

**ELECTRIC
POWER STEERING**

**COLUMNS &
INTERMEDIATE
SHAFTS**

**DRIVELINE
SYSTEMS**

**HYDRAULIC
POWER
STEERING**

SOFTWARE



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AUTOMOTIVE

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2023

Interim Results Announcement

16 August 2023

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***“ We are the Leading
MOTION CONTROL
TECHNOLOGY COMPANY
that Accelerates Mobility to be
SAFE, GREEN & EXCITING.”***



2023 1H Business Overview

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



2023 1H Financial Review / 2H Considerations

Mike Bierlein, Senior Vice President and Chief Financial Officer

2023 1H Business Highlights

- **Achieved Record Half-Year Revenue of US\$2.1 Billion, Increasing by 17.4% Compared to 1H 2022**

- **Successfully Launched 32 Major Customer Programs to Support Business Growth**

- **Secured \$2.8B of New Bookings, Mainly in 2nd Quarter**

- *Wins include a second SbW program, NA EV truck programs, new business with leading Chinese NEV OEMs*

- **Continued Commitment to Technology Leadership and Megatrend Alignment**

- *Commercialization of SbW accelerated, local Chinese NEV customers expansion, R&D resources optimization*

- **Operational Efficiency and Execution**

- *Laser focus on customer recovery, reducing fixed cost, optimizing footprint for efficiencies and leveraging supply chain*

Launched 32 Major Programs in 1H 2023



NORTH AMERICA

(11)



GM Cruise Origin
REPS



GMC Hummer SUV EV
REPS, Columns & I-shafts,
Halfshafts



Chevrolet Silverado EV
REPS, Columns & I-shafts,
Halfshafts



Ford Mustang
REPS, Columns



Chevrolet Colorado & GMC Canyon
REPS, Columns

EMEASA

(1)



Chevrolet Montana
Halfshafts

APAC

(20)



HiPhi Y
REPS



BMW X1
SPEPS



Changan Deepal SL03
CEPS



Chevrolet Blazer EV
Halfshafts, I-shafts



Buick Electra E5
Columns & I-shafts,
Halfshafts



Cadillac Lyriq V-Series
Halfshafts



Lixiang L7
Columns



Changan Lamore
CEPS



Chery Exceed AtlantiX
CEPS



Buick Electra E4
Columns & I-shafts,
Halfshafts



HAVAL F5
CEPS, Halfshafts



Mercedes-Benz GLC
Halfshafts



Changan Oshan X5
CEPS



HAVAL Kugou
Halfshafts



Renault Kwid
CEPS



Chery Arrizo 8
CEPS

Incumbent business | **New business**

 **New Energy Vehicle**

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New Business Award - 1H 2023

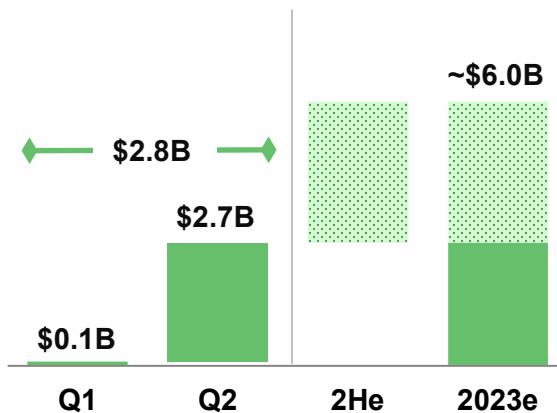


Key Highlights

- **2nd SbW program win with a leading global OEM includes HWA & RWA**
- **NA EV truck business volume increase**
- **Continued booking award with Chinese NEV OEMs**

Bookings*

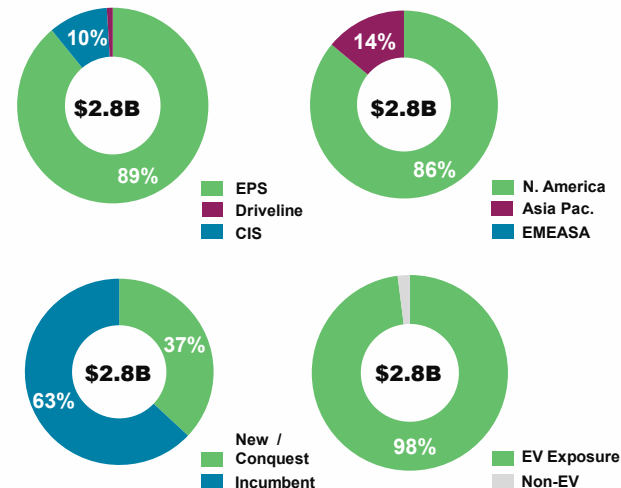
(\$ in billions)



* 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)

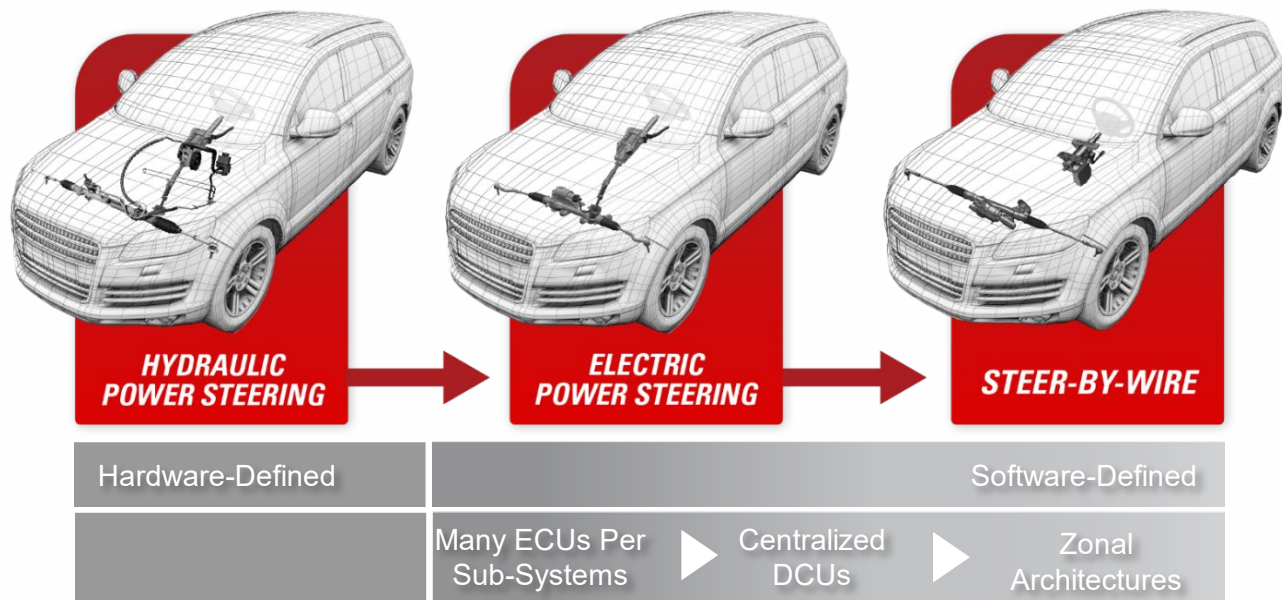


Capitalizing on SbW & SDV*



Levering Global Leadership in EPS, SbW, Steering Software & Vehicle Integration

- Won 2nd SbW program with a leading global OEM - HWA & RWA
- Secured SbW development contracts with several OEMs
- Capitalizing on SDV trend by leveraging our software expertise in steering feature development
- Prioritizing resources to SbW & software opportunities by dissolving CNXMotion JV & exiting eDrive



* Software-Defined Vehicles

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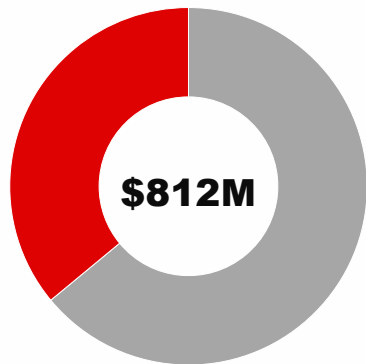
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Re-Balancing APAC Customer Portfolio

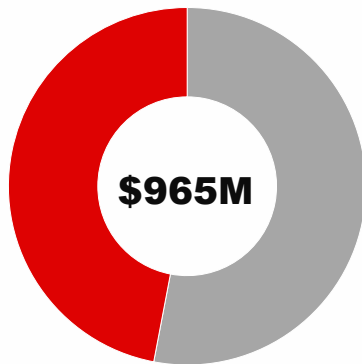


Asia Pacific Revenue

FY2021



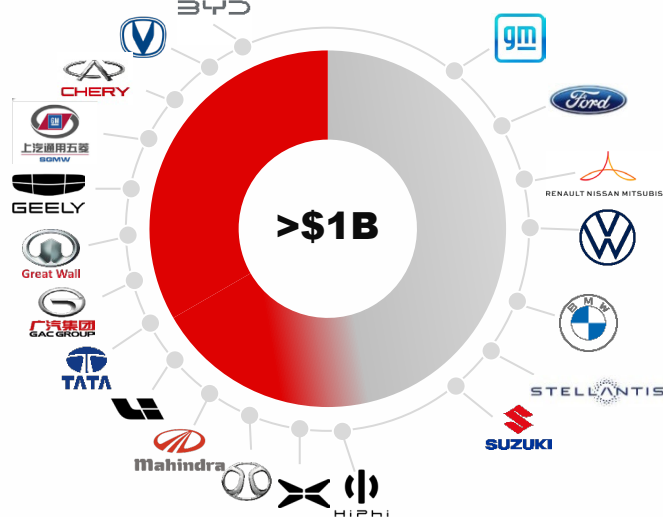
FY2022



■ Local OEMs (excl. JV brands with 50% or above equity shares)

■ Global OEMs

FY2023e



Fast APAC Revenue Growth Benefited from Diversified Regional Customer Base

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Optimizing R&D Deployment



Global Technical Center (GTC)

- Portfolio Vision
- Product and Process Architecture Strategy
- Advance Core Product Technology
- Software Development
- R&D Innovation



Technical Center (TC)

- Product and Process Engineering
- Product Validation
- Prototype Manufacturing
- Vehicle Integration and Testing
- Software Development
- R&D Innovation



India Software Center (SC)

- Software Production and Validation
- Cybersecurity
- Virtual Engineering

Operational Efficiency and Execution





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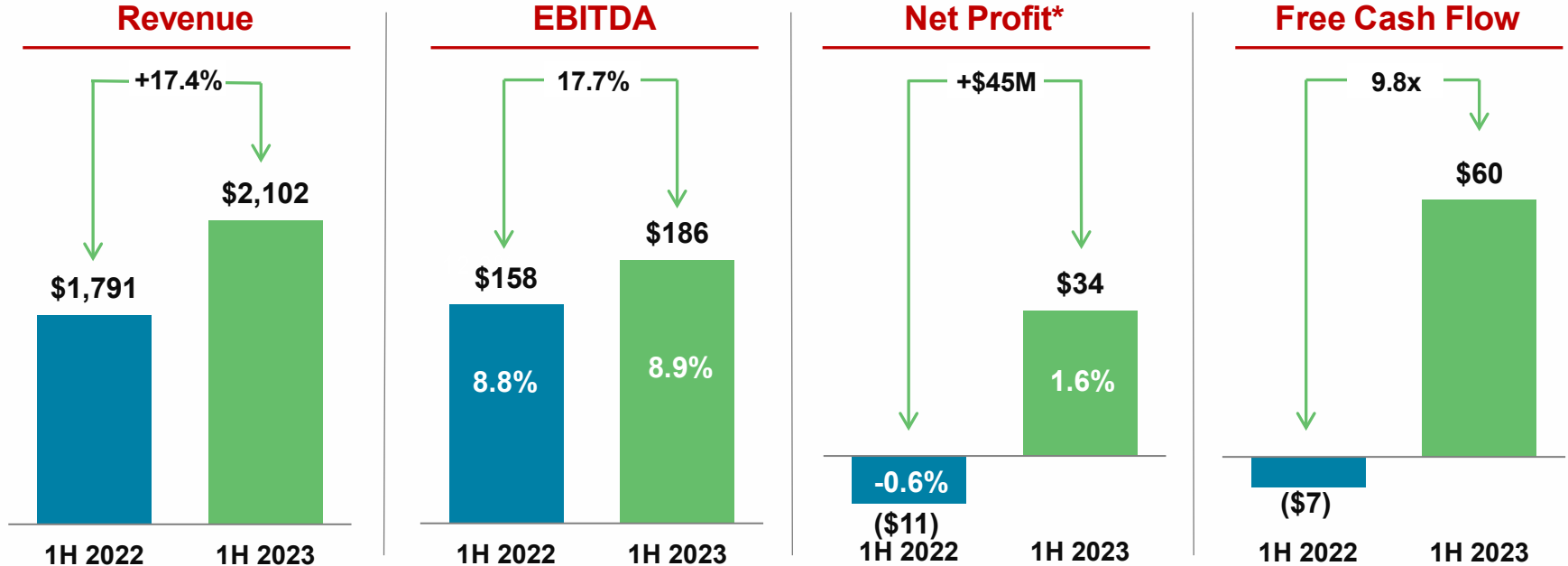
1H 2023 Financial Observations

Industry Environment Improving with Still Elevated Input Costs

- **Achieved Record Half-Year Revenue of US\$2.1 Billion**
- **Revenue Growth of 17.4% YoY, Outpacing Market by 920 bps**
- **EBITDA Growth of 17.7% YoY; Margins Remain Constrained by Macro Factors**
 - *Inflationary pressures remain impacting labor, energy and material costs*
 - *Exchange rates driven by strengthening Mexican Peso weakening RMB and Euro compared to USD*
- **Positive Free Cash Flow of \$60M / Balance Sheet Remains Strong**
- **Strong Bookings of \$2.8 Billion in 1H 2023**

1H 2023 Key Financial Metrics

(\$ in millions)

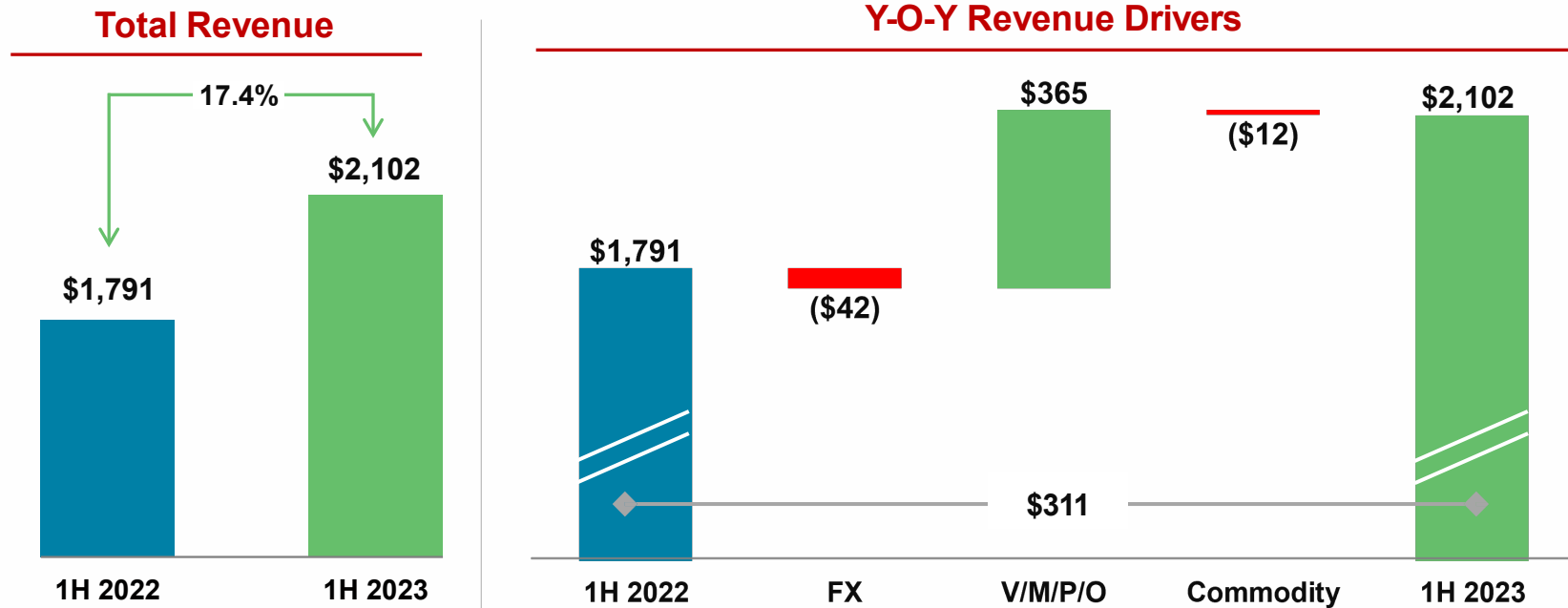


Revenue Growth Above Market Offset by FX and Inflationary Pressures

* Net Profit Attributable to Equity Holders

1H 2023 Revenue Bridge

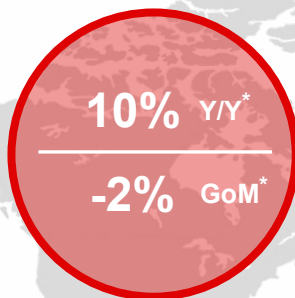
(\$ in millions)



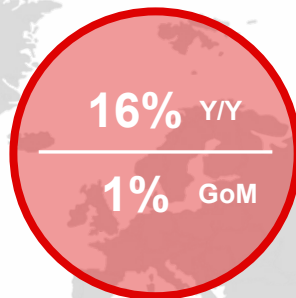
* V/M/P/O: Volume, Mix, Pricing & Others

1H 2023 Revenue Growth Outpacing Market

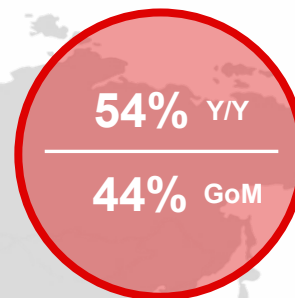
N. America



EMEASA

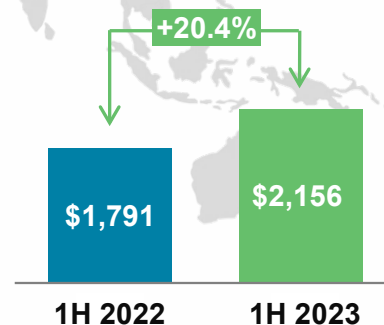


APAC



Total Adjusted Revenue Growth Vs. 1H 2022
Outperformed Market 920 bps, +9.2%

Global Adjusted Revenue



* Adjusted revenue growth excludes foreign exchange and commodity
S&P Global Mobility July 2023

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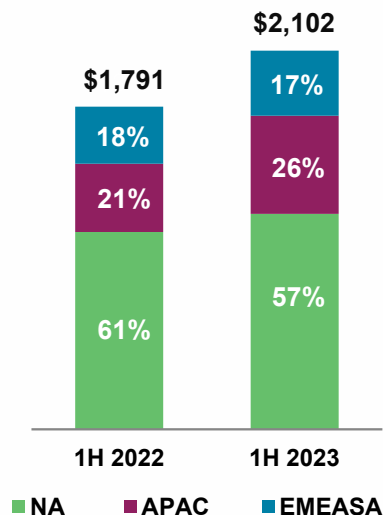
1H 2023 Financial Results

(\$ in millions)

Revenue by Region

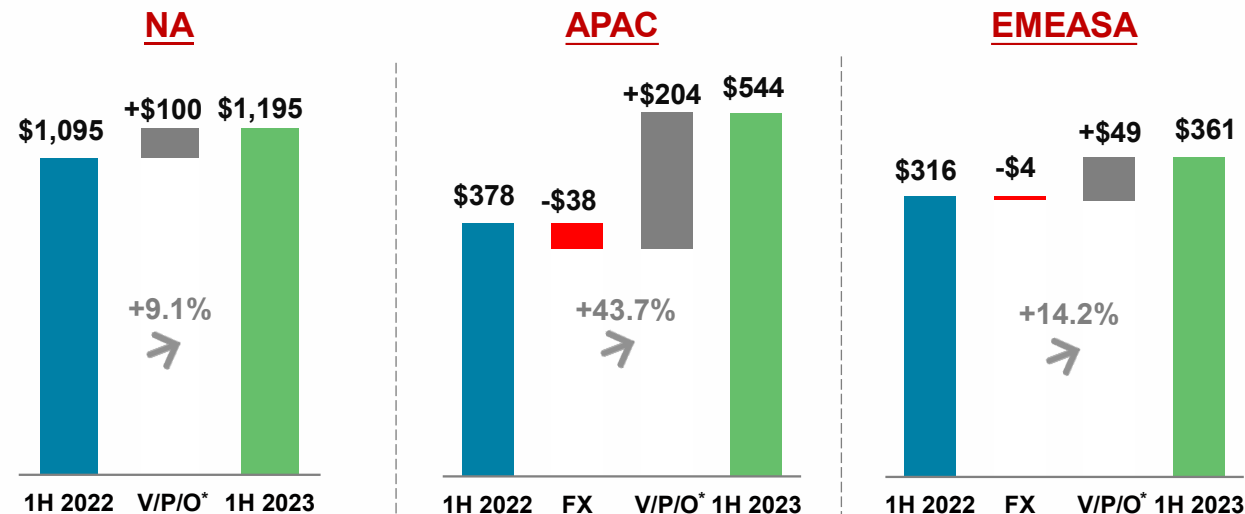
Total Revenue

(structural %)



Regional Distribution

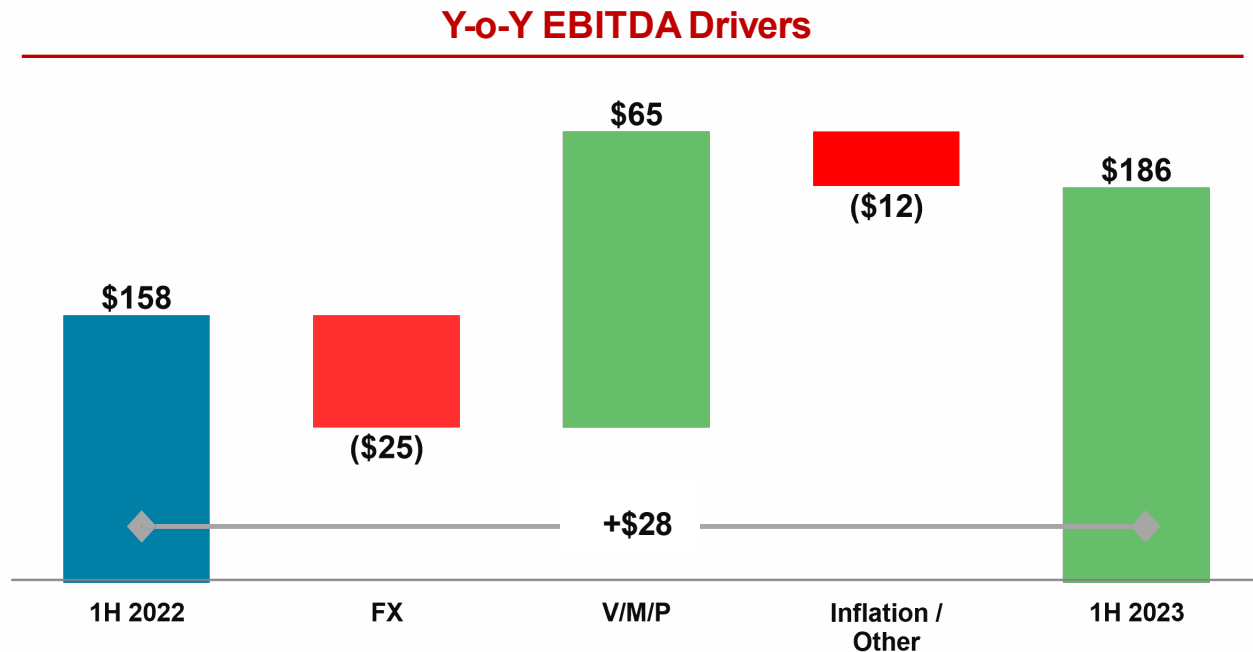
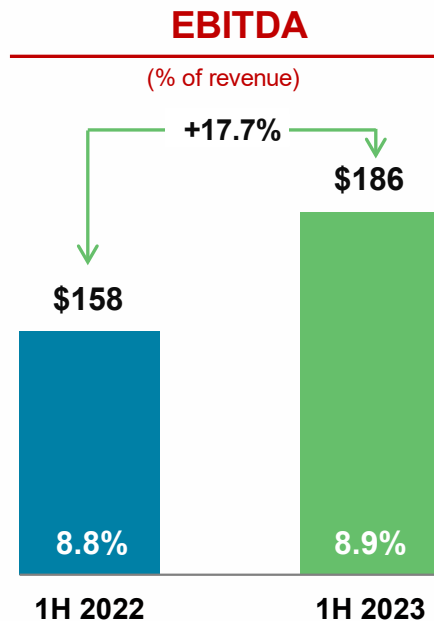
(growth %)



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

EBITDA Bridge – 1H 2023 vs 1H 2022

(\$ in millions)



Margin Profile Tempered by Exchange and Inflation

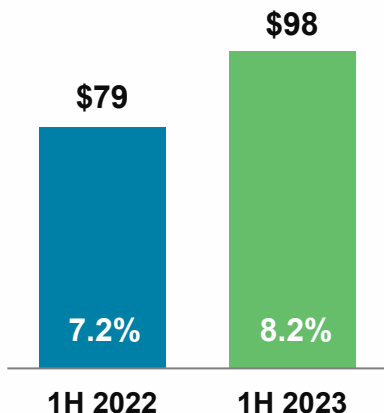
* V/M/P: Volume, Mix & Pricing

EBITDA and Margin Performance by Region

(\$ in millions)

NA

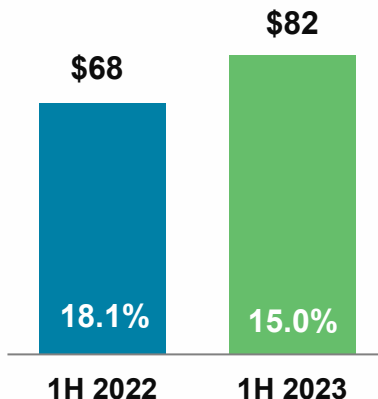
(% of revenue)



Gradual Margin Improvement Despite FX and Inflationary Pressures

APAC

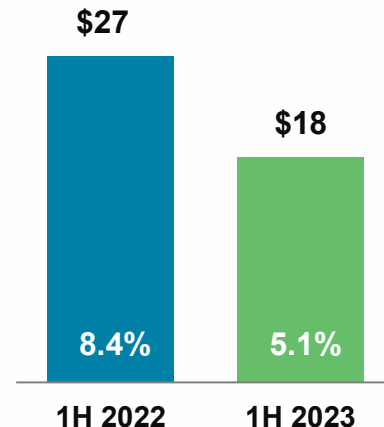
(% of revenue)



Margins Remain Strong with Significant Revenue Growth

EMEASA

(% of revenue)



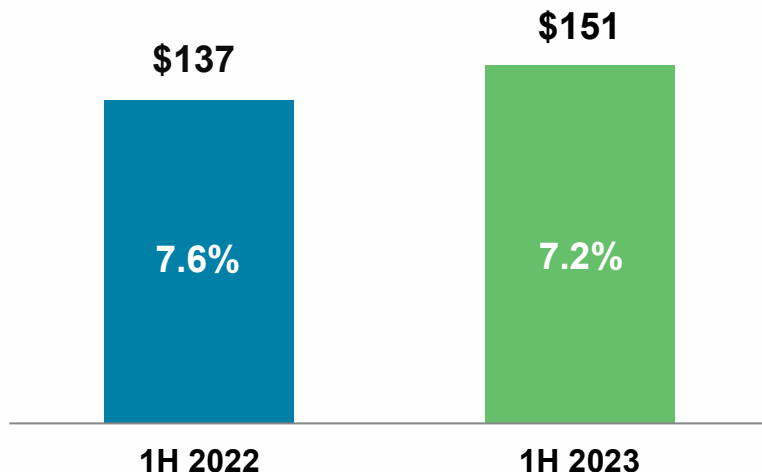
Lower Margin Due to Inflationary Pressure and FX

Investment for the Future

(\$ in millions)

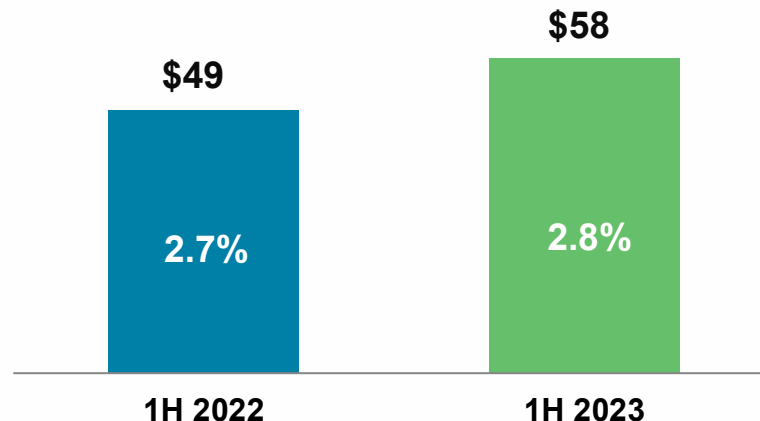
Engineering / Prod. Development*

(% 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

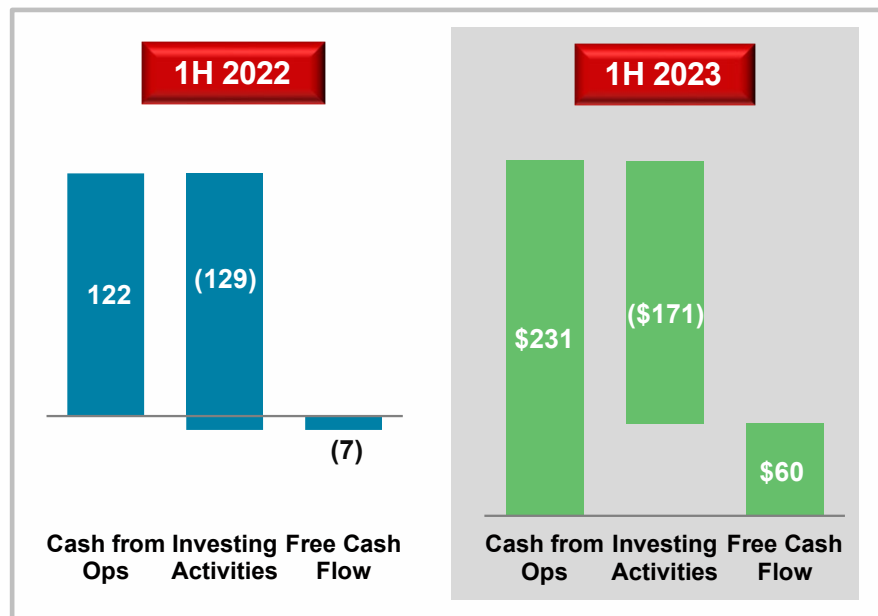
EBITDA to Net Profit Bridge

(\$ in millions)

	<u>1H 2022</u>	<u>1H 2023</u>
EBITDA	\$ 158	\$ 186
- D&A Expense	136	139
Operating Profit	\$ 22	\$ 47
+ Share of JV Earnings	(2)	0
- Net Finance Costs	(0)	1
Income Tax Expense / (Benefit)	29	8
- Minority Interest	2	3
Net Profit	\$ (11)	\$ 34

- JV Earnings comprised of CNXMotion, DF and Chongqing operations
- Income Tax Expense favorable primarily due to reduced unrecognized tax benefit expense in US and \$11M tax benefit in Brazil
- Minority Interest comprised of China DL JVs

1H 2023 Free Cash Flow / Balance Sheet



	Dec 2022	Jun 2023
Cash and Capital		
Gross Debt	\$ 50	\$ 48
Finance Leases	61	58
Less: Cash	<u>246</u>	<u>290</u>
Net Cash	\$ (135)	\$ (185)
Total Equity	\$ 1,977	\$ 1,993
Total Net Capital	\$ 1,842	\$ 1,808
Net Debt / Net Capital	n.a.	n.a.
Liquidity		
Cash	\$ 246	\$ 290
Credit Facilities	<u>366</u>	<u>372</u>
Total	<u>\$ 612</u>	<u>\$ 662</u>
Leverage / Coverage		
Gross Debt to EBITDA	0.1x	0.1x
Net Debt to EBITDA	n.a.	n.a.

2023 Operating Considerations

Tailwinds

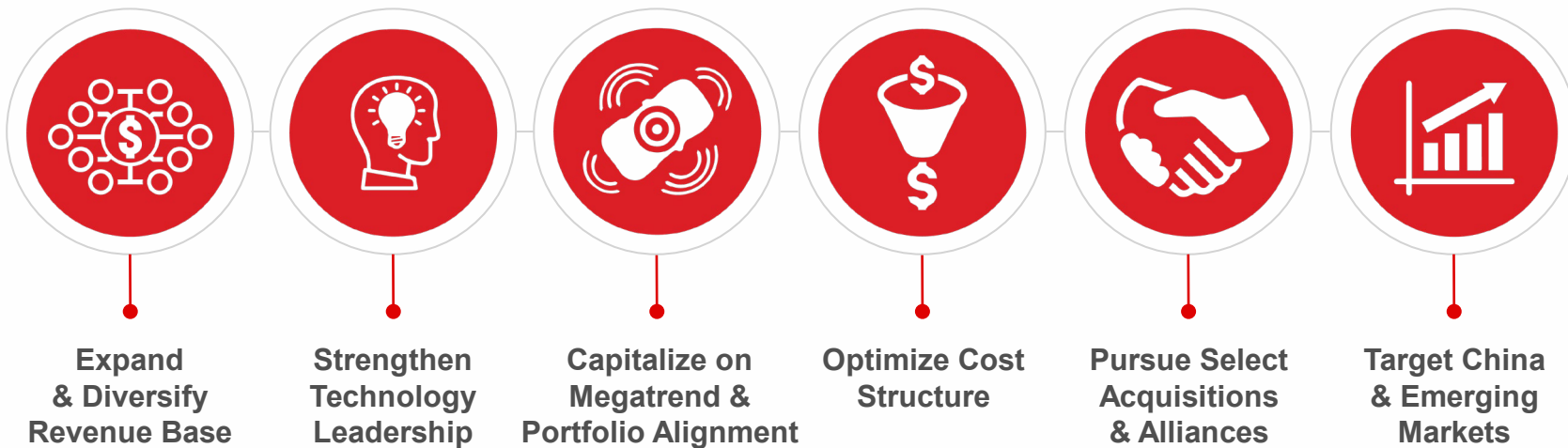
- Record revenue – On-track to deliver over \$4B in revenue
- Improved operating environment
 - ✓ *Commodity prices stabilizing*
 - ✓ *Freight costs reduced to near pre-pandemic levels*
 - ✓ *Semiconductor supply continues to improve*
- Operational efficiency & optimization actions underway to improve profit margins
- Bookings on-track to achieve \$6B target

Headwinds

- Lingered Inflationary pressures impacting labor, energy and material costs
- Supply base challenging with price increase requests
- Risk of recession due to central banks increasing interest rates
- UAW negotiations create potential risk in North America

Cautiously Optimistic Moving to Second-Half

Strategy for Profitable Growth



A well-defined plan to drive stakeholder value