



J.P. Morgan Automotive Conference

August 8, 2018

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”.

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



16
ENGINEERING CENTERS



\$7B
PRO FORMA SALES

Over
700
CUSTOMERS

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

Over
25,000
ASSOCIATES



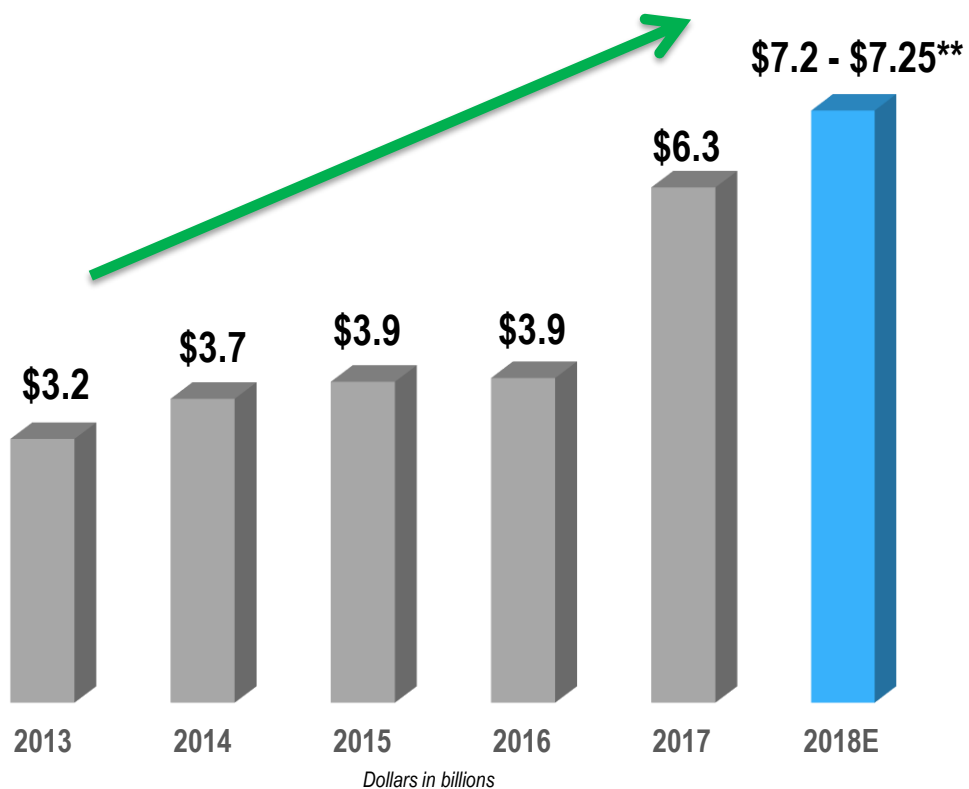
17
COUNTRIES

Over
90
LOCATIONS

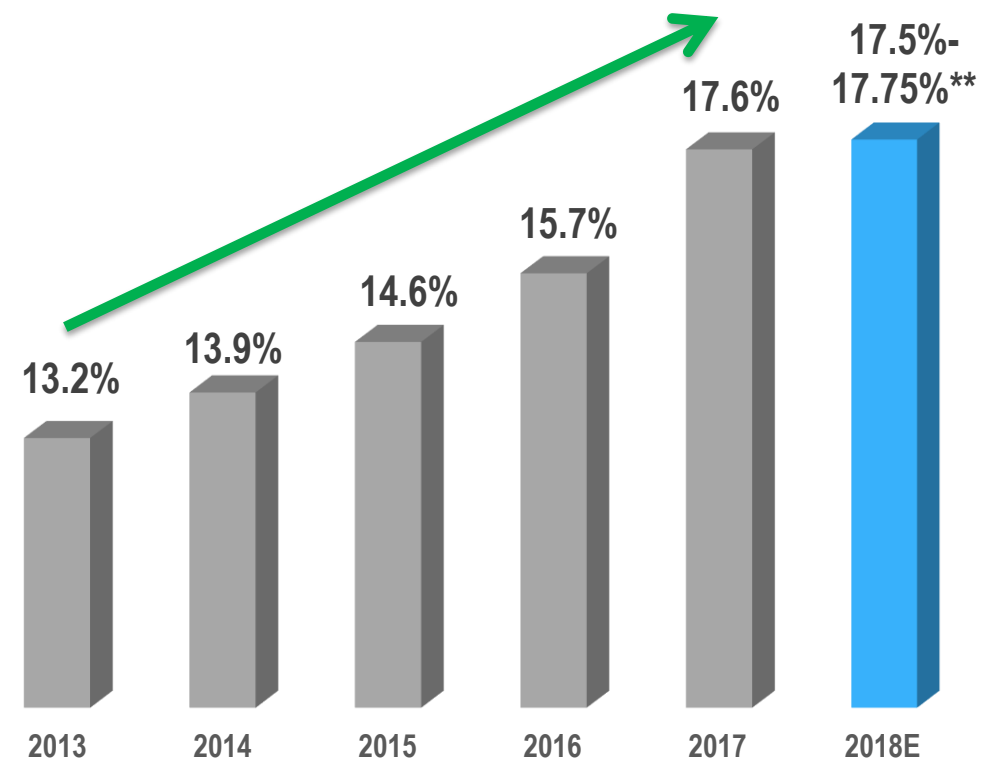
Strong Financial Performance



SALES



ADJUSTED EBITDA* MARGIN

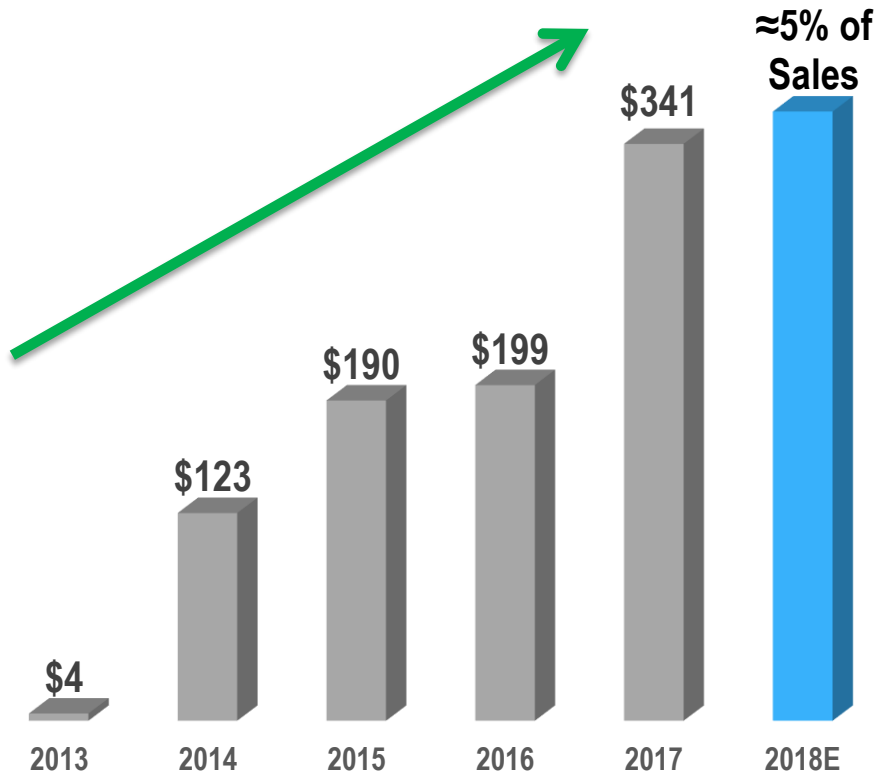


AAM has been growing sales while delivering industry-leading profitability

Strong Financial Performance

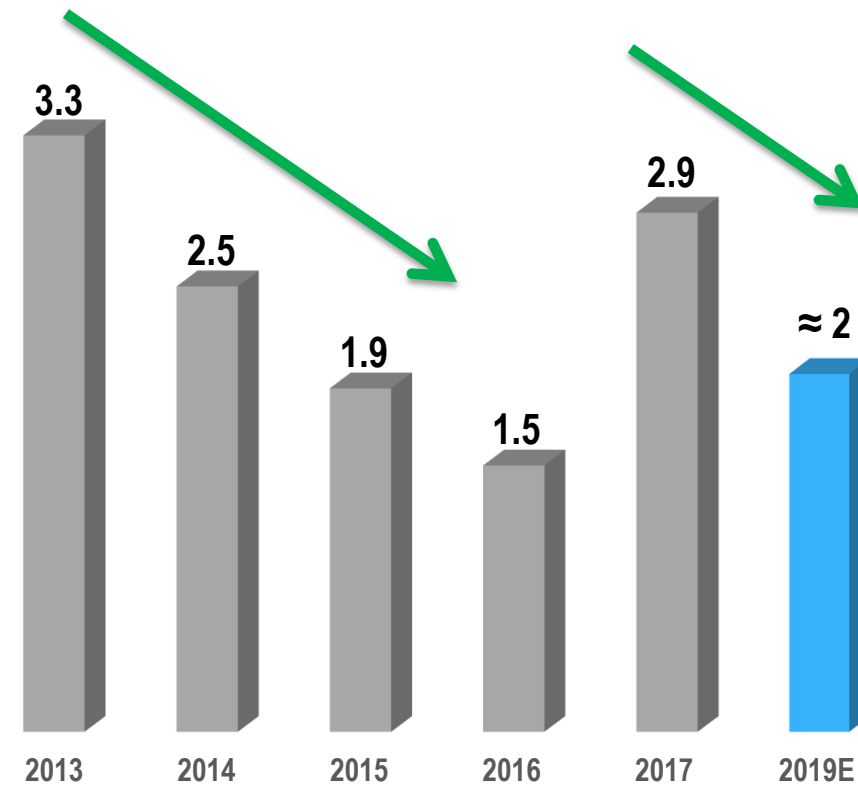


ADJ. FREE CASH FLOW*



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

Business Units and 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



AAM Growth Opportunities

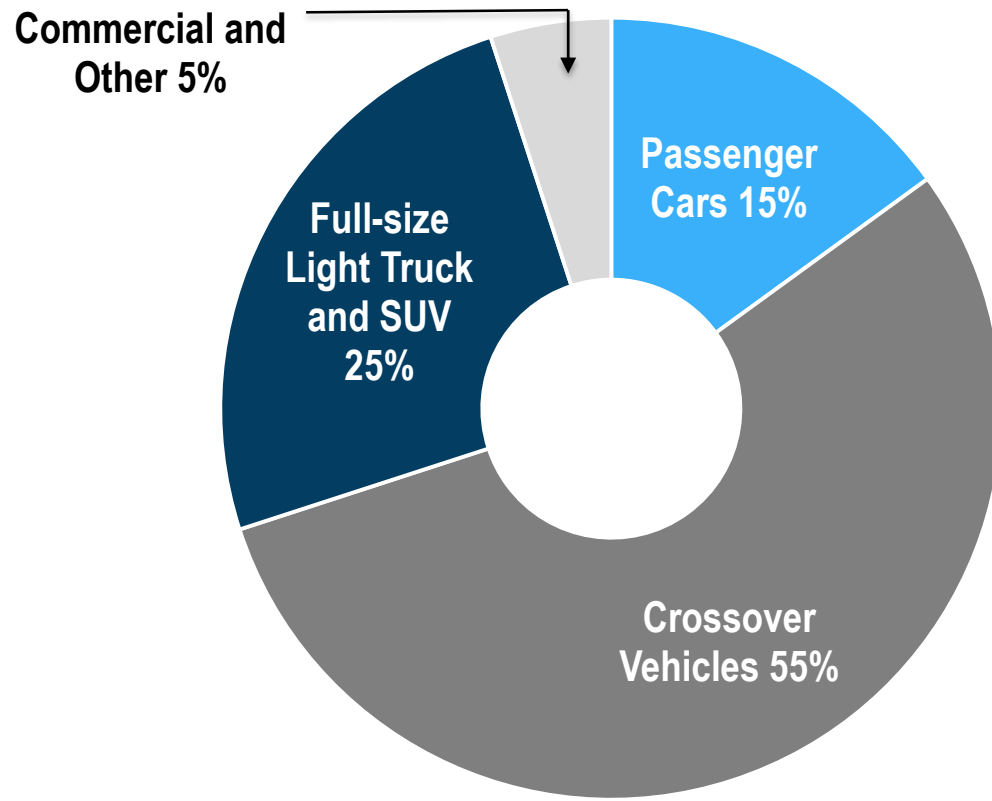
New and Incremental Business Backlog



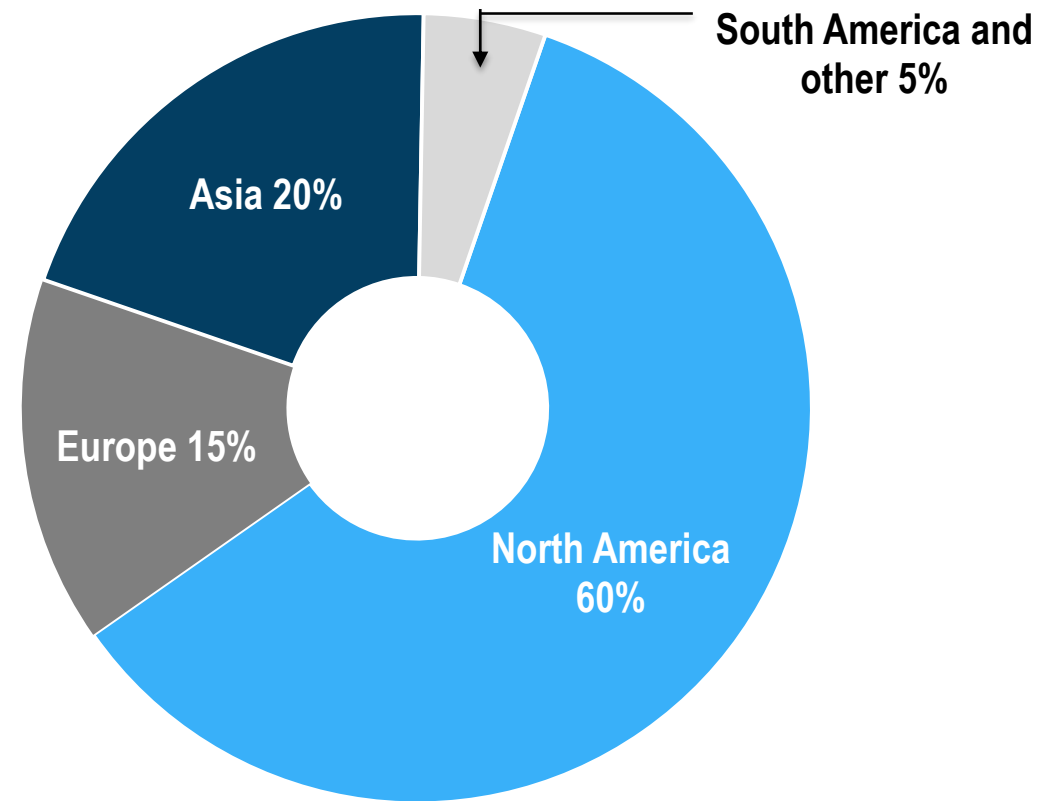
\$1.5 BILLION: 2018-2020

as disclosed on January 17, 2018

Backlog by Vehicle Segment



Backlog by Global Market

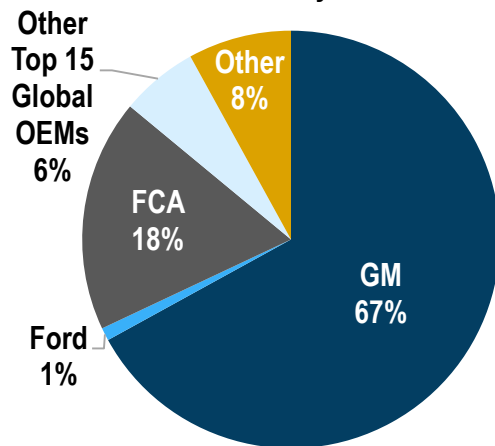


40% of our New Business Backlog is in markets outside of North America

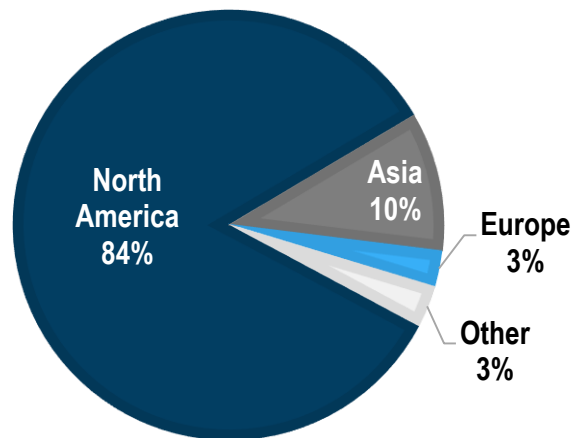
Revenue Diversification



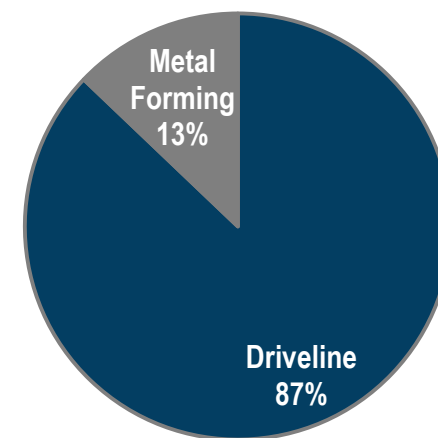
AAM 2016 Sales by Customer



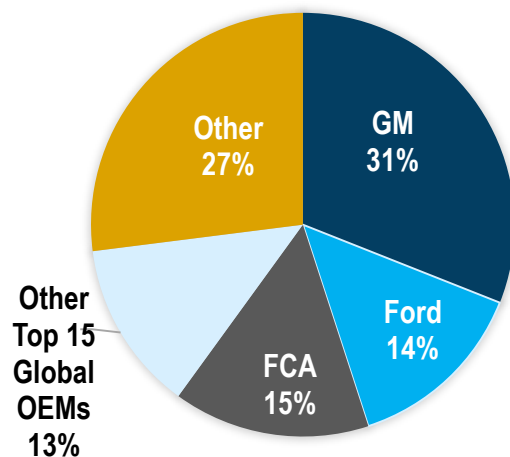
2016 Sales by Region



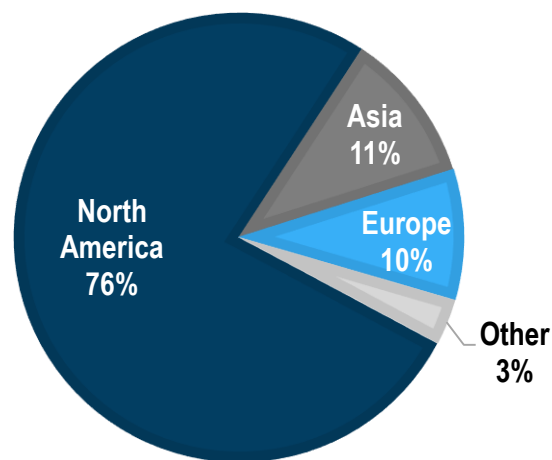
2016 Sales by BU



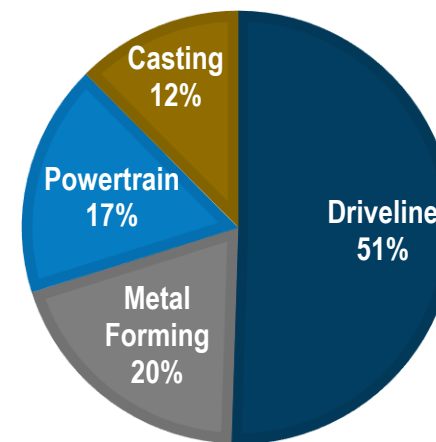
AAM 2020E Sales by Customer



2020E Sales by Region



2020E Sales by BU

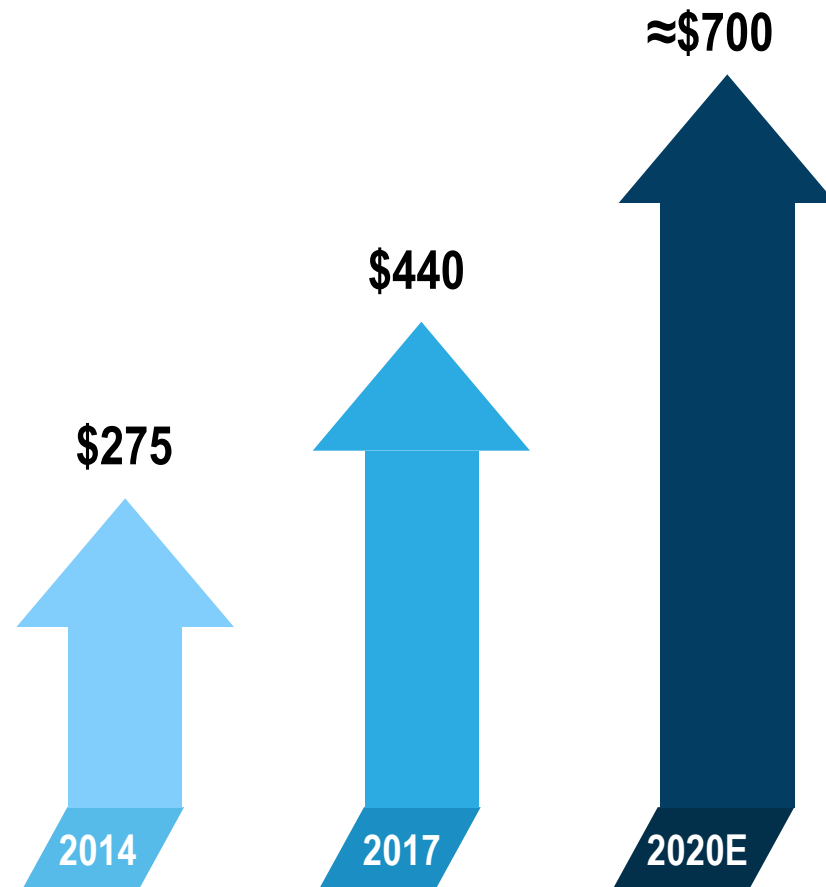


AAM experiencing diversification and growth in many areas

China Continues to Drive Growth for AAM



AAM China Sales



Dollars in millions

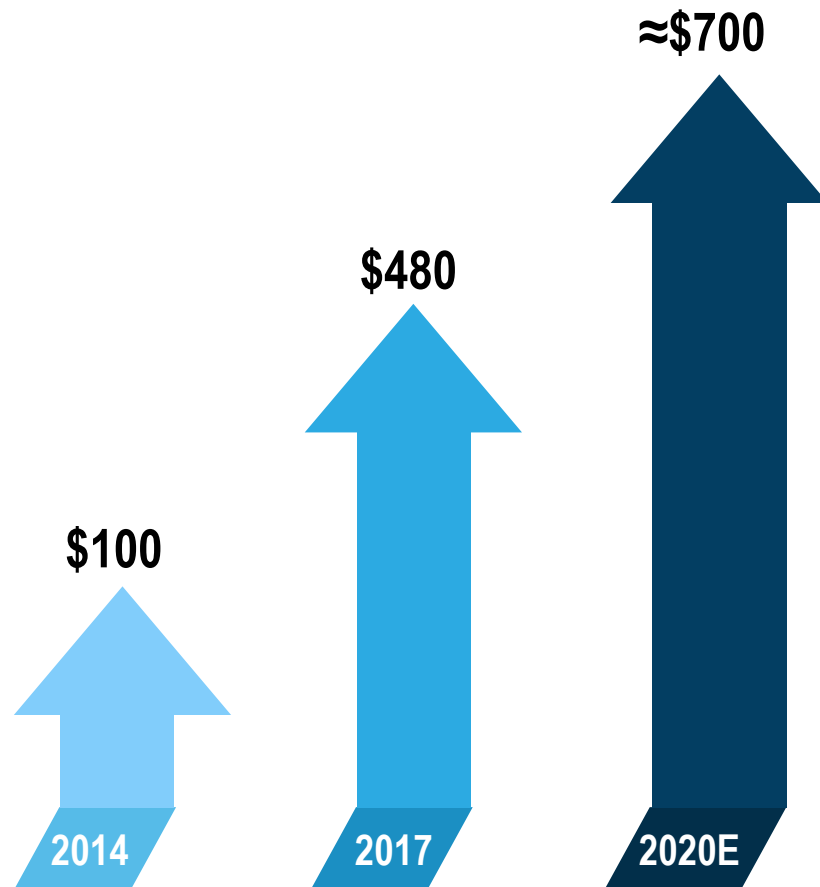
Current growth driven by:

- 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



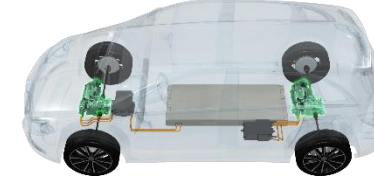
- 60% of AAM's \$1.5 billion quoting and emerging business opportunities are outside of North America*
- Hybridization will drive additional Powertrain content
- Increased demand for our e-AAM products to support higher electric vehicle production, especially in Europe and China
- Increased global Metal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

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



Technology Leadership

AAM Technology Leadership



ICE

HYBRID

ELECTRIC (BEV)

AAM ENGINEERING COMPETENCIES



Efficiency



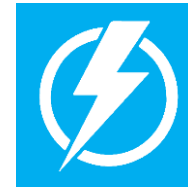
Customer Value



Lightweighting



Performance/NVH



Power Density

EcoTrac Continues to Drive Profitable Growth



2013

Jeep



Cherokee

2017

GM



Terrain/Equinox

Currently Launching

Ford



Edge/Nautilus

Cadillac



Cadillac XT4

\$550M in 2018

≈\$800M

2020

47%
CAGR

\$55M in 2013

Featured on several significant global crossover platforms

QUANTUM™ Technology

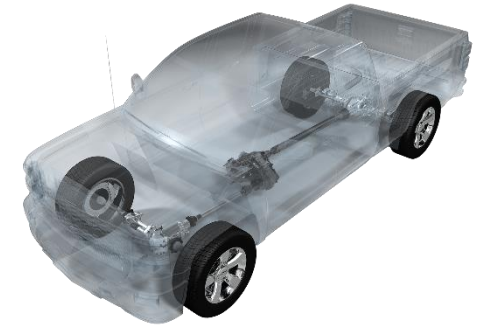


QUANTUM | Features all-new, completely redesigned family of lightweight axles and drive units

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

Recently awarded inaugural Altair Enlighten Future of Lightweighting Award!

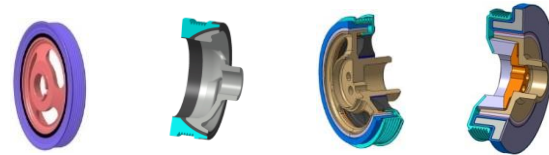
Key Fuel Efficiency Trends Benefit AAM



Downsized Engines



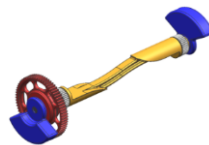
3 Cylinder Engine



Crankshaft Dampers & Isolation Pulleys

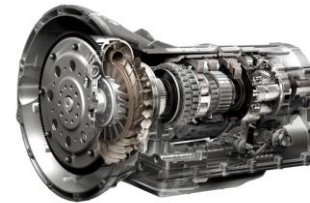


Balance Shaft Systems



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

e-AAM Hybrid and Electric Driveline Systems™

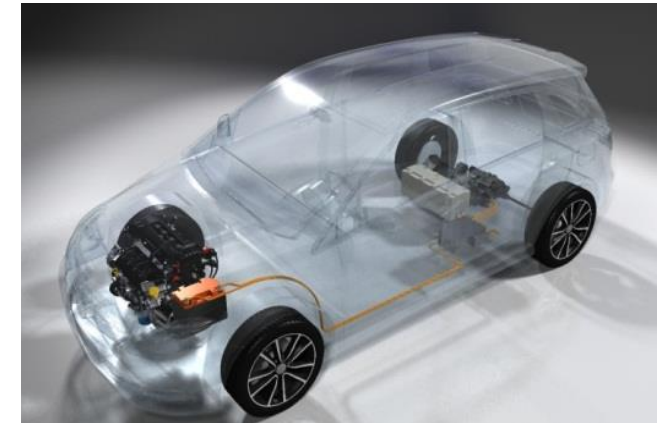


e-AAM driveline systems | Position AAM to benefit from the global trend of electrification

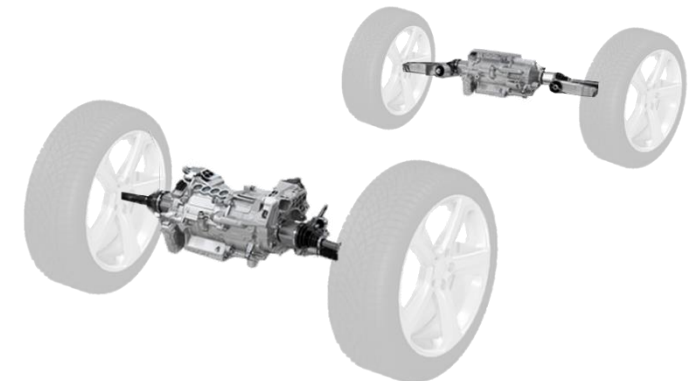


KEY ATTRIBUTES

- 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)

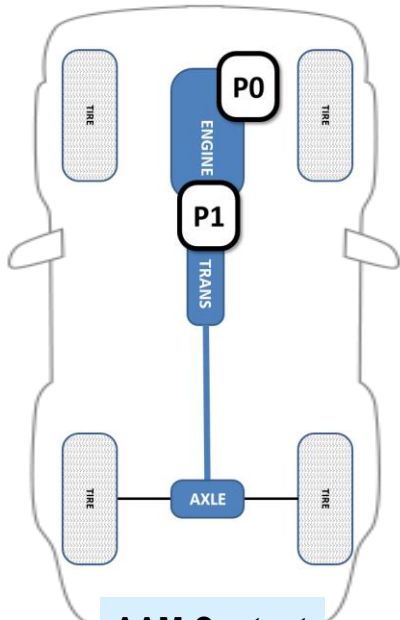


AAM P4 e-Drive units (e-AWD BEV)

Hybrid and Electric Vehicle Architectures



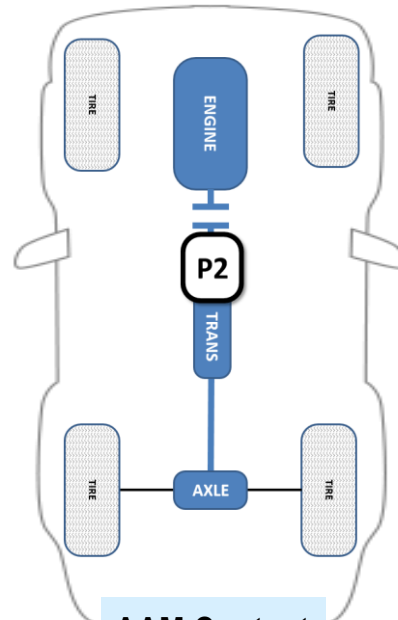
P0/P1



AAM Content



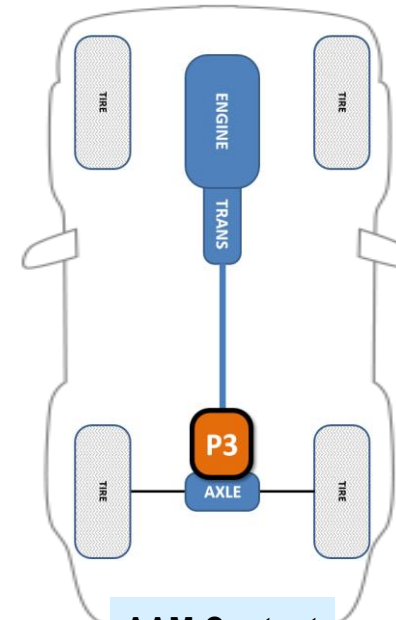
P2



AAM Content



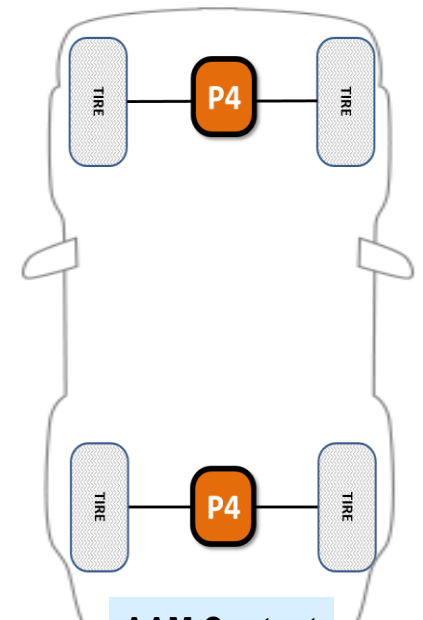
P3



AAM Content



P4



AAM Content



Conventional AAM Content



New Electrification AAM Content



AAM content is featured across all hybrid and electric vehicle architectures

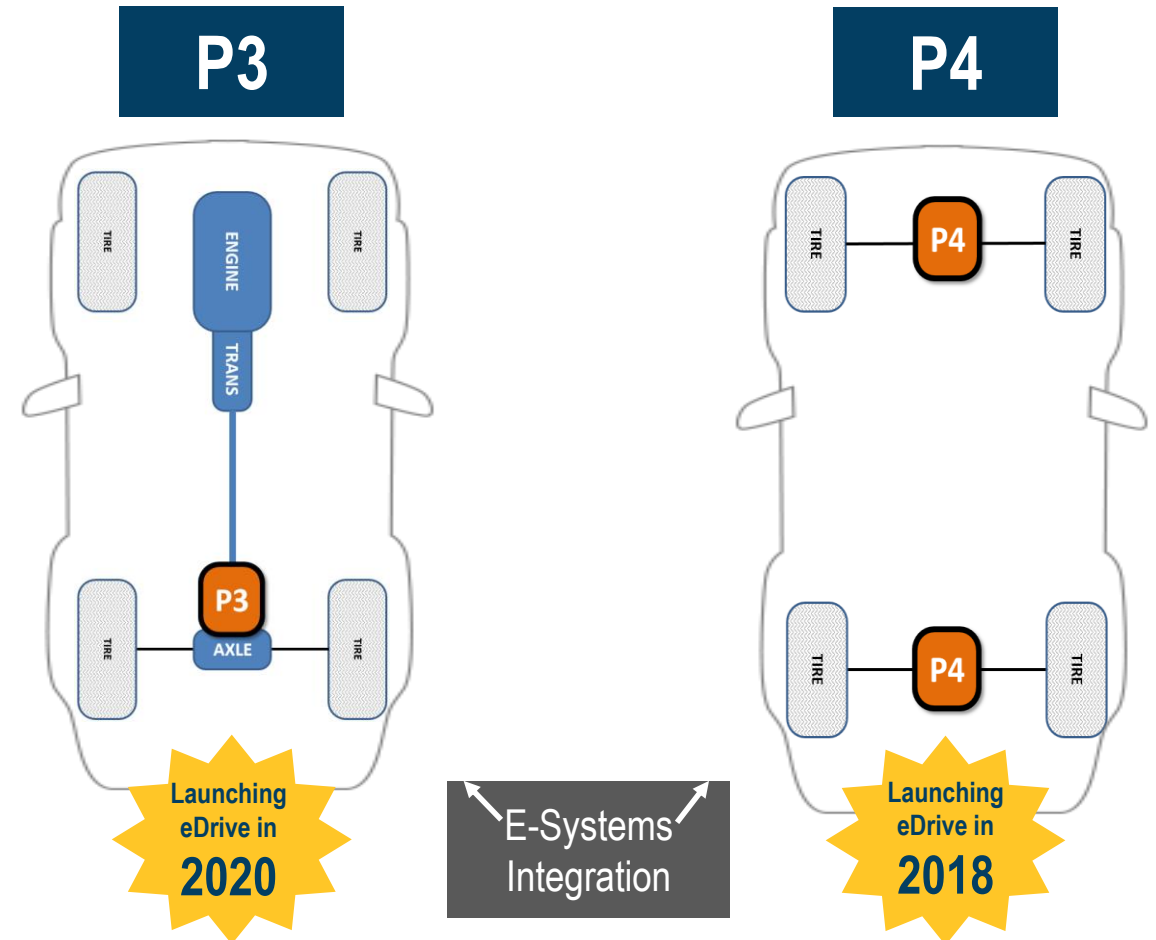
AAM's Capabilities for Hybrid and Electric Vehicles



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

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



Financial Overview

2Q 2018 AAM Highlights



\$1.90B

Record
Quarterly
Sales

\$348M

18.3% of sales

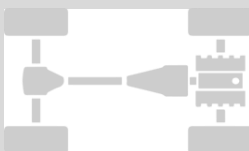
Record
Quarterly
Adj. EBITDA*

\$100M

Adjusted
Free Cash
Flow*

**FORTUNE
500**
2018

AAM
Recognized as
Fortune 500
Company



Sold
Aftermarket
division of our
Powertrain BU



Prepaid **\$100M**
of Senior Notes
due 2022

AAM's 2018 Financial Targets

As of August 3, 2018



2018 Full Year Targets

Sales	\$7.2 - \$7.25 billion
Adjusted EBITDA* Margin	17.5% - 17.75% of sales
Adjusted Free Cash Flow*	≈ 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 ≈ 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 (net of related gains) and 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

Synergy Achievement Progress from MPG Acquisition



Public Company
Costs and
Overhead
Rationalization

\$40 M

Vertical
Integration
Benefits and
Manufacturing
Initiatives

\$40 M



Purchasing
Power and
AAM Know-How

\$60 M

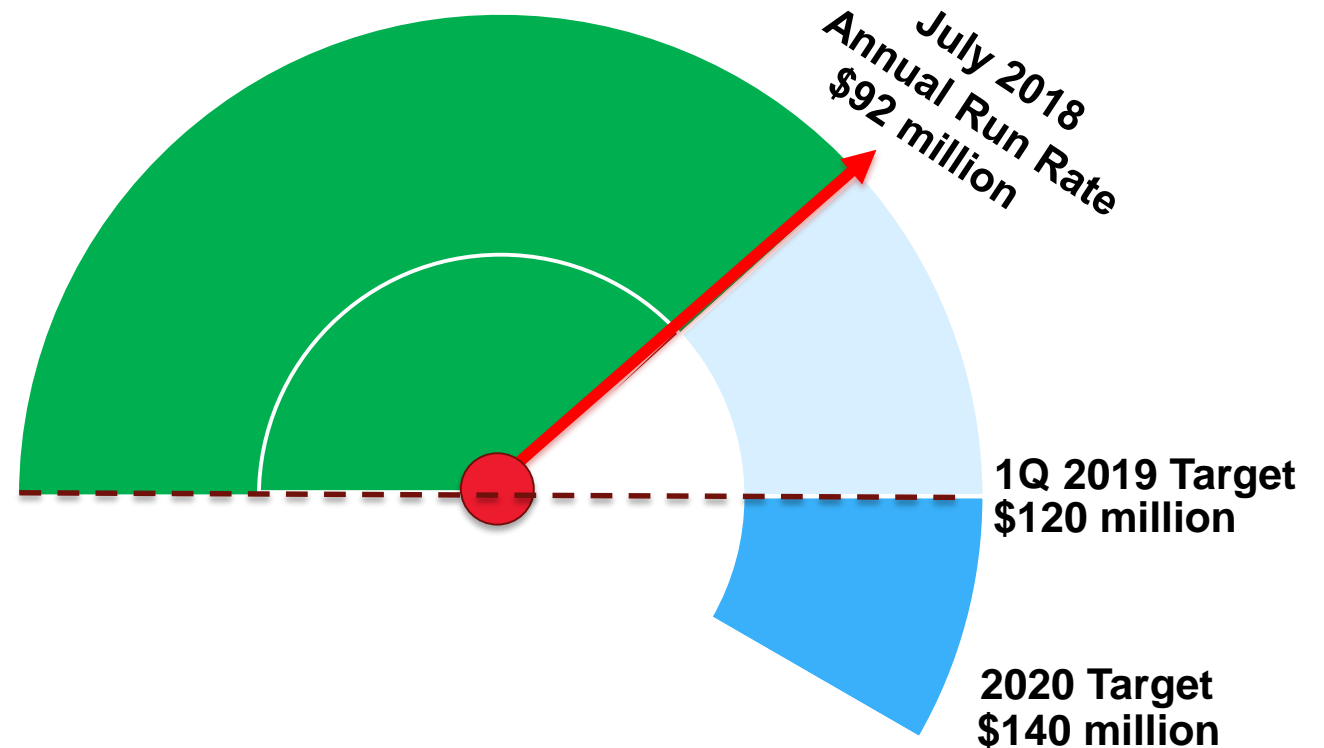
Targeted Cost
Reduction
Synergies - Run
Rate by 2020

= \$140 M



Synergy Achievement Gauge

(Annual Run Rate in millions)



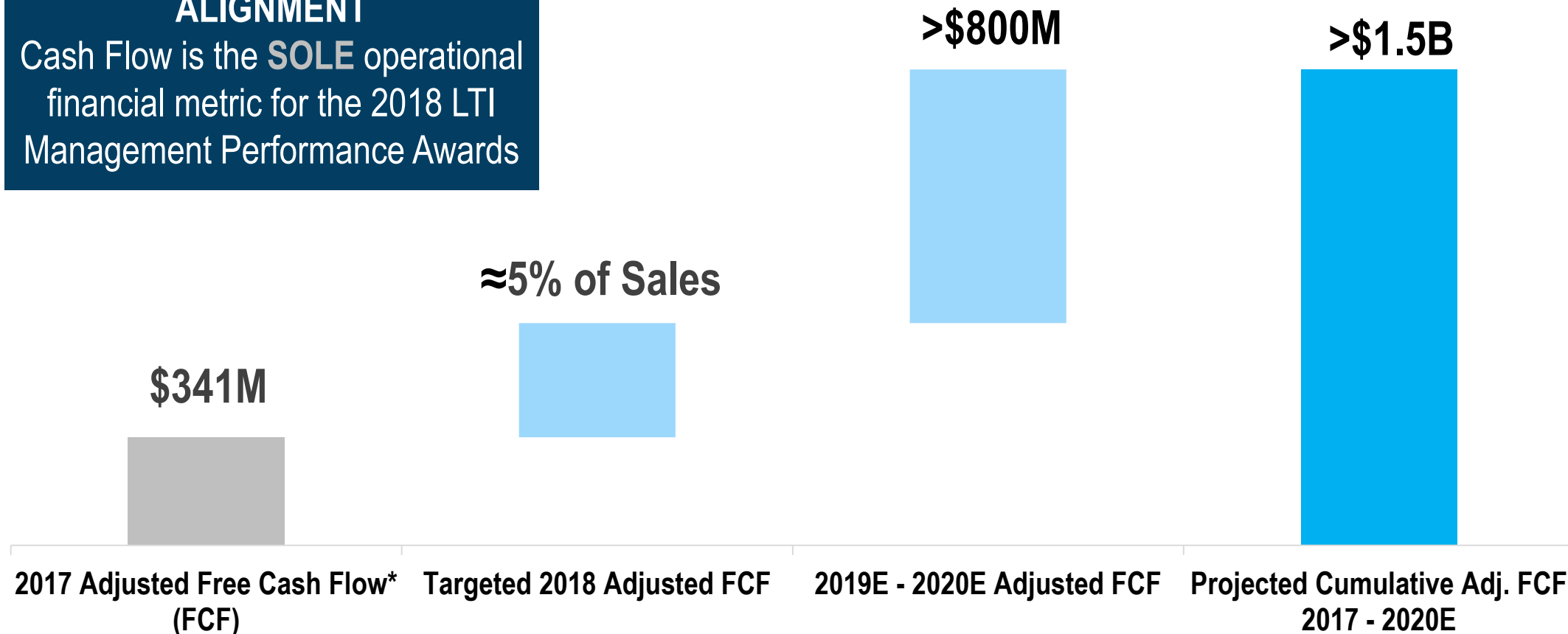
AAM has a clear path to meeting its updated synergy targets

Cash Flow



ALIGNMENT

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

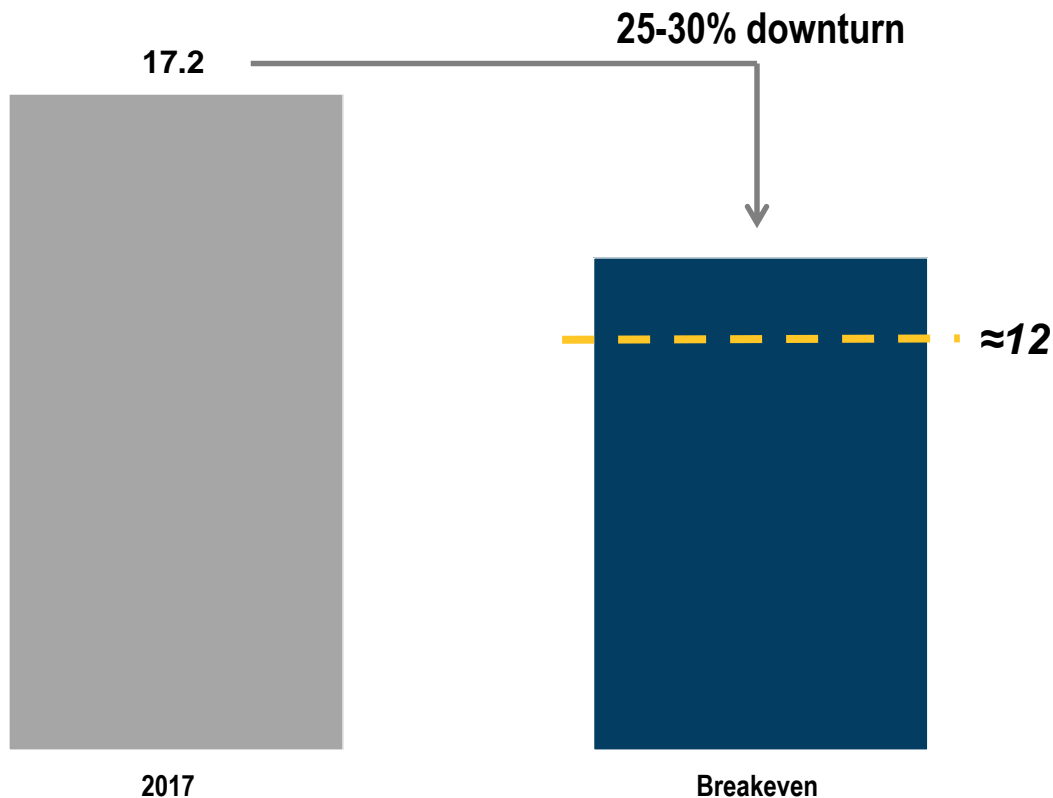


Strong cash flow potential and high free cash flow yield

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

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

Why AAM?



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	<u>\$ 964.1</u>	<u>\$ 594.2</u>	<u>\$ 570.3</u>	<u>\$ 476.5</u>	<u>\$ 379.2</u>
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	<u>1,102.7</u>	<u>\$ 619.4</u>	<u>\$ 571.1</u>	<u>\$ 512.0</u>	<u>\$ 421.8</u>
as % of net sales	<u>17.6 %</u>	<u>15.7 %</u>	<u>14.6 %</u>	<u>13.9 %</u>	<u>13.2 %</u>

Supplemental Data



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

	Quarter Ended				Trailing Twelve Months Ended
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 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,			
	2016	2015	2014	2013
Current portion of long-term debt	\$ 3.3	\$ 3.3	\$ 13.0	\$ —
Long-term debt, net	1,400.9	1,375.7	1,504.6	1,537.0
Total debt, net	1,404.2	1,379.0	1,517.6	1,537.0
Less: Cash and cash equivalents	481.2	282.5	249.2	154.0
Net debt at end of period	\$ 923.0	\$ 1,096.5	\$ 1,268.4	\$ 1,383.0
Net leverage ratio	1.5	1.9	2.5	3.3

Supplemental Data



EBITDA and Adjusted EBITDA Reconciliation (\$ in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income	\$ 151.3	\$ 66.3	\$ 240.8	\$ 144.7
Interest expense	54.4	56.9	107.6	82.4
Income tax expense	2.0	2.4	19.9	9.9
Depreciation and amortization	130.2	124.6	258.0	180.8
EBITDA	337.9	250.2	626.3	417.8
Restructuring and acquisition-related costs	36.8	51.7	55.1	67.7
Debt refinancing and redemption costs	4.3	2.7	14.6	2.7
Gain on sale of business	(15.5)	-	(15.5)	-
Non-recurring items:				
Gain on settlement of capital lease	(15.6)	-	(15.6)	-
Acquisition-related fair value inventory adjustment	-	24.9	-	24.9
Other	-	(3.7)	-	(3.7)
Adjusted EBITDA	\$ 347.9	\$ 325.8	\$ 664.9	\$ 509.4
As % of net sales	18.3%	18.5%	17.7%	18.1%

Supplemental Data



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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net cash provided by operating activities	\$ 222.5	\$ 150.9	\$ 289.4	\$ 213.2
Less: Capital expenditures net of proceeds from sale of property, plant and equipment	(141.7)	(103.0)	(272.1)	(137.1)
Free cash flow	80.8	47.9	17.3	76.1
Cash payments for restructuring and acquisition-related costs	19.5	56.7	41.3	66.2
Acquisition-related settlement of pre-existing accounts payable balances with acquired entities	-	12.4	-	35.2
Interest payments upon the settlement of acquired company debt	-	24.6	-	24.6
Adjusted Free Cash Flow	<u>\$ 100.3</u>	<u>\$ 141.6</u>	<u>\$ 58.6</u>	<u>\$ 202.1</u>

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.