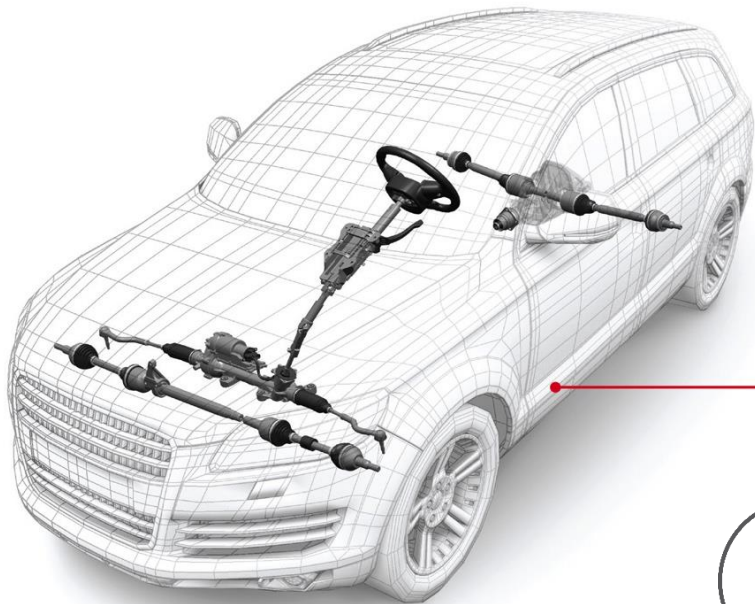




a leader in intuitive motion control



Global Supplier Conference

September 26, 2017

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

ADAS &
AUTOMATED
DRIVING

Welcome & Introduction



OT Benson

Executive Director
Global Supply Management

Welcome!

- Today's Agenda
- Logistics
- Introduction
- Global Supply Management Review
- Key Messages You'll Hear Today

Agenda

- **1100 – 1215 Light Lunch & Registration**
- 1230 – 1240 Welcome, Introductions & Opening Remarks – OT Benson
- 1240 – 1300 Supply Chain – OT Benson
- 1300 – 1315 State of the Business – Tao Liu
- 1320 – 1345 2016 Interim Results – Bill Quigley
- **1345 – 1430 Break**
- 1430 – 1500 Competitive Landscape – Steve Spicer
- 1500 – 1520 Tech Road Map – Jeff Zuraski
- 1520 – 1540 Value of Early Supplier Collaboration – Robin Milavec
- 1540 – 1600 Culture of Quality - Kurt Heberling & Ricardo Pastor
- **1600 – 1630 Break**
- 1630 – 1650 Start with Why – Stephen Shedletzky
- 1650 – 1700 Wrap up / Q&A – OT Benson
- 1700 – 1730 Supplier Awards & Recognition
- **1730 - 2030 Cocktail & Dinner**

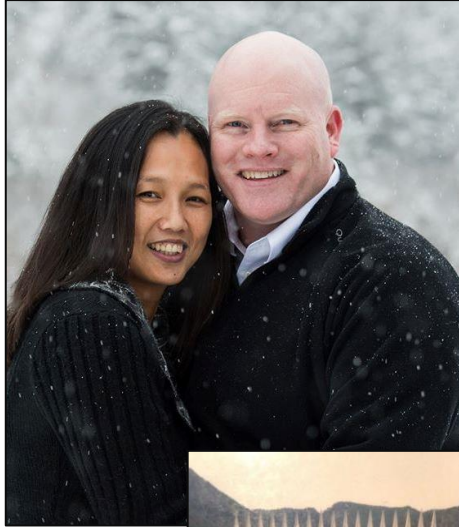


Logistics

- Bathrooms
- Phones
- Emergency exit
- Conference Survey
- Cocktail & Dinner

Personal Background

- Hometown – Hartville, MO
- Julie Benson (Tiger Mom)
- 8 Children – 3 boys, 5 girls
- 8yrs Military Service (USAF)
- Chinese Language
- Baseball (St Louis Cardinals)
- Music (Big Hair, Jazz)



What Can You Expect From Me?

- I will always be honest & direct with you
- I will provide clarity of direction
- I will push us out of our comfort zone & demand excellence
- I will focus on our customers' (internal & external) satisfaction
- I will recognize & express my appreciation to you for a job well done
- I will ensure that our team has the tools necessary to execute our vision
- I will seek out and listen to your feedback
- I will cultivate a positive, achievement-focused culture within our team
- I will be passionate about our team, objectives, and culture
- I will maximize the potential of the team by providing opportunities for growth

What Do I Expect From You?

- Be honest with me
- Get engaged & be involved...don't sit on the sidelines
- Be creative & generate ideas...be a part of the solution
- Work together, collaborate, and help the team to succeed
- Be willing to lead initiatives and take on challenges
- Stay current...know what's going on in the world around us
- Anticipate and **prepare, prepare, prepare** for change
- Stretch yourself and drive your own growth
- Your commitment to the team...if you don't want to be here then don't be here

What Does This All Boil Down To?

GRIT
I AM A WARRIOR

A dream doesn't
become reality
through magic;
it takes sweat,
COMMITMENT
and hard work.

GUTS
I AM A WARRIOR

The difference
between
the impossible
and the possible
lies in a person's
DETERMINATION.

GLORY
I AM A WARRIOR

SUCCESS
is not the result
of spontaneous
combustion.
You must set
yourself on fire.

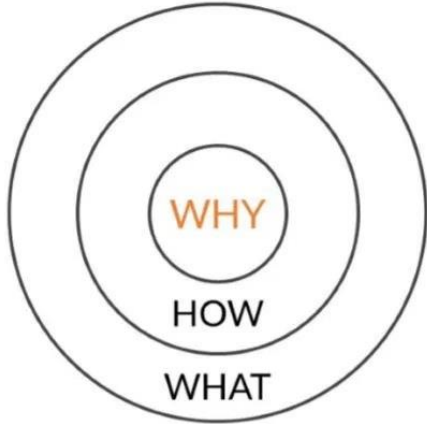
Living Our Culture

GSM Vision

To be the benchmark for Global Supply Chain excellence among Tier One Suppliers.

Start With Why

The Golden Circle



WHAT

Every organization on the planet knows WHAT they do. These are products they sell or the services they offer.

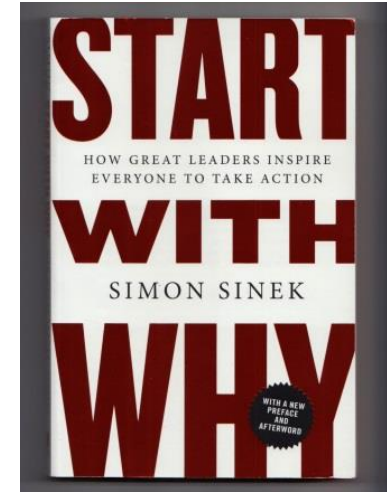
HOW

Some organizations know HOW they do it. These are the things that make them special or set them apart from their competition.

WHY

Very few organizations know WHY they do what they do. WHY is not about making money. That's a result. It's a purpose, cause or belief. It's the very reason your organization exists.

Why are your customers
your customers?

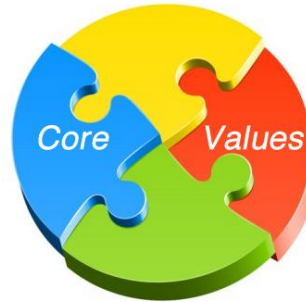


Align with Corporate Culture

- Focus = Cost, Quality, Launch, Delivery
- Our Plants = Our Customers
- Foster a “Culture of Quality”
- Extreme Ownership
- Relationships (internal & external)

Philosophy & Core Values

- “1 Team, 1 Fight”
- Integrity First
- Service Before Self
- Excellence in All We Do



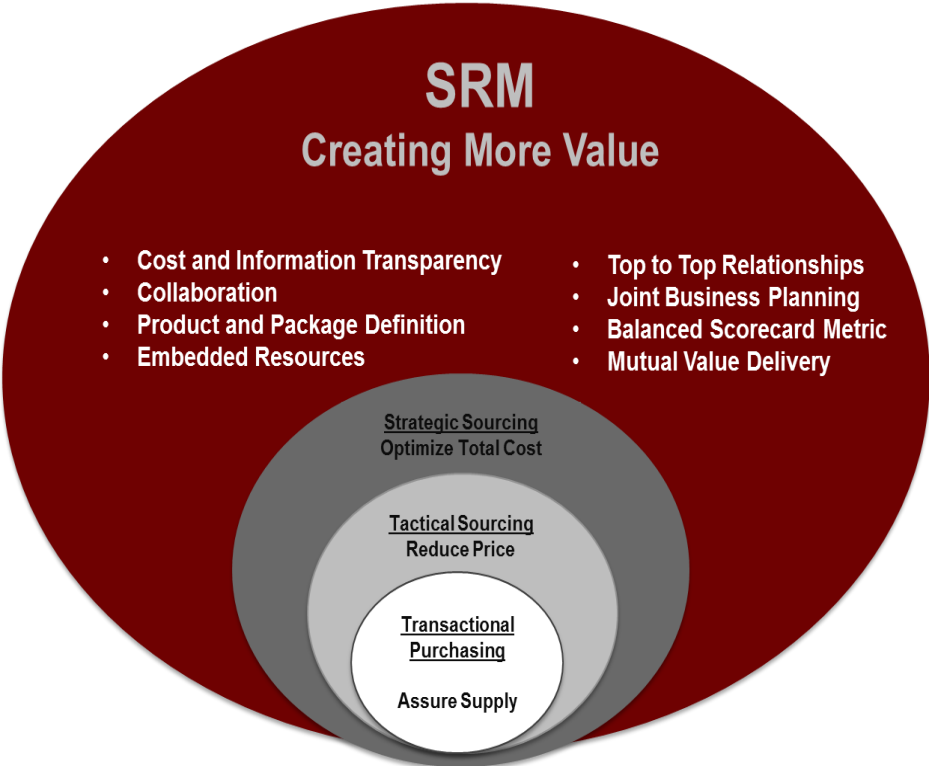
GSM Statistics & Strategies

Supplier Relationship Management

- Continue to develop strategic supplier relationships
- Continue to optimize supply base to the strategic 400
- Make access to supplier innovation a competitive advantage
- Built on Trust, Collaboration, Respect

Open Book Costing

- Modeling, target cost, BIC, clean sheet
- New pursuits & closing gap on current biz
- Constantly break models (market disruptors)
- Will lead to emphasis on VA/VE, Kaizen, Lean activities



What You Will Hear Today...

- The market is flat – must focus on competitiveness
- Supplier partners have been key to our success – **Thank You!**
- Cost modeling is working – Keep momentum going!
- Industry quality standards are changing (IATF 16949)
- Season of preparation – Next wave of growth & technology is coming
- SRM continues to be our focus – Understand our “why” together
- Get Switched On & Stay Engaged!!





Tao Liu

Senior Vice President and
Global Chief Operating Officer

Tao Liu



SVP and Global COO



VP and COO, Asian Pacific Division



VP and COO, China Division



Executive Director - China



China Operations Manager



China Operations Manager - Steering



MBA, Purdue University – Krannert School of Management



Bachelor, Tsinghua University

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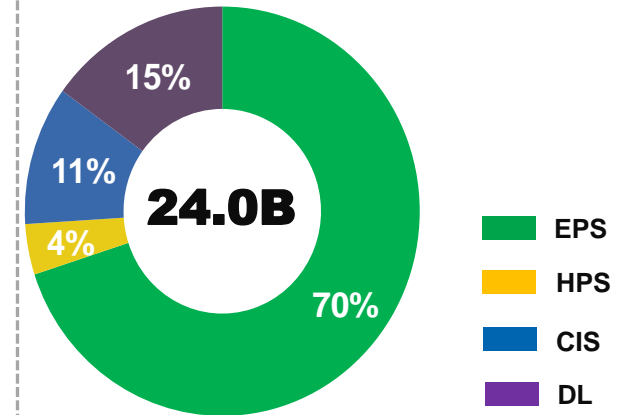
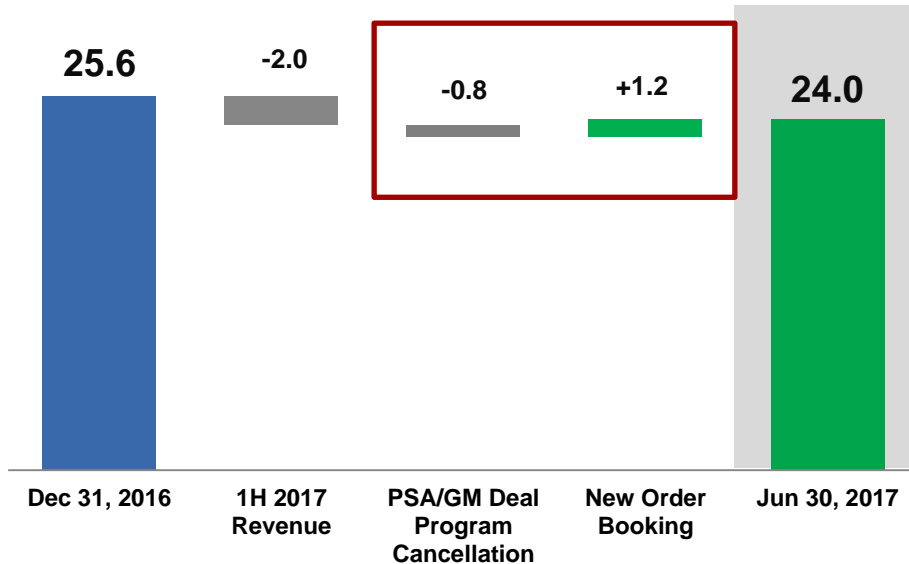
In this document, all references to “Booked Business Amount” are to our estimation of the value of all booked business under contracts that have been awarded to us, but which have not yet begun production. The Booked Business Amount is based on estimated lifetime volume of the programs derived from indicative 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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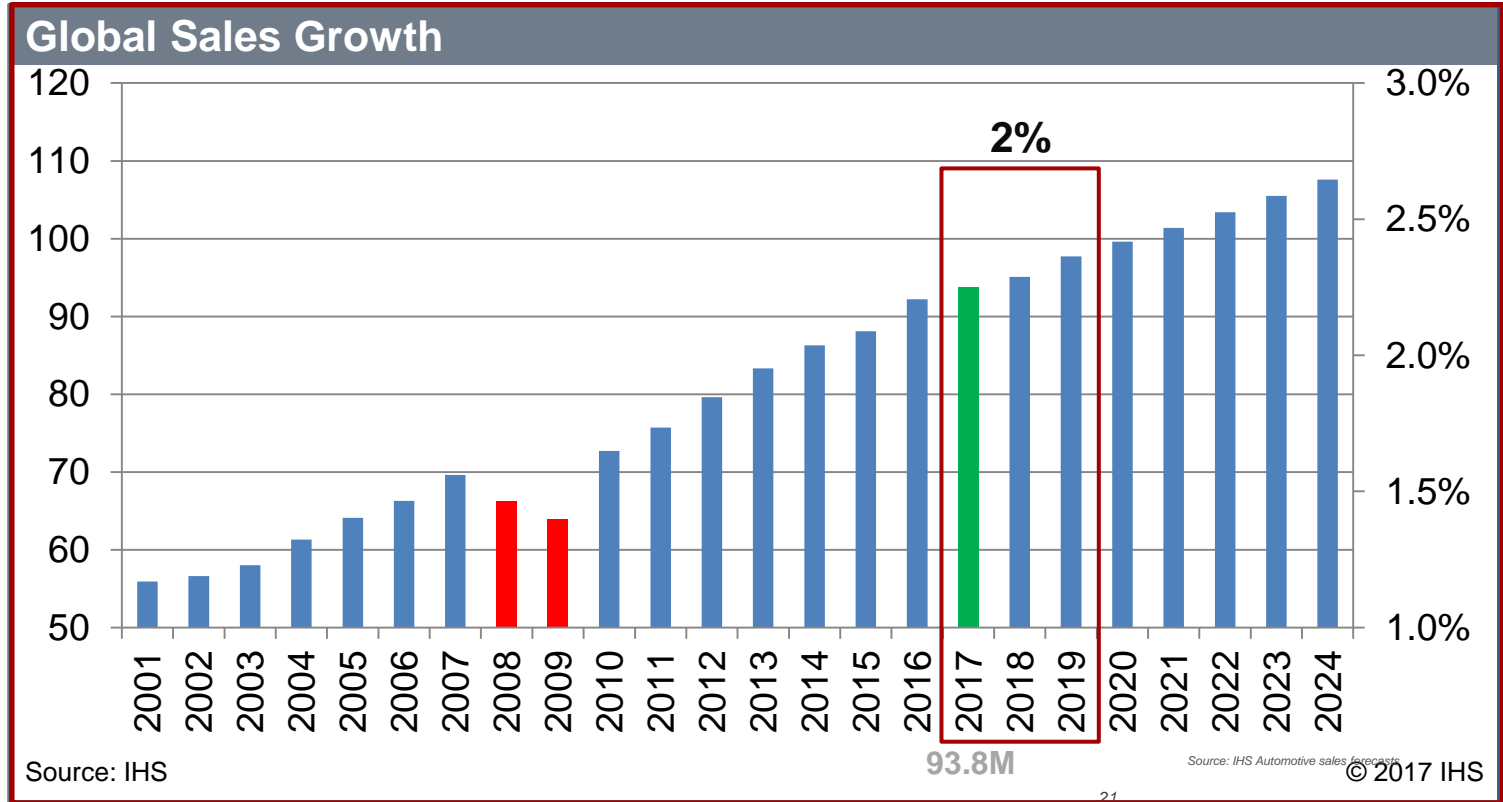
Business Highlights

Backlog Update

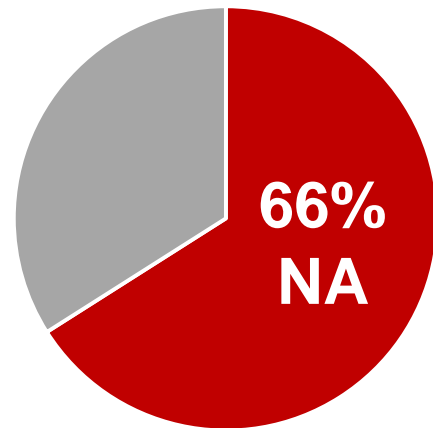
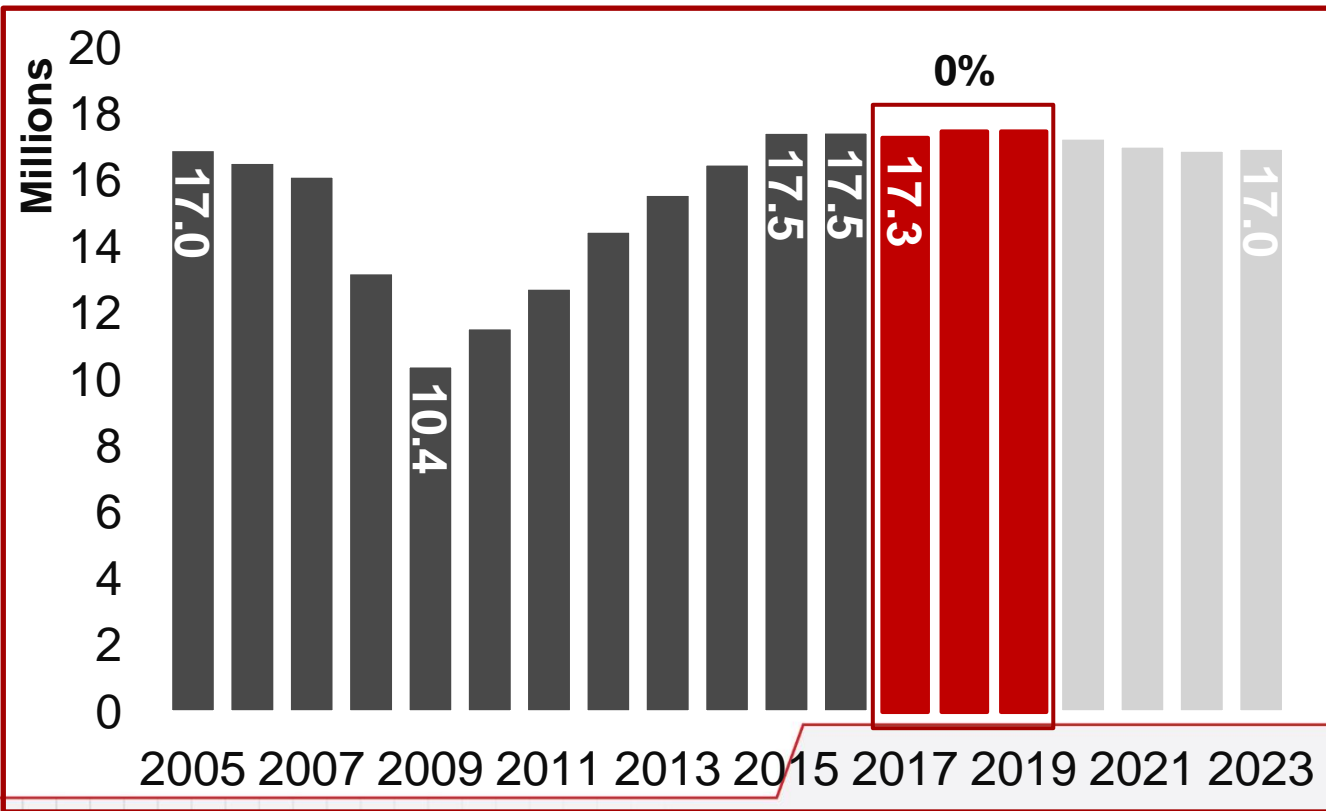
Order to Delivery as of June 30, 2017



Global Light Vehicle Sales Forecast



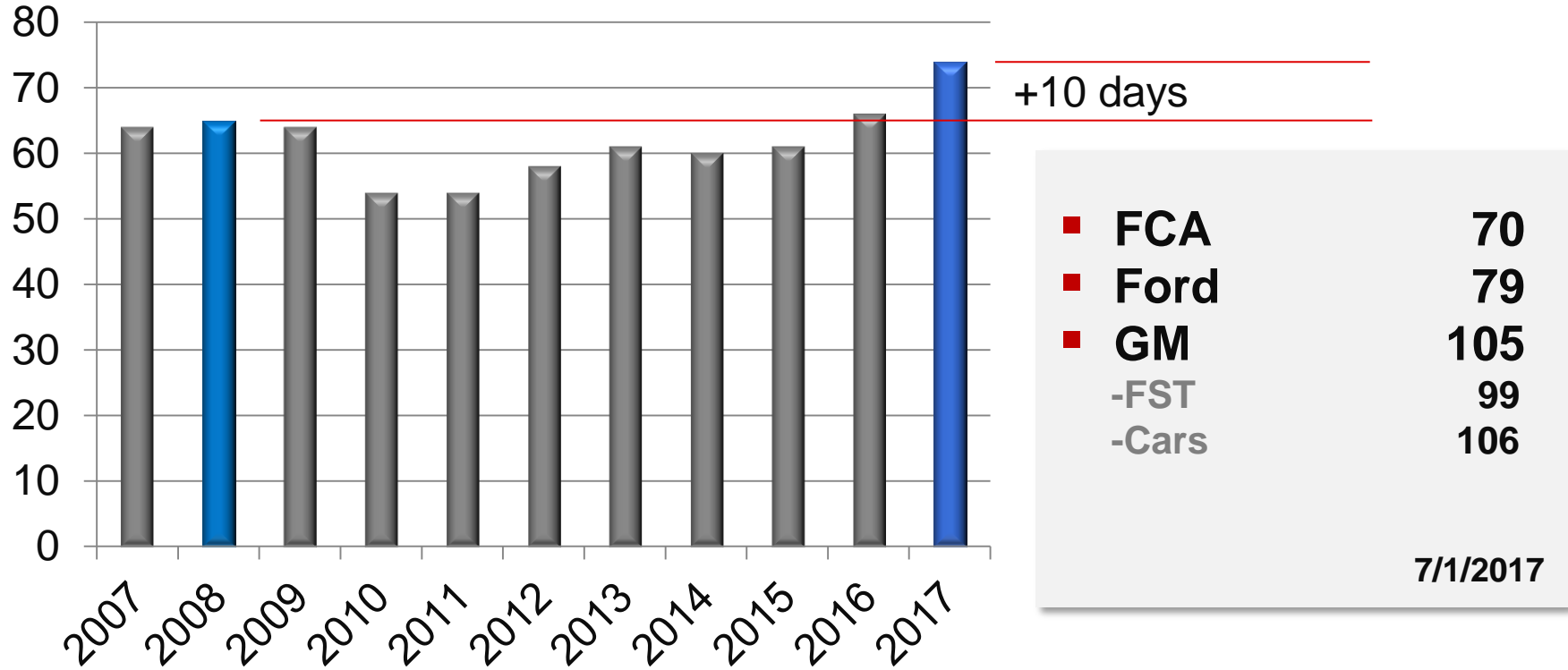
US SAAR Forecast



■ NA Division ■ ROW

Nexteer

US Inventory Days



Continue Business Growth

3 Areas of Focus and 5 Initiatives

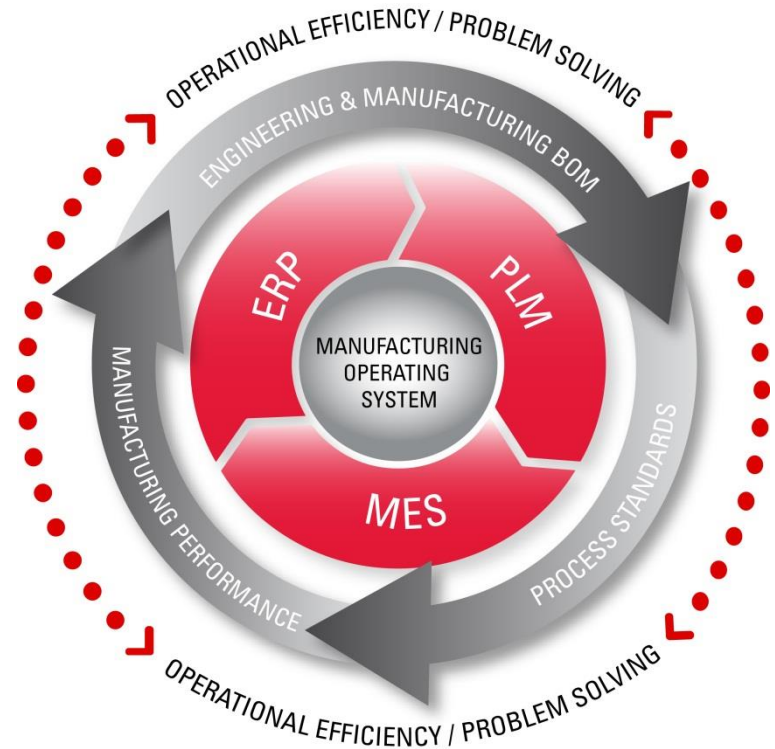
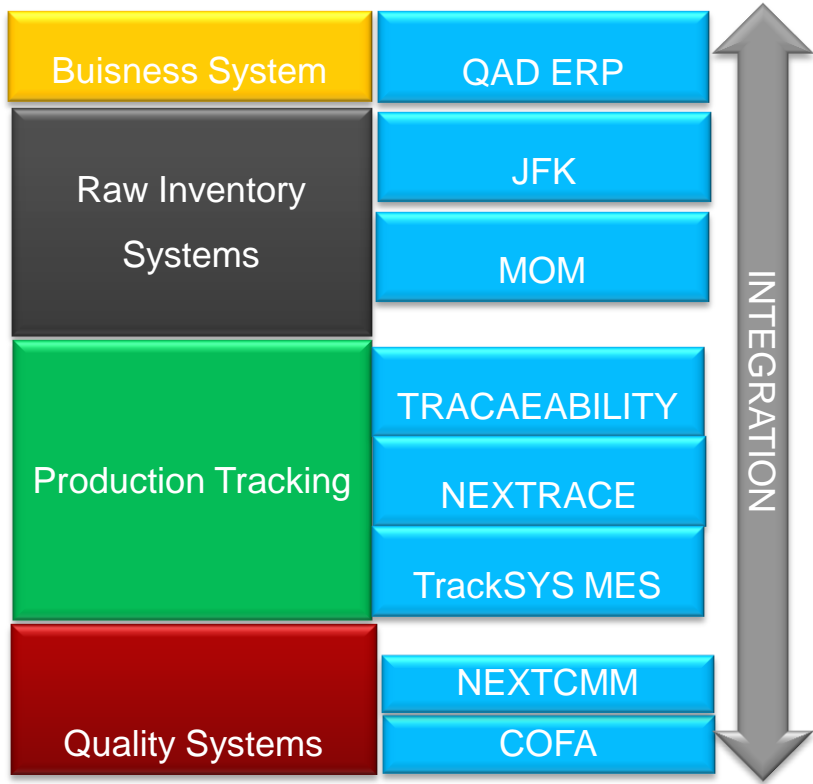
3 Areas of Focus

Effective and efficient!

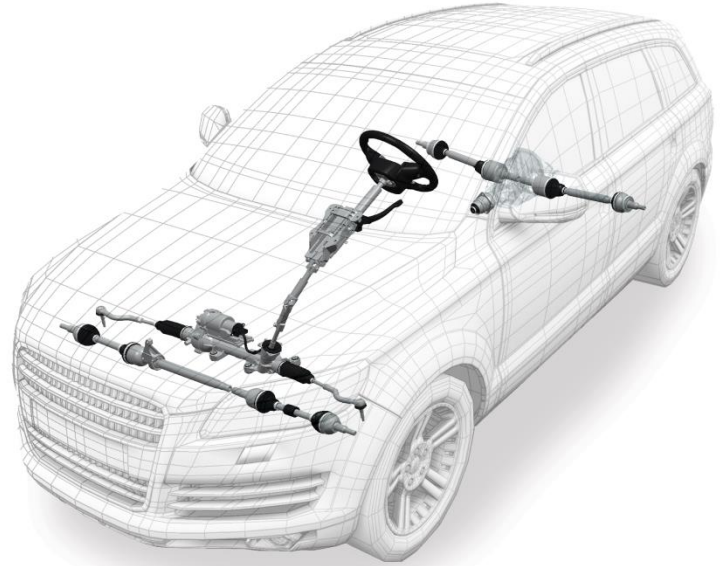
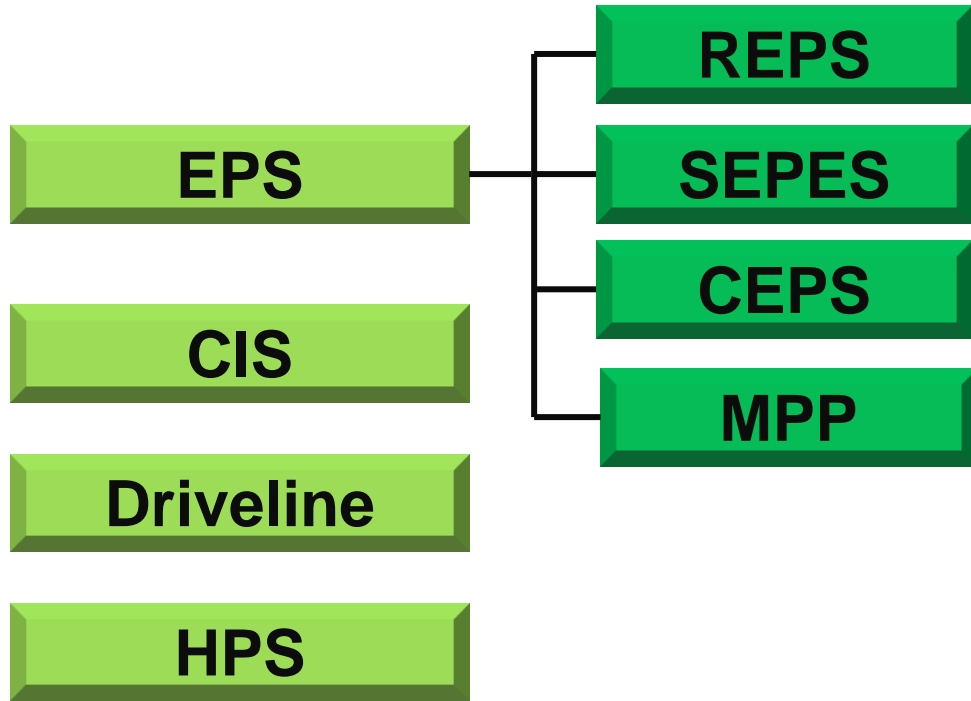
Effective: Doing the right things

Efficient: Doing things right

I. Optimize Business Process



II. Optimize Product Line Structure



III. Take Proactive Approach

PLAN:

PROACTIVE ○
REACTIVE ○



Continue Business Growth 3 Focus and 5 Initiatives

5 Initiatives

V. Autonomous Vehicles





A CONTINENTAL • NEXTEER
MOTION CONTROL VENTURE

Vision

Accelerating Trusted Motion
Control through Collaboration

Mission

We are Innovators that Drive
Vehicles into an Automated Future



people

innovation

systems

**motion
control**

through
collaboration of
intelligent
systems

**safety
strategies**
that leverage
the strength of
multiple systems

**value
creation**

in components,
subsystems and
development
processes

V. Autonomous Vehicles

- New Technologies
 - Steer by wire



V. Autonomous Vehicles

- New Technologies
 - Quiet wheel



Stay Engaged

Collaboration, Partnership and Beyond



Bill Quigley

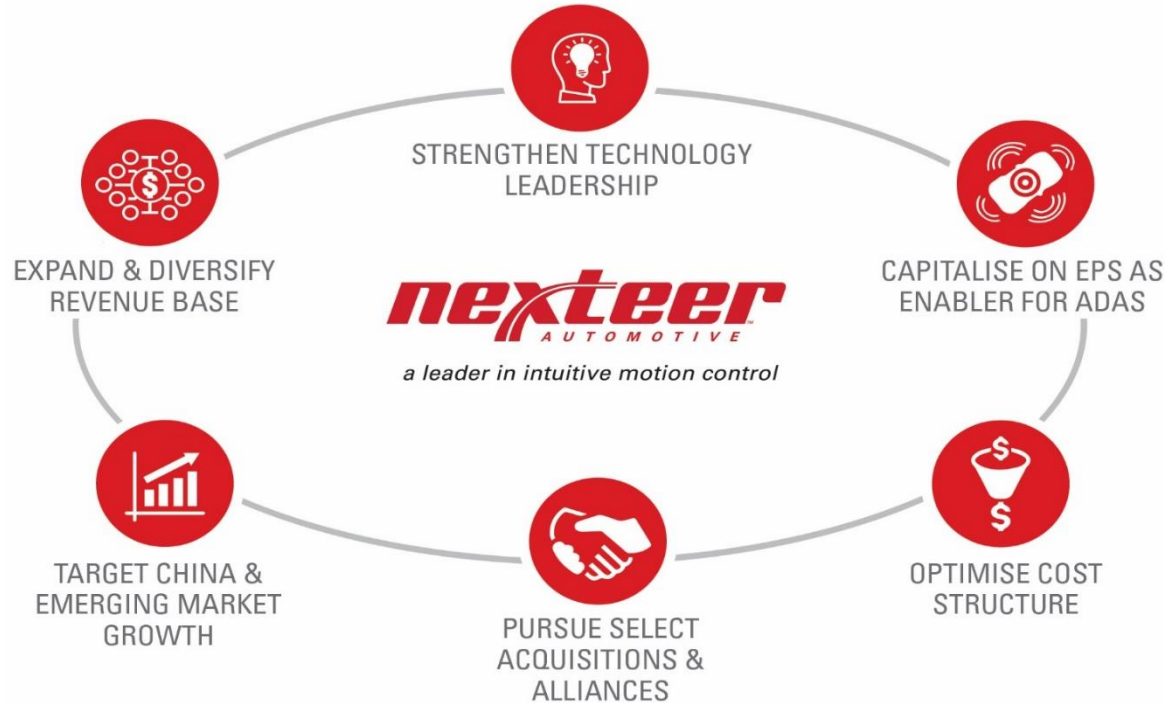
Senior Vice President
Chief Financial Officer

Get Switched



**2017 Global
Supplier
Conference
Welcome!!**

Strategy for Profitable Growth



Well-Defined Plan to Drive Stakeholder Value

It's Been A Year Since We Last Met

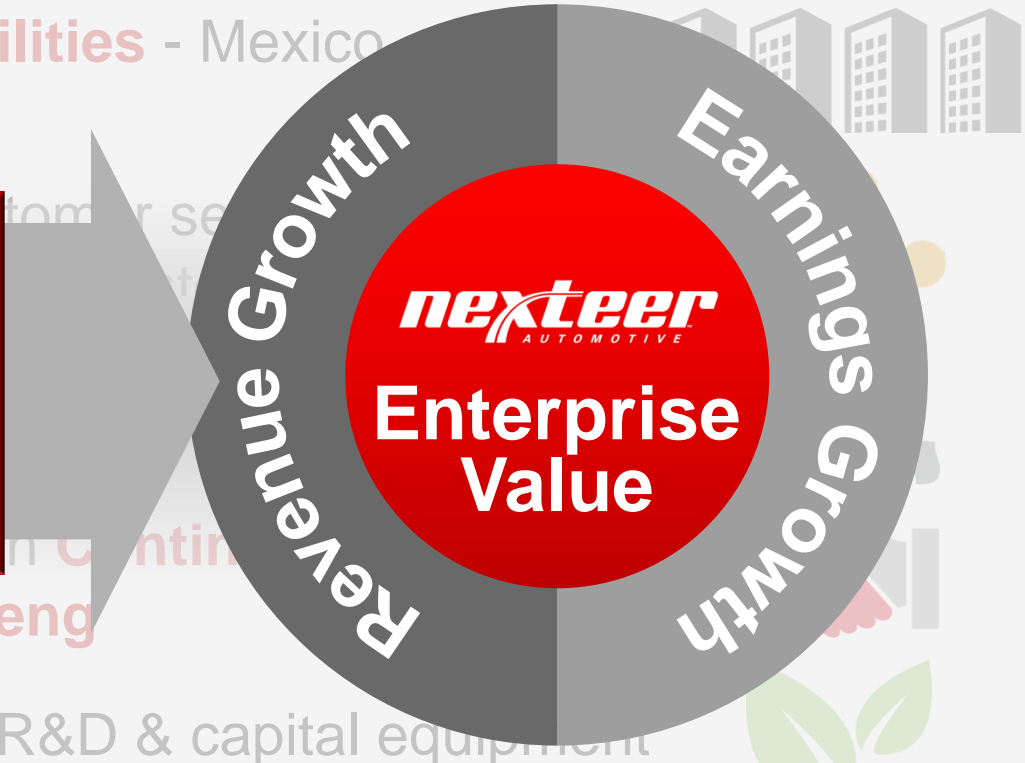
1. **5 new manufacturing facilities** - Mexico, India, Indonesia, Brazil
2. **Expanded** technical & customer service center presence – develop / deepen customer positions
3. **32 customer program launches** around the world
4. Technical Collaboration with **Continental AG**;
Joint Venture with **Dong Feng**
5. Invested **\$430 million** in R&D & capital equipment



It's Been A Year Since We Last Met

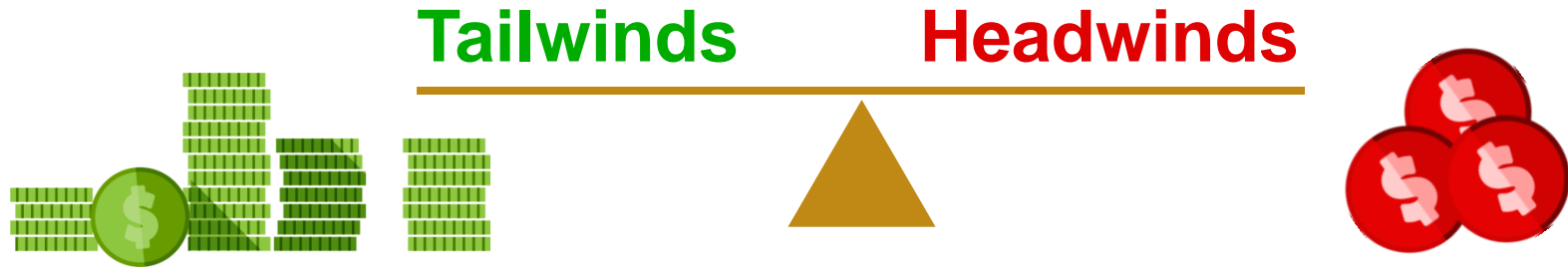
1. 5 new **manufacturing facilities** - Mexico, India, Indonesia, Brazil
- 2.
- 3.
4. Joint Venture with **Dong Feng**
5. Invested **\$430 million** in R&D & capital equipment

Action Levers Within our Control to Drive Enterprise Value



Operating Tenet

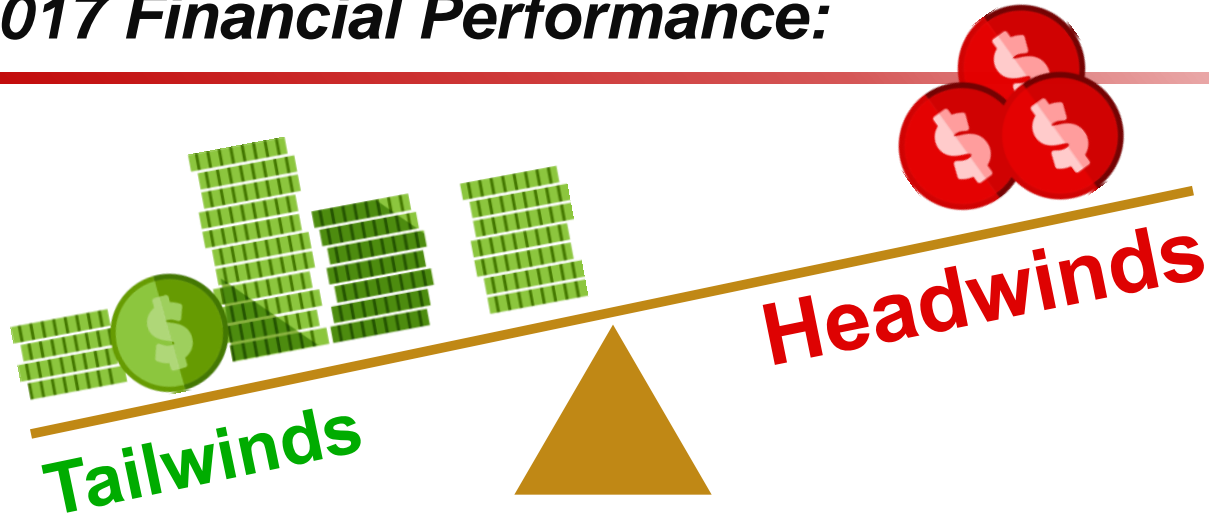
Just Like You, Our Business Faces:



Manage BOTH Incrementals & Decrementals

Operating Tenet

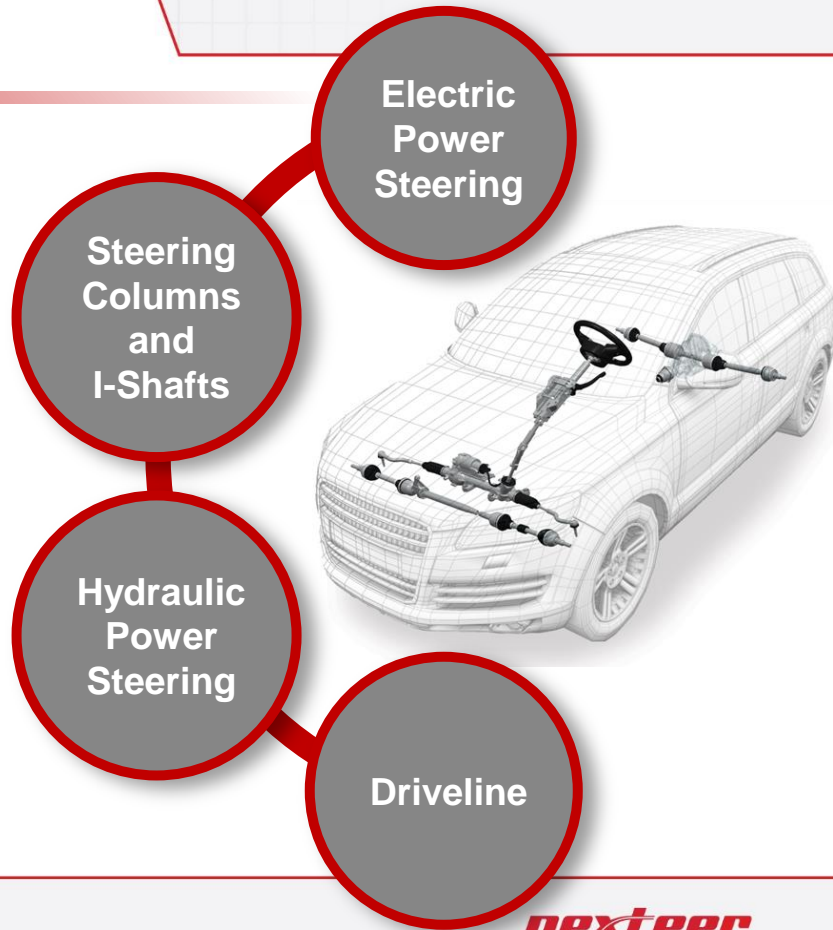
1H 2017 Financial Performance:



Strong Financial Performance!

1H 2017 Financial Performance

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



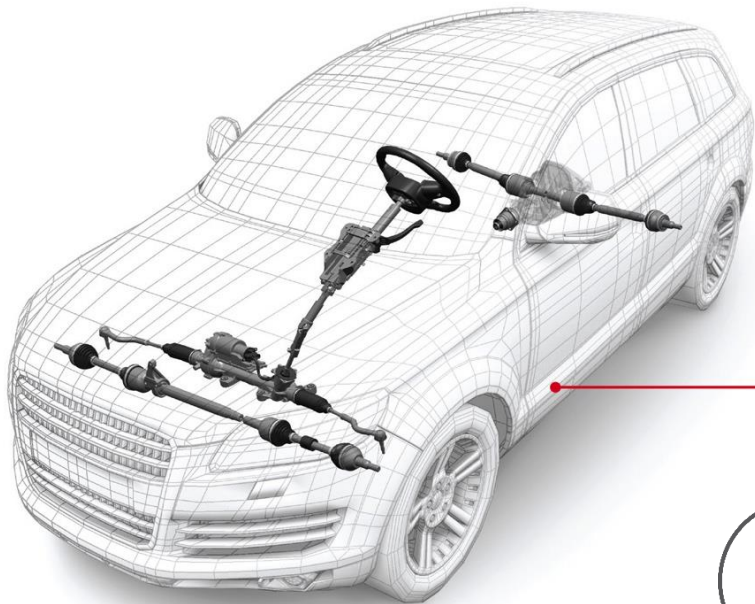


Steve Spicer

V.P. Global Electric Steering



a leader in intuitive motion control



Electric Power Steering (EPS) Competitive Landscape

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

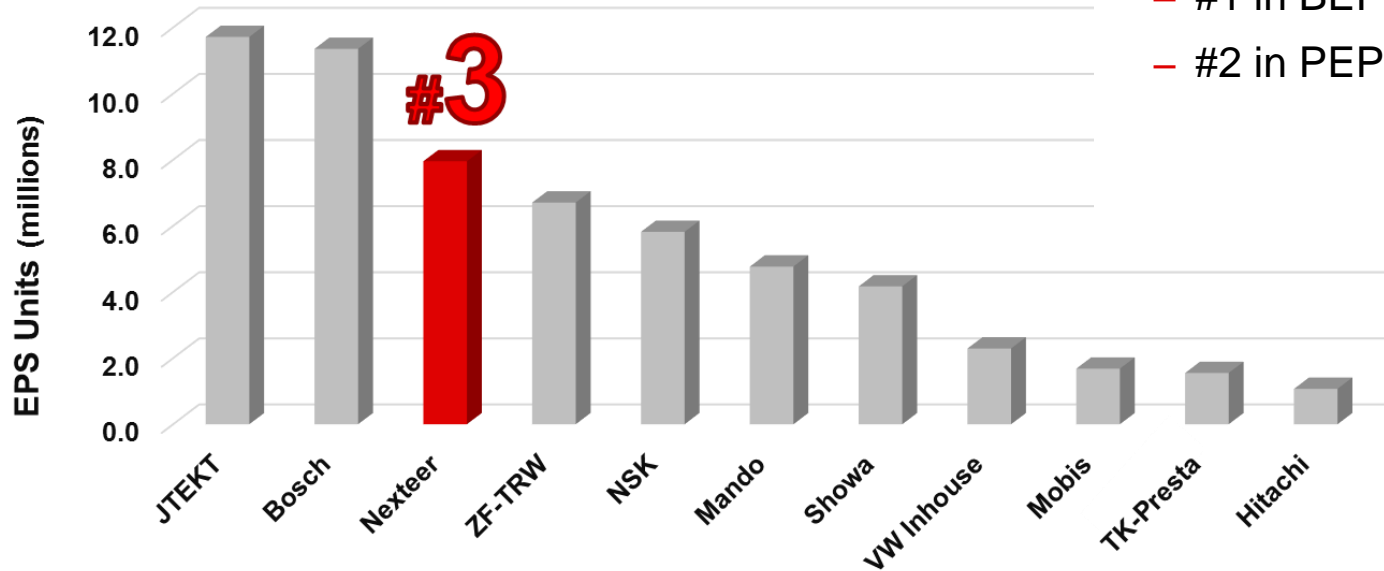
HYDRAULIC
POWER
STEERING

ADAS &
AUTOMATED
DRIVING

Nexteer EPS Market Share

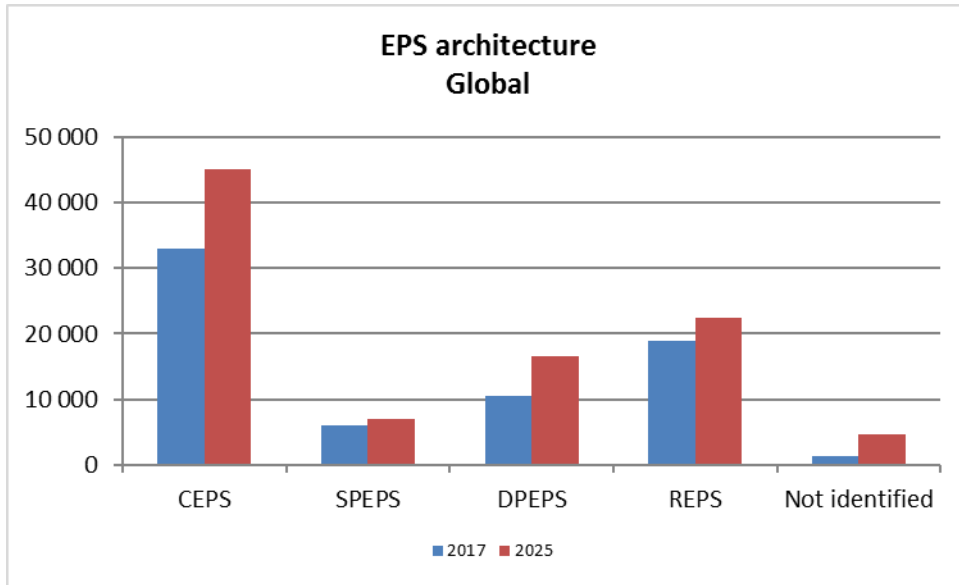
Global EPS Units Shipped

2016



- Nexteer is #3 Globally
- #1 in REPS NA
- #1 in BEPS AP
- #2 in PEPS Globally

Global EPS Units by Technology



- CEPS leads
- PEPS and REPS growing
 - DPEPS will have the fastest growth, 6% CAGR

EPS Global	CAGR 17'-25'
CEPS	4%
SPEPS	2%
DPEPS	6%
REPS	2%
Not identified	16%

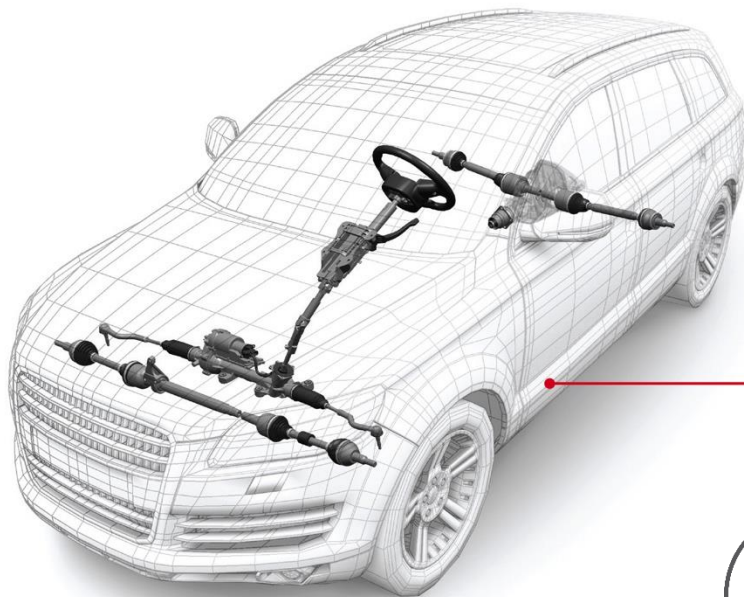


Jeff Zuraski

Executive Director, R&D



a leader in intuitive motion control



Technology Roadmap

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

ADAS &
AUTOMATED
DRIVING

Technology Road Map

- ✓ Customer Feedback – Development pace accelerating
- ✓ Compelling Offers for all opportunities
- ✓ Find good combination of re-use and selective updates
- ✓ Creating value / cost reduction continues indefinitely
- ✓ Why support cost reduction?
- ✓ Trends – ADAS, SbW,automated & autonomous
- ✓ Collaboration with other Tier 1's
- ✓ Leader in Intuitive Motion Control – Adjacent Markets, Electrification

Customer Feedback

- Fast / Flexible / Collaborative
- Rapid prototyping (speed & cost)
 - From weeks / months → days
 - Iterations, understand requirements, better solutions
 - **Prototype Motors**, 3D printing headers, Autocode

Example of “Can Do” Spirit

“No idea how I’m going to do that, but I’ll figure it out”

Development pace accelerating

EPS for Larger Vehicles

- HD Trucks, Commercial Vehicles
- Access to ADAS features
- What's needed?
 - Higher load capacity ball screw
 - High Output ECU & Motor
 - “High Availability”



Needed technology is available,
paced by vehicle OEM plans

EPS Large Vehicles - History

Early 1990's thinking

"Limit for 12 volt EPS
is a Saturn size car"



Need to retest limits as
technology evolves

Re-use / Commonization?

- Common components/scalable (across multiple incumbent applications)
- w/ technology updates (reality)
 - Ex. electronics – performance increasing, cost decreasing
 - Other suppliers will displace, if technology static

- De-proliferation opportunity?
- Choices: what to keep same, what to update



- Need **compelling offer** – quality, functions, performance, price, terms, . . .

Need to find good combination of re-use and selective updates

Value / Cost / Price

- Compact packaging & low cost
- Compelling content
- Efficient design, material minimization, interfaces, processing, capital
- System design – component cost drivers, tradeoffs

Creating value and cost reduction continues indefinitely

Improvements types

- Incremental: evolution of existing
- Disruptive: bigger risk, bigger reward, (manage differently)



Couple of examples to follow

Both types needed to grow

Disruptive Improvement - Example

- Cliff Young – At age 61, ran the Sydney to Melbourne **Ultramarathon (544 miles)**
- Pro athletes knew they had to run 18 hours a day and sleep 6 hours
- Cliff Young didn't know that so he just kept running
- He won the race by 10 hours and forever changed the sport!



Early Technology Sharing / Iteration

- Nexteer / Vehicle OEM (decoupled projects)
- Why we do it?

- Higher risk / higher value
- Managed risk (pre-application)
- Explore solutions / requirement insight
- Ready for RFQ

Nexteer / supplier
(something similar?)

Why support reducing cost / price?

- Competitive pressure of market
- Volume = zero, if we don't win the business
- Need a high quality product with competitive bill of material and process to win
- Transparency is efficient and leads to good decisions
- Fast iterations to converge on best solution that fits timing
- Strategy: end fast or proceed with high probability of success

Win new business together,
grow volume, w/good margins

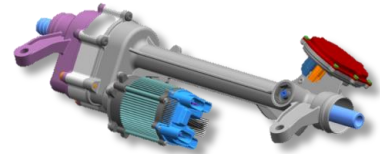
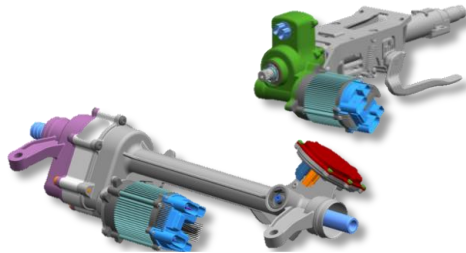
Trends

- ADAS, SbW,automated & autonomous
- Nexteer has technology for Highly Automated Driving
- Working on multiple applications needing “highly available” systems
- Collaborating with other Tier 1’s
- Several customers have SbW projects



Highly Automated / Autonomous Driving

- EPS – mechanical link, steering wheel to road wheels
- SbW – no mechanical link, steering wheel to road wheels
- SbW – without steering wheel

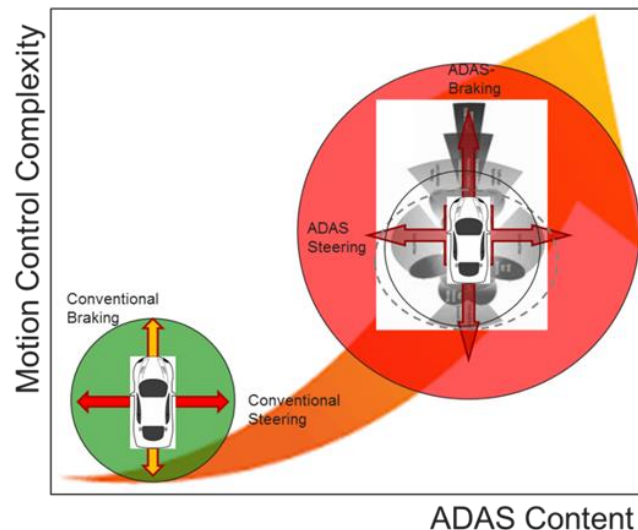


Several configuration to support

CNXMotion - Nexteer / Continental Joint Venture



- Steering / Braking coordination in motion control



Supplier Challenges

What?

- Active / collaborative partners
- Fast / Flexible
- Relentless pursuit of high quality and low cost
- Share new technology
- Decoupled projects, if high risk & high value

Why?

- Maintain existing and win new business
- Insight / head start
- Brings focus on compelling technology
- Higher probability of production contract

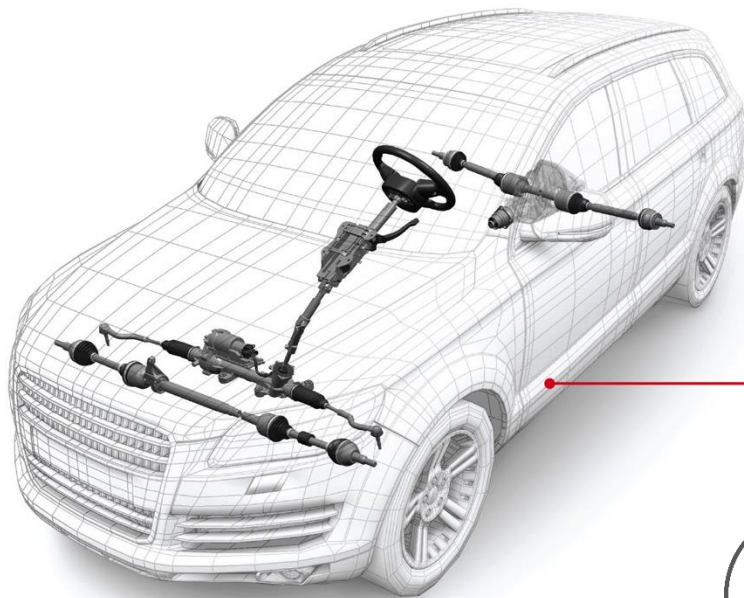


Robin Milavec

V.P. Global Product Engineering



a leader in intuitive motion control



Value of Early Supplier Collaboration

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

ADAS &
AUTOMATED
DRIVING

Product Engineering Objectives

- Great Products
 - Features
 - Functions
 - Performance
- Safe and Reliable
- Size and Mass Optimized
- Cost Competitive
- Reduced Lead Times (Business Award to SOP)

Expansive Global Engineering & Customer Support



Global Technical Center (GTC)

- Establishes Portfolio Vision
- Develop the Product and Process Architecture Strategy
- Advance Core Product Technology

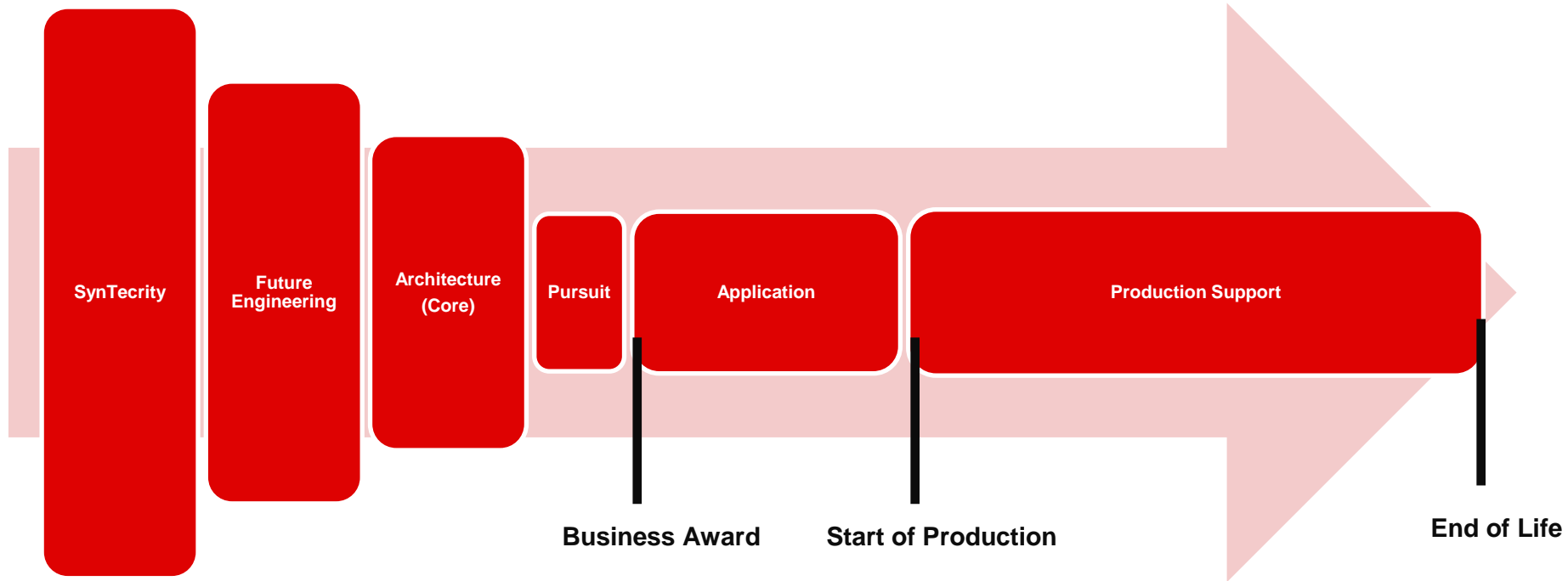
Technical Center (TC)

- Product and Process Engineering
- Product Validation
- Prototype Manufacturing
- Vehicle Integration and Testing

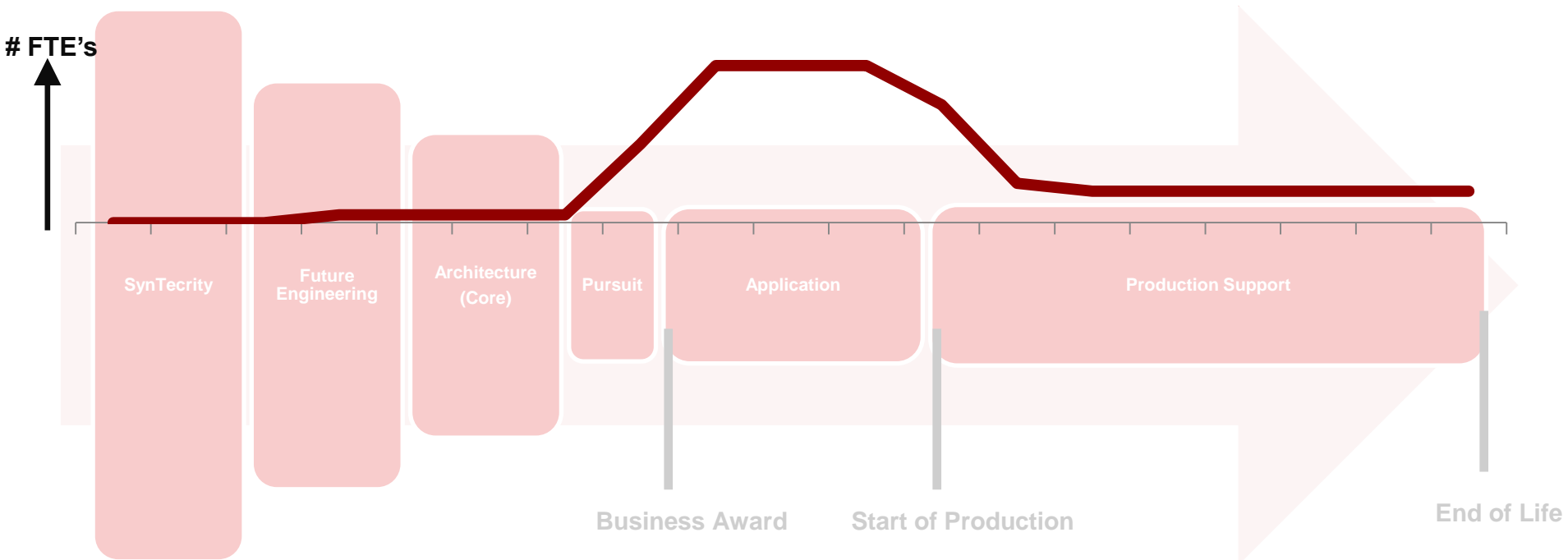
Customer Service Center (CSC)

- In-region customer interface - sales, engineering, quality, program management

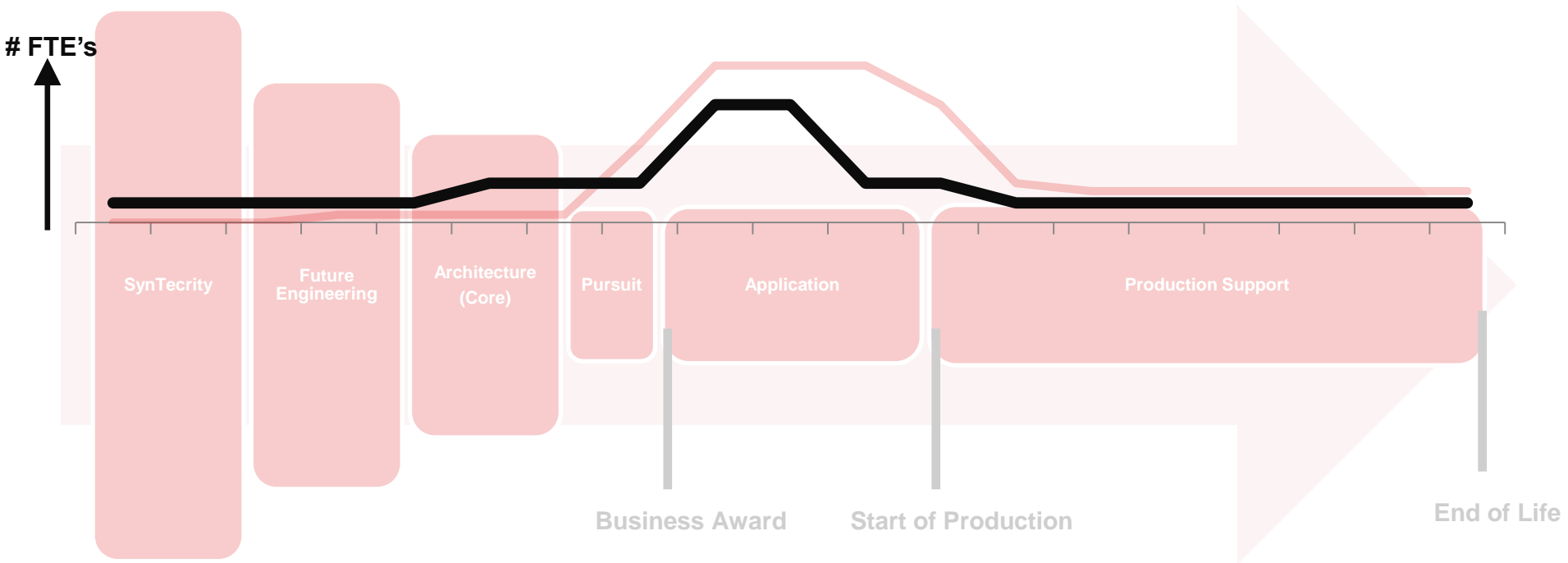
Engineering Devolvment Phases



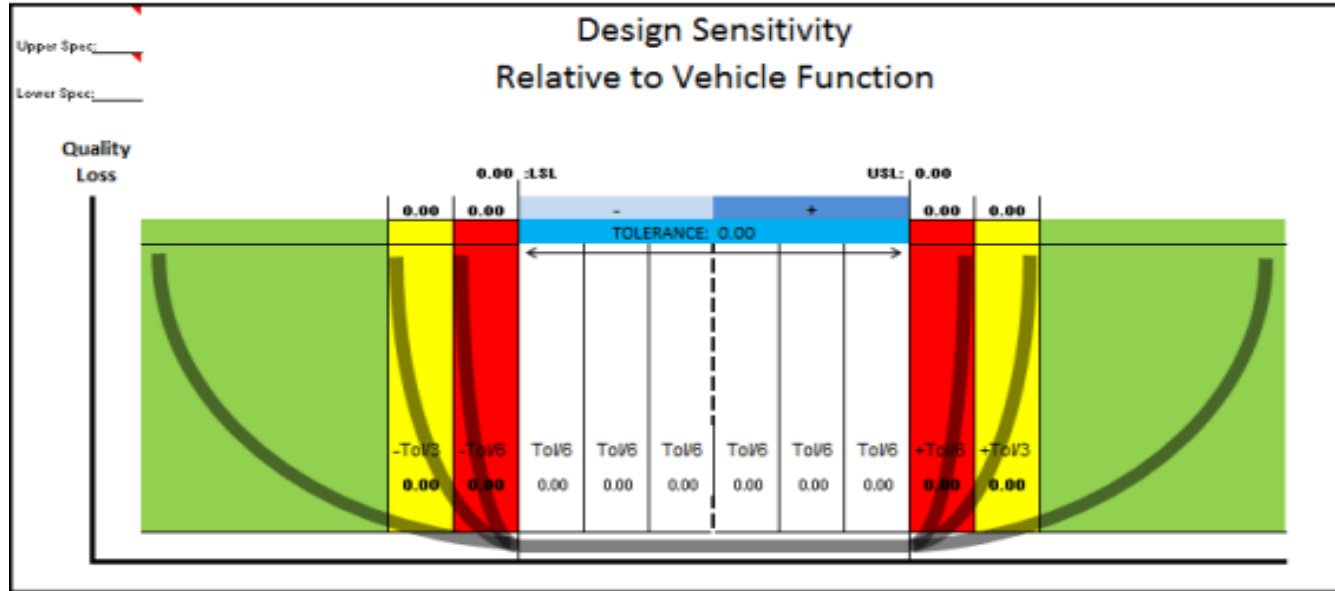
Typical Engineering Devolvement Resource Distribution



Desired Engineering Devolvement Resource Distribution



Design Sensitivity



Sensitivity is the relationship between a print dimension/print requirement and a vehicle function. There may be different Sensitivity levels for the same dimension that can impact multiple functions. For purposes of DSS Assessment it is agreed that parts made within specification will make the part function as designed.






- Red** A dimension would have red sensitivity if a vehicle function could be affected by parts manufactured within this zone (out of tolerance by 1/6th)
- Yellow** A dimension would have yellow sensitivity if a vehicle function could be affected by parts manufactured outside the red but within the yellow zone (out of tolerance by 1/3rd)
- Green** A dimension would have green sensitivity if a vehicle function is not affected by parts manufactured out of spec by 1/3rd of the tolerance.

Product Characteristics Control Levels

Nexteer Automotive

Product Characteristics Control Levels Chart

Revised: 9-Jun-2016

Design Criteria				Manufacturing Requirements ¹				
Design Severity & Sensitivity (DSS) Result				Detection Activity (Detect nonconforming parts)		Process Control (Monitor the process)	Nonconforming Material Handling	Traceability
FMEA Severity ²	Sensitivity	Control Level	QCL Symbol	Frequency of Inspection	Allowed Detection Controls			
G1346, G1174	G1331	G1331	G1331	G1331	G1174	G1763	G1901, G1786	G1783
9 - 10	RED	CL1		100% ³	1 - 4	1 - 4	A	Singular Preferred Lot Control Required
9 - 10	YELLOW	CL2		100% ³	1 - 7	1 - 4	A-B	Lot Control or Singular
9 - 10	GREEN	CL3	No drawing symbol	Per Control Plan ⁵	1 - 7	1 - 7	A-B	Per Control Plan
8	RED	CL4		100% ³	1 - 7	1 - 6	A-B	Per Control Plan
8	YELLOW	CL5 ⁴		Per Control Plan ⁵	1 - 7	1 - 7	A-C	Per Control Plan
8	GREEN	STD	No drawing symbol		1 - 8			Per Control Plan
4 - 7	RED	CL5 ⁴		Per Control Plan ⁵	1 - 7	1 - 7	A-C	Per Control Plan
4 - 7	YELLOW	STD	No drawing symbol	Per Control Plan ⁵	1 - 8			Per Control Plan
4 - 7	GREEN							Per Control Plan
1 - 3	R - Y - G	STD	No drawing symbol	Per Control Plan ⁵	1 - 10	1 - 7	A-C	Per Control Plan

Customer & Supplier Quality



Ricardo Pastor

Executive Director – Global Quality

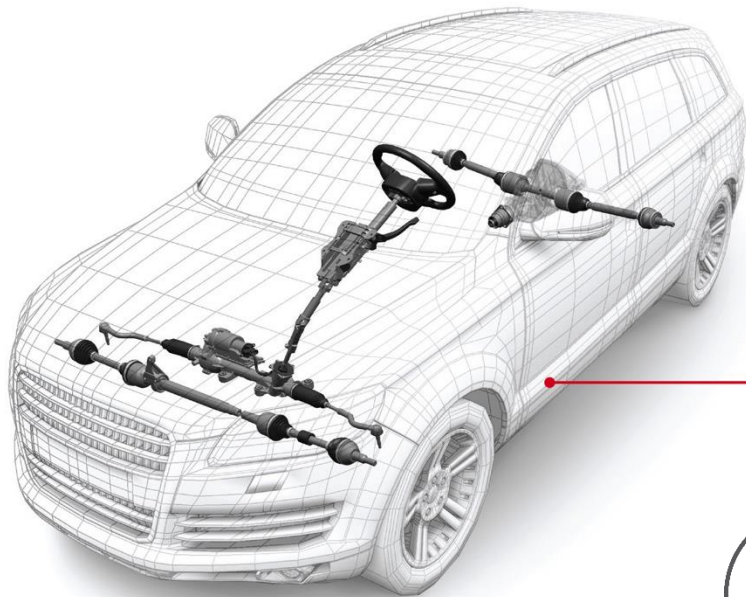


Kurt Heberling

Director – Global Supplier Quality



a leader in intuitive motion control



Customer & Supplier Quality

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

ADAS &
AUTOMATED
DRIVING

Agenda

- Nexteer Quality Promotion
- IATF requirements
 - Nexteer's process approach
- Culture of Quality Journey
- Nexteer Supply Base Performance
- Changing Environment

IATF 16949 – BIG CHANGE!

- A new global industry standard developed by the International Automotive Task Force (IATF)
- The goal of the IATF standard is to have a Quality Management System that provides:
 - Continual improvement
 - Emphasis on defect prevention
 - Reduction of variation and waste
- The standard emphasis is on...
 - Process Owners:
 - Persons who has the ultimate responsibility for the performance of a process in realizing its objectives measured by key process indicators, and has the authority and ability to make necessary changes.
 - Process approach, risk based thinking, customer focus and improvement

IATF 16949 – BIG CHANGE!

- Significant changes: 128 clauses including 13 new clauses and 83 modified to prior ISO/TS
 - The “Shall” Count going from **132** in ISO 9001:2015 to **281** in IATF 16949
 - Key focus on many areas:
 - Customer Specific Requirements,
 - Product Safety,
 - Process Owners,
 - Contingency Planning,
 - Second Party Auditor Competency,
 - Embedded Software,
 - Flow Down of Requirements,
 - TPM,
 - Temporary Changes of process Controls,
 - Warranty, ...

TAKE ACTION FOR

QUALITY

IT'S EVERYONE'S JOB

nexteer
AUTOMOTIVE

QUALITY POLICY

Nexteer is committed to delivering world-class products. We consistently meet all applicable requirements by:

- Promoting
- Living
- Leading a Culture of Quality

Our Culture is based on building Quality into everything we do with a commitment to prevention. We stop and fix what is wrong. We improve by utilizing a continuous improvement process. Each of us are accountable for the Quality of our work.

Changing Environment

2016

- Loss of assist changed from Severity 8 to Severity 10
- Recalls initiated on any high severity item, regardless of potential

2017->2018

- ADAS ... Advance Drive Assist System
 - You don't lose assist, you lose vehicle control Driver may not even be aware
 - More items moving to Severity 10

Impact to launches

DSS – Design Severity Sensitivity

- Each dimension's severity is identified on the drawing
- Frequency of inspection, Process controls, Material handling & Part traceability requirements defined

MAPP – Manufacturing Assessment and Process Plan

- Detailed review of Print understanding
- Manufacturing, Process Controls & traceability agreed to
- Strict adherence to APQP (E-APQP)

Strict adherence to APQP (E-APQP)

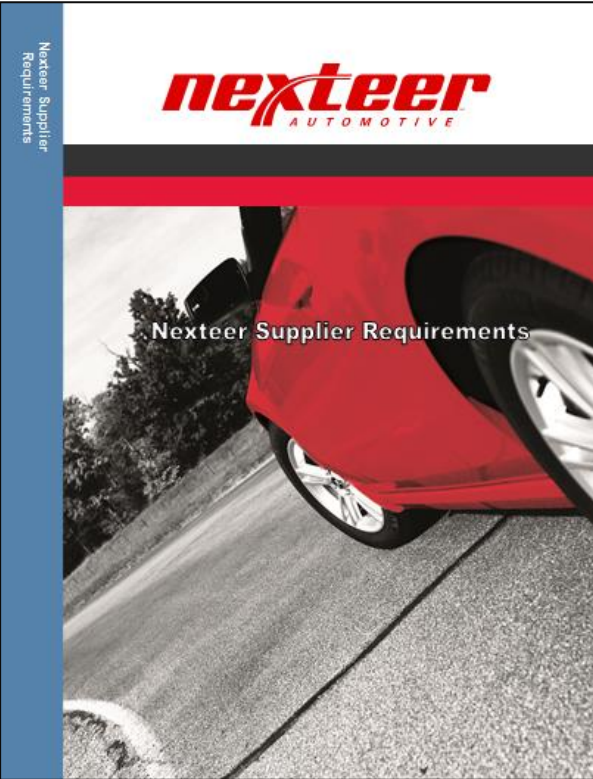
- Kick-off meeting to review Nexteer Supplier Requirements, Expectations, Customer requirements, Timing & Open issues
- Each element of APQP has a defined deliverable & requires Nexteer review
- PPAP run at production rates, Extended Run @ Rates, & EPC for High Severity Items

Impact to Production

- Annual PPAP's
- Capability Verification
- Fast Response
 - Immediate containment
 - Traceability ... fast & minimized exposure
 - In depth problem solving
 - Validated irreversible corrective actions
 - Look Across
- Ongoing Audits

Nexteer Supplier Requirements

Key Updates in 2018



- **1.1 Scope** - Suppliers of indirect products, processes and services must also comply with NSRs, per IATF 16949 requirements.
- **1.9 Record Retention** – Clarified the requirement that PPAP records be maintained by suppliers for 50 years after PPAP approval.
- **4.10 Measurement System Analysis** - Added visual inspection to the measurement methods requiring MSA studies.
- **4.13 Manufacturing Feasibility & Capacity Planning** – Clarified that the required 15% above the contracted capacity may be produced outside the 100 hour, five day work week.
Added a note that the full contracted capacity shall be in place at the supplier's facility and included in the run-at-rate.
- **7.5 Scorecard** – Impact rating will replace complaint rate for scoring

The entire Nexteer Supplier Requirements document has been rearranged and renumbered to align with IATF 16949.

Expectations going into 2018

- Zero Defects
- Continuous improvement culture
- Adhere to all Nexteer Requirements
- Perfect Launch
- Management of the Sub-Tier Supply base
- Fast Response to Problem cases and Irreversible Corrective Actions
- IATF Certification All audits after October are to IATF standards

Promote, Live & Lead a Culture of Quality

Leadership determines the Culture



Stephen Shedletzky

Chief of Staff – Start With Why

ABOUT

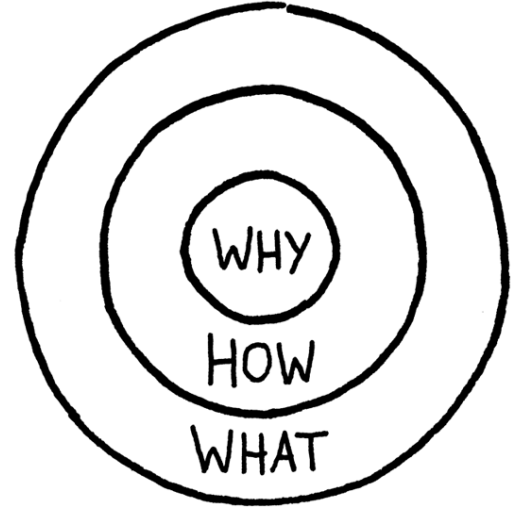
Stephen supports leaders to create environments where their people feel inspired to go to work, feel safe and valued while they are there, and return home at the end of each day fulfilled by the work they do. In his engaging and dynamic style, Stephen speaks, leads workshops and coaches leaders and organizations to discover, articulate and live their “Why”.

As Chief of Staff with Simon Sinek’s team at Start With Why, Stephen not only shares the message to inspire others, he plays a key internal role leading culture, product development, and communication initiatives to ensure the Start With Why team brings the Why to life from the inside out. He also co-hosts and co-produces the “Start With Why Podcast”, downloaded in over 180 countries. Stephen graduated from the Richard Ivey School of Business with an HBA, focusing on leadership, communication and strategy. He has received leadership and coaching training from the Coaches Training Institute. Stephen travels all over the world and has worked with clients in industries ranging from education, aerospace, banking, healthcare, consumer products, hospitality, government and real estate. Stephen lives in Toronto, Canada with his wife and daughter.



START

WITH
WHY

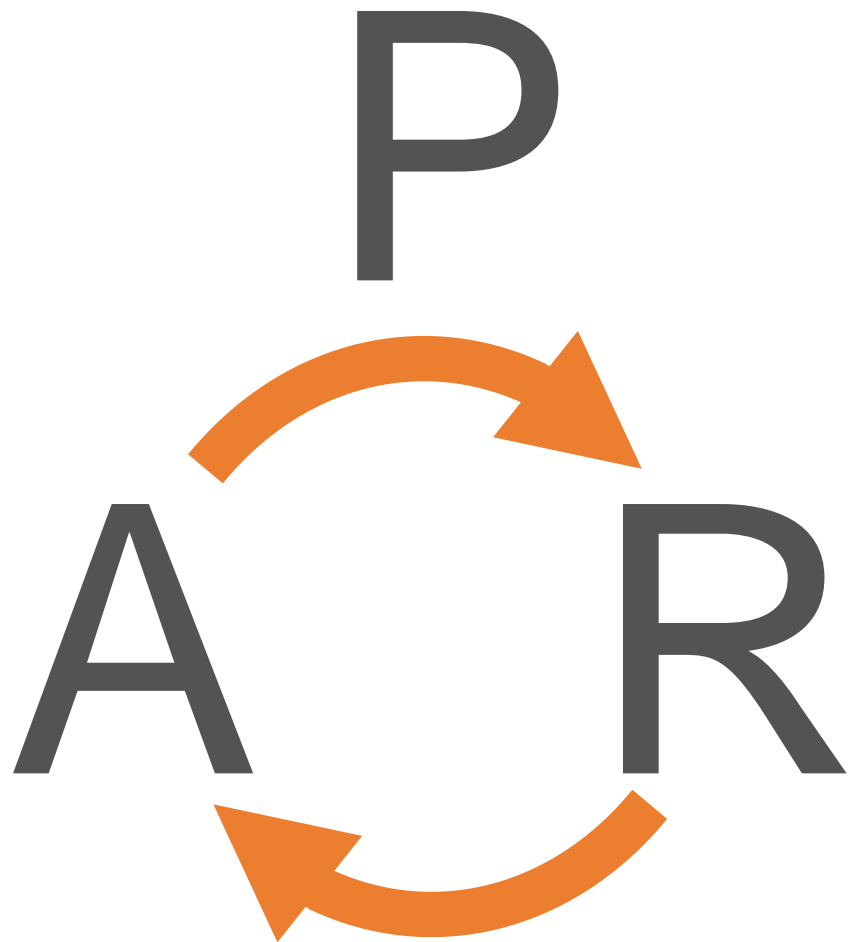




A world map in a light teal color, centered on the Atlantic Ocean, serving as the background for the text.

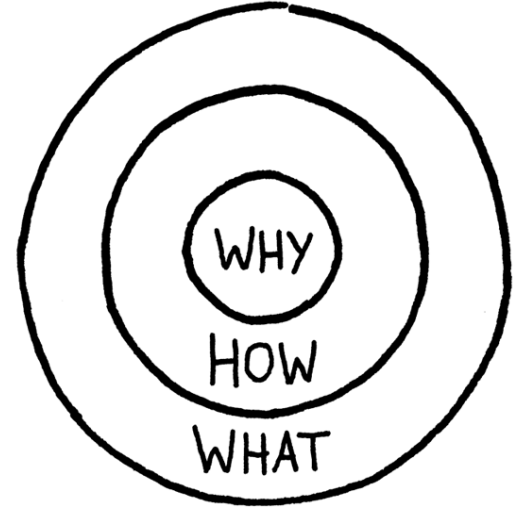
3 BILLION

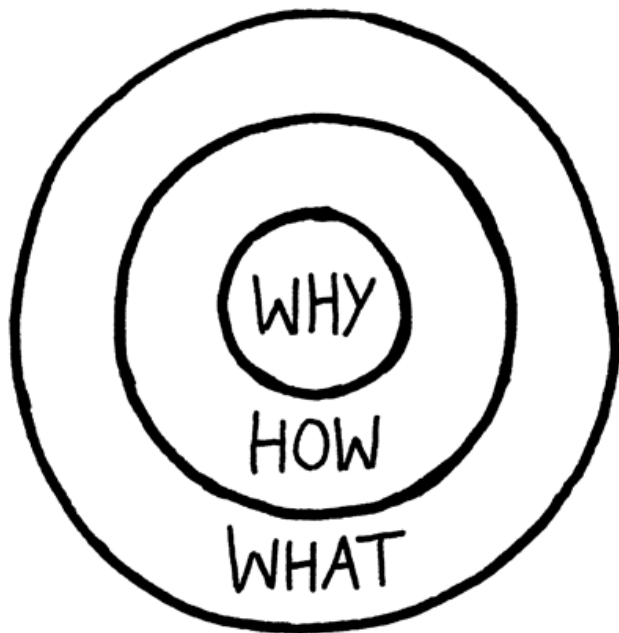
87%





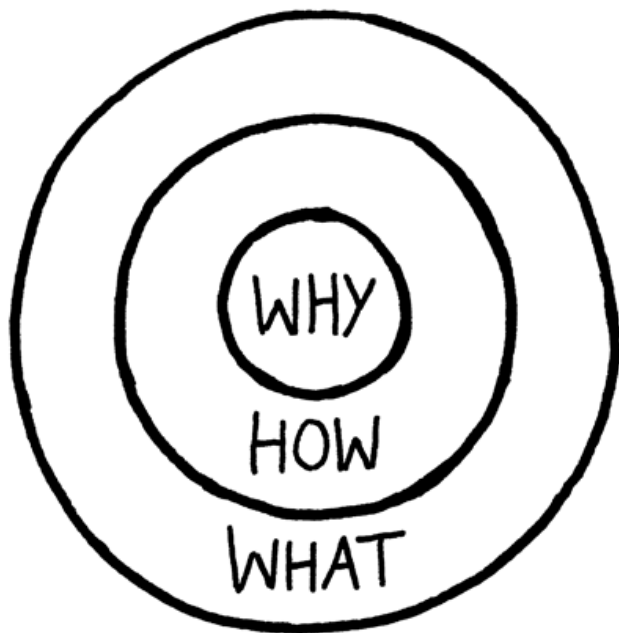
THE GOLDEN CIRCLE





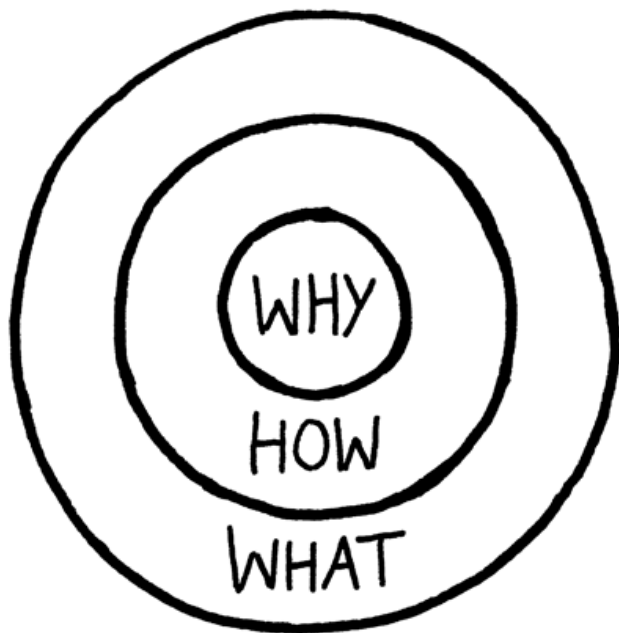
WHAT

Products sold, services offered
or your roles at work and in life.



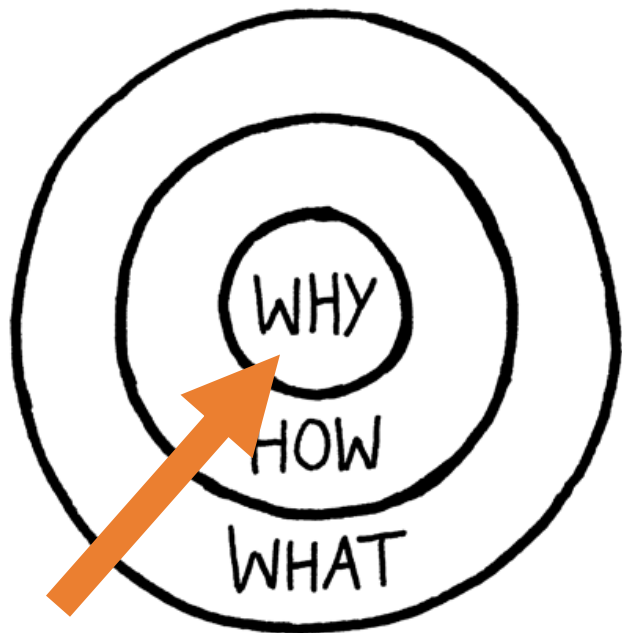
HOW

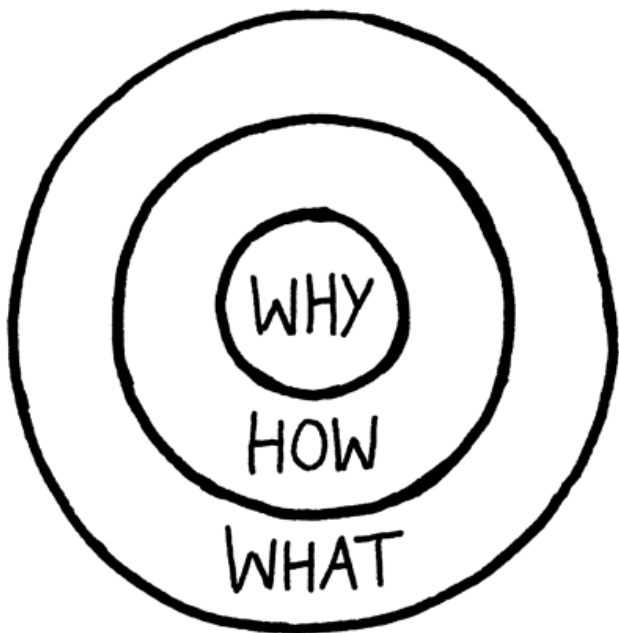
The actions that set you apart from others who do about the same thing you do. Your values, strengths or guiding principles.



WHY

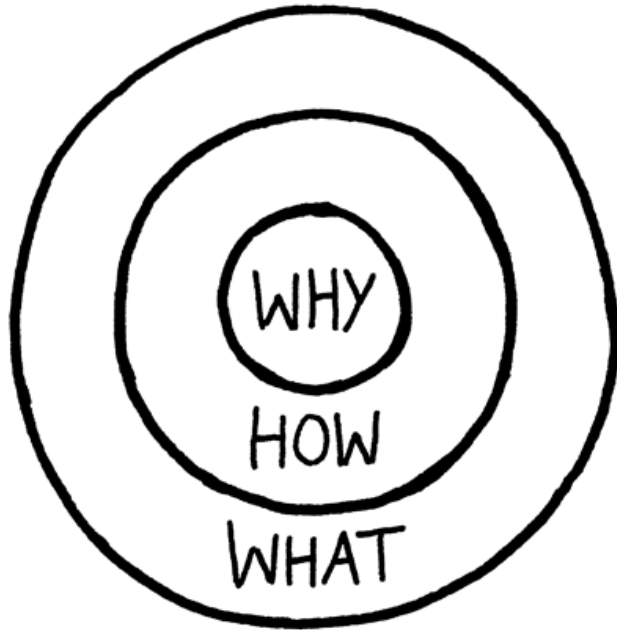
Your purpose, cause or belief.





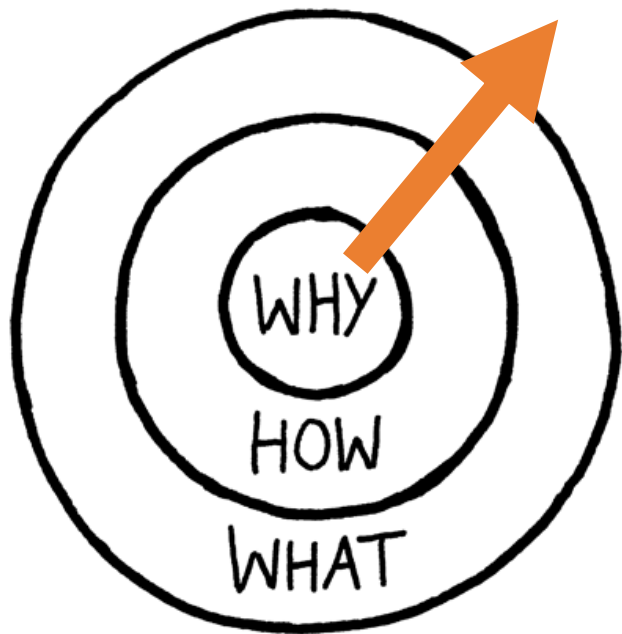
WHAT

We make electric cars.



HOW

We reduce our dependency on fossil fuels and make some of the most advanced technologies available to the masses.





WHY

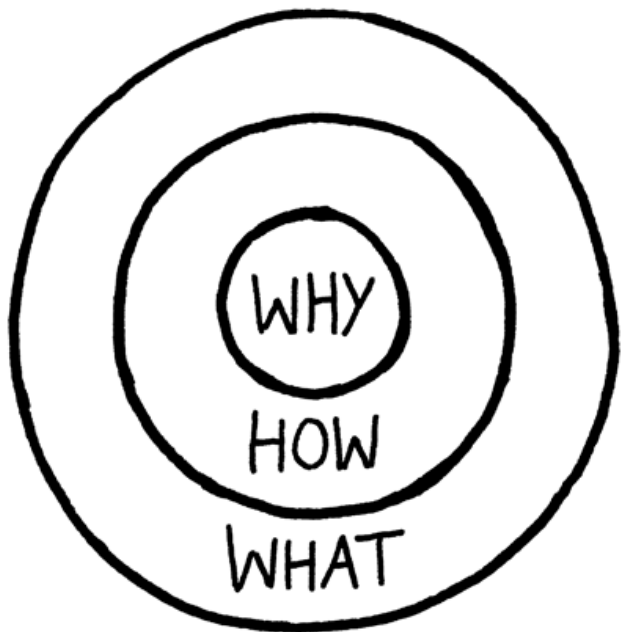
Everything we do is to ensure a happy and sustainable future for humanity.

HOW

We reduce our dependency on fossil fuels and make some of the most advanced technologies available to the masses.

WHAT

We make electric cars.



CLARITY OF WHY

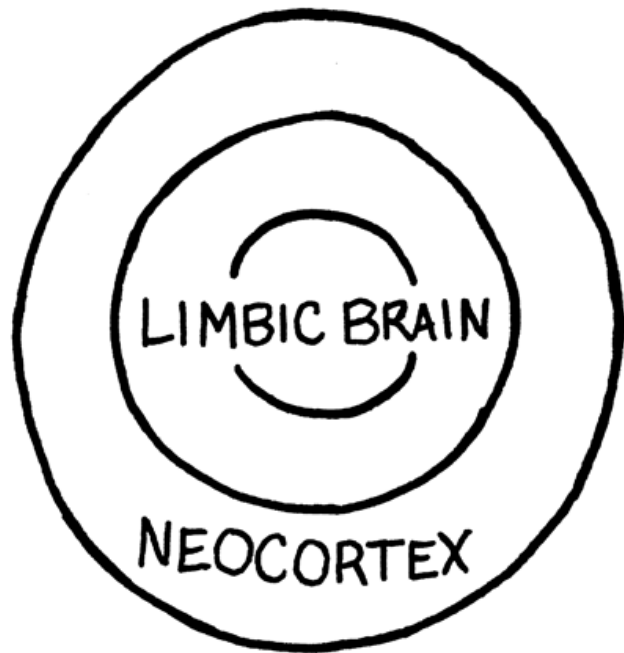
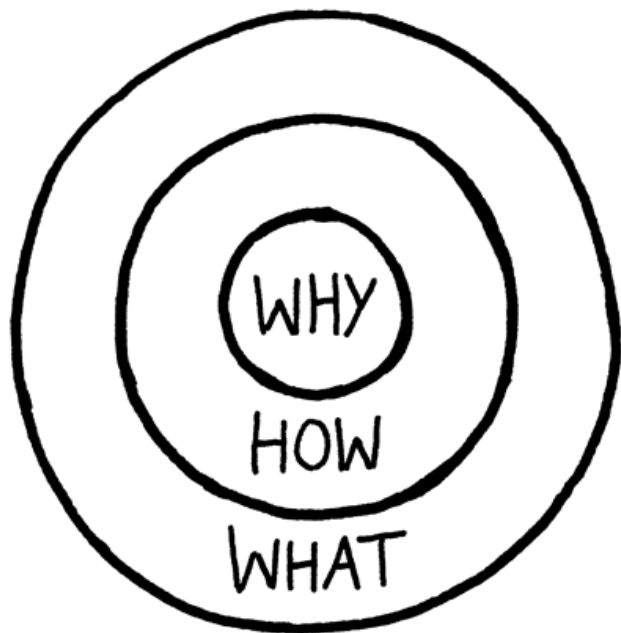
Have a clear vision of your purpose, cause or belief.

DISCIPLINE OF HOW

Set the values that naturally align with your purpose & culture and then stick to them.

CONSISTENCY OF WHAT

Ensure that the tangible outputs that you create, the relationships you keep, and the things that you say are clearly connected to your Why.

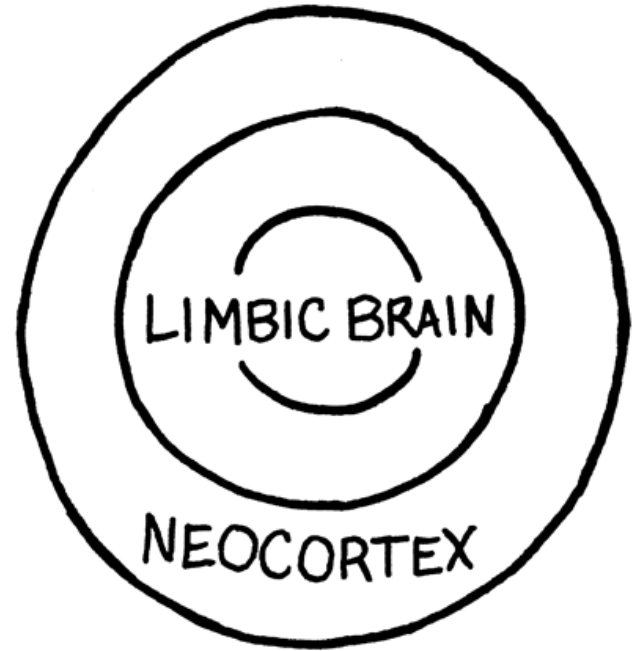


NEOCORTEX

Responsible for all of our rational and analytical thought and language.

LIMBIC SYSTEM

Responsible for feelings like trust and loyalty. It's also responsible for human behavior, decision-making and it has no capacity for language.



Wrap-Up & Questions

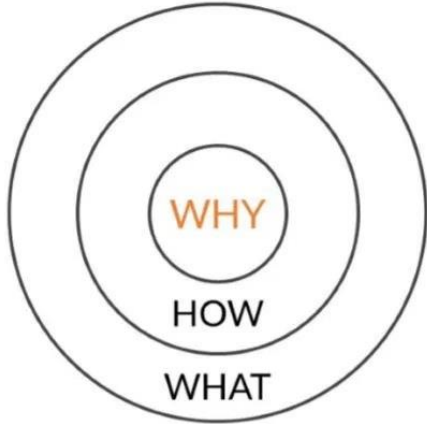


OT Benson

Executive Director
Global Supply Management

Start With Why

The Golden Circle



WHAT

Every organization on the planet knows WHAT they do. These are products they sell or the services they offer.

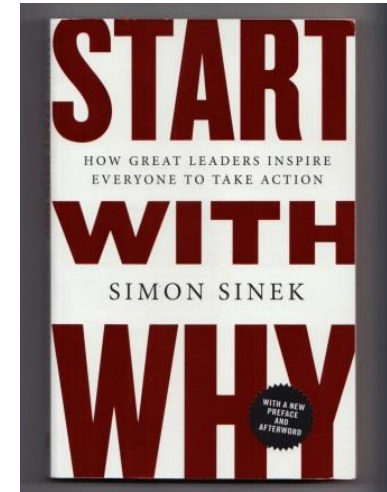
HOW

Some organizations know HOW they do it. These are the things that make them special or set them apart from their competition.

WHY

Very few organizations know WHY they do what they do. WHY is not about making money. That's a result. It's a purpose, cause or belief. It's the very reason your organization exists.

Why are your customers
your customers?



Get Switched



- **Near Term - Stable Growth Aligned with Market**
- **Clear Path Forward to Out-Pace The Market**
- **Lean Cost Structure**
- **Continued Investment In Technologies and Capabilities**

What You Heard Today...

- The market is flat – must focus on competitiveness
- Supplier partners have been key to our success – **Thank You!**
- Cost modeling is working – Keep momentum going!
- Industry quality standards are changing (IATF 16949)
- Season of preparation – Next wave of technology is coming
- SRM continues to be our focus – Understand our “why” together
- Get Switched On & Stay Engaged!!



Supplier Recognition

2017 Perfect Quality Award – Criteria

- Zero Problem Cases (July 2016 – June 2017)
- + \$250k Spend
- All Certifications current

85 Locations Achieved this Honor!

2017 Perfect Quality Award

Aikoku Alpha Corp

Inazawa, Japan

2017 Perfect Quality Award

CIE Celaya SA de CV

Celaya, Mexico

2017 Perfect Quality Award

Daerim MTI Co Ltd

Chonan, Korea

2017 Perfect Quality Award

Gerdau Macsteel Inc

Monroe, MI, USA

2017 Perfect Quality Award

GKN Sinter Metals Inc

Salem, IN, USA

2017 Perfect Quality Award

King Steel Corporation

Grand Blanc, MI, USA

2017 Perfect Quality Award

LH Stampings Corporation

Fort Wayne, IN, USA

2017 Perfect Quality Award

Prism Plastics (2 locations)

Chesterfield, MI, USA

Port Huron, MI, USA

2017 Perfect Quality Award

Ralco Industries Inc.

Auburn Hills, MI, USA

2017 Perfect Quality Award

Saint Gobain - Rencol

Bristol, UK

2017 Perfect Quality Award

Trelleborg (4 locations)

Mlada Boleslav, CZ

Sandusky, OH, USA

Queretaro, MX

Salisbury, US

Supplier of the Year

2017 Outstanding Supplier Award - Indirect

Fuji Machine America



FUJII

innovative spirit

Fuji Machine – Award Background

- **Original Sourced Supplier**
 - Sourced integrator could not deliver to the technical specification on time.
 - Delivery had slipped well beyond the sourced MQ date.
 - Technical issues were still unresolved forcing Nexteer to take the extraordinary step of cancelling the order
- **Fuji Machine America (Through their Integrator Dynamic Machine of Detroit)**
 - Brought a lathe Fuji had in stock back from Europe to Chicago
 - Plumbed a vacuum system to remove stringy nylon chips from the machining environment.
 - Procured new work holding that orientated the Double D shaft
 - Developed a system to adequately handle a mix of nylon and steel offal
 - Made sure the entire system was CE marked and returned it to Poland
 - Timing from Purchase Order to MQ1 = 10 weeks

2017 Outstanding Supplier Award – Direct

King Steel Corporation



King Steel – Award Background

- **Perfect scorecard of “100” for the last 2yrs** (Quality 40, Cost 30, Delivery 15, Responsiveness 15)
- **Customer Support**
 - When previous supplier closed a mill that supplied our material King Steel stepped in to deliver a new solution & brand new material PPAP approved in 5 months allowing us to avoid any disruptions for this global product.
 - Established JIT to 3 of our plants...allowing elimination of all warehousing costs.
 - Procured 300 new dunnage containers to help with supply of cut blanks to our plants as we did not have enough to support.
- **Customer Focus**
 - Plant 7 had issues cutting the bands used to wrap & ship incoming steel
 - King Steel was at plant within 30min to educate the plant on the cut and actually left 2 steel cutters for the plant to use, so that the material was no longer damaged at the plant.
- **Customer Focus**
 - Another steel supplier mill caught fire and stopped shipping material to our plant 5 on a Friday morning.
 - King Steel arranged to have 1M lbs of coil material within 5 days delivered to their warehouse in Holly, MI so that plant 5 production and customer were not impacted. (melt, roll, coil and ship within 5 days over a weekend)
- **Next Generation Design Support**
 - Worked with Ovako Steel and King Steel during next generation rack design development to deliver 26% cost reduction per rack.
 - This will deliver \$1.8M annual cost reduction for the current program

Cocktail & Dinner
