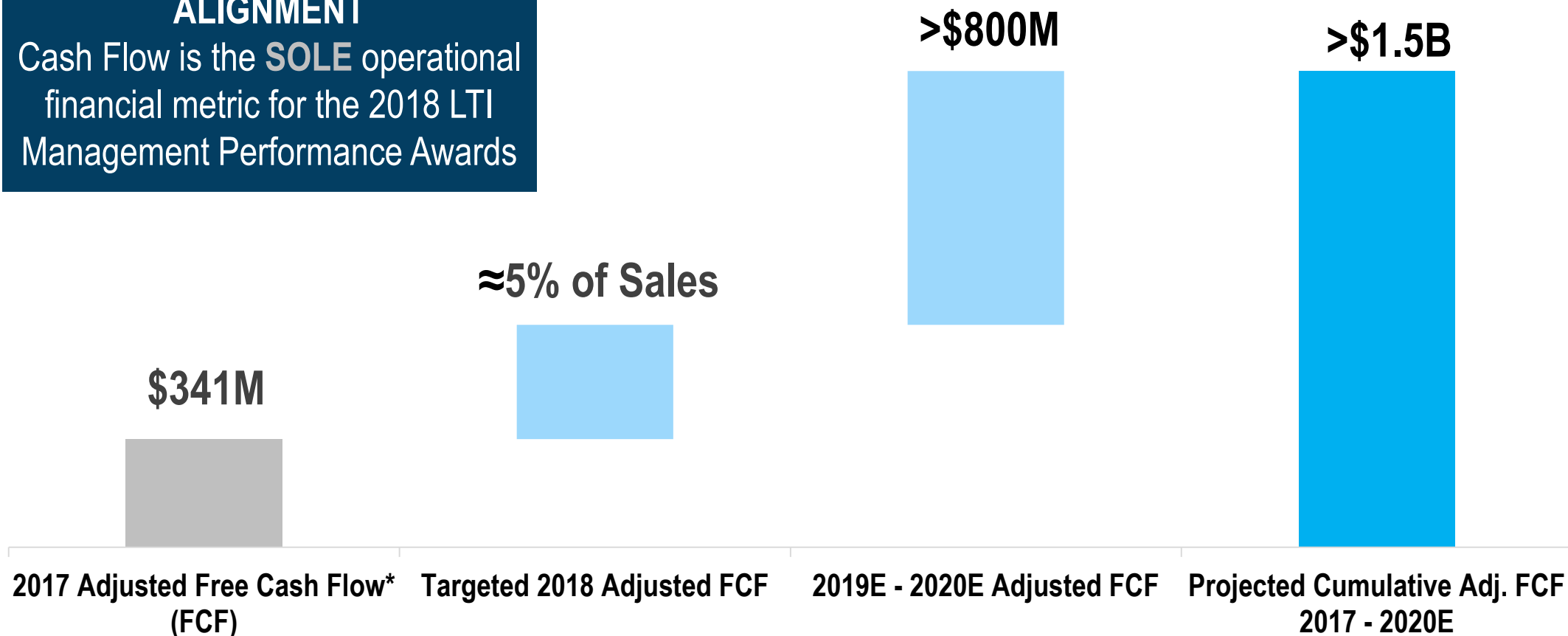
AAM's Operating System is designed to support cash flow objectives

Cash Flow



ALIGNMENT

Cash Flow is the **SOLE** operational financial metric for the 2018 LTI Management Performance Awards



Strong cash flow potential and high free cash flow yield

* For definitions of terms and Non-GAAP reconciliations, please see the attached

Cash Flow Potential - % of Sales



	2017 Actual	Beyond 2020 Potential
Adjusted EBITDA	17.6%	17% – 18%
Cap-ex	(7.6%)	(≈6%)
Adjusted EBITDA less Cap-ex	10.0%	11% - 12%
Interest	(2.9%)	(<2%)
Taxes	(0.5%)	(<2%)
Working capital/other	(1.1%)	(≈1%)
Adjusted Free Cash Flow	5.4%	6 – 7%

Key Assumptions:

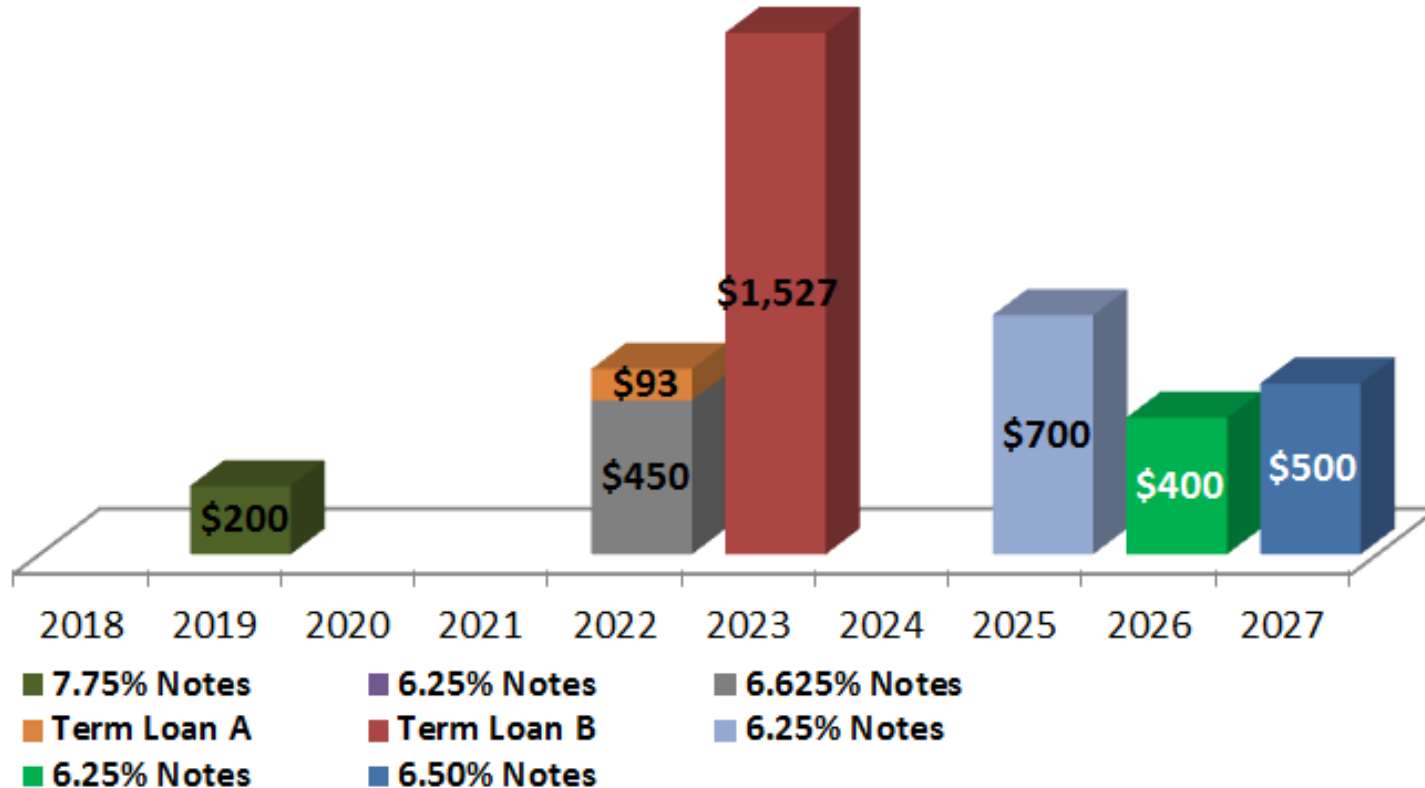
Flat North American production and metal market environment | Moderate organic growth only | Does not include M&A activity, share repurchases or dividends

AAM builds cash flow momentum from multiple points

Leverage and Liquidity



Debt Maturities (2Q-2018)



5.8%
Average Interest Rate

80/20
Fixed/Floating Rate Mix

\$1.3B
Liquidity at 3/31/18

> 6 Years
Average Debt Maturity Life

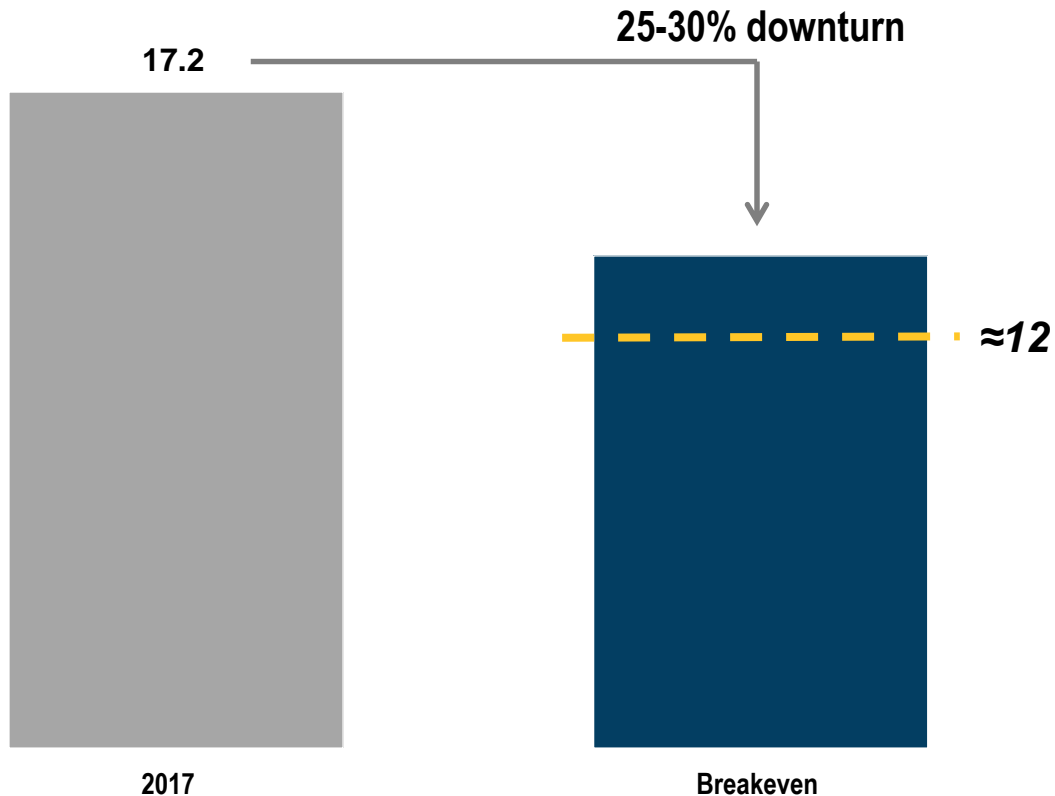
Very healthy debt maturity profile with ≈\$2 Billion pre-payable now

* Data as of 2Q 2018, unless indicated otherwise. Maturity table excludes nominal annual amortization payments required for the Term Loan A and B.

Cash Flow Breakeven



US SAAR (units in millions)



- Highly variable cost structure allows for flexibility during periods of lower volumes
- AAM has track record of reducing fixed costs through facility and labor efficiency initiatives during previous downside periods
- Multiple options available to manage to additional potential change in volumes, including SG&A, capital spending, R&D etc.
- Continued synergy attainment and productivity initiatives further reduce breakeven points

AAM has a very flexible cost structure

Sensitivity Analysis – Pro forma Leverage Scenarios



Year	16.5 – 17M US SAAR	15M US SAAR	12M US SAAR
2017	2.9x		
2019	≈2x	≈2.6x	
2020	<2x	≈2.3x	≈2.8x
2021	<2x	<2x	<2x



Key Assumptions:

- * US SAAR declines are equal across all product segments and do not impact global SAAR rates or industrial/commercial sectors
- * These figures are based on end of year assumptions, assumes base case until year of decline scenario and do not include potential inter-period swings
- * AAM's cost structures flex as estimated, including reduced capital expenditures
- * Does not include M&A activity, share repurchases or dividends
- * These are estimates and subject to change

AAM continues to reduce leverage risk to manage cycles

Capital Allocation



Leverage Reduction	Organic Growth
<i>AAM has paid down >\$300M of gross debt over last 12 months</i>	<i>Invest in R&D and continue organic growth with the appropriate returns</i>
Strategic	Shareholder Activity
<i>Focus on objectives of technology, portfolio positioning, diversification and growth</i>	<i>At the appropriate time, other options that may benefit our shareholders further</i>

Capital allocation aligned with strategic objectives of AAM

Misconceptions... Seeking the TRUTH



MYTH: AAM is only about GM Full Size trucks

TRUTH

- AAM provides content on almost all OEM full size trucks in North America
- ~75% of AAM's business has nothing to do with the GM Full Size truck platform

MYTH: AAM has no path to growth

TRUTH

- With leading market positions within every business unit and a robust new business opportunity pipeline, AAM expects to grow through 2020 and beyond
- AAM anticipates growth in China and Europe

MYTH: AAM will lose CPV with electrification

TRUTH

- AAM's CPV opportunities in electrification are \$500 - \$2,500+ and booked business awards are at high end of this range
- AAM business units have opportunities to participate in the electrification and hybridization trend and further increase revenues and served markets

MYTH: AAM has no terminal value

TRUTH

- With a growing electrification portfolio, a strong light truck franchise and key powertrain technologies, AAM's terminal value growth and industry participation should be on track for a long time
- AAM's diverse manufacturing capabilities are future-proof

Share Price Valuation



(dollars in billions, except implied share price)

	Pro Forma Value		
	-0.5x	At Illustrative Pro Forma Multiples Peer Average	+0.5x
Pro forma 2017 Adjusted EBITDA *	\$ 1.23	\$ 1.23	\$ 1.23
Illustrative Multiple	6x	6.5x	7x
Implied Enterprise Value	\$ 7.4	\$ 8.0	\$ 8.6
Net Debt at 12/31/2017*	\$ (3.6)	\$ (3.6)	\$ (3.6)
Implied Equity Value	\$ 3.8	\$ 4.4	\$ 5.0
<i>Fully Diluted Shares Outstanding (millions)</i>	115	115	115
Implied Share Price	\$ 32.97	\$ 38.33	\$ 43.69
<i>% Premium to 30-Day VWAP</i>	106.2%	139.7%	173.2%

Notes: Based on 30-day Volume Weighted Average Price (VWAP) of \$15.99, as of June 8, 2018; Average of Peers' EV / NTM Adj. EBITDA multiples of 6.5x as of June 8, 2018. Peer group as defined in AAM's 2017 Annual Report.

Significant potential for value

Bringing It All Together



On track for 2018
performance

Strong financial
targets beyond
2018

Opportunities for
growth

Advanced
products for light
truck,
electrification
and served
market
expansion well
into the future

Cash flow
generating power

AAM is a compelling investment consideration



David C. Dauch

Chairman & CEO

Key Themes of Today's Presentations



SOLID FOUNDATIONAL BUSINESS

Concentrated in the strongest vehicle segments of light trucks, SUVs and crossovers

INNOVATIVE TECHNOLOGY LEADERSHIP

Focused on hybridization, electrification, lightweighting, fuel efficiency and performance

COMPELLING GROWTH AND DIVERSIFICATION

Driven by our new business backlog, innovative advanced technologies and global footprint

INDUSTRY LEADING PROFITABILITY

Fueled by powerful vertical integration, productivity initiatives and operational excellence

POWERFUL CASH GENERATOR

Strong free cash flow yield while funding investments in profitable growth opportunities

Potential for
Multiple
Expansion
and Share
Appreciation



Q&A



SUPPLEMENTAL DATA

Reconciliation of Non-GAAP Measures



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 presentation are provided on a non-GAAP basis. A reconciliation of non-GAAP forward-looking financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP is not practical given the difficulty of projecting event driven transactional and other non-core operating items, as well as accounting adjustments related to recent tax reform and their related effects in any future period. The magnitude of these items, however, may be significant.

Supplemental Data



Earnings before Interest, Income Taxes, Depreciation and Amortization (EBITDA) and Adjusted EBITDA

(\$ in millions)

	2017	2016	2015	2014	2013
Net income	\$ 337.5	\$ 240.7	\$ 235.6	\$ 143.0	\$ 94.5
Interest expense	195.6	93.4	99.2	99.9	115.9
Income tax expense (benefit)	2.5	58.3	37.1	33.7	(8.2)
Depreciation and amortization	428.5	201.8	198.4	199.9	177.0
EBITDA	\$ 964.1	\$ 594.2	\$ 570.3	\$ 476.5	\$ 379.2
Restructuring and acquisition-related costs, debt refinancing and redemption costs and non-recurring items	138.6	25.2	0.8	35.5	42.6
Adjusted EBITDA	1,102.7	\$ 619.4	\$ 571.1	\$ 512.0	\$ 421.8
as % of net sales	17.6 %	15.7 %	14.6 %	13.9 %	13.2 %

Supplemental Data



EBITDA and Adjusted EBITDA for the Trailing Twelve Months Ended December 31, 2017 (\$ in millions)

	Quarter Ended				Trailing Twelve
	March 31,	June 30,	September 30,	December 31,	Months Ended
	2017	2017	2017	2017	December 31, 2017
Net income	\$ 78.4	\$ 66.3	\$ 86.3	\$ 106.5	\$ 337.5
Interest expense	25.5	56.9	57.5	55.7	195.6
Income tax expense (benefit)	7.5	2.4	5.7	(13.1)	2.5
Depreciation and amortization	56.1	124.6	122.6	125.2	428.5
EBITDA, as defined	<u>\$ 167.5</u>	<u>\$ 250.2</u>	<u>\$ 272.1</u>	<u>\$ 274.3</u>	<u>\$ 964.1</u>
Restructuring and acquisition-related costs	16.0	51.7	22.8	20.2	110.7
Debt refinancing and redemption costs	—	2.7	—	0.8	3.5
Non-recurring items:					
Acquisition-related fair value inventory adjustment	—	24.9	—	—	24.9
Other	—	(3.8)	2.9	0.4	(0.5)
Adjusted EBITDA	<u>\$ 183.5</u>	<u>\$ 325.7</u>	<u>\$ 297.8</u>	<u>\$ 295.7</u>	<u>\$ 1,102.7</u>
					Pre-acquisition adjusted EBITDA from acquired entities
					129.1
					Pro forma Adjusted EBITDA
					<u>\$ 1,231.8</u>

Supplemental Data



Free Cash Flow and Adjusted Free Cash Flow Reconciliation

(\$ in millions)

	2017	2016	2015	2014	2013
Net cash provided by operating activities	\$ 647.0	\$ 407.6	\$ 377.6	\$ 318.4	\$ 223.0
Purchases of property, plant & equipment, net of proceeds from sale of property, plant & equipment and from government grants	(475.2)	(218.5)	(188.1)	(195.3)	(218.7)
Free cash flow	<u>\$ 171.8</u>	<u>\$ 189.1</u>	<u>\$ 189.5</u>	<u>\$ 123.1</u>	<u>\$ 4.3</u>
Cash payments for restructuring and acquisition-related costs	109.3	9.5	—	—	—
Acquisition-related settlement of pre-existing accounts payable balances with acquired entities	35.2	—	—	—	—
Interest payments upon settlement of acquired company debt	24.6	—	—	—	—
Adjusted free cash flow	<u>\$ 340.9</u>	<u>\$ 198.6</u>	<u>\$ 189.5</u>	<u>\$ 123.1</u>	<u>\$ 4.3</u>

Supplemental Data



Net Debt and Net Leverage Ratio

(\$ in millions)

Twelve Months Ended
December 31,
2017

Current portion of long-term debt	\$	5.9
Long-term debt, net		3,969.3
Total debt, net		3,975.2
Less: Cash and cash equivalents		376.8
Net debt at end of period	\$	3,598.4
Pro forma Adjusted EBITDA	\$	1,231.8
Net leverage ratio		2.9

Supplemental Data



American Axle & Manufacturing Holdings, Inc.

Net Debt and Net Leverage Ratio

(\$ in millions)

at December 31,

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current portion of long-term debt	\$ 3.3	\$ 3.3	\$ 13.0	\$ —
Long-term debt, net	<u>1,400.9</u>	<u>1,375.7</u>	<u>1,504.6</u>	<u>1,537.0</u>
Total debt, net	1,404.2	1,379.0	1,517.6	1,537.0
Less: Cash and cash equivalents	<u>481.2</u>	<u>282.5</u>	<u>249.2</u>	<u>154.0</u>
Net debt at end of period	<u>\$ 923.0</u>	<u>\$ 1,096.5</u>	<u>\$ 1,268.4</u>	<u>\$ 1,383.0</u>
Net leverage ratio	1.5	1.9	2.5	3.3

Supplemental Data



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, 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 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.

Other Non-recurring Items

Other non-recurring items reflect the impact of a non-cash pension settlement charge related to one of our foreign entities, the impact of a gain related to the change of our method of accounting for indirect inventory and the interest expense for the debt drawdown period prior to acquisition funding requirement.

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 and from government grants. Adjusted free cash flow is defined as free cash flow excluding the impact of cash payments for restructuring and acquisition-related costs, settlements of pre-existing accounts payable balances with acquired entities, and interest payments upon the settlement of acquired company debt. 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 or pro forma Adjusted EBITDA, where applicable. Pro forma Adjusted EBITDA includes AAM's Adjusted EBITDA and the pre-acquisition EBITDA of acquired entities. 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.

CAGR

We define CAGR to be the compound annual growth rate of sales.