



# September 2024 Investor Presentation

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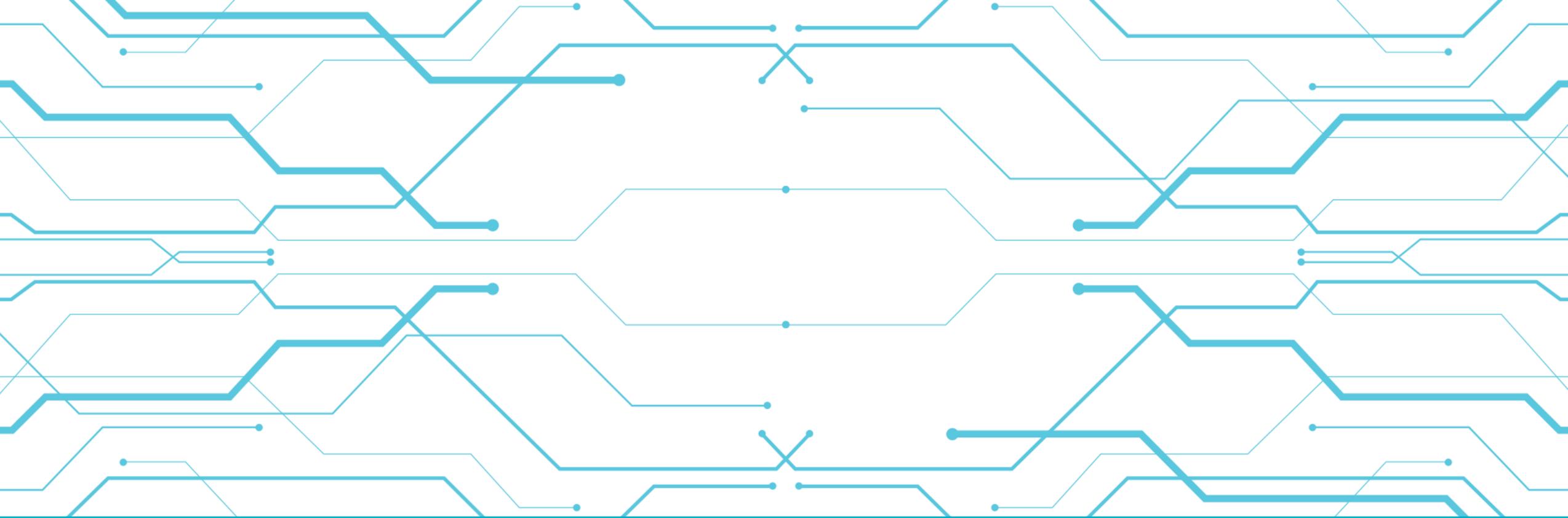
# Forward-Looking Statements



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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 EBITDA margin, Adjusted Earnings per Share, Adjusted Free Cash Flow, Net Debt, 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.”



# AAM Overview



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



**\$6.1B 2023 Sales**



**~19,000 Associates**



**18 Countries**



**Over 80 Locations**



**13 Corp, Business Offices, Engineering and Tech Centers**

## DRIVELINE



- One of the leaders in hybrid and electric driveline solutions
- A Global Leader in
  - Full-size Pickup Truck and SUV Driveline Systems
  - AWD Systems for Crossover Vehicles
  - Damped Gears, Viscous Dampers and Rubber Isolation Pulleys
- Pioneer of Disconnecting AWD Systems

## METAL FORMING



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

# 2Q 2024 AAM Financial Highlights



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**\$1.63B**

Quarterly  
Sales

**\$208.4M**

Second Quarter  
Adjusted EBITDA  
(12.8% margin)

**\$97.9M**

Adjusted Free  
Cash Flow

**AAM Delivered Solid Performance**

# Business Update



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## Components Win

AAM to supply components to a major global OEM for its new modular platform that can support multiple propulsion systems.

## E-Drive Gears

Luxury European OEM awarded AAM to supply electric drive gears for a future EV program.

## Van Program

AAM to supply full-size traditional van axles. Launch is scheduled for later in the decade.

## Newsweek Award

Newsweek named AAM as one of America's Greatest Workplaces for Women in 2024.



## 2024 Financial Targets

<b>Full Year Sales</b>	<b>\$6.1 to \$6.3 billion</b>
<b>Adjusted EBITDA</b>	<b>\$705 to \$755 million</b>
<b>Adjusted Free Cash Flow</b>	<b>\$200 to \$240 million</b>

- 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 of approximately 4.0% of sales
- AAM expects restructuring and acquisition-related cash payments to be between \$15 and \$25 million

# Consistent Deleveraging



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Total Debt (\$mm) <sup>(1)</sup>



Note: For definitions and reconciliations of non-GAAP financial measures, please visit [AAM.com](http://AAM.com). 2024 data is as of 8/15/2024.

(1) Debt balances exclude foreign credit facilities and capital lease obligations (2) In 4Q 2017, the Company voluntarily redeemed \$200mm of Senior Notes

# AAM Long-Term Value Creation



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## Diversification

- Balanced mix of customers and geography.
- Expand our product portfolio, driving opportunities with new OEMs and regions.
- Agnostic to propulsion market changes.



## Sales

- Leveraging scale and technology.
- Drive expansion into new segments with electrification.
- Protect and extend the core business.
- Offer a compelling value proposition to customers.



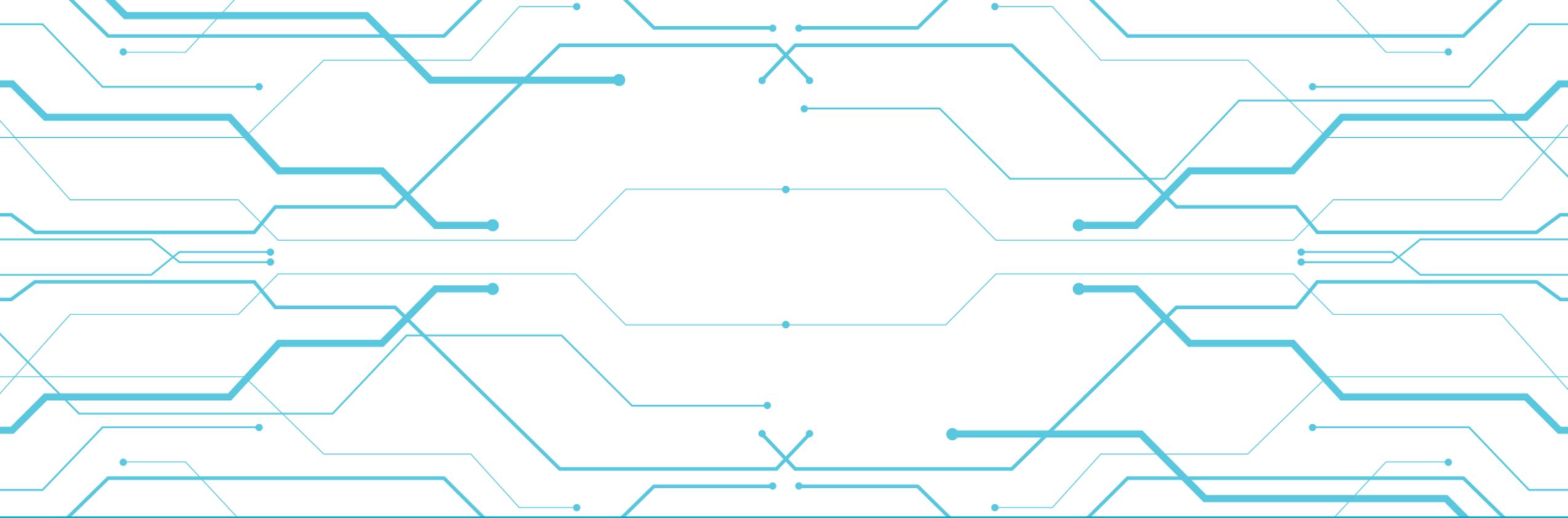
## Financials

- Leverage AAM's Operating Systems to drive top tier EBITDA margin and cash flow generation.
- Enhance balance sheet strength.



## Long-Term Focus

- A leader in propulsion technologies.
- Increase size and scale through organic and inorganic growth.
- Effective deployment of capital.



# Supplemental Data



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# Reconciliation of Non-GAAP Measures



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In addition to the results reported in accordance with accounting principles generally accepted in the United States of America (GAAP) included within this presentation, we have provided certain information, which includes non-GAAP financial measures. Such information is reconciled to its closest GAAP measure in accordance with Securities and Exchange Commission rules and is included in the following slides.

Certain of the forward-looking financial measures included in this earnings release are provided on a non-GAAP basis. A reconciliation of non-GAAP forward-looking financial measures to the most directly comparable forward-looking financial measures calculated and presented in accordance with GAAP has been provided. The amounts in these reconciliations are based on our current estimates and actual results may differ materially from these forward-looking estimates for many reasons, including potential event driven transactional and other non-core operating items and their related effects in any future period, the magnitude of which may be significant.

# Supplemental Data\*



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## EBITDA and Adjusted EBITDA Reconciliation (\$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 18.2	\$ 8.0	\$ 38.7	\$ 2.9
Interest expense	47.9	50.2	96.9	100.7
Income tax expense	17.2	5.3	33.1	5.3
Depreciation and amortization	119.6	120.5	237.4	245.4
EBITDA	202.9	184.0	406.1	354.3
Restructuring and acquisition-related costs	5.0	7.9	7.5	12.7
Debt refinancing and redemption costs	0.3	-	0.3	-
Loss (gain) on equity securities	0.2	(0.3)	0.1	-
Adjusted EBITDA	\$ 208.4	\$ 191.6	\$ 414.0	\$ 367.0
Sales	1,632.3	1,570.7	3,239.2	3,064.6
as a % of net sales	12.8%	12.2%	12.8%	12.0%

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

# Supplemental Data\*



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## EBITDA and Adjusted EBITDA for the Last Twelve Months Ended June 30, 2024 (\$ in millions)

	Quarter Ended				Last Twelve Months Ended
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	June 30, 2024
Net income (loss)	\$ (17.4)	\$ (19.1)	\$ 20.5	\$ 18.2	\$ 2.2
Interest expense	50.8	50.2	49.0	47.9	197.9
Income tax expense (benefit)	(2.0)	5.8	15.9	17.2	36.9
Depreciation and amortization	120.4	121.4	117.8	119.6	479.2
<b>EBITDA</b>	<b>151.8</b>	<b>158.3</b>	<b>203.2</b>	<b>202.9</b>	<b>716.2</b>
Restructuring and acquisition-related costs	3.5	9.0	2.5	5.0	20.0
Debt refinancing and redemption costs	0.3	1.0	-	0.3	1.6
Unrealized loss (gain) on equity securities	1.2	(0.1)	(0.1)	0.2	1.2
Pension curtailment and settlement charges	-	1.3	-	-	1.3
<b>Adjusted EBITDA</b>	<b>\$ 156.8</b>	<b>\$ 169.5</b>	<b>\$ 205.6</b>	<b>\$ 208.4</b>	<b>\$ 740.3</b>
Sales	1,551.9	1,463.0	1,606.9	1,632.3	6,254.1
as a % of net sales	10.1%	11.6%	12.8%	12.8%	11.8%

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



## Adjusted Earnings Per Share Reconciliation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Diluted earnings per share	\$ 0.15	\$ 0.07	\$ 0.32	\$ 0.02
Restructuring and acquisition-related costs	0.04	0.07	0.06	0.11
Debt refinancing and redemption costs	-	-	-	-
Loss (gain) on equity securities	-	-	-	-
Tax effect of adjustments	-	(0.02)	-	(0.02)
Adjusted earnings per share	<u>\$ 0.19</u>	<u>\$ 0.12</u>	<u>\$ 0.38</u>	<u>\$ 0.11</u>

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



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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net cash provided by operating activities	\$ 142.8	\$ 132.8	\$ 160.6	\$ 164.9
Less: Capital expenditures net of proceeds from the sale of property, plant and equipment and from government grants	(46.6)	(44.1)	(91.5)	(90.3)
Free cash flow	96.2	88.7	69.1	74.6
Cash payments for restructuring and acquisition-related costs	1.7	7.1	7.4	11.1
(Insurance proceeds) related to Malvern fire, net	-	-	-	(7.0)
Adjusted free cash flow	\$ 97.9	\$ 95.8	\$ 76.5	\$ 78.7

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



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

	<b>June 30, 2024</b>
Current portion of long term debt	\$ 27.2
Long-term debt, net	2,694.8
Total debt, net	2,722.0
Less: Cash and cash equivalents	519.9
Net debt at end of period	2,202.1
Adjusted LTM EBITDA	\$ 740.3
Net Leverage Ratio	3.0x

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

# Supplemental Data\*



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## Segment Financial Information (\$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Segment Sales				
Driveline	\$ 1,124.5	\$ 1,086.5	\$ 2,230.9	\$ 2,100.3
Metal Forming	653.1	634.2	1,297.2	1,253.3
Total Sales	1,777.6	1,720.7	3,528.1	3,353.6
Intersegment Sales	(145.3)	(150.0)	(288.9)	(289.0)
Net External Sales	<u>\$ 1,632.3</u>	<u>\$ 1,570.7</u>	<u>\$ 3,239.2</u>	<u>\$ 3,064.6</u>
Segment Adjusted EBITDA				
Driveline	\$ 151.8	\$ 152.1	\$ 309.2	\$ 266.2
Metal Forming	56.6	39.5	104.8	100.8
Total Segment Adjusted EBITDA	<u>\$ 208.4</u>	<u>\$ 191.6</u>	<u>\$ 414.0</u>	<u>\$ 367.0</u>

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

# Supplemental Data\*



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## Full Year 2024 Financial Outlook (\$ in millions)

	Adjusted EBITDA	
	Low End	High End
Net Income	\$ 5	\$ 30
Interest expense	190	190
Income tax expense	10	35
Depreciation and amortization	480	480
Full year 2024 targeted EBITDA	685	735
Restructuring and acquisition-related costs	20	20
Full year 2024 targeted Adjusted EBITDA	\$ 705	\$ 755

	Adjusted Free Cash Flow	
	Low End	High End
Net cash provided by operating activities	\$ 430	\$ 470
Capital expenditures net of proceeds from the sale of property, plant and equipment and from government grants	(250)	(250)
Full year 2024 targeted Free Cash Flow	180	220
Cash payments for restructuring and acquisition-related costs	20	20
Full year 2024 targeted Adjusted Free Cash Flow	\$ 200	\$ 240

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

# Definition of Non-GAAP Measures



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## **EBITDA and Adjusted EBITDA**

We define EBITDA to be earnings before interest expense, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding the impact of restructuring and acquisition-related costs, debt refinancing and redemption costs, 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 Per Share**

We define Adjusted earnings per share to be diluted earnings per share excluding the impact of restructuring and acquisition-related costs, debt refinancing and redemption costs, 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 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, 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.

