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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): April 25, 2024

ALLISON TRANSMISSION HOLDINGS, INC.
(Exact Name of Registrant as Specified in Charter)

Delaware	001-35456	26-0414014
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One Allison Way, Indianapolis, Indiana	46222
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (317) 242-5000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	ALSN	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth 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. ☐

Item 2.02 Results of Operations and Financial Condition.

On April 25, 2024, Allison Transmission Holdings, Inc. ("Allison") published an earnings release reporting its financial results for the three months ended March 31, 2024. A copy of the earnings release is attached as Exhibit 99.1 hereto. Following the publication of the earnings release, Allison will host an earnings call on April 25, 2024 at 5:00 p.m. ET on which its financial results for the three months ended March 31, 2024 will be discussed. The investor presentation materials that will be used for the call are attached as Exhibit 99.2 hereto.

On April 25, 2024, Allison posted the materials attached as Exhibits 99.1 and 99.2 on its website (www.allisontransmission.com).

As discussed on page 2 of Exhibit 99.2, the investor presentation contains forward-looking statements within the meaning of the federal securities laws. These statements are present expectations and are subject to the limitations listed therein and in Allison's other Securities and Exchange Commission filings, including that actual events or results may differ materially from those in the forward-looking statements.

The foregoing information (including the exhibits hereto) is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

Exhibit Number	Description
99.1	Earnings release dated April 25, 2024.
99.2	Investor presentation materials dated April 25, 2024.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Allison Transmission Holdings, Inc.

Date: April 25, 2024	By:	/s/ Eric C. Scroggins
	Name:	Eric C. Scroggins
	Title:	Vice President, General Counsel and Secretary

News Release

Allison Transmission Announces First Quarter 2024 Results

* **Record net sales of $789 million**
* **Diluted EPS of $1.90, which includes $0.13 impact from $14 Million of Non-Recurring UAW Contract Signing Incentives incurred in the quarter**
* **Refinanced Revolving Credit Facility and Term Loan, Paying Down $101 Million of Outstanding Debt**

INDIANAPOLIS, April 25, 2024 – Allison Transmission Holdings Inc. (NYSE: ALSN), today reported first quarter net sales of $789 million and first quarter diluted EPS of $1.90, which includes a $0.13 impact from $14 million of non-recurring UAW contract signing incentives incurred in the quarter.

David S. Graziosi, Chair and Chief Executive Officer of Allison Transmission commented, "In the first quarter we generated record net sales, driven by strong Global On-Highway demand and strength in our Outside North America Off-Highway and Defense end markets. Robust demand for Class 8 vocational and medium-duty trucks drove record revenue in our North America On-Highway end market, while strength in Asia drove record first quarter revenue in our Outside North America On-Highway end market."

Graziosi continued, "During the first quarter, in support of our long-standing commitment to prudent balance sheet management and our focus on a low-cost, flexible and pre-payable debt structure with long-dated maturities, we increased commitments under our revolving credit facility to $750 million, extending the maturity date to 2029 and refinanced $518 million of term loan debt, paying down $101 million of existing term loan debt and extending the maturity date to 2031. We also maintained our commitment to returning capital to shareholders through our share repurchase program, repurchasing nearly 1 percent of outstanding shares. We also increased our quarterly dividend by 9 percent to $0.25 per share, the fifth consecutive annual increase to our quarterly dividend."

First Quarter Financial Highlights

Net sales for the quarter were an all-time high of $789 million. Year over year results were led by:

- A $44 million increase in net sales in the North America On-Highway end market, leading to record net sales of $420 million, principally driven by strength in demand for Class 8 vocational and medium-duty trucks and price increases on certain products,
- A $21 million increase in net sales in the Defense end market principally driven by increased demand for Tracked vehicle applications,
- A $19 million increase in net sales in the Outside North America Off-Highway end market principally driven by strength in demand from the energy, mining and construction sectors, and
- A $7 million increase in net sales in the Outside North America On-Highway end market, leading to record first quarter net sales of $115 million, principally driven by higher demand in Asia and price increases on certain products, partially offset by lower demand in Europe.

Net income for the quarter was $169 million. Diluted EPS for the quarter was $1.90. Adjusted EBITDA, a non-GAAP financial measure, for the quarter was $289 million. Net cash provided by operating activities for the quarter was $173 million. Adjusted free cash flow, a non-GAAP financial measure, for the quarter was $162 million.

First Quarter Net Sales by End Market

End Market	Q1 2024 Net Sales ($M)	Q1 2023 Net Sales ($M)	Variance
North America On-Highway	**$ 420**	**$ 376**	**$ 44**
North America Off-Highway	**$ 4**	**$ 24**	**($ 20)**
Defense	**$ 48**	**$ 27**	**$ 21**
Outside North America On-Highway	**$ 115**	**$ 108**	**$ 7**
Outside North America Off-Highway	**$ 42**	**$ 23**	**$ 19**
Service Parts, Support Equipment & Other	**$ 160**	**$ 183**	**($ 23)**
Total Net Sales	**$ 789**	**$ 741**	**$ 48**

First Quarter Financial Results

Gross profit for the quarter was $366 million, an increase of $5 million from $361 million for the same period in 2023. The increase in gross profit was principally driven by increased net sales and price increases on certain products, partially offset by higher manufacturing expense, including $13 million of non-recurring UAW contract signing incentives, and higher direct material costs.

Selling, general and administrative expenses for the quarter were $86 million, a decrease of $1 million from $87 million for the same period in 2023. The decrease was principally driven by lower intangible amortization expense and favorable product warranty expense partially offset by higher commercial activities spending.

Engineering – research and development expenses for the quarter were $46 million, an increase of $2 million from $44 million for the same period in 2023. The increase was principally driven by increased product initiatives spending.

Net income for the quarter was $169 million, a decrease of $1 million from $170 million for the same period in 2023. The decrease was principally driven by higher manufacturing expense, $14 million of non-recurring UAW contract signing incentives, $10 million of unrealized mark-to-market adjustments for marketable securities and higher direct material costs partially offset by increased net sales, price increases on certain products and lower income tax expense.

Net cash provided by operating activities was $173 million, a decrease of $20 million from $193 million for the same period in 2023. The decrease was principally driven by higher cash incentive compensation payments and non-recurring UAW contract signing incentive payments partially offset by higher gross profit and lower operating working capital funding requirements.

First Quarter Non-GAAP Financial Measures

Adjusted EBITDA for the quarter was $289 million, an increase of $13 million from $276 million for the same period in 2023. The increase in Adjusted EBITDA was principally driven by increased net sales and price increases on certain products, partially offset by higher manufacturing expense and higher direct material costs.

Adjusted free cash flow for the quarter was $162 million, a decrease of $7 million from $169 million for the same period in 2023. The decrease was driven by lower net cash provided by operating activities partially offset by lower capital expenditures.

2024 Guidance Update

We are reaffirming our full year 2024 guidance provided to the market on February 13. Allison expects 2024 Net Sales in the range of $3,050 to $3,150 million, Net Income in the range of $635 to $685 million, Adjusted EBITDA in the range of $1,070 to $1,130 million, Net Cash Provided by Operating Activities in the range of $700 to $760 million, Capital Expenditures in the range of $125 to $135 million, and Adjusted Free Cash Flow in the range of $575 to $625 million.

Conference Call and Webcast

The company will host a conference call at 5:00 p.m. ET on Thursday, April 25, 2024 to discuss its first quarter 2024 results. The dial-in phone number for the conference call is +1-877-425-9470 and the international dial-in number is +1-201-389-0878. A live webcast of the conference call will also be available online at http://ir.allisontransmission.com.

For those unable to participate in the conference call, a replay will be available from 9:00 p.m. ET on April 25 until 11:59 p.m. ET on May 9. The replay dial-in phone number is +1-844-512-2921 and the international replay dial-in number is +1-412-317-6671. The replay passcode is 13745491.

About Allison Transmission

Allison Transmission (NYSE: ALSN) is a leading designer and manufacturer of propulsion solutions for commercial and defense vehicles and the largest global manufacturer of medium- and heavy-duty fully automatic transmissions that *Improve the Way the World Works*. Allison products are used in a wide variety of applications, including on-highway trucks (distribution, refuse, construction, fire and emergency), buses (school, transit and coach), motorhomes, off-highway vehicles and equipment (energy, mining and construction applications) and defense vehicles (tactical wheeled and tracked). Founded in 1915, the company is headquartered in Indianapolis, Indiana, USA. With a presence in more than 150 countries, Allison has regional headquarters in the Netherlands, China and Brazil, manufacturing facilities in the USA, Hungary and India, as well as global engineering resources, including electrification engineering centers in Indianapolis, Indiana, Auburn Hills, Michigan and London in the United Kingdom. Allison also has more than 1,600 independent distributor and dealer locations worldwide. For more information, visit allisontransmission.com.

Forward-Looking Statements

This press release contains forward-looking statements. The words “believe,” “expect,” “anticipate,” “intend,” “estimate” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Although forward-looking statements reflect management’s good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements speak only as of the date the statements are made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to: our participation in markets that are competitive; our ability to prepare for, respond to and successfully achieve our objectives relating to technological and market developments, competitive threats and changing customer needs, including with respect to electric hybrid and fully electric commercial vehicles; increases in cost, disruption of supply or shortage of labor, freight, raw materials, energy or components used to manufacture or transport our products or those of our customers or suppliers, including as a result of geopolitical risks, wars and pandemics; global economic volatility; general economic and industry conditions, including the risk of recession; labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers or suppliers; the highly cyclical industries in which certain of our end users operate; uncertainty in the global regulatory and business environments in which we operate; the concentration of our net sales in our top five customers and the loss of any one of these; the failure of markets outside North America to increase adoption of fully automatic transmissions; the success of our research and development efforts, the outcome of which is uncertain; U.S. and foreign defense spending; risks associated with our international operations, including acts of war and increased trade protectionism; the discovery of defects in our products, resulting in delays in new model launches, recall campaigns and/or increased warranty costs and reduction in future sales or damage to our brand and reputation; our ability to identify, consummate and effectively integrate acquisitions and collaborations; and risks related to our indebtedness.

Use of Non-GAAP Financial Measures

This press release contains information about Allison’s financial results and forward-looking estimates of financial results which are not presented in accordance with accounting principles generally accepted in the United States (“GAAP”). Such non-GAAP financial measures are reconciled to their closest GAAP financial measures at the end of this press release. Non-GAAP financial measures should not be considered in isolation or as a substitute for our reported results prepared in accordance with GAAP and, as calculated, may not be comparable to other similarly titled measures of other companies.

We use Adjusted EBITDA and Adjusted EBITDA as a percent of net sales to measure our operating profitability. We believe that Adjusted EBITDA and Adjusted EBITDA as a percent of net sales provide management, investors and creditors with useful measures of the operational results of our business and increase the period-to-period comparability of our operating profitability and comparability with other companies. Adjusted EBITDA as a percent of net sales is also used in the calculation of management's incentive compensation program. The most directly comparable GAAP measure to Adjusted EBITDA is Net income. The most directly comparable GAAP measure to Adjusted EBITDA as a percent of net sales is Net Income as a percent of net sales. Adjusted EBITDA is calculated as the earnings before interest expense, net, income tax expense, amortization of intangible assets, depreciation of property, plant and equipment and other adjustments as defined by Allison Transmission, Inc.'s, the Company's wholly-owned subsidiary, Second Amended and Restated Credit Agreement. Adjusted EBITDA as a percent of net sales is calculated as Adjusted EBITDA divided by net sales.

We use Adjusted Free Cash Flow to evaluate the amount of cash generated by our business that, after the capital investment needed to maintain and grow our business and certain mandatory debt service requirements, can be used for the repayment of debt, stockholder distributions and strategic opportunities, including investing in our business. We believe that Adjusted Free Cash Flow enhances the understanding of the cash flows of our business for management, investors and creditors. Adjusted Free Cash Flow is also used in the calculation of management's incentive compensation program. The most directly comparable GAAP measure to Adjusted Free Cash Flow is Net cash provided by operating activities. Adjusted Free Cash Flow is calculated as Net cash provided by operating activities, after additions of long-lived assets.

Attachments

- Condensed Consolidated Statements of Operations
- Condensed Consolidated Balance Sheets
- Condensed Consolidated Statements of Cash Flows
- Reconciliation of GAAP to Non-GAAP Financial Measures
- Reconciliation of GAAP to Non-GAAP Financial Measures for Full Year Guidance

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Allison Transmission Holdings, Inc.
Condensed Consolidated Statements of Operations
(Unaudited, dollars in millions, except per share data)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Net sales	$ 789	$ 741
Cost of sales	423	380
Gross profit	366	361
Selling, general and administrative	86	87
Engineering - research and development	46	44
Operating income	234	230
Interest expense, net	(25)	(28)
Other (expense) income, net	(5)	10
Income before income taxes	204	212
Income tax expense	(35)	(42)
Net income	$ 169	$ 170
Basic earnings per share attributable to common stockholders	$ 1.92	$ 1.85
Diluted earnings per share attributable to common stockholders	$ 1.90	$ 1.85

Allison Transmission Holdings, Inc.
Condensed Consolidated Balance Sheets
(Unaudited, dollars in millions)

	March 31, 2024	December 31, 2023
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 551	$ 555
Accounts receivable, net	392	356
Inventories	289	276
Other current assets	68	63
Total Current Assets	1,300	1,250
Property, plant and equipment, net	762	774
Intangible assets, net	828	833
Goodwill	2,075	2,076
Other non-current assets	91	92
TOTAL ASSETS	$ 5,056	$ 5,025
LIABILITIES		
Current Liabilities		
Accounts payable	$ 244	$ 210
Product warranty liability	30	32
Current portion of long-term debt	5	6
Deferred revenue	42	41
Other current liabilities	197	212
Total Current Liabilities	518	501
Product warranty liability	28	27
Deferred revenue	92	89
Long-term debt	2,398	2,497
Deferred income taxes	513	519
Other non-current liabilities	165	159
TOTAL LIABILITIES	3,714	3,792
TOTAL STOCKHOLDERS' EQUITY	1,342	1,233
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 5,056	$ 5,025

Allison Transmission Holdings, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited, dollars in millions)

	Three months ended March 31, 2024	2023
Net cash provided by operating activities	$ 173	$ 193
Net cash used for investing activities (a)	(12)	(22)
Net cash used for financing activities	(164)	(59)
Effect of exchange rate changes on cash	(1)	—
Net (decrease) increase in cash and cash equivalents	(4)	112
Cash and cash equivalents at beginning of period	555	232
Cash and cash equivalents at end of period	$ 551	$ 344
Supplemental disclosures:		
Interest paid	$ (29)	$ (29)
Income taxes paid	$ (4)	$ (2)
Interest received from interest rate swaps	$ 3	$ 2
(a) Additions of long-lived assets	$ (11)	$ (24)

Allison Transmission Holdings, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures
(Unaudited, dollars in millions)

	Three months ended March 31, 2024	Three months ended March 31, 2023
Net income (GAAP)	$ 169	$ 170
plus:		
Income tax expense	35	42
Depreciation of property, plant and equipment	27	26
Interest expense, net	25	28
UAW Local 933 contract signing incentives (a)	14	—
Unrealized loss (gain) on marketable securities (b)	7	(3)
Stock-based compensation expense (c)	6	5
Amortization of intangible assets	5	11
Loss associated with impairment of long-lived assets	1	—
Technology-related investments gain (d)	—	(3)
Adjusted EBITDA (Non-GAAP)	$ 289	$ 276
Net sales (GAAP)	$ 789	$ 741
Net income as a percent of net sales (GAAP)	21.4%	22.9%
Adjusted EBITDA as a percent of net sales (Non-GAAP)	36.6%	37.2%
Net cash provided by operating activities (GAAP)	$ 173	$ 193
Deductions to Reconcile to Adjusted Free Cash Flow:		
Additions of long-lived assets	(11)	(24)
Adjusted free cash flow (Non-GAAP)	$ 162	$ 169

(a) Represents non-recurring incentives (recorded in Cost of sales, Selling, general and administrative, and Engineering — research and development) to eligible employees as a result of International Union, United Automobile, Aerospace and Agricultural Implement Workers of America ("UAW") Local 933 represented employees ratifying a four-year collective bargaining agreement effective through November 2027.

(b) Represents a loss (gain) (recorded in Other (expense) income, net) related to an investment in the common stock of Jing-Jin Electric Technologies Co. Ltd.

(c) Represents stock-based compensation expense (recorded in Cost of sales, Selling, general and administrative, and Engineering — research and development).

(d) Represents a gain (recorded in Other (expense) income, net) related to investments in co-development agreements to expand our position in propulsion solution technologies.

Allison Transmission Holdings, Inc.
Reconciliation of GAAP to Non-GAAP Financial Measures for Full Year Guidance
(Unaudited, dollars in millions)

	Guidance Year Ending December 31, 2024	
	Low	High
Net Income (GAAP)	$ 635	$ 685
plus:		
Income tax expense	167	177
Depreciation of property, plant and equipment	112	112
Interest expense, net	98	98
Stock-based compensation expense (a)	26	26
UAW Local 933 contract signing incentives (b)	14	14
Amortization of intangible assets	10	10
Unrealized loss on marketable securities (c)	7	7
Loss associated with impairment of long-lived assets	1	1
Adjusted EBITDA (Non-GAAP)	$ 1,070	$ 1,130
Net Cash Provided by Operating Activities (GAAP)	$ 700	$ 760
Deductions to Reconcile to Adjusted Free Cash Flow:		
Additions of long-lived assets	$ (125)	$ (135)
Adjusted Free Cash Flow (Non-GAAP)	$ 575	$ 625

(a) Represents stock-based compensation expense (recorded in Cost of sales, Selling, general and administrative, and Engineering — research and development).

(b) Represents non-recurring incentives (recorded in Cost of sales, Selling, general and administrative, and Engineering — research and development) to eligible employees as a result of International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (“UAW”) Local 933 represented employees ratifying a four-year collective bargaining agreement effective through November 2027.

(c) Represents a loss (recorded in Other (expense) income, net) related to an investment in the common stock of Jing-Jin Electric Technologies Co. Ltd.

Exhibit 99.2

Q1 2024 Earnings Release

April 25th, 2024

Dave Graziosi, Chair & CEO
Fred Bohley, Senior Vice President, CFO & Treasurer

Safe Harbor Statement

The following information contains, or may be deemed to contain, "forward-looking statements" (as defined in the U.S. Private Securities Litigation Reform Act of 1995). The words "believe," "expect," "anticipate," "intend," "estimate" and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Although forward-looking statements reflect management's good faith beliefs, reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements speak only as of the date the statements are made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to: our participation in markets that are competitive; our ability to prepare for, respond to and successfully achieve our objectives relating to technological and market developments, competitive threats and changing customer needs, including with respect to electric hybrid and fully electric commercial vehicles; increases in cost, disruption of supply or shortage of labor, freight, raw materials, energy or components used to manufacture or transport our products or those of our customers or suppliers, including as a result of geopolitical risks, wars and pandemics; global economic volatility; general economic and industry conditions, including the risk of recession; labor strikes, work stoppages or similar labor disputes, which could significantly disrupt our operations or those of our principal customers or suppliers; the highly cyclical industries in which certain of our end users operate; uncertainty in the global regulatory and business environments in which we operate; the concentration of our net sales in our top five customers and the loss of any one of these; the failure of markets outside North America to increase adoption of fully automatic transmissions; the success of our research and development efforts, the outcome of which is uncertain; U.S. and foreign defense spending; risks associated with our international operations, including acts of war and increased trade protectionism; the discovery of defects in our products, resulting in delays in new model launches, recall campaigns and/or increased warranty costs and reduction in future sales or damage to our brand and reputation; our ability to identify, consummate and effectively integrate acquisitions and collaborations; and risks related to our indebtedness.

Allison Transmission cannot assure you that the assumptions made in preparing any of the forward-looking statements will prove accurate or that any long-term financial goals will be realized. All forward-looking statements included in this presentation speak only as of the date made, and Allison Transmission undertakes no obligation to update or revise publicly any such forward-looking statements, whether as a result of new information, future events, or otherwise. In particular, Allison Transmission cautions you not to place undue weight on certain forward-looking statements pertaining to potential growth opportunities or long-term financial goals set forth herein. Actual results may vary significantly from these statements.

Allison Transmission's business is subject to numerous risks and uncertainties, which may cause future results of operations to vary significantly from those presented herein. Important factors that could cause actual results to differ materially are discussed in Allison Transmission's Annual Report on Form 10-K for the year ended December 31, 2023.

Non-GAAP Financial Information

We use Adjusted EBITDA and Adjusted EBITDA as a percent of net sales to measure our operating profitability. We believe that Adjusted EBITDA and Adjusted EBITDA as a percent of net sales provide management, investors and creditors with useful measures of the operational results of our business and increase the period-to-period comparability of our operating profitability and comparability with other companies. Adjusted EBITDA as a percent of net sales is also used in the calculation of management's incentive compensation program. The most directly comparable GAAP measure to Adjusted EBITDA is Net income. The most directly comparable GAAP measure to Adjusted EBITDA as a percent of net sales is Net Income as a percent of net sales. Adjusted EBITDA is calculated as the earnings before interest expense, net, income tax expense, amortization of intangible assets, depreciation of property, plant and equipment and other adjustments as defined by Allison Transmission, Inc.'s, the Company's wholly-owned subsidiary, Second Amended and Restated Credit Agreement. Adjusted EBITDA as a percent of net sales is calculated as Adjusted EBITDA divided by net sales.

We use Adjusted Free Cash Flow to evaluate the amount of cash generated by our business that, after the capital investment needed to maintain and grow our business and certain mandatory debt service requirements, can be used for the repayment of debt, stockholder distributions and strategic opportunities, including investing in our business. We believe that Adjusted Free Cash Flow enhances the understanding of the cash flows of our business for management, investors and creditors. Adjusted Free Cash Flow is also used in the calculation of management's incentive compensation program. The most directly comparable GAAP measure to Adjusted Free Cash Flow is Net cash provided by operating activities. Adjusted Free Cash Flow is calculated as Net cash provided by operating activities, after additions of long-lived assets.

Call Agenda

- Q1 2024 Performance
- 2024 Guidance Update

Allison Transmission

Q1 2024 Performance Summary

($ in millions, except per share data; variance % from Q1 2023)

Net Sales	Gross Profit	Net Income	Adjusted EBITDA*	Diluted Earnings Per Share
$789	$366	$169	$289	$1.90
+6%	+1%	-1%	+5%	+3%
Increase principally driven by: — 12 percent increase in net sales in the North America On-Highway End Market — 78 percent increase in net sales in the Defense End Market — 83 percent increase in net sales in the Outside North America Off-Highway End Market — 6 percent increase in net sales in the Outside North America On-Highway End Market	Increase was principally driven by increased net sales and price increases on certain products, partially offset by higher manufacturing expense, including $13 million of non-recurring UAW contract signing incentives, and higher direct material costs.	Decrease was principally driven by higher manufacturing expense, $14 million of non-recurring UAW contract signing incentives, $10 million of unrealized mark-to-market adjustments for marketable securities and higher direct material costs, partially offset by increased net sales, price increases on certain products and lower income tax expense.	Increase was principally driven by increased net sales and price increases on certain products, partially offset by higher manufacturing expense and higher direct material costs.	Includes a $0.13 impact from $14 million of non-recurring UAW contract signing incentives incurred in the quarter.

*See Appendix for the reconciliation from Net Income

Q1 2024 Net Sales Performance

($ in millions, variance % from Q1 2023)

End Markets	Q1 2024	Variance	Commentary
 North America On-Hwy	$420	12%	Principally driven by strength in demand for class 8 vocational and medium-duty trucks and price increases on certain products
 North America Off-Hwy	$4	(83%)	Principally driven by lower demand in the energy sector
 Defense	$48	78%	Principally driven by increased demand for Tracked vehicle applications
 Outside North America On-Hwy	$115	6%	Principally driven by higher demand in Asia and price increases on certain products, partially offset by lower demand in Europe
 Outside North America Off-Hwy	$42	83%	Principally driven by strength in demand from the energy, mining and construction sectors
 Service Parts, Support Equipment & Other	$160	(13%)	Principally driven by lower demand for North America service parts

Q1 2024 Financial Performance

($ in millions, except per share data)	Q1 2024	$ Variance*	% Variance*	Commentary
Net Sales	**$789**	$48	6%	Increase was principally driven by strength in the North America On-Highway, Defense, Outside North America Off-Highway and Outside North America On-Highway End Markets and price increases on certain products partially offset by lower demand in Service Parts, Support Equipment and Other and North America Off-Highway End Markets
Cost of Sales	**$423**	$43	11%	Increase was principally driven by higher manufacturing expense, including $13 million of non-recurring UAW contract signing incentives, and higher direct material costs
Gross Profit	**$366**	$5	1%	Increase was principally driven by increased net sales and price increases on certain products partially offset by higher manufacturing expense, including $13 million of non-recurring UAW contract signing incentives, and higher direct material costs
Operating Expenses				
Selling, General and Administrative	**$86**	($1)	(1%)	Decrease was principally driven by lower intangible amortization expense and favorable product warranty expense partially offset by higher commercial activities spending
Engineering - Research and Development	**$46**	$2	5%	Increase was principally driven by increased product initiatives spending
Total Operating Expenses	**$132**	$1	1%	
Operating Income	**$234**	$4	2%	
Interest Expense, net	**($25)**	$3	11%	Decrease was principally driven by higher interest income on cash and cash equivalents
Other Expense, net	**($5)**	($15)	(150%)	Increase was principally driven by unrealized mark-to-market adjustments for marketable securities, foreign exchange and technology-related investment gains during 2023 that did not reoccur in 2024
Income Before Income Taxes	**$204**	($8)	(4%)	
Income Tax Expense	**($35)**	$7	17%	Decrease in income tax expense was principally driven by increased estimated U.S. federal income tax deductions
Net Income	**$169**	($1)	(1%)	Decrease was principally driven by higher manufacturing expense, non-recurring UAW contract signing incentives, unrealized mark-to-market adjustments for marketable securities and higher direct material costs, partially offset by increased net sales, price increases on certain products and lower income tax expense
Diluted Earnings Per Share	**$1.90**	$0.05	3%	Diluted total shares outstanding: Q1 2024: 89m shares, Q1 2023: 92m shares. Includes a $0.13 impact from $14 million of non-recurring UAW contract signing incentives incurred in the quarter
Adjusted EBITDA**	**$289**	**$13**	**5%**	

*Variance from Q1 2023
**See Appendix for the reconciliation from Net Income

Q1 2024 Cash Flow Performance

($ in millions, variance from Q1 2023)	Q1 2024	$ Variance	% Variance	Commentary
Net Cash Provided by Operating Activities	$173	($20)	(10.4%)	Principally driven by higher cash incentive compensation payments and non-recurring UAW contract signing incentive payments partially offset by higher gross profit and lower operating working capital funding requirements
CapEx	$11	($13)	(54.2%)	Principally driven by intra-year timing
Adjusted Free Cash Flow*	$162	($7)	(4.1%)	Driven by lower net cash provided by operating activities partially offset by lower capital expenditures
Operating Working Capital** Percentage of LTM Sales	14.5%	N/A	(90 bps)	Principally driven by higher net sales partially offset by increased working capital
Net Cash Paid for Interest	$26	($1)	(3.7%)	Principally driven by higher cash received from interest rate swaps
Cash Paid for Income Taxes	$4	$2	100.0%	In line with prior year

*See Appendix for a reconciliation from Net Cash Provided by Operating Activities
** Operating Working Capital = A/R + Inventory - A/P

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2024 Guidance

($ in millions)

Reaffirming full year 2024 guidance provided to the market on February 13, 2024

$3,050 - $3,150	$635 - $685	$1,070 - $1,130	$700 - $760	$125 - $135	$575 - $625
Net Sales	Net Income	Adjusted EBITDA*	Net Cash Provided by Operating Activities	Capital Expenditures	Adjusted Free Cash Flow*

Net sales guidance reflects higher customer demand in the Outside North America and Defense End Markets, price increases on certain products and the continued execution of growth initiatives.

*See Appendix for the Guidance Reconciliation

Appendix

Non-GAAP Financial Information

Non-GAAP Reconciliations (1 of 3)

Adjusted EBITDA Reconciliation

$ in millions, Unaudited	For the year ended December 31,					Three months ended March 31,		Last twelve months ended March 31,
	2019	**2020**	**2021**	**2022**	**2023**	**2023**	**2024**	**2024**
Net Income (GAAP)	**$604**	**$299**	**$442**	**$531**	**$673**	**$170**	**$169**	**$672**
plus:								
Income tax expense	164	94	130	114	154	42	35	147
Depreciation of property, plant and equipment	81	96	104	109	109	26	27	110
Interest expense, net	134	137	116	118	107	28	25	104
UAW Local 933 contract signing incentives	—	—	—	—	—	—	14	14
Unrealized (gain) loss on marketable securities	—	—	(4)	22	1	(3)	7	11
Stock-based compensation expense	13	17	14	18	22	5	6	23
Amortization of intangible assets	86	52	46	46	45	11	5	39
Loss associated with impairment of long-lived assets	2	—	—	—	—	—	1	1
Technology-related investments gain	—	—	(3)	(6)	(3)	(3)	—	—
Unrealized loss on foreign exchange	—	2	—	6	—	—	—	—
Acquisition-related earnouts	1	1	1	2	—	—	—	—
Pension curtailment	—	—	—	1	—	—	—	—
UAW Local 933 retirement incentive	5	7	(2)	—	—	—	—	—
Restructuring charges	—	14	—	—	—	—	—	—
Expenses related to long-term debt refinancing	1	13	—	—	—	—	—	—
Environmental remediation benefit	(8)	—	—	—	—	—	—	—
Adjusted EBITDA (Non-GAAP)	**$1,083**	**$732**	**$844**	**$961**	**$1,108**	**$276**	**$289**	**$1,121**
Net Sales (GAAP)	**$2,698**	**$2,081**	**$2,402**	**$2,769**	**$3,035**	**$741**	**$789**	**$3,083**
Net income as a percent of net sales (GAAP)	**22.4%**	**14.4%**	**18.4%**	**19.2%**	**22.2%**	**22.9%**	**21.4%**	**21.8%**
Adjusted EBITDA as a percent of net sales (Non-GAAP)	**40.1%**	**35.2%**	**35.1%**	**34.7%**	**36.5%**	**37.2%**	**36.6%**	**36.4%**

Non-GAAP Reconciliations (2 of 3)

Adjusted Free Cash Flow Reconciliation

$ in millions, Unaudited	For the year ended December 31,					Three months ended March 31,		Last twelve months ended March 31,
	2019	**2020**	**2021**	**2022**	**2023**	**2023**	**2024**	**2024**
Net Cash Provided by Operating Activities (GAAP)	**$847**	**$561**	**$635**	**$657**	**$784**	**$193**	**$173**	**$764**
(Deductions) or Additions:								
Long-lived assets	(172)	(115)	(175)	(167)	(125)	(24)	(11)	(112)
Restructuring charges	—	12	—	—	—	—	—	—
Adjusted Free Cash Flow (non-GAAP)	**$675**	**$458**	**$460**	**$490**	**$659**	**$169**	**$162**	**$652**

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Non-GAAP Reconciliations (3 of 3)

Guidance Reconciliation

$ in millions	Guidance Year Ending December 31, 2024 Low	Guidance Year Ending December 31, 2024 High
Net Income (GAAP)	**$ 635**	**$ 685**
plus:		
Income tax expense	167	177
Depreciation of property, plant and equipment	112	112
Interest expense, net	98	98
Stock-based compensation expense	26	26
UAW Local 933 contract signing incentives	14	14
Amortization of intangible assets	10	10
Unrealized loss on marketable securities	7	7
Loss associated with impairment of long-lived assets	1	1
Adjusted EBITDA (Non-GAAP)	**$ 1,070**	**$ 1,130**
Net Cash Provided by Operating Activities (GAAP)	**$ 700**	**$ 760**
Deductions to Reconcile to Adjusted Free Cash Flow:		
Additions of long-lived assets	$ (125)	$ (135)
Adjusted Free Cash Flow (Non-GAAP)	**$ 575**	**$ 625**