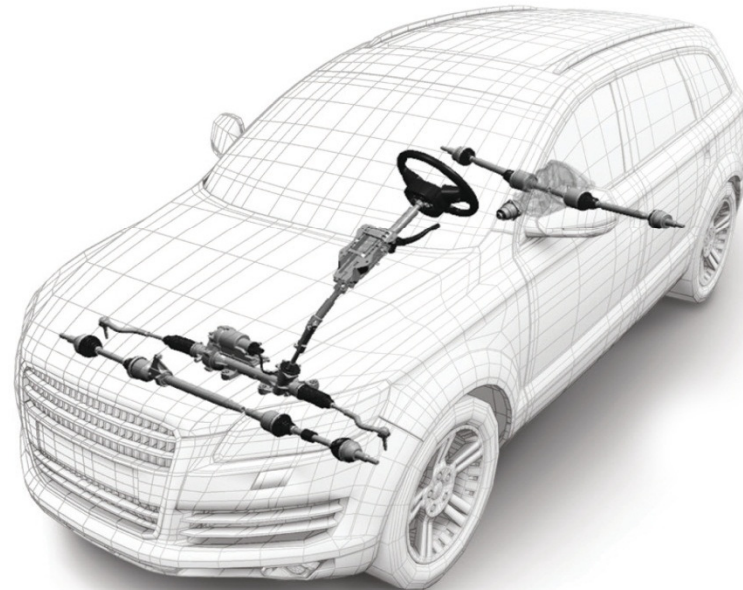


2016 Interim Results Announcement

nexteer
AUTOMOTIVE

a leader in intuitive motion control

8/17/2016



ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

ADAS &
AUTONOMOUS
TECHNOLOGIES

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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, but which have not yet begun production. 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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Business Highlights



Michael Richardson

Executive Board Director
Senior Vice President, Strategy

Strategy for Profitable Growth

- **Strengthen Technology Leadership**
- **Expand & Diversify Revenue Base**
- **Capitalise on EPS as enabler for ADAS**
- **Target China & Emerging Market Growth**
- **Optimise Cost Structure**
- **Pursue Select Acquisitions & Alliances**

Well-Defined Plan to Drive Stakeholder Value

IH 2016 Financial Highlights

- **17% Revenue Growth y-o-y**
- **34% EBITDA Growth y-o-y**
 - EBITDA margin Expanded 190bps y-o-y to **15.2%**
- **54% Net Profit* Growth y-o-y**
 - Net Profit margin Increased 180bps y-o-y to **7.7%**

* Net Profit Attributable to Equity Holders

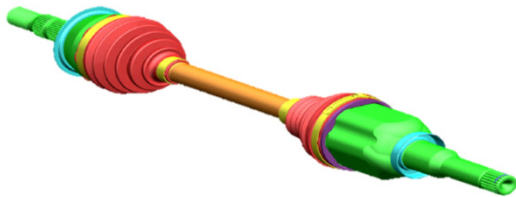
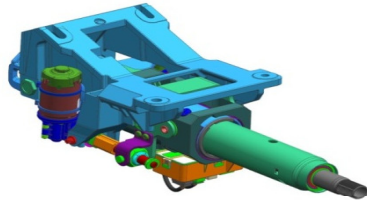
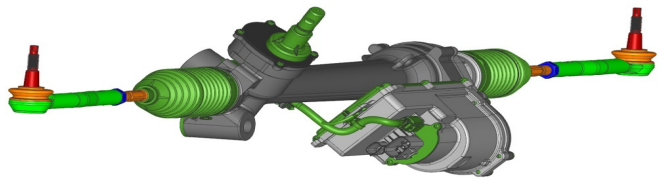
2016 IH Business Highlights

- **Successfully launched 17 new customer programs across multiple product lines, regions and customers**
- Expanded Backlog to US\$10.8 billion following substantial Program Launches
 - Driving complete Order to Delivery performance US\$24.0 billion
- Solidified engagement with Key Global Customers to jointly develop ADAS functionality
- Increased capacity in Premium MTO production by 25%
- Received Industry Recognition for Multiple Accomplishments

Launched 17 New Major Customer Programs



Program Diversity Fueling Broad-based Growth



EPS

9

Columns

2

Driveline

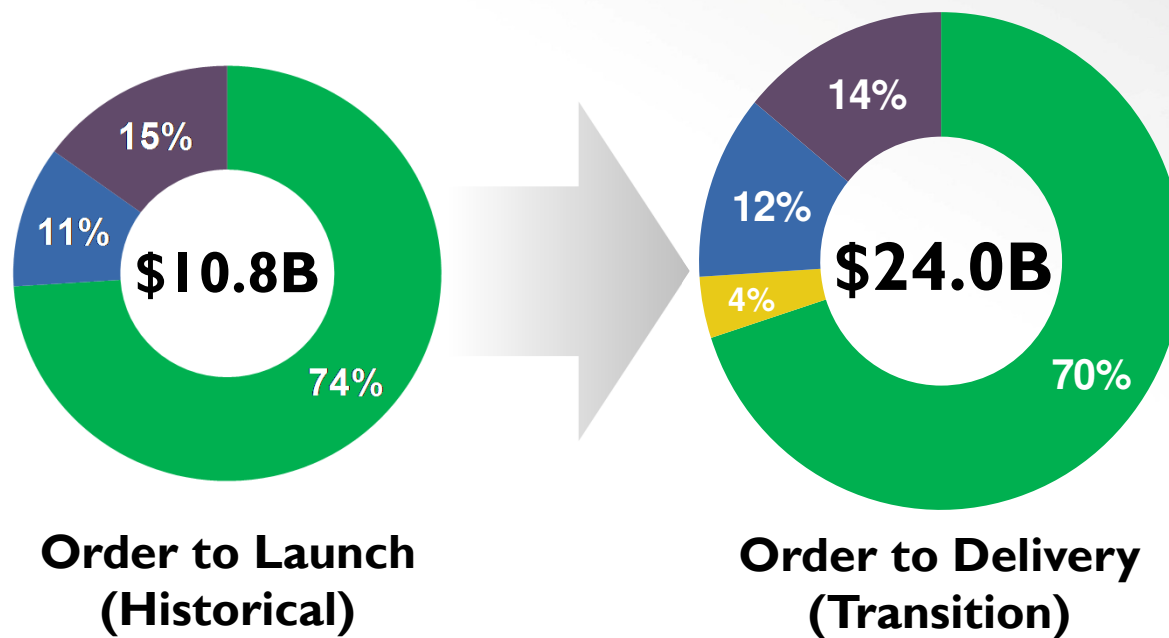
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2016 IH Business Highlights

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Continued Growth and Diversification

As of June 30, 2016



Complete Order to Delivery backlog better reflects the value of customer programs.

- EPS
- HPS
- Column
- Halfshaft

2016 IH Business Highlights

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Business Expansion - ADAS

Joint Developmental Projects



Business Expansion - ADAS

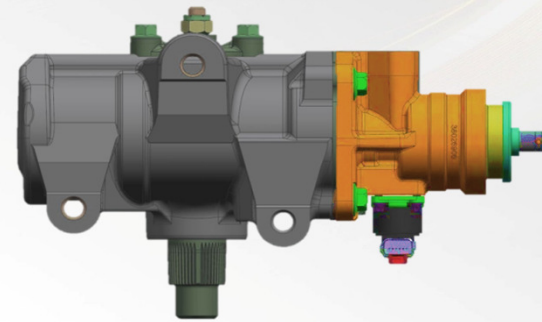
Partnering with University of Michigan Mobility Transformation Program (MTC)



2016 IH Business Highlights

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MAGNASTEER™ with Torque Overlay Continued Expansion



Focus on Premium Quality, Safety & Comfort

- Lane Keeping
- Pull Compensation
- Stability Control
- Lane Departure Warning
- Wheel Imbalance Rejection
- Park Assist
- Active Return to Center
- Active Damping

2016 IH Business Highlights

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2016 IH Industry Recognition



**2015 GM (Australia)
Quality Excellence
Award**



**2016 CEE*
Manufacturing
Excellence Awards**
• Supplier of the Year
• Information Technology
• Robotics & Automation



**2016 Quantum
Workplace
Employee Voice
Award**



**Ford (China)
Q1 certificate**



**2016 Powder Metal
Design Excellence
Awards**



**PSA (Brazil)
Logistic Award**

* CEE: Central and Eastern Europe

Financial Highlights



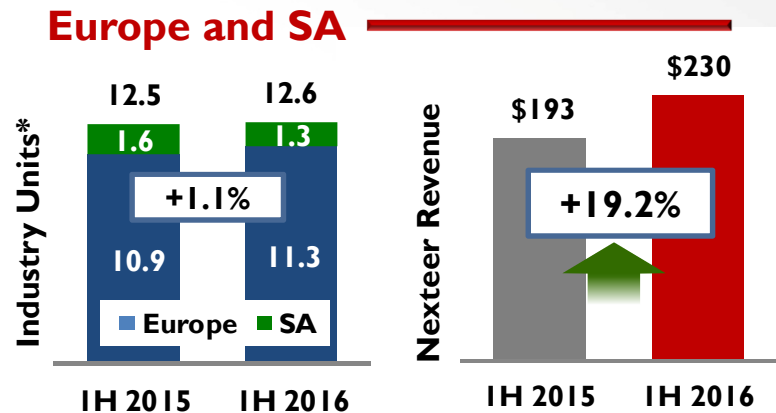
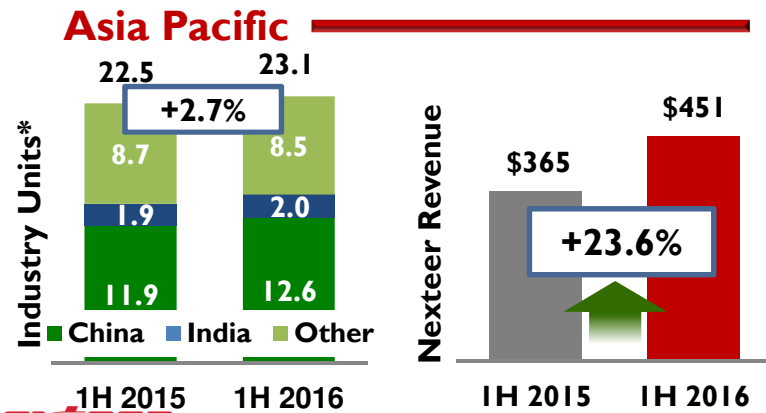
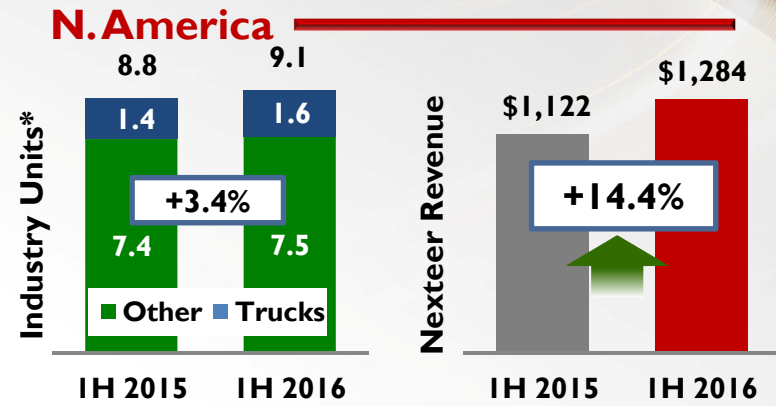
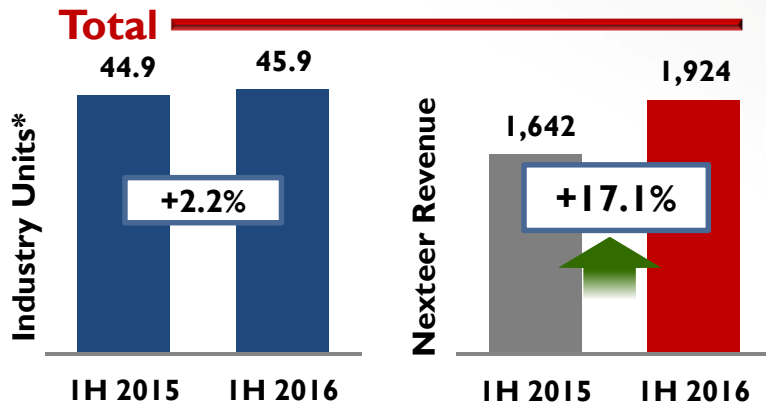
Bill Quigley

Senior Vice President
Chief Financial Officer

2016 IH Financial Results – Snapshot

(US\$ mm)	IH 2016	IH 2015	Variance
Revenue	1,924	1,642	17%
EBITDA	292	218	34%
EBITDA margin	15.2%	13.3%	190 bps
Net Profit	149	97	54%
Net Profit margin	7.7%	5.9%	180 bps
Earnings Per Share	\$0.06	\$0.04	\$0.02
Free Cash Flow	25	56	-31

Strong Revenue Growth Across All Regions

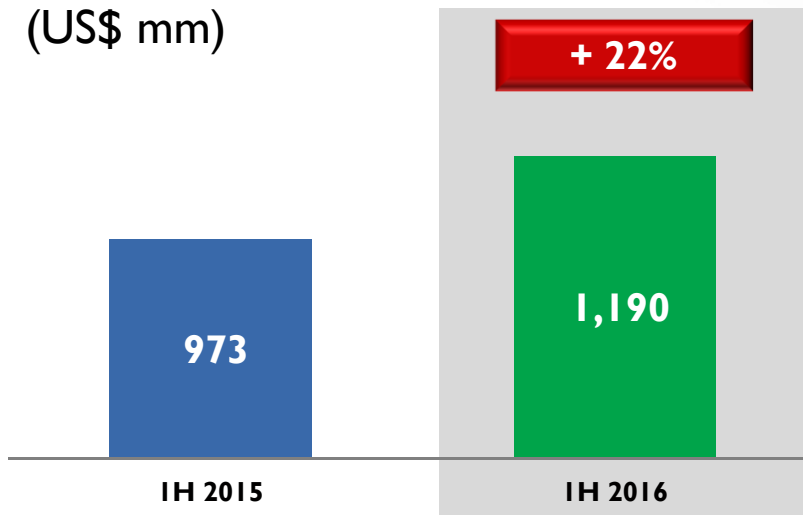


* Source: Light Vehicle Production Units in million, I.H.S. June 2016. Nexteer divisional revenue presented on this page are the total revenue before inter-segment elimination.

Continued EPS Conversion & Conquest to Secure Incumbency as ADAS Enabler

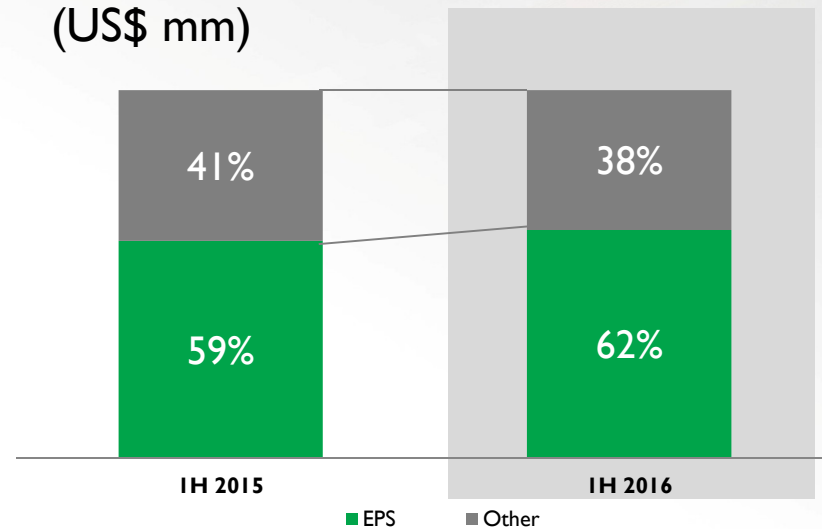
EPS Revenue Growth

(US\$ mm)



EPS % of Revenue

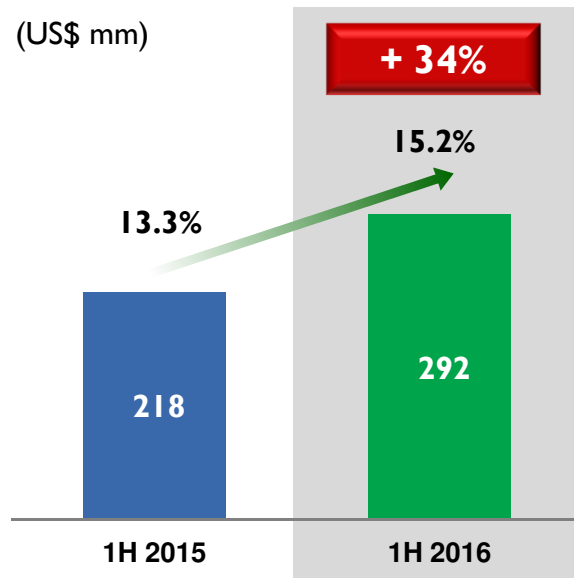
(US\$ mm)



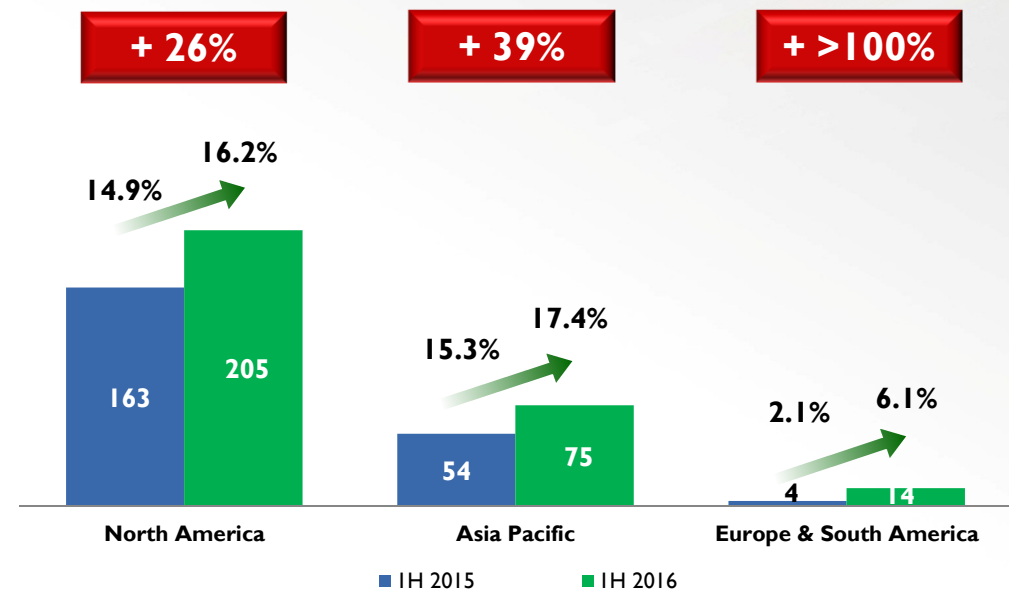
Strong Earnings Growth & Margin Accretion across all Regions

Group EBITDA

(US\$ mm)



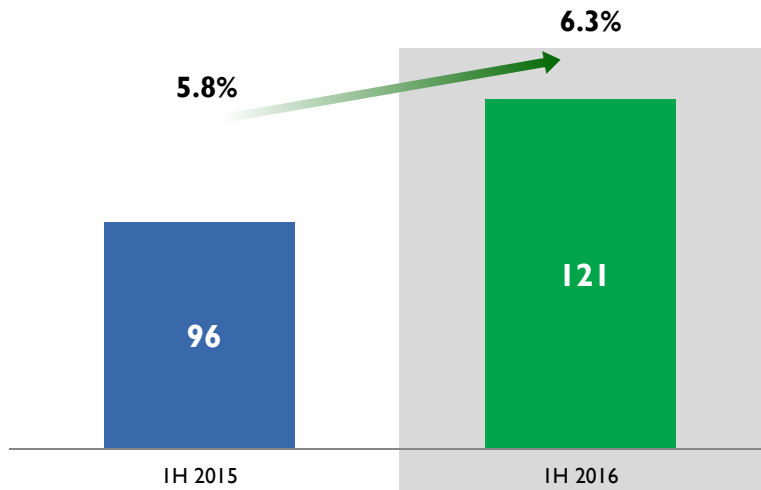
EBITDA by Region



Strengthen R&D Investment and Continue Improving Capital Efficiency

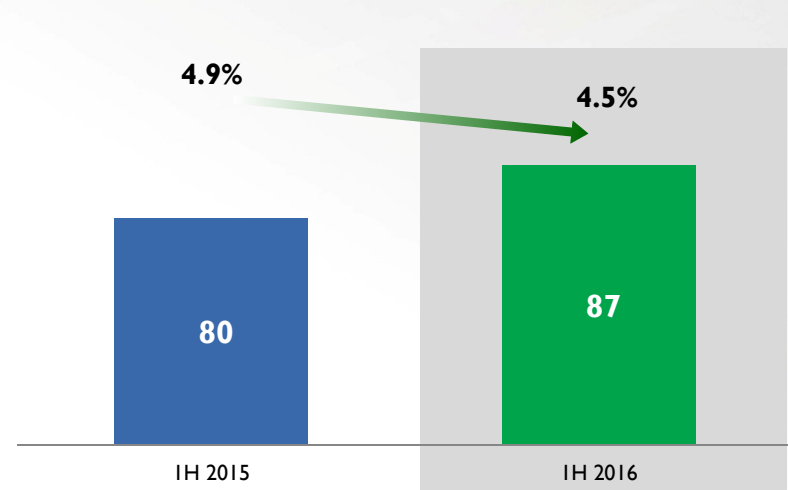
R&D Expense*

(US\$ mm)



Capex

(US\$ mm)



* Including engineering and product development costs charged to income statement and development costs capitalized as intangible asset

Strong Balance Sheet Provides Flexibility Support Capital Allocation Priorities

(US\$ mm)	Jun 30, 2016	Dec 31, 2015
Cash and Capital		
Gross Debt	606	642
Less: Cash	349	417
Net Debt	<u>257</u>	<u>225</u>
Total Equity	963	854
Total Net Capital	1,220	1,079
Net Debt to Net Capital	21%	21%
Liquidity		
Cash	349	417
Credit Facilities	409	477
Total	<u>758</u>	<u>894</u>
Leverage / Coverage		
Gross Debt to EBITDA*	1.1x	1.4x
Net Debt to EBITDA*	0.5x	0.5x
Interest Coverage	17.8x	13.7x

Reinvest in Business to Drive Growth

Pursue Select Acquisitions & Alliances

Scheduled Debt Repayment

Dividend

Strategy for Profitable Growth

- **Strengthen Technology Leadership**
- **Expand & Diversify Revenue Base**
- **Capitalise on EPS as enabler for ADAS**
- **Target China & Emerging Market Growth**
- **Optimise Cost Structure**
- **Pursue Select Acquisitions & Alliances**

Well-Defined Plan to Drive Stakeholder Value