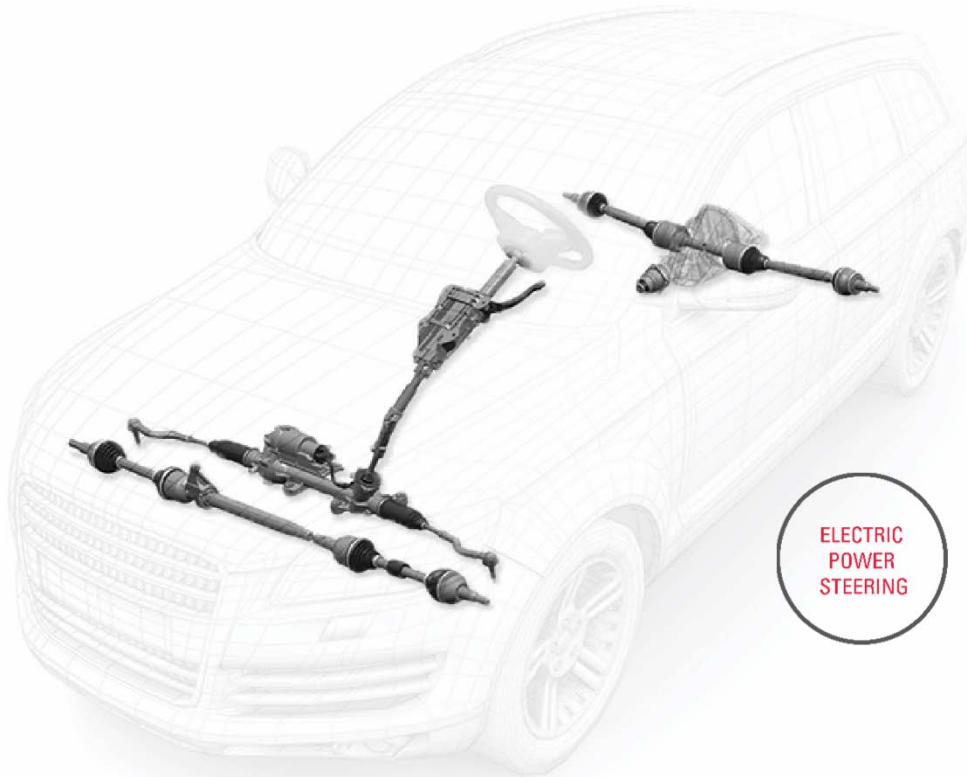




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2018

Annual Results Announcement

12 March 2019

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



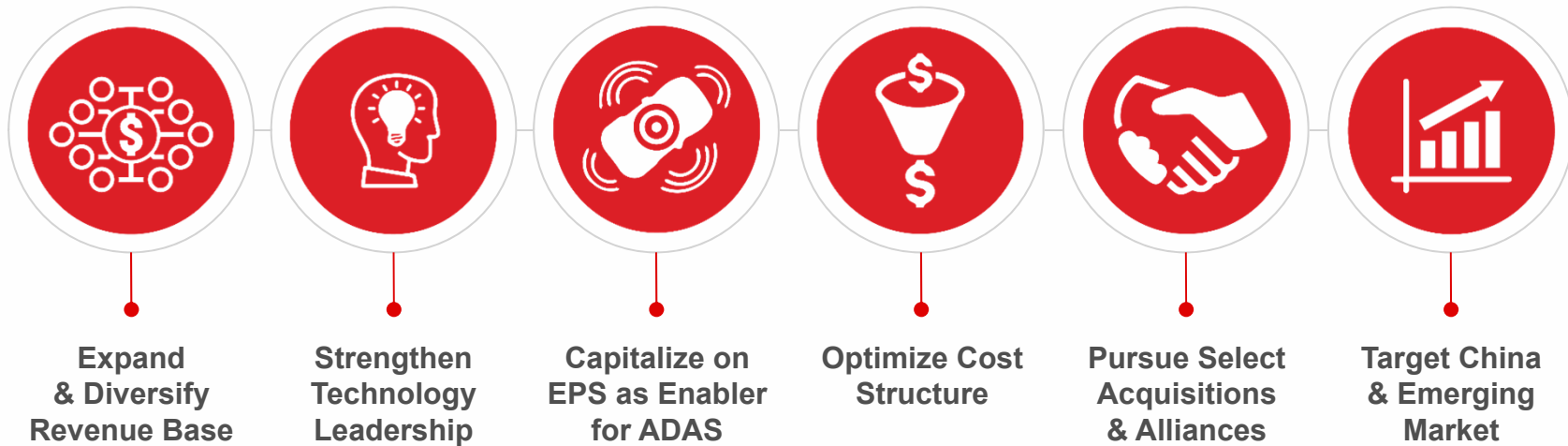
Michael Richardson

Executive Board Director
President



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Strategy for Profitable Growth



A Well-Defined Plan to Drive Stakeholder Value

2018 Business Highlights



- Successful launch of **22 programs** across multiple product lines, regions & customers
- Increased Order-to-Delivery Backlog to US\$25.2 billion
- Strategic expansion of global footprint
- Readiness of new steering product commercialization with demonstrated technology leadership
- Continued focus on operational efficiency improvement

Launched 22 Major Customer Programs



New Launch Vehicles



**FCA
Ram 1500**



**Chang'an*
Oushang
X70A**



**Chang'an*
Eado**

Q1 2018



**FCA
Grand
Commander**



**SGMW
Wuling
Rongguang**



**GM
Excelle**



**Maruti-
Suzuki Swift
Dzire Tour**

Q2 2018



**GMC Sierra/
Chevrolet
Silverado**



**Chang'an
CS35 Plus**



**GM
Holden
Acadia**



**Chang'an
Yuexiang V3**

Q3 2018



**SGMW
Baojun RS-5**



**Ford
Ranger**



**Nissan
Micra**



**GM
Blazer**



**Chang'an
Raeton CC**

Q4 2018

2018 Business Highlights

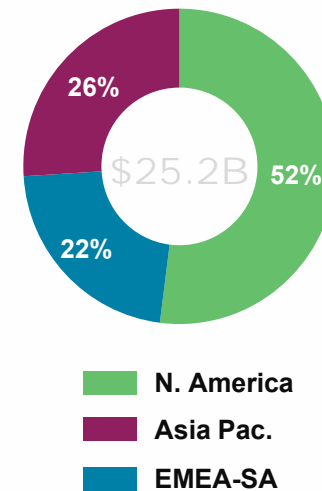
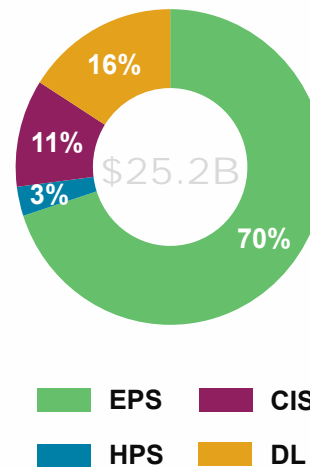
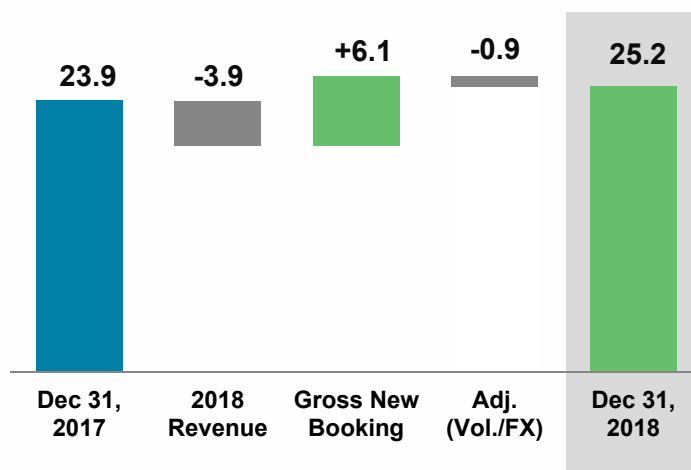


- Successful launch of 22 programs across multiple product lines, regions & customers
- **Increased Order-to-Delivery Backlog to *US\$25.2 billion***
- Strategic expansion of global footprint
- Readiness of new steering product commercialization with demonstrated technology leadership
- Continued focus on operational efficiency improvement

Increased Backlog Through Strong Focus on Customer and Product



Order to Delivery Backlog* as of December 31, 2018



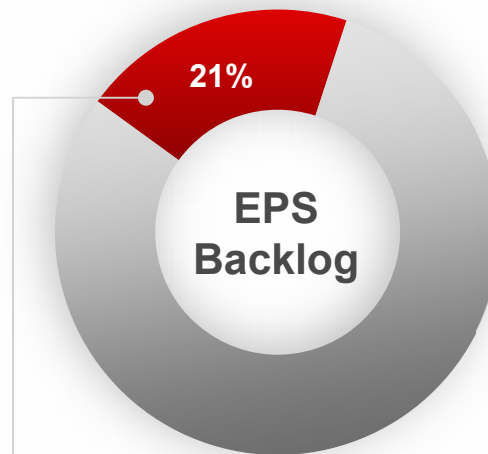
* Booked business information is compiled through our internal records, and such information has not been audited nor reviewed by our auditors.

Capitalize on Technology as Enabler for ADAS & Vehicle Electrification



21%

EPS enables L3-5
ADAS/AD function



9%

EPS, CIS and DL
solutions for EV
applications



More Diverse Customer Base

Serving More Than 60+ Customers Including...



5 New EPS Customers Added Past 2 Years

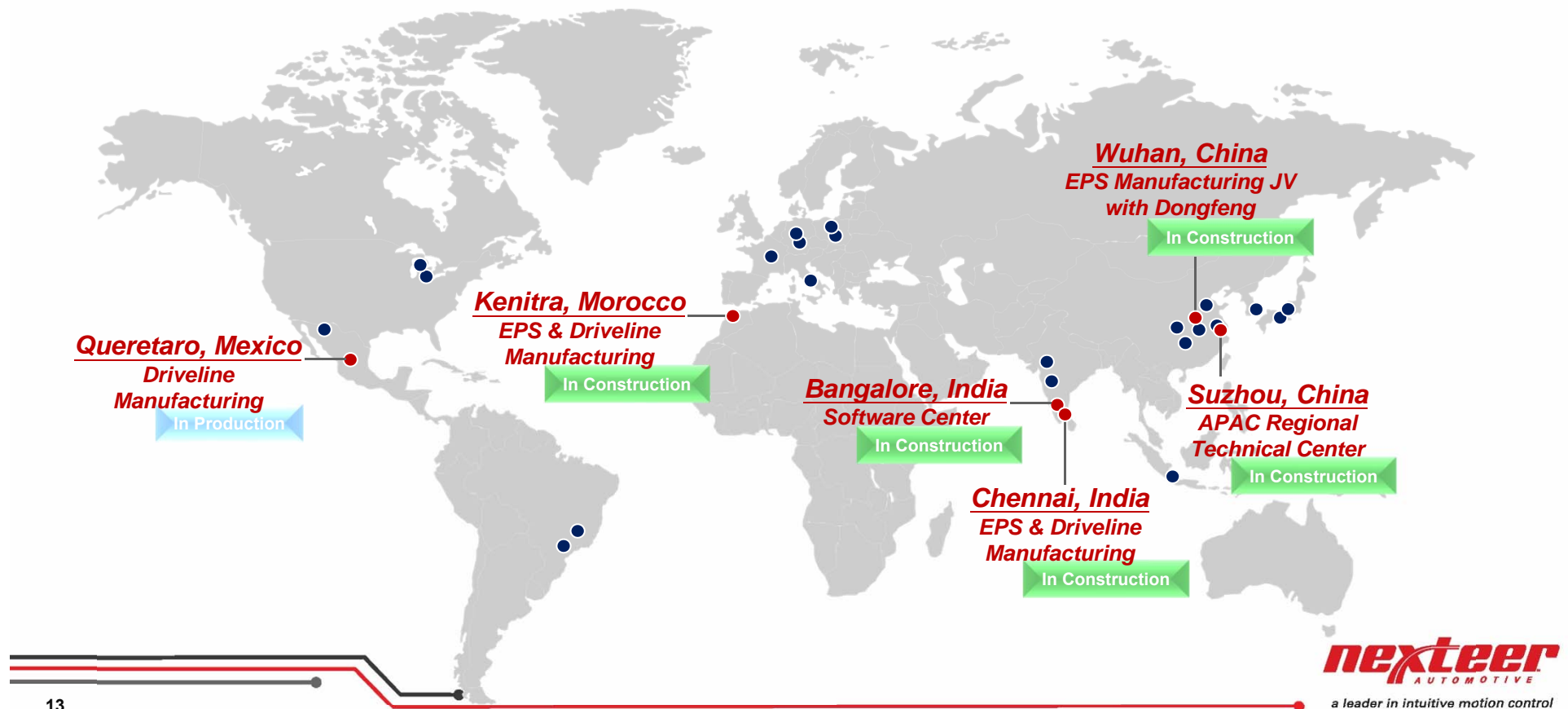


2018 Business Highlights

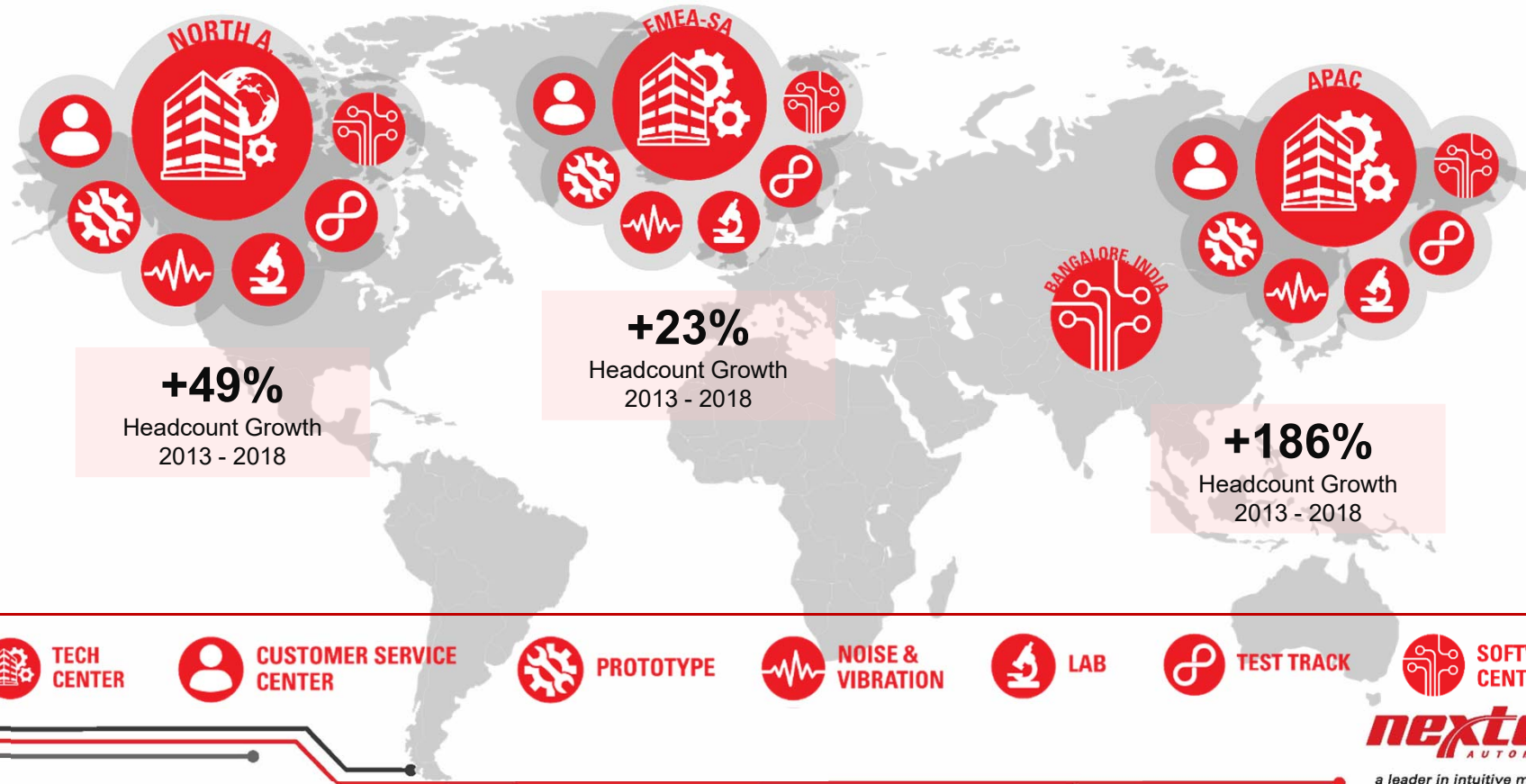


- Successful launch of 22 programs across multiple product lines, regions & customers
- Increased Order-to-Delivery Backlog to US\$25.2 billion
- ***Strategic expansion* of global footprint**
- Readiness of new steering product commercialization with demonstrated technology leadership
- Continued focus on operational efficiency improvement

Strategic Global Footprint Expansion



Continued Strengthening of Global Engineering Capabilities



2018 Business Highlights



- Successful launch of 22 programs across multiple product lines, regions & customers
- Increased Order-to-Delivery Backlog to US\$25.2 billion
- Strategic expansion of global footprint
- ***Readiness*** of new steering product commercialization with demonstrated ***technology leadership***
- Continued focus on operational efficiency improvement



NEW ERA OF SAFETY & PERFORMANCE

Nexteer's Leadership in ADAS / AD Landscape



LEVEL 1

Driver Assistance

Driver controls vehicle.
Vehicle assist features may be included in the design.



LEVEL 2

Partial Automation

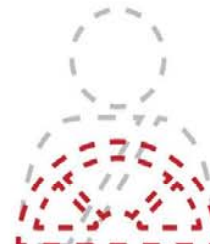
Driver must stay engaged at all times.
Vehicle has combined automated features.



LEVEL 3

Conditional Automation

Driver is a necessity, but not required to monitor environment & must be ready to take control at all times with notice.



LEVEL 4

High Automation

Driver has the option to control the vehicle.
Vehicle is capable of performing all driving functions under certain conditions.



LEVEL 5

Full Automation

Driver may have the option to control the vehicle.
Vehicle is capable of performing all driving functions under all conditions. *

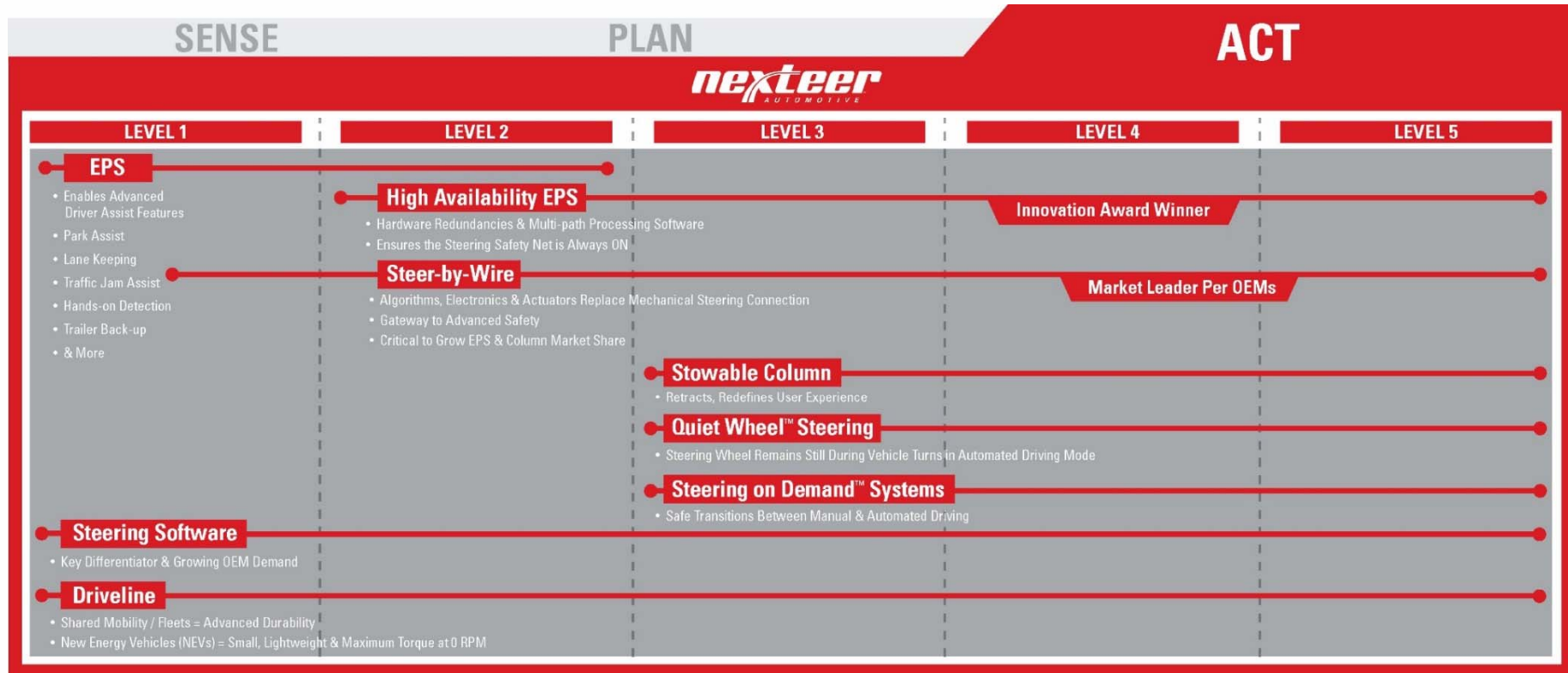
700 FIT

100 FIT

10 FIT

FIT: A Statistical Measure of Product Reliability. Lower FIT Scores Indicate Higher Product Reliability.

Our Leading Product Portfolio



Commercialisation Readiness



2019 Launch



2020 Launch



Strengthen Technology Leadership

Steer by Wire & Software: Market Differentiators



- “Motion Control Specialist”
- Enables advanced safety functions
- OE packaging, component re-use, simplified chassis design
- Potential influences on adoption rates, e.g. *EuroNCAP 2025 Roadmap includes Automatic Emergency Steering*

Business Alliances and Partnership



**Unique Channel to Expand
Addressable Market in China**



**长安汽车
CHANGAN**



**Technical Collaboration to Expand
Global Customer Exposure**



A CONTINENTAL • NEXTEER
MOTION CONTROL VENTURE

2018 Business Highlights



- Successful launch of 22 programs across multiple product lines, regions & customers
- Increased Order-to-Delivery Backlog to US\$25.2 billion
- Strategic expansion of global footprint
- Readiness of new steering product commercialization with demonstrated technology leadership
- **Continued focus on *operational efficiency* improvement**

Global Manufacturing Operations Optimization



Enterprise Growth



Operational Excellence



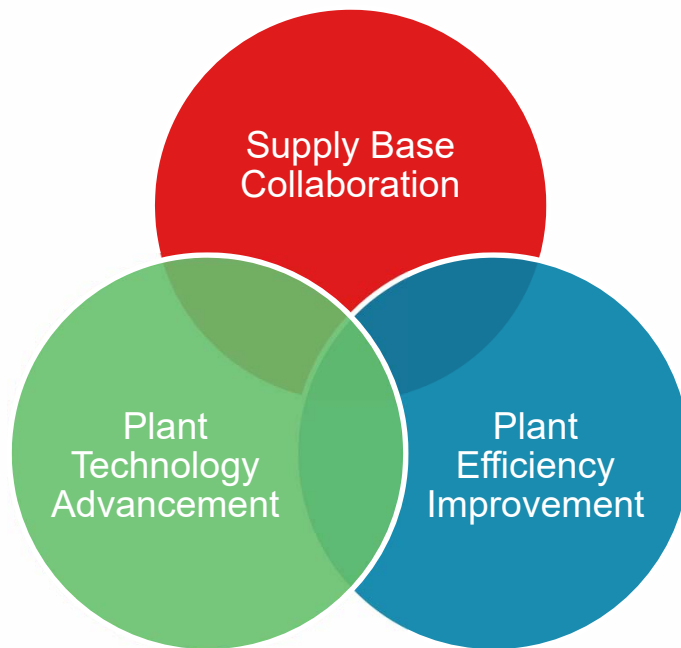
People

Customer First • Respect People • Continuous Improvement

Lean Layout • Safety • Standardized Work

TPM • Management Control

Driveline Business Transformation



Bill of Process change for the Driveline business in US

- Global consistency leading to better quality and customer value
- Reduced lead time across the supply chain and utilizing more supplier technology
- Improved efficiency in plant operations
- Improved capacity utilization
- Technology improvement facilitates quality and cost improvements

Industry Recognition



2018 Motor Trend Truck of the Year
Ford F-150
Steering Column, REPS



Ford Top Supplier Award:
Manufacturing Operations
Queretaro | Silver Award



2018 SGMW Excellent
Collaboration Award



2018 SGMW Excellent Supplier
Award of Indonesian Subsidiary



FCA Excellence
in Management Aligned
With Quality Principles



2018 GAC FCA
Excellent Delivery Performance
Supplier Award

nexteer
AUTOMOTIVE

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Industry Recognition



**Friendly Place
to Work Award**
Poland



**Great Place
to Work Award**
Brazil



**Corporate Social
Responsibility Award**
Poland



**2018 North American
Truck of the Year**
Lincoln Navigator
Steering Column, REPS



**Top Graduate Employers
of China 2018**



Advanced Manufacturing Leader
Chongqing Municipal Government

2019 Enterprise Priorities



- Deliver Perfect Product Launches
 - 300% Increase (2018-2019)
- Maintain Momentum on Conquest Bookings
 - Expansion across Customers, Products & Regions
- Continue Globalization with Regional Autonomy
 - Design and Produce in Region of Consumption
- Read-across Learnings on Improved Operational Efficiency
 - Global BOD / BOM / BOP
- Engage Selectively on ADAS / NEV Opportunities
 - Efficient / Scalable / Option Value / Opportunity to Exploit Market Trends

2018 Financial Highlights



Bill Quigley

Senior Vice President
Chief Financial Officer

2018 Financial Highlights

1. Record Revenue

- *NA and EMEA-SA outperformed OEM unit production; APAC impacted by significant fall-off in 2H 2018 OEM unit production*

2. EBITDA in-line with 2017

- *Regional mix - NA and APAC OEM demand*
- *Commodity impacts requiring incremental offset actions*

3. Strong Net Profit

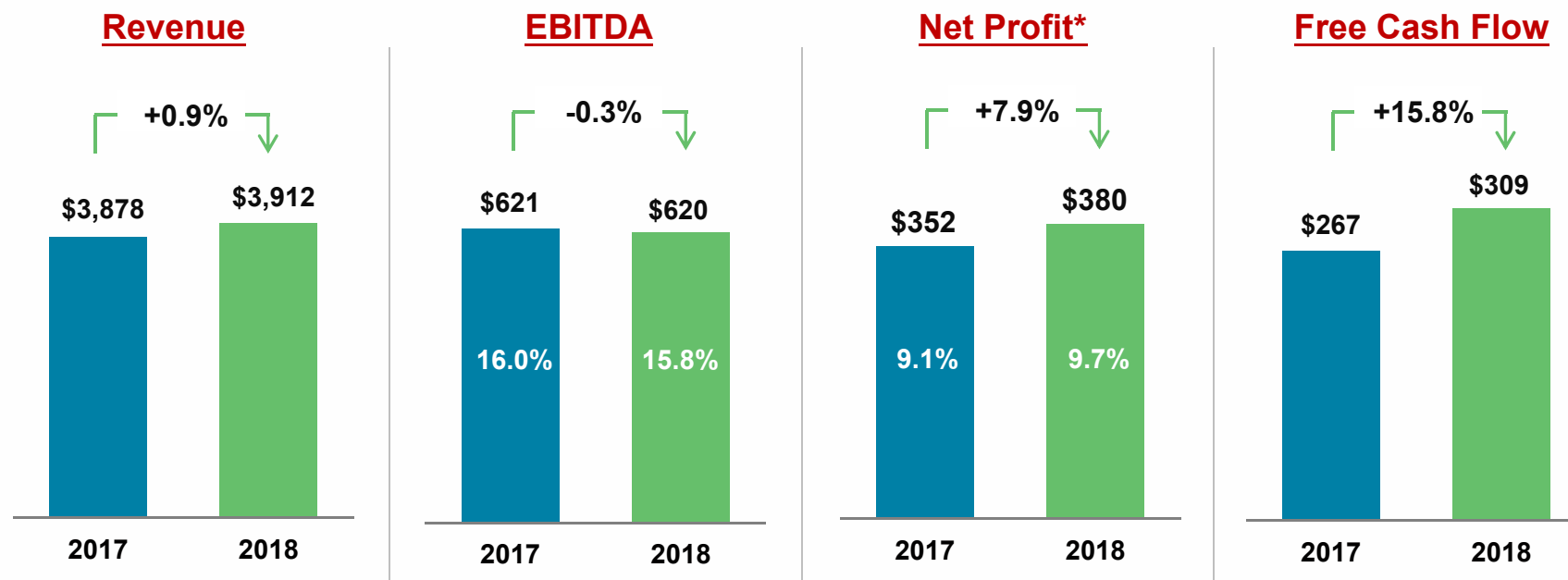
- *U.S. R&D tax initiative benefit*

4. Significant Free Cash Flow / Strong Balance Sheet

5. Strong Customer Bookings Driving Increased Backlog

Key Financial Metrics

(\$ in millions)



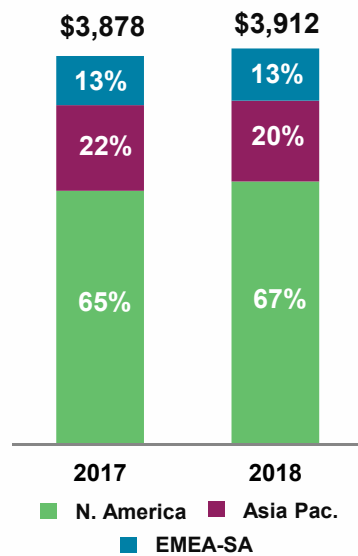
* Net Profit Attributable to Equity Holders

Revenue by Region

(\$ in millions)

Global Revenue

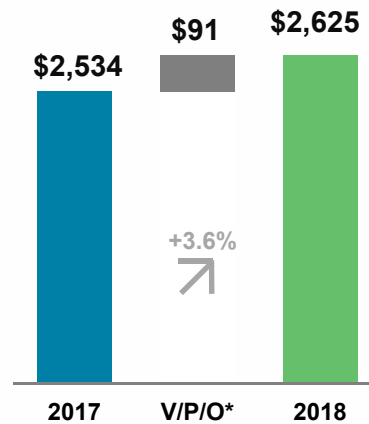
(structural %)



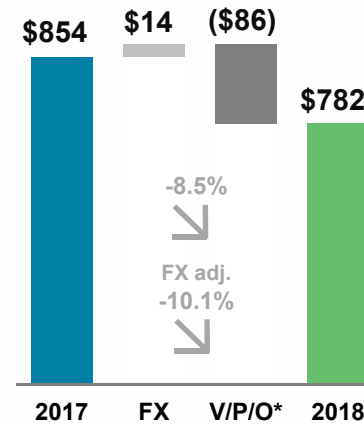
Regional Distribution

(growth %)

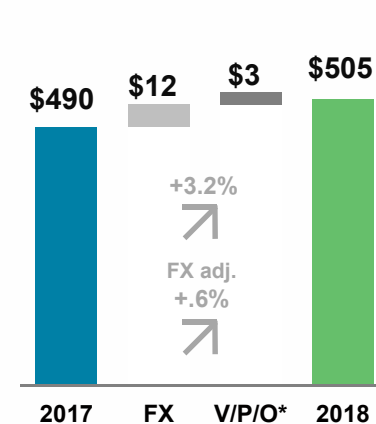
N. America



Asia Pac.



EMEA-SA



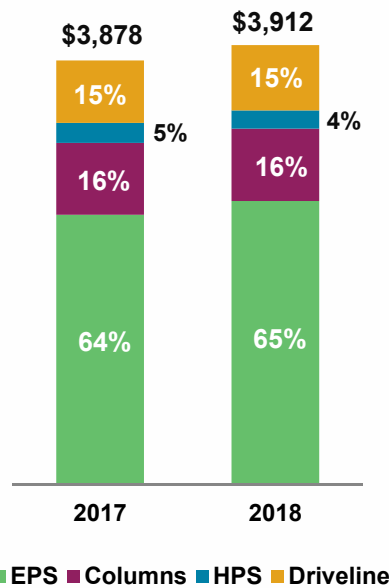
* Volume / Price / Other

Revenue by Product Line

(\$ in millions)

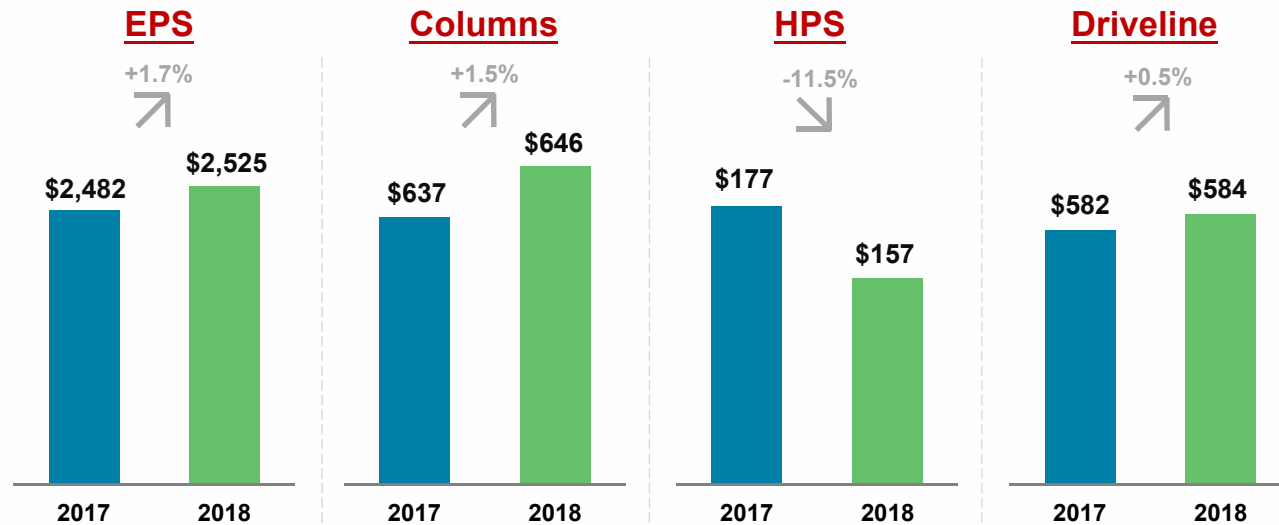
Global Revenue

(structural %)



Product Line Distribution

(growth %)

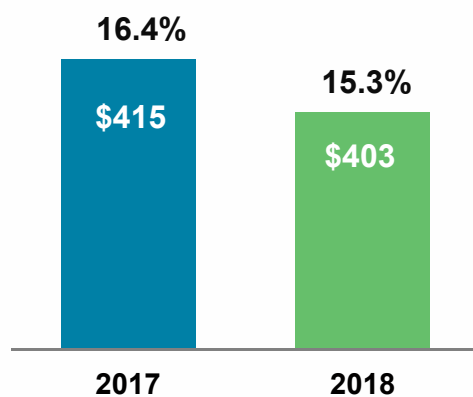


EBITDA by Region

(\$ in millions)

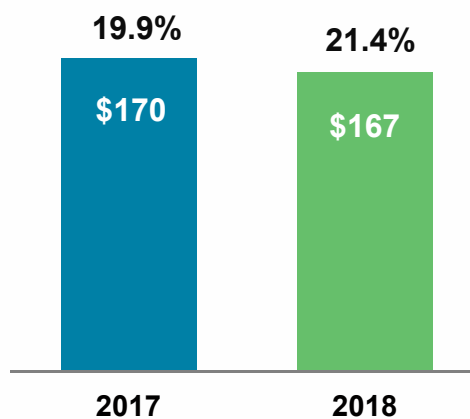
N. America

(% of revenue)



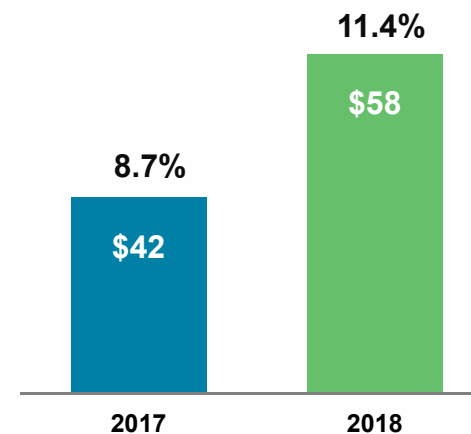
Asia Pac.

(% of revenue)



EMEA-SA

(% of revenue)



EBITDA to Net Profit Walk

(\$ in millions)

	2018	2017
EBITDA	\$ 620	\$ 621
D&A	196	193
Net Finance Costs	9	21
Share of JV Earnings	4	2
Income Tax Expense	26	49
Minority Interest	5	4
Net Profit	\$ 380	\$ 352
Reported Effective Tax Rate	6.3%	12.1%

Higher net cash positions

Non-consolidated JVs

U.S. R&D tax initiative

Consolidated JVs

U.S. R&D Tax Initiative

Overview

Comprehensive review of tax positions identified further opportunity in U.S. R&D credit and related deductions

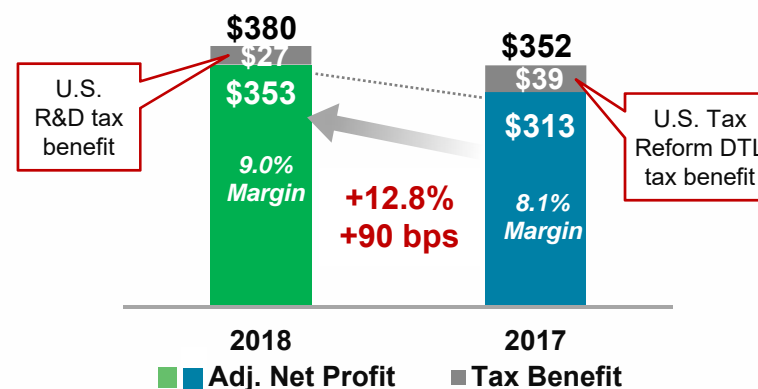
1. IRC 41 - U.S. Research Tax Credit – provides dollar-for-dollar reduction in U.S. corporate income tax liability

2. IRC 174 - U.S. Research and Experimental Expenditures – U.S. Tax Reform rate reduction – 35% for pre-2018 deductions vs 21% post-2017 (permanent recapture of 14% rate difference)

2018 reported Net Profit includes \$27M benefit for prior year tax periods (2013 – 2017)

(\$ in millions)

Net Profit Comparison



Effective Tax Rate - ETR

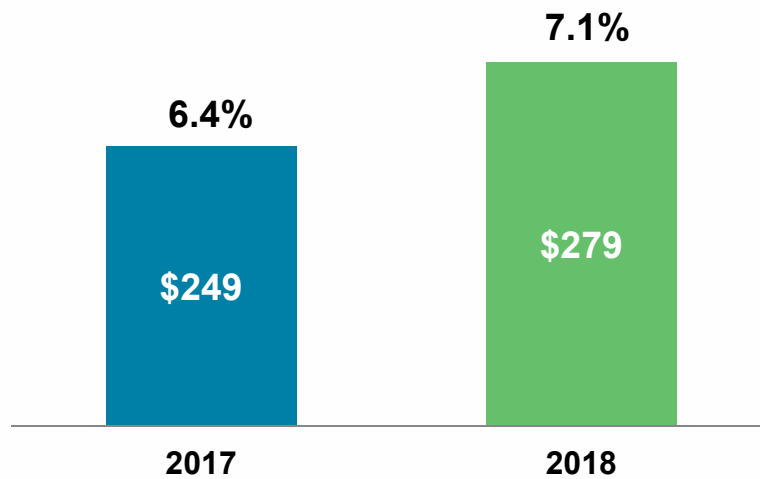
	2018	2017
Pre-Tax Profit	\$ 410	\$ 405
As Reported		
Tax Expense	\$ 26	\$ 49
ETR	6.3%	12.1%
As Adjusted		
Tax Expense	\$ 53	88
ETR	12.9%	21.7%

Investment for Future Growth

(\$ in millions)

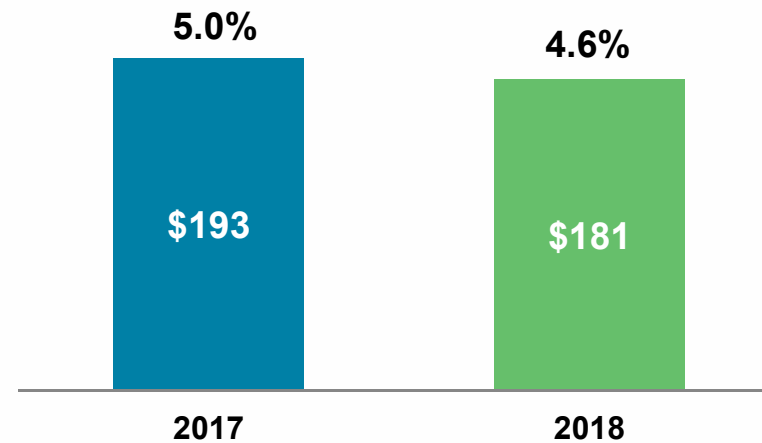
Engineering / Prod. Development*

(% of revenue)



Cap-Ex*

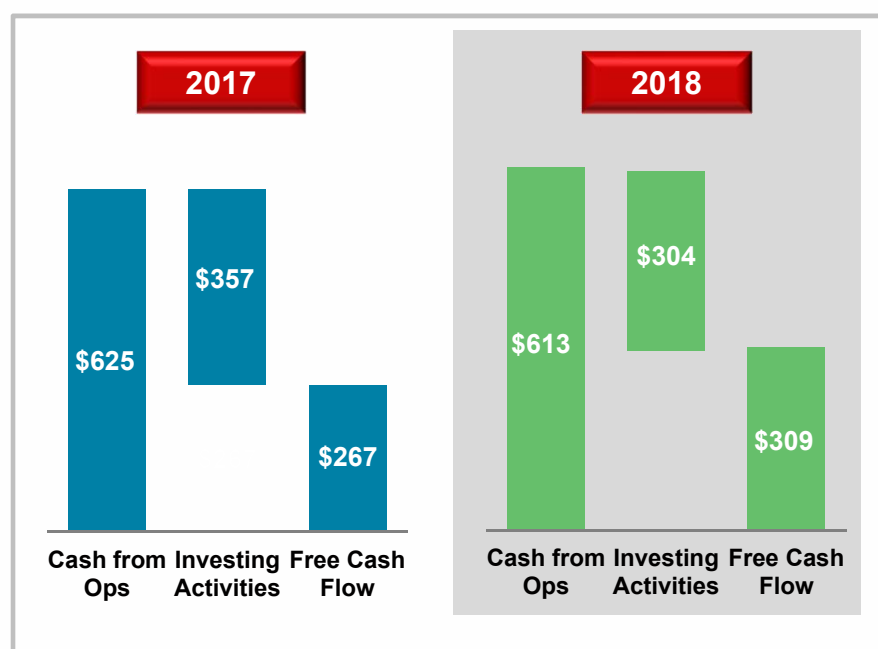
(% of revenue)



- Engineering and product development costs charged to income statement and development costs capitalized as intangible asset. Cap-Ex presented based on assets acquired in the period

Strong Free Cash Flow and Balance Sheet

(\$ in millions)



	Dec 2017	Dec 2018
Cash and Capital		
Gross Debt	\$ 491	\$ 382
Less: Cash	601	675
Net Debt / (Cash)	<u>\$ (110)</u>	<u>\$ (293)</u>
Total Equity	\$ 1,441	\$ 1,710
Total Net Capital	\$ 1,331	\$ 1,417
Net Debt / Net Capital	n.a.	n.a.
Liquidity		
Cash	\$ 601	\$ 675
Credit Facilities	301	376
Total	<u>\$ 902</u>	<u>\$ 1,051</u>
Leverage / Coverage		
Gross Debt to EBITDA	0.8x	0.6x
Net Debt to EBITDA	n.a.	n.a.

Capital Allocation Priorities



Capital Allocation Priorities

(\$ in millions)



Invest to Drive Organic Growth

- 1 new manufacturing facility in operation - 2018
- 5 under construction – 3 mfg; 2 technical centres
 - Suzhou Technical and India Software Centres
 - Chennai, India; Kenitra, Morocco, Wuhan JV
- **Capital investment of \$181m; \$577m last 3 years**
- **R&D investment of \$279m; \$760m last 3 years**



Debt Service & Capital Market Access

- **\$309m of free cash flow; \$803m last 3 years**
- Early pay-off of U.S. Term Loan and ABL refinancing
- **\$675m cash balance; \$293m net cash position**
- Available liquidity of \$376m with manageable debt maturity profile
- **Investment Grade rating**



Pursue Select Acquisitions & Alliances

- Disciplined approach focused on product / technology extensions
- Customer / market / product / technology alliances expanding reach and share
 - CNXMotion – technical alliance with Continental
 - Dongfeng JV
 - WABCO supply partnership



Shareholder Returns

- Net Profit expansion and strong cash flow
- **2018 expected dividend of ~\$78m**
- **\$206m last 3 years**

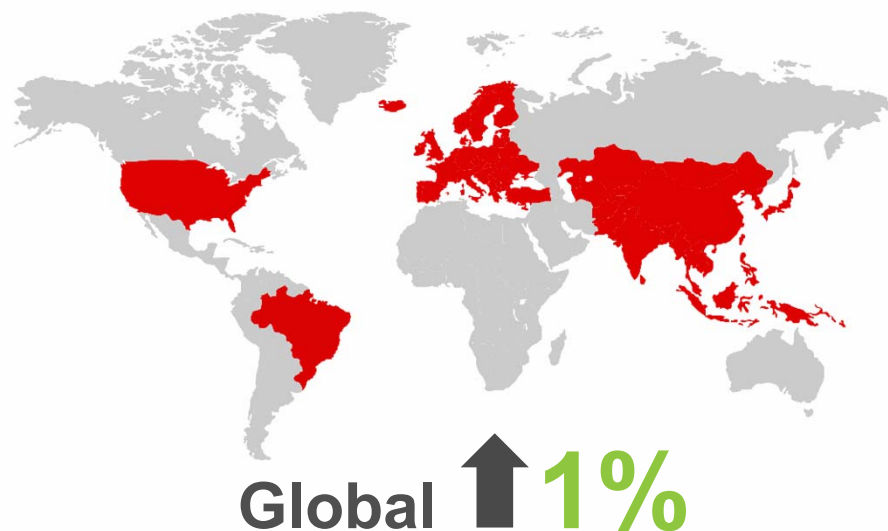
Strategy for Profitable Growth

2019 Considerations

Operating Environment

- 1 Nexteer Revenue Will Track OEM Unit Production
- 2 2019 OEM Unit Production Stable - Closely Monitoring Markets
- 3 Efficiencies & Resource Allocation Key Focus
- 4 Priority on Growing Backlog

2019 vs. 2018 OEM Unit Production

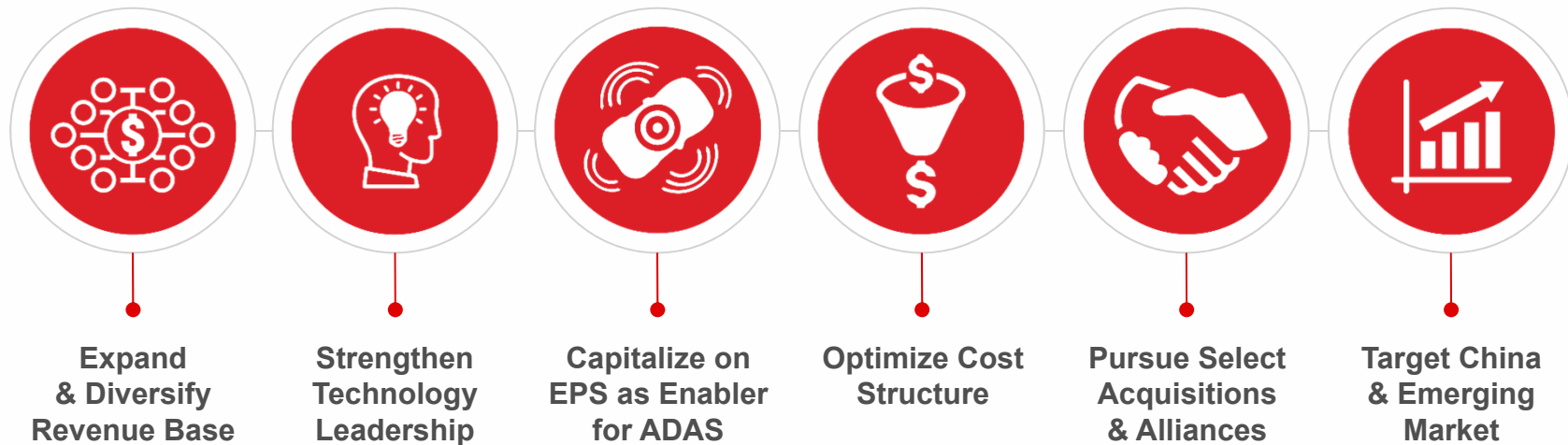


NA	NA FST	APAC	China	EU/SA
-1%	-1%	2%	2%	1%



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Strategy for Profitable Growth



A Well-Defined Plan to Drive Stakeholder Value