

**ELECTRIC  
POWER STEERING**

**COLUMNS &  
INTERMEDIATE  
SHAFTS**

**DRIVELINE  
SYSTEMS**

**HYDRAULIC  
POWER  
STEERING**

**SOFTWARE**



***nexteer***  
AUTOMOTIVE

*a leader in intuitive motion control*

# 2023

## Annual Results Announcement

26 March 2024

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## **2023 Business Overview**

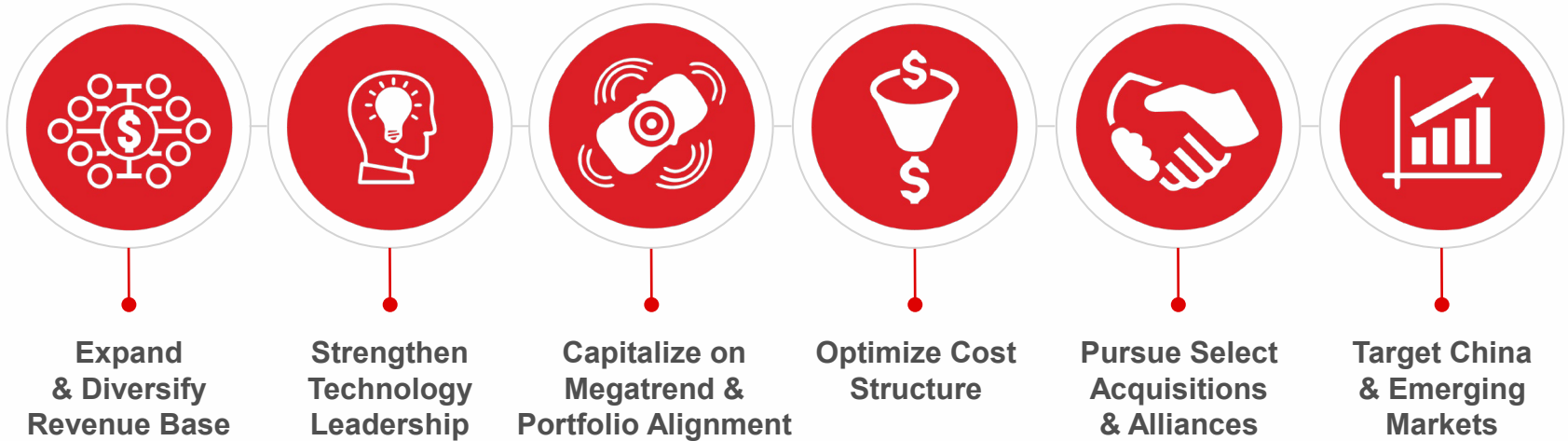
***Robin Milavec***, Executive Board Director, President,  
Chief Technology Officer and Chief Strategy Officer



## **2023 Financial Review / 2024 Considerations**

***Mike Bierlein***, Senior Vice President and Chief Financial Officer

# Strategy for Profitable Growth



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

# 2023 Business Highlights - Overview



**\$4.2B**

Total  
Revenue

Surpassing  
\$4B in  
revenue for  
the first time



**55**

Programs  
Launch

Strong new  
programs  
launch in  
APAC



**\$6.1B**

New  
Bookings

\$6B+ new  
booking wins  
for the 3<sup>rd</sup>  
consecutive  
year

**\$1.2B**

APAC  
Revenue

Surpassing  
\$1B in  
revenue for  
the first time

**100M**

EPS  
Milestone

Global EPS  
production  
milestone

# New Program Launches

Continued strong launch momentum in APAC



FY2023 Overview

**55**

**Program Launches**

**1<sup>st</sup>**

launch for NA EV leader

**34**

EV programs

**39**

launched in APAC

Major Programs Launch in 2H



**Xpeng X9**  
REPS



**Chery Luxeed S7**  
REPS



**Chery Exeed Sterra ES**  
REPS



**Polestar 4**  
REPS



**Ford Ranger**  
REPS, Columns



**Ford Transit Custom**  
Columns



**Geely Jiyue 01**  
REPS



**Cadillac Optiq**  
Columns & I-sharfs,  
Halfshafts



**Mini Cooper**  
SPEPS



**Avatr 12**  
Columns



**Wuling Xingguang**  
CEPS



**Geely Galaxy E8**  
Halfshafts

 EV content included

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# New Business Award - 2023

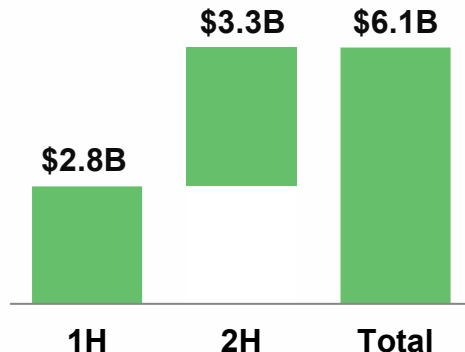


## Key Highlights

- **First EPS Win with a Global EV Leading OEM**
- **2nd SbW Program Win with a Leading Global OEM Includes HWA, RWA & Software / Systems Integration**
- **First Stand-Alone Software Business Win with a Leading Global OEM**
- **Continued Strong Booking Wins with China NEVs**

## Bookings\*

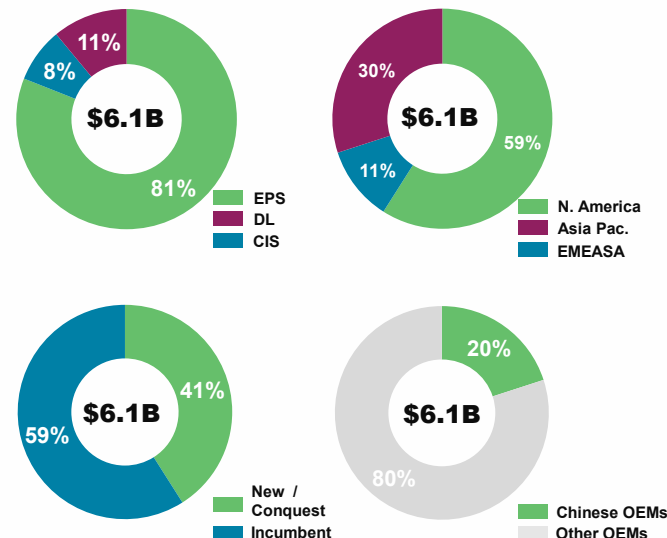
(\$ in billions)



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

## Bookings Composition

(\$ in billions)





# Expand & Diversified Customer Base



## Major Global OEMs



STELLANTIS



RENAULT NISSAN MITSUBISHI



.....



## Major Local OEMs

BYD



CHERY



GEELY



GAC MOTOR



上汽通用五菱  
SGMW



GWM

TATA MOTORS



Mahindra



MARUTI SUZUKI

.....



## New Growth OEMs



Li Auto



XPENG



NA EV OEM



China Tech Company



Last-mile delivery



Automated people  
mover

Rich customer portfolio from major global and local OEMs to non-traditional OEMs

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# Continued Growth in Asia Pacific



Outpacing-market growth with sustainable, strong profitability



Continued leading market position with Chinese OEMs



Product expansion to capitalize on new opportunities in DPEPS and SbW



Strengthened engineering capability and technological leadership in the region

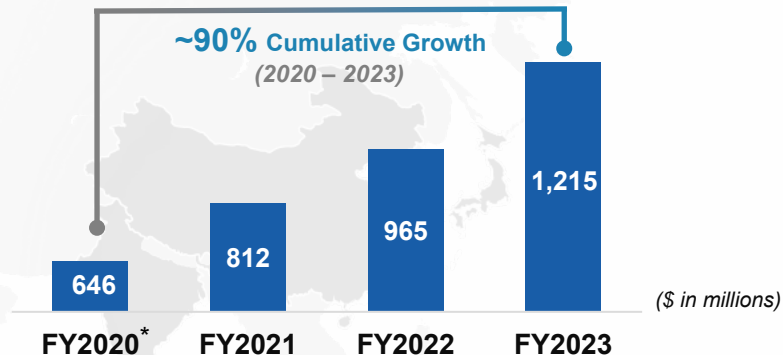


Enhanced organization agility to create customer value

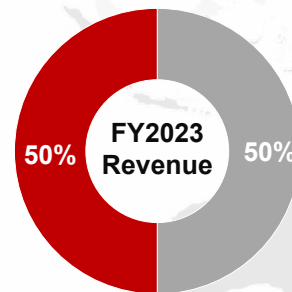


## APAC Revenue

~90% Cumulative Growth  
(2020 – 2023)



\* Comparative information has been restated under the new segment structure



■ Local OEMs (excl. JV brands with >50% equity shares)  
■ Global OEMs

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# Strategic Footprint Expansion

Multifunctional Changshu Plant, China



Groundbreaking (Jan 23, 2024)



Total Area: > 90,000m<sup>2</sup>

Program SOP (Early 2025)

## Production Expansion

- Capitalize on growth momentum in APAC to anticipate & meet customers' growing needs
- Offer a comprehensive product portfolio including gear-based EPS and SbW



## R&D Expansion

Supplement of APAC Technical Center



Testing  
& Validation



Virtual  
Engineering



Vehicle  
Dynamic  
Testing

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# Balanced and Capable Global Engineering Footprint



Saginaw, USA  
**UNITED STATES Technical Center**



Tychy, Poland  
**EMEASA Technical Center**



Suzhou and Changshu, China  
**ASIA PACIFIC Technical Centers**



Queretaro, Mexico  
**MEXICO Technical Center**



Bengaluru, India  
**INDIA Technical Center**



**Continue to Rebalance Engineering Resources to Reflect the Overall Needs of Our Global Customer Base and Optimize for Cost and Time Efficiencies**

# Product Support Megatrends Mix:

## Nexteer Leadership in EVs, SDVs & ADAS/AD Landscape



\*Source: SAE International



# Sustainability & ESG Highlights



**Member of Hang Seng Corporate Sustainability Benchmark Index**  
Seventh Consecutive Year



**Newsweek's America's Most Responsible Companies 2024**  
Fourth time in five years



**Multiple workplace-related awards:**  
**Great Place to Work / Top Employer / Workplace for Diversity**



**Align with Green Megatrends**  
Bookings support EV related platforms and contribute to decarbonization;  
Tremendous growth in China market, APAC



Saginaw solar field



Culture Week 2023



Nexteer  
With Passion Program

**NEXTEER**   
**SUSTAINABILITY**

**MAKING TOMORROW  
BETTER THAN TODAY**



Earth Day 2023



Global Supplier Conference



5th Nexteer Library  
in a rural area of China



## 2023 Business Overview

***Robin Milavec***, Executive Board Director, President,  
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## 2023 Financial Review / 2024 Considerations

***Mike Bierlein***, Senior Vice President and Chief Financial Officer



# 2023 Financial Review

## Achieved Record Full-Year Revenue of US\$4.2 Billion

- Growth of 11.1% YoY adjusted for foreign exchange and commodity, outpacing market by 170 bps
- APAC adjusted revenue growth of 32% driven by growth with China OEMs

## Earnings Impacted by Macro Economic Headwinds and One-Time Items:

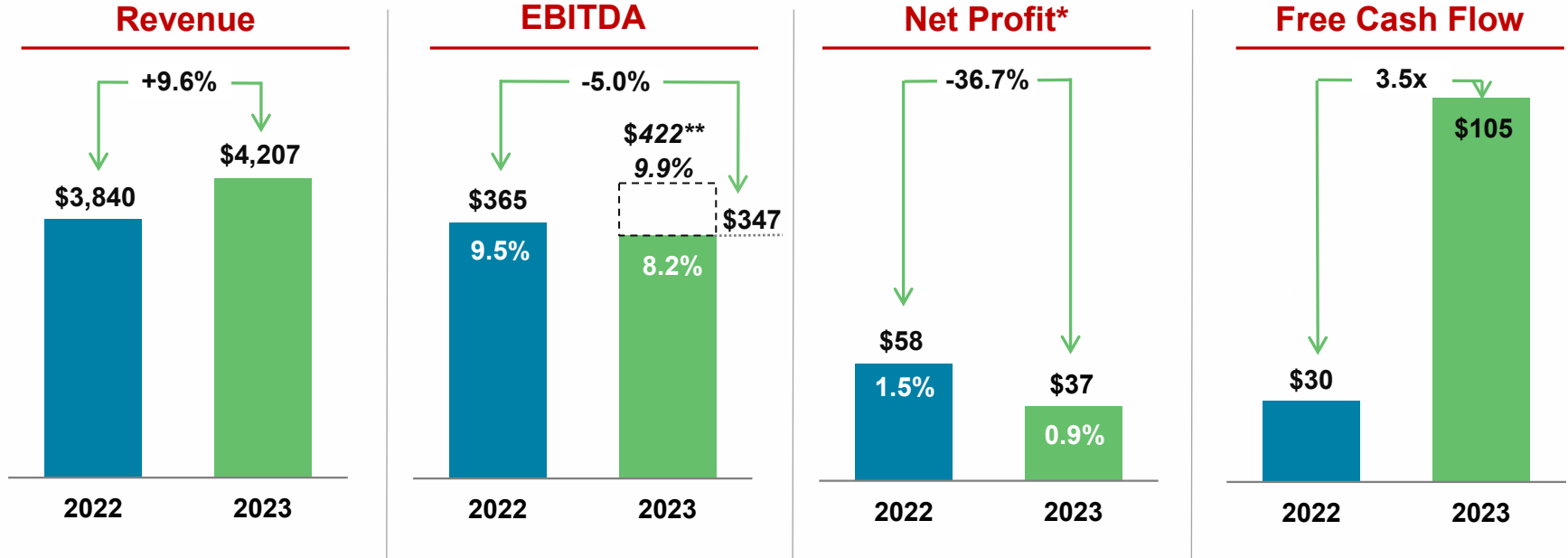
- Unfavorable foreign exchange driven by strengthening Mexican Peso and weakening RMB compared to USD
- Ongoing inflation impacting labor, energy and material costs
- UAW strike reducing revenue by (\$59M) and (\$15M) EBITDA
- Supplier disruption impacting EBITDA by (\$49M)
- Restructuring costs of (\$10M) in North America to improve profit margins moving forward

## Positive Free Cash Flow of \$105M / Balance Sheet Remains Strong



# 2023 Key Financial Metrics

(\$ in millions)



**Revenue Increased by 9.6% Driving Margin Improvement of 40 Basis Points After Adjusting for One-Time Items**

\* Net Profit Attributable to Equity Holders

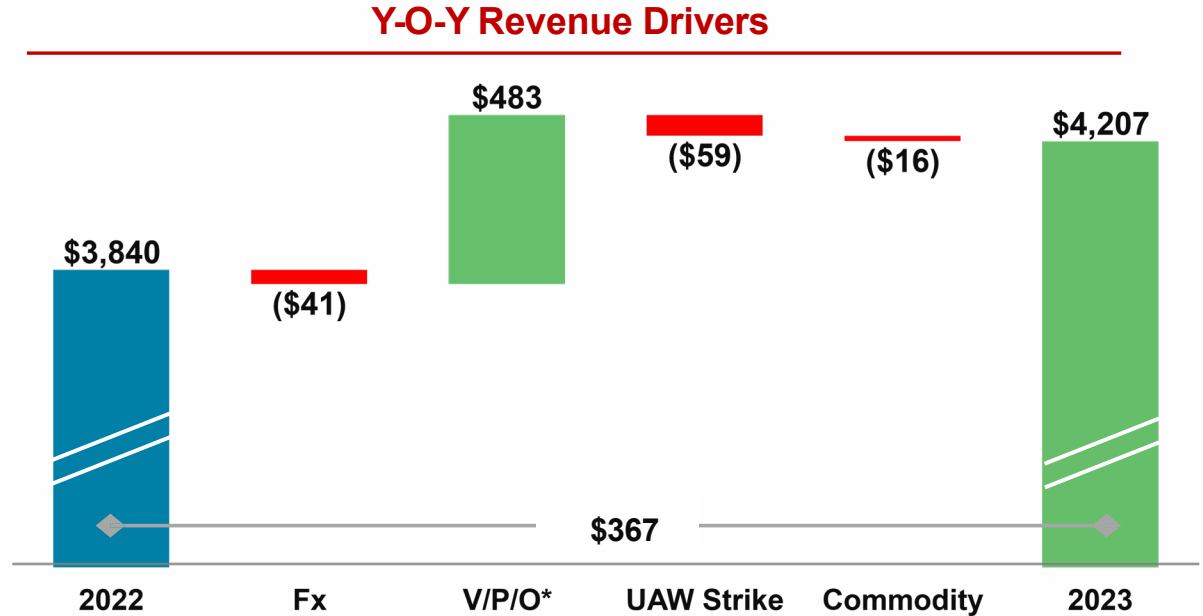
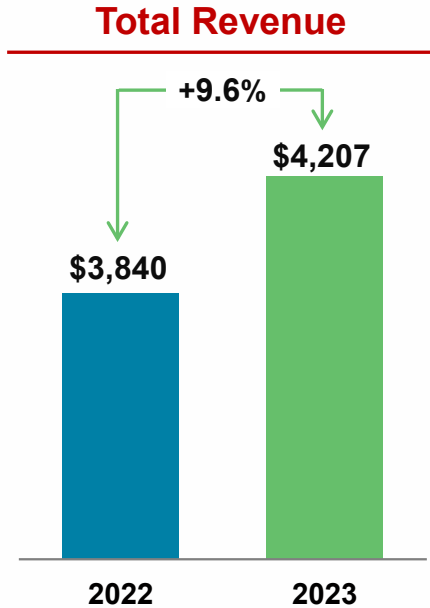
\*\* Adjusted for one-time items: supplier disruption, UAW strike, and restructuring

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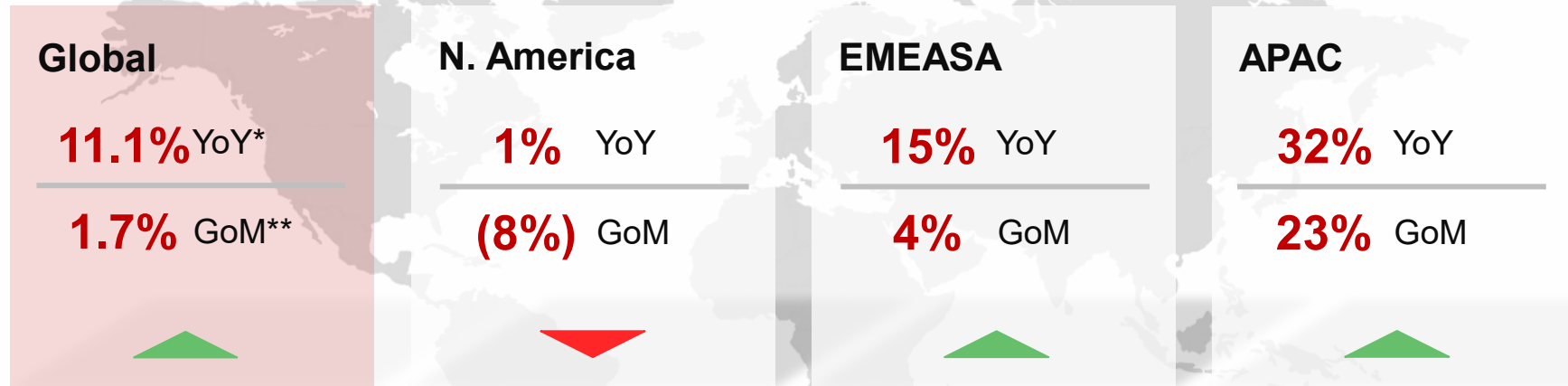
# 2023 Revenue Bridge

(\$ in millions)



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

# 2023 Revenue Growth Outpacing Market



**Total Adjusted Revenue Growth Vs. 2022  
Outperformed Market 170 bps, +1.7%**

\* Adjusted revenue growth excludes foreign exchange and commodity

\*\* Growth-over-market based on S&P Global Mobility January 2024

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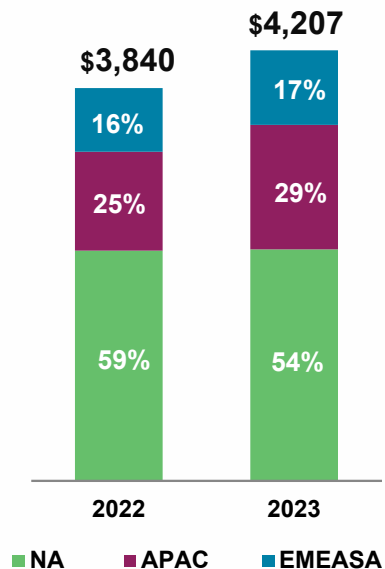
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# 2023 Revenue by Region

(\$ in millions)

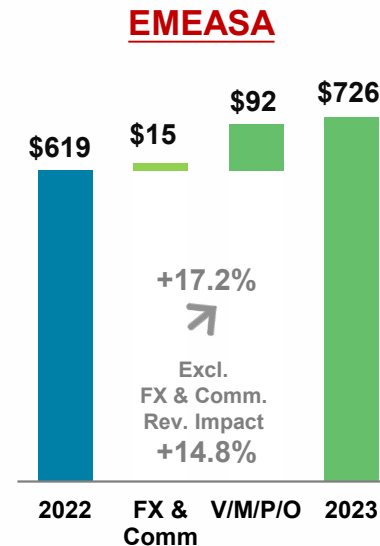
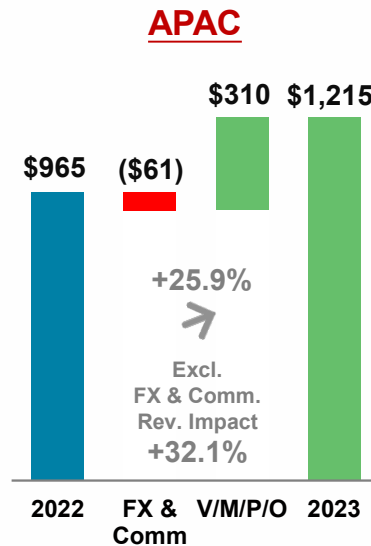
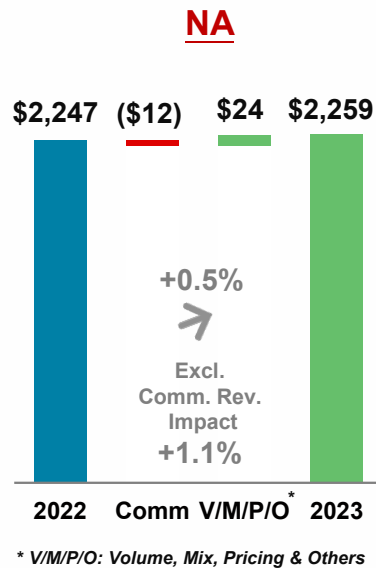
## Total Revenue

(structural %)



## Regional Distribution

(growth %)



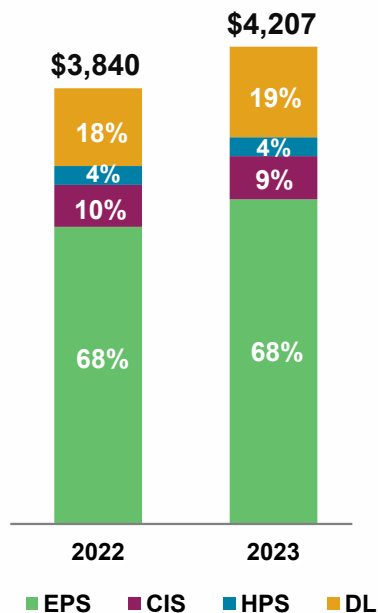
# 2023 Financial Results

## Product Line Revenue Distribution

(\$ in millions)

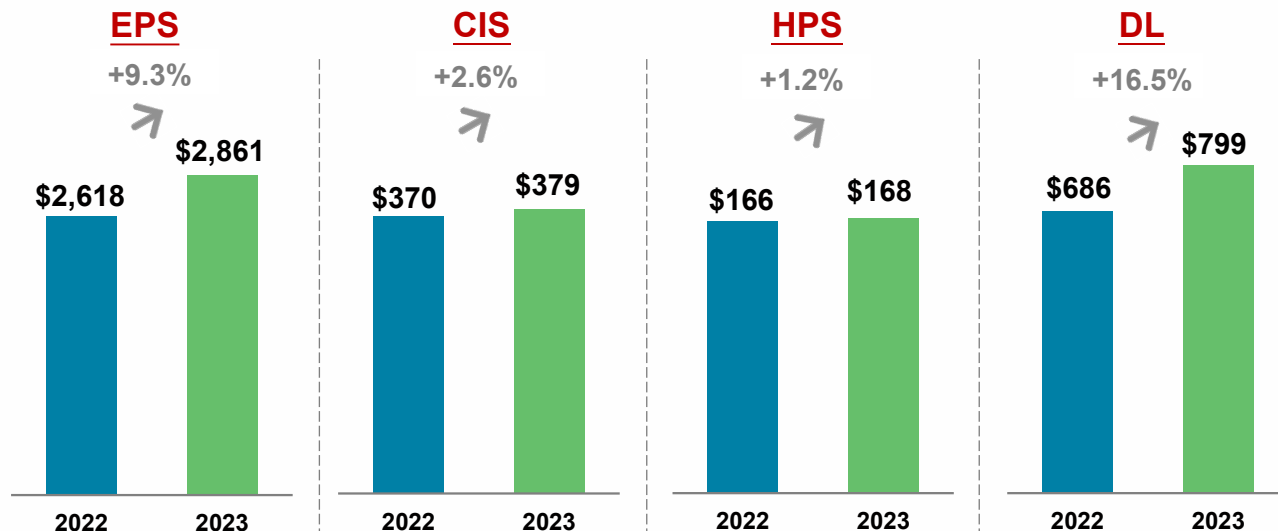
### Total Revenue

(structural %)



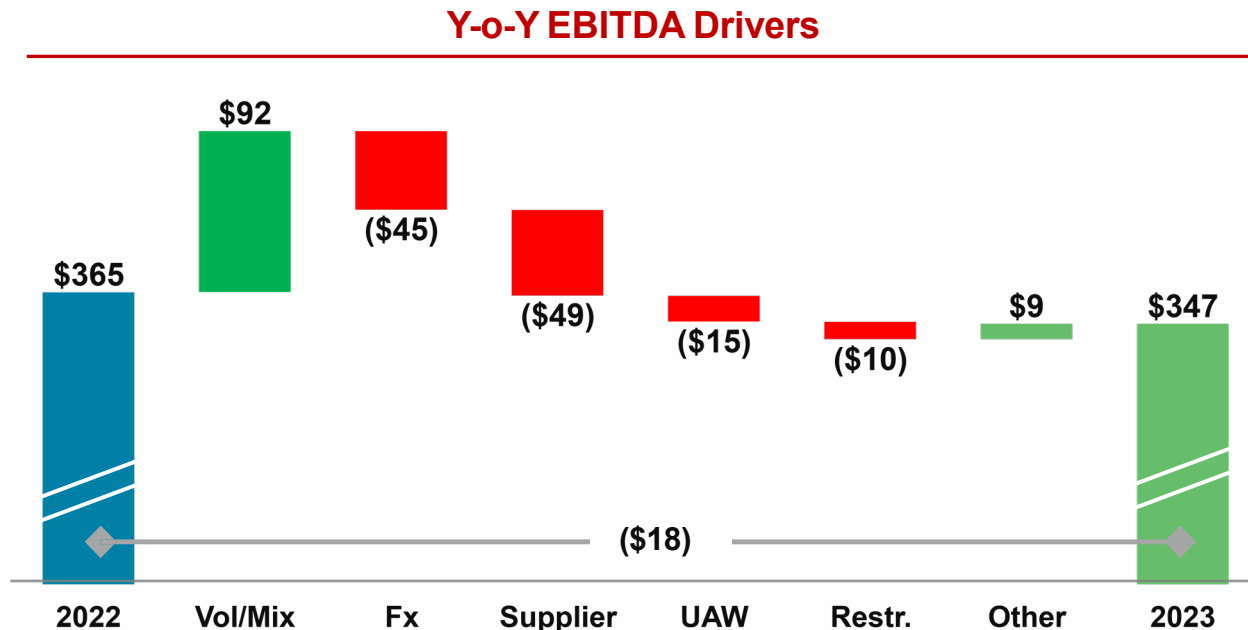
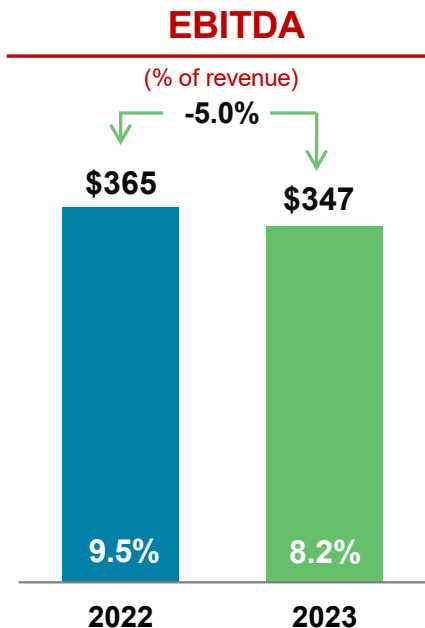
### Product Line Distribution

(growth %)



# EBITDA Bridge – 2023 vs 2022

(\$ in millions)



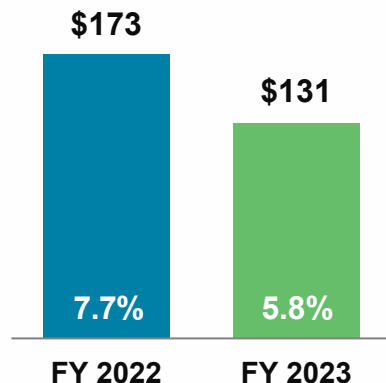
**Earnings Tempered by FX / Supplier Disruption / UAW Strike / Restructuring**

# 2023 EBITDA and Margin Performance by Region

(\$ in millions)

## NA

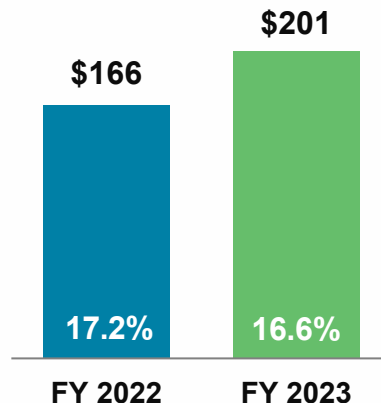
(% of revenue)



**Margins Reduced Due to Supplier Disruption, UAW Strike and Restructuring**

## APAC

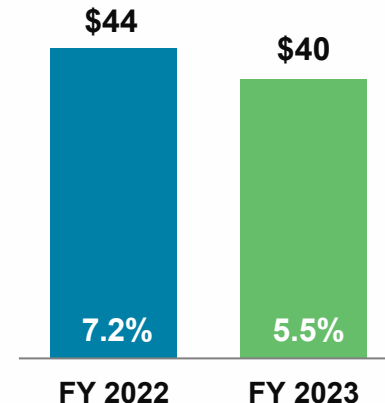
(% of revenue)



**EBITDA Increased by 21% Driven by Revenue Growth**

## EMEASA

(% of revenue)



**Margin Reduction Due to Cost Pressures**



# Operational Efficiency and Execution

Fixed Cost Reduction and Footprint Initiatives to Improve Profitability



## Early Retirement Incentive Program (ERIP)

- ✓ Completed a voluntary ERIP for eligible US salaried employees in 2H 2023

## Global Engineering Capabilities

- Continue to rebalance engineering resources to reflect the overall needs of our global customer base and optimize for cost and time efficiencies in US, Mexico, Poland, China and India tech centers

## Optimizing Manufacturing Footprint for Efficiencies

- ✓ US DL Transformation: finalized the footprint optimization of US DL operations from two plants to one
- NA Columns Transition: relocating production of steering columns business from US to Mexico site and expected to complete by 2026

## Supply Chain Management

- Enhancing competitiveness, supply chain resilience and agility

# 2023 EBITDA to Net Profit Walk

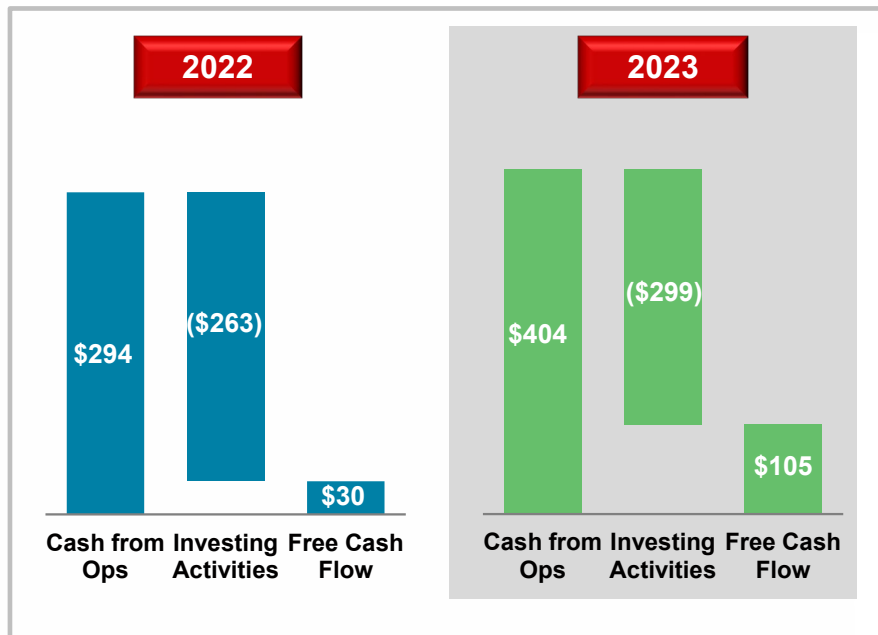
(\$ in millions)

	<u>FY 2022</u>	<u>FY 2023</u>
<b>EBITDA</b>	<b>365</b>	<b>347</b>
- D&A Expense	279	285
<b>Operating Profit</b>	<b>86</b>	<b>61</b>
+ Share of JV Earnings	1	3
- Net Finance Costs	(5)	0
- Income Tax (Benefit)	26	19
- Minority Interest	8	8
<b>Net Profit</b>	<b>58</b>	<b>37</b>

- Share of JV Earnings improved by \$2M driven by the dissolution of the CNXMotion JV
- Income Tax Expense is favorable \$7M in 2023 compared to 2022. Including a \$11M tax benefit in Brazil.
- Minority interest comprised of the China Driveline JV

# 2023 Free Cash Flow and Capital Structure Metrics

(\$ in millions)



	Dec 2022	Dec 2023
<b>Cash and Capital</b>		
Gross Debt	\$ 50	\$ 49
Finance Leases	61	51
Less: Cash	246	312
Net Debt / (Cash)	\$ (135)	\$ (211)
Total Equity	\$ 1,977	\$ 2,011
Total Net Capital	\$ 1,842	\$ 1,800
Net Debt / Net Capital	n/a	n/a
<b>Liquidity</b>		
Cash	\$ 246	\$ 312
Credit Facilities	366	370
Total	\$ 612	\$ 682
<b>Leverage / Coverage</b>		
Gross Debt to EBITDA	0.1x	0.1x
Net Debt to EBITDA	n/a	n/a

# 2024 Operating Considerations

## Record Revenue and Continued Margin Expansion

- **Forecasting Global OEM Production Volumes to be Roughly Flat in 2024 Compared to 2023**
- **Another Record Year for Revenue in 2024 Driven by Above Market Growth in Asia Pacific**
- **New Changshu, China Plant Enabling Continued Growth in 2025 and Beyond**
- **Continued Margin Expansion Benefiting from Increased Revenue, Fixed Cost Reductions and Footprint Initiatives**
- **Another Year of Strong Business Bookings - Targeting \$6B**





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