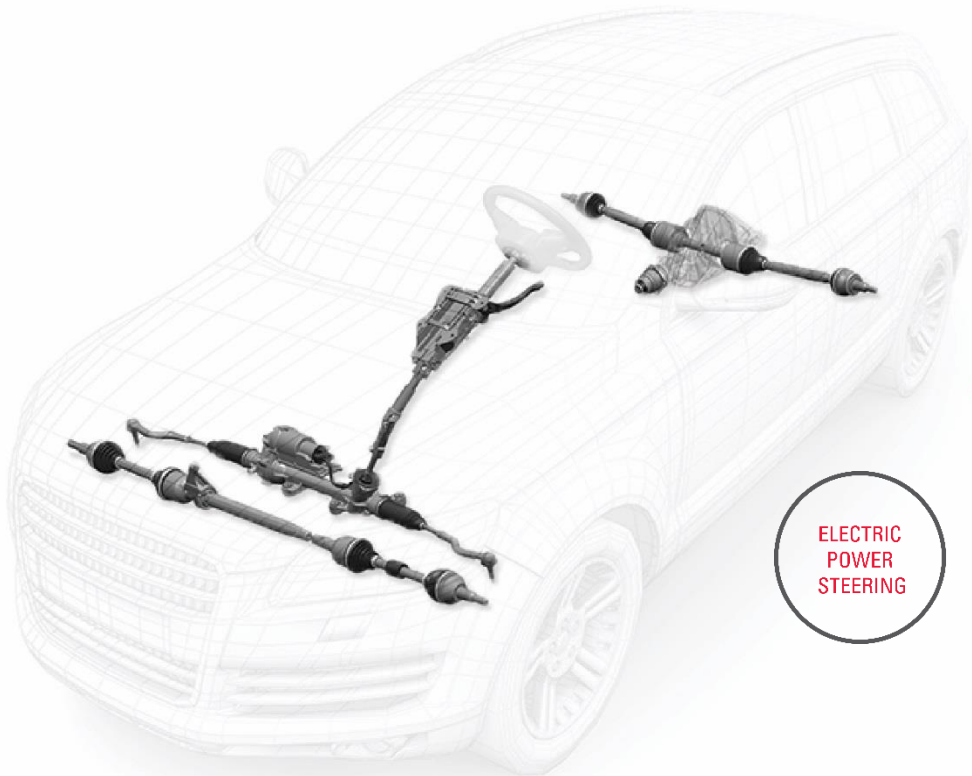




*a leader in intuitive motion control*



# 2019

## Annual Results Announcement

30 March 2020

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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# Presenters

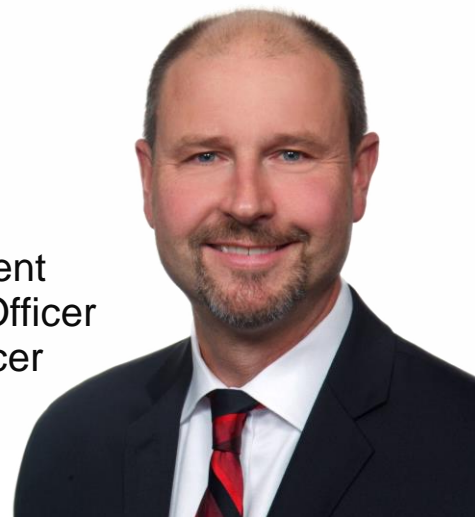
## BILL QUIGLEY

Senior Vice President  
Chief Financial Officer



## ROBIN MILAVEC

Senior Vice President  
Chief Technology Officer  
Chief Strategy Officer



# 2019 Business Highlights

**ROBIN  
MILAVEC**

Senior Vice President  
Chief Technology Officer  
Chief Strategy Officer



# 2019 Business Highlights – Overview

Product quality & reliability at **historic high**

Secured **FST Steering 3rd consecutive generation**

- #1 global **REPS** producer
- Extending segment dominance to **EV trucks & mid-size trucks**

# 50%

of new business booked was conquest

- Maintained all **incumbencies** 2nd consecutive year
- OTD Backlog **\$26.4B**

EPS unit delivery reached

# 8.5M

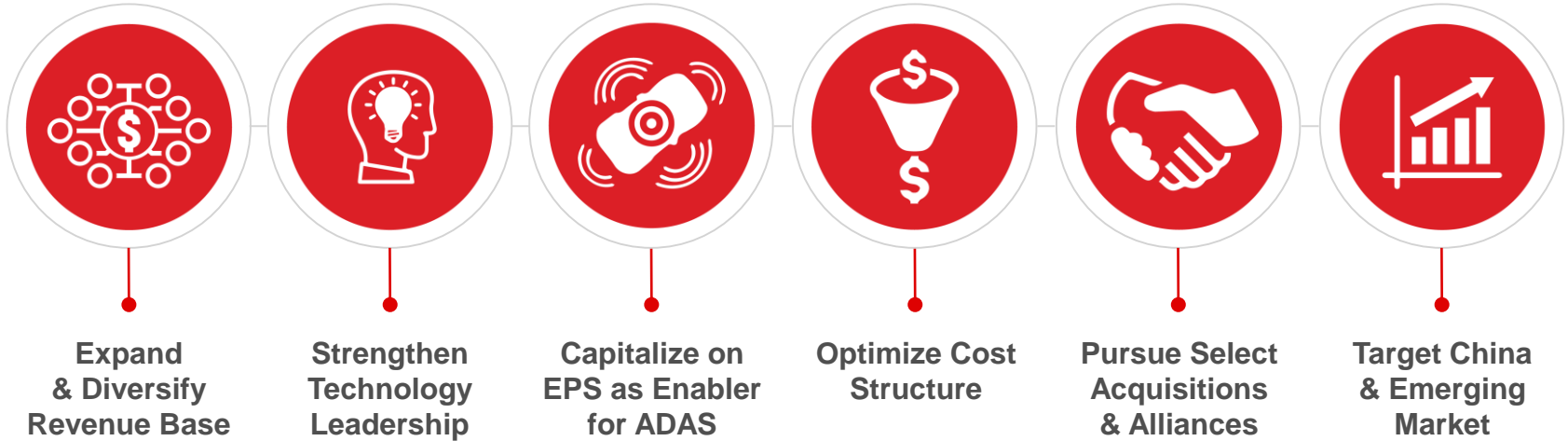
 units

CIS breakthrough wins with **GM & Ford**

DL breakthrough win with **Premium Euro OEM**

EPS breakthrough win **DPEPS**

# Strategy for Profitable Growth



**A well-defined plan to drive stakeholder value**

# 2019 Business Highlights

**Successful launch of 45 programs across multiple product lines, regions and customers**

Increased  
Order-to-Delivery  
Backlog to

**\$26.4 billion**

in spite of significant  
reduction of industry  
volume forecast

Strategic expansion of  
product portfolio and  
global footprint

Continued focus on  
operational efficiency  
and execution

Committed investment  
in technology leadership  
for future growth

# Launched 45 Major Programs in 2019



## NORTH AMERICA (13) EMEA-SA (4) APAC (28)



**Chevrolet Silverado HD, GMC Sierra HD**  
Gear; Pump; Driveline; I-shaft



**Cadillac CT5**  
Column



**Cadillac XT6**  
Driveline; REPS



**Ford Explorer**  
Column; Driveline



**Lincoln Aviator**  
Column; Driveline



**Opel Corsa**  
SPEPS



**DS3 Crossback**  
SPEPS



**Peugeot 208**  
SPEPS



**Peugeot 2008**  
SPEPS



**Baojun RS-3**  
CEPS



**Chang'An Oussan X7**  
CEPS\*; Driveline



**Chery Arrizo GX**  
CEPS



**MG Hector**  
CEPS



**Chang'An CS35 Plus**  
Driveline



**GAC Aion S**  
CEPS



**BYD Yuan**  
CEPS



**Renault eGT K-Ze**  
CEPS



**Buick Encore**  
CEPS; Driveline



**BYD E2**  
CEPS



**Renault Triber**  
CEPS; Driveline



**Chevrolet Trax**  
CEPS; Driveline

- Karma Revero, Revero GT, Revero GTS - **Column**
- Ford F-53, Ford F-59 - **Column**

- BYD F3 - **CEPS**
- Chery Exeed LX - **Driveline**
- Chery Exeed VX - **Driveline**
- Mahindra & Mahindra XUV300 - **Driveline**
- Peugeot 208 - **SPEPS\*\***

- Cadillac XT6 - **Driveline; REPS**
- Nissan DAYZ - **Driveline**
- Mitsubishi eK Wagon - **Driveline**
- Maruti-Suzuki S-Presso - **Driveline**
- Tata Harrier - **Driveline; Pump**

\*Chongqing JV | \*\*Dongfeng JV |  
Incumbent business | New business



# 2019 Business Highlights

Successful launch of 45 programs across multiple product lines, regions and customers

**Increased  
Order-to-Delivery  
Backlog to**

**\$26.4 billion**

**in spite of significant  
reduction of industry  
volume forecast**

Strategic expansion of product portfolio and global footprint

Continued focus on operational efficiency and execution

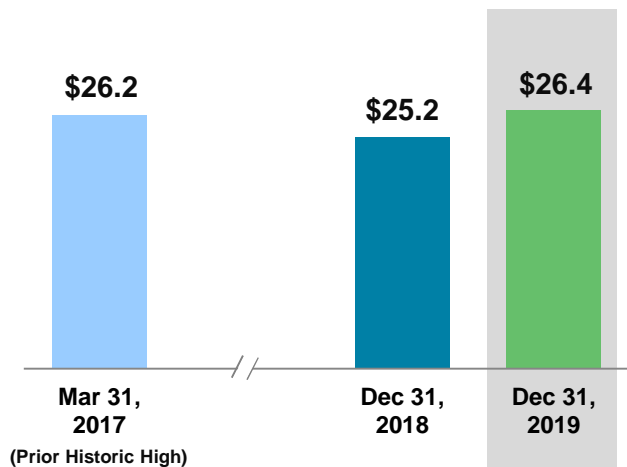
Committed investment in technology leadership for future growth

# Backlog Update

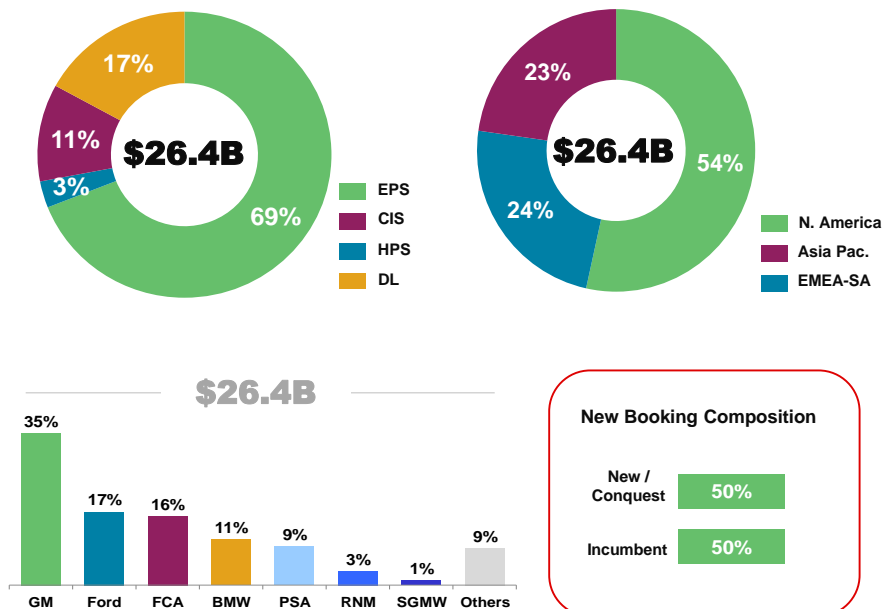


## ORDER-TO-DELIVERY BACKLOG\* AS OF DEC. 31, 2019

(\$ in billions)



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



# Conquest Highlights 2019



REPS



REPS



CEPS



DPEPS



Column



Audi



PORSCHE

Halfshafts



Halfshafts

# \$3.5B

New Business

- Technology
- Quality / Reliability
- Customer Focused Culture
- Execution

# 2019 Business Highlights

Successful launch of 45 programs across multiple product lines, regions and customers

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# Strategic Expansion of Product Portfolio



## Product Strategy



**Fast time to revenue**



**Competency alignment**



**Large market size**



**Competitive landscape**



**Established relationships**

**Breakthrough – Dual Pinion  
EPS Portfolio Expansion**



**Won First DPEPS  
Business Globally**



# Strategic Expansion of Product Portfolio



## Product Strategy



**Fast time to revenue**



**Competency alignment**



**Large market size**



**Competitive landscape**



**Established relationships**

**Breakthrough – Driveline  
in European Market**



**Re-entered DL  
Business in Europe**

# Strategic Expansion of Product Portfolio

## Key Driveline Technologies – NEV Focused



### **Parametric Trunnion Tripot**

Improves durability life of the halfshaft by 100%, which enables the use of smaller, lighter joints



### **CrossGlide 8-Ball Joint**

Low mass 8-ball style plunging joint with ideal NVH characteristics for RWD EV applications



### **High Efficiency CV 8-Ball Joint**

50% reduction in mechanical loss in halfshafts supporting increased efficiency requirements for ICE and EV applications



### **MTS Monobloc Tubular Shafts**

One-piece tubular axle shafts for lower mass for rear and front drive ICE and EV applications

# Strategic Expansion of Global Footprint



**+13,000** employees

**28** manufacturing facilities

**4** global technical & software centers



**KENITRA, MOROCCO**  
EPS and Driveline  
manufacturing



**BANGALORE, INDIA**  
Software center



**CHENNAI, INDIA**  
EPS and Driveline  
manufacturing



**WUHAN, CHINA**  
EPS manufacturing JV  
with Dongfeng



**SUZHOU, CHINA**  
APAC regional  
technical center



# Kenitra, Morocco

Field to Factory – 10 Months



# Suzhou, China

## Increased Regional Autonomy



# 2019 Business Highlights

Successful launch of 45 programs across multiple product lines, regions and customers

Strategic expansion of product portfolio and global footprint

Committed investment in technology leadership for future growth

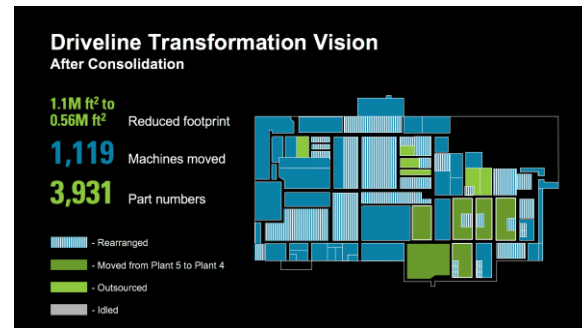
Increased Order-to-Delivery Backlog to

**\$26.4 billion**

in spite of significant reduction of industry volume forecast

**Continued focus on operational efficiency and execution**

# Saginaw Driveline Transformation



2018

## Phase 1

Rotating group  
Steering components  
Lead-off ops  
Housing machining

2019

## Phase 2

Cage mach outsource  
CVIR mach outsource  
Housing machining  
EMAG implementation  
Start decommission

2020

## Phase 3

Assembly upgrades  
Housing mach and forming  
Cage grinding  
Portfolio changes  
EMAG implementation  
Consolidation

2021

## Phase 4

Axle bars  
Portfolio changes  
Forming and green mach  
CVOR / Hsg

2022

## Phase 5

Forming and green mach  
CVOR / Hsg  
Consolidation \*\*\*Complete\*\*\*



# Industry Recognition



**Ford “Silver Level  
Manufacturing Award”**  
*Nexteer Suzhou EPS Production*



**Motosolutions’ “Corporate  
Social Responsibility Award”**  
*Nexteer Poland*



**GM “Supplier Quality  
Excellence Award”**  
*Nexteer Saginaw Plant 6*



**International Automotive Congress  
“Automotive Innovation  
Technology Award”**  
*Quiet Wheel™ Steering & Stowable Column*



**GM “Customer Care &  
Aftersales Drive2Great  
Program Recognition”**  
*Nexteer NA Service & Aftermarket  
Manufacturing Performance*



**National Association of  
Manufacturing “Manufacturing  
Leadership Award for Enterprise  
Integration & Tech Leadership”**

# Industry Recognition



**American Society for Quality  
“International Team  
Excellence Award Finalist”  
*Nexteer Suzhou***



**“Great Place to Work”  
Certification  
*Nexteer Brazil and Nexteer Germany***



**Manpower Group's  
“Friendly Place to Work”  
*Nexteer Poland***



**PSA “Platinum Supplier Status  
Certificate of Excellence”  
*Nexteer Poland***



**SGMW “Excellence  
Responding Award” &  
“International Pioneer Award”  
*Nexteer Asia Pacific***



**“North American  
Truck of the Year”  
*2020 Jeep Gladiator with Nexteer  
Steering Columns***

# 2019 Financial Highlights

**BILL  
QUIGLEY**

Senior Vice President  
Chief Financial Officer



# 2019 Financial Results

## Net Revenue Headwinds

- *Currency – US dollar strength vs Euro and RMB*
- *OEM production lower in all served markets, led by China*
- *GM platform transition impacting CIS revenue*
- *GM-UAW strike impacting North America in 2H 2019*

## Profit and Margin Impact

- *Margin impact of lower revenue – market and customer specific*
- *Material / manufacturing efficiencies only partially mitigating volume / pricing environment*
- *Increased D&A – China program assessments*

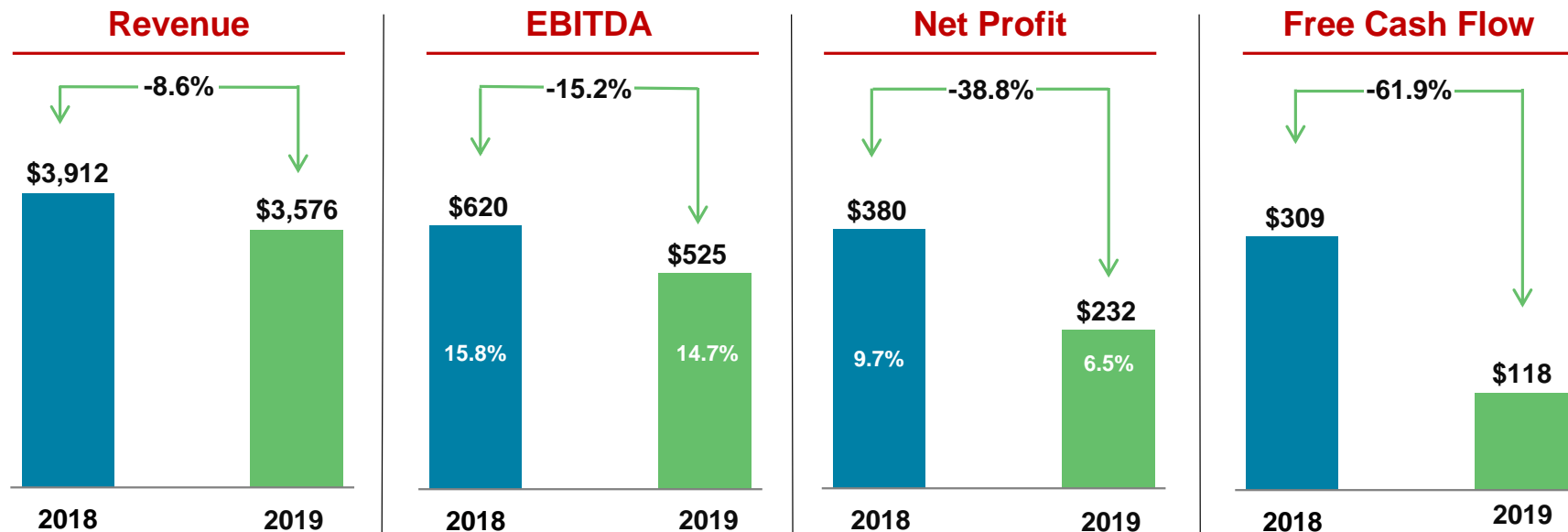
## Strong Customer Bookings / Backlog Increase

## Balance Sheet Remains Strong



# Key Financial Metrics – As Reported

(\$ in millions)



\* Net Profit Attributable to Equity Holders

# Impact of Certain Non-Recurring Adjustments on Reported Results

## NA GM Strike – 2019 Impact

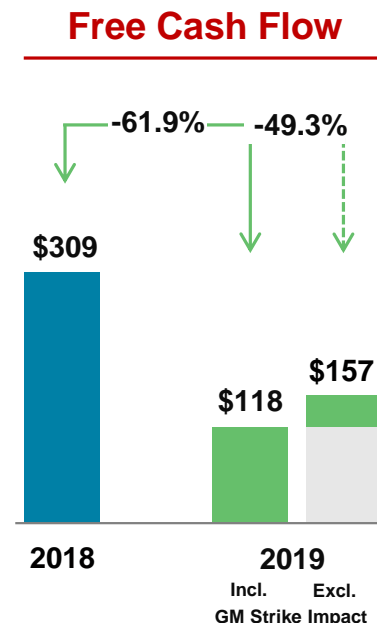
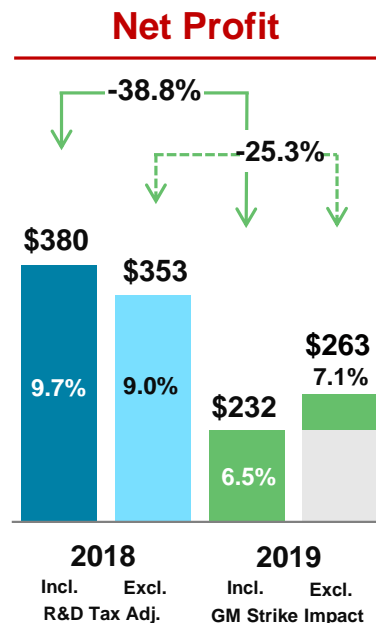
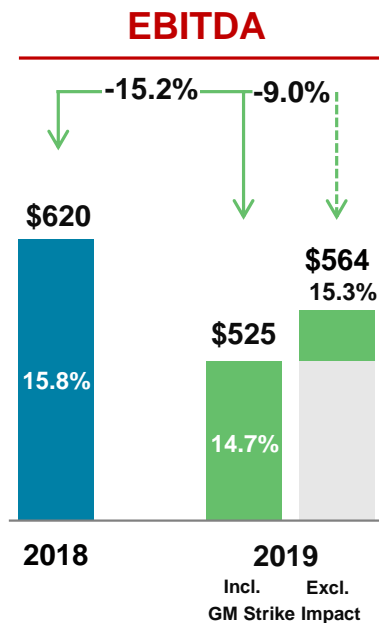
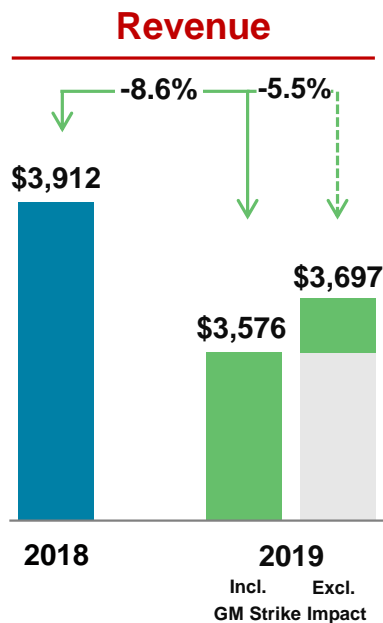
- *40 day GM – UAW hourly employee strike and production interruption in the third and fourth quarter of 2019*
- *GM management acknowledged capacity constraints to recover lost production in 2019*
- *Revenue and EBITDA impact of \$121 million and \$39 million, respectively*

## US R&D Tax Credit Initiatives – 2018 Impact

- *Recognized \$27 million non-recurring income tax expense benefit in 2018*
- *Represented the cumulative impact to tax years prior to 2018*

# Key Financial Results - As Adjusted

(\$ in millions)

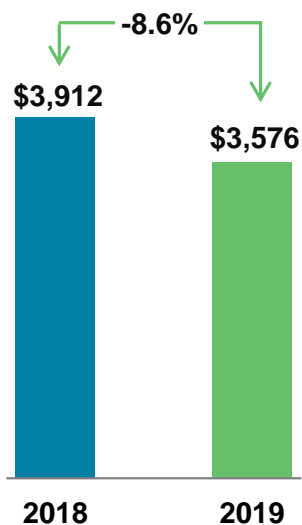


\* Net Profit Attributable to Equity Holders

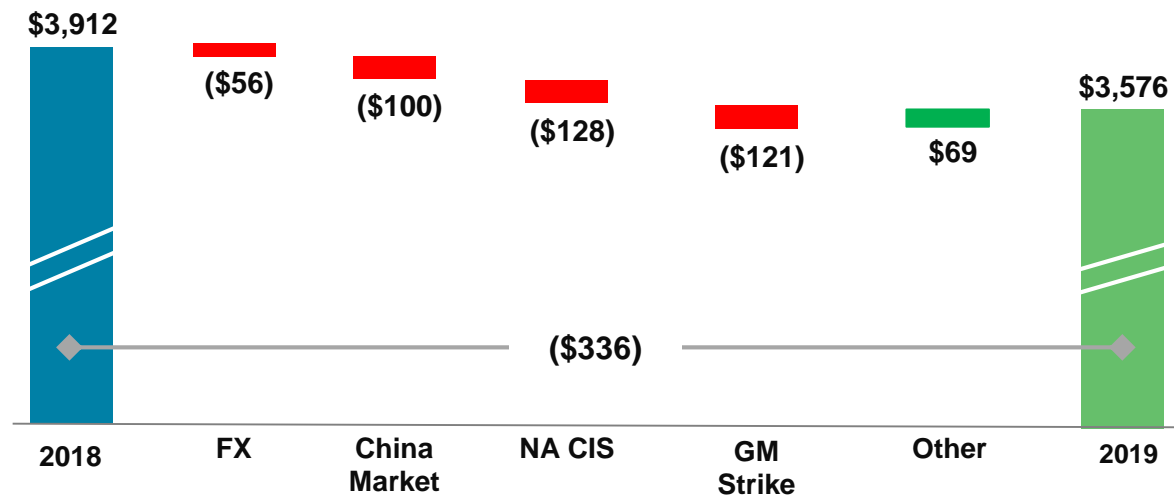
# Revenue Bridge

(\$ in millions)

## Global Revenue



## Y-O-Y Revenue Drivers

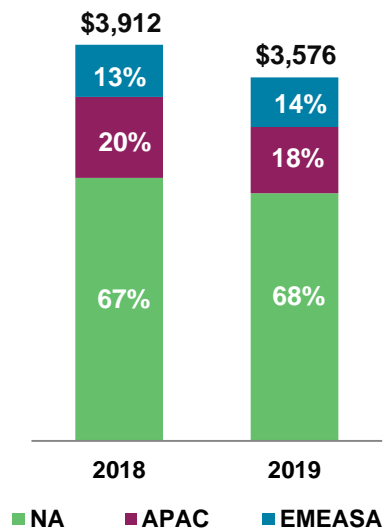


# Revenue Distribution by Region

(\$ in millions)

## Total Revenue

(structural %)

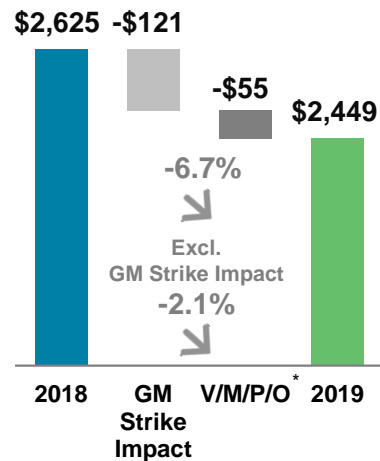


\* V/M/P/O: Volume, Mix, Pricing & Others

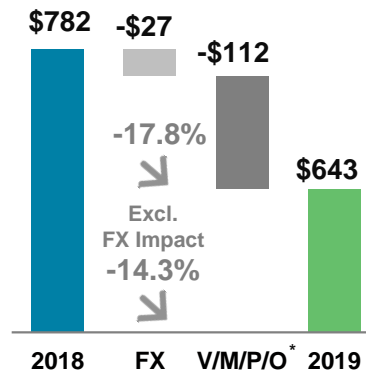
## Regional Distribution

(growth %)

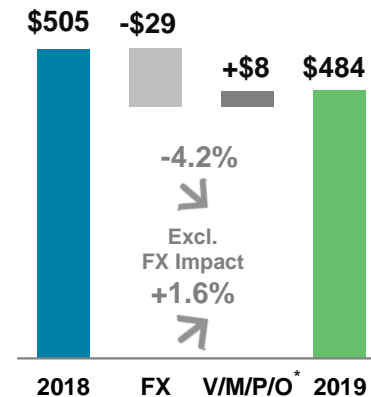
### NA



### APAC



### EMEASA

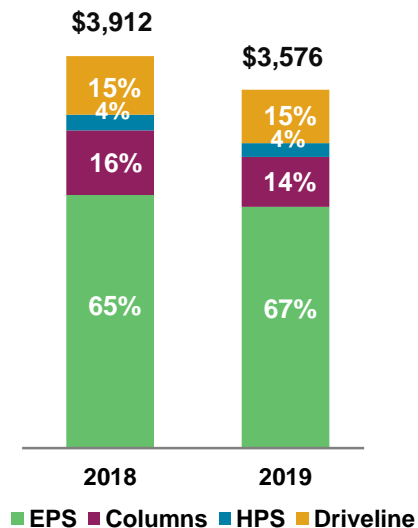


# Revenue Distribution by Product Line

(\$ in millions)

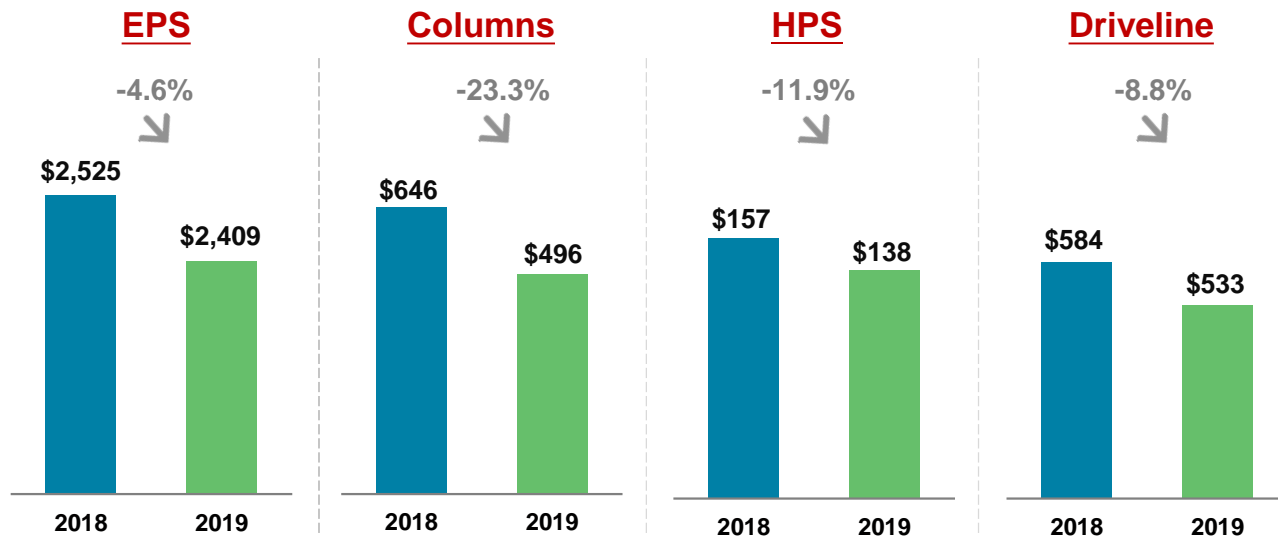
## Total Revenue

(structural %)



## Product Line Distribution

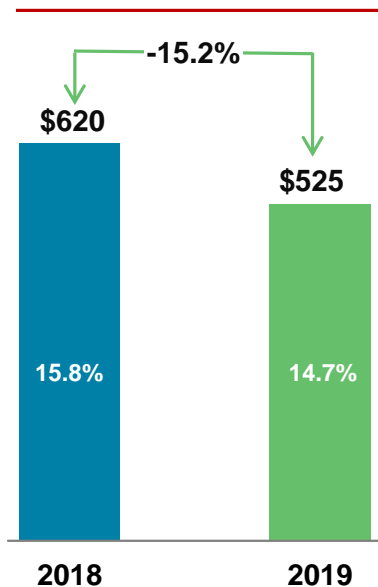
(growth %)



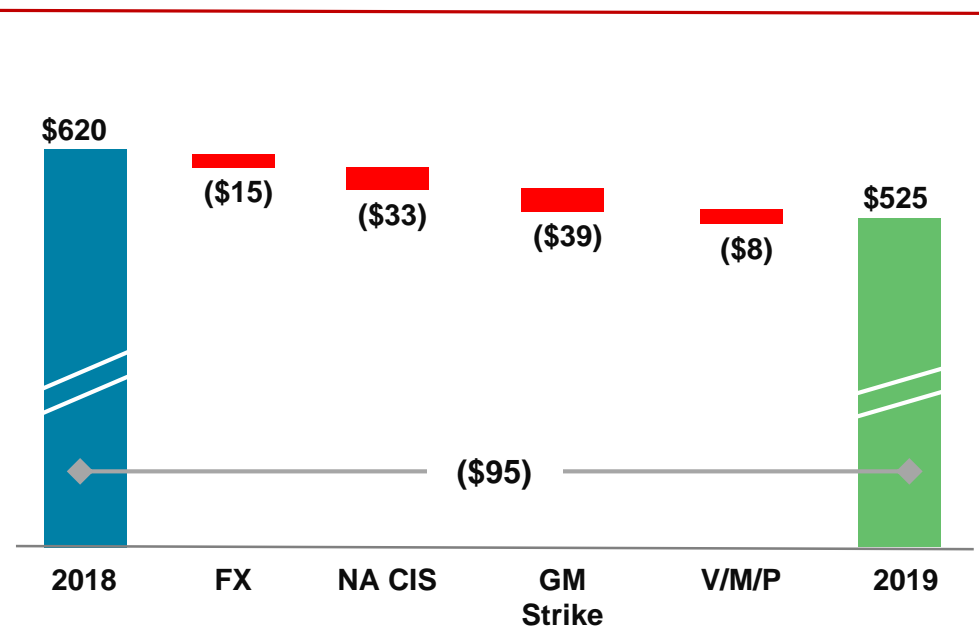
# EBITDA Bridge

(\$ in millions)

## EBITDA



## Y-O-Y EBITDA Drivers

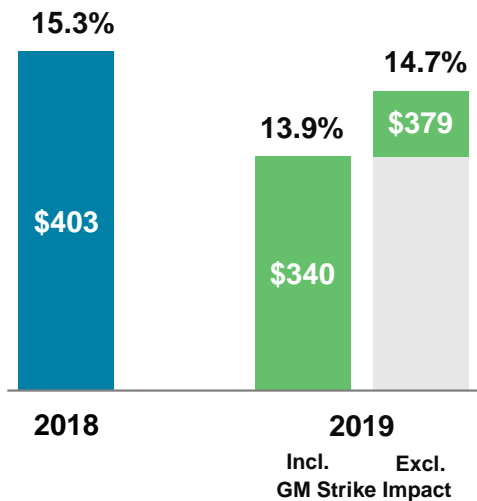


# EBITDA Margin by Region

(\$ in millions)

## NA

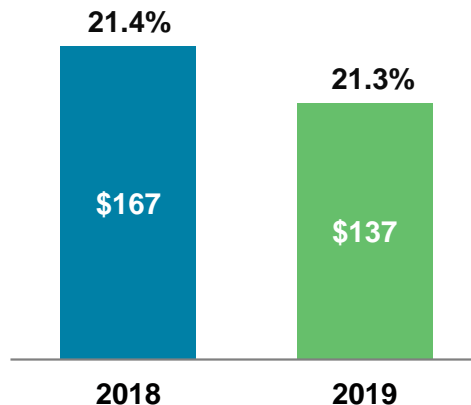
(% of revenue)



**Strike / Program  
Impacts**

## APAC

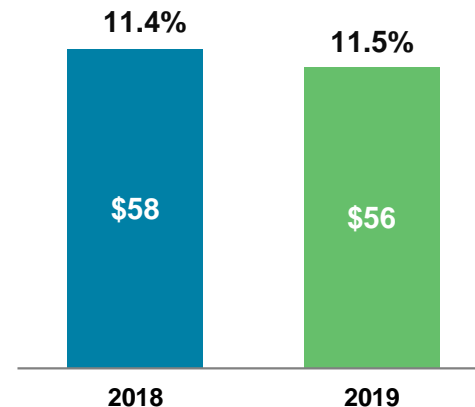
(% of revenue)



**Strong Margin Despite  
Revenue Headwinds**

## EMEASA

(% of revenue)



**Steady Margin  
Improvement**



# EBITDA to Net Profit Bridge

(\$ in millions)

	2018	2019
<b>EBITDA</b>	<b>\$ 620</b>	<b>\$ 525</b>
D&A Expense	196	252
<b>Operating Profit</b>	<b>\$ 424</b>	<b>\$ 273</b>
Net Finance Costs	9	5
Share of JV Earnings	4	4
Income Tax Expense	26	29
Min Interest	5	3
<b>Net Profit</b>	<b>\$ 380</b>	<b>\$ 232</b>
<b>ETR</b>	<b>6.3%</b>	<b>11.1%</b>
<b>ETR Excl. R&amp;D</b>	<b>12.9%</b>	<b>11.1%</b>

## Comments

*China programs - E&P impairment*

*Higher net cash positions / debt repayment*

*CNXMotion, DF and Chongqing*

*2018 incl. \$27 million US R&D tax benefit*

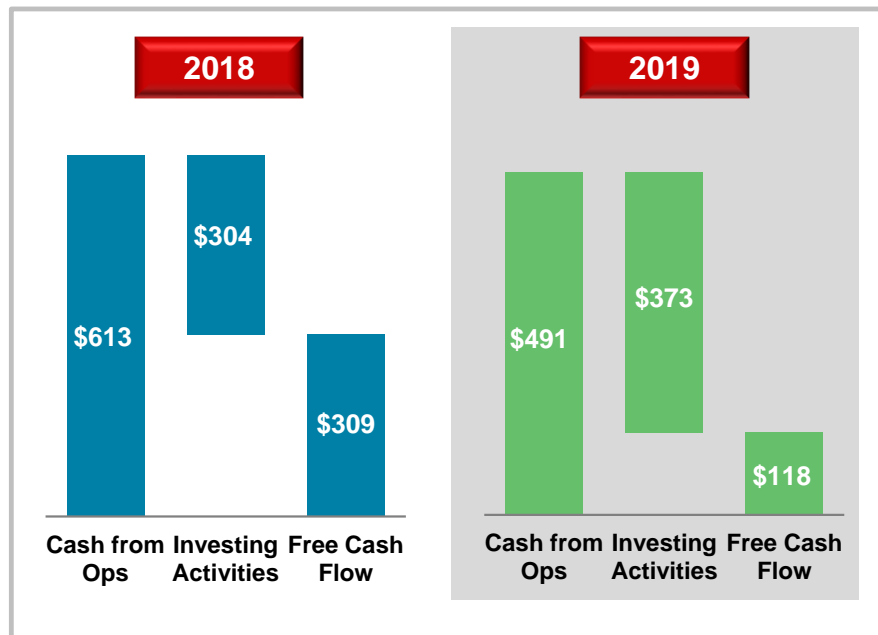
*Consolidated JV performance*

*2018 incl. US R&D tax initiative benefit*

*Adjusted for 2018 US R&D benefit*

# Free Cash Flow and Capital Structure Metrics

(\$ in millions)



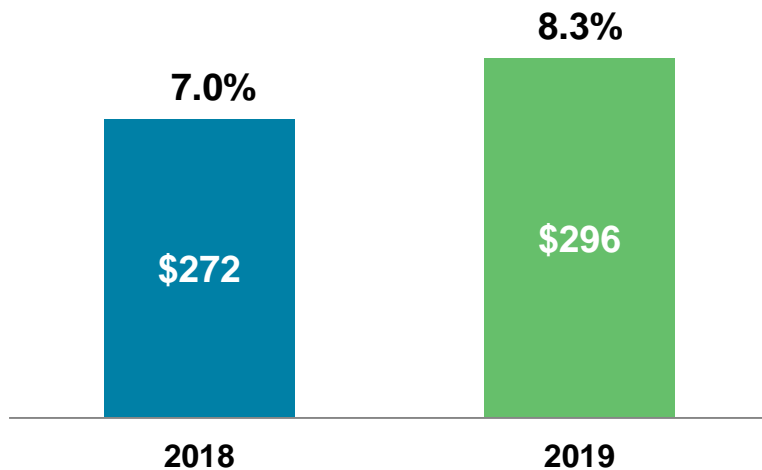
	Dec 2018	Dec 2019
<b>Cash and Capital</b>		
Gross Debt	\$ 377	\$ 307
Finance Leases	5	62
Less: Cash	<u>675</u>	<u>602</u>
Net Cash	<u>\$ 293</u>	<u>\$ 233</u>
Total Equity	\$ 1,710	\$ 1,852
Total Net Capital	\$ 1,417	\$ 1,619
Net Debt / Net Capital	n.a.	n.a.
<b>Liquidity</b>		
Cash	\$ 675	\$ 602
Credit Facilities	<u>376</u>	<u>375</u>
Total	<u>\$ 1,051</u>	<u>\$ 977</u>
<b>Leverage / Coverage</b>		
Gross Debt to EBITDA	0.6x	0.6x
Net Debt to EBITDA	n.a.	n.a.

# Investment for the Future

(\$ in millions)

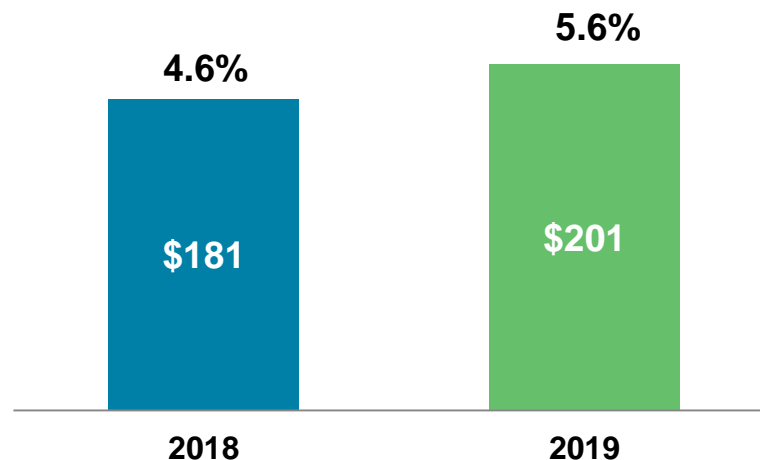
## Engineering / Prod. Development\*

(% 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

# Capital Allocation Priorities



# 2020 Considerations

## COVID-19 Pandemic Actions Dominate Early 2020

Immediate Priorities:

- Protect the health and safety of Nexteer members worldwide – quick measures taken
- Protect customer requirements - focused manufacturing and supply chain teams yielded no customer production interruptions to date

## Near-Term Outlook Uncertain

- Closely monitoring customer actions / announcements regarding order schedules and OEM vehicle assembly operations and adjusting Nexteer production accordingly
- Unprecedented global environment driving uncertainty / volatility

---

**Navigating Current Environment and Preparing for  
Post-Crisis Recovery**

# 2019 Business Highlights

## ROBIN MILAVEC

Senior Vice President  
Chief Technology Officer  
Chief Strategy Officer



# 2019 Business Highlights

Successful launch of 45 programs across multiple product lines, regions and customers

Increased Order-to-Delivery Backlog to

**\$26.4 billion**

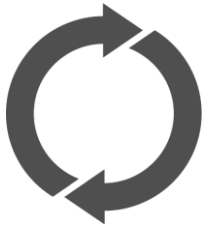
in spite of significant reduction of industry volume forecast

Strategic expansion of product portfolio and global footprint

Continued focus on operational efficiency and execution

**Committed investment in technology leadership for future growth**

# 2020 Assessment



## EXPAND

Deep technical competency

Responsiveness

Trust and relationships



## ACCELERATE

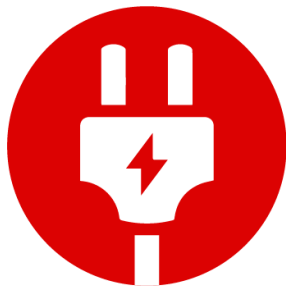
Globalization / rotation

System and software capacity

Value through efficiency



# Megatrends



**Electrification**  
EVs / NEVs



**Mobility**  
Automated,  
shared mobility



**Software**  
Products,  
services, data



**Connectivity**  
5G, IoT, V2X  
Industry 4.0

## The software-defined vehicle

# Portfolio Alignment



**ADAS L2/3**  
*Advanced Safety,  
Driver Assist*



**Electrification**



**Software**



**ADAS L4/5**  
*Advanced Safety,  
High/Full  
Automation*



**MaaS**



**Connectivity**

	ADAS L2/3 <i>Advanced Safety, Driver Assist</i>	Electrification	Software	ADAS L4/5 <i>Advanced Safety, High/Full Automation</i>	MaaS	Connectivity
DL		✓			✓	
CIS	✓	✓	✓	✓		
EPS	✓	✓	✓	✓	✓	✓
SbW	✓	✓	✓	✓	✓	✓
R&D	✓	✓	✓	✓	✓	✓
CNXMotion JV	✓	✓	✓	✓	✓	✓



# ELECTRIFICATION & NEXTTEER



Motors  
Controllers  
Software  
Sensors  
Integration

# Electrification & Nexteer



**OUR EPS EV  
CUSTOMERS**



RENAULT NISSAN MITSUBISHI



吉利汽车  
GEELY AUTO



DFM

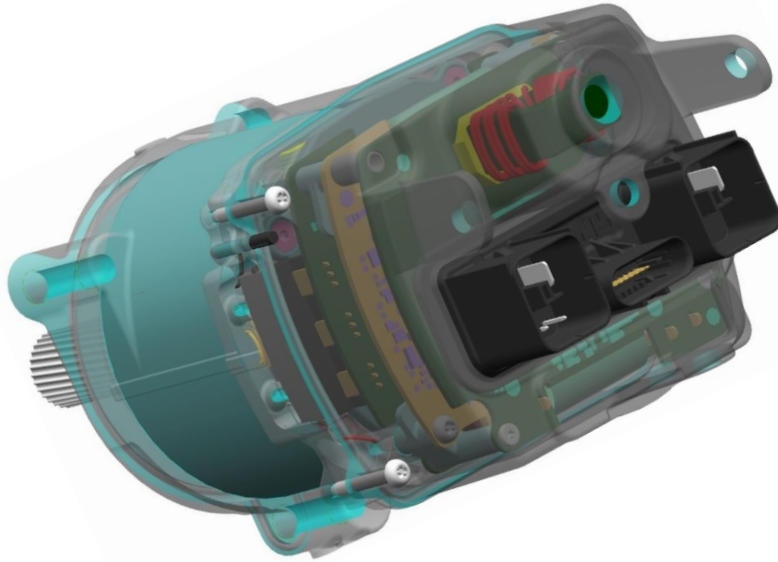


# Electrification & Nexteer



## NEW EV FRONTIER





## Holistic Integration

- Brushless Motors
- Leading Edge Cybersecurity
- Redundant Electronics & Sensors
- Safety Critical Software & Hardware

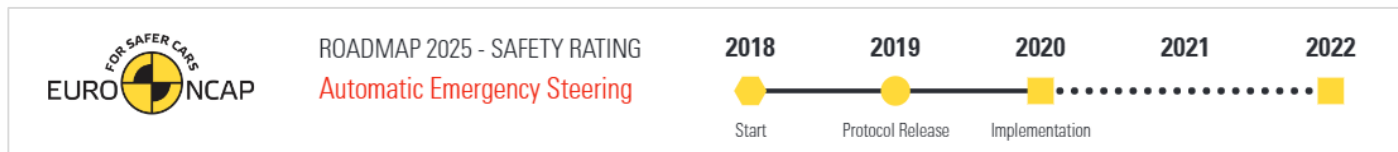
# Electrification & More...

## SbW Plays Across Mega Trends



### Advanced Safety & Performance (ADAS Levels 2-4)

- **Preferred AES enabler demo**
- Road wheels steer independently of hand wheel around obstacle
- Seamless return to manual driving (resync of HWA to RWA)
- 10 FIT, Steering Ratio and Road Feel



### Electrification

- Packaging Flexibility
- Component Reuse & Standardization

### Connectivity

- Future of “Real-Time Safety & Well-Informed Motion Control Systems”

### Mobility (ADAS Level 5)

- Key Enabler for Autonomous People Movers, Last Mile Delivery Services
- Integrated Steering & Braking for Full Motion Control



# Vehicle Autonomy



ADAS  Partnership



PRIME Supplier  
Autonomous BEV



ABF Supplier  
Next Gen SUV



FIAT CHRYSLER AUTOMOBILES

ADAS Partner  
Waymo Development



# Autonomous Mobility – People



## ■ Relevance

- Early Adopters **L5** Capable
- Market Access through CNXMotion
- Brand Equity

## ■ Activity

- NAIAS Showcase

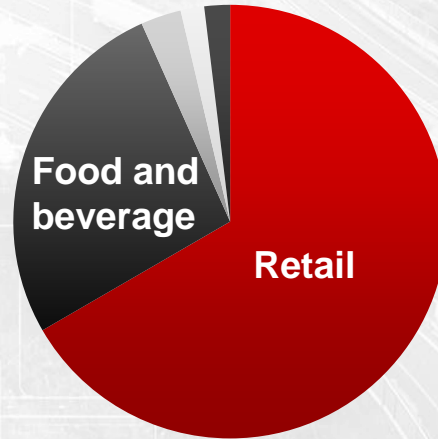


# Autonomous Mobility – Goods



## ■ Relevance

- Early Adopters **L5** Capable
- Shared Collaboration
- Brand Equity



**nuro**

## ■ Activity

- 2020 Refinement

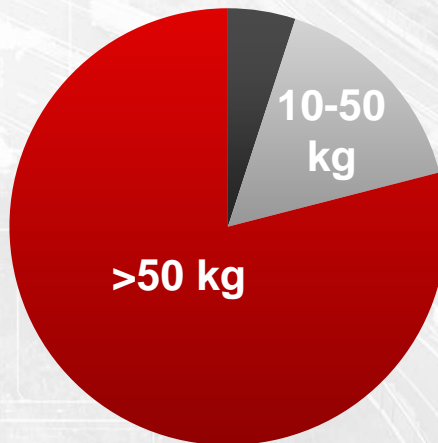
Market Segmentation by  
End User: 2017-2024

# Autonomous Mobility – Goods



## ■ Relevance

- Early Adopters **L5** Capable
- Shared Collaboration
- Brand Equity



NURO

## ■ Activity

- 2020 Refinement

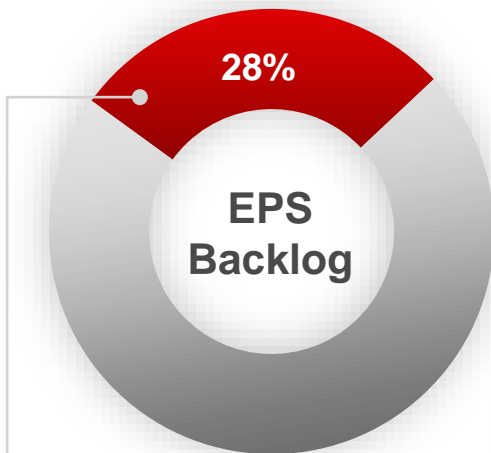
Market Segmentation by  
Payload Capacity: 2017-2024

# Electrification / Autonomy Exposure



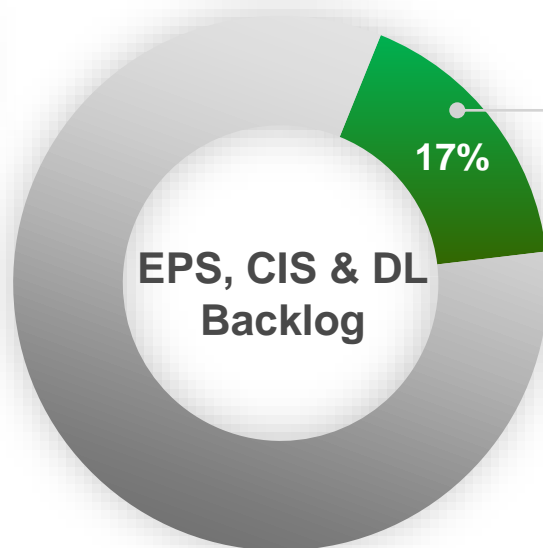
**28%**

EPS enables L3-5  
ADAS/AD function



**17%**

EPS, CIS and DL  
solutions for EV  
applications





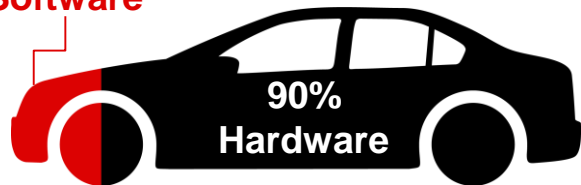
# Software / Connectivity & Nexteer

In 2030 Software will account for 40% of total vehicle value – from 10% in 2015

accenture

2015 → 2030

10%  
Software

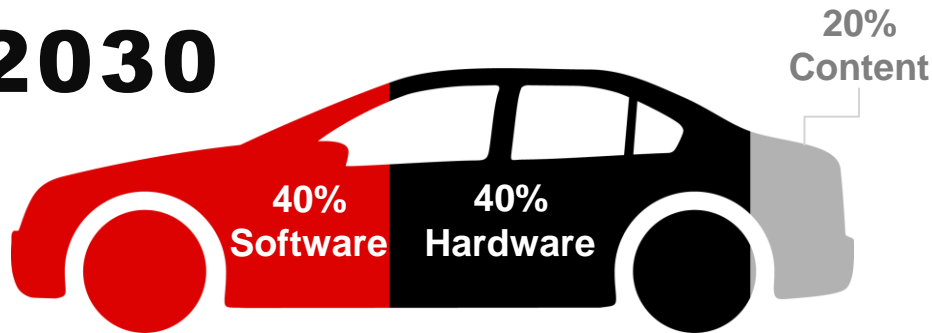


10%  
Software

- Embedded Software
- Infotainment

40%  
Software

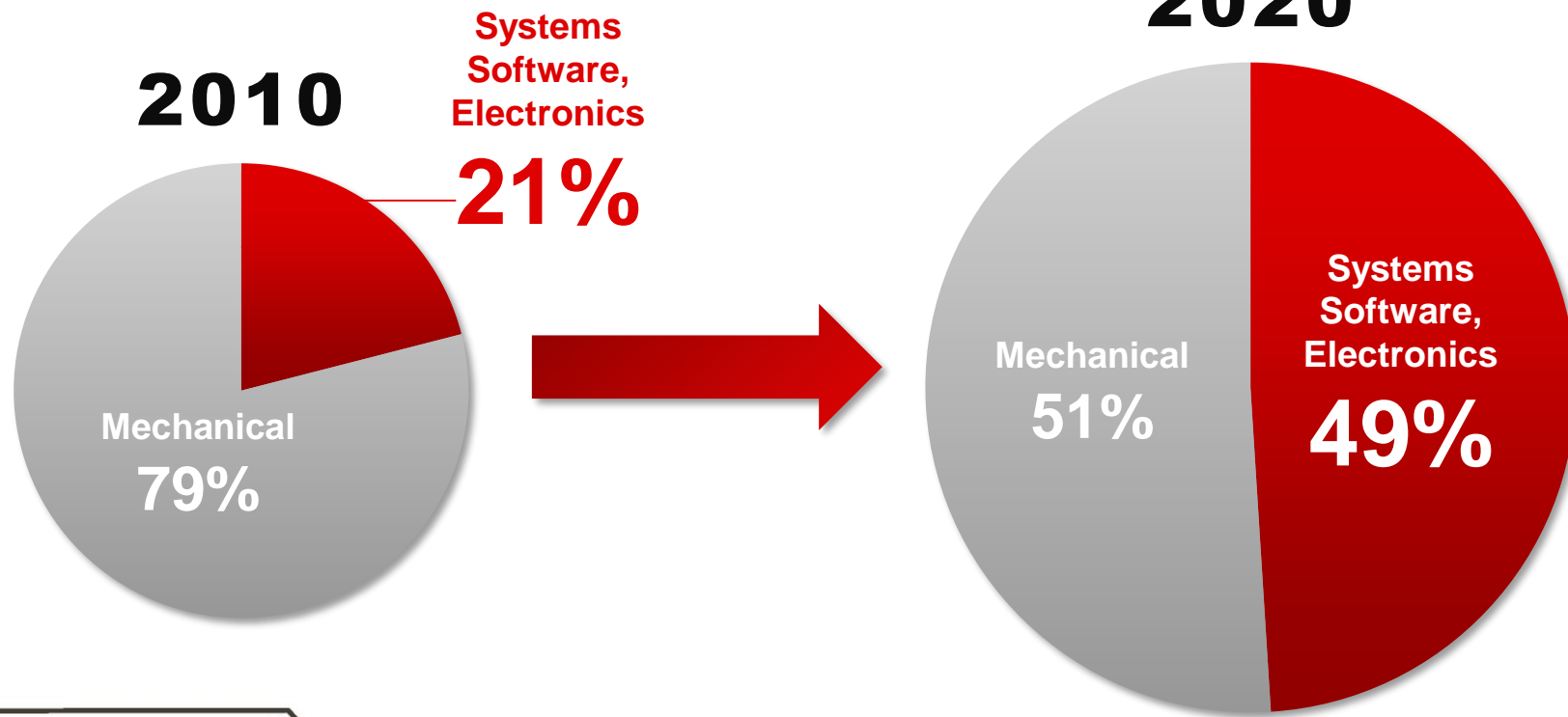
- Embedded Software
- Infotainment
- ADAS
- Electric Powertrain
- Battery Management



- Cyber Security
- OTA
- Services

# Software / Connectivity & Nexteer

## Investment in Engineering



# Portfolio Alignment



**ADAS L2/3**  
*Advanced Safety,  
Driver Assist*



**Electrification**



**Software**



**ADAS L4/5**  
*Advanced Safety,  
High/Full  
Automation*



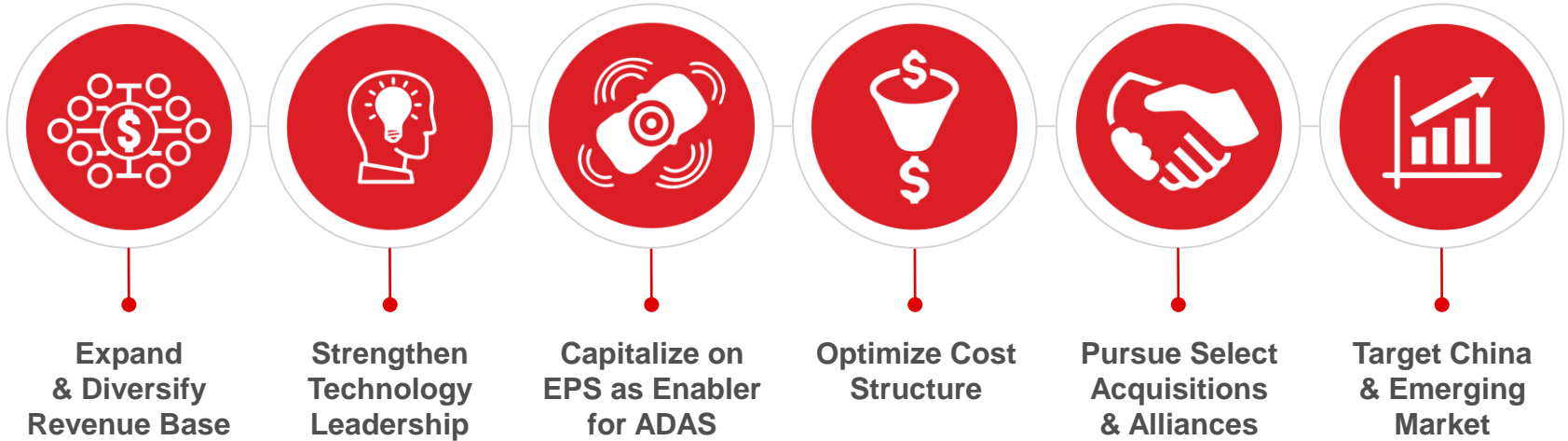
**MaaS**



**Connectivity**

DL						
CIS						
EPS						
SbW						
R&D						
CNXMotion JV						

# Strategy for Profitable Growth



**A well-defined plan to drive stakeholder value**