

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
	<i>(in millions, except per share data)</i>			
Net sales	\$ 1,392.7	\$ 1,235.1	\$ 5,802.4	\$ 5,156.6
Cost of goods sold	1,225.5	1,095.1	5,097.5	4,433.9
Gross profit	167.2	140.0	704.9	722.7
Selling, general and administrative expenses	88.5	77.5	345.1	344.2
Amortization of intangible assets	21.3	21.5	85.7	85.8
Restructuring and acquisition-related costs	3.8	8.6	30.2	49.4
Loss on sale of business	—	—	—	2.7
Operating income	53.6	32.4	243.9	240.6
Interest expense	(42.3)	(44.5)	(174.5)	(195.2)
Interest income	5.4	2.7	17.0	10.9
Other income (expense):				
Debt refinancing and redemption costs	(0.4)	—	(6.4)	(34.0)
Gain on bargain purchase of business	0.6	—	13.6	—
Pension settlement charges	—	(42.3)	—	(42.3)
Unrealized gain (loss) on equity securities	(1.5)	5.0	(25.5)	24.4
Other income (expense), net	2.6	(1.9)	(1.8)	(3.2)
Income (loss) before income taxes	18.0	(48.6)	66.3	1.2
Income tax expense (benefit)	4.1	(2.3)	2.0	(4.7)
Net income (loss) attributable to AAM	\$ 13.9	\$ (46.3)	\$ 64.3	\$ 5.9
Diluted earnings (loss) per share	\$ 0.11	\$ (0.41)	\$ 0.53	\$ 0.05

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	December 31, 2022	December 31, 2021
	(in millions)	
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 511.5	\$ 530.2
Accounts receivable, net	820.2	762.8
Inventories, net	463.9	410.4
Prepaid expenses and other	197.8	152.6
Total current assets	1,993.4	1,856.0
Property, plant and equipment, net	1,903.0	1,996.1
Deferred income taxes	119.0	121.1
Goodwill	181.6	183.8
Other intangible assets, net	616.2	697.2
GM postretirement cost sharing asset	127.6	201.1
Operating lease right-of-use asset	107.2	123.7
Other assets and deferred charges	421.4	456.7
Total assets	\$ 5,469.4	\$ 5,635.7
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities		
Current portion of long-term debt	\$ 75.9	\$ 18.8
Accounts payable	734.0	612.8
Accrued compensation and benefits	186.6	195.2
Deferred revenue	28.1	28.1
Current portion of operating lease liabilities	21.1	24.6
Accrued expenses and other	153.6	160.4
Total current liabilities	1,199.3	1,039.9
Long-term debt, net	2,845.1	3,085.7
Deferred revenue	73.4	94.8
Deferred income taxes	10.7	13.5
Long-term portion of operating lease liabilities	87.2	99.9
Postretirement benefits and other long-term liabilities	626.4	844.1
Total liabilities	4,842.1	5,177.9
Total AAM stockholders' equity	627.3	457.8
Noncontrolling interests in subsidiaries	—	—
Total stockholders' equity	627.3	457.8
Total liabilities and stockholders' equity	\$ 5,469.4	\$ 5,635.7

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
	<i>(in millions)</i>			
Operating activities				
Net income (loss)	\$ 13.9	\$ (46.3)	\$ 64.3	\$ 5.9
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation and amortization	125.0	123.1	492.1	544.3
Other	9.6	25.6	(107.5)	(11.8)
Net cash provided by operating activities	148.5	102.4	448.9	538.4
Investing activities				
Purchases of property, plant and equipment	(53.5)	(65.4)	(171.4)	(181.2)
Proceeds from sale of property, plant and equipment	0.4	0.2	4.7	2.0
Acquisition of business, net of cash acquired	(0.6)	—	(88.9)	(4.9)
Proceeds from sale of business, net	—	0.1	—	1.0
Other	8.1	(1.1)	12.6	22.0
Net cash used in investing activities	(45.6)	(66.2)	(243.0)	(161.1)
Financing activities				
Net debt activity	(65.6)	(5.7)	(216.8)	(392.1)
Other	(3.8)	(1.5)	(0.4)	(9.3)
Net cash used in financing activities	(69.4)	(7.2)	(217.2)	(401.4)
Effect of exchange rate changes on cash	5.7	0.5	(7.4)	(2.7)
Net increase (decrease) in cash and cash equivalents	39.2	29.5	(18.7)	(26.8)
Cash and cash equivalents at beginning of period	472.3	500.7	530.2	557.0
Cash and cash equivalents at end of period	\$ 511.5	\$ 530.2	\$ 511.5	\$ 530.2

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
SUPPLEMENTAL DATA
(Unaudited)

The supplemental data presented below is a reconciliation of certain financial measures which is intended to facilitate analysis of American Axle & Manufacturing Holdings, Inc. business and operating performance.

Earnings before interest expense, income taxes and depreciation and amortization (EBITDA) and Adjusted EBITDA^(a)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	<i>(in millions)</i>			
Net income (loss)	\$ 13.9	\$ (46.3)	\$ 64.3	\$ 5.9
Interest expense	42.3	44.5	174.5	195.2
Income tax expense (benefit)	4.1	(2.3)	2.0	(4.7)
Depreciation and amortization	125.0	123.1	492.1	544.3
EBITDA	185.3	119.0	732.9	740.7
Restructuring and acquisition-related costs	3.8	8.6	30.2	49.4
Debt refinancing and redemption costs	0.4	—	6.4	34.0
Loss on sale of business	—	—	—	2.7
Unrealized loss (gain) on equity securities	1.5	(5.0)	25.5	(24.4)
Pension settlements	—	42.3	—	42.3
Non-recurring items:				
Malvern fire insurance recoveries, net of charges	(32.7)	(0.3)	(39.1)	(11.4)
Acquisition-related fair value inventory adjustment	—	—	5.0	—
Gain on bargain purchase of business	(0.6)	—	(13.6)	—
Adjusted EBITDA	\$ 157.7	\$ 164.6	\$ 747.3	\$ 833.3

Adjusted earnings (loss) per share^(b)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
Diluted earnings (loss) per share	\$ 0.11	\$ (0.41)	\$ 0.53	\$ 0.05
Restructuring and acquisition-related costs	0.03	0.08	0.25	0.42
Debt refinancing and redemption costs	—	—	0.05	0.29
Loss on sale of business	—	—	—	0.02
Unrealized loss (gain) on equity securities	0.01	(0.04)	0.21	(0.21)
Pension settlements	—	0.36	—	0.36
Accelerated depreciation ^(c)	—	—	—	0.27
Non-recurring items:				
Malvern fire insurance recoveries, net of charges	(0.26)	—	(0.32)	(0.10)
Gain on bargain purchase of business	(0.01)	—	(0.11)	—
Acquisition-related fair value inventory adjustment	—	—	0.04	—
Tax effect of adjustments	0.05	(0.08)	(0.05)	(0.17)
Adjusted earnings (loss) per share	\$ (0.07)	\$ (0.09)	\$ 0.60	\$ 0.93

Adjusted earnings (loss) per share are based on weighted average diluted shares outstanding of 114.6 million and 114.1 million for the three months ended December 31, 2022 and 2021 respectively, and 120.4 million and 118.7 million for the twelve months ended December 31, 2022 and 2021, respectively.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
SUPPLEMENTAL DATA
(Unaudited)

The supplemental data presented below is a reconciliation of certain financial measures which is intended to facilitate analysis of American Axle & Manufacturing Holdings, Inc. business and operating performance.

Free cash flow and Adjusted free cash flow^(d)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	<i>(in millions)</i>			
Net cash provided by operating activities	\$ 148.5	\$ 102.4	\$ 448.9	\$ 538.4
Capital expenditures net of proceeds from the sale of property, plant and equipment	(53.1)	(65.2)	(166.7)	(179.2)
Free cash flow	95.4	37.2	282.2	359.2
Cash payments for restructuring and acquisition-related costs	6.6	9.8	27.8	57.7
Cash payments (insurance proceeds) related to Malvern fire, net	(3.0)	(3.4)	3.0	6.0
Adjusted free cash flow	\$ 99.0	\$ 43.6	\$ 313.0	\$ 422.9

Segment Financial Information

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	<i>(in millions)</i>			
Segment Sales				
Driveline	\$ 967.2	\$ 913.0	\$ 4,130.8	\$ 3,744.9
Metal Forming	527.1	410.1	2,113.0	1,762.2
Total Sales	1,494.3	1,323.1	6,243.8	5,507.1
Intersegment Sales	(101.6)	(88.0)	(441.4)	(350.5)
Net External Sales	\$ 1,392.7	\$ 1,235.1	\$ 5,802.4	\$ 5,156.6
Segment Adjusted EBITDA^(a)				
Driveline	\$ 126.7	\$ 127.5	\$ 547.0	\$ 577.7
Metal Forming	31.0	37.1	200.3	255.6
Total Segment Adjusted EBITDA	\$ 157.7	\$ 164.6	\$ 747.3	\$ 833.3

Full Year 2023 Financial Outlook

	Adjusted EBITDA	
	Low End	High End
	<i>(in millions)</i>	
Net income	\$ 10	\$ 65
Interest expense	200	200
Income tax expense	—	20
Depreciation and amortization	490	490
Full year 2023 targeted EBITDA	700	775
Restructuring and acquisition-related costs	25	25
Full year 2023 targeted Adjusted EBITDA	\$ 725	\$ 800

	Adjusted Free Cash Flow	
	Low End	High End
	<i>(in millions)</i>	
Net cash provided by operating activities	\$ 435	\$ 510
Capital expenditures net of proceeds from the sale of property, plant and equipment	(230)	(230)
Full year 2023 targeted Free Cash Flow	205	280
Cash payments for restructuring and acquisition-related costs	25	25
Other	(5)	(5)
Full year 2023 targeted Adjusted Free Cash Flow	\$ 225	\$ 300

- (a) We define EBITDA to be earnings before interest expense, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA excluding the impact of restructuring and acquisition-related costs, debt refinancing and redemption costs, loss on sale of a business, impairment charges, pension settlements, unrealized gains or losses on equity securities and non-recurring items. We believe that EBITDA and Adjusted EBITDA are meaningful measures of performance as they are commonly utilized by management and investors to analyze operating performance and entity valuation. Our management, the investment community and the banking institutions routinely use EBITDA and Adjusted EBITDA, together with other measures, to measure our operating performance relative to other Tier 1 automotive suppliers. We also use Segment Adjusted EBITDA as the measure of earnings to assess the performance of each segment and determine the resources to be allocated to the segments. EBITDA and Adjusted EBITDA are also key metrics used in our calculation of incentive compensation. EBITDA and Adjusted EBITDA should not be construed as income from operations, net income or cash flow from operating activities as determined under GAAP. Other companies may calculate EBITDA and Adjusted EBITDA differently.
- (b) 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, loss on sale of a business, impairment charges, pension settlements, certain accelerated depreciation, unrealized gains or losses on equity securities and non-recurring items, including the tax effect thereon. We believe Adjusted earnings (loss) 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 (loss) per share differently.
- (c) In the first quarter of 2021, one of our largest customers announced their intention to cease production operations in Brazil in 2021 as part of their restructuring actions. As such, we accelerated depreciation on certain property, plant and equipment beginning in the first quarter of 2021.
- (d) 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.