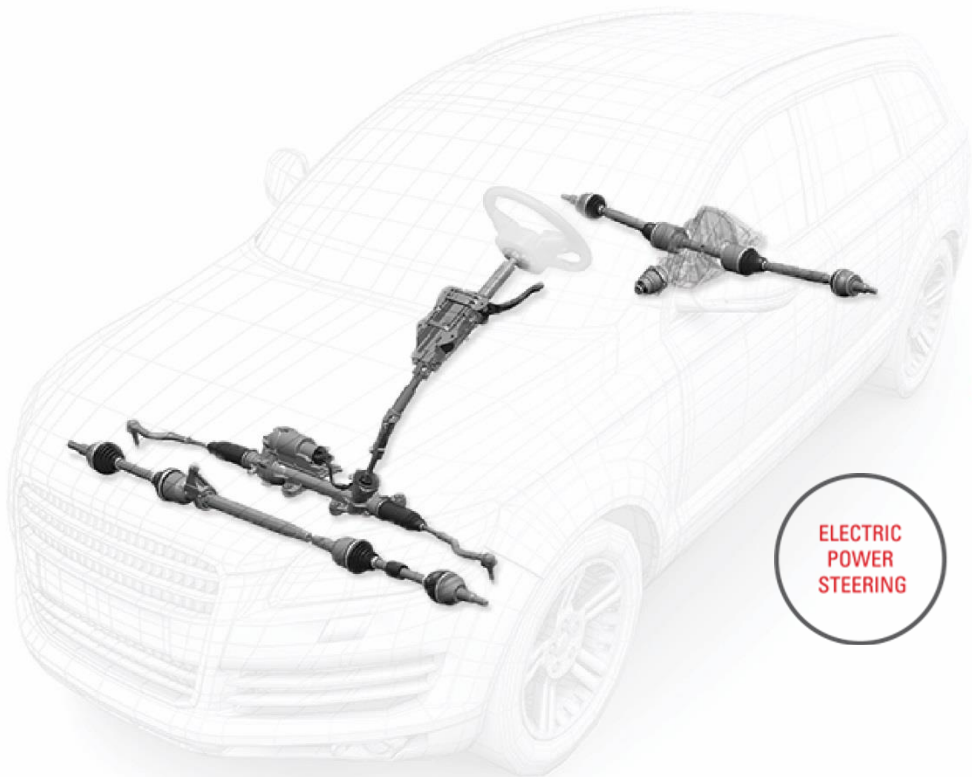




a leader in intuitive motion control



2020

Interim Results Announcement

18 August 2020

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

ASSISTED
& AUTOMATED
DRIVING
ENABLERS

Safe Harbor Statement

These materials have been prepared by Nexteer Automotive Group Limited (“Nexteer” or the “Company”) and are being furnished to you solely for informational purposes. The information contained in these materials has not been independently verified. NO REPRESENTATION OR WARRANTY EXPRESS OR IMPLIED IS MADE AS TO, AND NO RELIANCE SHOULD BE PLACED ON, THE FAIRNESS, ACCURACY, COMPLETENESS OR CORRECTNESS OF THE INFORMATION OR OPINIONS CONTAINED HEREIN. It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company’s financial or trading position or prospects.

Neither Nexteer nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss that may arise from any use of this presentation or its contents or otherwise arising in connection with this presentation.

Certain statements contained in these materials constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of the Company to be materially different from those expressed by, or implied by the forward-looking statements in these materials. The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Many factors may cause the actual development to be materially different from the expectations expressed here. Such factors include, for example and without limitation, changes in general economic and business conditions, uncertainties posed by the COVID-19 pandemic and the inherent difficulty in predicting its continued and future potential impacts on the global economy and the Company’s financial condition and business operations, including facilities, employees, customers, suppliers and logistics providers, reduced consumer demand, and government actions or restrictions, fluctuations in currency exchange rates or interest rates, the introduction of competing products, the lack of acceptance for new products or services and changes in business strategy.

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.

This document does not constitute an offer, solicitation, invitation, or recommendation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto.

Our Presenters

BILL QUIGLEY

Senior Vice President
Chief Financial Officer



ROBIN MILAVEC

Executive Board Director
Senior Vice President
Chief Technology Officer
Chief Strategy Officer



Agenda

● The Unprecedented Environment – Navigation & Current Status

Bill Quigley, Senior Vice President and Chief Financial Officer

● The Way Forward

Robin Milavec, Executive Board Director, Senior Vice President,
Chief Technology Officer and Chief Strategy Officer

● 2020 1H Financial Review

Bill Quigley, Senior Vice President and Chief Financial Officer

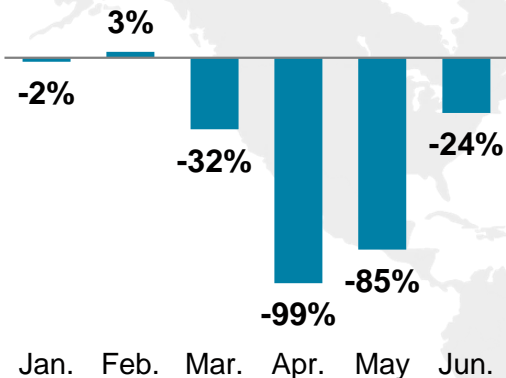
● 2020 2H Considerations & Summary

Bill Quigley, Senior Vice President and Chief Financial Officer

Unprecedented Environment

Light Vehicle Production Unit Volume Y-o-Y Change %

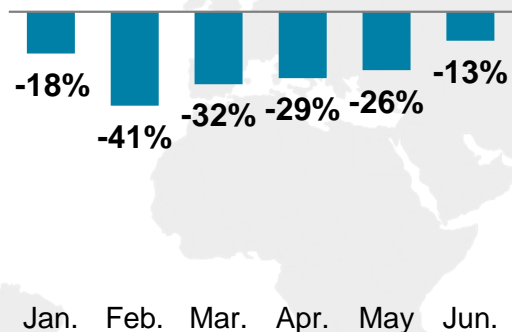
N. America



1H 2020 vs
1H 2019

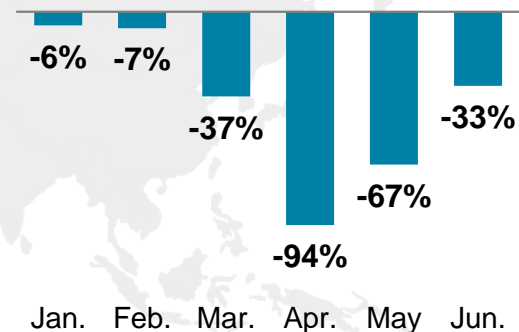
-40%

APAC



-26%

EMEASA*



-41%

**Industry Production Disruption Drove
Significant Revenue Decline in 1H 2020**

* EMEASA includes Europe and South America

Navigating the Environment

Nexteer Response

- **Quickly responded** to sharp declines in customer demand & government mandates with orderly suspension of operations across manufacturing footprint; focus on maintaining operational readiness
- **Proactive cost and cash flow management** via workforce adjustments, discretionary cost controls and disciplined working capital and capital investment
- **People & safety first.** Enhanced already strong employee health and safety protocols
- **Close coordination with suppliers** to ensure ability to support production restart



**Late May - Successful Restart of Production
in NA and EMEASA**

Global Operations Status Update

North America

- US and Mexico restarted production mid-May
- June revenue at +85% of February levels
- US FST demand better than expected near-term:
 - Consumer demand & OEM incentives through shut-down period
 - Low dealer inventories

APAC

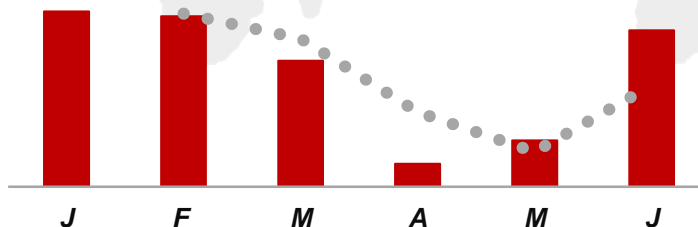
- China in serial production since mid-February with stable / steady revenue upswing
- Export revenue pressured through 1H
- India production at ~60% capacity – OEM demand and manning constraints

EMEASA

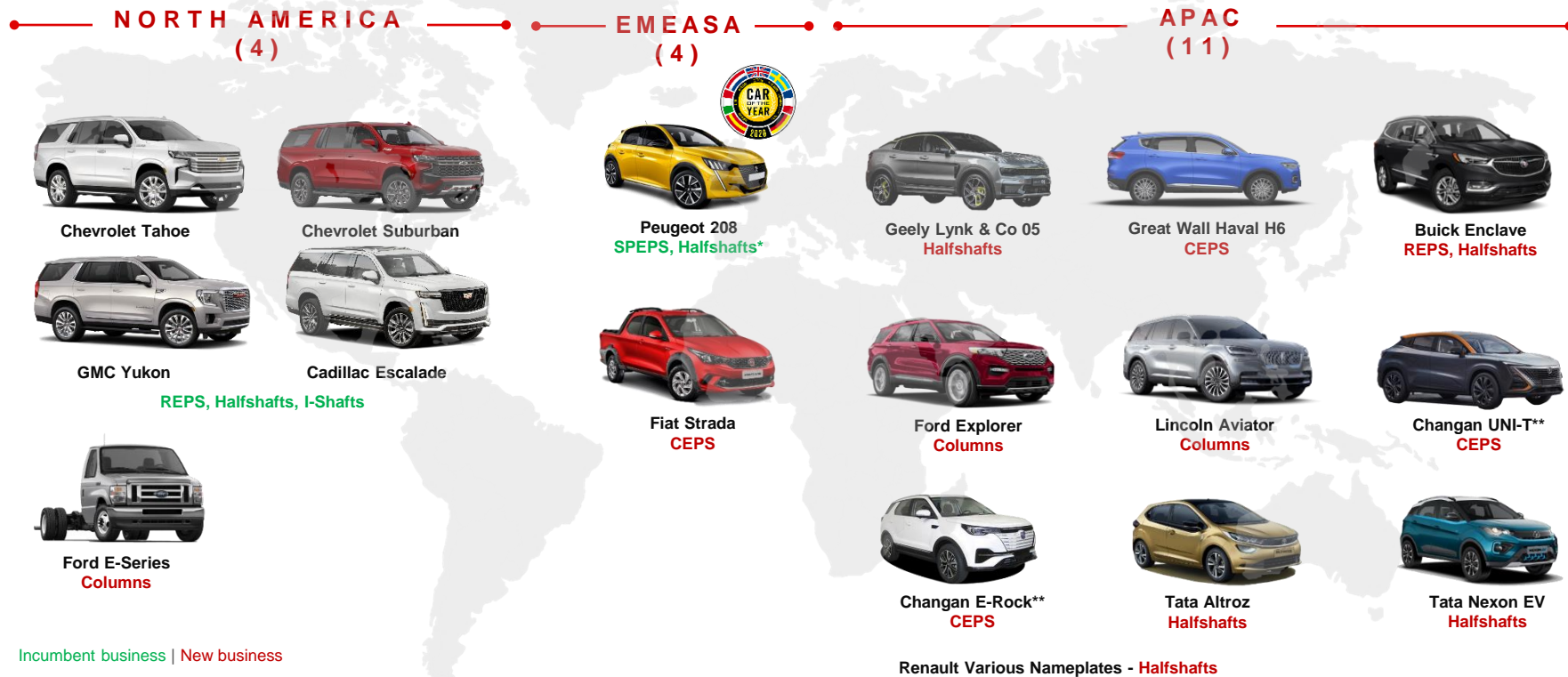
- Europe restarted production mid-May
- Europe revenue at +80% of February levels
- Morocco contributed to revenue in excess of market production
- S. America at ~50% capacity under gov't restrictions

Monthly Revenue Progression – 1H 2020

*April 2020 Low-Point
Reflecting NA and
EMEASA Shutdowns*



Successful Launch of 19 New Customer Programs in 1H



* Halfshafts launches in Europe and South America;
 ** Chongqing JV

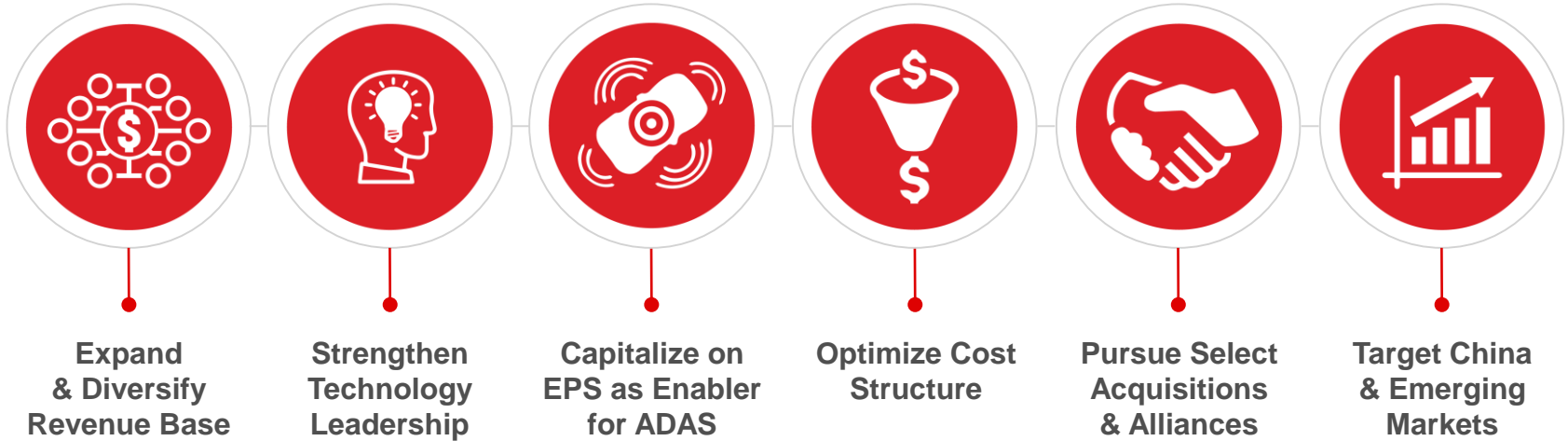
2020 1H Business Update

ROBIN MILAVEC

Executive Board Director
Senior Vice President
Chief Technology Officer
Chief Strategy Officer



Strategy for Profitable Growth



A well-defined plan to drive stakeholder value

Looking Ahead

Securing Sustainable Profitable Growth In A New Normal

Reinforced Strategy

Focused Execution



Expand & Diversify Revenue Base

- Diversify customer base, grow / protect market share among strategically targeted OEMs
- Leverage and magnify in-house competencies for portfolio expansion



Optimize Cost Structure

- Realign cost structure with new market environment
- Enhance engineering and capital investment efficiency
- Proactively manage global cash and liquidity; maintain financial flexibility



Strengthen Technology Leadership

- Align with megatrends & shifting OEM priorities
- Accelerate new product development cycle

Evolving Megatrends & Portfolio Alignment



ADAS L2/3
*Advanced Safety,
Driver Assist*



Electrification



Software



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



MaaS



Connectivity

Driveline		✓			✓	
Columns & I-Shafts	✓	✓	✓	✓		
Electric Power Steering	✓	✓	✓	✓	✓	✓
Steer-by-Wire	✓	✓	✓	✓	✓	✓
R&D	✓	✓	✓	✓	✓	✓
CNXMotion JV	✓	✓	✓	✓	✓	✓

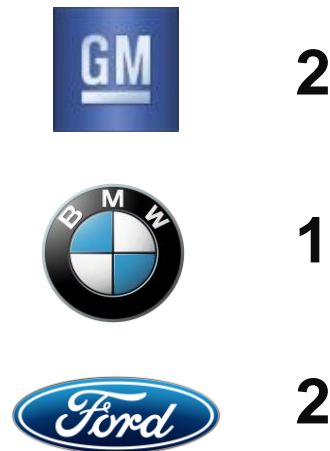
Portfolio Alignment & Electrification



EPS



CIS



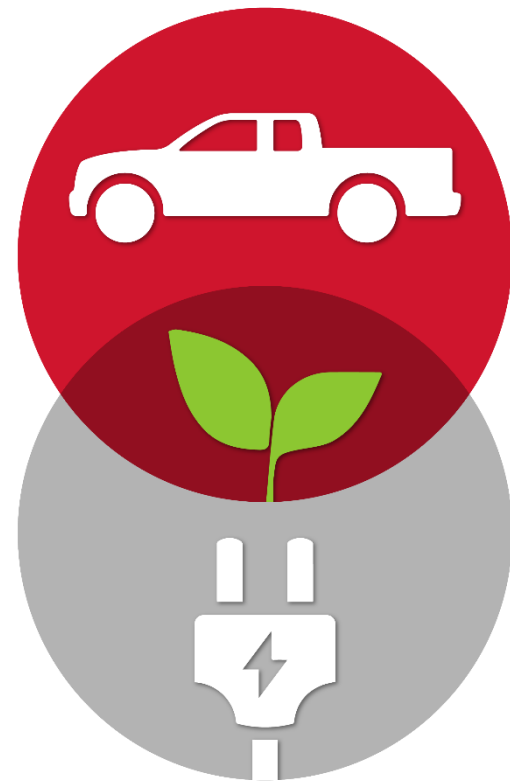
Driveline



Top 5 programs contributing to EV content for each product line are shown

Full-Size Trucks + Electrification = Growth Opportunities for Nexteer

- All product lines offer EV application
- All product lines represented on major BEV truck launches: early-mid 2020s
 - REPS, Column, I-Shaft, Driveline
- Protects market position, offers new incremental revenue, pulls ahead advanced tech
 - #1 REPS globally & 90% of NA FST
- Establishes advanced tech in the marketplace, increases future adoption



High Output Rack EPS



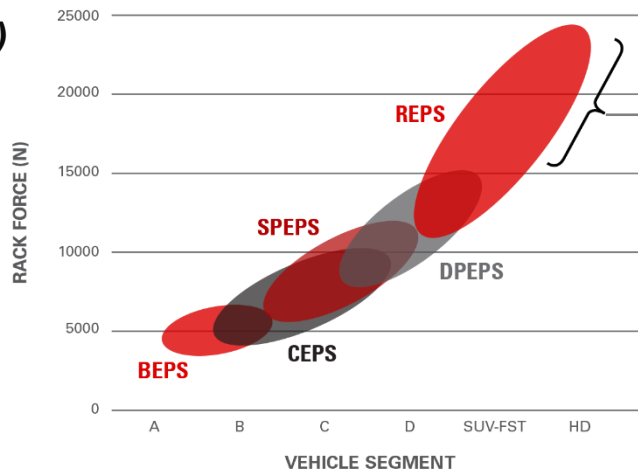
- *Truck BEVs Pull Ahead HO REPS Technology*
- *Opens New EPS Growth, Converts HD Trucks & LCVs from Hydraulic Power Steering*
- *Increases load capacity up to 24kN (vs. standard 10kN – 15kN)*



Safety, Comfort, Fuel Economy & Differentiator

- **Enhanced fuel economy:** Mass reduction & engine auto start/stop
- **Better steering feel** via reduced friction
- **Enhanced Safety:** Electrical architecture redundancies & driver assist features (lane keeping, park assist, wind-pull compensation, etc.)
- **Better Consumer Value:** Helps close the “Price-to-Feature Gap” between Light-Duty & Heavy-Duty Trucks
- **Differentiates OEM brand** in a competitive marketplace

EPS Architectures vs Vehicle Segments



Rack Force range increasing for REPS allowing applications into LCV's and HD trucks

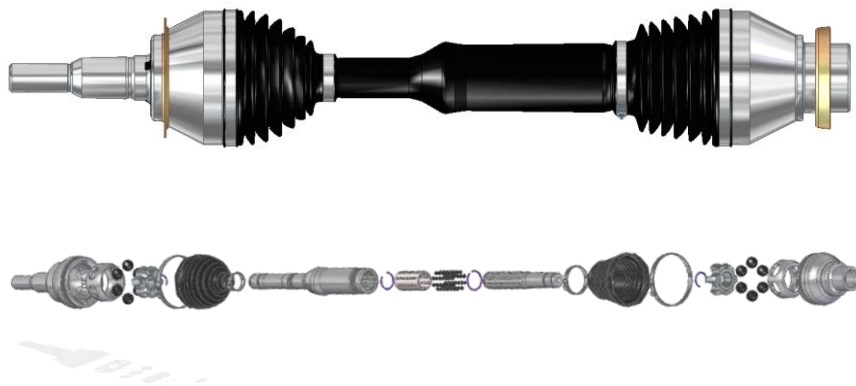
New CIS and Driveline Tech on BEV Truck



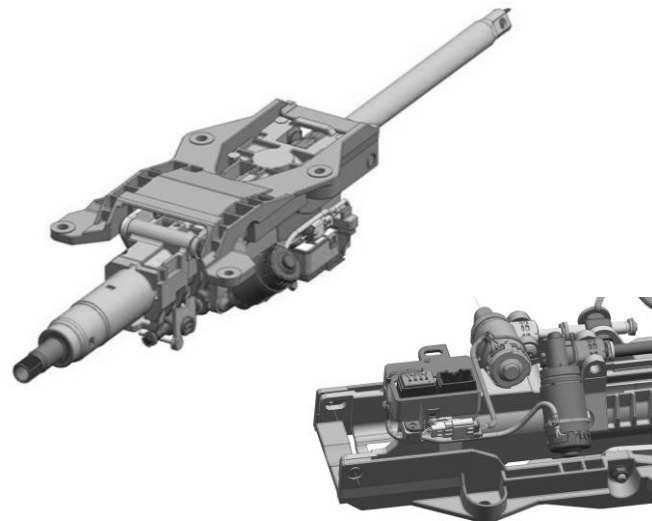
- *Truck BEVs Pull Ahead Driveline & CIS Technologies*
- *Establishes Premium Products in Marketplace, Paves Way to Broader Adoption*

New Ball Spline Axle Bar Technology

- Enables a halfshaft to meet NVH and durability requirements at ultra-high running angles



New Column Position Module and Actuator Assembly



(Rotated View)

Electrification + MaaS + ADAS L5 + Connectivity

Featuring Nexteer's Advanced Steering Technology



■ ADAS L5, shared, self-driven, electric

- No steering wheel or mechanical connection from gear to “driver”
- New cyber security requirements
- New OTA update capabilities



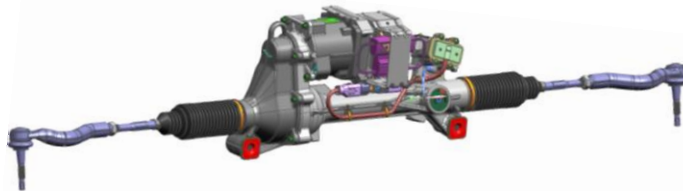
■ Features Nexteer's REPS Autonomous Rack Actuator

- Similar to Nexteer's H.O. REPS systems for EV Truck applications



■ Nexteer well-positioned

- Evolving, intersecting mega trends
- Supporting OEMs' shifting priorities



Example Source: Cruise.com

Ford Bronco Features Powerpack Innovation



- **INNOVATION: <10 FIT, Nearly Cylindrical, Folded Circuit Board**

- Benefits: Packaging, Cost, Safety

- **Rack EPS-enabled ADAS**

- Lane Keeping & Auto Park Assist

- **Enables OTA Flash Updates**

- **Common Software Across Vehicle Platforms**

- **Off-Road Profile: Software & Tuning, Development & Validation**



Nearly Cylindrical Powerpack Design



2021 Ford Bronco



Industry Recognition

GM 2019 Supplier of the Year Award

GM Supplier Quality Excellence Awards

for Nexteer Plants in Saginaw, US; Querétaro, Mexico; Chongqing, China; Wuhu, China and Bangalore, India

Ford Best Managed Companies with Outstanding Quality Performance in 2019 Award

for Nexteer Querétaro, Mexico

National Association of Manufacturers' Manufacturing Leadership Award

for Nexteer's Manufacturing Engineering Global Talent Management and Training Program

2020 1H Financial Review

**BILL
QUIGLEY**

Senior Vice President
Chief Financial Officer



2020 1H Financial Review

- COVID-19 Pandemic Brought Unprecedented Global Production Disruption Across All Served Markets
 - *NA and EMEASA Operations Most Impacted*
- Cost Actions Mitigated Earnings Impact from Significant Volume Loss and Production Shutdowns
- Customer Program Cancellations Resulting in Impairments
- Favorable Tax Benefit from US CARES Act
- Cash Management and Discipline Top Priority

***Successfully Navigating
Environment as One Nexteer***

nexteer
AUTOMOTIVE

COVID-19 UPDATE

♥ Care → Coordination ○ Communication

Constant Engagement



Community Support

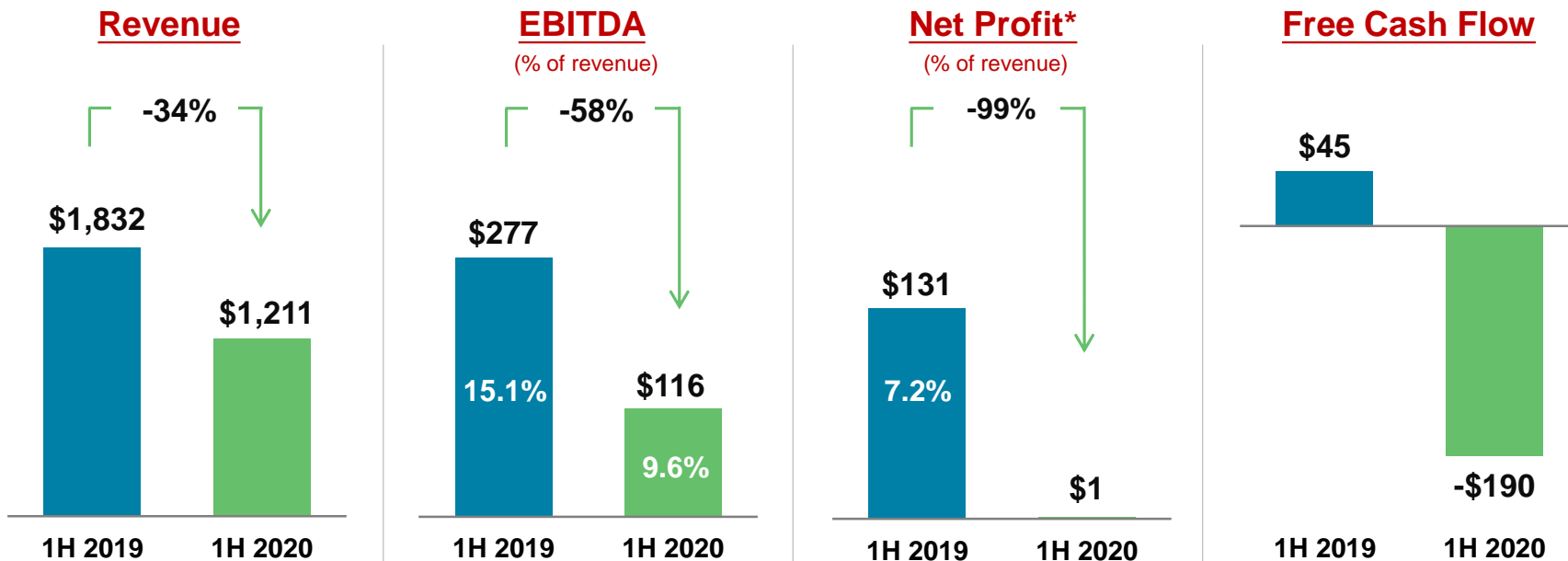


Safety First

nexteer
AUTOMOTIVE

Key Financial Metrics

(\$ in millions)



* Net Profit Attributable to Equity Holders

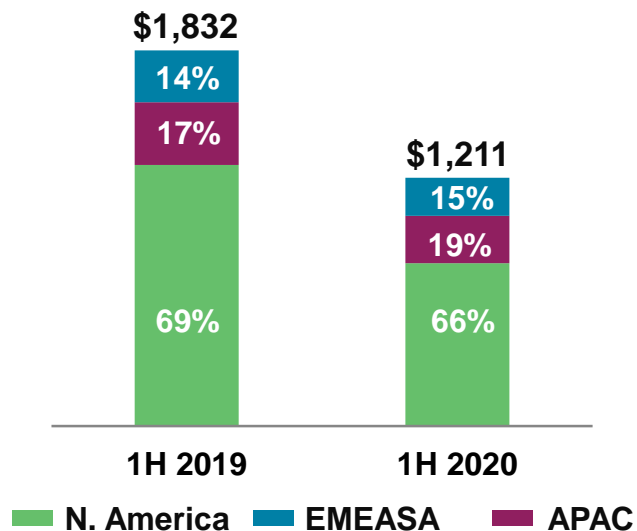
All Metrics Adversely Impacted by Unprecedented Decline in OEM Demand and Production Shutdowns

Revenue Comparison

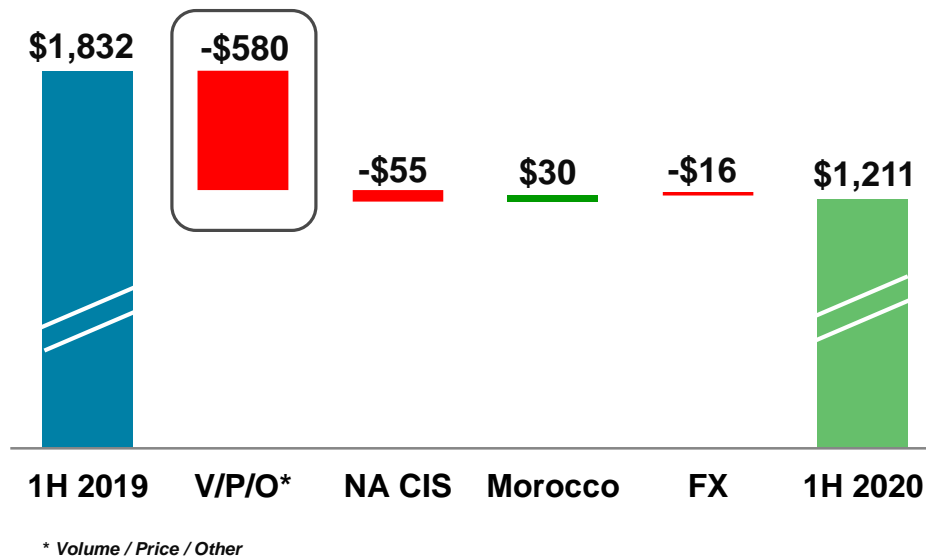
(\$ in millions)

Regional Revenue

(structural %)



Global Revenue Y-o-Y Change



**Pervasive and Steep Decline in OEM Production
Across All Served Markets**

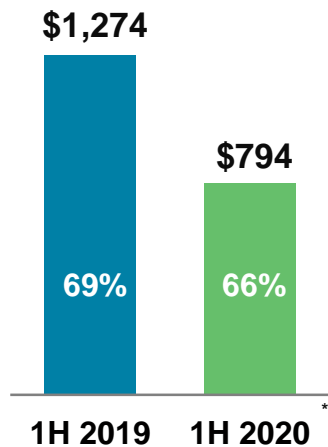
Revenue by Region

(\$ in millions)

Regional Revenue Performance

N. America

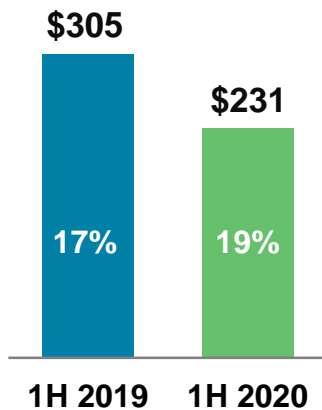
(structural %)



Chg	-\$480 -38%
------------	------------------------------

APAC

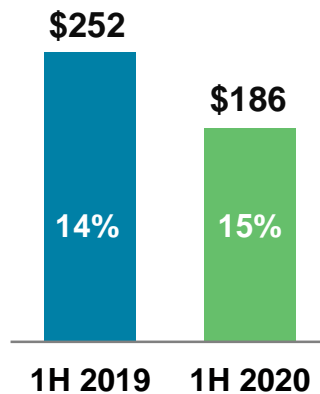
(structural %)



Chg	-\$75 -24%
------------	-----------------------------

EMEASA

(structural %)



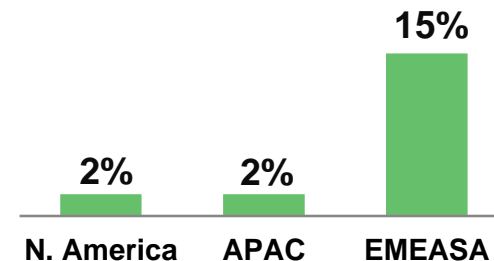
Chg	-\$67 -26%
------------	-----------------------------

Performance vs Market

Y-o-Y Revenue Change

N. America	-38%
Asia Pac.	-24%
EMEASA	-26%

Growth-Over-Market**



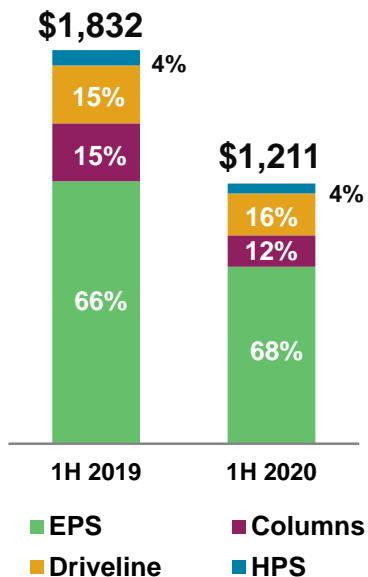
** according to IHS Markit Ltd. July 2020 forecast

Revenue by Product Line

(\$ in millions)

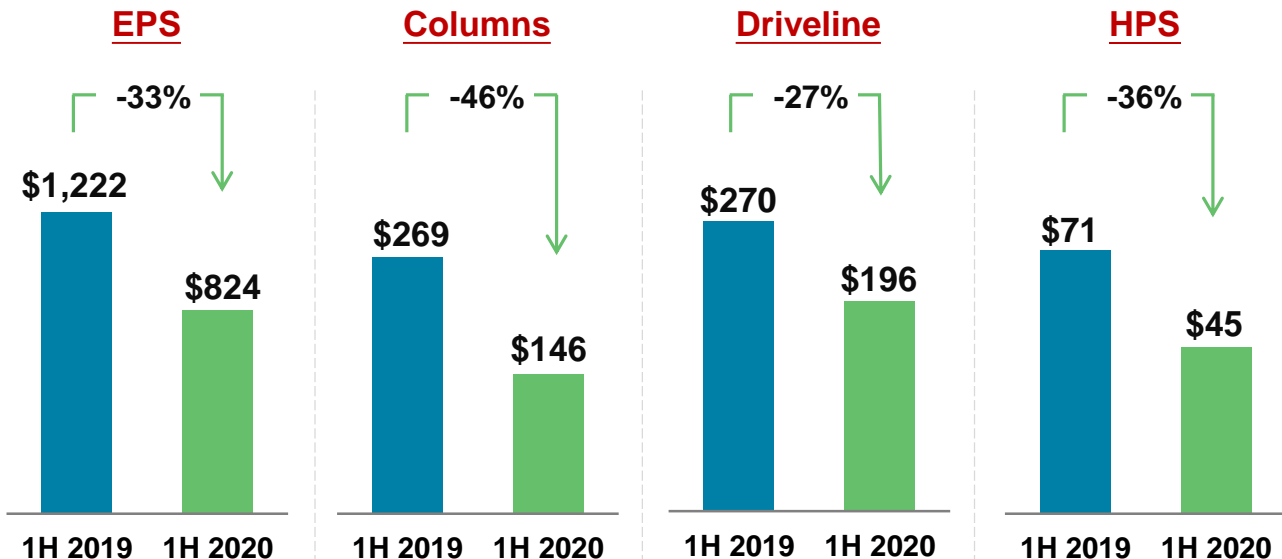
Global Revenue

(structural %)



Product Line Distribution

(growth %)

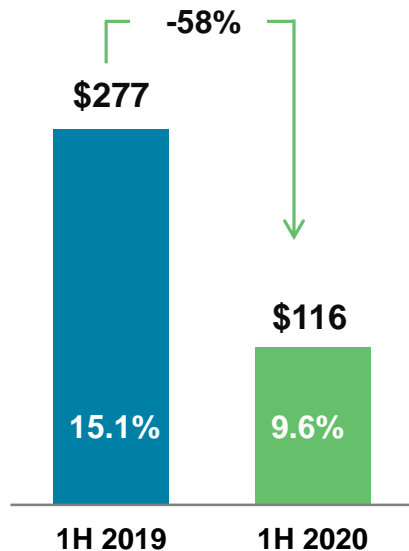


EBITDA Bridge

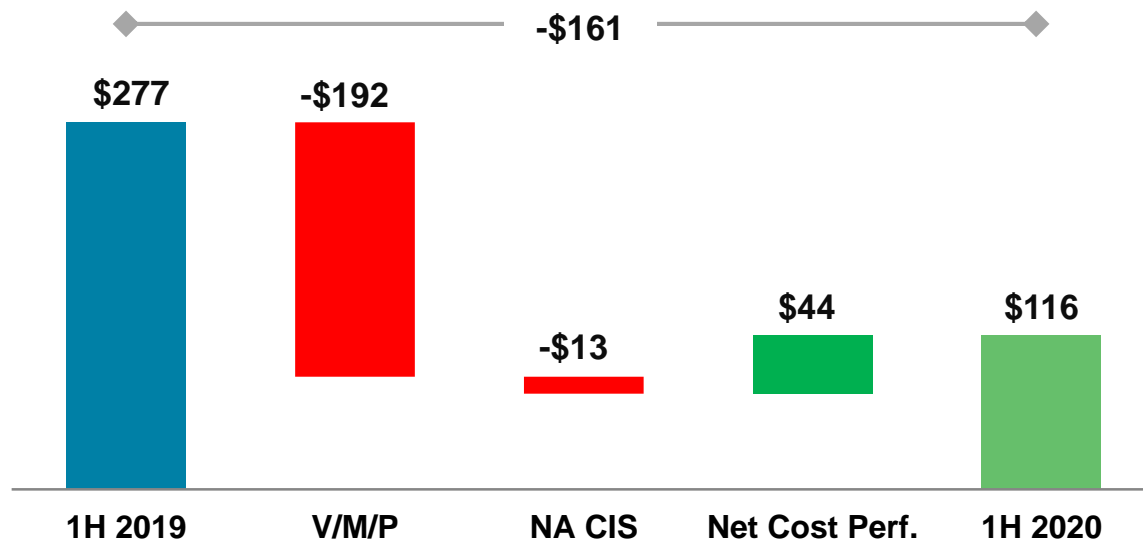
(\$ in millions)

EBITDA

(% of revenue)



Y-o-Y EBITDA Drivers



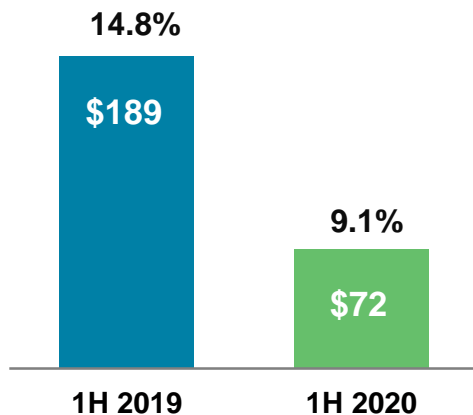
Decremental Earnings Impact Limited to ~26%

EBITDA by Region

(\$ in millions)

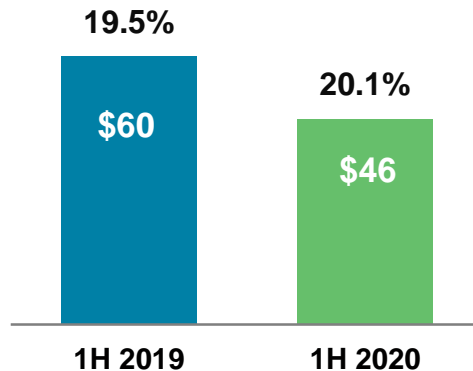
N. America

(% of revenue)



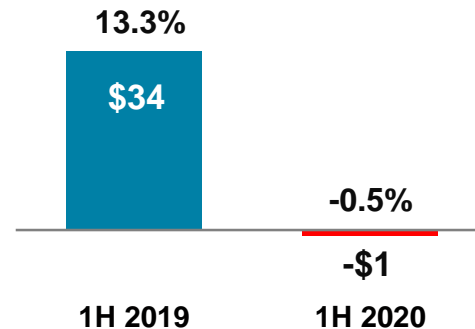
APAC

(% of revenue)



EMEASA

(% of revenue)



NA and EMEASA Most Impacted During 1H 2020

EBITDA to Net Profit Walk

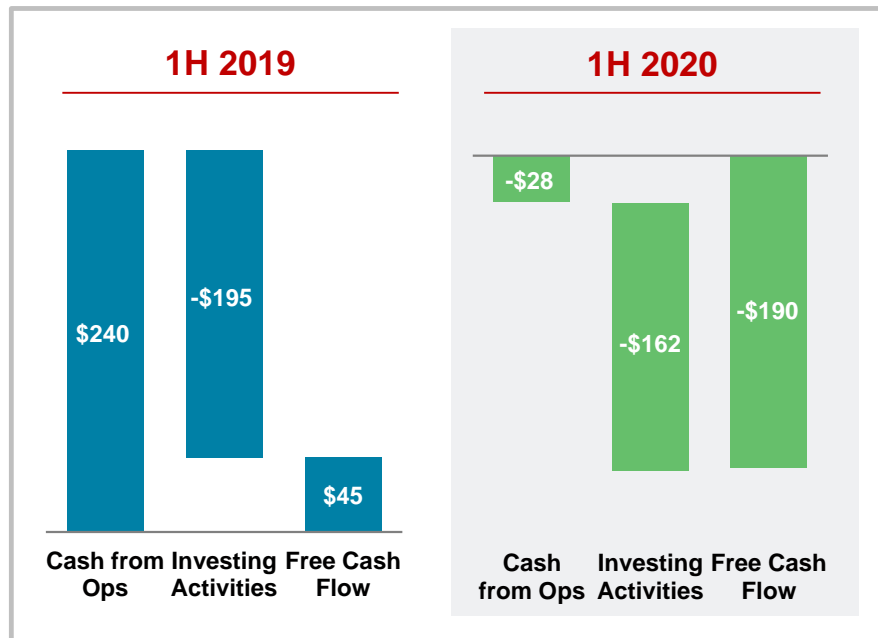
(\$ in millions)

	<u>1H 2019</u>	<u>1H 2020</u>
EBITDA	\$ 277	\$ 116
- D&A Expense	117	145
Operating Profit	\$ 160	\$ (29)
+ Share of JV Earnings	(2)	(0)
- Net Finance Costs	3	2
Income Tax Expense / (Benefit)	23	(34)
Min Interest	1	2
Net Profit	\$ 131	\$ 1

- D&A includes \$32 in engineering intangible asset impairments principally from customer program cancellations
- JV earnings comprised of CNX Motion, DF and Chongqing operations
- Favorable Tax Benefit from US CARES Act providing for NOL carryback at 35% tax rate

Free Cash Flow / Balance Sheet Summary

(\$ in millions)



	YE 2019	1H 2020
Cash and Capital		
Gross Debt	\$ 307	\$ 302
Finance Leases	62	57
Less - Cash	602	375
Net Cash	<u>\$ 233</u>	<u>\$ 16</u>
Total Equity	\$ 1,852	\$ 1,749
Total Net Capital	\$ 1,619	\$ 1,734
Liquidity		
Cash	\$ 602	\$ 375
Credit Facilities	309	177
Total	<u>\$ 911</u>	<u>\$ 552</u>

2020 2H Considerations & Summary

OEM Production Recovery Expected for 2H (July IHS Forecast)

- All Markets Served
- Experiencing Current Strong Demand in NA for FST / SUVs

Favorable Earnings and Cash Flow Conversion on Increased Volume

Maintain Discretionary Cost Controls

Cash Management and Discipline Top Priority

Cautiously Optimistic Moving Forward

OEM Production Forecast

(units in millions)

	1H 2020	2H 2020	%
Global	30.1	39.4	31%
NA	5.1	7.5	48%
APAC	16.7	20.6	24%
EMEASA*	7.6	10.5	37%

July 2020 IHS Markit Ltd. forecast

* EMEASA includes Europe and South America