

2018 *Global* *Supplier Conference*

nexteer
AUTOMOTIVE



*Change the **CULTURE,***
Change the Game

Welcome!

OT Benson

VP Global Supply Management



AGENDA

- Today's Agenda
- Logistics
- Introductions
- Supply Chain Update
- Key Messages You'll Hear Today



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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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Agenda

- **1100 – 1230 Light Lunch & Registration**
- 1230 – 1245 Welcome, Introductions & Opening Remarks – OT Benson
- 1245 – 1315 Investment In Excellence – Catherine Crosslin
- 1315 – 1345 State of the Business – Bill Quigley
- **1345 – 1415 Break**
- 1415 – 1435 EPS Strategy & Future Growth – Chuck Worner
- 1435 – 1455 Driveline Strategy & Future Growth – Marty Sheridan
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- 1600 – 1620 Nexteer's 2018 SRM Report – Dr. John Henke
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- 1640 – 1700 Culture will Drive the Future – Mike Richardson
- 1700 – 1730 Supplier Awards & Recognition
- **1730 - 2030 Cocktail & Dinner**

Logistics

- Bathrooms
- Phones
- Emergency exit
- Conference Survey
- Cocktail & Dinner

GSM Global Leadership



**Vice President
Global Supply Management**
OT Benson



**Executive Director
Advanced Purchasing**
Stan Duda



**Global Director
SQ & Development**
Kurt Heberling



**Executive Director
NA GSM**
Guilherme Pizzato



**Regional Director
EU / SA GSM**
Lukasz Zielinski



**Regional Director
AP GSM**
Matthew Li



**Global GSM
Controller**
Crystal Huizar



**GSM Systems
Manager**
Eric Chavez

Supply Chain Update

Start With

why



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Discovering Our Organizational Why

“To inspire & empower
people with the freedom
to go beyond”



GSM VISION

To be the benchmark for Global Supply Chain **excellence** among the Tier One Suppliers.

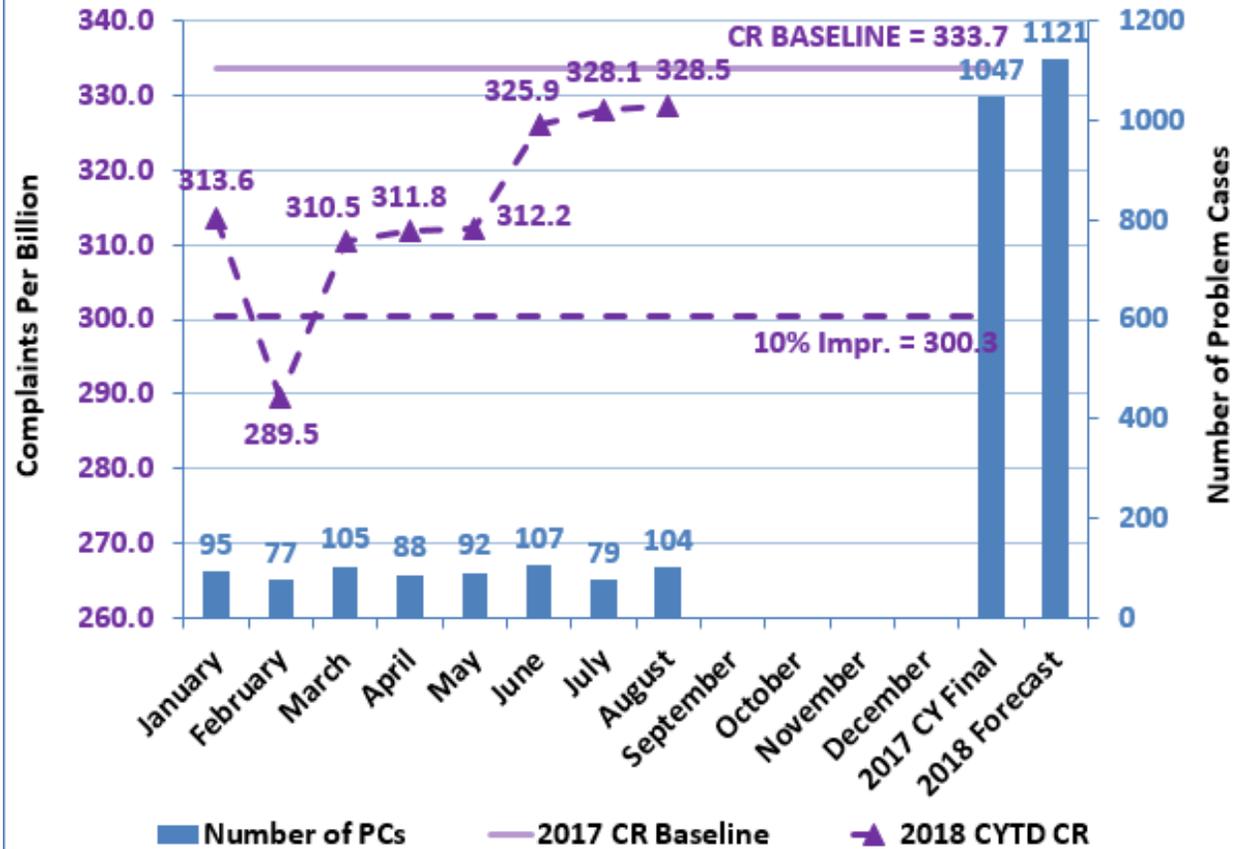
GSM MISSION

Provide a **world-class** supply chain organization and supply base that exceed business expectations for cost, quality, launch, and delivery.

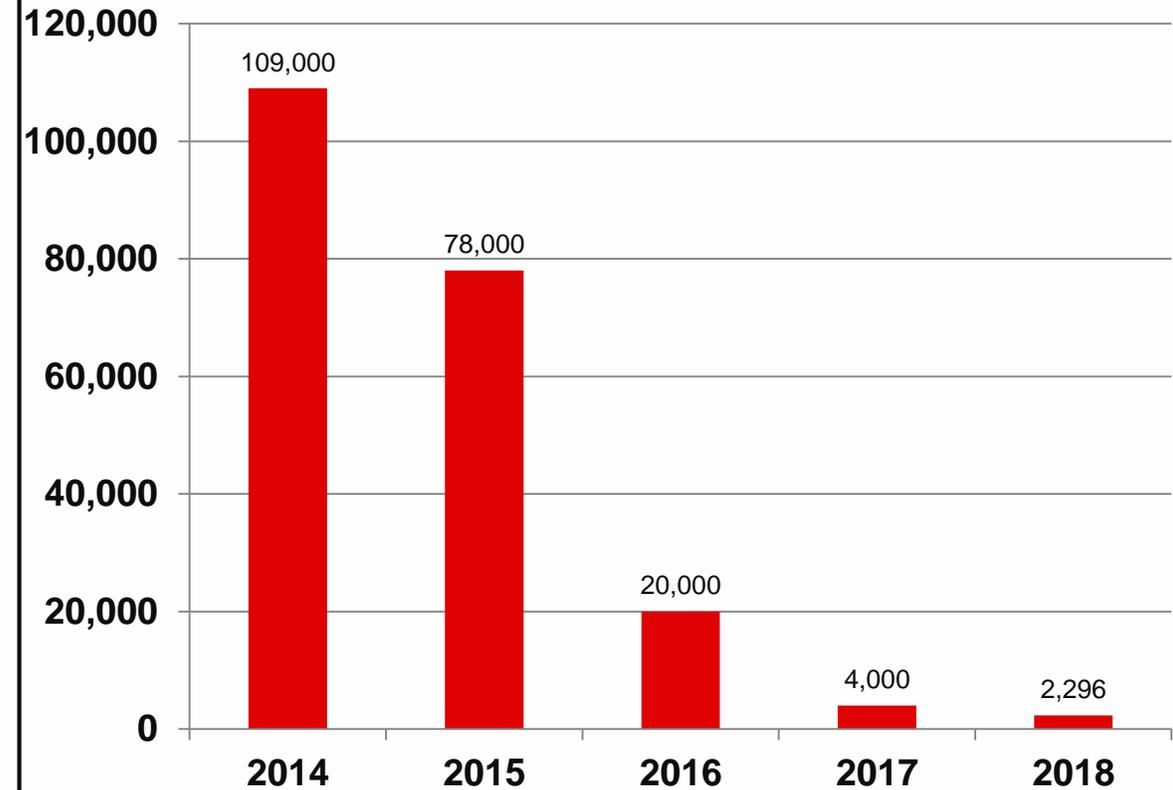


Supplier Quality Performance

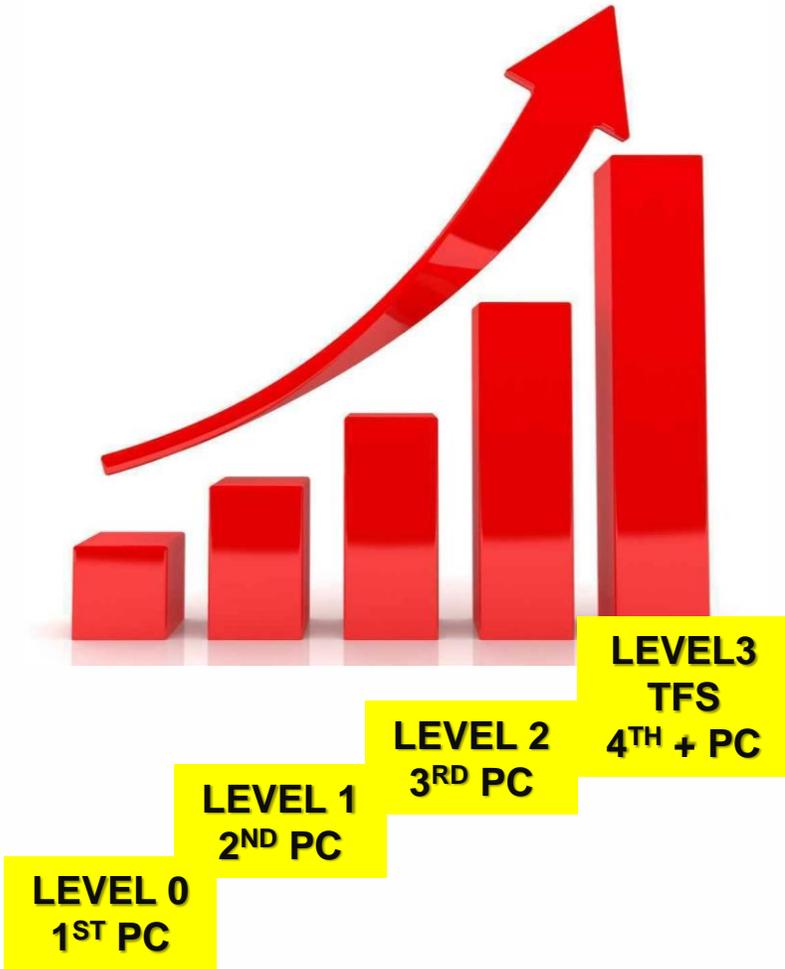
Overall Complaint Rate & Number of APQP/Quality/Packaging PCs 2018 CYTD CPB = 328.5



5yr PPB History

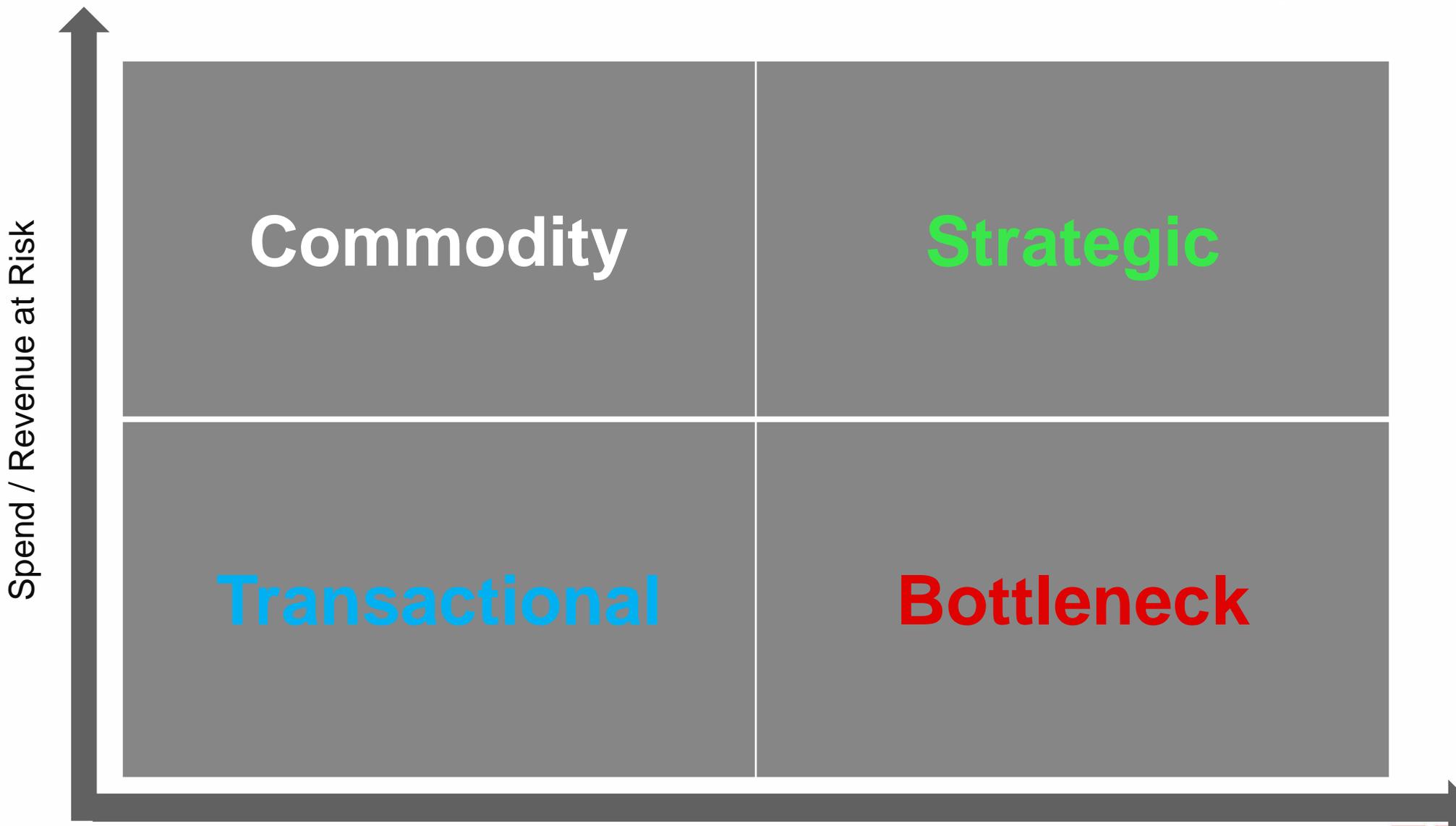


Supplier Quality Escalation Process (SQEP)



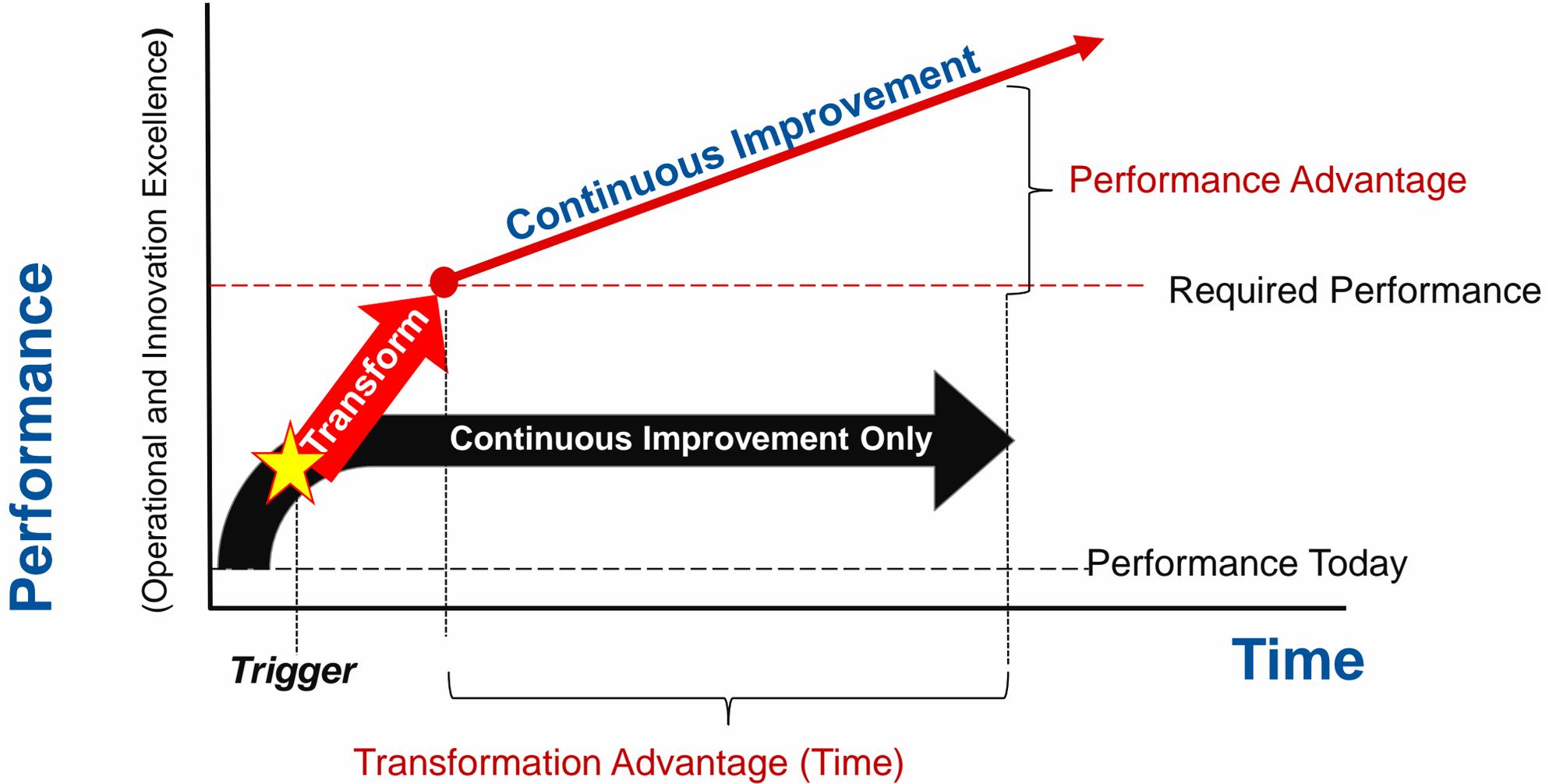
- Escalation levels automatically suggested based upon the number of supplier problem cases within a rolling 6 month period...including: Part Quality, APQP, Packaging/Dunnage
 - Level 0 = First Problem Case
 - Level 1 = Two Problem Cases (Or 1 Customer Impact PC)
 - Level 2 = Three Problem Cases
 - Level 3 = Four or more Problem Cases
- ➔ Formal TFS (Top Focus Supplier) Process

Supplier Selection / Categorization

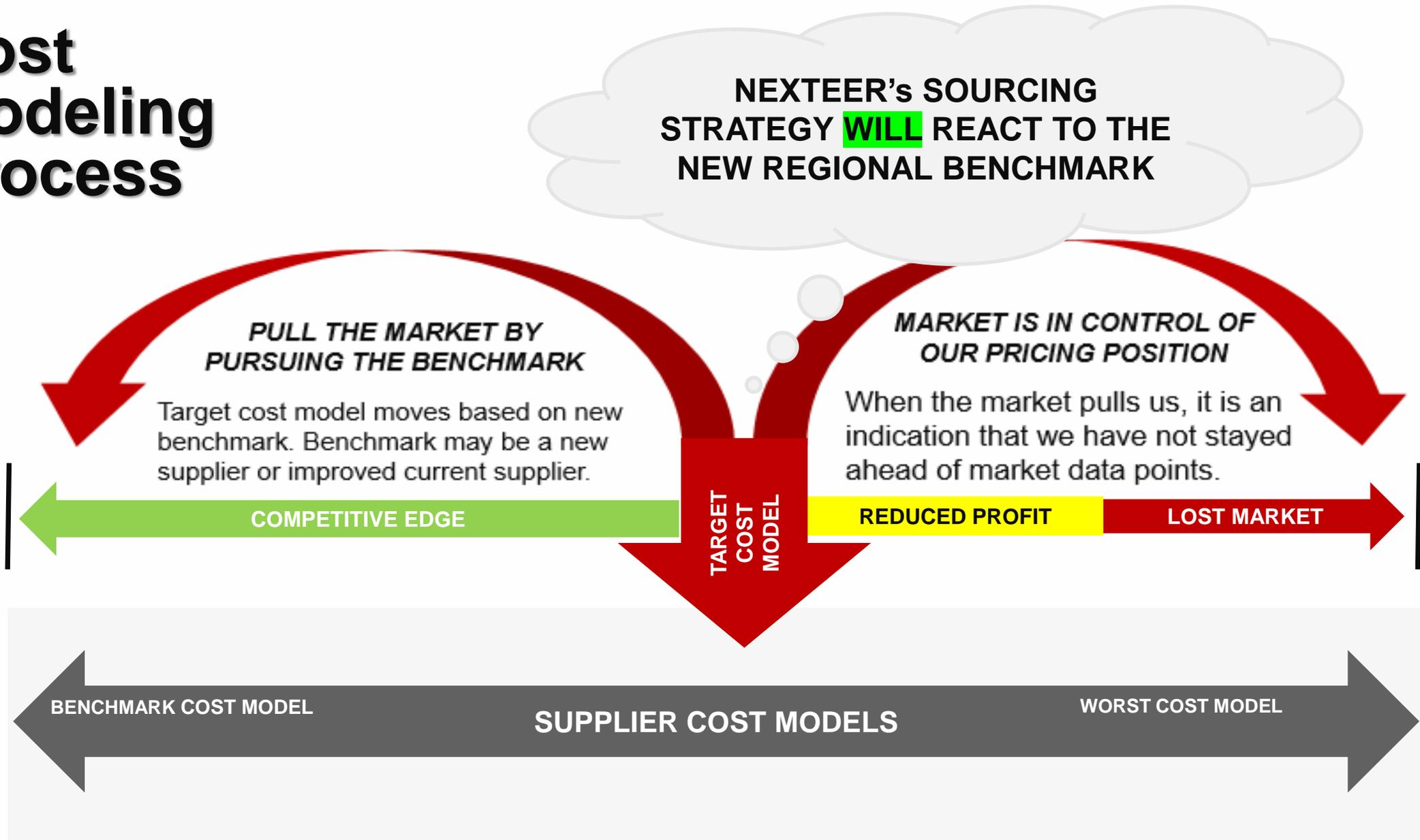


Cost Modeling

We Need to Do Both → Transform and Improve



Cost Modeling Process



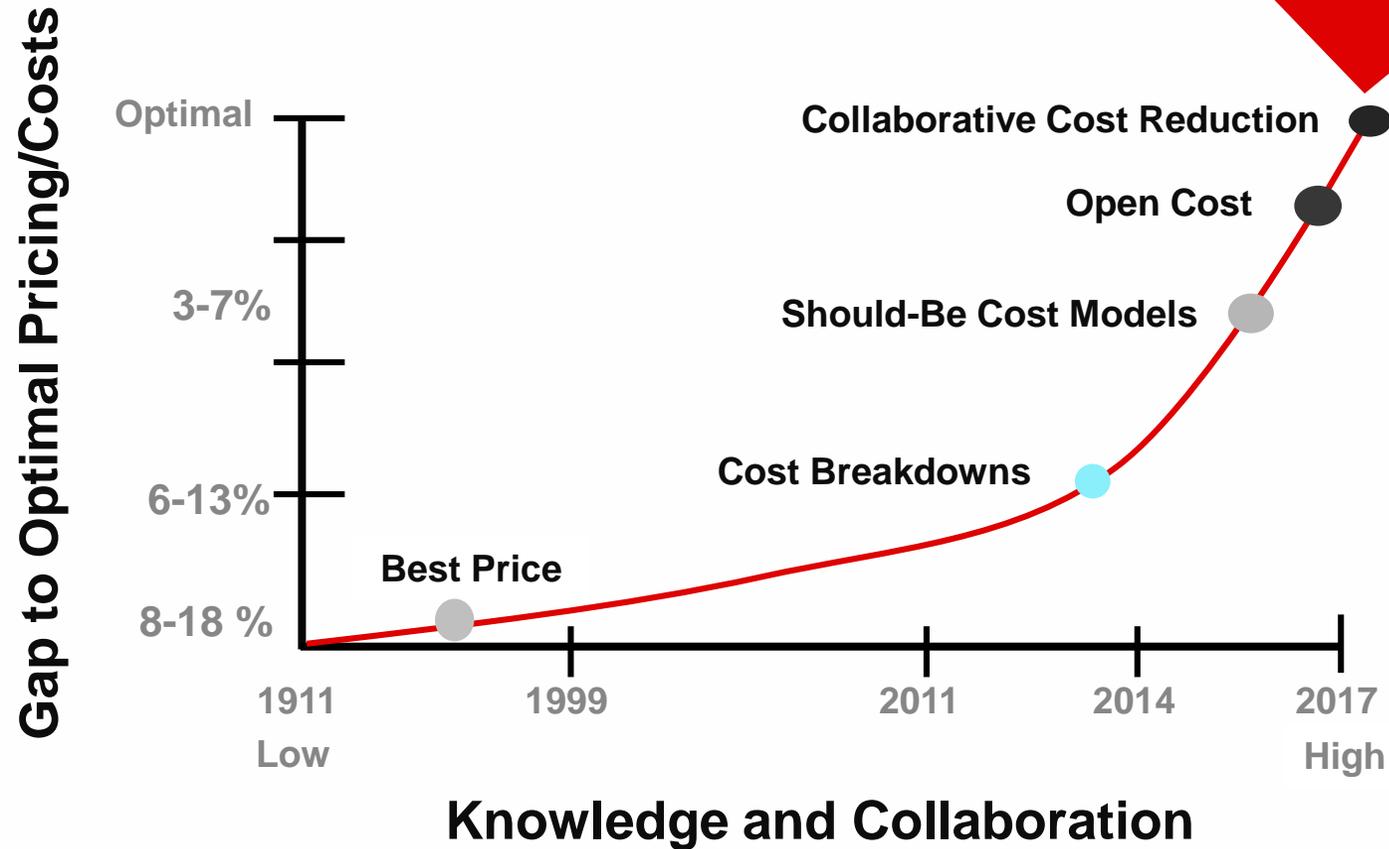
Great Purchasing Organizations Do This...

Predict best possible costs

- Supplier cost model
- Target cost model
- Benchmark cost model

Purchasing Gap Curve "The Journey"

Pursuit of the benchmark, moving with the market, generating value without loss of profit, moving together to the same target



Cost Savings Clarification

- **Confusion in the Supply Base:** The term “Best Cost Up Front” has created confusion among our supply base, mistaking it with “guaranteed price” throughout project lifetime.
- **BCUF should have been understood as:** The best cost achievable for a specific supplier’s manufacturing location at the time of sourcing. This does not preclude the supplier from working towards improving on this cost throughout the life of the project.
- **Achieving Best Cost at Sourcing does not stand in conflict with Link & Leverage:** Both elements are equally important to allow the most competitive BOM cost at time of sourcing so as to support the continuous growth of Nexteer and it’s supply base globally.
- **Break The Model** – The innovations and shifts in our industry will constantly challenge us to further improve our cost position and if necessary “break the model”. This means that as the market shifts we must move with it or risk becoming obsolete
- **Strategic Sourcing & Cost Modeling Works:** Implementation of Commodity Teams and Cost Modeling over the past 5+ years has resulted in improving Nexteer’s cost position & competitiveness...which will support our continued growth. Without the support of the supply chain this could not have been achieved.

Must Haves Going Forward...

- **Excellent Supplier Quality** in the form of a **green score card** is a **MUST** to be awarded new business!
- **Cost Models** and quoting new business to these models will be required to be sourced on new business.
- **Standardized Work:** Cost Breakdowns and utilization of Nexteer sourcing system (Direct Works) is required to be sourced new business.
- **Quality Certs:** A valid IATF Quality Certification must be uploaded in Intelex at all times. Failure to do so may result in withholding payments and potentially resourcing.
- **MCIP:** Nexteer recognizes this as an area of weakness and is committed to improve the attention and focus on Supplier Initiated Cost Savings Idea.

What You Will Hear Today...

- The market is extremely competitive – must focus on competitiveness
- Supplier partners have been key to our success – **Thank You!**
- Cost modeling is working – Keep momentum going!
- Technology shifts will drive significant change to the supply base Tier 1 & 2
- Next Season of Growth – We depend on **YOU** to position us to win
- SRM continues to be our focus – We must improve together
- Culture Drives Change – What will you do as a Leader to drive change in your organization and become our **“supplier of choice”?**

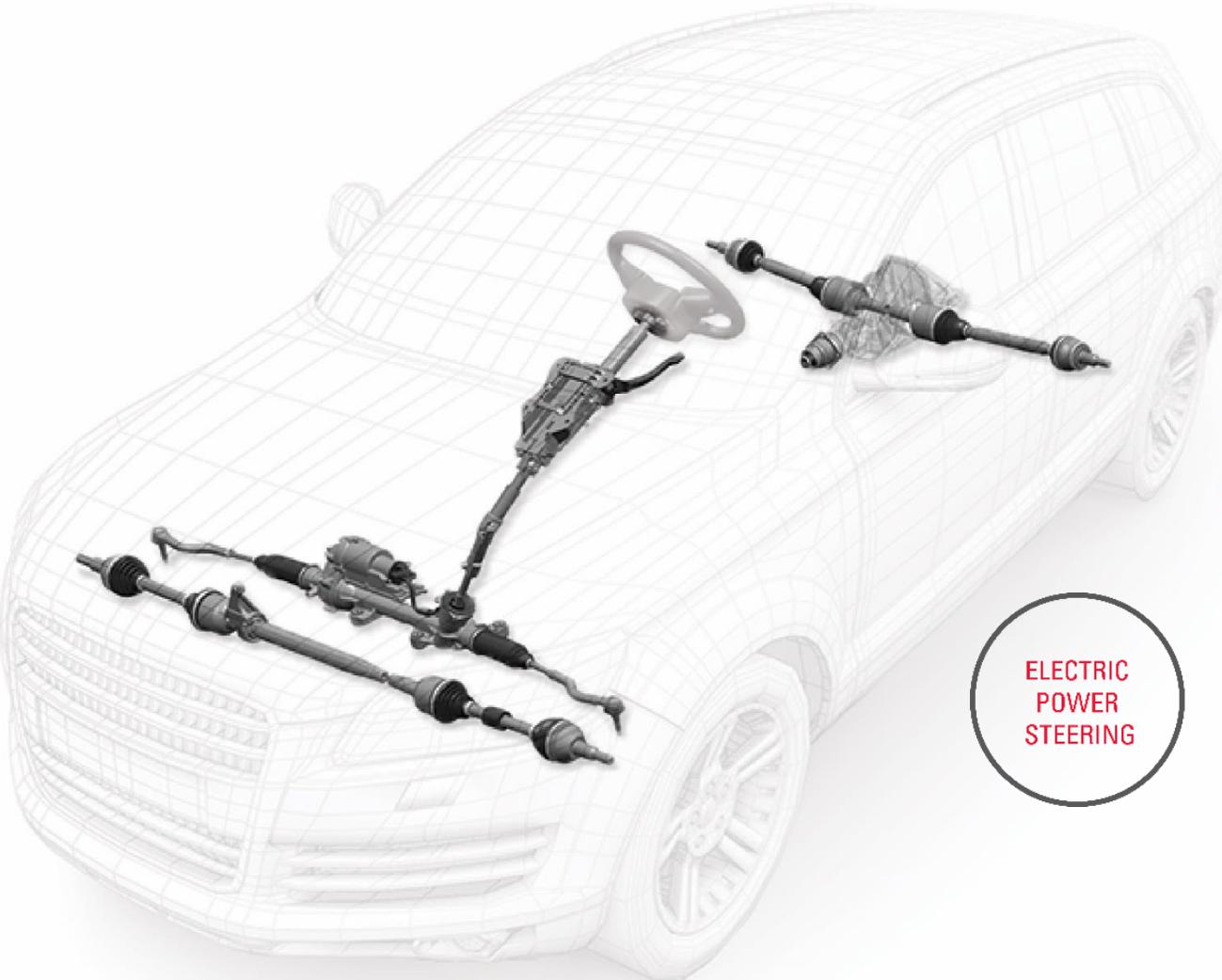


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Change the Culture, Change the Game

18 Sep 2018

A white wireframe model of a car, viewed from a front-quarter perspective. Various steering and drivetrain components are shown in a semi-transparent grey, overlaid on the wireframe. These include the front suspension, steering rack, steering column, and rear axle assembly.

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

ADAS &
AUTOMATED
DRIVING



Cat Crosslin, Instar Performance

What is Culture & Why does it matter?

Culture at Nexteer

*Three Leadership Tools that Impact
Culture NOW*

2018 *Global* *Supplier Conference*

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One Hit Per Week
1% Launch Angle

**1 free kick
conversion in 30
attempts**





1 made shot in
20 attempts



WHY CULTURE?

The better you get, the tougher it is to find a breakthrough.

Elite companies, athletes, performers need more specialized coaching, not less.

When everyone is good, culture is the only differentiator.

Leadership is the number one driver of culture.

Culture Is The Game

Until I came to IBM, I probably would have told you that culture was just one among several important elements in any organization's makeup and success — along with vision, strategy, marketing, financials, and the like...

I came to see, in my time at IBM, that culture isn't just one aspect of the game, it is the game. In the end, an organization is nothing more than the collective capacity of its people to create value.

~ Louis V. Gerstner, Jr., Former CEO of IBM

Corporate Culture

Culture is the *shared* beliefs and values guiding the thinking and behavior styles of members.

Culture can be described as:

- What is normal.
- How decisions get made when you can't be there.
- The way we do things around here.
- How people will act under pressure.
- The glue that holds the organization together.

Two General Types of Culture

Defensive: Passive (Inactive) & Aggressive (Reactive)

- How people see you is more important than what you do
- Focus on blame
- Maintain the status quo

Constructive: Proactive & Prescriptive

- Fosters innovation
- Reinforces personal responsibility and accountability
- Values performance

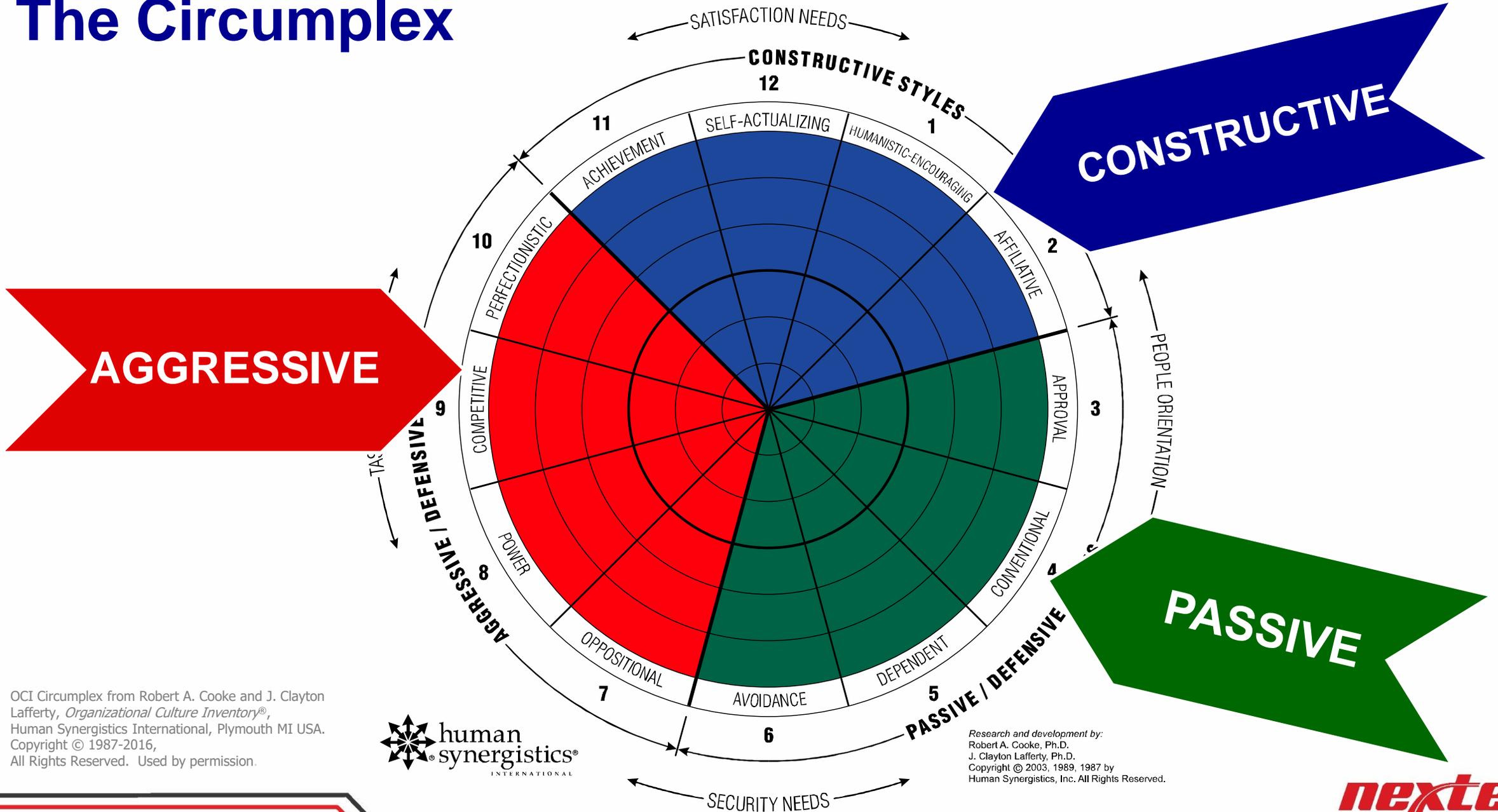
Culture and Performance

Performance is clearly linked to culture. Culture is a competitive differentiator and creates great places to work.

	Unadaptive Culture	Adaptive Culture
Revenue	166%	682%
Stock Prices	74%	901%
Workforce	36%	282%
Net Income	1%	756%

Kotter & Heskett, Corporate Culture and Performance. (1992 The Free Press)

The Circumplex



OCI Circumplex from Robert A. Cooke and J. Clayton Lafferty, *Organizational Culture Inventory*®, Human Synergistics International, Plymouth MI USA. Copyright © 1987-2016, All Rights Reserved. Used by permission.



Research and development by:
 Robert A. Cooke, Ph.D.
 J. Clayton Lafferty, Ph.D.
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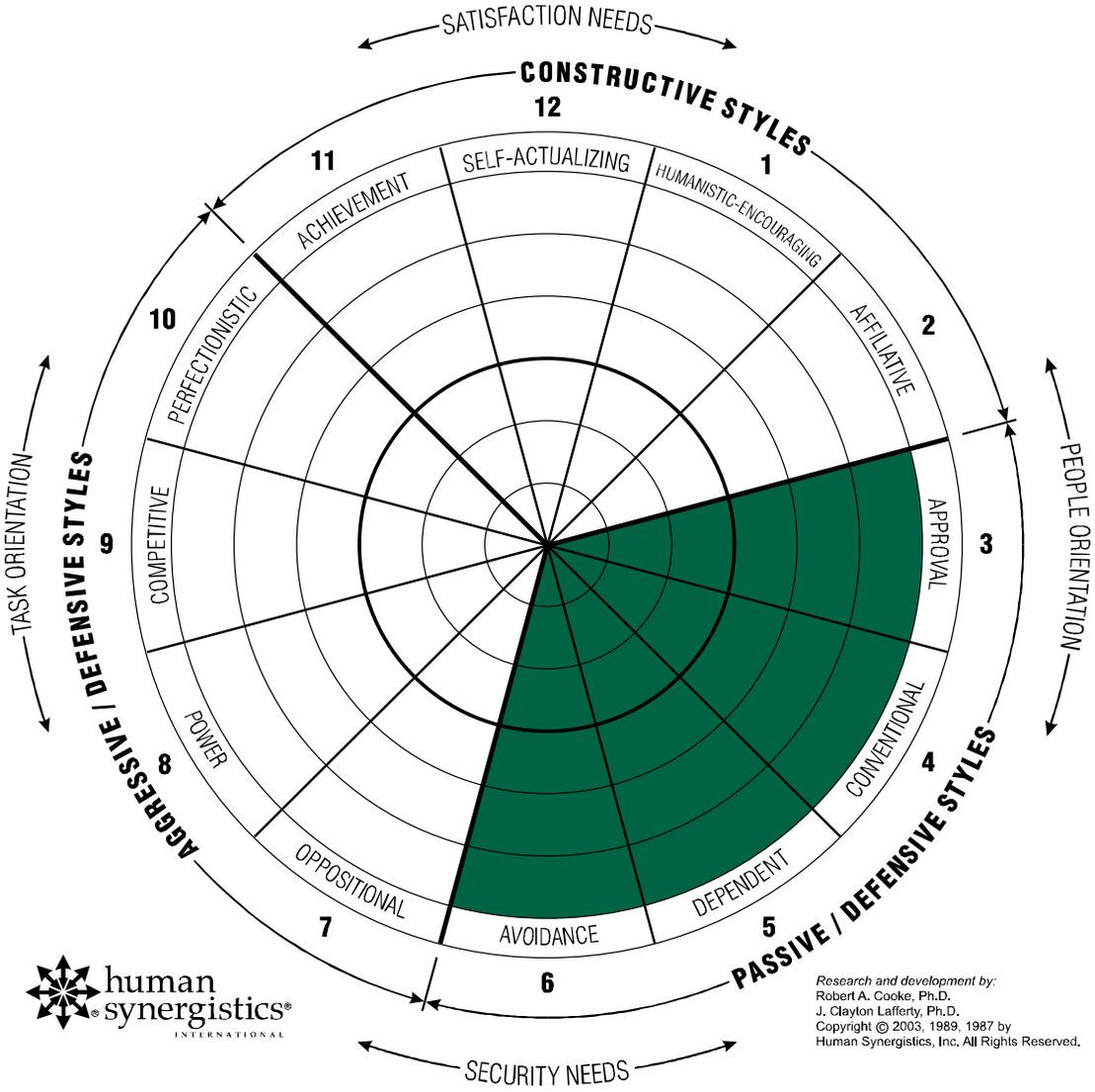


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Passive / Defensive

Underlying Belief:

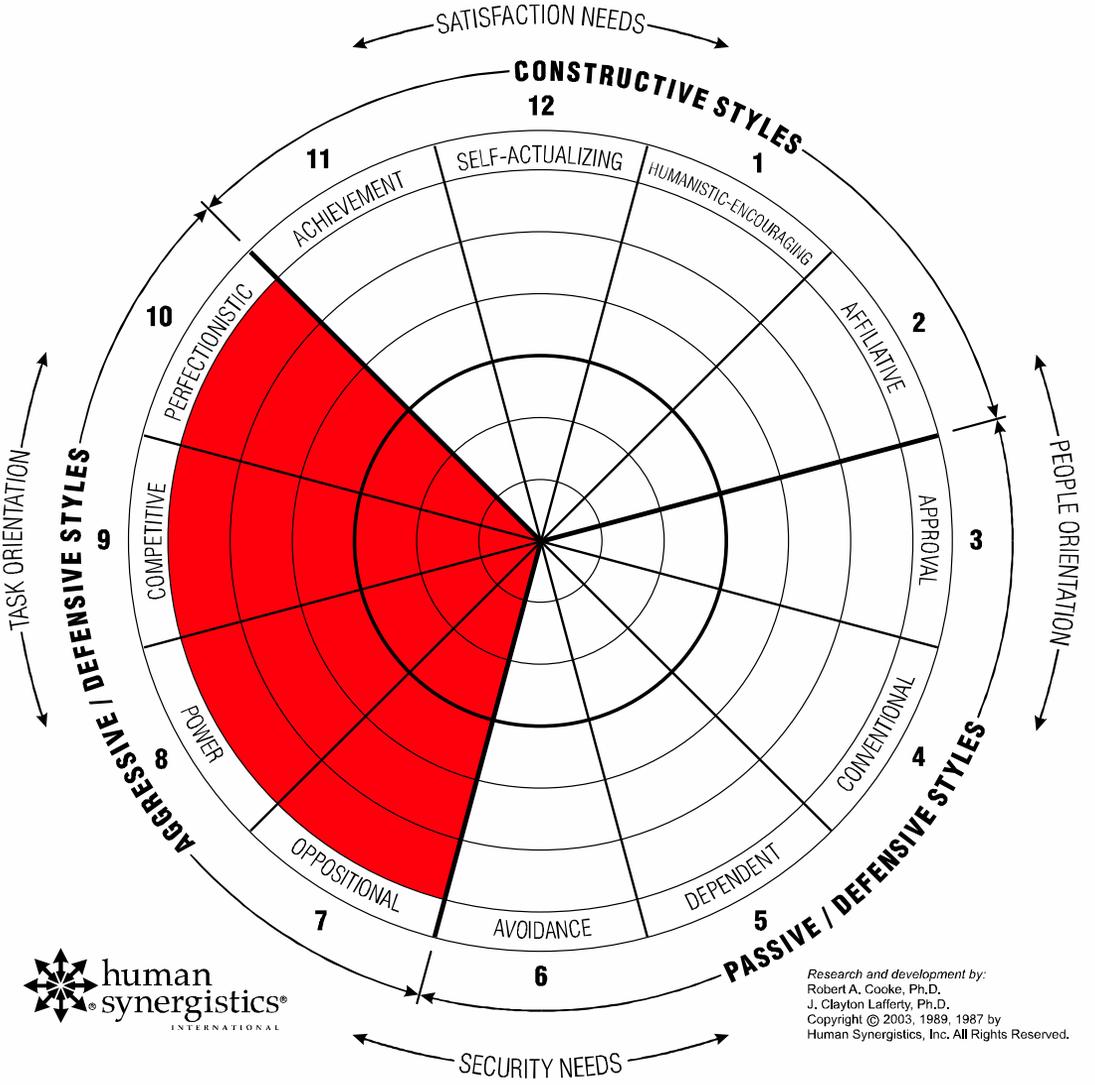
“It does not matter what I do.”



Passive / Defensive

Underlying Belief:

***“Results –
are all that matters;
and I am more
important than you.”***

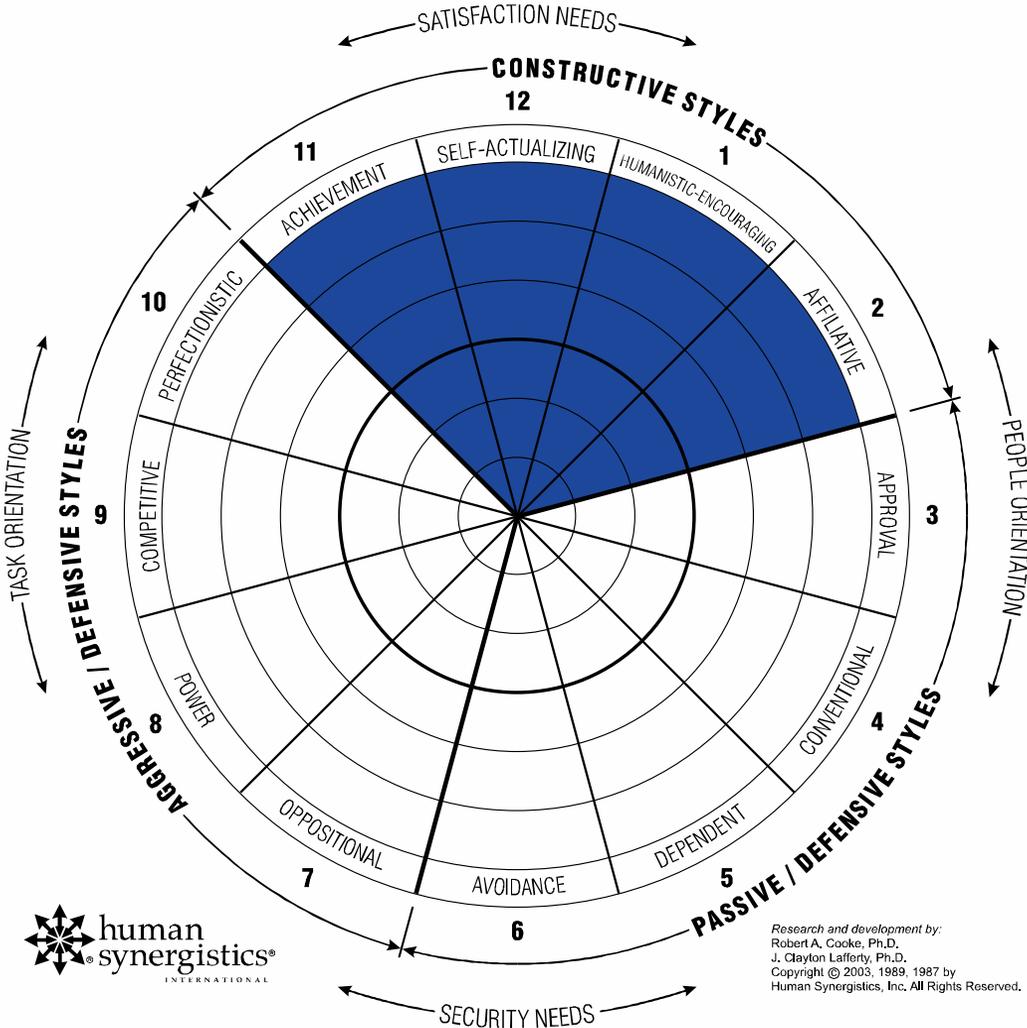


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Constructive

Underlying Belief:

“My effort makes a difference.”



Belief Drives Performance

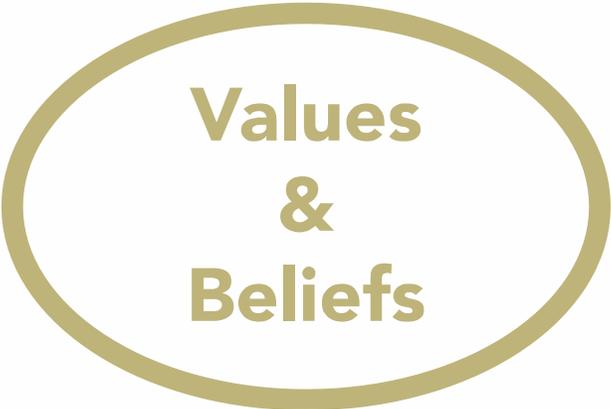
My effort makes a difference



Want To



Engaged



My effort makes no difference



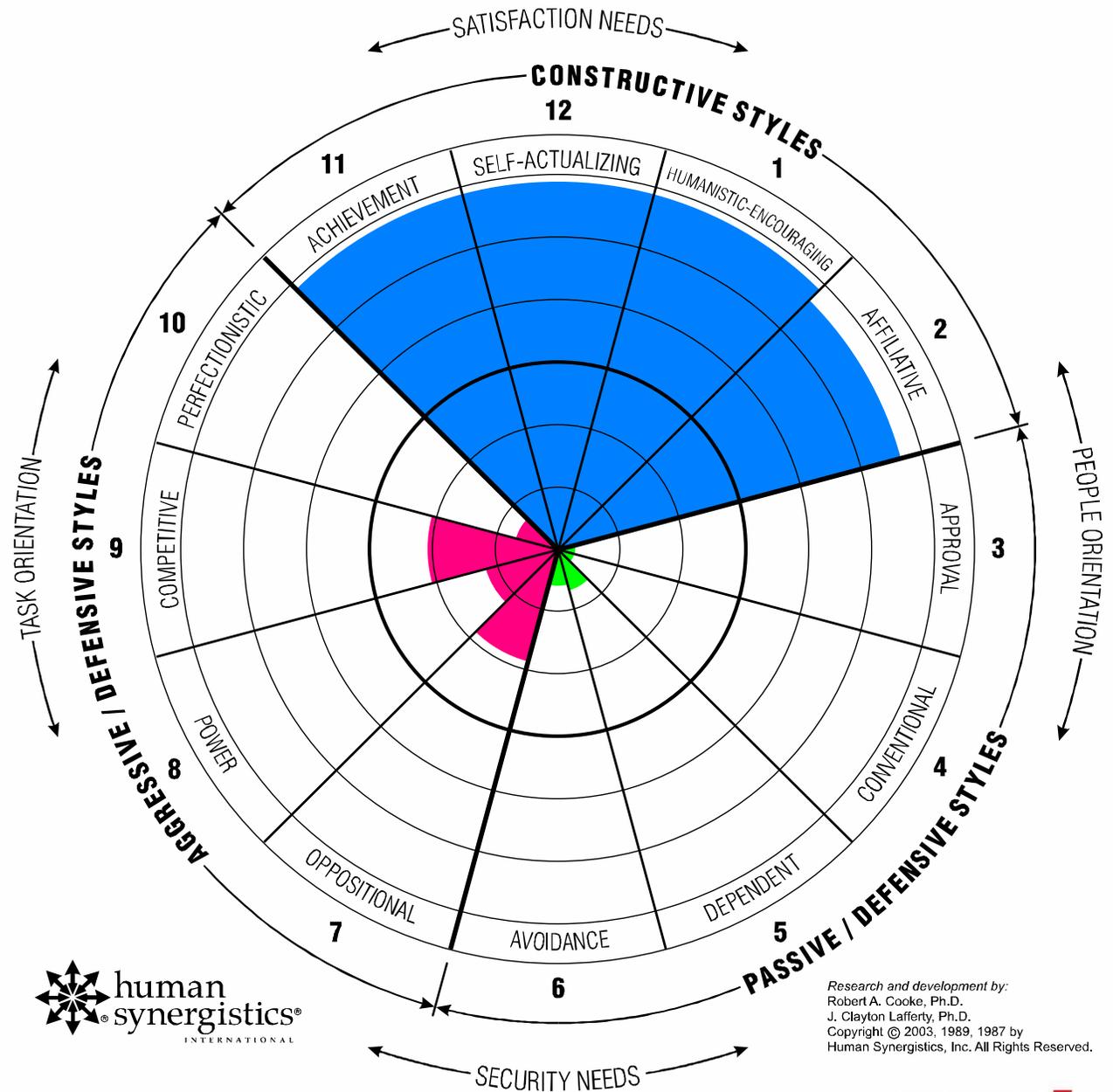
Have To



Disengaged

Nexteer Vision Culture

Vision Index Score =
932 (out of 1000)



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Culture & Leadership

- Index ranges between 1 - 1000
- Constructive (501+)
- Transformational (667+)
- Legacy (800+)



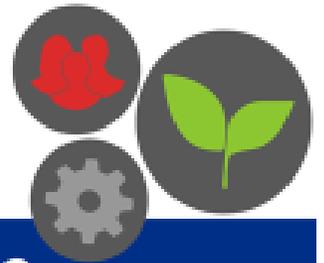
Nexteer Vision Culture

Vision Index Score =
932 (out of 1000)

2013
***CURRENT* Culture Score**
NOT = 932
(out of 1000)

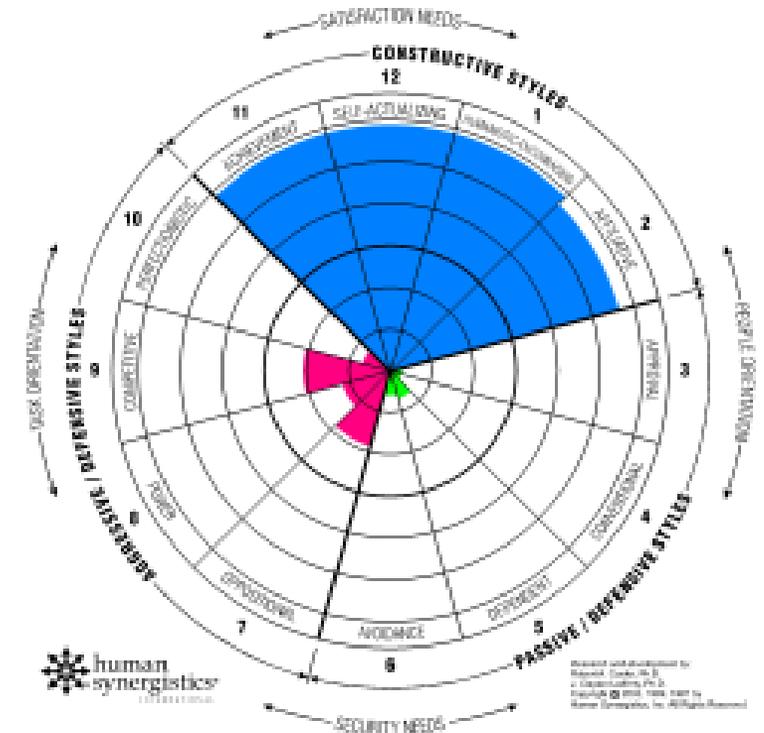


May 2014 – GOC creates *One Nexteer* culture from the “Blue Vision Culture”



Blue Culture

<p>People</p>  <ul style="list-style-type: none"> • Empowered to Act • Constructive Communication • Personal Growth 	<p>Operational Excellence</p>  <ul style="list-style-type: none"> • Passion for Perfect Quality • Clear and Timely Decisions • Integrity and Accountability 	<p>Enterprise Growth</p>  <ul style="list-style-type: none"> • Customer Focus • Relentless Innovation • Collaborative Relationships
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The OCI Circumplex and scale names from OCI/OEI Report by Robert A. Cooke and J. Clayton Lafferty, Human Synergistics International, Copyright © 1987-2016, All Rights Reserved.

Progress by Function / Region

	<u>2013-14</u>	<u>2016</u>	<u>% Growth</u>
A	335	448	30%
B	339	501	48%
C	102	348	340%
D	307	450	47%
E	272	380	40%
F	341	424	24%
G	559	621	11%

Tools to Change the Game

- Clarity
- Questions
- Inspiration

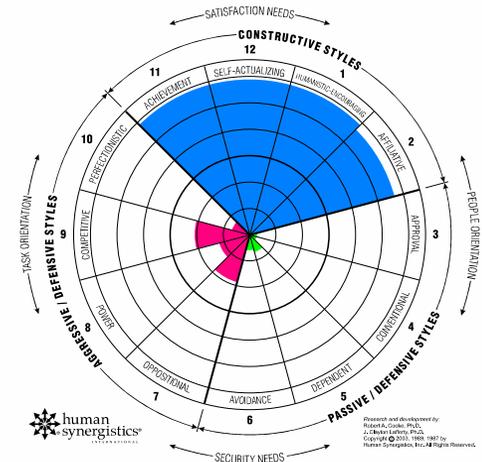


The Clearest Picture Always Wins



Ask Great Questions: Instar Key 4Q

- What's going well?
- Who is doing a good job?
- What is getting in the way?
- How can I help?



Inspiration



Nexteer's Organizational **Why**

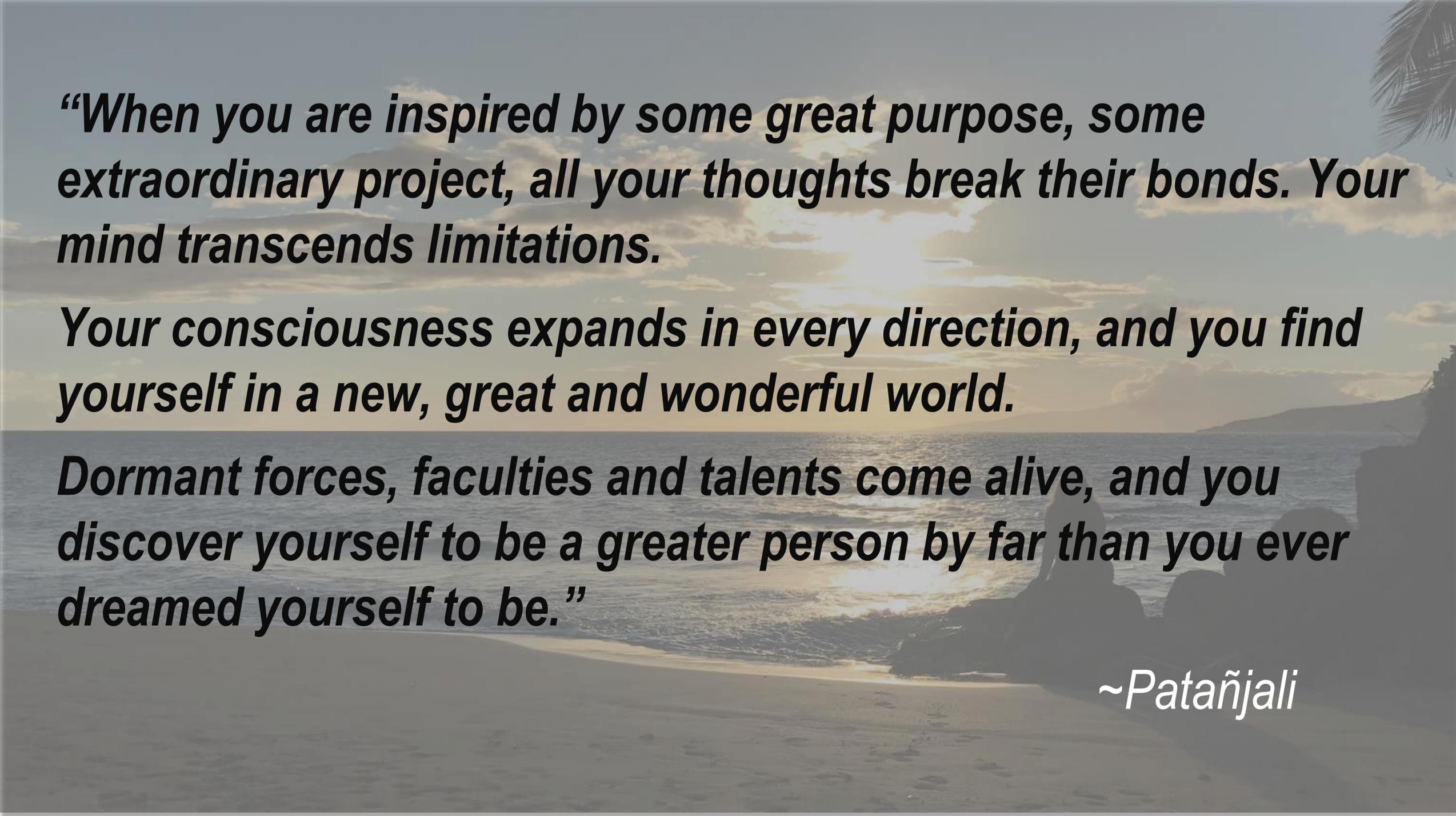
**“To inspire & empower
people with the freedom
to go beyond”**



What
INSPIRES
You?
Your People?

To Go Beyond



A serene sunset over a beach. The sun is low on the horizon, casting a warm glow over the sky and the ocean. The sky is filled with soft, white clouds. In the foreground, the silhouettes of several people are visible, sitting on the beach and looking out at the sea. The overall mood is peaceful and contemplative.

“When you are inspired by some great purpose, some extraordinary project, all your thoughts break their bonds. Your mind transcends limitations.

Your consciousness expands in every direction, and you find yourself in a new, great and wonderful world.

Dormant forces, faculties and talents come alive, and you discover yourself to be a greater person by far than you ever dreamed yourself to be.”

~Patañjali

Tools to Change the Game

- Clarity
- Questions
- Inspiration





Cat Crosslin, Instar Performance

- *I want to hear from you!*
- *Which leadership tool do you plan to use first and how?*

ccrosslin@instarperformance.com



Bill Quigley

Senior Vice President
Chief Financial Officer

State of the Business

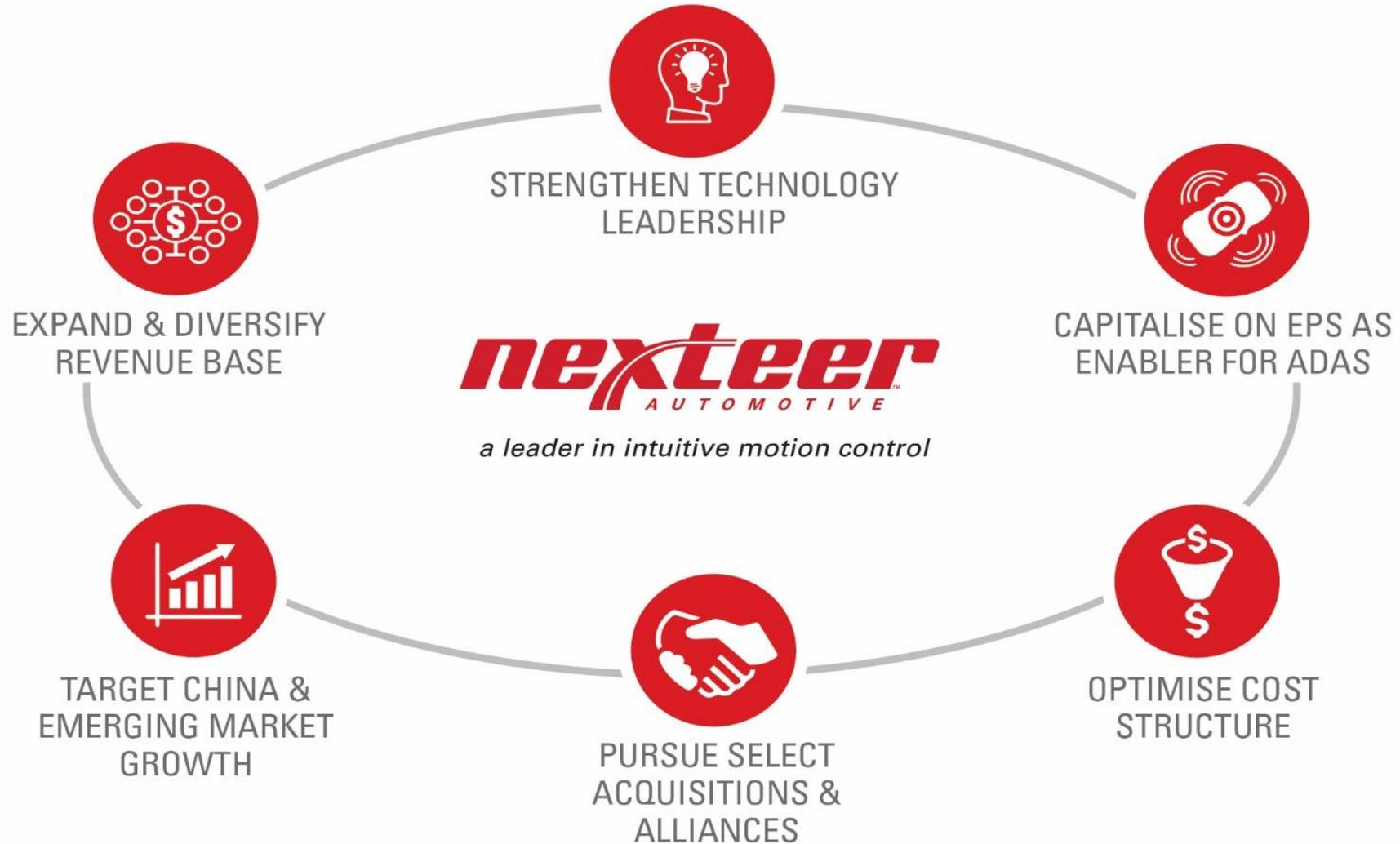
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*Change the **CULTURE**,
Change the Game*

**2018 Global
Supplier
Conference
Welcome!!**

STRATEGY FOR PROFITABLE GROWTH



A Well-Defined Plan to Drive Stakeholder Value

Business Highlights Since We Last Met!

1. Manufacturing Footprint



2. Engineering Expansion



3. Customer Programs



4. Alliances

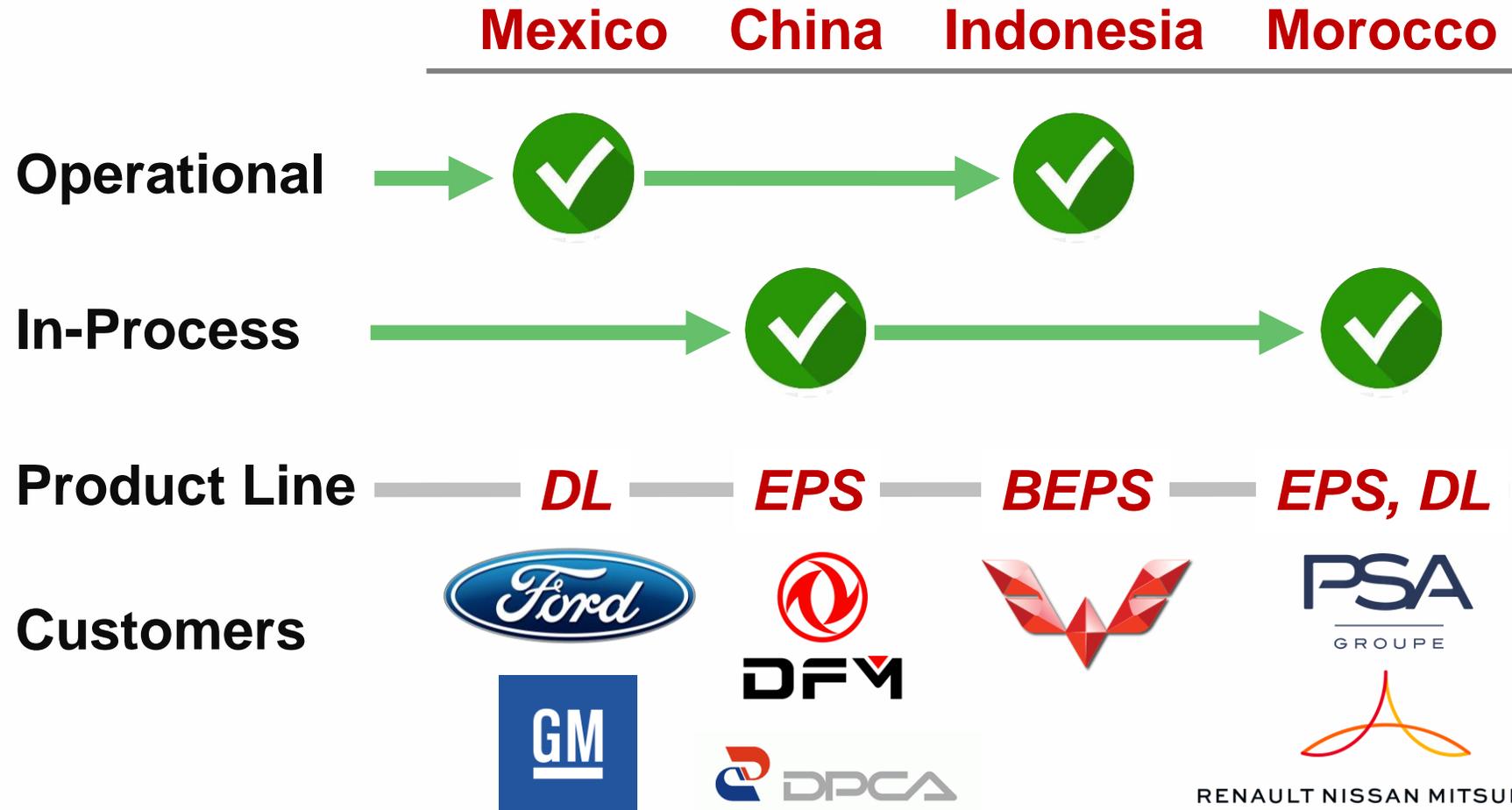


5. Investments



Business Highlights

1. Manufacturing Footprint



Business Highlights

2. Engineering Expansion



Atsugi, Japan
CSC



Suzhou, China TC
Groundbreaking



Bangalore, India
Software Centre



TECH
CENTER



CUSTOMER SERVICE
CENTER



PROTOTYPE



NOISE &
VIBRATION



LAB



TEST TRACK



Business Highlights

3. Customer Programs



1H 2018 Selected Program Launches



FCA
Ram 1500



SGMW
Wuling Rongguang



FCA
Grand Commander



GM
Excelle



Chang'An
X70A

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Business Highlights

Partnerships Delivering Full Dynamic Control - Light & Commercial Vehicle

New Alliances To Expand Addressable Market In China

4. Alliances



Motion Control Systems And For Automated Driving



Exclusivity With Leading Global Supplier Of CV Technologies



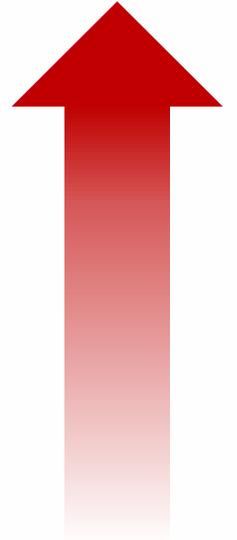
Entered into new joint ventures for expanding driveline and EPS businesses in China

Business Highlights

5. Investments



\$432!



Business Highlights



All of Nexteer Thanks Our Suppliers for Their Continued Support Around the World!

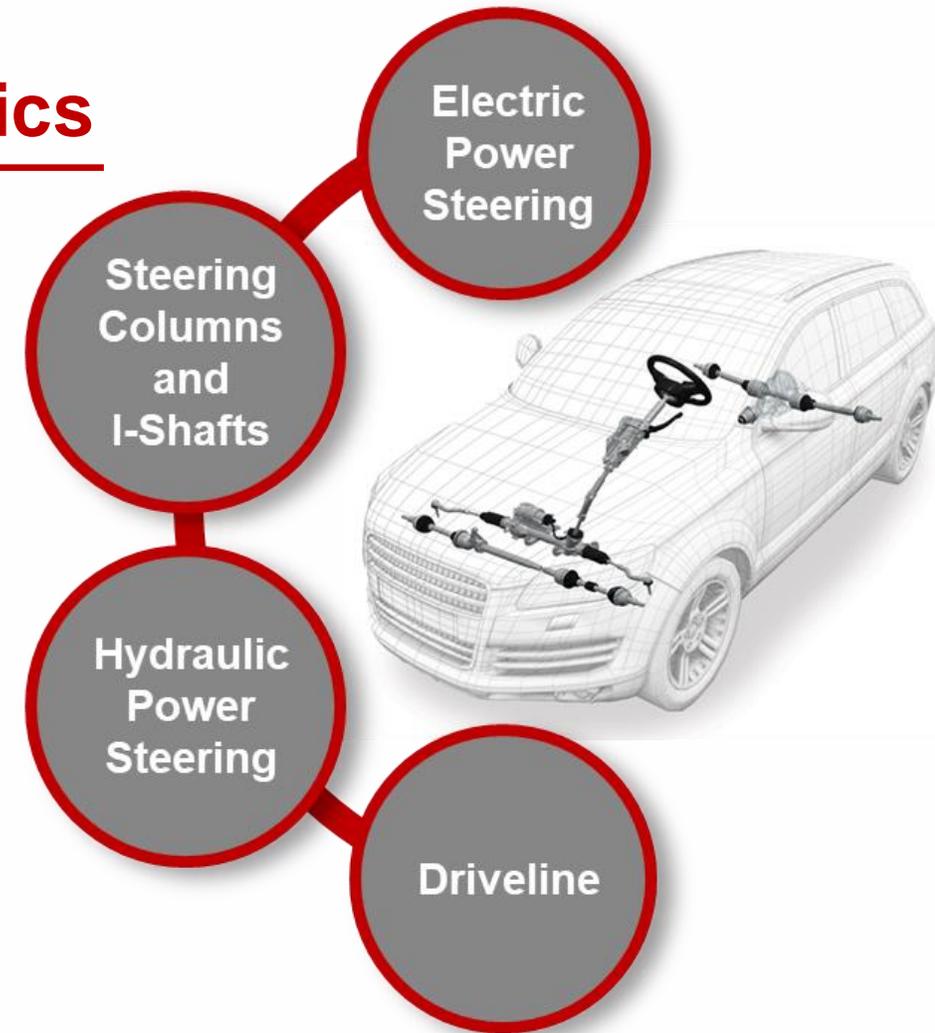


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1H 2018 Financial Highlights

Strong Results Across Key Financial Metrics

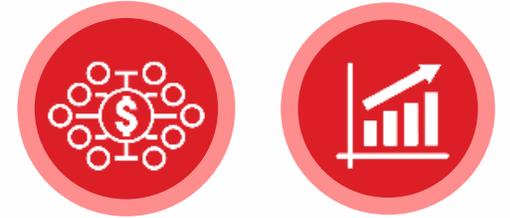
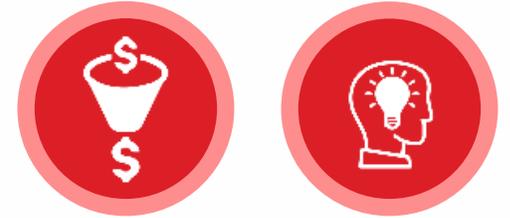
- 1. Revenue Bolstered by Organic Growth and Currency**
- 2. Record Enterprise Performance**
- 3. Significant Free Cash Flow and Strong Balance Sheet**
- 4. Successful Customer Pursuits Driving Increased Backlog**



Why Our Performance Is Important To You

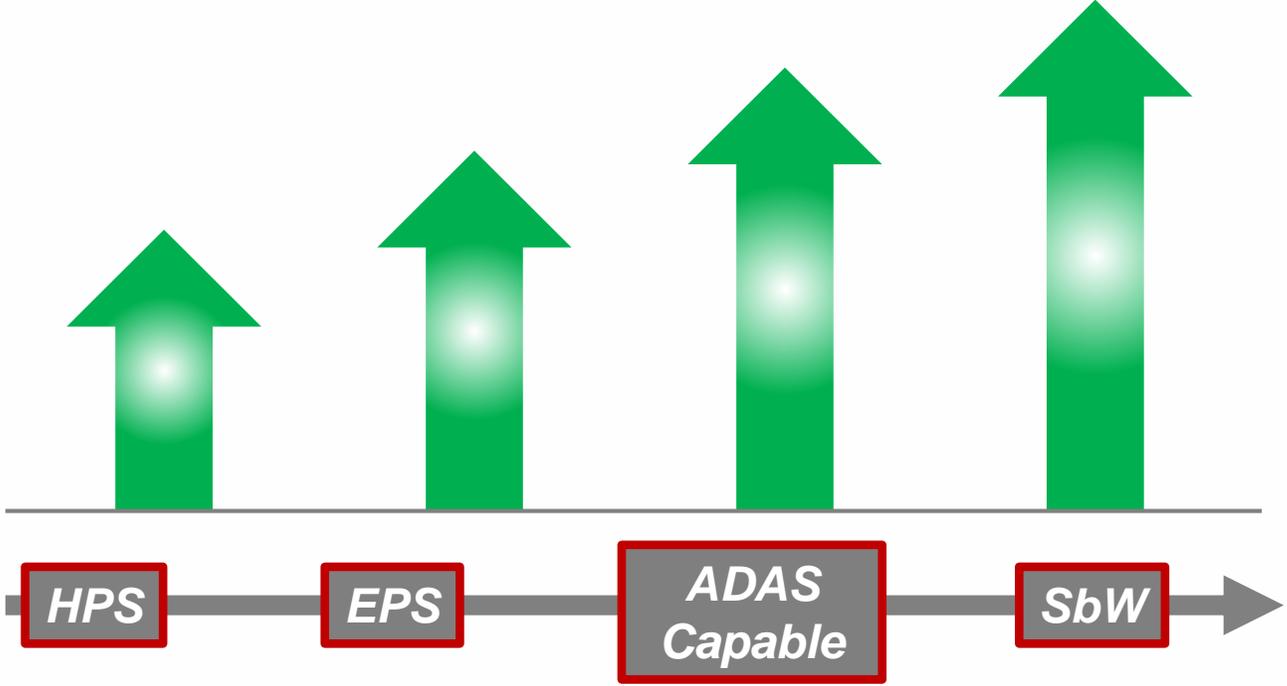
Strategy for Profitable Growth

1. **Specialist Tier 1 Supplier That Customers Rely On** for Today and Tomorrow
2. Capability to **Invest in the Business** and Drive Future Growth
3. **Laser Focused** on Customer Pursuits & Increasing Backlog
4. **Disciplined** in Our Approach and Focus “Stick to our Knitting”



And Why You Are Important to Us

Engineering Capability & Resources



Provides the Opportunity!

EPS % Revenue

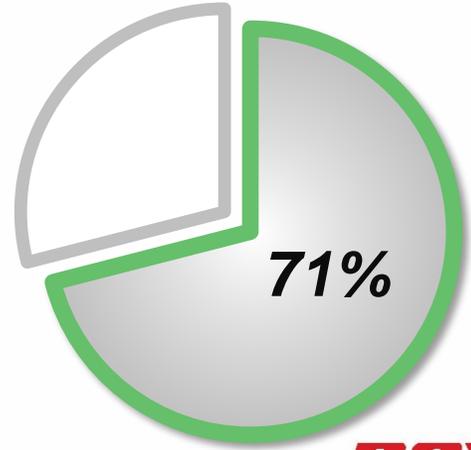


2012



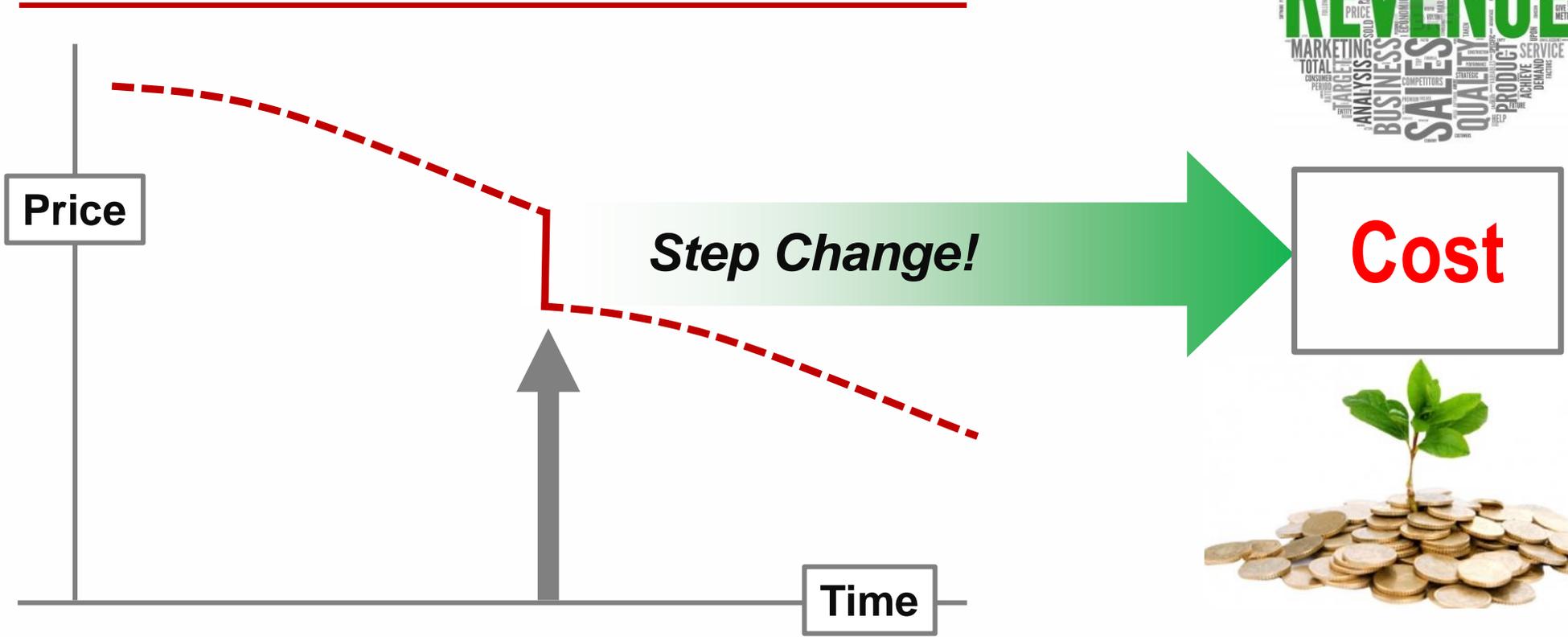
2018

EPS % Backlog



And Why You Are Important to Us

Automotive Pricing - Typical Curve



Initial Award

Re-Win Incumbent

Profit

Case Study – Ford F150



Engineering Capability Provided the Opportunity



Gen I 2009

Gen II 2014

Gen III 2020

Cost Competitiveness Secured the WIN!!

\$4XX/Unit

\$2XX/Unit

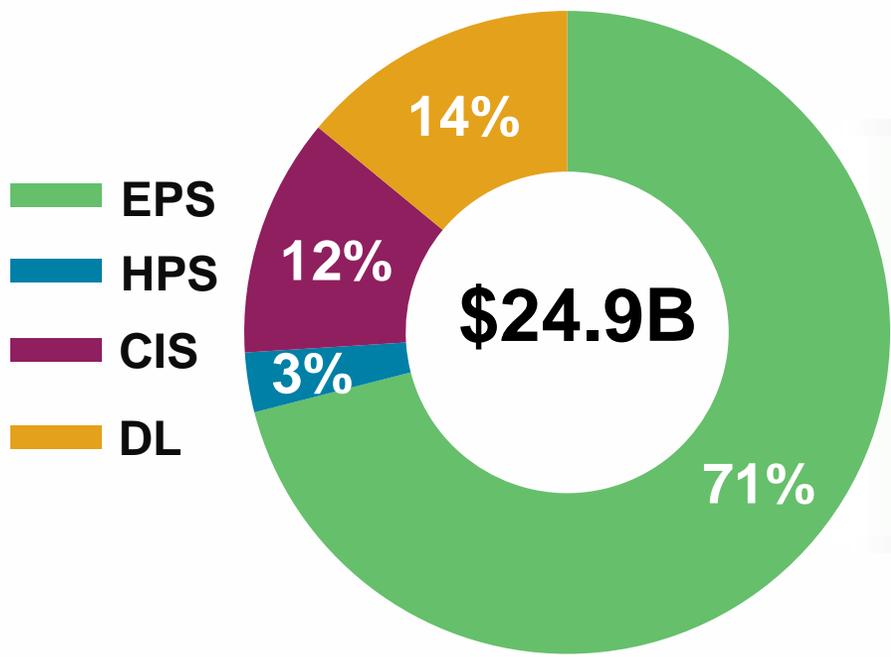
Baseline

10 FIT.

- Dual Inverter
- Dual Micro
- Dual Board
- Dual Power Connection

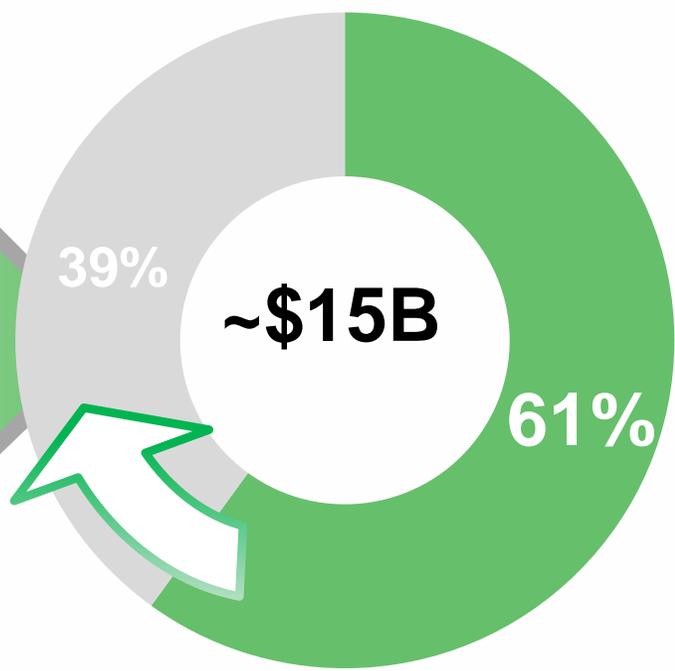
And Why You Are Important to Us

Booked Business Backlog at June 2018



Material Component of Backlog

Supply Opportunity



And Growing!



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Thank You!



Bill Quigley

Senior Vice President
Chief Financial Officer

Blue!



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Break

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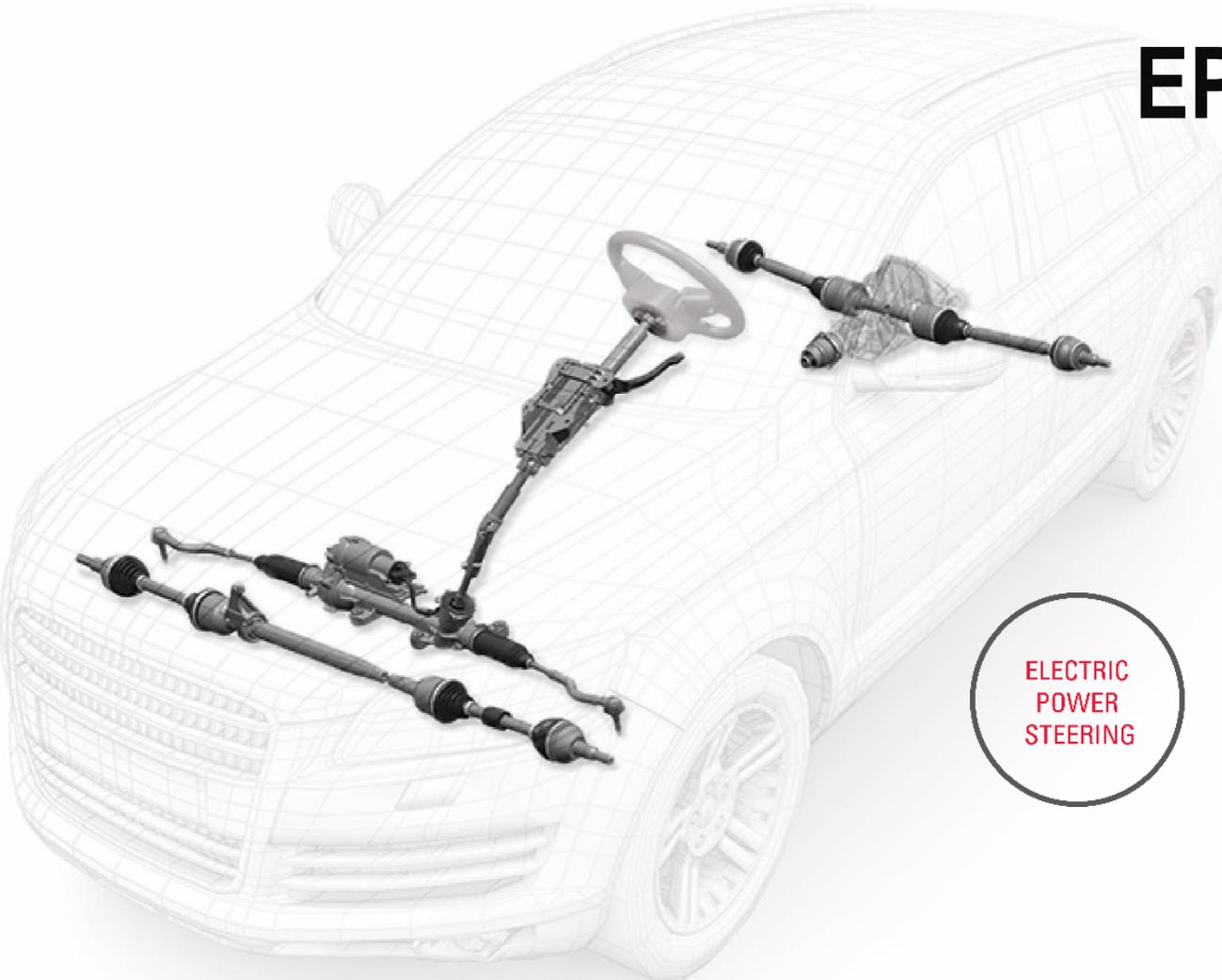
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EPS Strategy & Future Growth

**Chuck Worner - Executive Director,
Powerpacks & Sensors**

18 Sep 2018



**ELECTRIC
POWER
STEERING**

**COLUMNS &
INTERMEDIATE
SHAFTS**

**DRIVELINE
SYSTEMS**

**HYDRAULIC
POWER
STEERING**

**ADAS &
AUTOMATED
DRIVING**

Nexteer EPS Business Review ... Welcome

- Thank You For Being Our EPS Business Partner
 - You & Your Organizations are Important & Valued
- Get Ready Continued EPS Business Growth
 - Potential to Double Our Buy
- It Will Be Exciting
 - New Technologies / New Customers / New Regions / New Markets
- Not For The Faint-Of-Heart
 - Challenging Competitive Pressures Abound

**Let's
Get
Started**



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Nexteer EPS Business Review ... Introductions

- Chuck Worner

- Executive Director, Powerpacks / Motors / Controllers / Sensors

- My Boss (after Mrs. Worner)

- Steve Spicer, VP & Product Line Executive Director for Nexteer EPS

- Steve sends his regards ... Living in Shanghai July2018-2019

- My Personal Affirmation

- I am ever positive & privileged to lead / mentor / inspire the Global Powerpack & Sensor organization to deliver best in class solutions to our Nexteer EPS product lines... We achieve this by living an empowered culture that enables the team to have pride & personal satisfaction for their contributions to the success of Nexteer

Nexteer EPS Business Review

- Let's Break That Down
 - I am **ever positive** & privileged to lead / mentor / inspire the Global Powerpack & Sensor organization to deliver **best in class solutions** to our Nexteer EPS product lines... **We achieve** this by living an **empowered culture** that enables the team to have **pride & personal satisfaction** for their **contributions** to the success of Nexteer
- Positive & Empowered Culture has been key to Nexteer's Success
 - A Culture Our Leaders Display & Live-By Everyday
- **What is your Organizational Culture?**

Nexteer EPS Business Review ... Cost Pressure

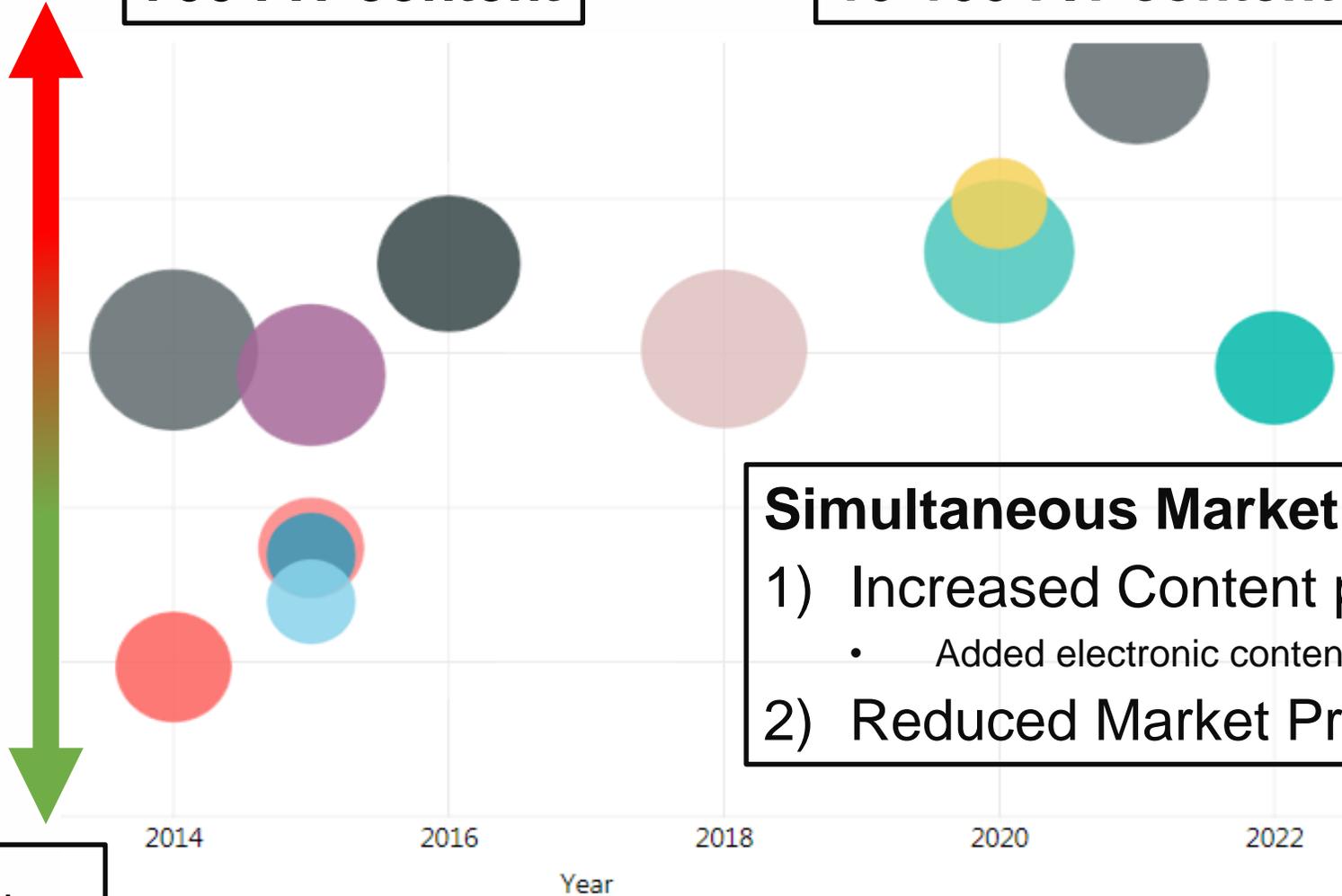
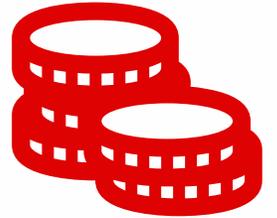
High (bad)

BOM Cost
as % of
Sales Price

Low (good)

700 FIT content

10-100 FIT content

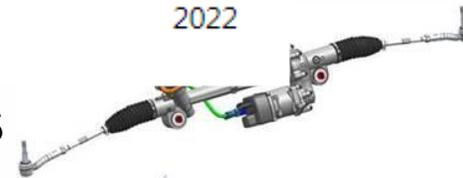


Simultaneous Marketplace Headwinds

- 1) Increased Content per System
 - Added electronic content for 700 FIT to 10-100FIT
- 2) Reduced Market Prices

Bubble Size
Equates to Annual Volume

NA REPS (belt-drive) Gears



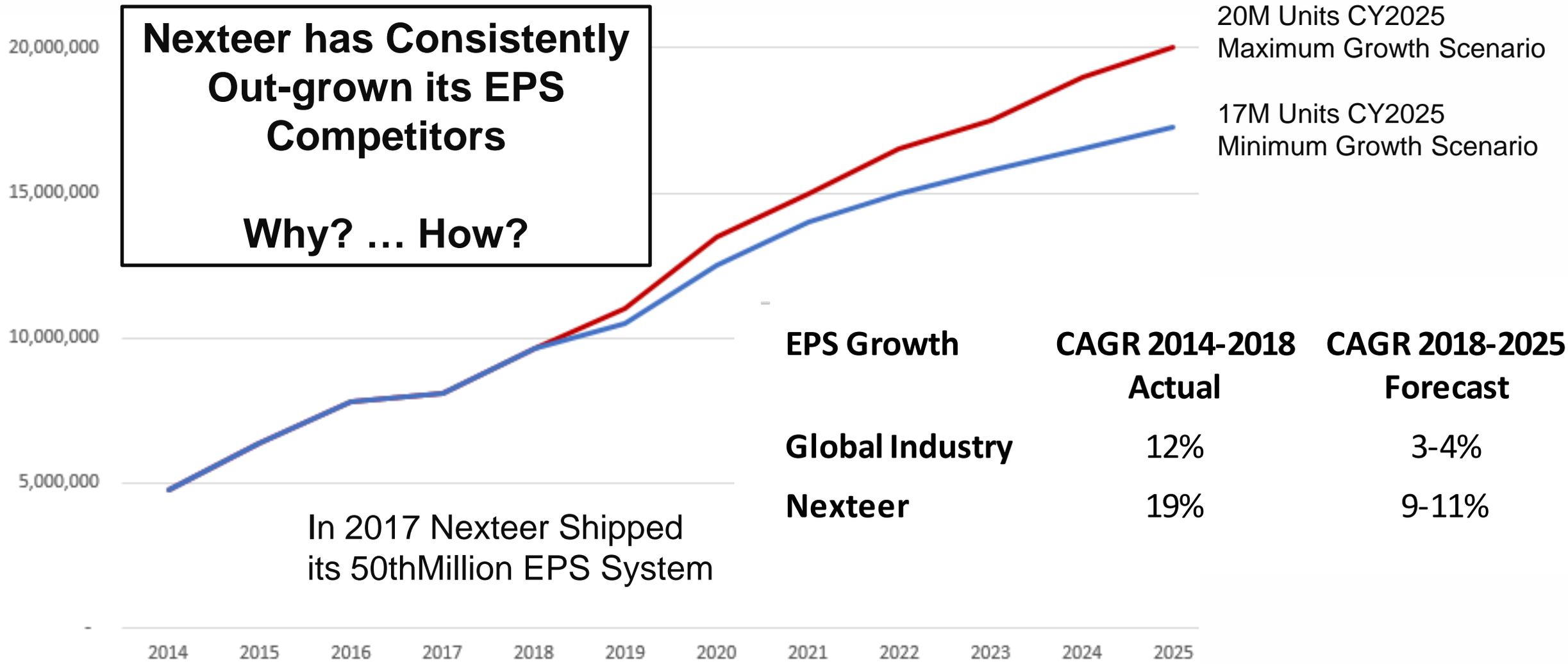
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AUTOMOTIVE

a leader in intuitive motion control

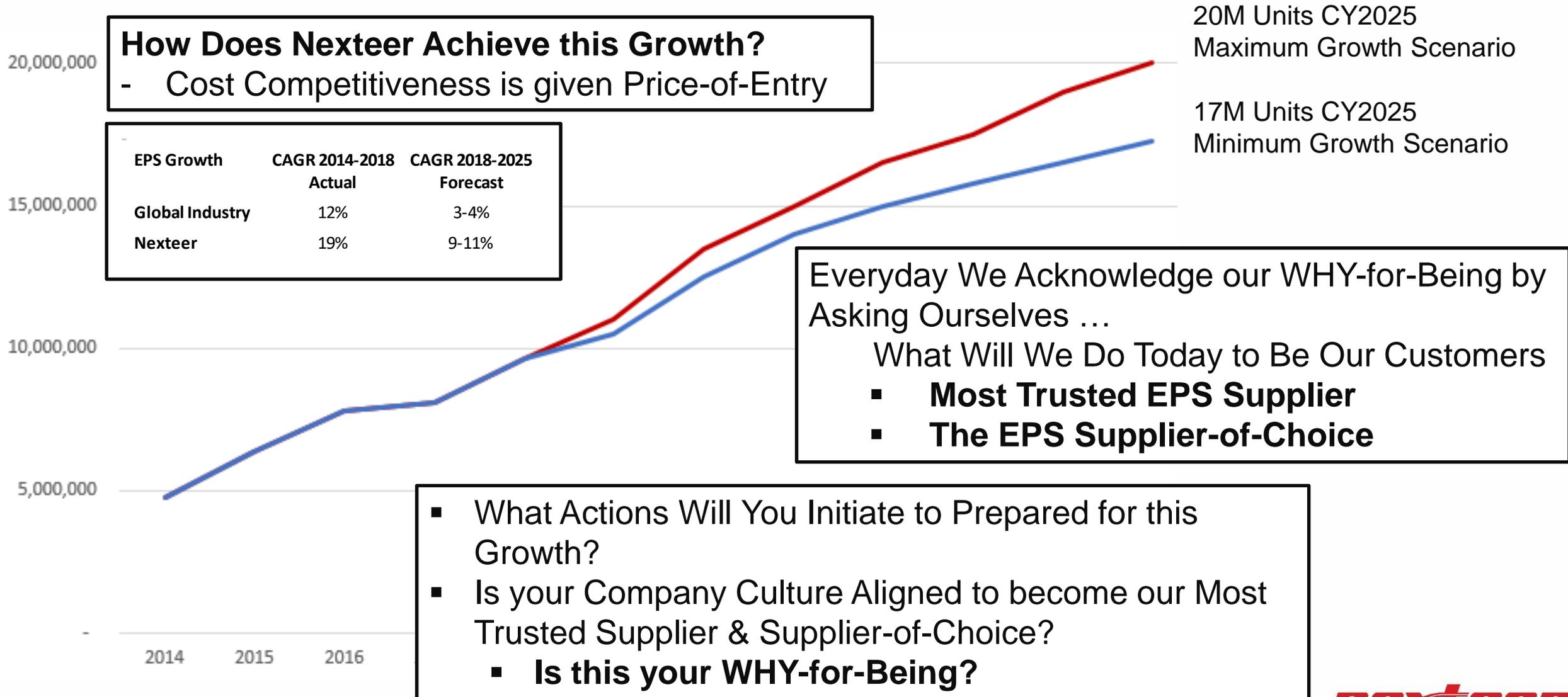
Nexteer Global EPS Volume By CY

Nexteer has Consistently Out-grown its EPS Competitors

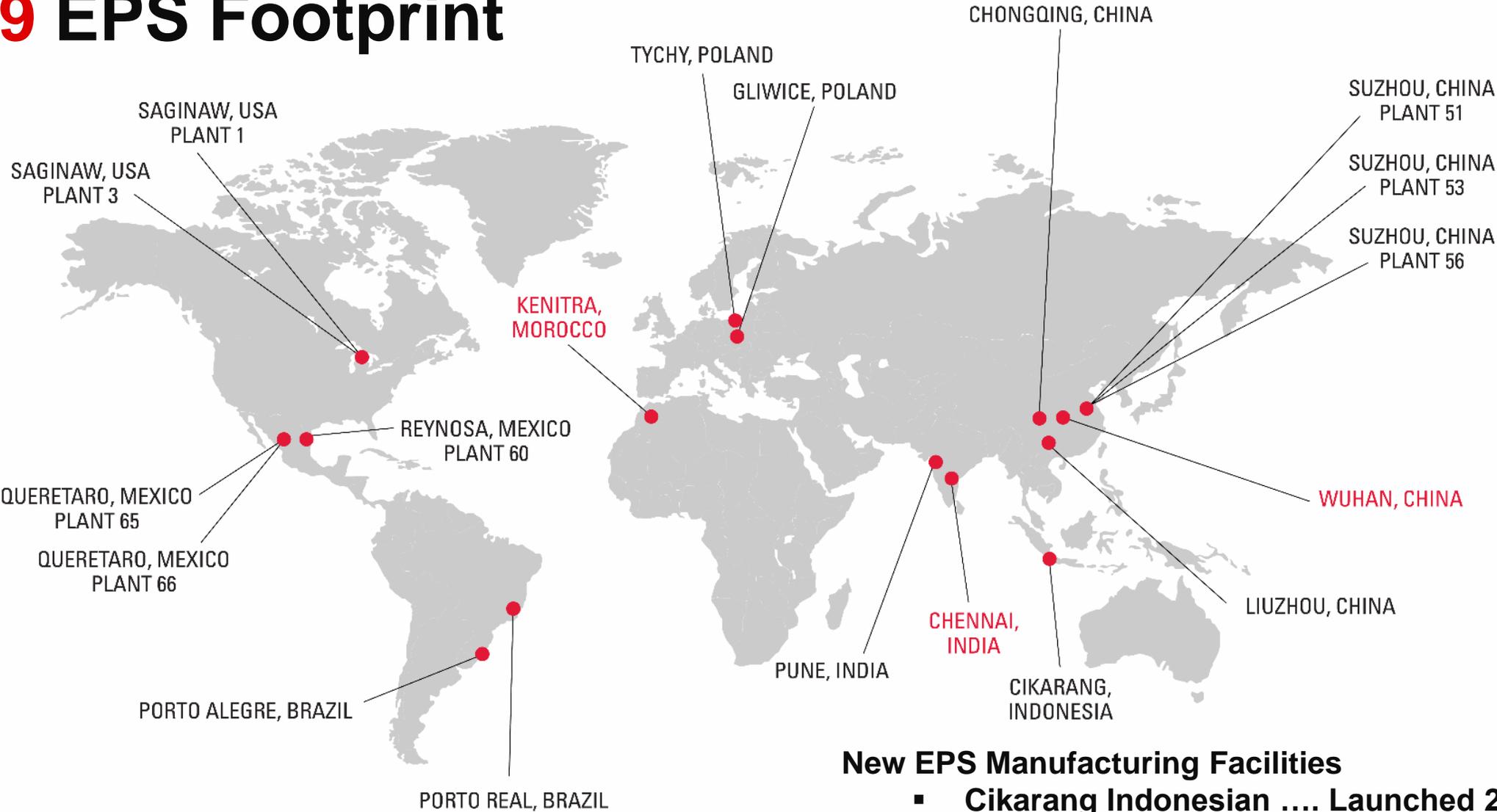
Why? ... How?



Nexteer Global EPS Volume By CY



2019 EPS Footprint



19 plants | 15 sites | 8 countries

New EPS Manufacturing Facilities

- Cikarang Indonesian Launched 2017
- Chennai India .. Launch 1Q2019
- Kenitra Morocco ... Launch 2Q2019

Nexteer EPS Business Review ... Marketplace Trends

1) Reduced Lead-Times

- Future supply base will need to “run faster” than currently demands

2) Higher Levels of System Safety

- EPS is a Safety Critical System
- Must Become Better to Close Gaps in “You Don’t Know What You Don’t Know”
 - More Robust & Detailed FMEAs ... Challenge Old Assumptions ... Supply Base Has Critical Role
 - Nexteer DSS Methodology ... Every Drawing Dimension & its Impact to DFMEA Severity & Sensitivity

3) Higher Output Systems

- Non-IC Powertrains => Higher Front Axle Loads
- Larger Vehicles

4) Ever More Advanced Functions

- **ADAS & Automated Driving**

Nexteer EPS Business Review ... Technology Trends

■ ADAS / Automated Driving

– **Level 1 & 2 ... Hands-On / Driver Engaged** Auto-Steer Functions

- Limited Electronic Redundancy & Advanced Software (400-700FIT)

– **Level 3 ... Conditional-Automated** Driving (Eyes Off)

- Driver is back-up in event of EPS shutdown
- More Electronic Redundancy & Advanced Software (10-100FIT)

– **Level 4 ... Highly Automated** Driving (Mind Off)

- Sufficient redundancy to enable vehicle autonomously continue driving to a safe parked condition ... Fail-Operational
- Significant Electronic Redundancy & Advanced Software (<10FIT)
- Nexteer launched system CY2018

– **Level 5 ... Full Automation**

- Nexteer launching system 4Q2018

**Lane Keep Assist
Traffic-Jam-Assist
Park Assist**

**Highway Chauffeur
Super Cruise**



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Nexteer EPS Business Review ... Technology Trends

- Steer-by Wire (SbW)

- Two EPS Systems per Vehicle

- Hand-Wheel-Actuator (HWA)

- Measures “what the driver does” (what is his/her intended path) while also proving steering feedback based on what is happening at the tire-contact-patch

- Road-Wheel-Actuator (RWA)

- Uses “what is desired path data” to steer road-wheels while also estimating rack loads which relate to what is happening at tire-contact-patch

- Nexteer ready to support CY2023-2024 launches



Nexteer EPS Business Review ... Technology Trends

■ New EPS Market Segments

- Heavy-Duty Full-Size-Truck Applications
 - Current 1/2-ton FSTs ...~15 kN rack load system
 - Demo vehicles at 19 kN
 - Bench test systems at 24 kN
- Marine (recreational watercraft) Steering Systems
- Manned & Unmanned Community Vehicles
- Many Other New Market Segments



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Nexteer EPS Business ... To become a “Nexteer Supplier of Choice”

- Competitive cost & forward leverage
- Perfect product quality
- Aligned Manufacturing Footprint
- Perfect Launches
- Engineering Expertise
- Responsible & Agility to Customer Demands

Wait ...

**These are all Standard-Expectations
& Cost-of-Entry Elements**

- Trust & Collaborative Culture
- Honor commitments
- Communicate, Communicate, Communicate
- Transparency ... Technical & Commercial
- Innovative Product & Process Technology
- Ever Improving

**These Elements will Differentiate you
as a Nexteer Supplier of Choice**

**Are you prepared to Lead Change in your Organization
to be a Nexteer Supplier of Choice**

Nexteer EPS Business Review ... Closing

Is Your Organization up to the Challenges of ...

- **Significant Business Growth Opportunity ... Doubling-Buy 2018-2025**
 - Exciting New Technologies / New Customers / New Regions / New Markets
 - Increased Content per Vehicle
- **Continued Intense Cost Down Pressure**
 - Seeking Clever Solutions
- **Culture Change / Enhancement**
 - What Actions Will You Implement to be a **Supplier-of-Choice to Nexteer**
 - Does Your Organization **Know its “WHY-for-Being”**

If Yes ... Get Ready for a Great Ride



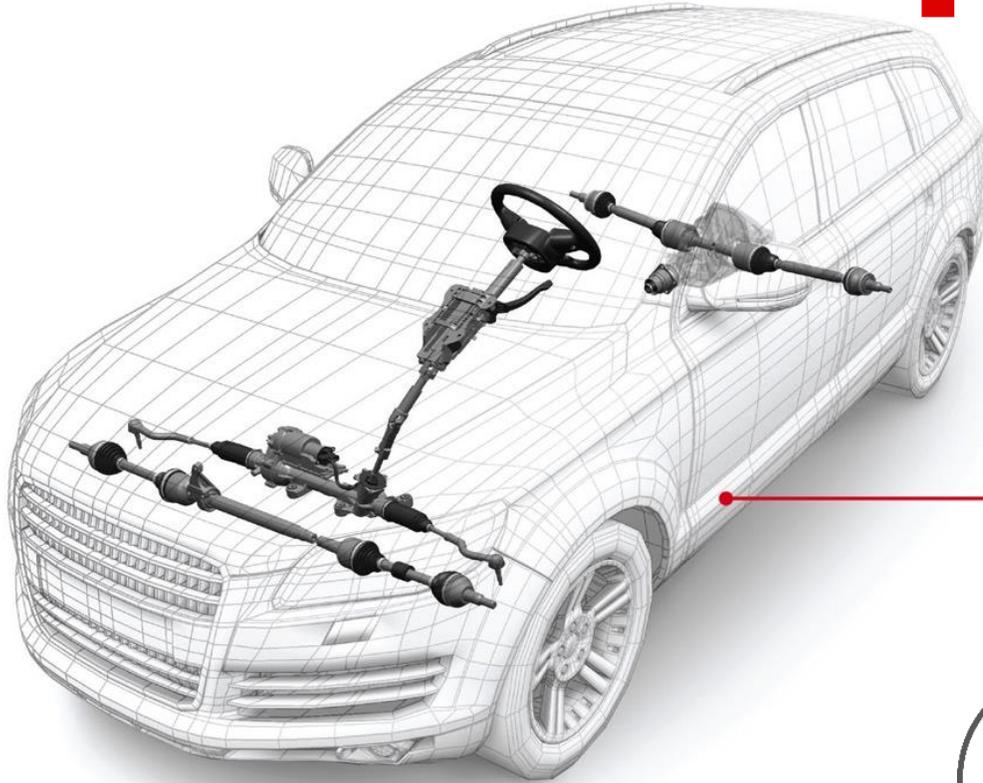
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September 2018



Driveline

Marty Sheridan

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

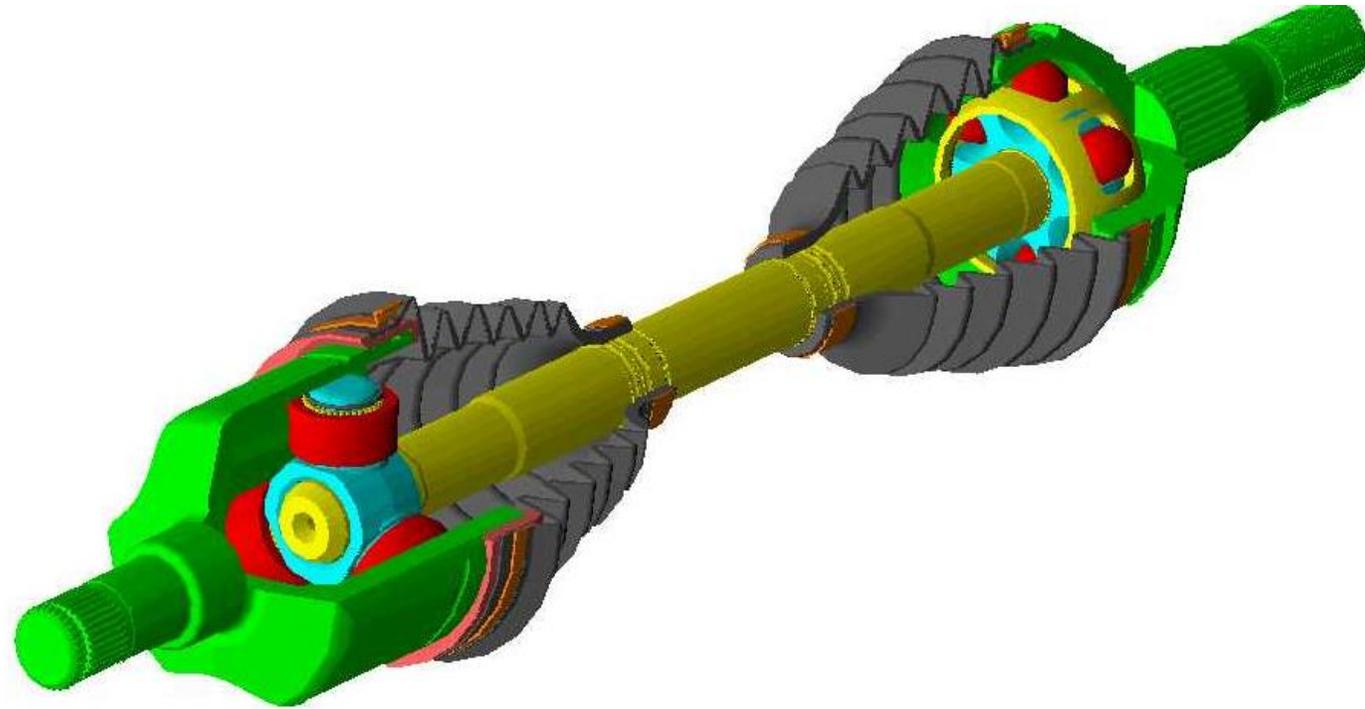
ADAS &
AUTOMATED
DRIVING

Agenda

- Introduction
- Strategy Development
- Strategic Actions
- Growth
- Global BOP / Make vs Buy
- Footprint

Introduction

Typical Halfshaft



Nexteer Driveline: Halfshafts



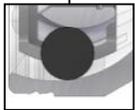
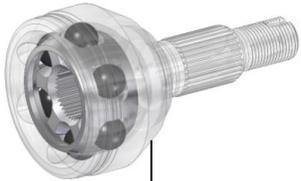
- 3rd Largest Halfshaft Supplier
- Global Footprint: 10 Plants, 5 Countries and 2500 Employees
- Wide Technology Portfolio
- 50 years of Halfshaft Experience
- 15% of Nexteer's 2017 Revenue

Nexteer Halfshaft Product Portfolio

Ball Joint Technology

Fixed Center Joints

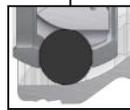
Rzeppa (RZ)



Standard (47°)

- High Efficiency
- Low Lash

Undercut Free (UF)



Undercut Free (50°)

- High Efficiency
- Low Lash

8-Ball Rzeppa (RZ8)



- Reduced Mass and Packaging
- High Efficiency

Stroking Joints

Cross Groove (CG)



- Compact
- Low Lash
- Ideal solution for RWD

CrossGlide (XG)



- High Efficiency
- Combines Low Heat Generation with low Lash of Cross Groove
- Ideal solution for high performance RWD
- Race and Track proven

Double Offset (DO)



- Max Angle 30°
- Largest Stroke Angle Capability

Nexteer Halfshaft Product Portfolio

Tripot Joint Technology

Standard Tripot (TP)



- Low load to stroke ideal for automatic transmission
- Acceptable NVH on FWD with moderate running angles and torque

Compact Tripot (TPc)



- Same benefits as TP plus an industry leading compact design
- Lower mass and packaging

Needle-less Tripot (TPn)



- Specially designed for low torque rear drive axle applications
- Adequate NVH performance

Heavy Duty Tripot (TPh)



- Designed for 4WD Trucks / Heavy Duty Applications

Standard TriGlide (TG)



- Same benefits as TP plus premium NVH performance

Enhanced TriGlide (TGe)



- The next generation of premium Tripot designed for very challenging NVH applications
- Highest Efficiency

Nexteer Halfshaft Product Portfolio

Axle Technology

Monobloc Tubular Axle (MTA)



- Lowest mass tubular axle bar solution
- Tunable Stiffness
- Tunable Natural Frequency

Welded Tubular Axle (WTA)



- Modular design configurations for optimal stiffness, mass and torsional strength

Solid Axle (SA)



- High value solution

Ball Spline Axle (BSA)



- Stroke is displaced from inboard joint to the BSA enabling higher suspension articulation and increased running angles
- Exceeds NVH performance of all stroking joints making the BSA ideal for the most challenging NVH applications
- Low Plunge Resistance

Intermediate Driveshafts (IDS)



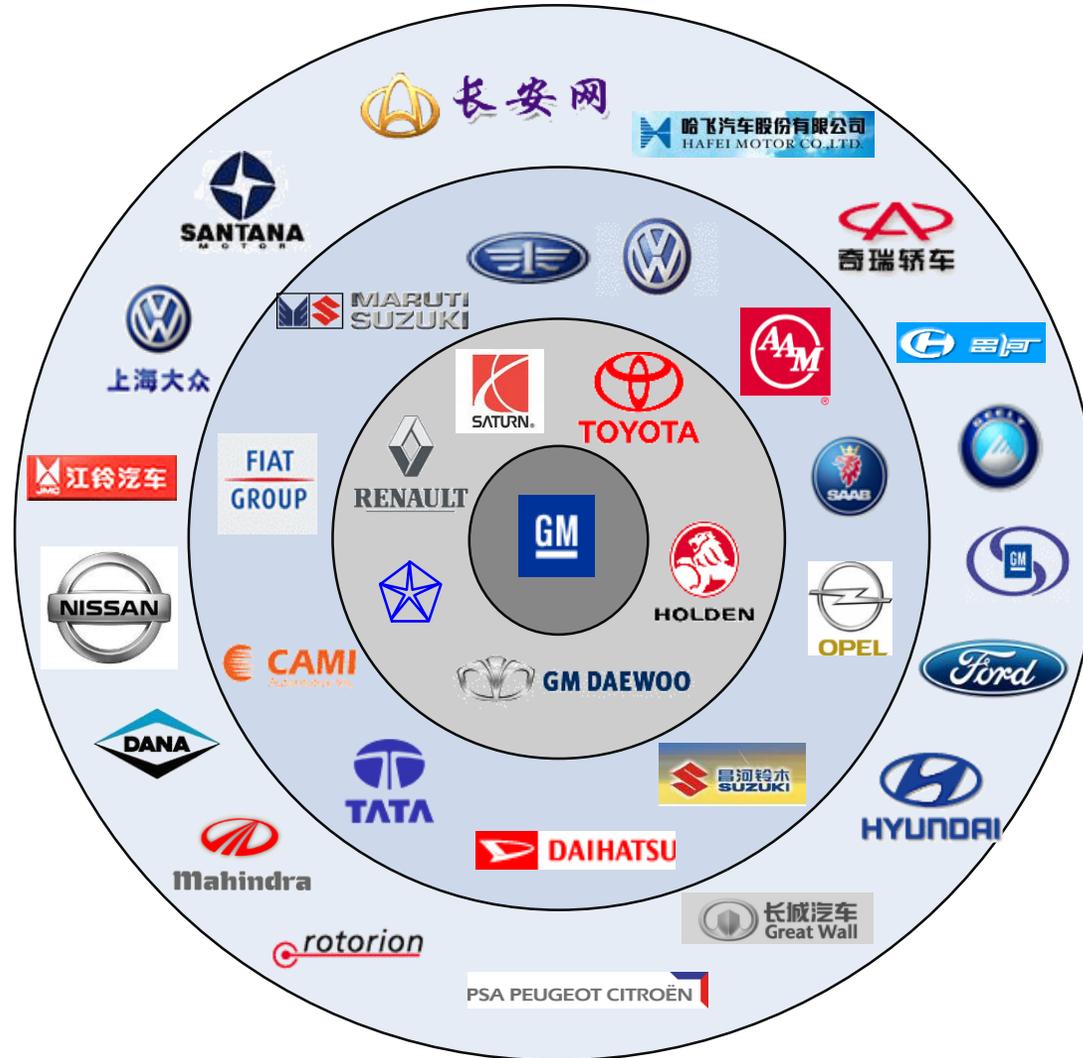
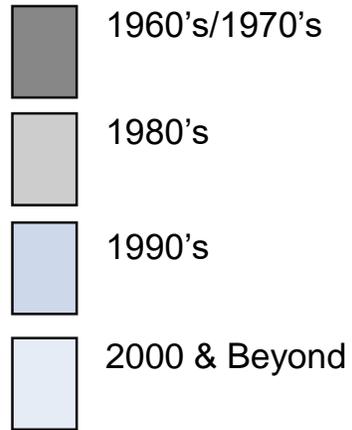
- Stand alone and integrated configurations
- Integrated is the deal solution for vehicles that require a intermediate shaft yet need to minimize proliferation
- Tubular and solid

Customized Dampers



- Modular design configurations include 2 clamp and press-on retention

Nexteer Halfshaft Customers



- Significant growth is occurring in all regions of the world
- Driveline focus is on customer diversification

Strategy Development

Strategy Development



Strategy Development



Competitiveness



Customer

Diverse Base With Targeted Focus
Strong #3 Globally
Increase Market Share
Profitable New Business



Product

Right Products/Places
New Technology
Reduced Cost/Mass
Strengthen Regional Engineering



Footprint

Global BOP/Automation
Make vs. Buy
Re-balance N.A.
Expand in A.P., Mexico, Morocco

Strategic Actions

2018 Strategic Actions



Regional Pricing / Cost Metrics
Customer Roll-Out Plans
Launch Performance

Benchmarking
Make vs Buy
Global Footprint Evolution

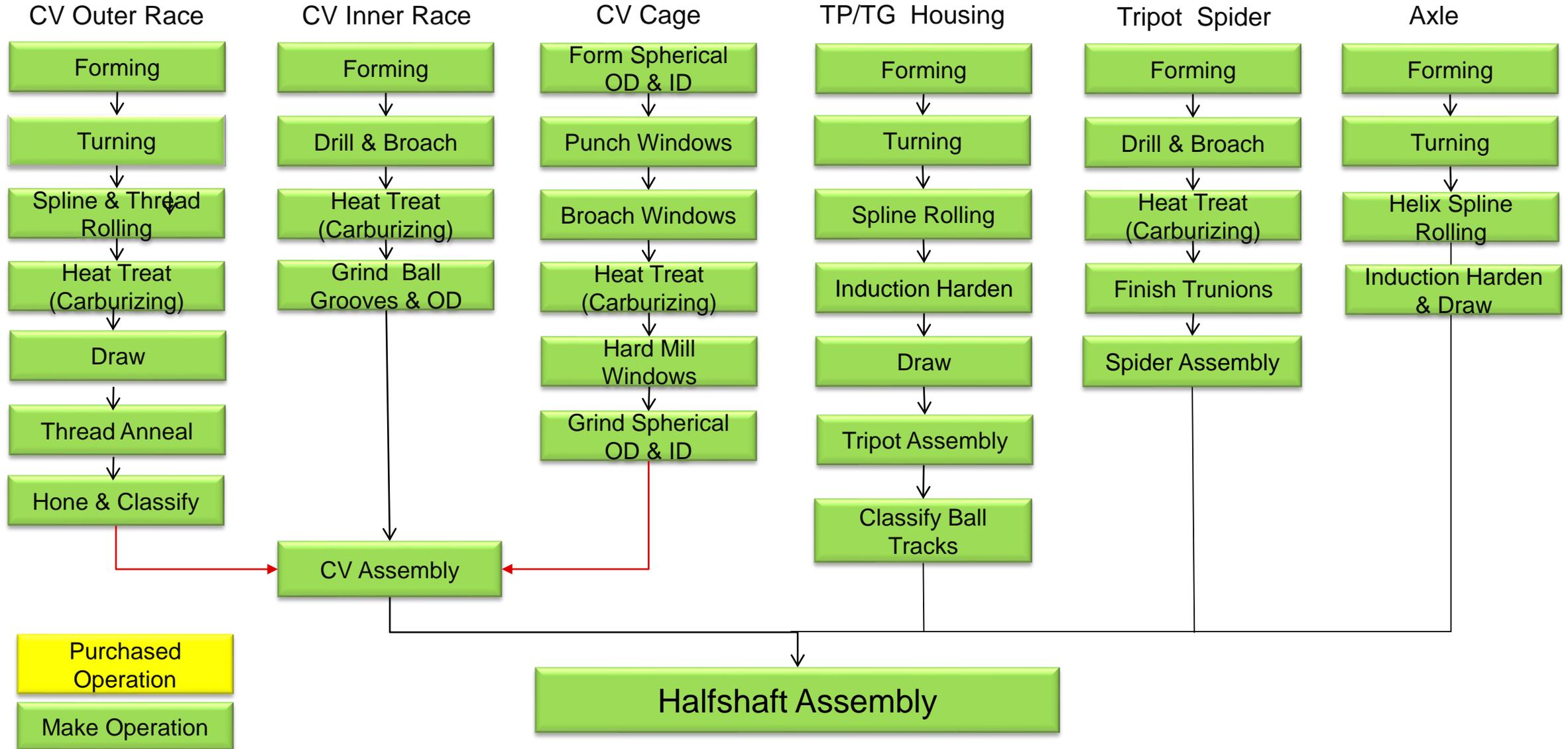
30+ Active Technology Projects
Global CIP Effort

Growth

Global BOP

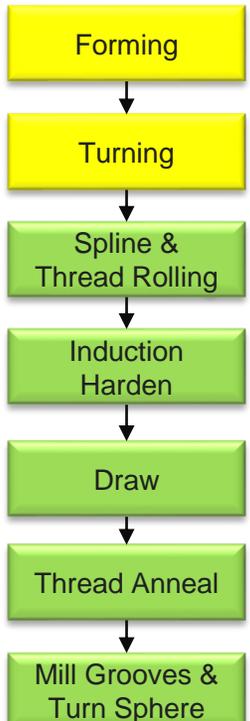
Make vs Buy

Saginaw Traditional Bill of Process Rz/TG or TP

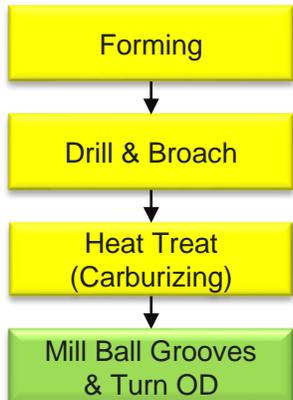




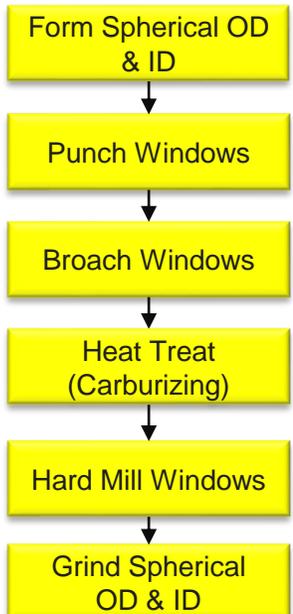
CV Outer Race



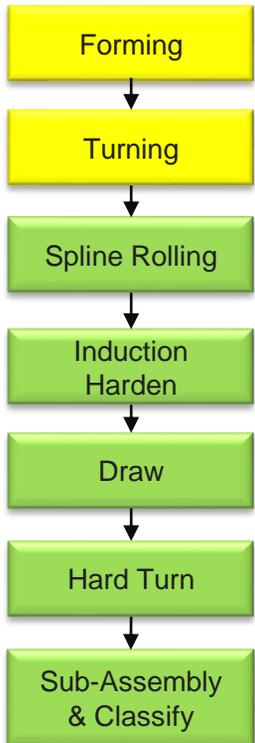
CV Inner Race



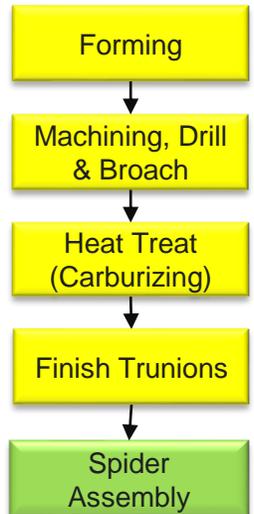
CV Cage



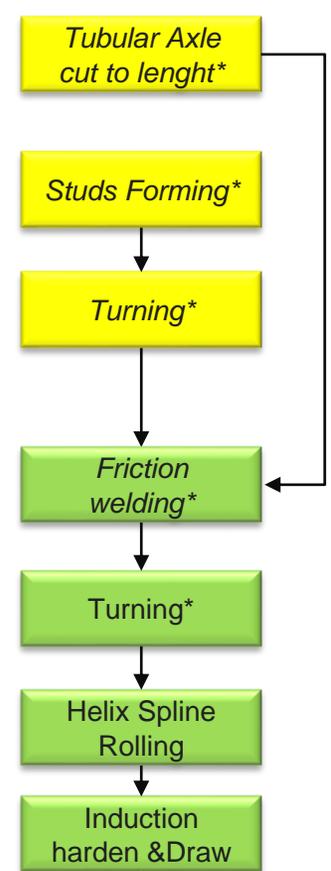
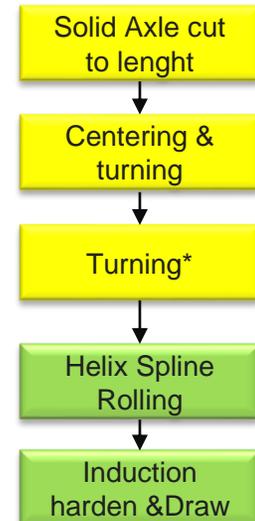
TP/TG Housing



Tripot Spider



Solid Axle OR 3-Pc. Tubular Axle

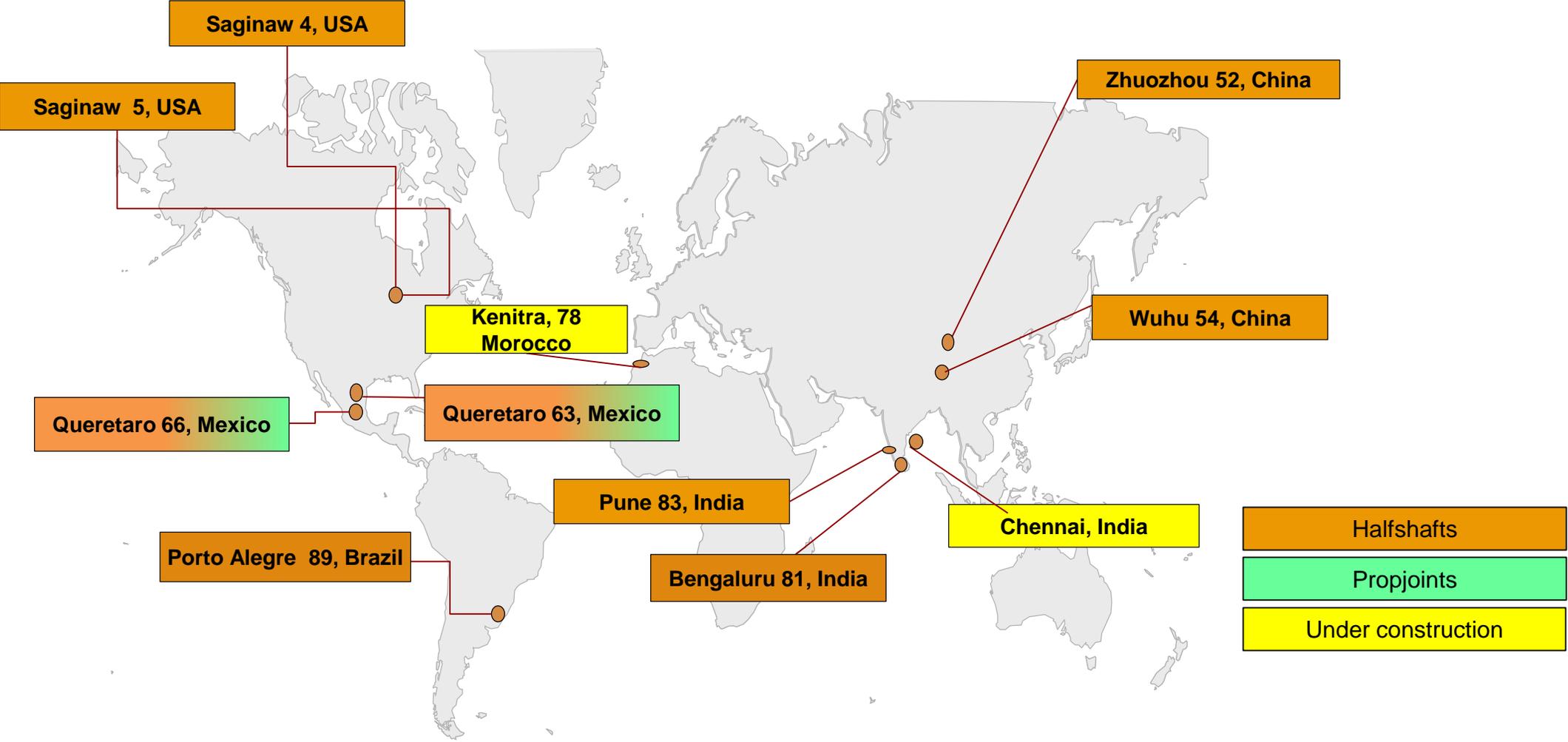


Global DL BOP



Global Footprint

Driveline Footprint



10 Plants on 8 sites in 5 countries across 3 continents

Plant 63 Queretaro, Mexico



Plant 78 Kenitra, Morocco



Plant 84 Chennai, India



Driveline Global Leadership Thanks You!



2018 Supplier Conference

Engineering & Technology

Robin Milavec

Vice President Global Engineering



Agenda

1. Global Engineering Strategy and Structure

- *Understanding how we work, will assist developing the best model for collaboration with our supply partners.*

2. Steer-by-Wire Technology

3. Call for Collaboration and Action

WHY We Deliver Motion Control Solutions

■ We Move People

- We deliver **protection, personality, performance & passion** in driving.
- We make driving **safe, fuel-efficient & fun** for today's world & an autonomous future.
- Our loved ones & millions around the globe depend on Nexteer's **safety-critical solutions** everyday.

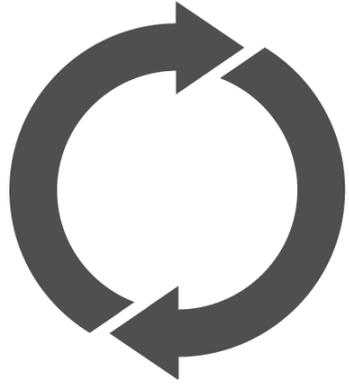


YOU depend on us. OUR loved ones depend on us
to deliver quality, safety-critical systems.

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Engineering's "How"



Expand

Deep Technical Competency
Responsiveness
Trust & Relationships



Accelerate

Globalization / Rotation
System & Software Capacity
Value Through Efficiency

Nexteer's Engineering Globalization Strategy



Efficiency Created by Proximity to:

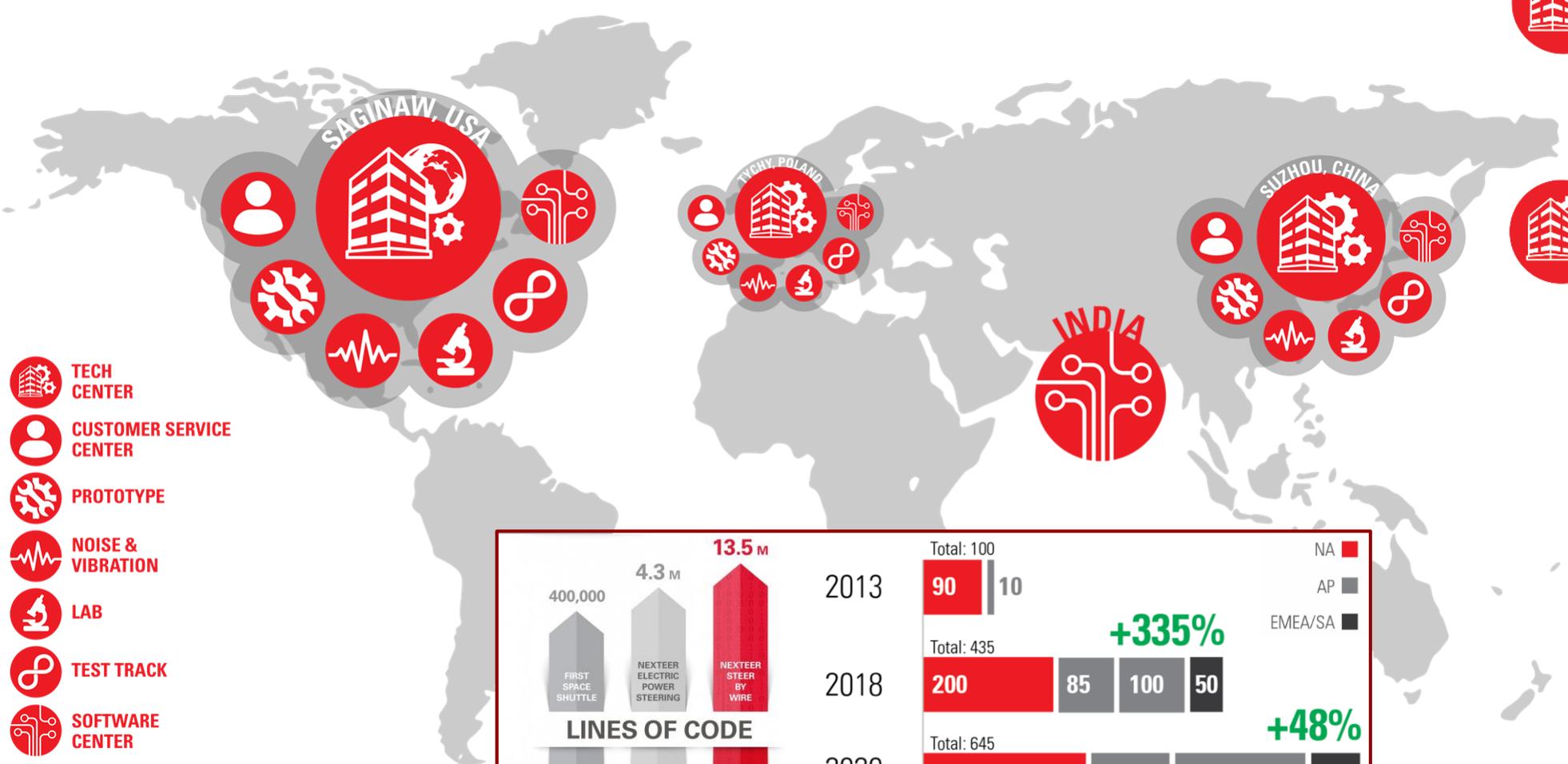
- Customer Engineering Homeroom
- Nexteer Manufacturing Plant
- Supply Partners

Drivers for Local Autonomy

- Appropriate Resources
- Infrastructure and Tools
- Structure providing global connectivity, driving regional autonomy and accountability
- **Competency**

Engineering Capabilities & Product Portfolio

Global Engineering & Customer Support



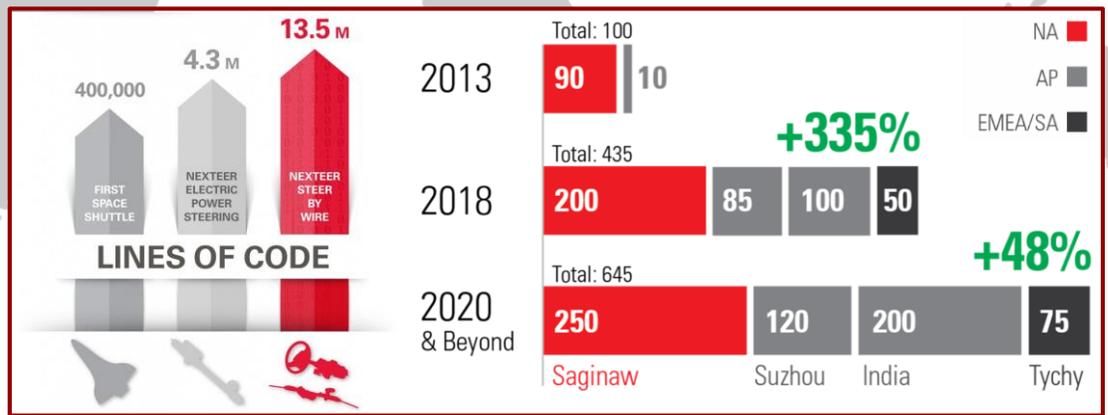
- TECH CENTER
- CUSTOMER SERVICE CENTER
- PROTOTYPE
- NOISE & VIBRATION
- LAB
- TEST TRACK
- SOFTWARE CENTER

Global Technical Center (GTC)

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

Technical Center (TC)

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

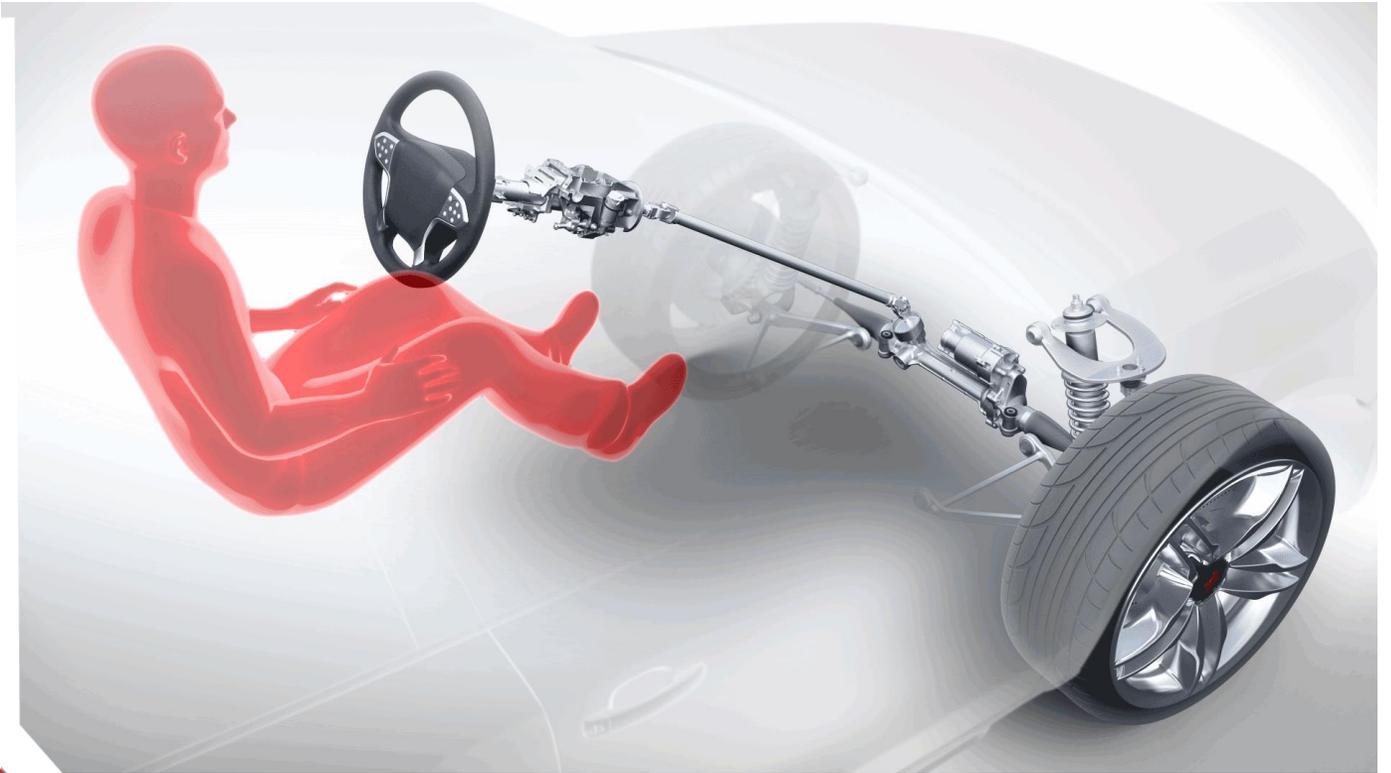


Steer-by-Wire Technology



Steer by Wire: New Era in SAFETY & PERFORMANCE

- Replaces mechanical connection between road wheels & steering wheel with algorithms, electronics & actuators!

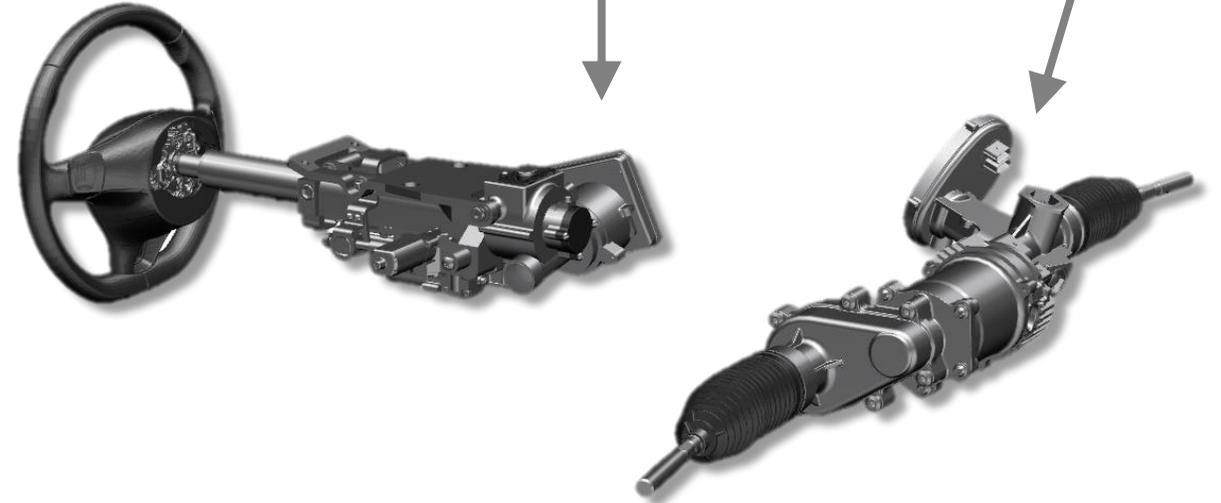


Steer by Wire: New Era in SAFETY & PERFORMANCE

- Supports both manual & automated driving, as well as mixed mode driving
- Target SOP 2022-2024

Steering feel emulator

Road wheel actuator



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SbW enhances safety & comfort, for both automated & manual drive

SbW enables **instantaneous modification of the steering ratio** over wide range:

- quiet or reduced movement of steering wheel for assist & automated functions
- speed dependent modification of steering ratio
- easier compensation for lead/pull and wind gust without changing steering wheel angle
- easy notifications of driver via steering wheel torque / vibration

SbW enables **brake independent stability control**:

- enhanced yaw stability, i.e. prevents driver from pushing past understeer and oversteer points
- reduced braking distance on mu-split surfaces
- smooth and safe transitions from automated to manual driving modes

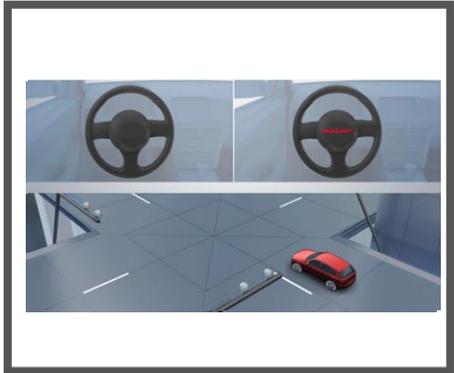
SbW enables **simplified, cost reduced and more flexible chassis design**:

- cross platform re-use of components including common LH / RH design
- eliminating i-shaft: Solid axle mounting of RWA, more flexible under-hood packaging, fire wall
- allowing the implementation of a McPherson strut
- allowing automatic alignment of roadwheel and handwheel during steering system installation

	Safety	Comfort	Automated	manual
instantaneous modification of the steering ratio		✓	✓	
quiet or reduced movement of steering wheel for assist & automated functions		✓		✓
speed dependent modification of steering ratio		✓		✓
easier compensation for lead/pull and wind gust without changing steering wheel angle		✓		✓
easy notifications of driver via steering wheel torque / vibration		✓		✓
brake independent stability control	✓			✓
enhanced yaw stability, i.e. prevents driver from pushing past understeer and oversteer points	✓			✓
reduced braking distance on mu-split surfaces	✓			✓
smooth and safe transitions from automated to manual driving modes	✓		✓	
simplified, cost reduced and more flexible chassis design				✓
cross platform re-use of components including common LH / RH design				✓
eliminating i-shaft: Solid axle mounting of RWA, more flexible under-hood packaging, fire wall				✓
allowing the implementation of a McPherson strut			✓	✓
allowing automatic alignment of roadwheel and handwheel during steering system installation				✓

Advanced Technology Suite

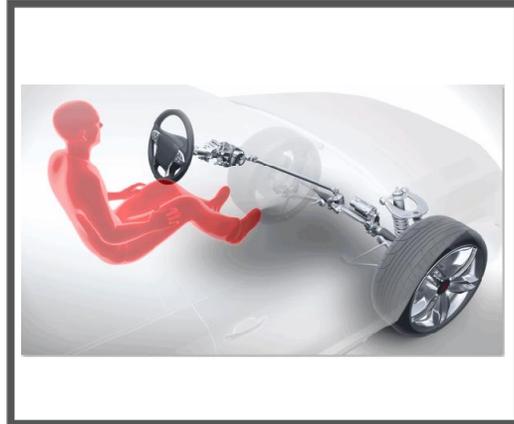
We're solving motion control needs for today's world & an automated future.



Quiet Wheel™ Steering
Redefines Driver's Experience



Steering on Demand™ System
shown w/ **Stowable Column**
Safe Transitions



Steer-by-Wire
*Centerpiece Enabler of
Advanced Functions & Safety*



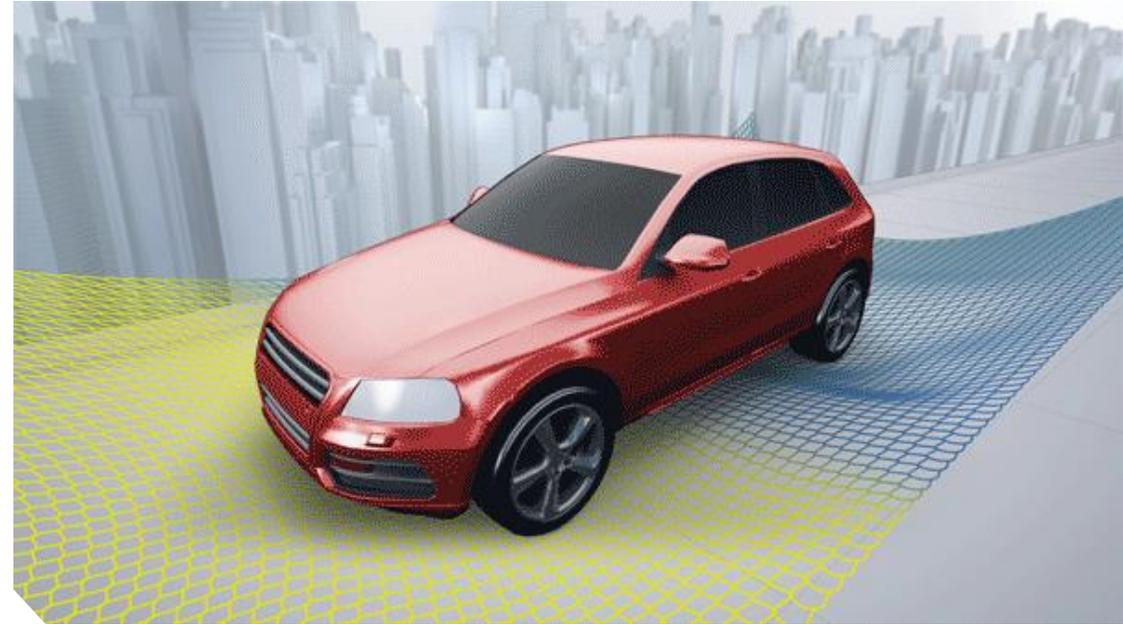
High Availability EPS
Safety Net Always ON



Cyber Security
*Validates True
Motion Commands*

What is **Fail Functional Steering**?

- **Integrated Redundant Software & Hardware**
- Redundant, Multi-path Processing Software + Dual Hardware Components
 - Torque & Position Sensor
 - Electronic Control Units
 - Motor Windings
 - Vehicle Power & Communication Connectors



Innovation Award Winner

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Call for Collaboration and Action



Technology Development via Supplier Collaboration

Goals:

Start **Early** With Suppliers in the **Product Development Process**

Build **Strong Relationships** through **Shared Operational & Growth Goals**

Relationships, **Transparency** & Collaboration at **All Levels**

Deliver Compelling, **Robust & Affordable Technology**

What Actions Will Your Organization Implement to become “Supplier-of-Choice”?

Current Product Cost Improvement via Supplier Collaboration

Build on
Relationships
and Effective
Collaboration

Re-Energize
Supplier
Suggestion
Program

Advanced
Planning and
Bundling
Strategies

Effective
Change
Management
with Relentless
Focus on
Quality

Together we can make tomorrow better than today!

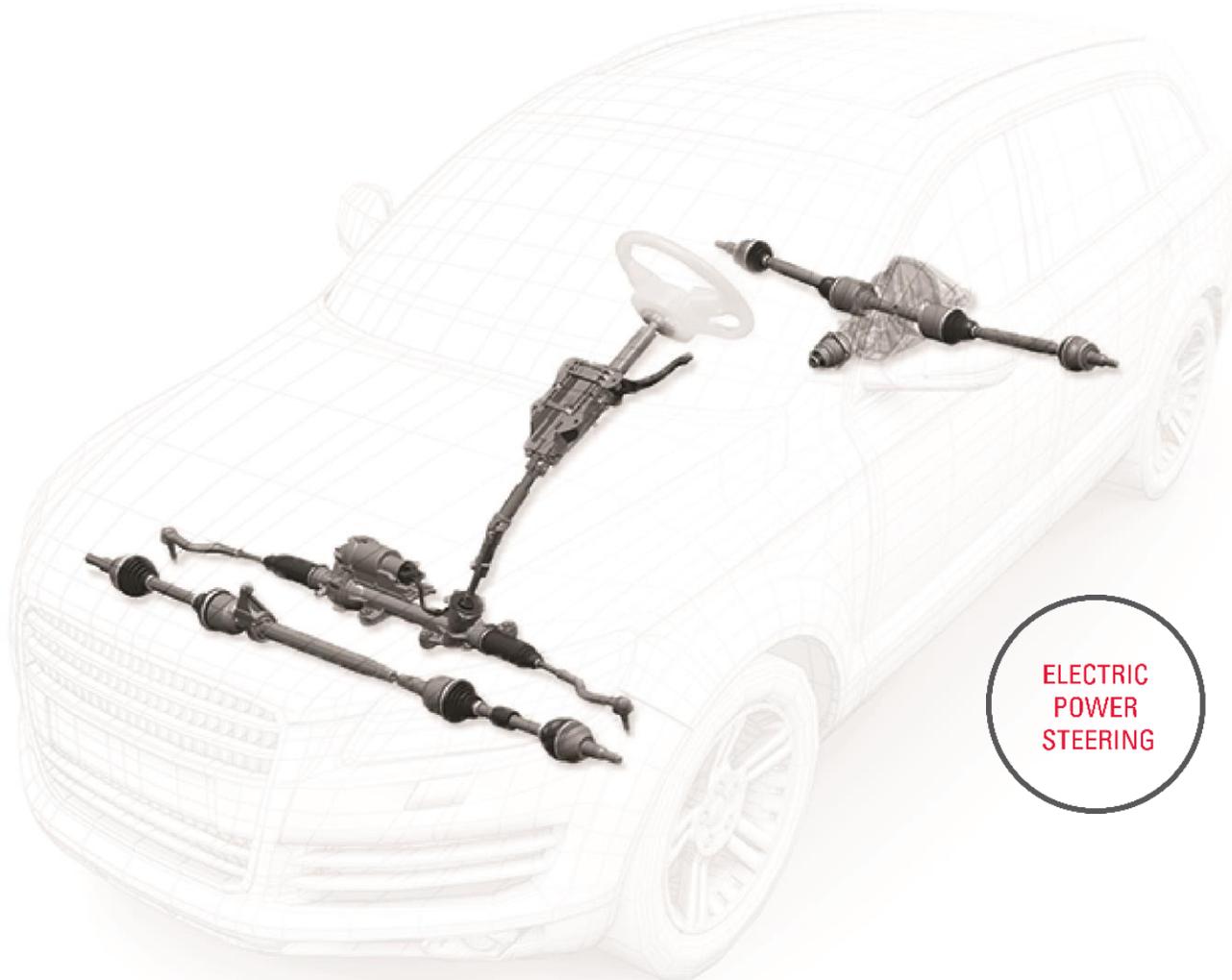
Break

Agenda

- **1100 – 1230 Light Lunch & Registration**
- 1230 – 1245 Welcome, Introductions & Opening Remarks – OT Benson
- 1245 – 1315 Investment In Excellence – Catherine Crosslin
- 1315 – 1345 State of the Business – Bill Quigley
- **1345 – 1415 Break**
- 1415 – 1435 EPS Strategy & Future Growth – Chuck Worner
- 1435 – 1455 Driveline Strategy & Future Growth – Marty Sheridan
- 1455 – 1515 Technology Road Map – Robin Milavec
- 1515 – 1530 Q&A
- **1530 – 1600 Break**
- 1600 – 1620 Nexteer's 2018 SRM Report – Dr. John Henke
- 1620 – 1640 Executive Panel Discussion – OT Benson
- 1640 – 1700 Culture will Drive the Future – Mike Richardson
- 1700 – 1730 Supplier Awards & Recognition
- **1730 - 2030 Cocktail & Dinner**



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2018 Global Supplier Survey

Overview of Results
Executive Presentation

9/18/2018

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

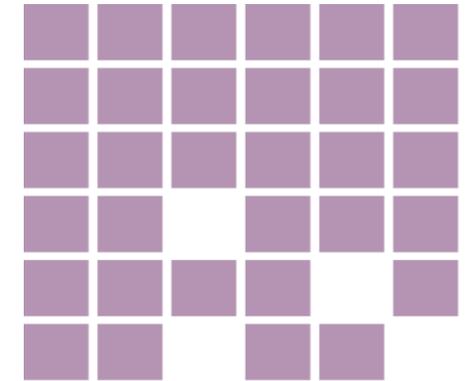
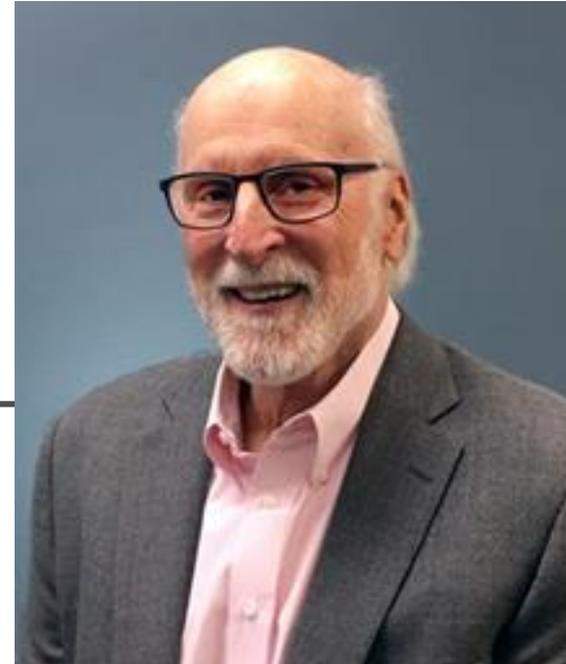
DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

ADAS &
AUTOMATED
DRIVING

2018 Nexteer Global Supplier Survey

Dr. John Henke
President, Planning Perspectives, Inc.



**Planning
Perspectives, Inc.**

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Birmingham, MI 48009
ppi1.com +1.246.644.7690

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Dr. John Henke



John W. Henke, Ph.D., is President of Planning Perspectives, Inc., a supplier relations management consulting firm based in Birmingham, MI, Professor Emeritus of Marketing in the School of Business Administration at Oakland University, Rochester, MI., and a Research Fellow at The Center for Supply Chain Management, Rutgers Business School, Rutgers University.

Under Henke's direction, Planning Perspectives conducts an annual proprietary study – the *North American Automotive OEM-Tier 1 Supplier Working Relations Index® Study* – which evaluates and ranks the Tier 1 supplier relations of the six major North American automakers [FCA US (formerly Chrysler), Ford, General Motors, Honda, Nissan, and Toyota]. The Study's annual *Working Relations Index® (WRI®)* has become the benchmark measure of OEM-supplier relations in the automotive industry. Now in its 18th year, the study is highly anticipated each year by the OEMs, and the financial and

business news media.

The combination of this and other activities and research during the past 25 years has resulted in Dr. Henke being recognized as one of the world's leading experts in supplier relations.

He holds a B.A. (physics) from Eastern Michigan University, a M.S. (radiological physics) from Cornell University, and a M.B.A. (Advanced Management Program) and Ph.D. (marketing) from Michigan State University. While at Cornell he was the recipient of a Sloan-Kettering Fellowship. He has also received numerous automotive industry research grants from the MIT International Motor Vehicle Program.

2018 Supplier Survey

Characteristics

Time Frame:	04 June – 20 July 2018 (27 Oct – 03 Dec 2015) ¹
Response Rate:	55% (144 of 263 invited supplier sales personnel) (70%, 106/154 personnel)
Buying Situations:	295 (Purchasing Areas/Region Combinations) (232 Combinations)
Competitors:	ZF, ThyssenKrupp, Bosch, Jtekt, GKN, NTN (WRI questions only) (None)

¹ Grayed information from 2015 Supplier Survey

Supplier Relations and Buyer² Profits

A Systemic Model¹

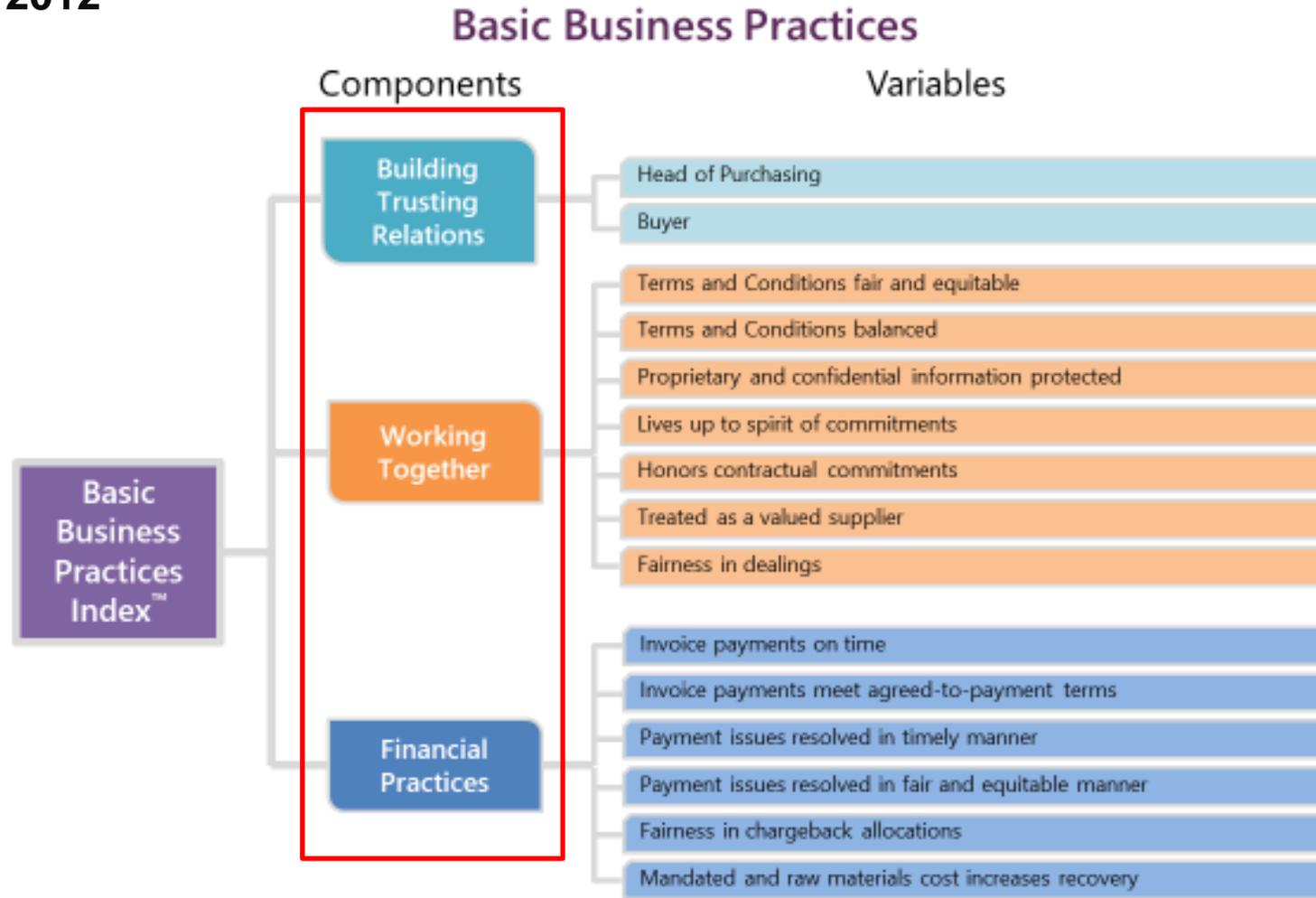


¹ Buyer in Buyer Characteristics refers to the purchasing personnel who interfaces with the Supplier's sales personnel who has commercial responsibility for the goods/services sold to the Buyer, i.e., customer.

² Buyer in this use refers to the suppliers' customer, i.e., the OEMs.

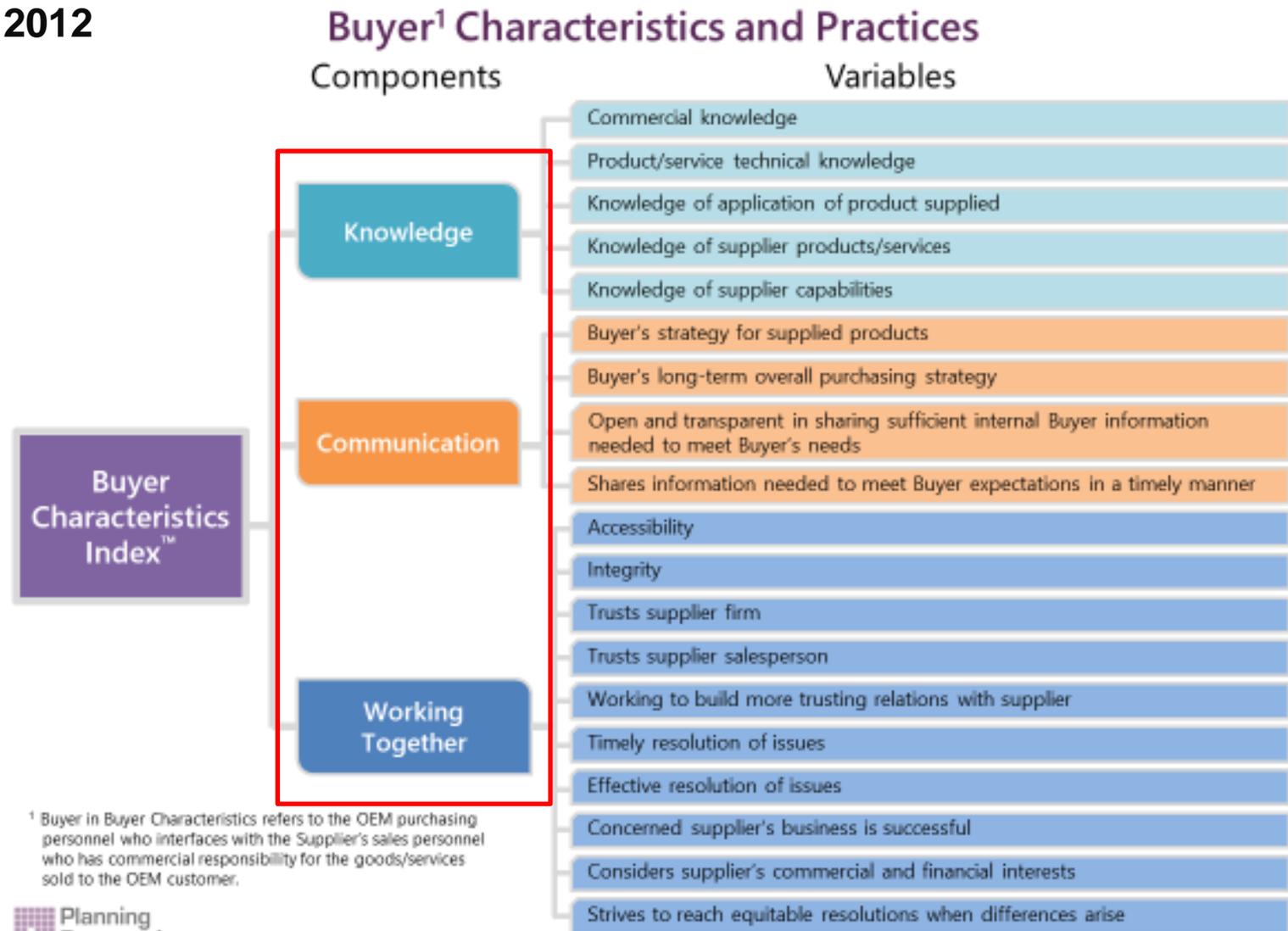
Foundational Indices

Established 2012



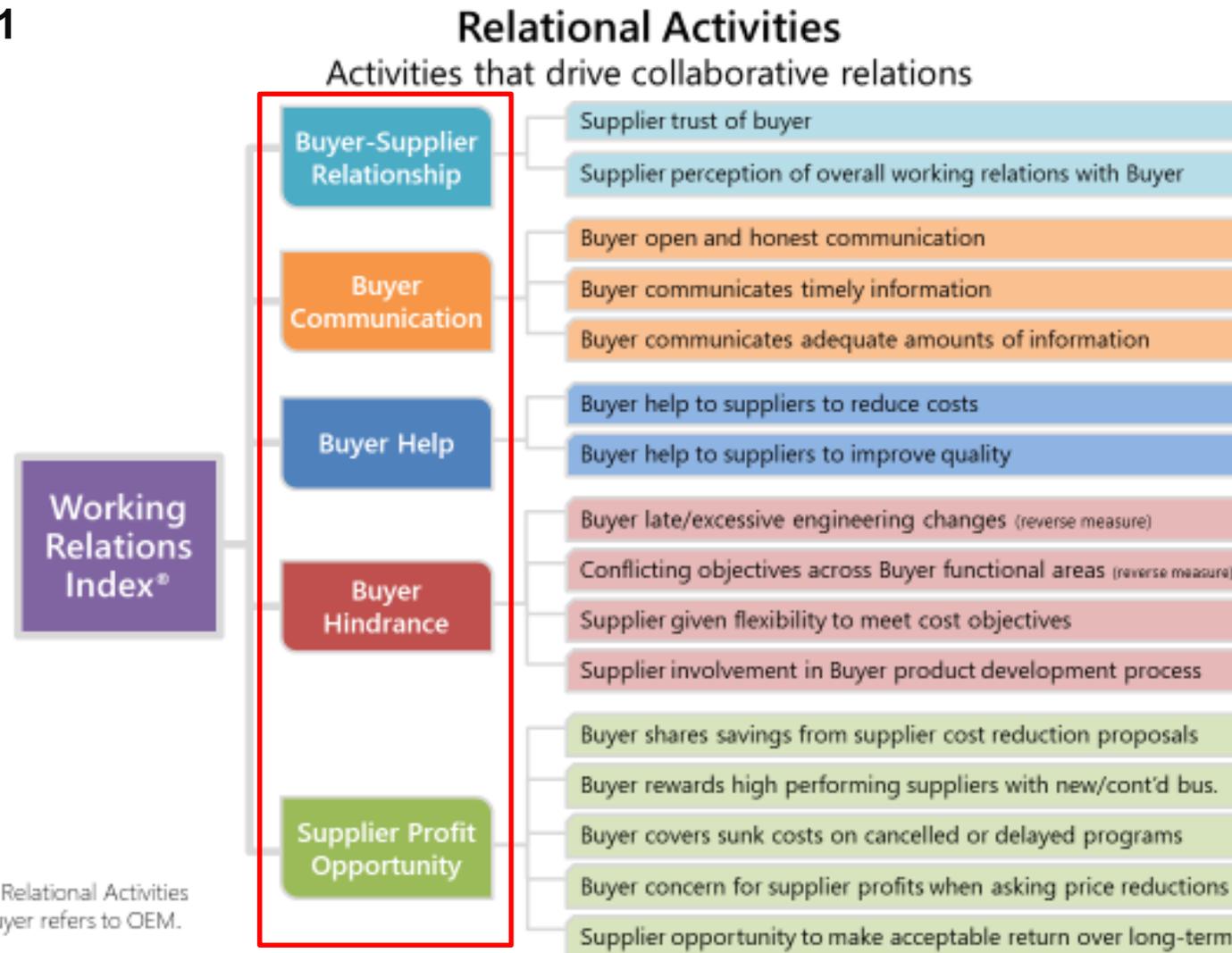
Foundational Indices

Established 2012



Working Relations Index®

Established 2001



¹In Relational Activities Buyer refers to OEM.

Planning Perspectives, Inc.

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6

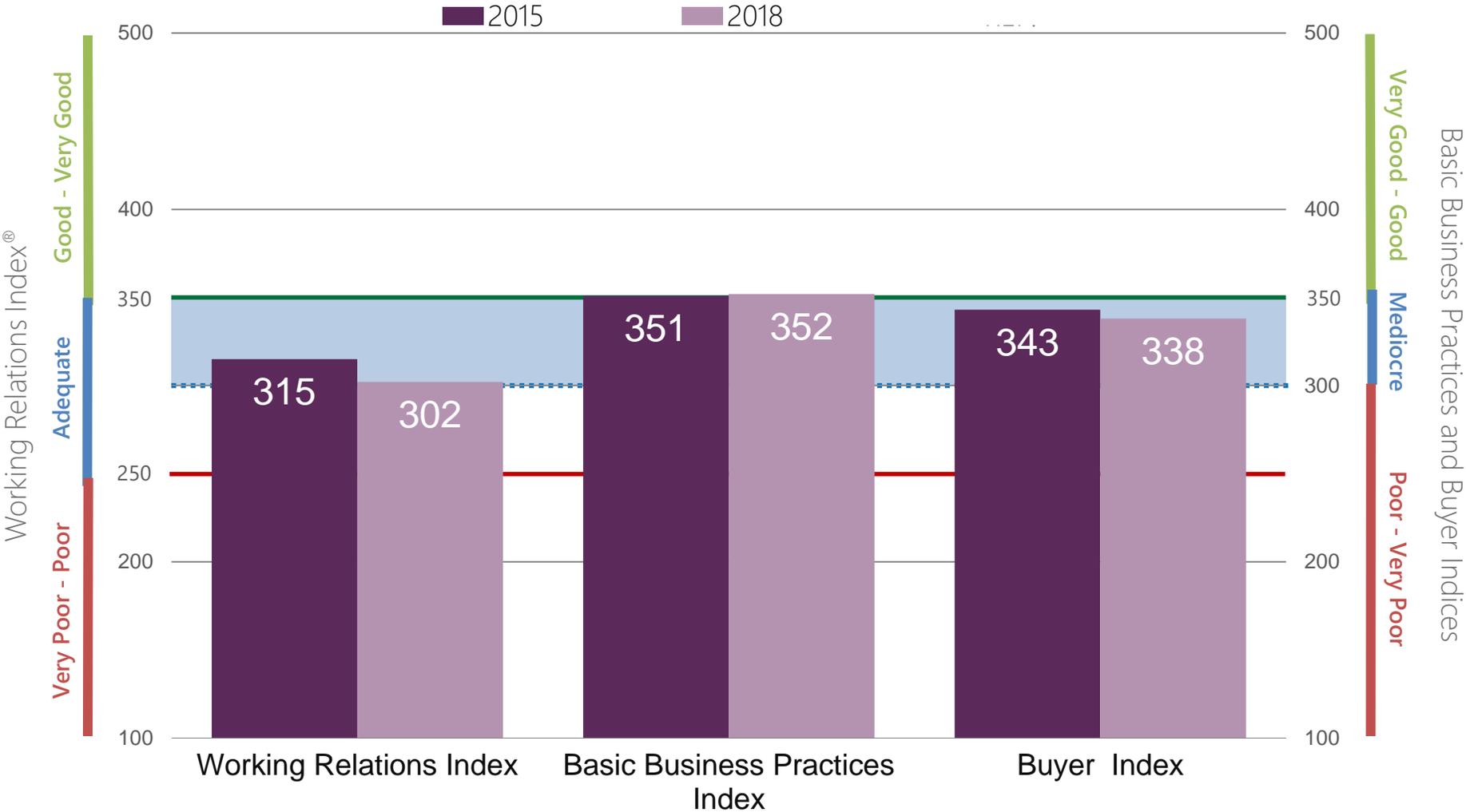
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nexteer
AUTOMOTIVE

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Working Relations Index® and Foundation Indices

2015 vs. 2018

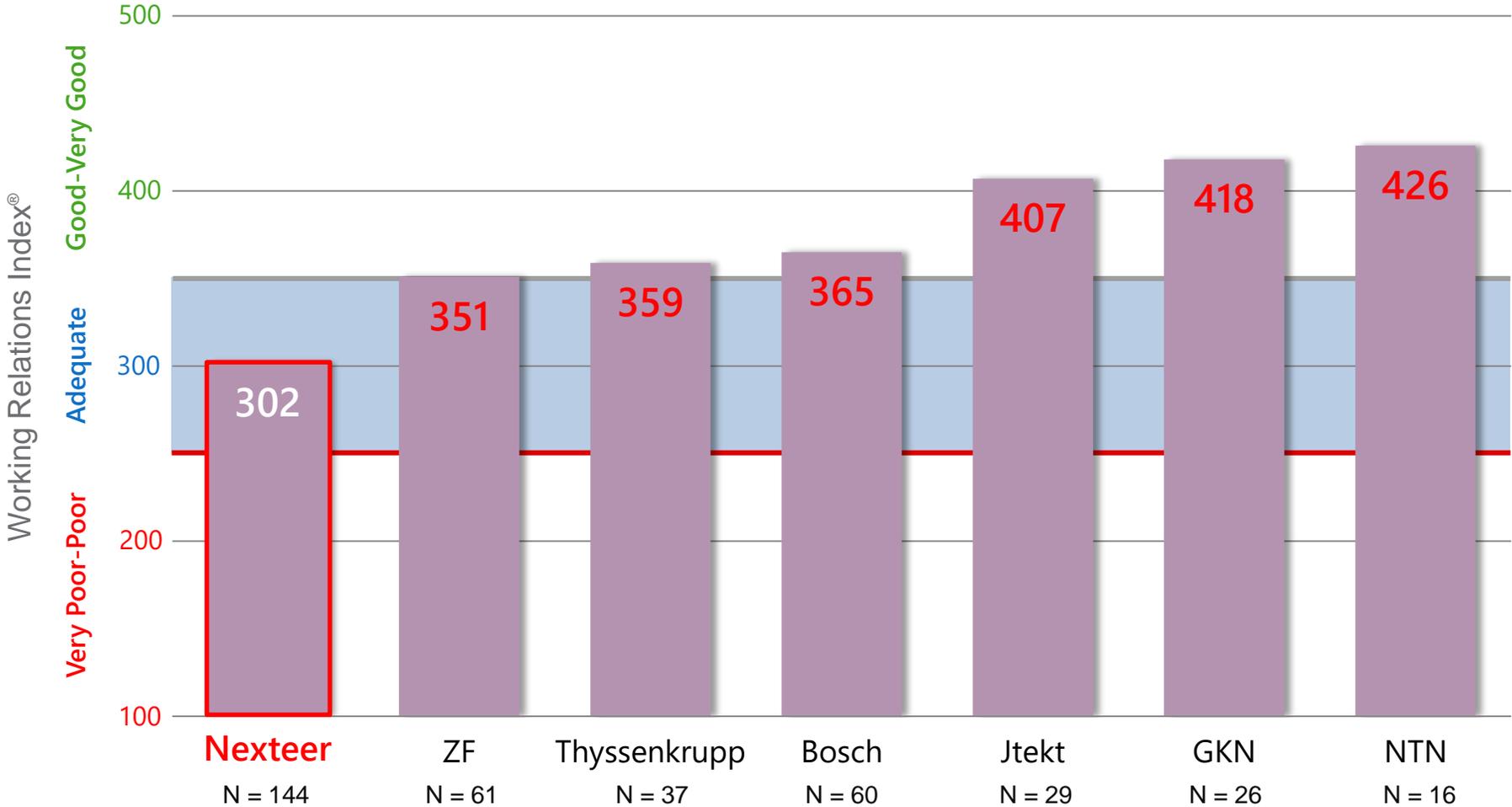


Red number indicates statistically significant difference between years.

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Supplier Working Relations Index®

Competitors - 2018



Red number indicates statistically significant difference relative to Nexteer.



Supplier Working Relations Index®

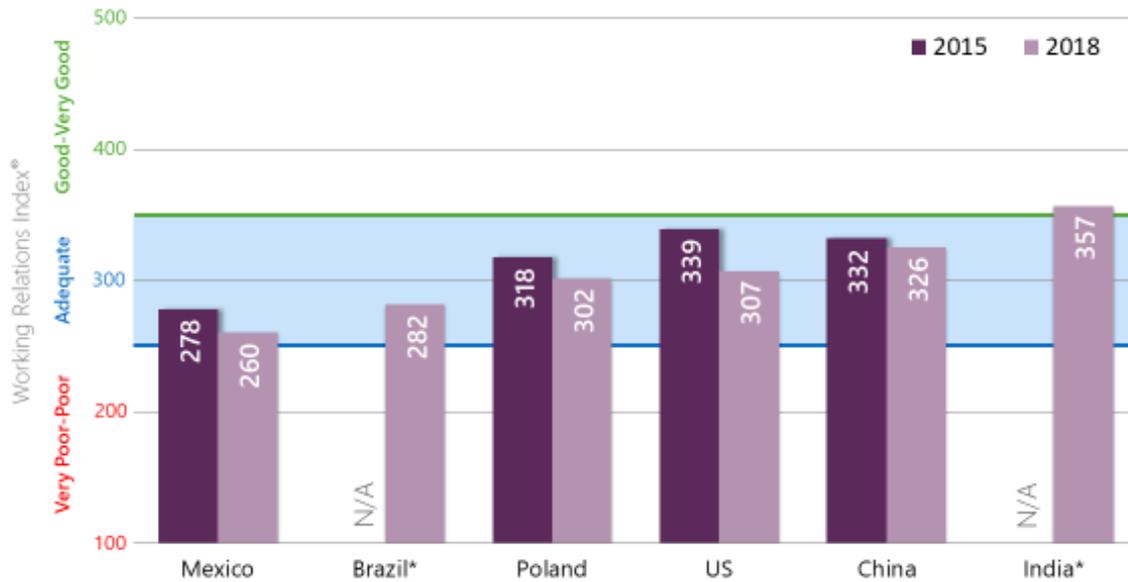
Purchasing Area Definitions

Purchasing Area	Purchasing Area Description	Purchasing Area Examples
Commodity Group 1	Assemblies, Tie Rods, I-Shafts, Manual Gears	Tie Rods, Actuator Assemblies, Columns Assemblies
Commodity Group 2	Powered Metal, Sintered Metals, Bearings	Pinion Blanks, Pulleys, Needle Bearing, Bearing Assembly
Commodity Group 3	Castings, Non Ferrous Castings, Ferrous Castings	Assist Cover, Housing, Jackets, Brackets
Commodity Group 4	Electronics, Magnets, Motors, ECU's	Motor, Electrical Actuator, ECU, Magnet, Solenoid, Harnesses
Commodity Group 5	Steel	Tubes, Rack Blanks
Commodity Group 6	Machined Parts, Yoke, Cold Forge, Cold Forming, Forgings	Worm Shaft, Tri Pod Housing, Screws, Steering Yokes
Commodity Group 7	Plastics, Fasteners, Rubber, Tubing	Snap Ring, Bushing, Seal, Belts, Sensor Covers, Pulleys
Commodity Group 8	Stampings	Shroud Bracket, Compression Brackets, Cam Orientation Plate

Supplier Working Relations Index®

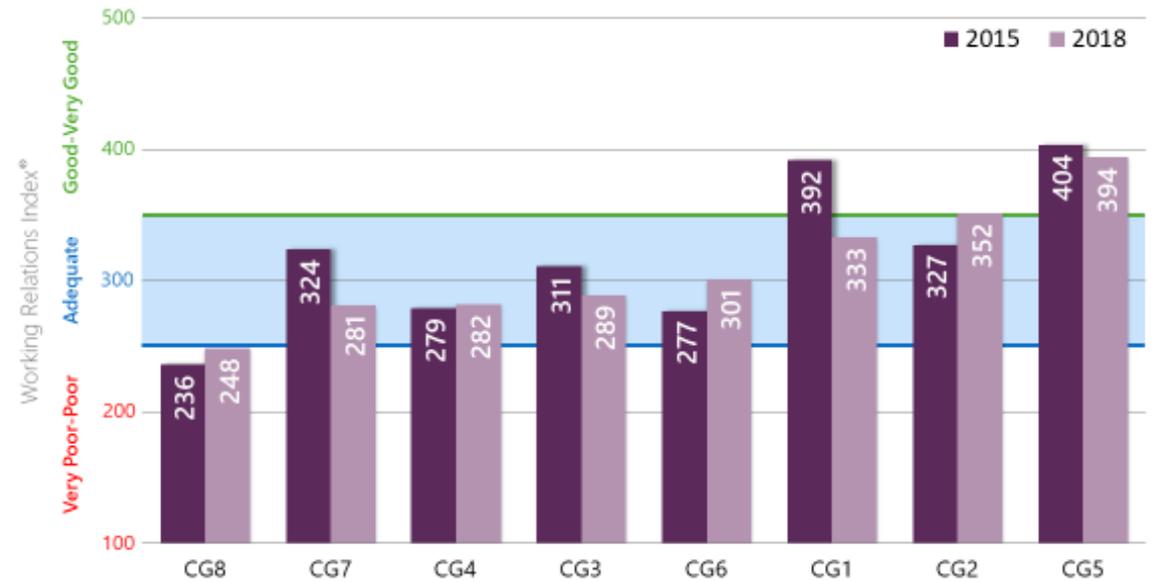
Regions and Purchasing Areas – 2015 vs. 2018

Supplier Working Relations Index®
Regions – 2015 vs. 2018



Red numbers indicates statistically significant difference from 2015.
* Brazil and India not reported separately in 2015

Supplier Working Relations Index®
Purchasing Areas - Overall
2015 vs. 2018*

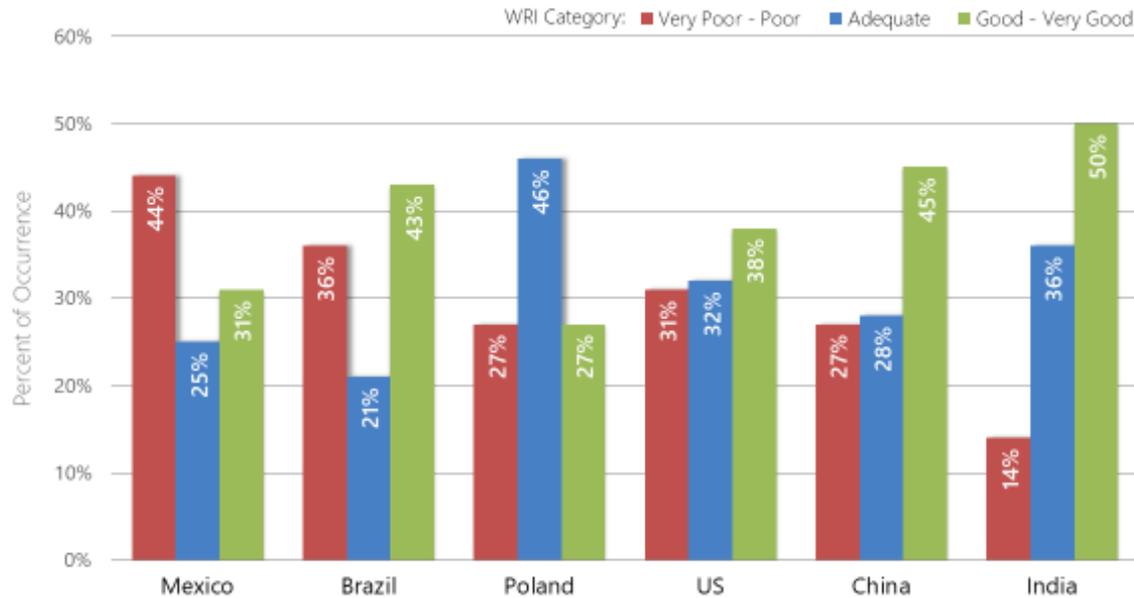


Stampings
Plastics, Fasteners, Rubber, Tubing
Electronics, Magnets, Motors, ECU's
Castings
Machined Parts, Yoke, Cold Forge, Cold Forming, Forgings
Assemblies, Tie Rods, I-Shafts, Manual Gears
Powered Metal, Sintered Metals, Bearings
Steel

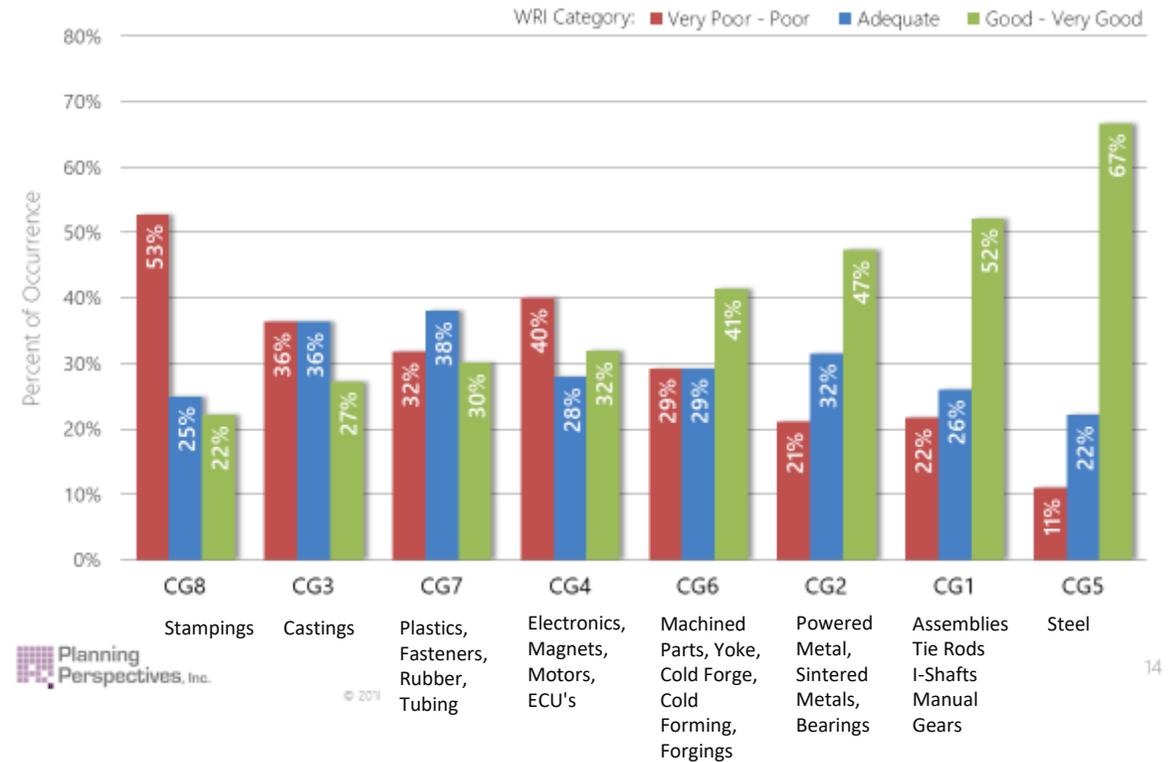
Supplier Working Relations Index®

2018 Regional and Purchasing Area Distribution

Supplier Working Relations Index®
2018 Regional Distribution



Supplier Working Relations Index®
2018 Purchasing Area Distribution -

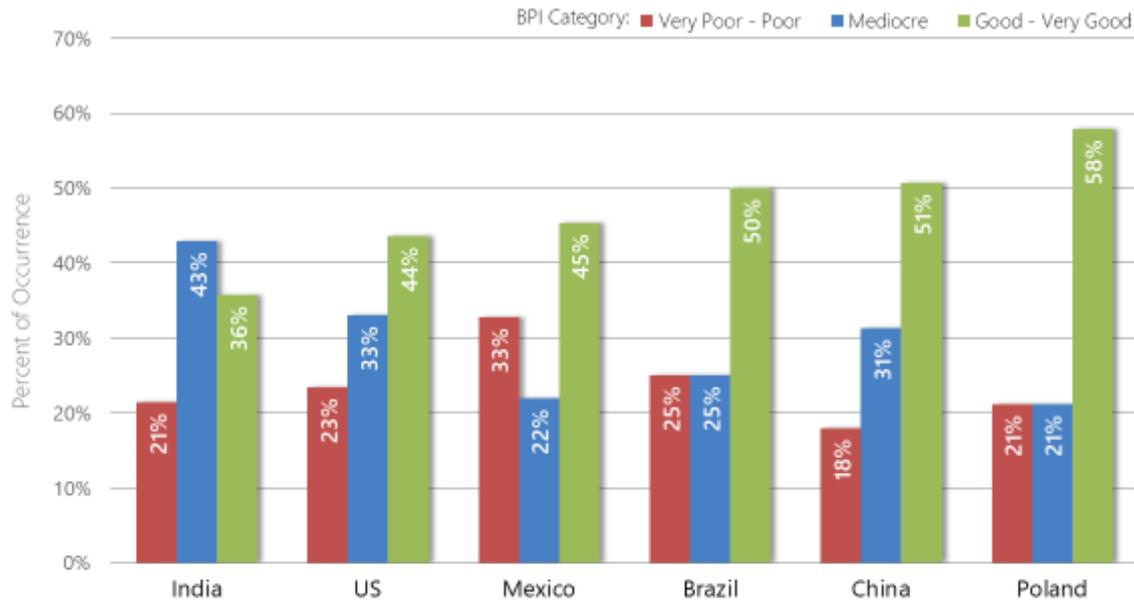


Basic Business Practices Index™

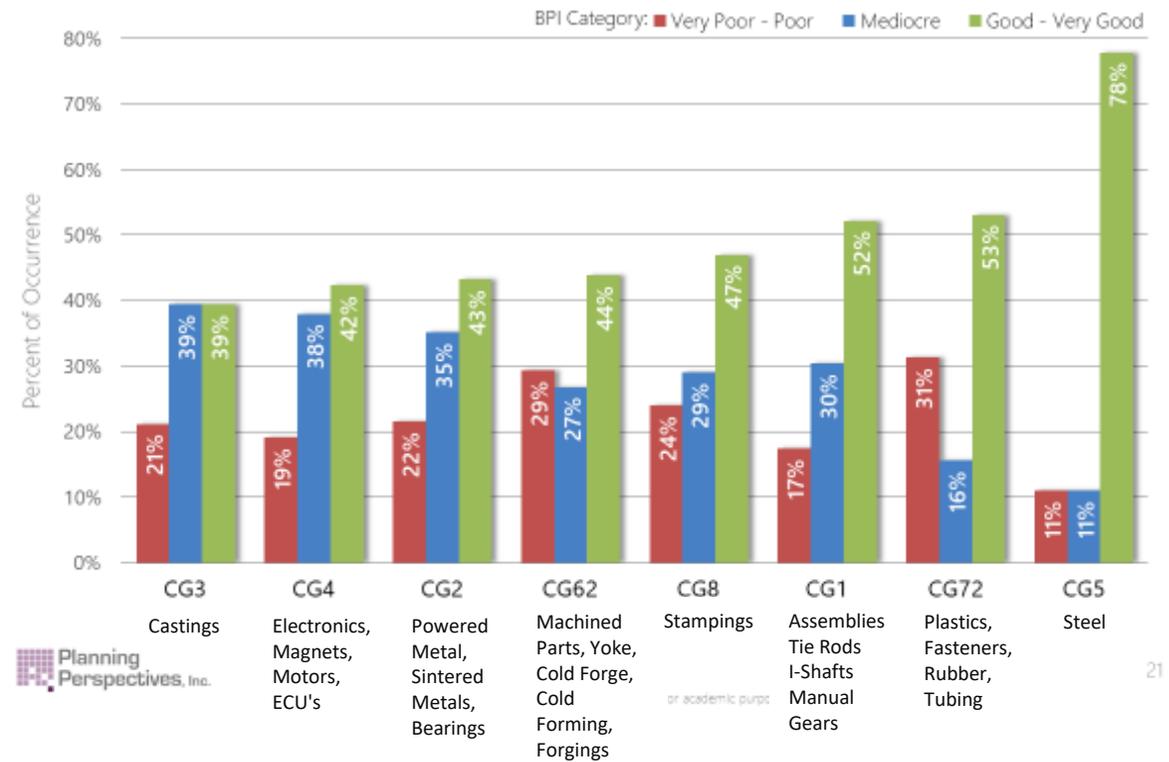
2018 Regional and Purchasing Area Distribution

2018 Business Summary Report PPA/SLI © 2018 4/27/18

Basic Business Practices Index™
2018 Regional Distribution



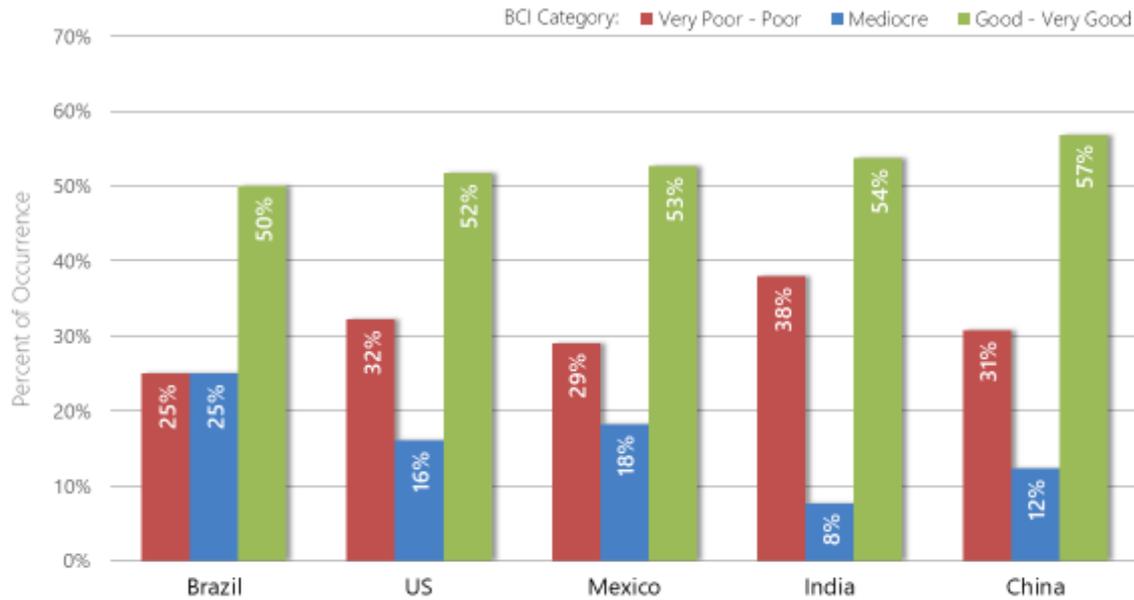
Basic Business Practices Index™
2018 Purchasing Area Distribution



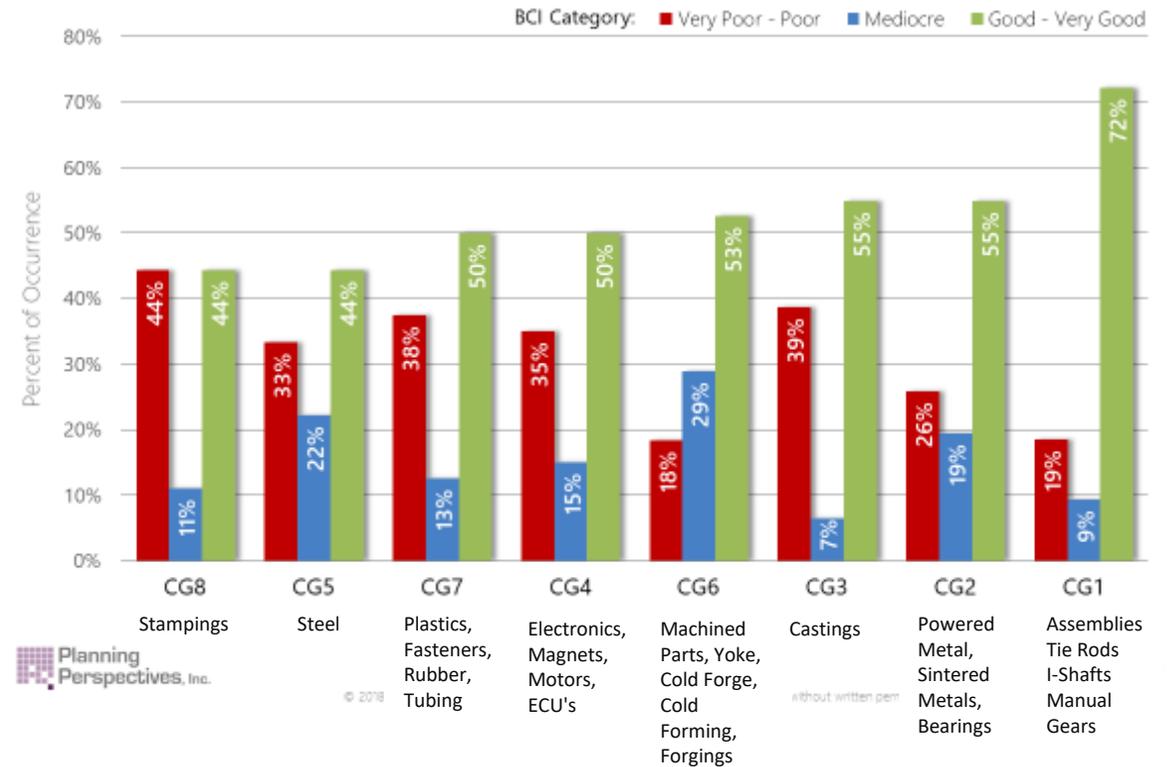
Buyer Characteristics Index™

2018 Regional and Purchasing Area Distribution

Buyer Characteristics Index™
2018 Regional Distribution



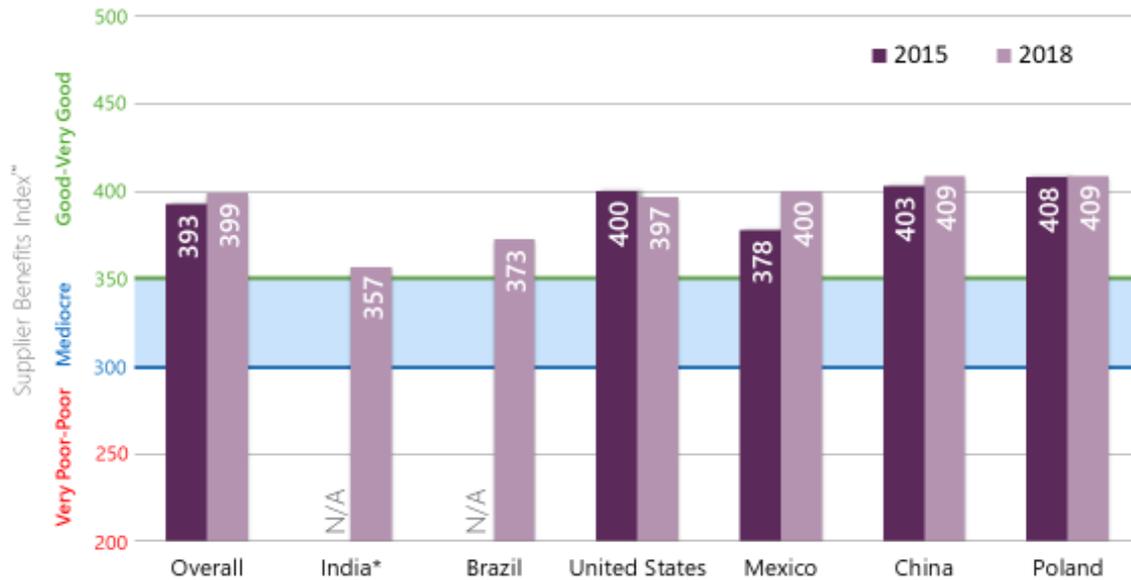
Buyer Characteristics Index™
2018 Purchasing Area Distribution



Supplier Non-Price Benefits Index™

Regions and Purchasing Areas – 2015 vs. 2018

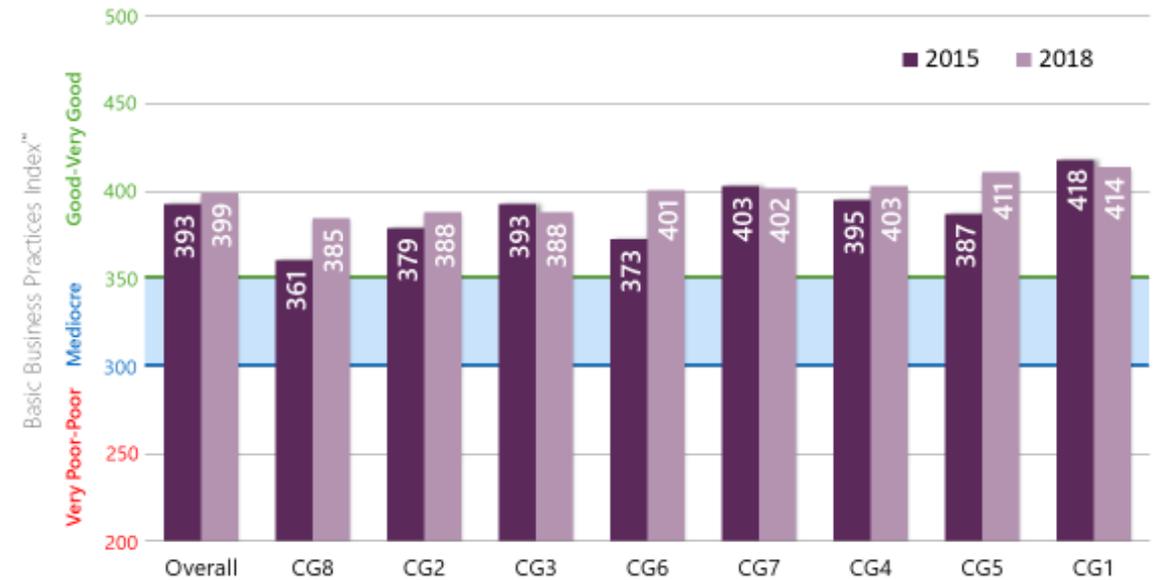
Supplier Benefits Index™
Regions – 2015 vs. 2018



Red number indicates statistically significant difference relative to 2015
*Brazil and India not reported separately in 2015

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Supplier Benefits Index™
Purchasing Areas – 2015 vs. 2018*



Stampings
* Doe
© 2018

Powered Metal, Sintered Metals, Bearings

Castings or 2015 vs. 2018
not be used for

Machined Parts, Yoke, Cold Forge, Cold Forming, Forgings

Plastics, Fasteners, Rubber, Tubing

Electronics, Magnets, Motors, ECU's

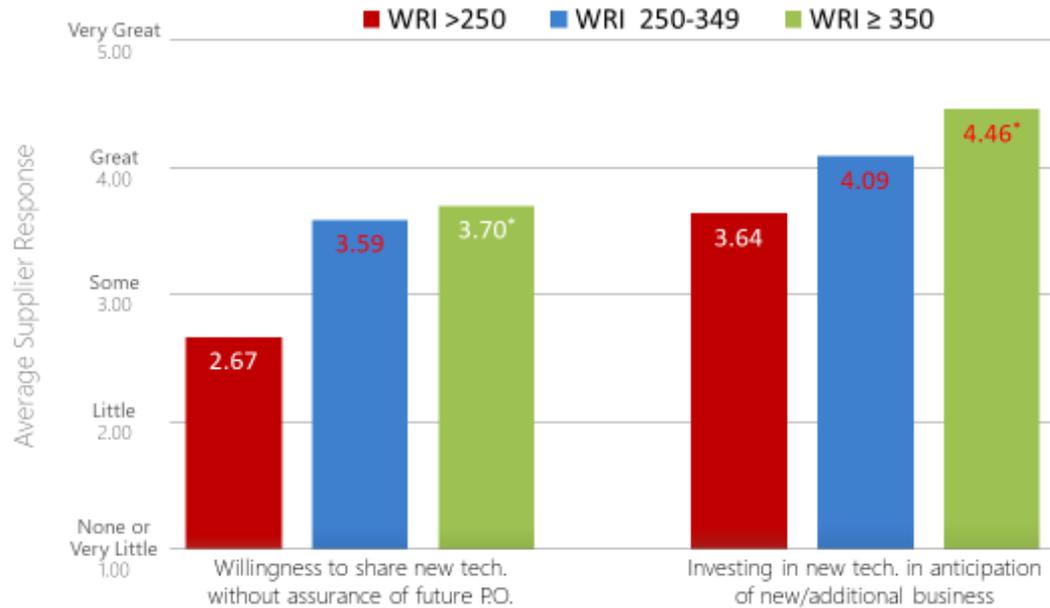
Steel

Assemblies Tie Rods I-Shafts Manual Gears

Supplier New Technology Activities

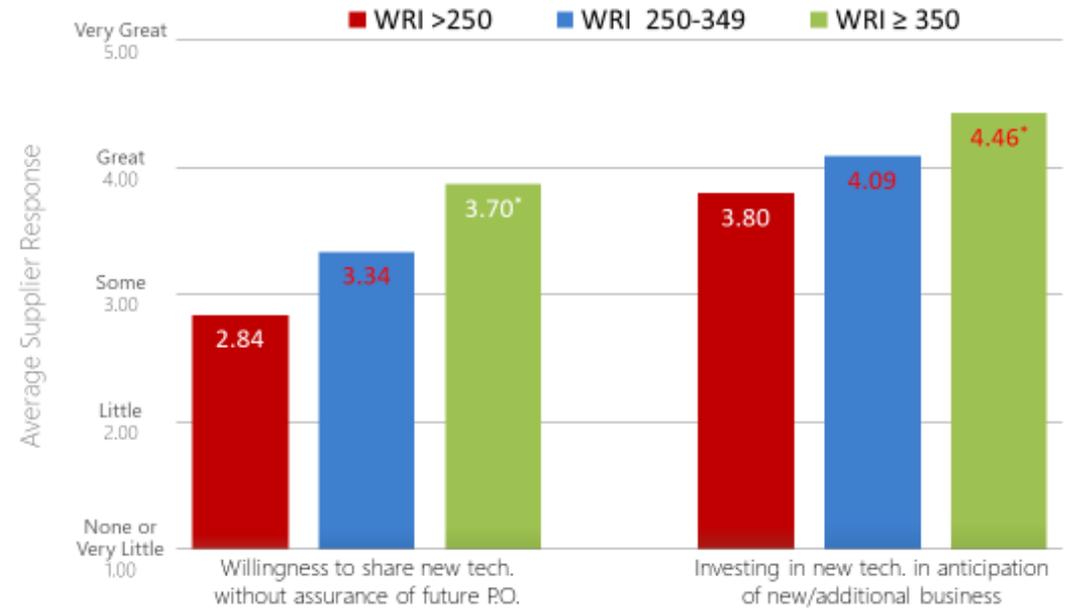
2015 vs. 2018

Supplier New Technology Activities 2015 WRI® Collaboration Categories



Red number indicates statistically significant difference with Category to immediate left. Asterisk (*) indicates statistically significant difference with Very Poor - Poor category.

Supplier New Technology Activities 2018 WRI® Collaboration Categories



Red number indicates statistically significant difference with Category to immediate left. Asterisk (*) indicates statistically significant difference with Very Poor - Poor category.

Nexteer Pressures on Suppliers

Purchasing Areas – Global – 2018

Assemblies
Tie Rods
I-Shafts
Manual
Gears

Powered
Metal,
Sintered
Metals,
Bearings

Castings

Electronics,
Magnets,
Motors,
ECU's

Steel

Machined
Parts, Yoke,
Cold Forge,
Cold
Forming,
Forgings

Plastics,
Fasteners,
Rubber,
Tubing

Stampings

Component	Item No.	Pressure Variables ^{1,2}	Purchasing Area								
			Overall	CG1	CG2	CG3	CG4	CG5	CG6	CG7	CG8
			N = 295	N = 46	N = 39	N = 33	N = 26	N = 9	N = 41	N = 64	N = 37
Pressure	P-1	To reduce piece price or labor rates	3.93	4.19	3.63	4.22	4.25	3.78	3.88	3.62	4.06
	P-2	To reduce total cost of acquisition	3.82	4.26	3.56	4.28	4.29	3.33	3.68	3.36	3.90
	P-3	To improve product/service quality	3.39	3.48	3.06	3.76	3.54	3.56	3.59	3.08	3.43
	P-4	To improve product/service delivery	3.10	3.26	2.94	3.61	3.27	4.22	2.78	2.90	2.89
	P-5	To introduce innovative products, processes, or services	2.87	3.14	2.63	3.00	3.08	3.22	2.88	2.72	2.68

¹ Scale: 1 – To a very little or no extent; 2 – To a little extent; 3 – To some extent; 4 – To a great extent; 5 – To a very great extent

² Red numbers indicates lowest value across the Commodity Group per item, Green numbers indicate the highest value across the Commodity Group per item

Note: "N" refers to the number of "Buying Situations" (pp. 2 - 4), or the total number of combinations for all Survey respondents that were selected on the "selection screen" of the Survey questionnaires.

Nexteer Pressures on Suppliers

Purchasing Areas – Global – 2018

Assemblies
Tie Rods
I-Shafts
Manual
Gears

Powered
Metal,
Sintered
Metals,
Bearings

Castings

Electronics,
Magnets,
Motors,
ECU's

Steel

Machined
Parts, Yoke,
Cold Forge,
Cold
Forming,
Forgings

Plastics,
Fasteners,
Rubber,
Tubing

Stampings

Component	Item No.	Pressure Variables ^{1,2}	Purchasing Area								
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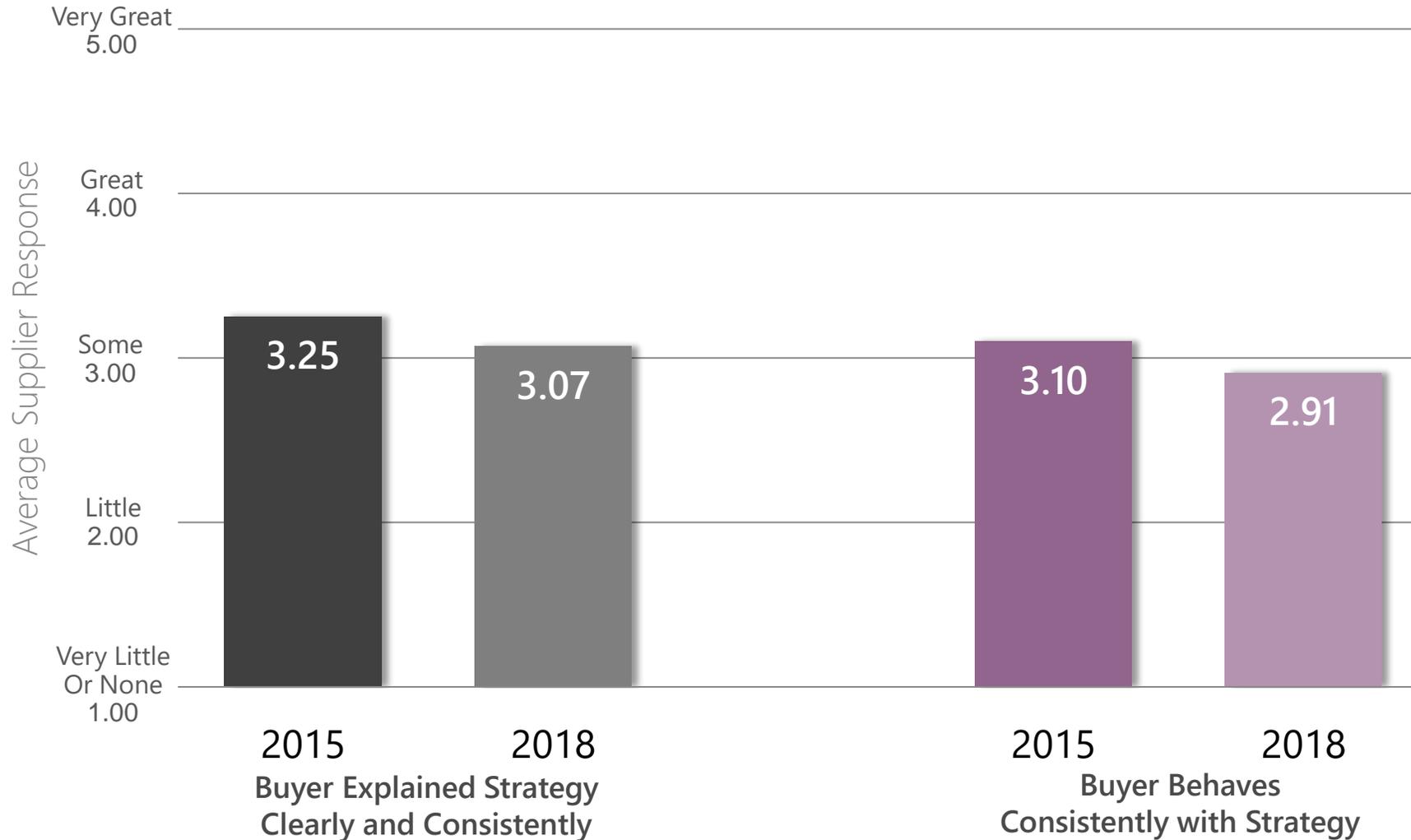
¹ Scale: 1 – To a very little or no extent; 2 – To a little extent; 3 – To some extent; 4 – To a great extent; 5 – To a very great extent

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Note: "N" refers to the number of "Buying Situations" (pp. 2 - 4), or the total number of combinations for all Survey respondents that were selected on the "selection screen" of the Survey questionnaires.

Best Cost Up Front (BCUF) Sourcing Strategy

2015 vs. 2018



Red numbers indicates statistically significant difference across Regions.

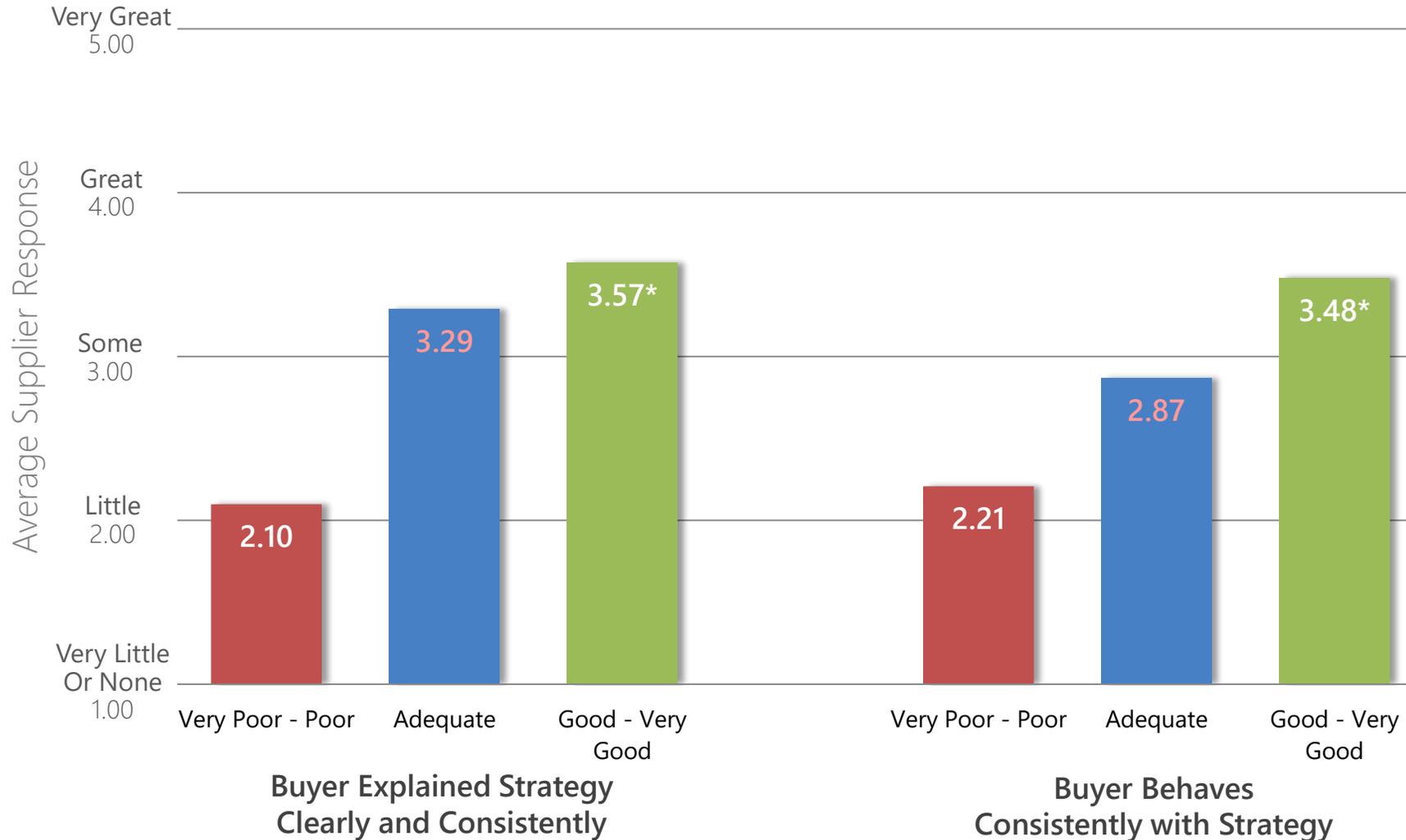
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Best Cost Up Front (BCUF) Sourcing Strategy

WRI® Collaboration Categories - 2018



Red number indicates statistically significant difference with Category to immediate left.
Asterisk (*) indicates statistically significant difference with Very Poor - Poor category.

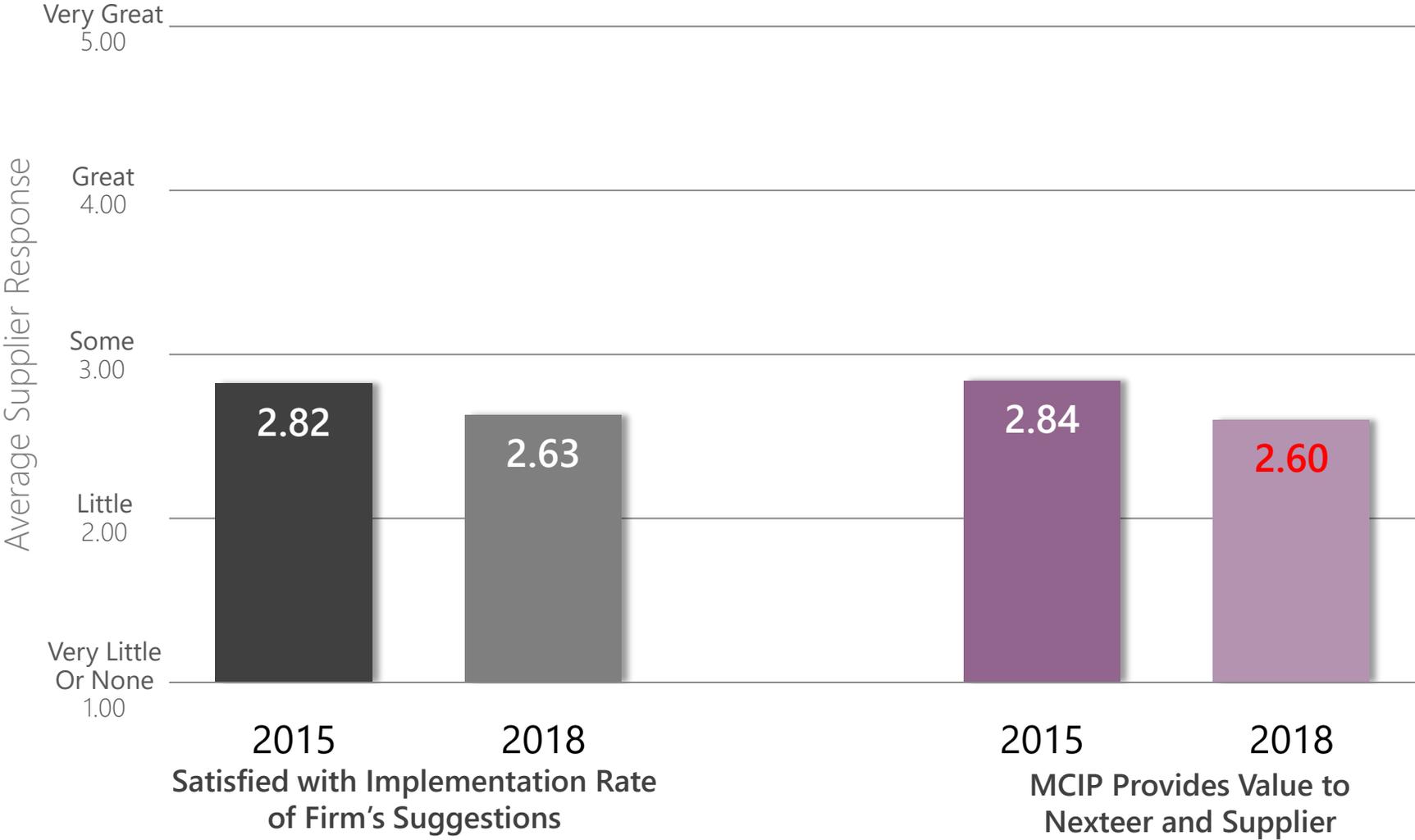
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Material Cost Improvement Process (MCIP)

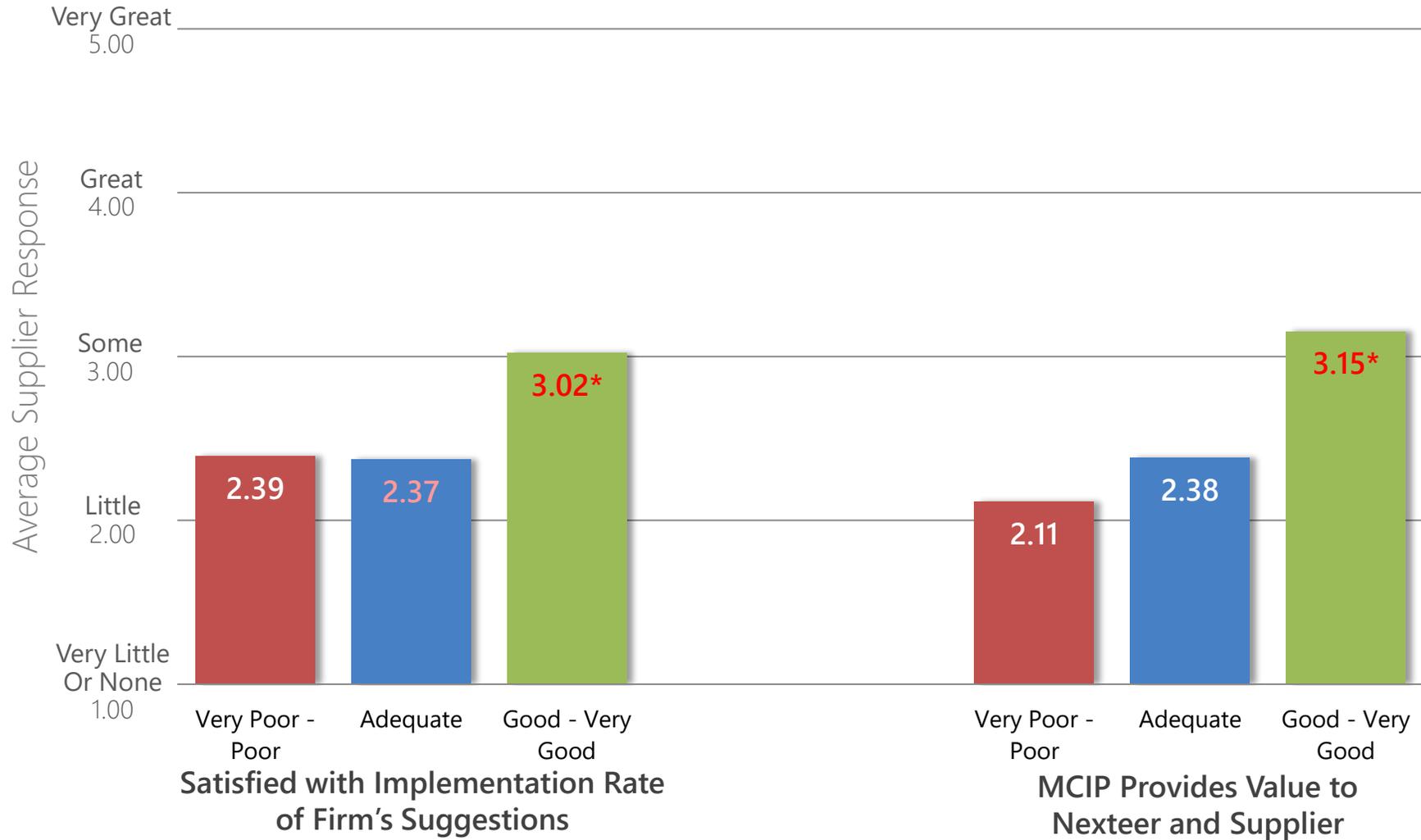
2015 vs. 2018



Red numbers indicates statistically significant difference with 2015.

Material Cost Improvement Process (MCIP)

WRI® Collaboration Category - 2018



Red number indicates statistically significant difference with Category to immediate left.
Asterisk (*) indicates statistically significant difference with Very Poor - Poor category.

PPI Key Conclusions

- 2018 results are comparable to 2015, suggesting no significant improvements since 2015
- Supplier intangible benefits, i.e. non-piece price related, are also at comparable levels compared to 2015.
- Working Relations as measured by the WRI are significantly worse than competition
- MCIP supplier suggestions are not sufficiently reviewed/implemented
- Current annual cost reduction efforts and pressures in direct conflict with BCUF
- Serious lack of consistency in Working Relations, Buyer Characteristics and Business Processes across Regions and Purchasing Areas (8 Commodity groups)

Next Steps

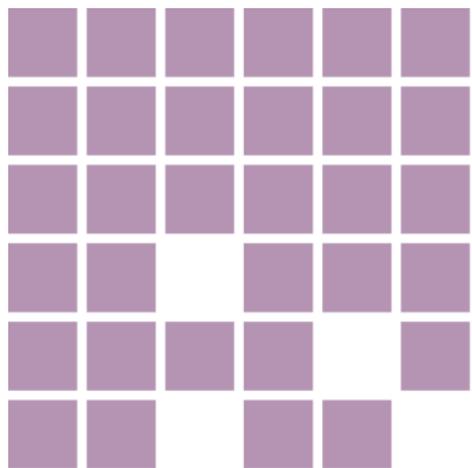
Overall Recommendations

- Segment suppliers based on importance to Nexteer and develop relationship strategies for each segment
- Train Purchasing personnel in segment relationship strategies that are consistent across Regions and Purchasing Areas
- Re-train Purchasing personnel in appropriate:
 - Knowledge, Communications and Working Together behaviors
 - Prioritize training on Region/Purchasing Area deficiencies
- Extend training to other Nexteer functions (e.g., Engineering, Manufacturing) that interface with suppliers

Next Steps

BCUF and MCIP-Related Recommendations

- Determine how to resolve conflict between annual price reduction targets and BCUF
- Communicate clarified BCUF program to suppliers, Supply Management personnel and other appropriate internal supplier-interfacing functions
- Identify reason(s) MCIP supplier suggestions are not being reviewed/ implemented as anticipated by suppliers and address internal issues
- Communicate MCIP program to suppliers, Purchasing personnel, and other appropriate internal supplier-interfacing functions focusing on renewed internal Nexteer focus/support



Planning Perspectives, Inc.

1035 South Adams Road
Birmingham, MI 48009
ppi1.com +1.246.644.7690

President's Panel

Most Asked Questions...

■ Industry Outlook

- What is your view of the global automotive industry?
- What is Nexteer's strategy regarding Electrical vehicles and the potential impact on Nexteer product development?
- How is Consumer adoption [thru the various levels of ADAS] progressing in North America? What will be the most dramatic changes required in steering architecture?

■ Future Growth & Product Development

- What are your future growth prospects and strategy? How we can best be positioned to support you?
- What is Nexteer's Technology Roadmap and how are you preparing for the disruption that is coming from electrification and self driving cars?
- What is Nexteer's strategy regarding VGR steering system developments and manufacturing? What is Nexteer's Vision about VGR steering market share Evolution?
- What is being done to address the Engineering validation testing assets of Nexteer? Right now, you are jammed, thus significantly delaying validation testing of many cost / profit enhancing opportunities globally.

■ Manufacturing Footprint & Make v Buy Strategy

- What are Nexteer's long-term business plans for your India and Morocco plants?
- What is Nexteer's future manufacturing plan for the US and Mexico, including outside purchase of components that have traditionally been manufactured in Saginaw?

Most Asked Questions...

■ Purchasing Strategies

- What is Nexteer's sourcing strategy?
- What changes are being done to improve the communication and working relationship between the supply base and Nexteer Plants?
- How are target prices established?
- What is Nexteer's strategy for make vs. buy?
- How does Nexteer involve Tiers 2 & 3 into early part development?
- What is the best way to collaborate for best manufacturing process and cost?
- Is Nexteer willing to discuss consideration of pre-awards?
- Can Nexteer connect the dots with respect to cost modeling, quoting new business, annual givebacks, and requests for "leverage" related savings?
- What is being done to encourage Nexteer buyers to provide meaningful responses and feedback on requested quotes, programs, and requests for supplier savings ideas?

■ Tariffs

- What is Nexteer's position on passing Tariffs through to their customers?
- How will Nexteer manage the tariff issues with suppliers and its customers?
- How are the tariffs going to be addressed?
- Is there a particular strategy for dealing with US imposed tariffs on overseas produced supplier product

Mike Richardson

President and Executive Board Director



DELPHI



HELP





East meets Mid-West ...

*“The largest Chinese investment in
the global supplier industry”*

2010

The background of the slide features a collection of globes, each showing a different map projection of the world. The globes are arranged in a dense, overlapping pattern. A semi-transparent blue overlay is applied to the entire image, creating a uniform color cast. The text is overlaid on this background.

IPO

Message to Investors...

2013

IPO

- Mainland Chinese SOE
- Leveraged Buyout – Acquisition Debt
- Incorporated in Cayman Islands
- Financial Track Record Period
 - Flat Revenue
 - Poor Earnings
 - Restructuring

2013



Rational Skills & Processes
Task Skills
Interpersonal Skills &
Processes

2015



Culture

2015



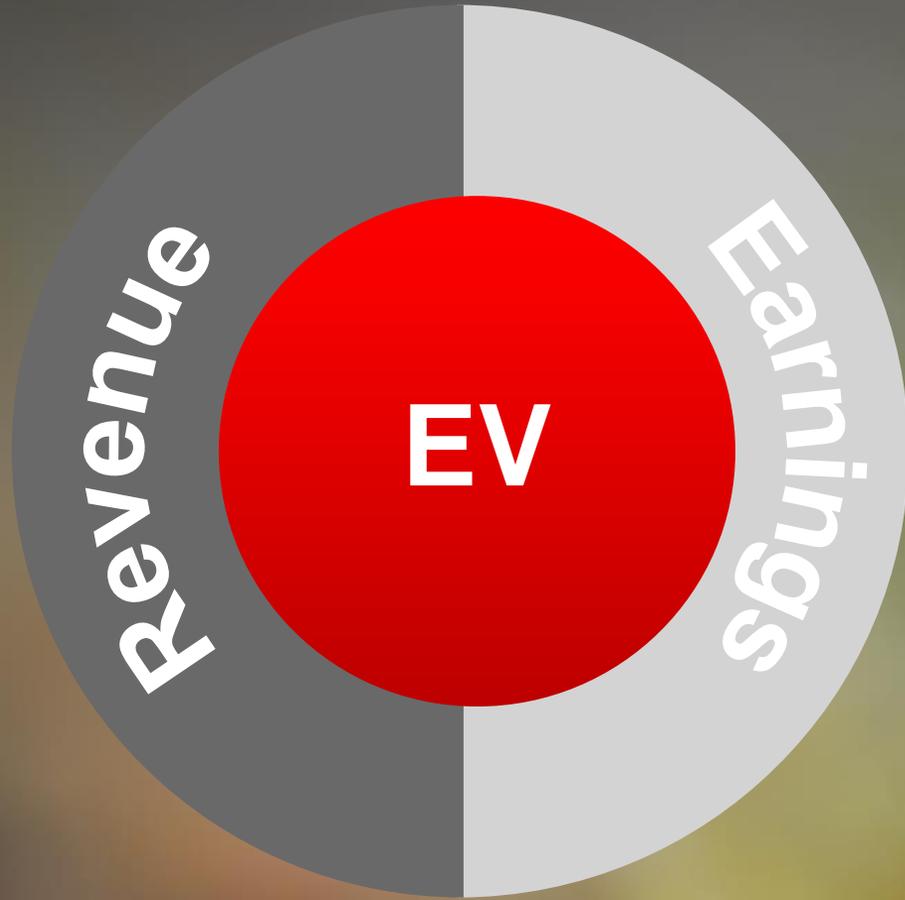
Culture | From the Latin “Cultura”
to cultivate



Culture

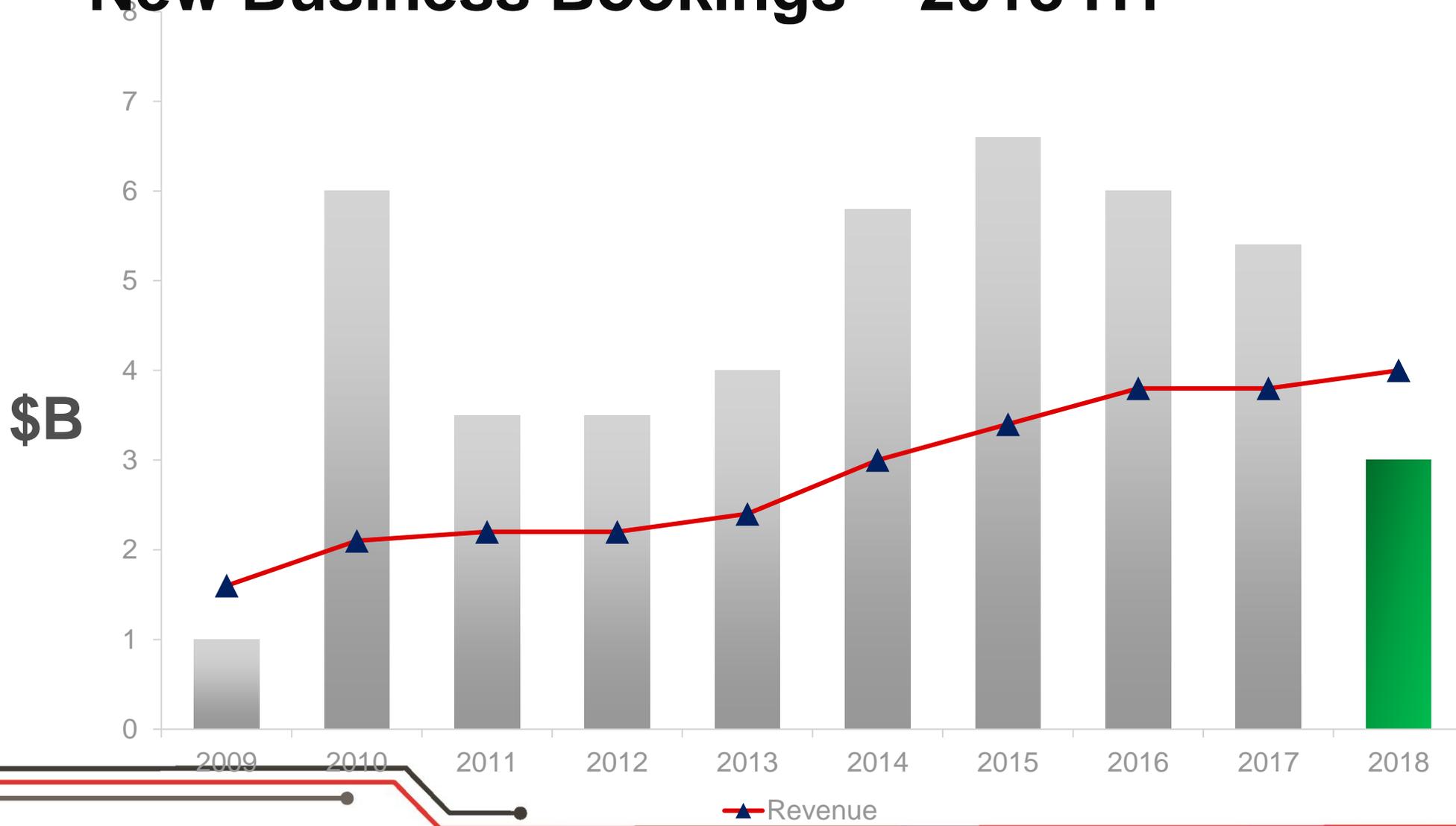
Leaders as gardeners
to cultivate

A 2nd Season of Growth



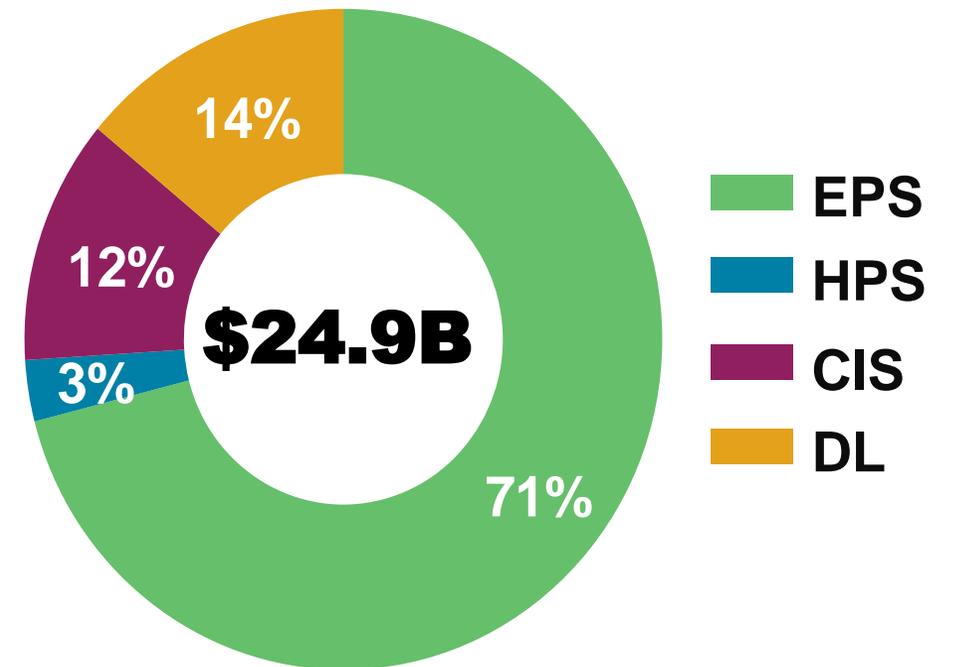
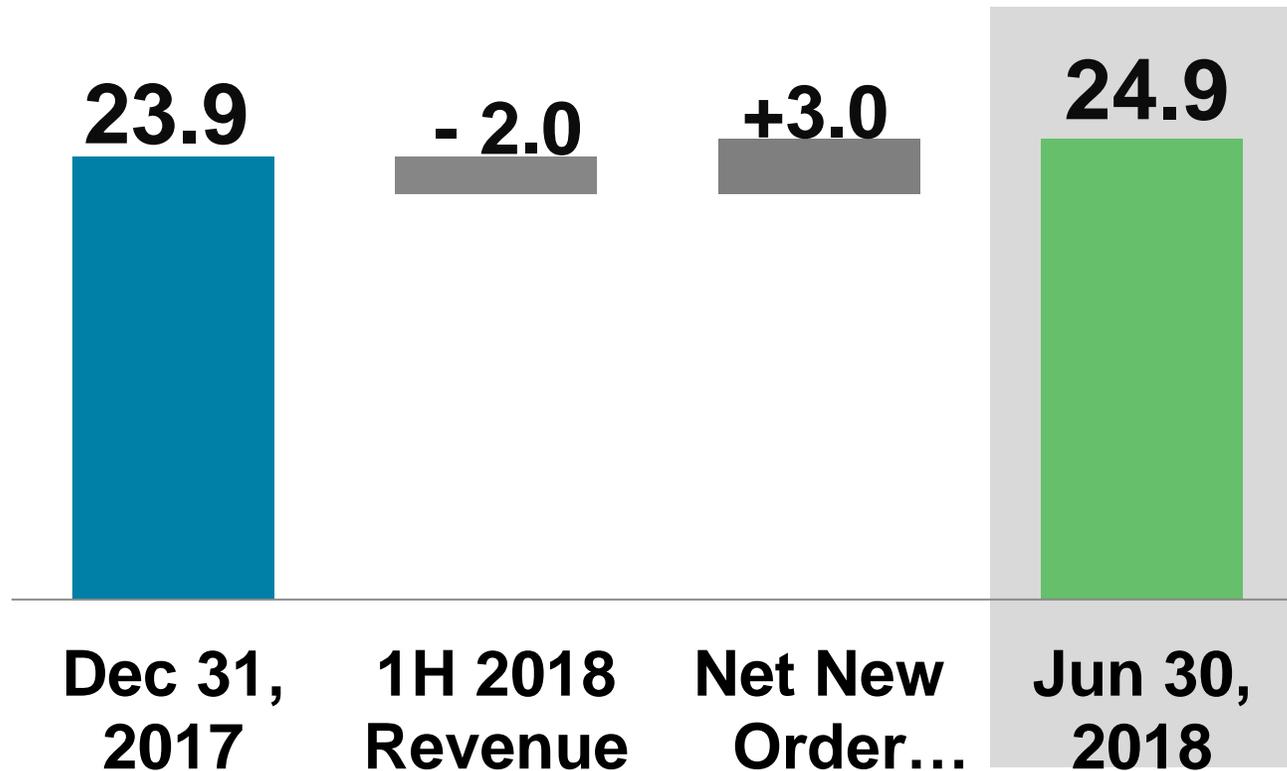
Building Enterprise Value

New Business Bookings – 2018 H1



Building Enterprise Value

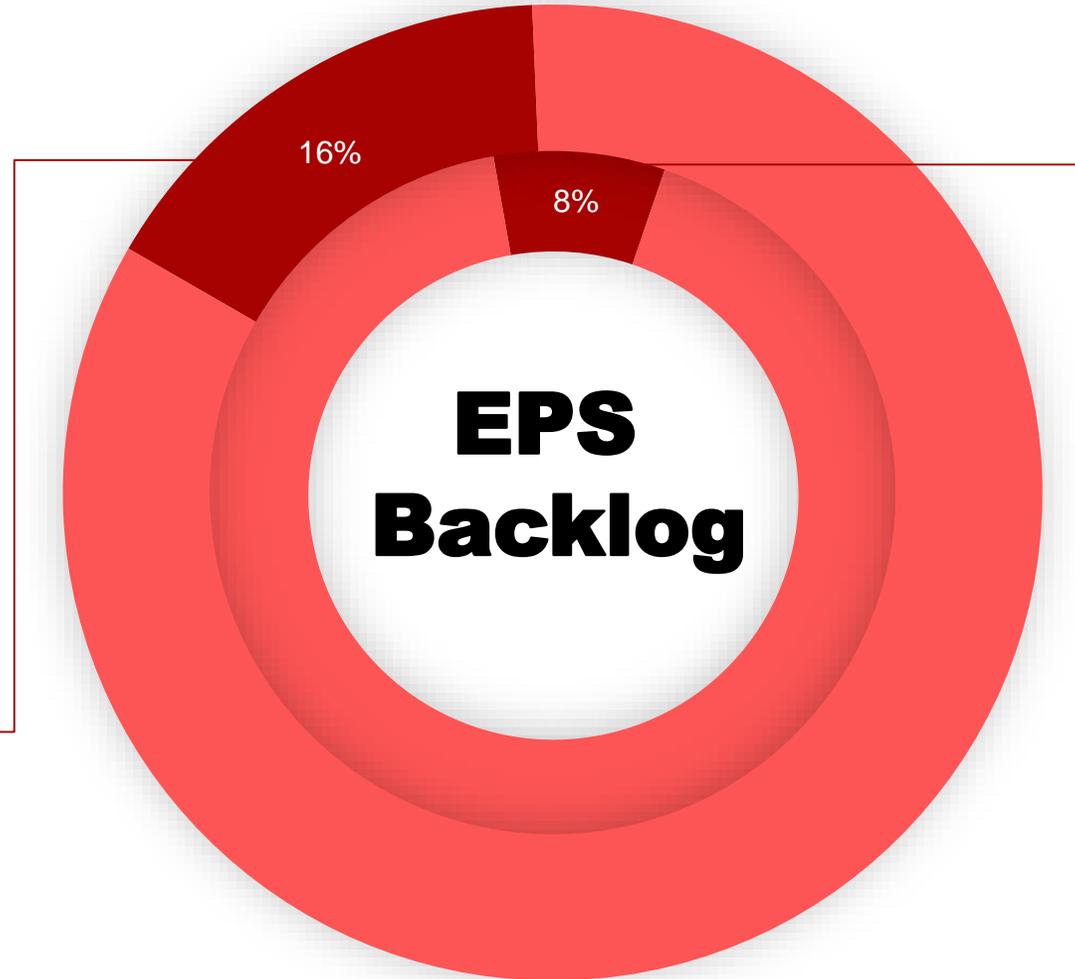
New Business Bookings – 2018 H1



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

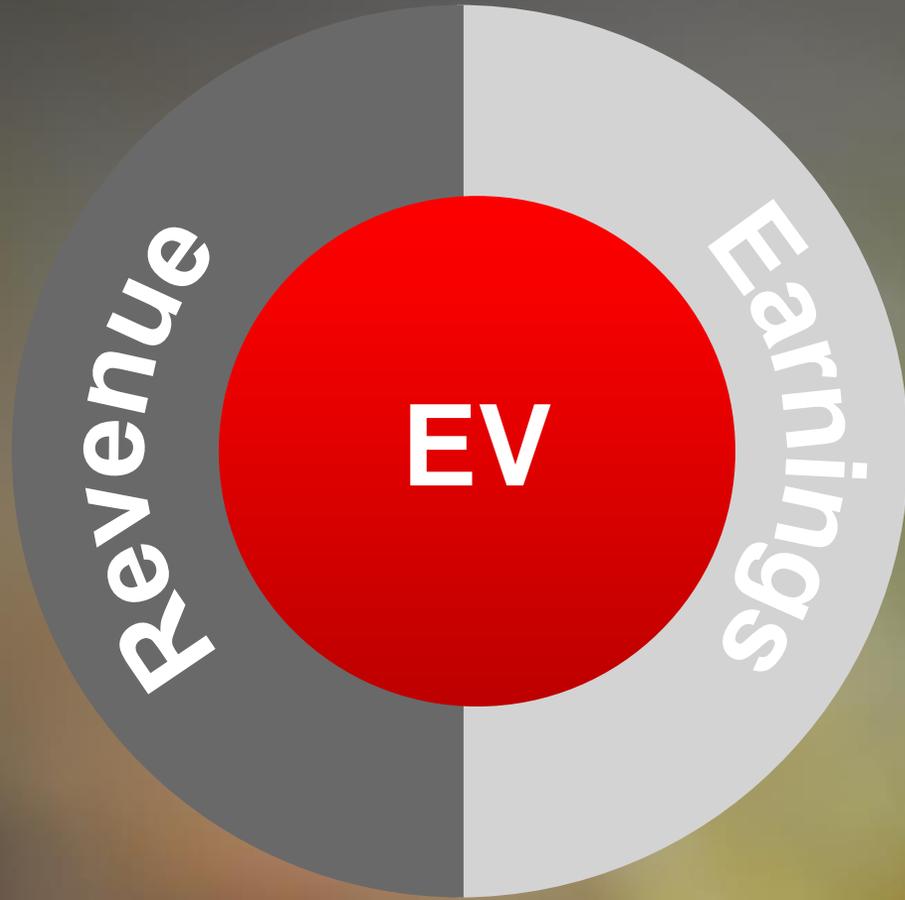
EPS Featuring New Technology For Industry Trend

16%
EPS enables L3-5
ADAS/AD function



8%
EPS assembly for
Electric Vehicle

A 2nd Season of Growth



Supplier Recognition

2018 Perfect Quality Award – Criteria

- Zero Problem Cases (July 2017 – June 2018)
- + \$250k Spend
- All Certifications current
- 85 locations achieved this in 2017

124 Locations Achieved this Honor in 2018!

2018 Perfect Quality Suppliers

A RAYMOND TINNERMAN MANUFACTURING A RAYMOND TINNERMAN - 058961707
ACCUSTEER, LLC - 080072548
ACUMENT GLOBAL TECHNOLOGIES INC - 024953291
ADAMS OIL ENTERPRISES INC - 038779716
AIKOKU ALPHA CORP - 690709183
AIKOKU ALPHA CORP - 690709183
ALMOND PRODUCTS, INC. - 051180172
ANHUI ZHONGDING NVH CO., LTD - 545236726
ARNOLD CENTER INC - 101544021
AUMA TEC SA DE CV GRUPO BOCAR - 812432599
AUTOMATIC SPRING PRODUCTS CORP - 006022289
BAILEY MFG CO LLC - 031776565
BASF CORPORATION CELLASTO MICROCELLULAR POLYURETHANE - 064197742
BATESVILLE TOOL & DIE INC - 093905479
BERGQUIST COMPANY INC, THE - 194225843
BILL FORGE PRIVATE LIMITED - 650553147
BNL (UK) LTD. - 770450492
BODYCOTE THERMAL PROCESSING INC - 118722300
BURKLAND INC - 006520134
CALC CORP - 557804725
CAPITAL STAMPING & MACHINE INC. - 809181035
CHIAN HSING FORGING INDUSTRIAL CO LTD - 656267135
CIE UNITOOLS PRESS AS CIE UNITOOLS PRESS CZ SA - 360559603
CONCORD MANUFACTURING COMPANY - 005515572
E I DU PONT DE NEMOURS AND COMPANY DUPONT - 047321617
ENGINEERED CUSTOM LUBRICANTS (ECL) ECL - 047350044
ETO MAGNETIC CORP. - 151328205
FEDERAL SCREW WORKS ROMULUS NUT DIV - 028985463
FIRST SENSOR MOBILITY GMBH - 507545650
GERDAU MACSTEEL INC MACSTEEL DIVISION - 068814482
GKN SINTER METALS-GERMANTOWN, INC. - 785138343
HARTFORD TECHNOLOGIES (SHANGHAI) CO., LTD - 421136650
HHI FORMTECH LLC - 832215797
HIRSCHVOGEL INCORPORATED - 362053092
HIRTENBERGER AUTOMOTIVE SAFETY HUNG HIRTENBERGER AUTO SAFETY HUNGARY
BT - 426822396
HITACHI METALS LTD - 697510501
HUTCHINSON IND RUBBER PRODUCTS - 530286996
HUTCHINSON SEAL DE MEXICO SA DE CV - 812562981
ILLINOIS TOOL WORKS INC ITW SHAKEPROOF AUTO DIV - 097274534
IMPACT FORGE GROUP INC - 621311567
IMPACT FORGE GROUP INC - 621316624
IMPACT FORGE GROUP INC - 784434271
IMPRODEX SP ZOO SPOLKA KOMANDYTOWA - 366013055
K-C WELDING SUPPLY INC - 017018540
KEYANG ELECTRIC MACHINERY CO., LTD. - 689605059
KILIAN MANUFACTURING CORPORATION - 002225167
KIMBALL ELECTRONICS MEXICO, S.A. DE C.V. - 812413144
KOYO BEARINGS USA LLC - 003344918
KOYO BEARINGS USA LLC SYLVANIA BEARINGS PLANT - 065344301
KRAYDEN INC - 361351752



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2018 Perfect Quality Suppliers

KUNHWA ENG. CO., LTD - 557793311
LEWIS SPRING & MANUFACTURING CO - 154540546
LH STAMPING CORPORATION LH STAMPING CORPORATION - 117399261
MAC ARTHUR CORP - 017043084
MADISON-KIPP CORP - 006071716
MARCH COATINGS INC - 121635999
MASTER AUTOMATIC MACHINE CO INC MASTER AUTOMATIC INC - 005369418
METAL IMPROVEMENT COMPANY, LLC - 151980877
METAL-MATIC INC - 926467242
METHODE ELECTRONICS MALTA LTD - 366172505
MICROPLASTICS INC - 609176730
MUELLER IMPACTS CO INC - 858476096
MVO GMBH METALLVERARBEITUNG OSTALB - 328262639
NBTM NEW MATERIALS GROUP CO LTD NBTM - 654471242
NIAGARA LASALLE CORP. - 967910428
NINGBO WTOO BEARING CO., LTD - 526821547
NSS TECHNOLOGIES, INC NSS TECHNOLOGIES - 874978448
NSS TECHNOLOGIES, INC. - 079272471
NYE LUBRICANTS INC - 001050327
OILES AMERICA CORP - 082765652
PARKER HANNIFIN CORP - 160936993
PARKER HANNIFIN CORP PARKER ENGINEERED SEALS DIV - 106696227
PGP CORP - 113056261
PORITE JEFFERSON CORPORATION - 780514688
PORITE YANGZHOU TECHNOLOGY & INDUST - 546530127

PPH BORMECH SP ZOO BORMECH - 422496992
PRECISION STRIP INC. - 035407605
PRISM INDUSTRIES, LLC - 613164487
PRISM PLASTICS LC - 007897049
PTC TUBULAR PRODUCTS LLC - 789258428
QIDONG JINQIAO BEARING CO., LTD. - 528188350
QINGDAO YOUNG SHIN COMPONENTS CO - 545340556
QUASAR INDUSTRIES INC - 041115148
R&L SPRING CO - 059489179
RAJSRIYA AUTOMOTIVE INDUSTRIES PRIVATE LIMITED - 918480109
RANE PRECISION DIE CASTING INC - 114371862
REA MAGNET WIRE COMPANY, INC - 005478219
REPUBLIC STEEL - 009188678
RING SCREW LLC HOLLY OPERATIONS-BALDWIN - 139469704
ROBERT BOSCH AUTOMOTIVE STEERING LLC - 079419592
ROTAFORM GMBH - 322514621
SAGINAW BAY PLASTICS INC - 089717763
SAINT-GOBAIN PERFORMANCE PLASTICS RENCOL TOLERANCE RINGS - 232425723
SALZGITTER MANNESMANN PRECISION ETIRAGE SMP - 274621275
SCHAEFFLER GROUP USA INC INA BEARING PRODUCT DESIGN - 049128598
SCHAEFFLER KOREA CORPORATION SCHAEFFLER KOREA CORPORATION_C - 688438456
SMALLEY STEEL RING CO - 005126065
SMC POWDER METALLURGY INC - 828651930
SMW MFG, INC. - 042254668
STRATTEC SECURITY CORP - 879168029



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2018 Perfect Quality Suppliers

SUPER STEEL TREATING INC - 004918934

SUPERIOR TAURUS INDUSTRIAL CO., LTD - 658847251

T&L AUTOMATICS INC - 080751464

TAELIM INDUSTRIAL CO LTD - 687912394

THE BERGQUIST COMPANY INC - 071791503

THERMOTECH INC - 059030239

THERMOTECH SA DE CV - 588210133

TI POLAND SP ZOO - 422428276

TIMKEN COMPANY, THE HARRISON STEEL PLANT - 128985418

TN MICHIGAN, LLC - 130187156

TN TENNESSEE, LLC - 080833877

TN TENNESSEE, LLC - 080879097

TRELLEBORG BOOTS MEXICO, S.A. DE C.V. - 812801885

TRELLEBORG BOOTS NORTH AMERICA, INC. - 082953766

TRELLEBORG SEALING SOLUTIONS US INC LOGISTICS CENTER AMERICAS - 624439985

TUBULAR METAL SYSTEMS LLC - 557013716

UNITED MANUFACTURING, INC. - 039047639

UNIVERSAL BEARINGS LLC - 005461512

WENZHOU C&U AUTOMOTIVE BEARING CO LTD - 547253633

WHIRLAWAY CORP - 130438851

YODER INDUSTRIES INC - 004277901

ZF LEMFORDER SHANGHAI CHASSISTECH - 545351504

ZHANGJIAGANG HUIKUN ELECTRONIC MANUFACTURE CO., LTD - 527096379

ZIP FASTENER PRODUCTS INC - 602285962



a leader in intuitive motion control

Superior Customer Service

2018 Superior Customer Service Award

- **Supplier Quality:**

- Taigene is a firm believer in continuous improvement and has successfully implemented QSB and NSA.

- **Purchasing**

- A true partner with Nexteer...committed to supporting our localization, quality, cost modeling, and lean initiatives.
- Constantly work to support Nexteer's targets by providing & participating in:
 - Cost Transparency
 - Lean Workshops
 - Collaborative Developments

- **Value our Relationship**

- Taigene has been a supplier to Nexteer for 18+ years supplying all 3 regions.
- They are always quick to respond to any concerns and deal with issues with extreme urgency.
- Have consistently demonstrated ownership of the relationship and always maintain optimism in the face of challenges.
- Display an uncommon openness and trust in our business relationship

- **Recognition**

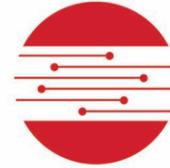
- We are pleased to recognize Taigene for demonstrating an extraordinary focus on delivering the highest levels of customer service to Nexteer that exceed standard performance expectations by going above and beyond.



2018 Superior Customer Service Award

- **Supplier Quality:**

- “Excellent leadership, Open to every new challenge”.
- Responsive supplier with customer oriented attitude.



Kimball® Electronics

- **PC&L**

- Readily accessible & highly responsive, often supporting Nexteer by merging site-specific data into a cohesive global view in a matter of hours.
- Works very closely with sub-tier suppliers to effectively manage constraint issues & protect Nexteer.

- **Purchasing**

- Dedicated to being a true partner with Nexteer. Despite the unparalleled market conditions and government regulations,
- Transparent and professional.
- Understands Nexteer's business and what it takes to build ECUs that meets our specifications.
- Proactively working Nexteer to find solutions to difficult issues.

- **Engineering**

- Jasper has provided extremely strong support to Nexteer, including many compressed programs (ADAS).
- Engineering team has provided design concepts and products that have improved the part processing as well as quality.

- **Recognition**

- We are pleased to recognize Kimball Electronics for demonstrating an extraordinary focus on delivering the highest levels of customer service to Nexteer that exceed standard performance expectations by going above and beyond.

nexteer
AUTOMOTIVE

a leader in intuitive motion control

2018 Supplier Collaboration Award



- **Collaborative Culture**

- Hella provided outstanding technical collaboration and support to Nexteer in the development of next-generation ECU technology.
- This excellence in collaboration allowed our two teams to work closely together to take an innovative concept and turn it into a production viable design.

- **Purchasing**

- Hella recognizes and creates ways to compete and achieve aggressive cost targets in support of new business opportunities.
- Their team sees the big picture, is transparent, and positions themselves aggressively to win new business in a very competitive environment.

- **Recognition**

- Nexteer recognizes Hella for the exemplary collaboration, support of innovative technologies, and progressive practices displayed by their engineers and designers, their collaborators, and Nexteer, in support of the design and delivery of breakthrough technology.

What You Heard Today...

- The market is extremely competitive – must focus on competitiveness
- Supplier partners have been key to our success – **Thank You!**
- Cost modeling is working – Keep momentum going!
- Technology shifts will drive significant change to the supply base Tier 1 & 2
- Next Season of Growth – We depend on **YOU** to position us to win
- SRM continues to be our focus – We must improve together
- Culture Drives Change – What will you do as a Leader to drive change in your organization and become our **“supplier of choice”?**

Cocktail & Dinner
