NEWS

IMMEDIATE RELEASE

AAM Reports Second Quarter 2019 Financial Results

DETROIT, August 2, 2019 -- American Axle & Manufacturing Holdings, Inc. (AAM), (NYSE: AXL) today reported its financial results for the second quarter 2019 and updated its full year financial outlook.

Second Quarter 2019 Results

- Sales of $1.70 billion
- Net income attributable to AAM of $52.5 million, or 3.1% of sales
- Adjusted EBITDA of $266.0 million, or 15.6% of sales
- Diluted earnings per share of $0.45; Adjusted earnings per share of $0.55
- Net cash provided by operating activities of $217.1 million; Adjusted free cash flow of $119.3 million

"In the second quarter of 2019, AAM continued to improve its operational performance with sequential quarterly margin increases and strong free cash flow generation. However, we exited the second quarter with softer sales than anticipated and we expect this to continue to impact us in the second half of 2019," said AAM's Chairman and Chief Executive Officer, David C. Dauch. "As we look towards the second half of 2019, we are focused on efficiently operating our business and adapting to the changing market demand."

AAM's sales in the second quarter of 2019 were $1.70 billion as compared to $1.90 billion in the second quarter of 2018.

AAM's net income in the second quarter of 2019 was $52.5 million, or $0.45 per share, as compared to $151.1 million, or $1.30 per share in the second quarter of 2018.

AAM defines Adjusted earnings per share to be diluted earnings per share excluding the impact of restructuring and acquisition-related costs, debt refinancing and redemption costs, gain on sale of business, goodwill impairments and non-recurring items, including the tax effect thereon. Adjusted earnings per share in the second quarter of 2019 were $0.55 compared to $1.23 in the second quarter of 2018.

AAM defines 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, gain on sale of business, goodwill impairments and non-recurring items. In the second quarter of 2019, Adjusted EBITDA was $266.0 million, or 15.6% of sales, as compared to $347.9 million, or 18.3% of sales, in the second quarter of 2018.

AAM's net cash provided by operating activities for the second quarter of 2019 was $217.1 million.

AAM defines 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. AAM's Adjusted free cash flow for the second quarter of 2019 was $119.3 million.

AAM's 2019 Financial Outlook

AAM is experiencing lower metal market pass throughs and lower than projected global production volumes for certain programs we support including in Asia, primarily China, and global engine and transmission products. As a result, AAM has revised its full year 2019 financial targets as follows:

- AAM is targeting sales in the range of $6.9 - $7.0 billion in 2019.
- AAM is targeting Adjusted EBITDA in the range of $1.05 - $1.10 billion in 2019.
- AAM is targeting Adjusted free cash flow of approximately $250 million in 2019, including the reduction of estimated capital expenditures from approximately $515 million to approximately $485 million.

AAM’s revised full year 2019 financial targets reflect:

- An estimate of production volumes for the remainder of 2019 based on internal and external sources and the current metal market environment
- A reduction in profitability primarily associated with lower sales and an increase in engineering, research and development expenditures to support our future e-AAM hybrid and electric driveline growth and
- Continued operational improvements in-line with previous commentary.

Second Quarter 2019 Conference Call Information

A conference call to review AAM's second quarter 2019 results is scheduled today at 10:00 a.m. ET. Interested participants may listen to the live conference call by logging onto AAM's investor web site at http://investor.aam.com or calling (877) 883-0383 from the United States or (412) 902-6506 from outside the United States with access code 7793867. A replay will be available one hour after the call is complete until August 9, 2019 by dialing (877) 344-7529 from the United States or (412) 317-0088 from outside the United States. When prompted, callers should enter replay access code 10132907.

Non-GAAP Financial Information

In addition to the results reported in accordance with accounting principles generally accepted in the United States of America (GAAP) included within this press release, AAM has provided certain information, which includes non-GAAP financial measures such as Adjusted EBITDA, Adjusted earnings per share and Adjusted free cash flow. Such information is reconciled to its closest GAAP measure in accordance with Securities and Exchange Commission rules and is included in the attached supplemental data.

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.

Management believes that these non-GAAP financial measures are useful to management, investors, and banking institutions in their analysis of the Company's business and operating performance. Management also uses this information for operational planning and decision-making purposes.

Non-GAAP financial measures are not and should not be considered a substitute for any GAAP measure. Additionally, non-GAAP financial measures as presented by AAM may not be comparable to similarly titled measures reported by other companies.

Company Description

AAM (NYSE:AXL) delivers POWER that moves the world. As a leading global tier 1 automotive supplier, AAM designs, engineers and manufactures driveline, metal forming and casting technologies that are making the next generation of vehicles smarter, lighter, safer and more efficient. Headquartered in Detroit, AAM has over 25,000 associates operating at nearly 90 facilities in 17 countries to support our customers on global and regional platforms with a focus on quality, operational excellence and technology leadership. To learn more, visit aam.com.

Forward-Looking Statements

In this earnings release, 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. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith belief as of that time with respect to future events and are subject to risks and may differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to: reduced purchases of our products by General Motors Company (GM), FCA US LLC (FCA), or other customers; our ability to respond to changes in technology, increased competition or pricing pressures; our ability to develop and produce new products that reflect market demand; our ability or our customers' and suppliers' ability to successfully launch new product programs on a timely and cost efficient basis; lower-than-anticipated market acceptance of new or existing products; our ability to attract new customers and programs for new products; an impairment of our goodwill, other intangible assets, or long-lived assets if our business or market conditions indicate that the carrying values of those assets exceed their fair values; reduced demand for our customers' products (particularly light trucks and *sport utility vehicles (SUVs) produced by GM and FCA); risks inherent in our global operations (including tariffs and the potential consequences thereof to us, our suppliers, and our customers and their suppliers, adverse changes in trade agreements, such as NAFTA, or proposed trade agreements such as the USMCA, immigration policies, political stability, taxes and other law changes, potential disruptions of production and supply, and currency rate fluctuations); a significant disruption in operations at one or more of our key manufacturing facilities; global economic conditions; liabilities arising from warranty claims, product recall or field actions, product liability and legal proceedings to which we are or may become a party, or the impact of product recall or field actions on our customers; risks related to a failure of our information technology systems and networks, and risks associated with current and emerging technology threats and damage from computer viruses, unauthorized access, cyber attack and other similar disruptions; supply shortages or price increases in raw material and/or freight, utilities or other operating supplies for us or our customers as a result of natural disasters or otherwise; our ability to successfully integrate the business and information systems of MPG and to realize the anticipated benefits of the merger; negative or unexpected tax consequences; our ability to achieve the level of cost reductions required to sustain global cost competitiveness; our ability to realize the expected revenues from our new and incremental business backlog; our suppliers', our customers' and their suppliers' ability to maintain satisfactory labor relations and avoid work stoppages; our ability to maintain satisfactory labor relations and avoid work stoppages; price volatility in, or reduced availability of, fuel; potential liabilities or litigation relating to, or assumed in, the MPG merger; potential adverse reactions or changes to business relationships resulting from the completion of the merger with MPG; our ability to protect our intellectual property and successfully defend against assertions made against us; our ability to attract and retain key associates; availability of financing for working capital, capital expenditures, research and development (R&D) or other general corporate purposes including acquisitions, as well as our ability to comply with financial covenants; our customers' and suppliers' availability of financing for working capital, capital expenditures, R&D or other general corporate purposes; changes in liabilities arising from pension and other postretirement benefit obligations; risks of noncompliance with environmental laws and regulations or risks of environmental issues that could result in unforeseen costs at our current and former facilities, or reputational damage; adverse changes in laws, government regulations or market conditions affecting our products or our customers' products; our ability or our customers' and suppliers' ability to comply with regulatory requirements and the potential costs of such compliance; and other unanticipated events and conditions that may hinder our ability to compete. It is not possible to foresee or identify all such factors and we make no commitment to update any forward-looking statement or to disclose any facts, events or circumstances after the date hereof that may affect the accuracy of any forward-looking statement.*

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(in millions, except per share data)			
Net sales	**$ 1,704.3**	$ 1,900.9	**$ 3,423.5**	$ 3,759.3
Cost of goods sold	**1,456.0**	1,569.5	**2,953.0**	3,111.6
Gross profit	**248.3**	331.4	**470.5**	647.7
Selling, general and administrative expenses	**91.3**	95.0	**182.0**	192.3
Amortization of intangible assets	**24.9**	24.8	**49.9**	49.7
Restructuring and acquisition-related costs	**12.2**	36.8	**24.3**	55.1
Gain on sale of business	**—**	(15.5)	**—**	(15.5)
Operating income	**119.9**	190.3	**214.3**	366.1
Interest expense	**(56.2)**	(54.4)	**(109.6)**	(107.6)
Investment income	**0.5**	0.5	**1.2**	1.0
Other income (expense)				
Debt refinancing and redemption costs	**(2.4)**	(4.3)	**(2.4)**	(14.6)
Gain on settlement of capital lease	**—**	15.6	**—**	15.6
Other income (expense), net	**(3.1)**	5.6	**(6.1)**	0.2
Income before income taxes	**58.7**	153.3	**97.4**	260.7
Income tax expense	**6.0**	2.0	**3.0**	19.9
Net income	**52.7**	151.3	**94.4**	240.8
Net income attributable to noncontrolling interests	**(0.2)**	(0.2)	**(0.3)**	(0.3)
Net income attributable to AAM	**$ 52.5**	$ 151.1	**$ 94.1**	$ 240.5
Diluted earnings per share	**$ 0.45**	$ 1.30	**$ 0.81**	$ 2.08

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

	June 30, 2019	December 31, 2018
	(in millions)	
ASSETS		
Current assets		
Cash and cash equivalents	**$ 248.8**	$ 476.4
Accounts receivable, net	**1,138.0**	966.5
Inventories, net	**459.9**	459.7
Prepaid expenses and other	**130.0**	127.2
Total current assets	**1,976.7**	2,029.8
Property, plant and equipment, net	**2,544.4**	2,514.4
Deferred income taxes	**51.9**	45.5
Goodwill	**1,140.9**	1,141.8
Other intangible assets, net	**1,063.1**	1,111.1
GM postretirement cost sharing asset	**224.1**	219.4
Other assets and deferred charges	**546.8**	448.7
Total assets	**$ 7,547.9**	$ 7,510.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	**$ 26.0**	$ 121.6
Accounts payable	**853.4**	840.2
Accrued compensation and benefits	**159.6**	179.0
Deferred revenue	**33.6**	44.3
Accrued expenses and other	**194.5**	171.7
Total current liabilities	**1,267.1**	1,356.8
Long-term debt, net	**3,674.2**	3,686.8
Deferred revenue	**87.5**	77.6
Deferred income taxes	**67.4**	92.6
Postretirement benefits and other long-term liabilities	**879.5**	810.6
Total liabilities	**5,975.7**	6,024.4
Total AAM stockholders' equity	**1,569.5**	1,483.9
Noncontrolling interests in subsidiaries	**2.7**	2.4
Total stockholders' equity	**1,572.2**	1,486.3
Total liabilities and stockholders' equity	**$ 7,547.9**	$ 7,510.7

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(in millions)			
Operating activities				
Net income	**$ 52.7**	$ 151.3	**$ 94.4**	$ 240.8
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	**136.5**	130.2	**277.3**	258.0
Other	**27.9**	(59.0)	**(234.8)**	(209.4)
Net cash provided by operating activities	**217.1**	222.5	**136.9**	289.4
Investing activities				
Purchases of property, plant and equipment	**(113.3)**	(142.2)	**(237.5)**	(273.0)
Proceeds from sale of property, plant and equipment	**1.4**	0.5	**1.7**	0.9
Acquisition of business, net of cash acquired	**—**	—	**—**	(1.3)
Proceeds from sale of business, net	**—**	47.1	**—**	47.1
Other	**(2.2)**	—	**(2.2)**	(0.5)
Net cash used in investing activities	**(114.1)**	(94.6)	**(238.0)**	(226.8)
Financing activities				
Net debt activity	**(106.1)**	(101.3)	**(120.2)**	(73.6)
Other	**(0.2)**	(1.4)	**(7.5)**	(5.8)
Net cash used in financing activities	**(106.3)**	(102.7)	**(127.7)**	(79.4)
Effect of exchange rate changes on cash	**—**	(10.2)	**1.2**	(4.3)
Net decrease in cash, cash equivalents and restricted cash	**(3.3)**	15.0	**(227.6)**	(21.1)
Cash, cash equivalents and restricted cash at beginning of period	**254.6**	340.7	**478.9**	376.8
Cash, cash equivalents and restricted cash at end of period	**$ 251.3**	$ 355.7	**$ 251.3**	$ 355.7

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 June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
	(in millions)			
Net income	**$ 52.7**	$ 151.3	**$ 94.4**	$ 240.8
Interest expense	**56.2**	54.4	**109.6**	107.6
Income tax expense	**6.0**	2.0	**3.0**	19.9
Depreciation and amortization	**136.5**	130.2	**277.3**	258.0
EBITDA	**251.4**	337.9	**484.3**	626.3
Restructuring and acquisition-related costs	**12.2**	36.8	**24.3**	55.1
Debt refinancing and redemption costs	**2.4**	4.3	**2.4**	14.6
Gain on sale of business	**—**	(15.5)	**—**	(15.5)
Non-recurring items:				
Gain on settlement of capital lease	**—**	(15.6)	**—**	(15.6)
Adjusted EBITDA	**$ 266.0**	$ 347.9	**$ 511.0**	$ 664.9

Adjusted earnings per share[b]

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Diluted earnings per share	**$ 0.45**	$ 1.30	**$ 0.81**	$ 2.08
Restructuring and acquisition-related costs	**0.11**	0.32	**0.21**	0.48
Debt refinancing and redemption costs	**0.02**	0.04	**0.02**	0.13
Gain on sale of business	**—**	(0.14)	**—**	(0.14)
Non-recurring items:				
Gain on settlement of capital lease	**—**	(0.14)	**—**	(0.14)
Tax Cuts and Jobs Act Transition Tax adjustment	**—**	—	**(0.08)**	—
Adjustments to liability for unrecognized tax benefits	**—**	(0.17)	**—**	(0.17)
Tax effect of adjustments	**(0.03)**	0.02	**(0.05)**	(0.03)
Adjusted earnings per share	**$ 0.55**	$ 1.23	**$ 0.91**	$ 2.21

Adjusted earnings per share are based on weighted average diluted shares outstanding of 116.1 million and 116.0 million for the three months ended on June 30, 2019 and 2018, respectively, and 116.0 million and 115.4 million for the six months ended on June 30, 2019 and 2018, 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[c]

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(in millions)			
Net cash provided by operating activities	**$ 217.1**	$ 222.5	**$ 136.9**	$ 289.4
Capital expenditures net of proceeds from the sale of property, plant and equipment	**(111.9)**	(141.7)	**(235.8)**	(272.1)
Free cash flow	**105.2**	80.8	**(98.9)**	17.3
Cash payments for restructuring and acquisition-related costs	**14.1**	19.5	**29.7**	41.3
Adjusted free cash flow	**$ 119.3**	$ 100.3	**$ (69.2)**	$ 58.6

Segment Financial Information

In the first quarter of 2019, we reorganized our business to disaggregate our former Powertrain segment, with a portion moving to our Driveline segment and a portion moving to our Metal Forming segment. As a result, our business is now organized into Driveline, Metal Forming and Casting segments. The Powertrain Sales and Segment Adjusted EBITDA amounts previously reported for the three and six months ended on June 30, 2018 have been reclassified to Driveline and Metal Forming in the tables below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(in millions)			
Segment Sales				
Driveline	**$ 1,141.1**	$ 1,274.3	**$ 2,275.8**	$ 2,490.4
Metal Forming	**484.2**	530.4	**967.5**	1,072.7
Casting	**220.7**	243.2	**446.0**	482.2
Total Sales	**1,846.0**	2,047.9	**3,689.3**	4,045.3
Intersegment Sales	**(141.7)**	(147.0)	**(265.8)**	(286.0)
Net External Sales	**$ 1,704.3**	$ 1,900.9	**$ 3,423.5**	$ 3,759.3
Segment Adjusted EBITDA[a]				
Driveline	**$ 152.9**	$ 204.3	**$ 290.1**	$ 394.0
Metal Forming	**88.0**	116.7	**173.3**	222.4
Casting	**25.1**	26.9	**47.6**	48.5
Total Segment Adjusted EBITDA	**$ 266.0**	$ 347.9	**$ 511.0**	$ 664.9

Full Year 2019 Outlook

	Adjusted EBITDA	
	Low End	High End
	(in millions)	
Net income	$ 190	$ 230
Interest expense	220	220
Income tax expense	25	35
Depreciation and amortization	565	565
Full year 2019 targeted EBITDA	1,000	1,050
Restructuring, acquisition-related and debt refinancing and redemption costs	50	50
Full year 2019 targeted Adjusted EBITDA	**$ 1,050**	**$ 1,100**

	Adjusted Free Cash Flow
	(in millions)
Net cash provided by operating activities	$ 680
Capital expenditures net of proceeds from the sale of property, plant and equipment	(485)
Full year 2019 targeted Free Cash Flow	195
Cash payments for restructuring and acquisition-related costs	55
Full year 2019 targeted Adjusted Free Cash Flow	**$ 250**

(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, gain on sale of a business, goodwill impairments 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.

(b) 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, gain on sale of a business, goodwill impairments 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.

(c) 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. 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.