

AMERICAN AXLE & MANUFACTURING HOLDINGS INC
Form 10-Q
August 03, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
p 1934

For the quarterly period ended June 30, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
o 1934

For the transition period from _____ to _____

Commission File Number: 1-14303

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware 38-3161171
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

One Dauch Drive, Detroit, Michigan 48211-1198
(Address of Principal Executive Offices) (Zip Code)

(313) 758-2000
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "accelerated filer," "large accelerated

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filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting
company
Emerging growth company (Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2018, the latest practicable date, the number of shares of the registrant's Common Stock, par value \$0.01 per share, outstanding was 111,685,947 shares.

Internet Website Access to Reports

The website for American Axle & Manufacturing Holdings, Inc. is www.aam.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13 or 15(d) of the Exchange Act are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC). The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
 FORM 10-Q
 FOR THE QUARTER ENDED JUNE 30, 2018
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FORWARD-LOOKING STATEMENTS

In this Quarterly Report on Form 10-Q (Quarterly Report), 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;
- reduced demand for our customers' products (particularly light trucks, sport utility vehicles (SUVs) and crossover vehicles produced by GM and FCA);
- 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;
- lower-than-anticipated market acceptance of new or existing products;
- our ability to attract new customers and programs for new products;
- 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, 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;
- our ability to successfully integrate the business and information systems of Metaldyne Performance Group, Inc. (MPG) and to realize the anticipated benefits of the merger;
- 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;
- negative or unexpected tax consequences;
- 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;
- our ability to achieve the level of cost reductions required to sustain global cost competitiveness;
 - supply shortages or price increases in raw materials, utilities or other operating supplies for us or our customers as a result of natural disasters or otherwise;
- our ability or our customers' and suppliers' ability to successfully launch new product programs on a timely basis;
- our ability to realize the expected revenues from our new and incremental business backlog;
- our ability to maintain satisfactory labor relations and avoid work stoppages;
- our suppliers', our customers' and their suppliers' 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 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.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
	(in millions, except per share data)			
Net sales	\$1,900.9	\$1,757.8	\$3,759.3	\$2,807.7
Cost of goods sold	1,569.5	1,441.4	3,111.6	2,280.6
Gross profit	331.4	316.4	647.7	527.1
Selling, general and administrative expenses	95.0	105.6	192.3	186.8
Amortization of intangible assets	24.8	24.8	49.7	26.4
Restructuring and acquisition-related costs	36.8	51.7	55.1	67.7
Gain on sale of business	(15.5)	—	(15.5)	—
Operating income	190.3	134.3	366.1	246.2
Interest expense	(54.4)	(56.9)	(107.6)	(82.4)
Investment income	0.5	0.8	1.0	1.4
Other income (expense)				
Debt refinancing and redemption costs	(4.3)	(2.7)	(14.6)	(2.7)
Gain on settlement of capital lease	15.6	—	15.6	—
Other income (expense), net	5.6	(6.8)	0.2	(7.9)
Income before income taxes	153.3	68.7	260.7	154.6
Income tax expense	2.0	2.4	19.9	9.9
Net income	\$151.3	\$66.3	\$240.8	\$144.7
Net income attributable to noncontrolling interests	(0.2)	(0.1)	(0.3)	(0.1)
Net income attributable to AAM	\$151.1	\$66.2	\$240.5	\$144.6
Basic earnings per share	\$1.31	\$0.59	\$2.09	\$1.52

Diluted earnings per share	\$1.30	\$0.59	\$2.08	\$1.51
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See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2017	
	2018	2017	2018	2017
Net income	\$151.3	\$66.3	\$240.8	\$144.7
Other comprehensive income (loss)				
Defined benefit plans, net of tax ^(a)	12.2	0.9	13.5	0.6
Foreign currency translation adjustments	(81.0)	24.6	(43.1)	36.5
Changes in cash flow hedges, net of tax ^(b)	(7.9)	4.9	7.2	20.4
Other comprehensive income (loss)	(76.7)	30.4	(22.4)	57.5
Comprehensive income	\$74.6	\$96.7	\$218.4	\$202.2
Net income attributable to noncontrolling interests	(0.2)	(0.1)	(0.3)	(0.1)
Comprehensive income attributable to AAM	\$74.4	\$96.6	\$218.1	\$202.1

(a) Amounts are net of tax of \$(4.1) million and \$(4.5) million for the three and six months ended June 30, 2018, and \$(0.4) million and \$(0.2) million for the three and six months ended June 30, 2017, respectively.

(b) Amounts are net of tax of \$(0.1) million and \$(1.2) million for the three and six months ended June 30, 2018, and \$0.7 million for the three and six months ended June 30, 2017.

See accompanying notes to condensed consolidated financial statements.

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

	June 30, 2018 (Unaudited)	December 31, 2017 (Unaudited)
(in millions)		
Assets		
Current assets		
Cash and cash equivalents	\$353.2	\$ 376.8
Accounts receivable, net	1,253.6	1,035.9
Inventories, net	426.4	392.0
Prepaid expenses and other	121.8	140.3
Total current assets	2,155.0	1,945.0
Property, plant and equipment, net	2,459.3	2,402.9
Deferred income taxes	30.6	37.1
Goodwill	1,631.7	1,654.3
Intangible assets, net	1,159.8	1,212.5
GM postretirement cost sharing asset	248.3	252.2
Other assets and deferred charges	405.7	378.8
Total assets	\$8,090.4	\$ 7,882.8
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$33.2	\$ 5.9
Accounts payable	930.9	799.0
Accrued compensation and benefits	161.5	200.0
Deferred revenue	38.1	34.1
Accrued expenses and other	168.0	177.4
Total current liabilities	1,331.7	1,216.4
Long-term debt, net	3,873.0	3,969.3
Deferred revenue	81.6	78.8
Deferred income taxes	143.0	101.7
Postretirement benefits and other long-term liabilities	894.9	976.6
Total liabilities	6,324.2	6,342.8
Stockholders' equity		
Common stock, par value \$0.01 per share; 150.0 million shares authorized; 118.8 million shares issued as of June 30, 2018 and 118.2 million shares issued as of December 31, 2017	1.2	1.2
Paid-in capital	1,278.3	1,264.6
Retained earnings	1,001.5	761.0
Treasury stock at cost, 7.1 million shares as of June 30, 2018 and 6.9 million shares as of December 31, 2017	(201.7)	(198.1)
Accumulated other comprehensive income (loss)		
Defined benefit plans, net of tax	(238.5)	(252.0)
Foreign currency translation adjustments	(77.2)	(34.1)
Unrecognized income (loss) on cash flow hedges, net of tax	0.6	(6.6)

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Total AAM stockholders' equity	1,764.2	1,536.0
Noncontrolling interests in subsidiaries	2.0	4.0
Total stockholders' equity	1,766.2	1,540.0
Total liabilities and stockholders' equity	\$8,090.4	\$ 7,882.8

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended June 30, 2018 2017 (in millions)	
Operating activities		
Net income	\$240.8	\$144.7
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	258.0	180.8
Impairment of long-lived assets	23.9	—
Deferred income taxes	38.0	(24.6)
Stock-based compensation	13.7	30.9
Pensions and other postretirement benefits, net of contributions	(0.6)	(0.5)
Gain on sale of business	(15.5)	—
Loss (Gain) on disposal of property, plant and equipment, net	(4.9)	1.1
Debt refinancing and redemption costs and (gain) on settlement of capital lease	(0.8)	2.7
Changes in operating assets and liabilities, net of amounts acquired or disposed		
Accounts receivable	(225.7)	(139.8)
Inventories	(47.4)	6.2
Accounts payable and accrued expenses	83.7	45.0
Deferred revenue	8.1	8.4
Other assets and liabilities	(81.9)	(41.7)
Net cash provided by operating activities	289.4	213.2
Investing activities		
Purchases of property, plant and equipment	(273.0)	(138.6)
Proceeds from sale of property, plant and equipment	0.9	1.5
Purchase buyouts of leased equipment	(0.5)	(8.4)
Proceeds from sale of business, net	47.1	5.9
Acquisition of business, net of cash acquired	(1.3)	(895.5)
Net cash used in investing activities	(226.8)	(1,035.1)
Financing activities		
Payments of long-term debt and capital lease obligations	(528.7)	(1,937.5)
Proceeds from issuance of long-term debt	461.9	2,857.9
Debt issuance costs	(6.8)	(90.5)
Purchase of noncontrolling interest	(2.2)	—
Purchase of treasury stock	(3.6)	(6.9)
Employee stock option exercises	—	0.9
Net cash provided by (used in) financing activities	(79.4)	823.9
Effect of exchange rate changes on cash	(4.3)	7.4
Net increase (decrease) in cash, cash equivalents and restricted cash	(21.1)	9.4
Cash, cash equivalents and restricted cash at beginning of period	376.8	481.2

Cash, cash equivalents and restricted cash at end of period	\$355.7	\$490.6
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Supplemental cash flow information

Interest paid	\$104.4	\$79.8
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Income taxes paid, net of refunds	\$19.6	\$16.7
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Non-cash investing activities: AAM common shares issued for acquisition of MPG	\$—	\$576.7
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See accompanying notes to condensed consolidated financial statements.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018
(Unaudited)

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization We are a global Tier 1 supplier to the automotive, commercial and industrial markets. We design, engineer, validate and manufacture driveline, metal forming, powertrain and casting products, employing over 25,000 associates, operating at more than 90 facilities in 17 countries, to support our customers on global and regional platforms with a continued focus on delivering operational excellence, technology leadership and quality.

Basis of Presentation We have prepared the accompanying interim condensed consolidated financial statements in accordance with the instructions to Form 10-Q under the Securities Exchange Act of 1934. These condensed consolidated financial statements are unaudited but include all normal recurring adjustments, which we consider necessary for a fair presentation of the information set forth herein. Results of operations for the periods presented are not necessarily indicative of the results for the full fiscal year.

The balance sheet at December 31, 2017 presented herein has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (GAAP) for complete consolidated financial statements.

In order to prepare the accompanying interim condensed consolidated financial statements, we are required to make estimates and assumptions that affect the reported amounts and disclosures in our interim condensed consolidated financial statements. Actual results could differ from those estimates.

For further information, refer to the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2017.

Sale of Powertrain Aftermarket Business In April 2018, we completed the sale of the aftermarket business associated with our Powertrain segment for approximately \$50 million, of which we received net proceeds of approximately \$47 million. The difference between the selling price and the net proceeds received was primarily attributable to \$2.5 million of cash that was placed into an escrow account that we expect to be distributed to us 18 months subsequent to the date of the sale. We have recorded this amount as restricted cash in Other assets and deferred charges in our Condensed Consolidated Balance Sheet as of June 30, 2018. As a result of the sale, we recorded a \$15.5 million pre-tax gain, which is disclosed in the Gain on sale of business line of our Condensed Consolidated Statements of Income for the three and six months ended June 30, 2018. The impact to our Condensed Consolidated Balance Sheet was immaterial.

Effect of New Accounting Standards

Accounting Standards Update 2018-02

On February 14, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-02 - Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Topic 220). ASU 2018-02 allows companies the option to reclassify disproportionate tax effects in accumulated other comprehensive income (AOCI) caused by the 2017 Tax Cuts and Jobs Act, also known as stranded tax effects, to retained earnings. ASU 2018-02 also requires expanded disclosures related to disproportionate income tax effects from AOCI, some of which are applicable to all companies regardless of whether the option to reclassify the stranded

tax effects is exercised. This guidance becomes effective at the beginning of our 2019 fiscal year, however early adoption is permitted for financial statements which have not yet been issued. We are currently assessing the impact that this standard will have on our consolidated financial statements.

Accounting Standards Update 2017-04

On January 26, 2017, the FASB issued ASU 2017-04 - Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. The amendments in this update modify the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. An entity no longer will determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination, or what is referred to under existing guidance as "Step 2." Instead, under the

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

amendments in this update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This guidance becomes effective at the beginning of our 2020 fiscal year and early adoption is permitted. The guidance requires a prospective transition method. We do not expect the adoption of this guidance to have a material effect on our consolidated financial statements, however, goodwill could be more susceptible to impairment in periods subsequent to adoption.

Accounting Standards Update 2016-02

On February 25, 2016, the FASB issued ASU 2016-02 - Leases (Topic 842), which supersedes the existing lease accounting guidance and establishes new criteria for recognizing lease assets and liabilities. The most significant impact of the update, to AAM, is that a lessee will be required to recognize a "right-of-use" asset and lease liability for operating lease agreements that were not previously included on the balance sheet under the existing lease guidance. A lessee will be permitted to make a policy election, excluding recognition of the right-of-use asset and associated liability for lease terms of 12 months or less. Expense recognition in the statement of income along with cash flow statement classification for both financing (capital) and operating leases under the new standard will not be significantly changed from existing lease guidance. This guidance becomes effective for AAM at the beginning of our 2019 fiscal year and requires transition under a modified retrospective method. We are currently assessing the impact that this standard will have on our consolidated financial statements.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. REVENUE FROM CONTRACTS WITH CUSTOMERS

On January 1, 2018, we adopted new accounting guidance under Accounting Standards Codification Topic 606 (ASC 606) Revenue from Contracts with Customers. ASC 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most existing revenue recognition guidance, including industry-specific guidance. The guidance is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. We have elected to adopt this guidance utilizing the modified retrospective transition method, which requires a one-time adjustment to opening retained earnings for the cumulative impact of adopting the new guidance. No adjustment to retained earnings was required as of January 1, 2018 as there was no impact to previously reported revenue or expenses associated with adopting ASC 606.

We are obligated under our contracts with customers to manufacture and supply products for use in our customers' operations. We satisfy these performance obligations at the point in time that the customer obtains control of the products, which is the point in time that the customer is able to direct the use of, and obtain substantially all of the remaining benefits from, the products. This typically occurs upon shipment to the customer in accordance with purchase orders and delivery releases issued by our customers. There is significant judgment involved in determining when the customer obtains control of the products and we have utilized the following indicators of control in our assessment:

- We have the present right to payment for the asset;
- The customer has legal title to the asset;
- We have transferred physical possession of the asset;
- The customer has the significant risks and rewards of ownership of the asset; and
- The customer has accepted the asset.

Our product offerings by segment are as follows:

Driveline products consist primarily of axles, driveshafts, power transfer units, rear drive modules, transfer cases, and electric and hybrid driveline products and systems for light trucks, SUVs, crossover vehicles, passenger cars and commercial vehicles;

Metal Forming products consist primarily of axle and transmission shafts, ring and pinion gears, differential gears, transmission gears, and suspension components for Original Equipment Manufacturers and Tier 1 automotive suppliers;

The Powertrain segment products consist primarily of transmission module and differential assemblies, transmission valve bodies, connecting rod forging and assemblies, torsional vibration dampers, and variable valve timing products for Original Equipment Manufacturers and Tier I automotive suppliers; and

The Casting segment produces both thin wall castings and high strength ductile iron castings, as well as differential cases, steering knuckles, control arms, brackets, and turbo charger housings for the global light vehicle, commercial and industrial markets.

Our contracts with customers generally state the terms of the sale, including the quantity and price of each product purchased. Trade accounts receivable from our customers are generally due approximately 50 days from the date our customers receive our product. Our contracts typically do not contain variable consideration as the contracts include stated prices. We provide our customers with assurance type warranties, which are not separate performance obligations and are outside the scope of ASC 606. Refer to Note 11 - Product Warranties for further information.

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Disaggregation of Net Sales

Net sales recognized from contracts with customers, disaggregated by segment and geographical location, are presented in the following table for the three and six months ended June 30, 2018 and 2017. Net sales are attributed to regions based on the location of production. Intersegment sales have been excluded from the table.

Three Months Ended June 30, 2018

	Driveline	Metal Forming	Powertrain	Casting	Total
North America	\$899.0	\$ 216.3	\$ 197.2	\$ 209.6	\$1,522.1
Asia	159.3	1.2	29.9	—	190.4
Europe	30.7	70.3	54.9	—	155.9
South America	31.0	—	1.5	—	32.5
Total	\$1,120.0	\$ 287.8	\$ 283.5	\$ 209.6	\$1,900.9

Three Months Ended June 30, 2017

	Driveline	Metal Forming	Powertrain	Casting	Total
North America	\$862.0	\$ 201.6	\$ 204.2	\$ 195.4	\$1,463.2
Asia	103.9	0.7	32.5	—	137.1
Europe	21.2	57.6	44.6	—	123.4
South America	34.0	—	0.1	—	34.1
Total	\$1,021.1	\$ 259.9	\$ 281.4	\$ 195.4	\$1,757.8

Six Months Ended June 30, 2018

	Driveline	Metal Forming	Powertrain	Casting	Total
North America	\$1,784.3	\$ 432.6	\$ 396.4	\$ 419.4	\$3,032.7
Asia	282.1	2.6	61.0	—	345.7
Europe	59.7	143.7	110.8	—	314.2
South America	64.3	—	2.4	—	66.7
Total	\$2,190.4	\$ 578.9	\$ 570.6	\$ 419.4	\$3,759.3

Six Months Ended June 30, 2017

	Driveline	Metal Forming	Powertrain	Casting	Total
North America	\$1,727.2	\$ 252.7	\$ 204.2	\$ 195.4	\$2,379.5
Asia	189.4	0.7	32.5	—	222.6
Europe	41.9	57.6	44.6	—	144.1
South America	61.4	—	0.1	—	61.5
Total	\$2,019.9	\$ 311.0	\$ 281.4	\$ 195.4	\$2,807.7

AMERICAN AXLE & MANUFACTURING HOLDINGS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Contract Assets and Liabilities

The following table summarizes our beginning and ending balances for accounts receivable and contract liabilities associated with our contracts with customers: