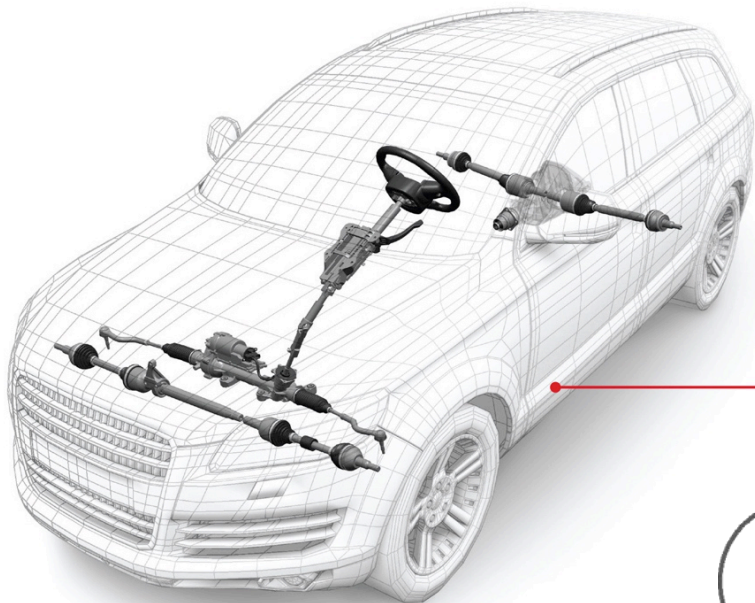




a leader in intuitive motion control



2017

Interim Results Announcement

8/15/2017

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

ADAS &
AUTOMATED
DRIVING

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In this document, all references to “Booked Business Amount” are to our estimation of the value of all booked business under contracts that have been awarded to us. The Booked Business Amount is based on estimated lifetime volume of the programs derived from indicative production arrangements provided by the applicable OEM customers and information provided by third-party industry sources. In calculating the Booked Business Amount, we also assume that the relevant contracts will be performed in accordance with their terms. Any modification or suspension of the contracts related to the booked business by our customers could have a material and adverse effect on the value of the booked business. The value of booked business is not a measure defined by International Financial Reporting Standards (“IFRS”), and our methodology for determining the Booked Business Amount may not be comparable to the methodology used by comparable companies in determining the value of their booked business. While we believe that our current Booked Business Amount is a relevant financial metric, the information in relation to the booked business and the Booked Business Amount included in this document does not constitute a projection, forecast or prediction of our profits, and the actual contract value may be different from the estimated Booked Business Amount due to various factors and uncertainties beyond our control. We cannot assure you that our estimated Booked Business Amount contained in this document will be indicative of our future operating results.

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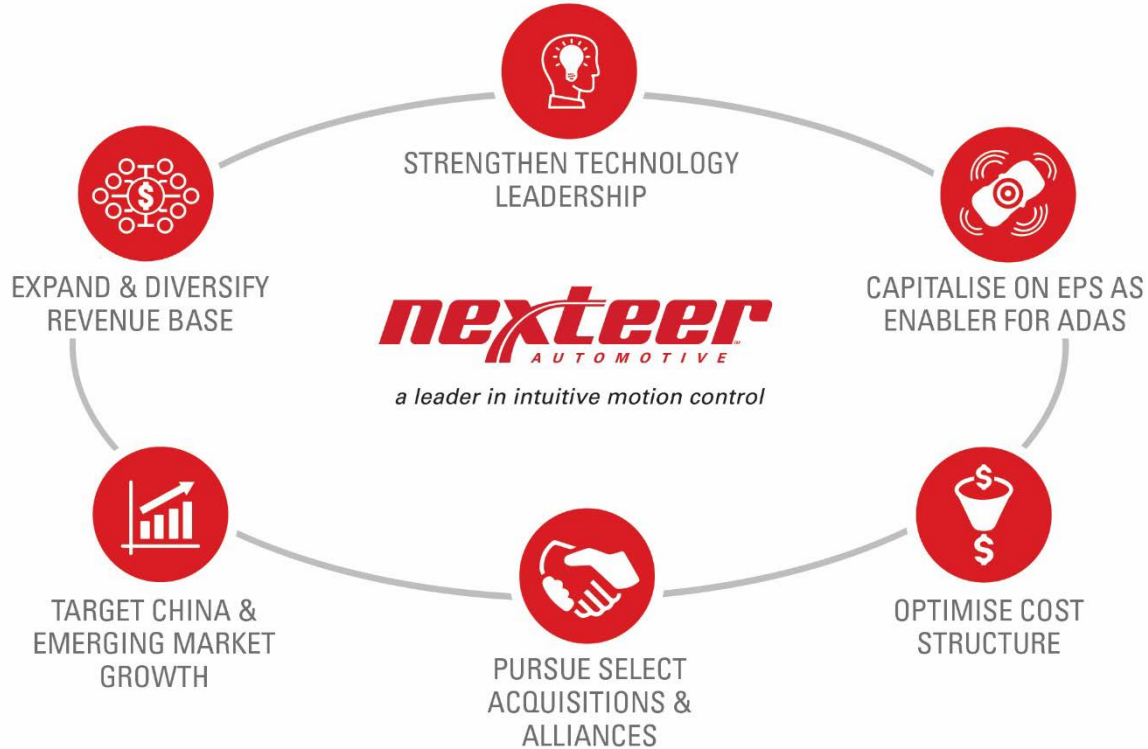
Business Highlights



Michael Richardson

Executive Board Director
President

STRATEGY FOR PROFITABLE GROWTH



Well-Defined Plan to Drive Stakeholder Value

2017 1H Financial Highlights

- **3% Revenue Growth y-o-y**
- **12% EBITDA Growth y-o-y**
 - EBITDA Margin Expanded 136bps y-o-y to **16.6%**
- **21% Net Profit* Growth y-o-y**
 - Net Profit Margin Increased 136bps y-o-y to **9.1%**
- **Free Cash Flow of \$136M**

** Net Profit Attributable to Equity Holders*

Record Financial Performance

2017 1H Business Highlights

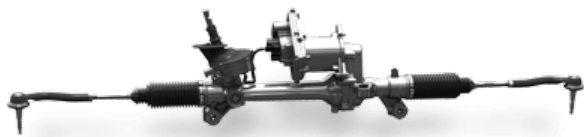


- Successful launch of **15 new customer EPS & Driveline programs** across regions and customers
- Order-to-Delivery Backlog of **US\$24.0 billion** with impact from PSA/GM deal
- Continued global **footprint expansion** in emerging markets
- **Driving innovation leadership** through in-house collaborative research & development
- Benefiting from focus on **manufacturing excellence and cost discipline**

Launched 15 New Major Customer Programs in 2 Major Product Lines



Launched 15 New Major Customer Programs in 2 Major Product Lines



EPS 8



Driveline 7

2017 1H Business Highlights

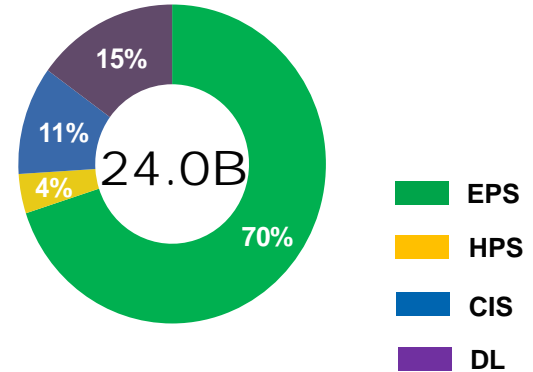
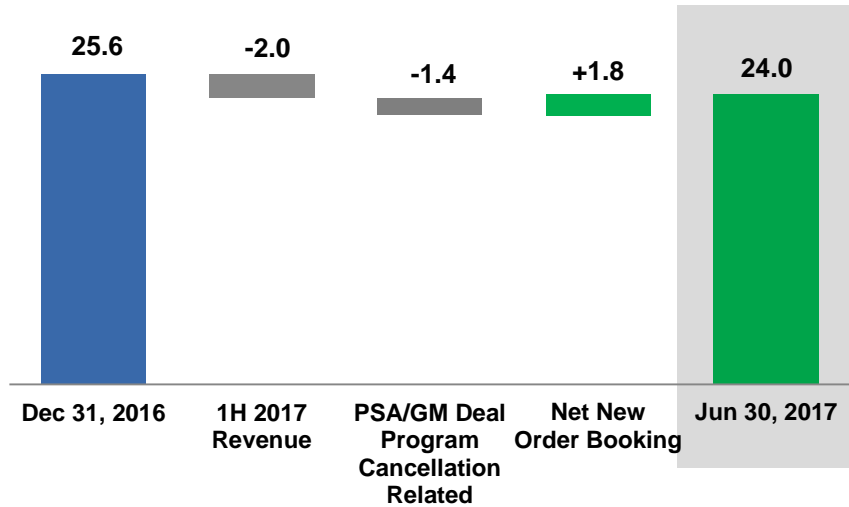


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Backlog Update

Order to Delivery as of June 30, 2017



* We compile the booked business information through our internal records, and such information has not been audited or reviewed by our auditors.

2017 1H Business Highlights



- Successful launch of **15 new customer EPS & Driveline programs** across regions and customers
- Order-to-Delivery Backlog of **US\$24.0 billion** with impact from PSA/GM deal
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Continued Global Footprint Expansion



Grand opening of new plant in **Juarez, Mexico** in March 2017



Grand opening of new facility in **Porto Real, Brazil** in March 2017



Grand opening of new plant in **Jakarta, Indonesia** in July 2017



Formed JV with Dongfeng in **Wuhan, China** in March 2017

2017 1H Business Highlights



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Product Highlights



Pinion EPS (PEPS) Gen 3.0

Electronics Evolution (Gen 1.0 to Gen 3.0)

- 70% More assist output (50 to 85 Nm Torque)
- 40% Lighter (3.3 to 2.3 kg mass)
- 50% Smaller Circuit Board (198 to 131 cm² area)
- CAN and FlexRay communications
- Selectable steering performance personalities
- Auto Park and Traffic Jam Assist

Rack EPS (REPS) Gen 3.0

Electronics Evolution (Gen 1.0 to Gen 3.0)

- Modular power pack
- 32% reduction in circuit board area (210 to 143.7 cm² area)
- Power-off pinion position monitoring
- Selectable steering performance personalities
- Auto Park and Traffic Jam assist
- Loss of assist level 2 through software and hardware redundancy
- LDW (Lane Departure Warning), LCA (Lane Centering Assist)

Peugeot - Citroen



Dongfeng



BMW - Mini



GM



Chrysler



Ford



Research and Development in ADAS



01/17 — 02/17 — 03/17 — 04/17 — 05/17 — 06/17 →

Steer-by-Wire,
Steering on Demand™ System &
Quiet Wheel™ Steering



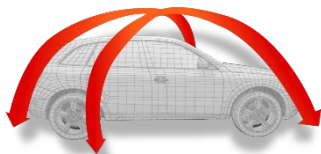
Fully-redundant EPS
ADAS Level 4



20 ADAS
Record of
Invention in
EPS & CIS in
1H



Electric Architecture 4.0
Cyber Security

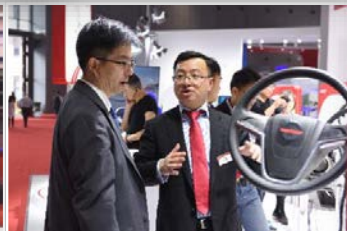
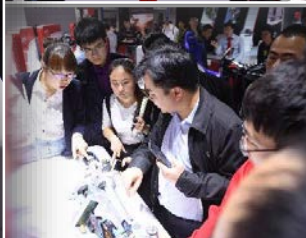


Continental JV
Agreement



Regulatory
Approval
Completion

2017 Shanghai Auto Show



2017 1H Business Highlights



- Successful launch of **15 new customer EPS & Driveline programs** across regions and customers
- Order-to-Delivery Backlog of **US\$24.0 billion** with impact from PSA/GM deal
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Industry Recognition



Saginaw & Suzhou Plants won GM Supplier Quality Excellence Award



Nexteer Liuzhou Plant Won SGMW Excellent Supplier Award



Nexteer Juarez Plant Won Toyota Quality Performance Certificate



Nexteer Saginaw Plant (Column) Won FCA 2016 Outstanding Quality Award



Nexteer Suzhou Plant and GM China Joint Team Won the 1st Prize in China Association for Quality National Lean Project Competition



Nexteer Zhuozhou Plant Black Belt Team Won the 1st Prize Award in China Association for Quality National Six Sigma Project Competition

Demonstrated Strong Expertise in

- Quality
- Manufacturing Excellence
- Innovations

Financial Highlights



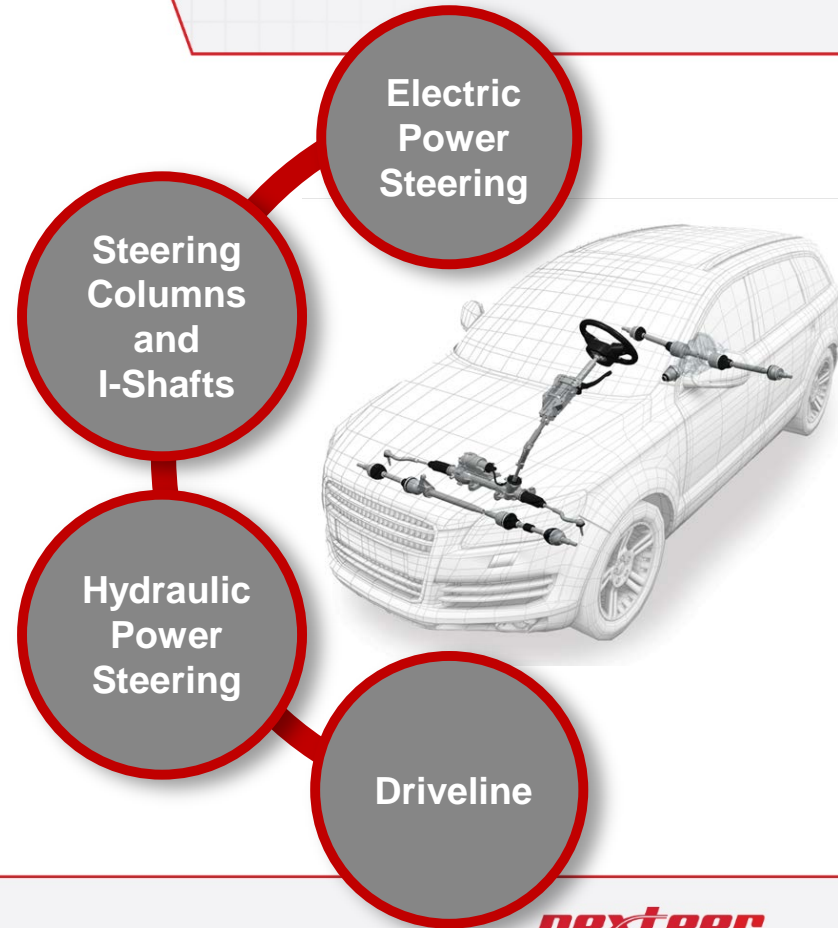
Bill Quigley

Senior Vice President
Chief Financial Officer

2017 1H Financial Highlights

- **Revenue In-Line with Expectations**
 - FX headwinds offset by vol / mix driving higher y-o-y revenue performance
- **Earnings Growth and Margin Expansion**
 - All Regions posting stronger performance
 - Favorable volume conversion and continued cost discipline
- **Strong Free Cash Flow**
 - Earnings and working capital improvements
 - Continued investment to drive the business forward

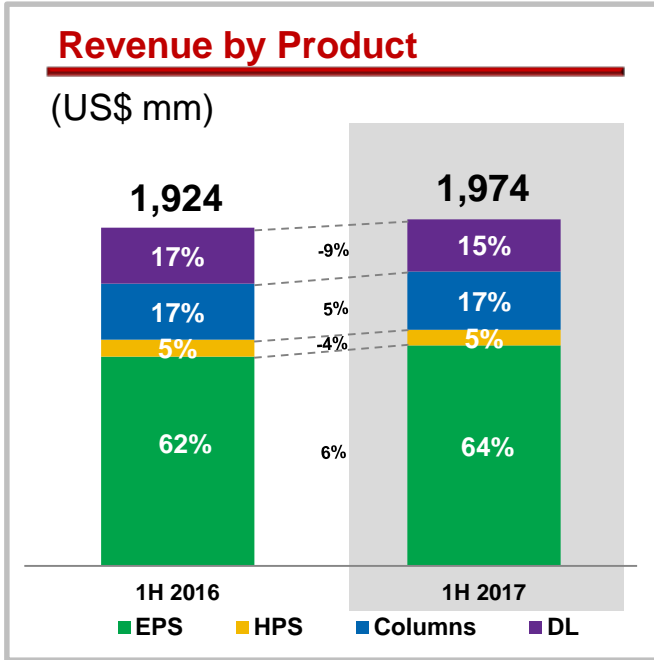
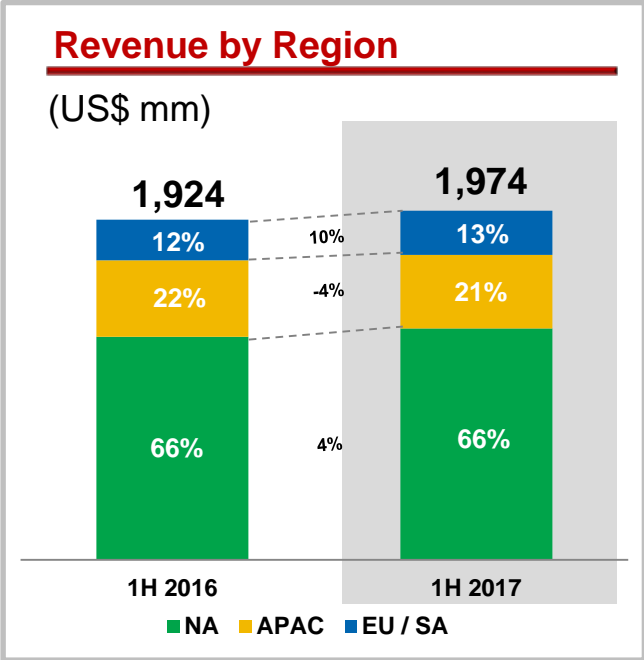
Record Financial Performance



2017 1H Financial Results - Snapshot

| (US\$ mm) | 1H 2017 | 1H 2016 | Variance |
|---------------------------|---------|---------|----------|
| Revenue | 1,974 | 1,924 | 3% |
| EBITDA | 327 | 292 | 12% |
| <i>margin %</i> | 16.6% | 15.2% | 136 bps |
| Net Profit | 180 | 149 | 21% |
| <i>margin %</i> | 9.1% | 7.7% | 136 bps |
| Earnings Per Share | \$0.07 | \$0.06 | \$0.01 |
| Free Cash Flow | 136 | 24 | 5.7x |

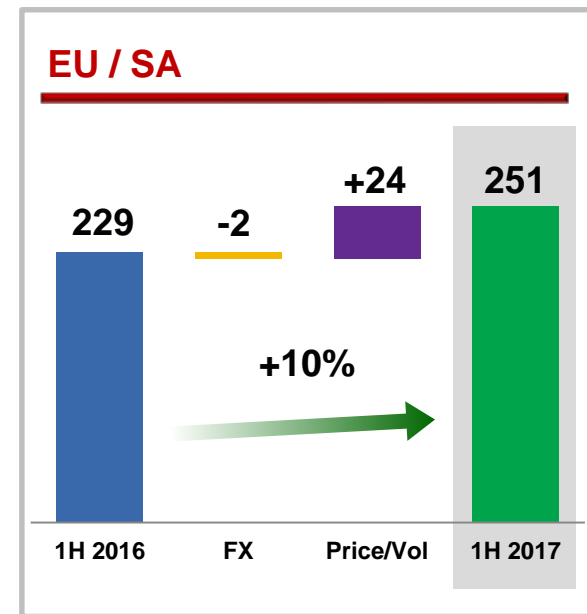
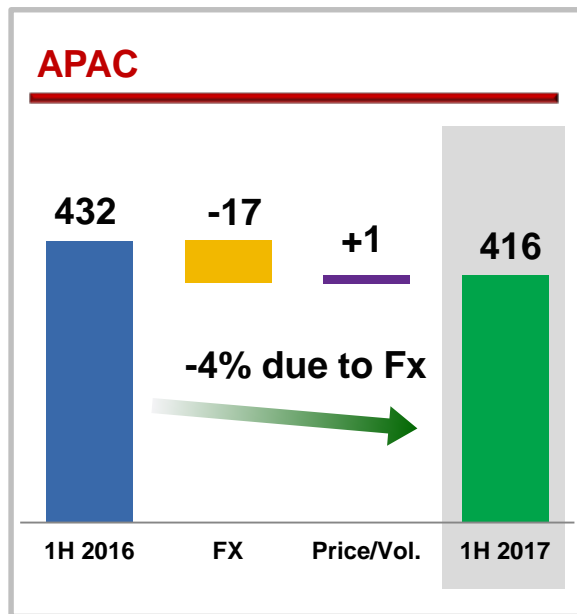
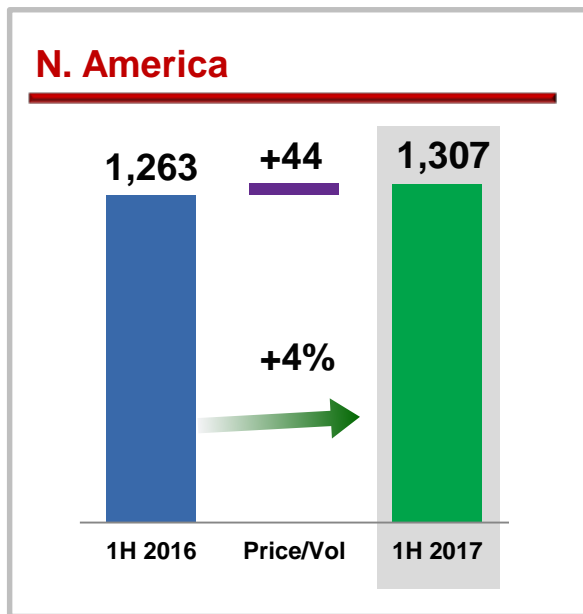
Revenue Performance – Region and Product



Robust and Diversified Revenue Base

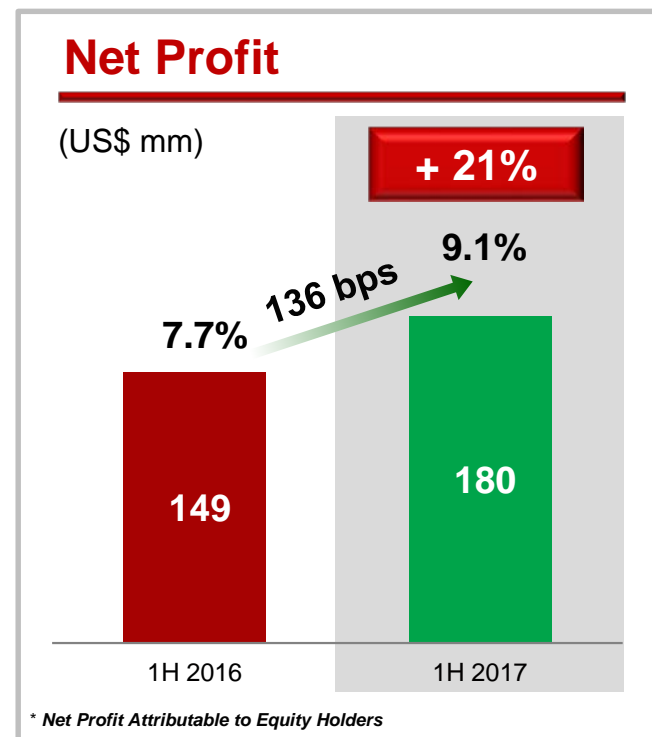
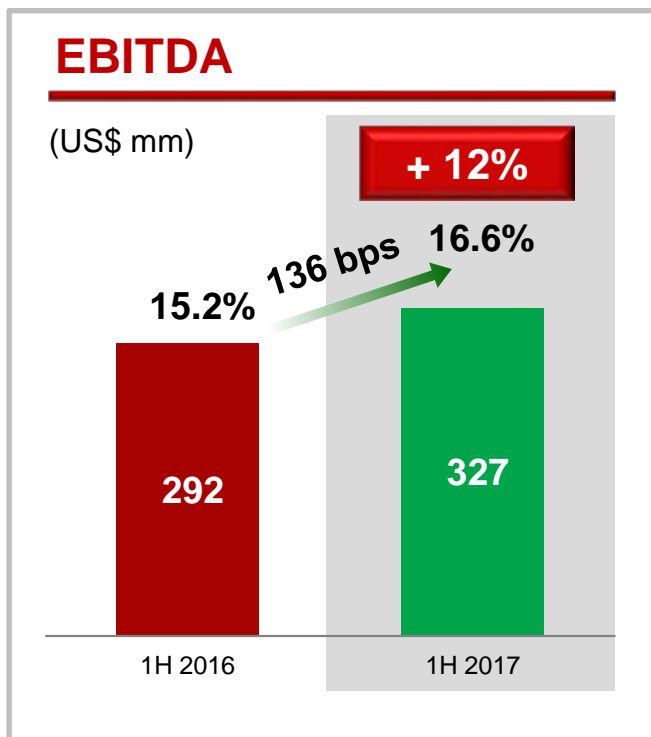
Revenue Performance by Region

(US\$ mm)

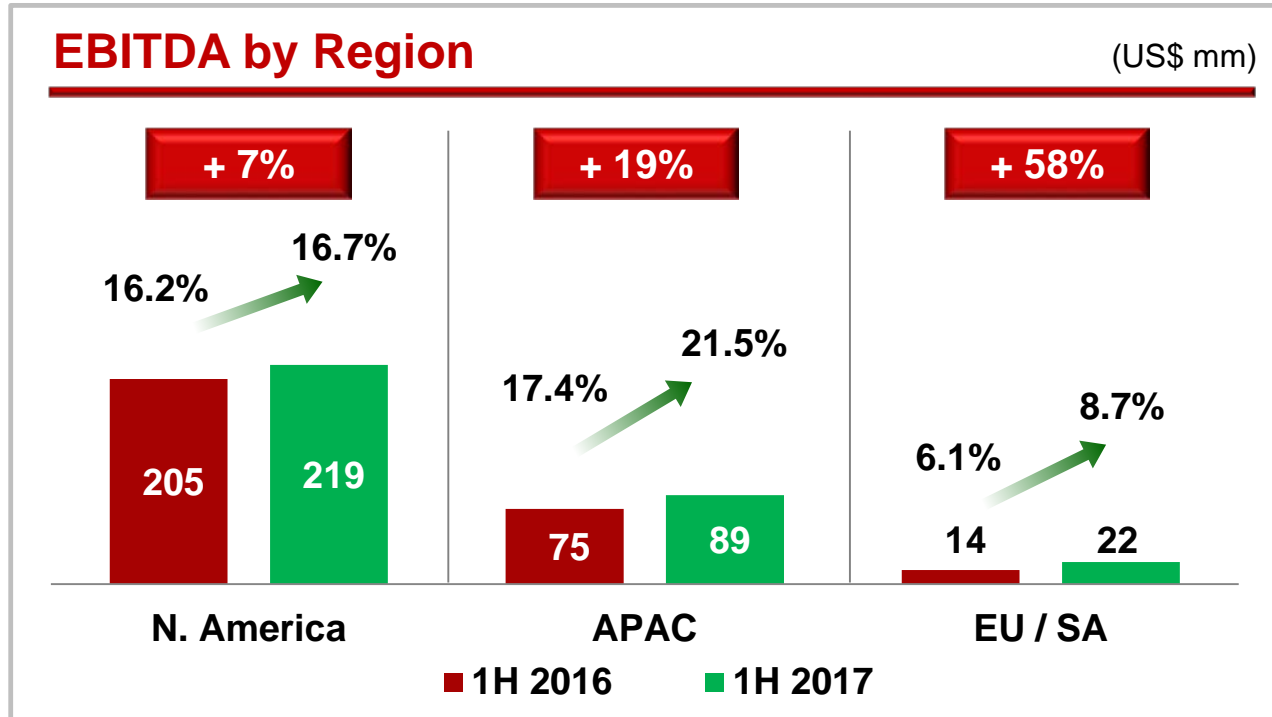


Delivering Stronger Performance Despite Macro Environment

Earnings Growth and Margin Expansion



EBITDA Performance by Region

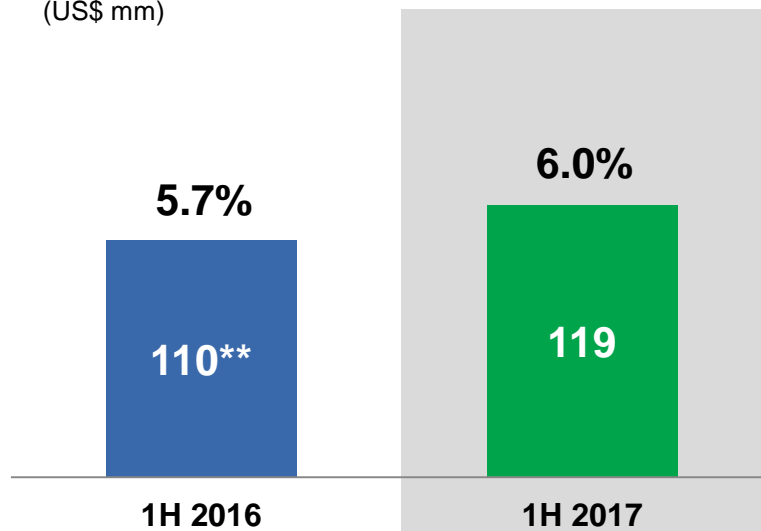


- All Regions Driving Improved EBITDA & Margin Expansion
- Strong Contribution Margin Performance
- Disciplined Cost Management

R&D and Capital Investment

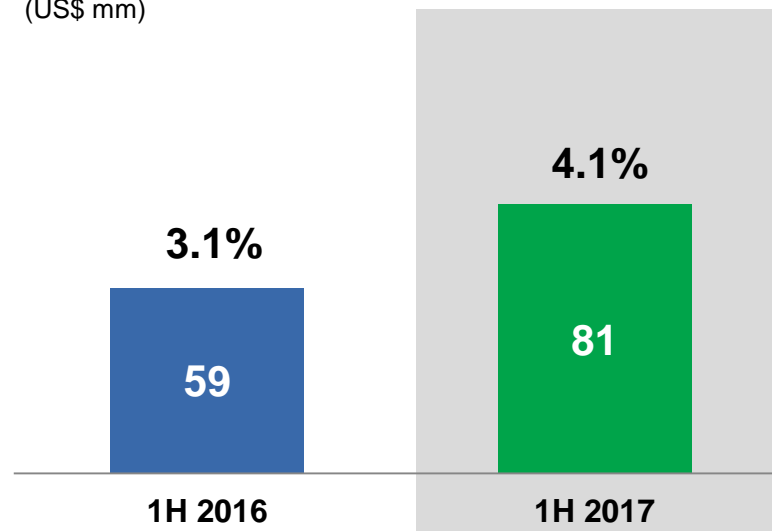
R&D Expense*

(US\$ mm)



Capital Spending

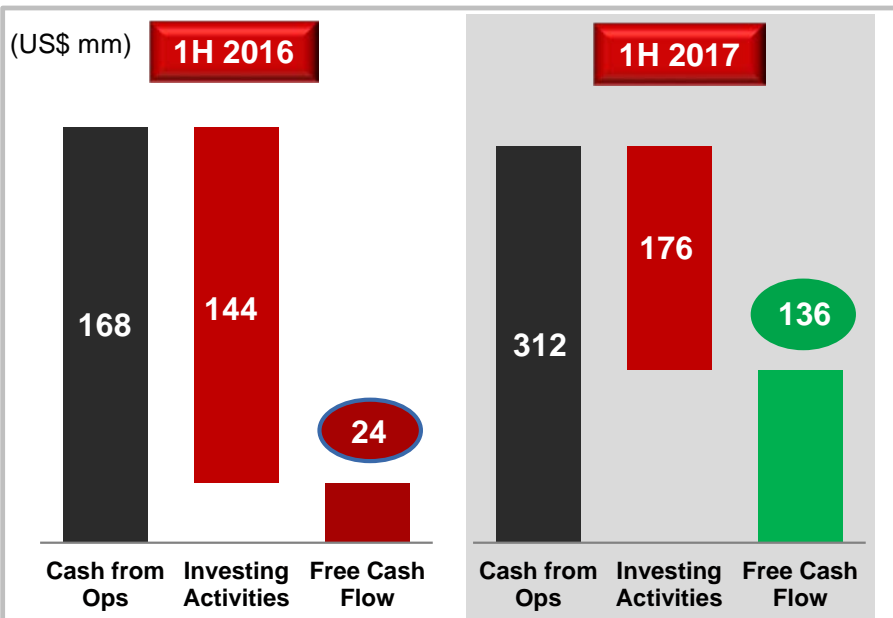
(US\$ mm)



* Including engineering and product development costs charged to income statement and development costs capitalized as intangible asset.

** Excluding \$12 million asset impairment from a Brazil program which was recognized in 1H 2016.

Strong Free Cash Flow and Balance Sheet

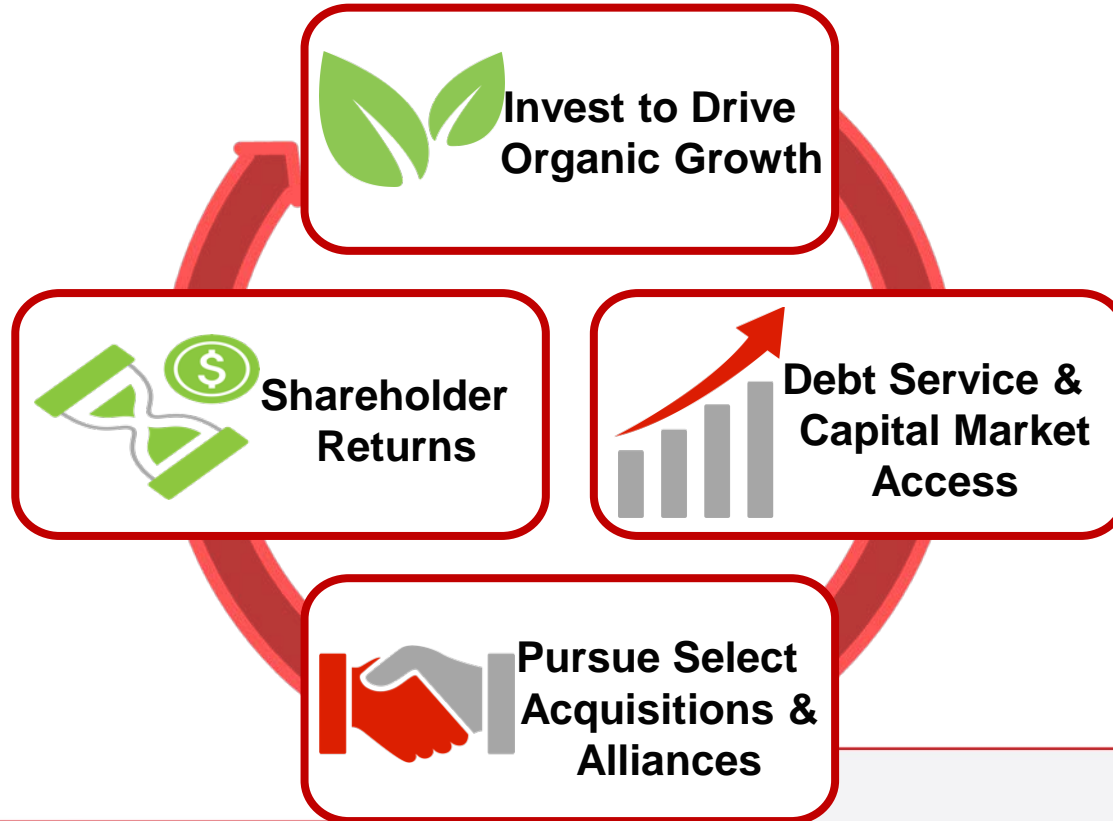


**Strong Profits and Working Capital Management
With Continued Investment for the Future**

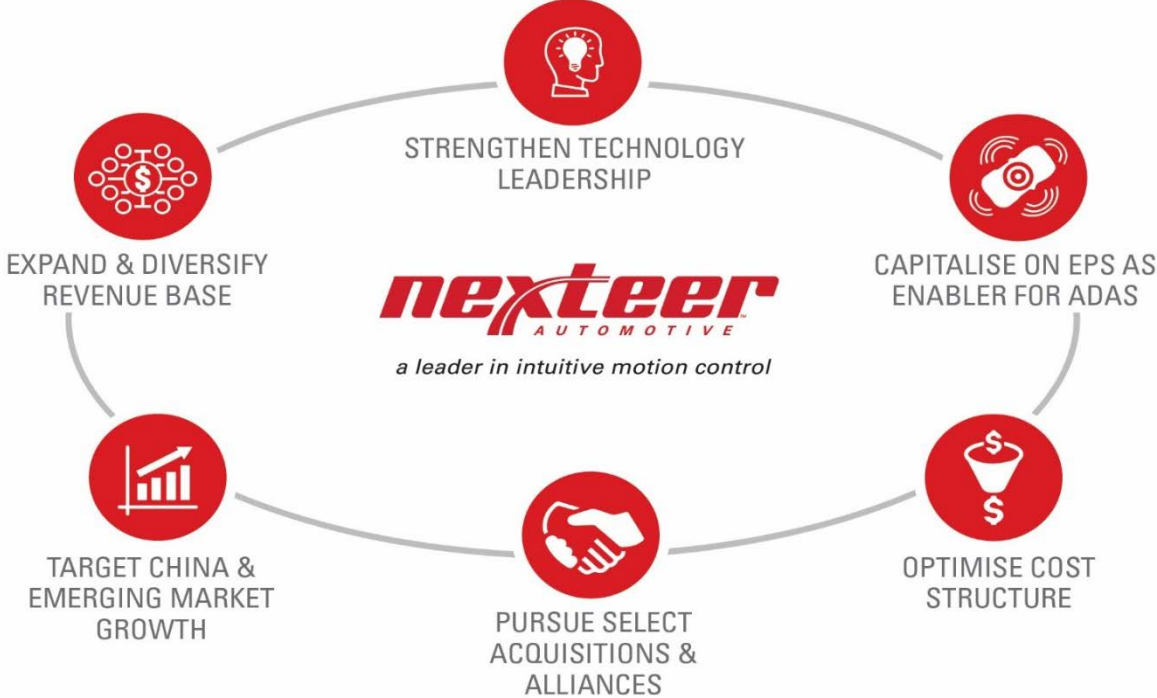
(US\$ mm)

| | 12/2016 | 06/2017 |
|----------------------------|------------|------------|
| Cash and Capital | | |
| Gross Debt | 564 | 528 |
| Less: Cash | 484 | 512 |
| Net Debt | <u>80</u> | <u>16</u> |
| Total Equity | 1,091 | 1,239 |
| Total Net Capital | 1,171 | 1,255 |
| Net Debt to Net Capital | 6.8% | 1.3% |
| Liquidity | | |
| Cash | 484 | 512 |
| Credit Facilities | 406 | 453 |
| Total | <u>890</u> | <u>965</u> |
| Leverage / Coverage | | |
| Gross Debt to EBITDA | 1.0x | 0.9x |
| Net Debt to EBITDA | 0.1x | 0.0x |
| Interest Coverage | 19.2x | 22.2x |

Sound Financial Position Supporting Capital Allocation Priorities



Strategy for Profitable Growth



Well-Defined Plan to Drive Stakeholder Value