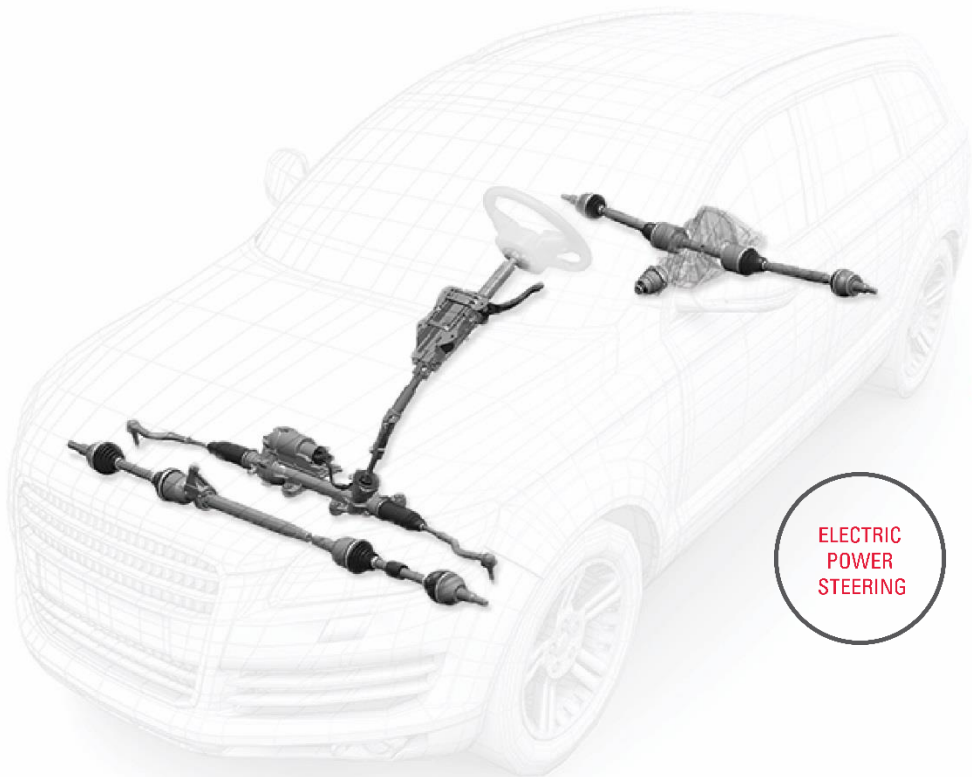




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2019

Interim Results Announcement

13 August 2019

ELECTRIC
POWER
STEERING

COLUMNS &
INTERMEDIATE
SHAFTS

DRIVELINE
SYSTEMS

HYDRAULIC
POWER
STEERING

ADAS &
AUTOMATED
DRIVING

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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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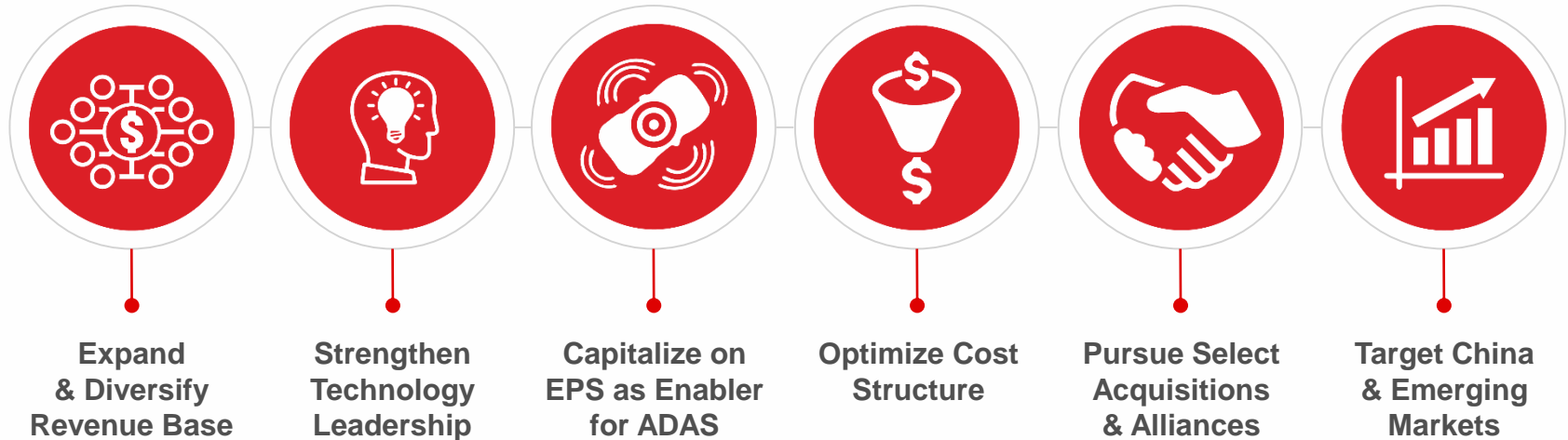
2019 1H Business Update



Michael Richardson

Executive Board Director
President

Strategy for Profitable Growth



A Well-Defined Plan to Drive Stakeholder Value

Enterprise Priorities

2019 1H Execution Highlights



- **Successful launch of 21 programs across multiple product lines, regions & customers**
- Increased Order-to-Delivery Backlog to US\$25.6billion
- Continued Globalization with Regional Autonomy
- Improved Operational Efficiency
- Committed Investment on ADAS / NEV Technologies

Launch of 21 Customer Programs



- GM GMC Sierra HD, Chevrolet Silverado HD
HPS Gear; Pump; Driveline
- Ford Lincoln Aviator
Column; Driveline
- Ford Explorer
Column; Driveline
- GM Cadillac XT6
REPS; Driveline



- PSA DS 3 Crossback **SPEPS**
- PSA Peugeot 208 **SPEPS**



- Mahindra XUV300 **Driveline**
- Tata Harrier **Driveline; Pump**
- Nissan DAYZ **Driveline**
- Mitsubishi eK Wagon **Driveline**
- BYD F3 **BEPS**
- MG Hector **BEPS**
- GM Cadillac XT6 **REPS; Driveline**
- Chang'An** CS35 Plus **Driveline**

New Launch Vehicles



PSA
DS3 Crossback



Tata
Harrier



Mahindra
XUV300



Nissan
DAYZ



Mitsubishi
eK Wagon



Chevrolet
Silverado HD



GMC
Sierra HD



Cadillac
XT6



BYD
F3



Lincoln
Aviator



Peugeot
208



MG
Hector



Chang'An
CS35 Plus



Ford
Explorer

Q1 2019

Q2 2019

Enterprise Priorities

2019 1H Execution Highlights

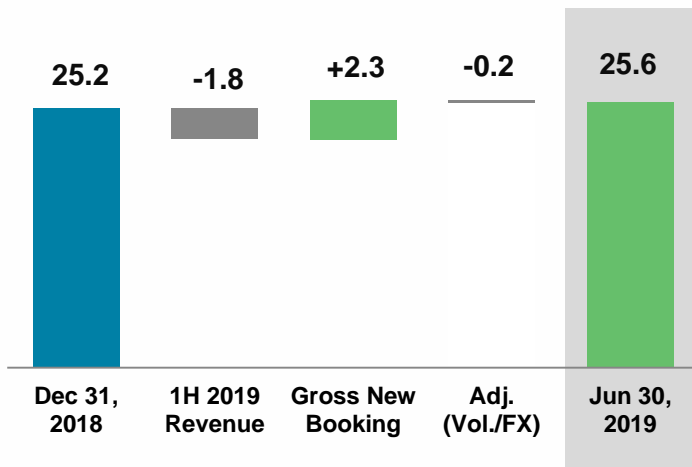


- Successful launch of 21 programs across multiple product lines, regions & customers
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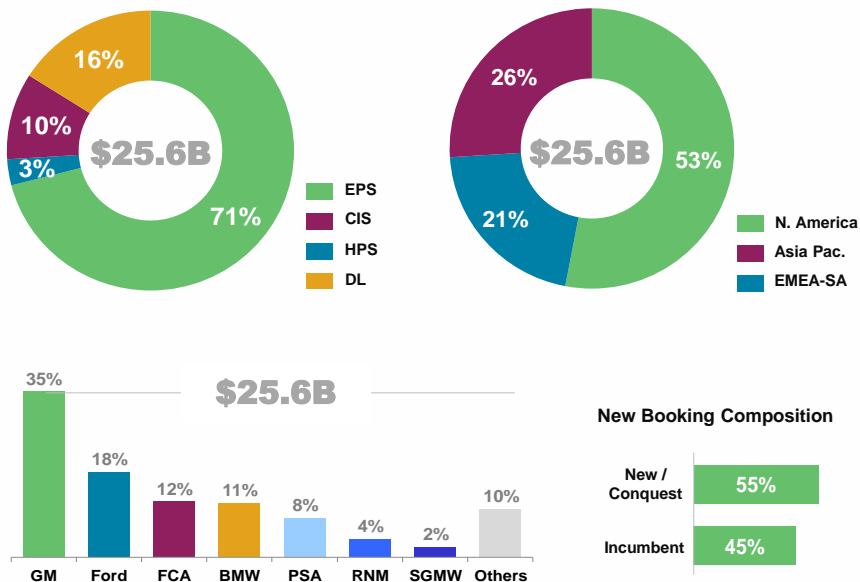
Backlog Composition



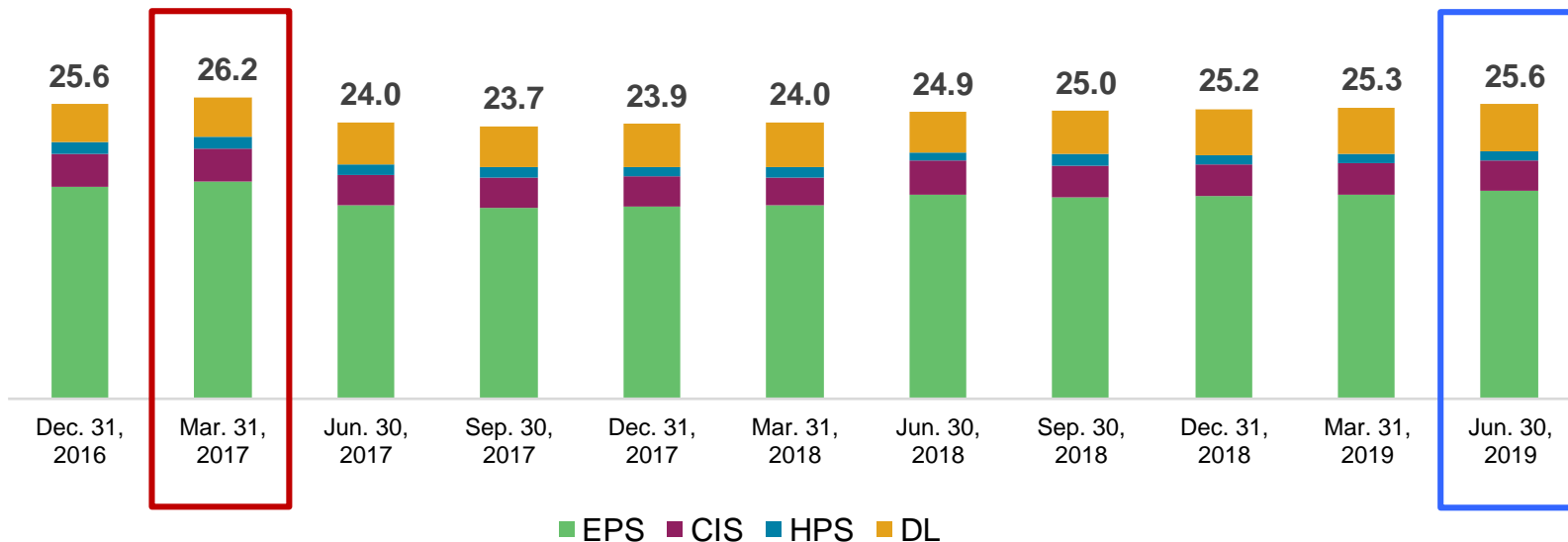
Order to Delivery Backlog* as of June 30, 2019



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



Backlog Trend



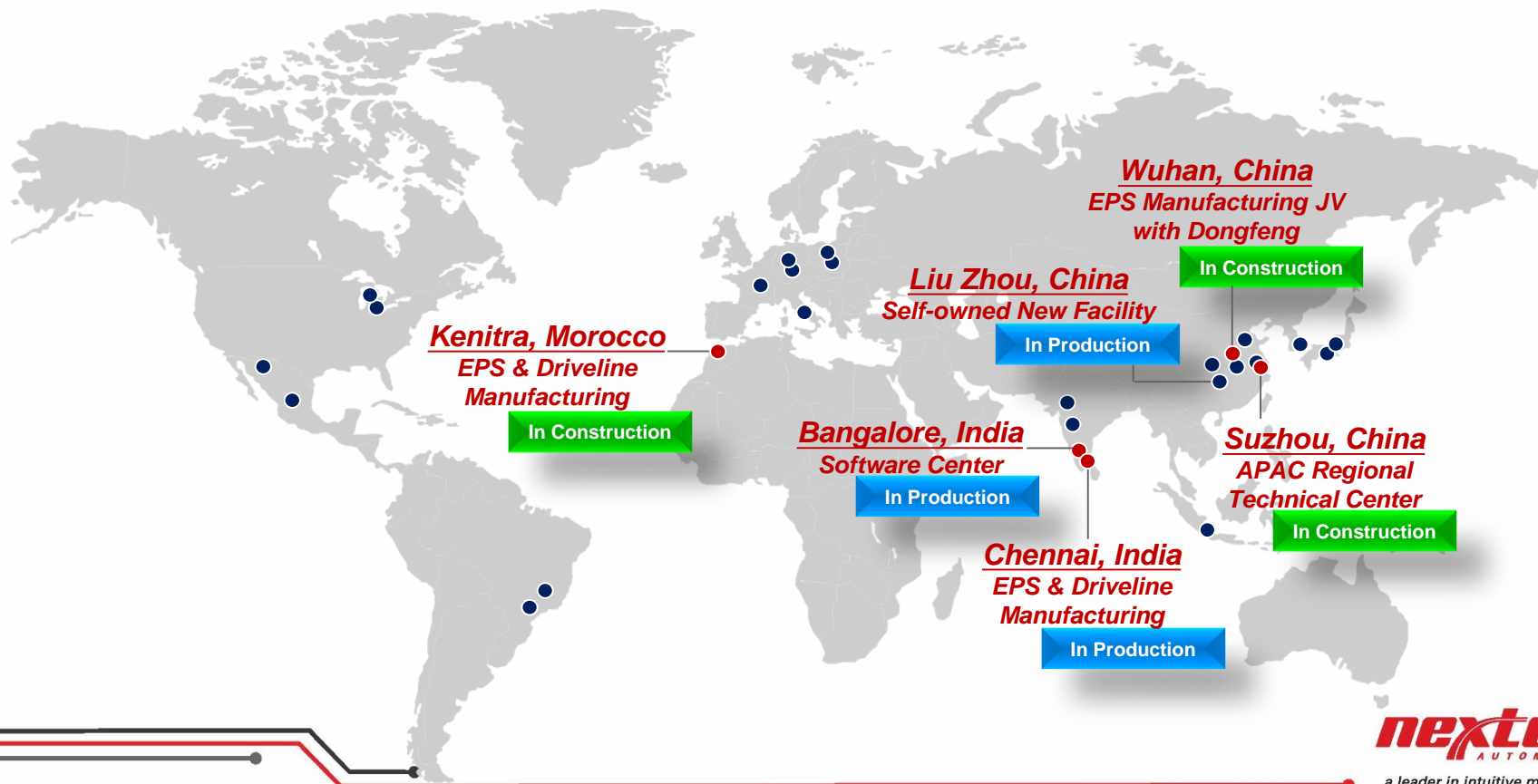
Enterprise Priorities

2019 1H Execution Highlights



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Strategic Global Footprint Expansion



Morocco Plant Grand Opening



Kenitra, Morocco
**EPS & Driveline
Manufacturing**



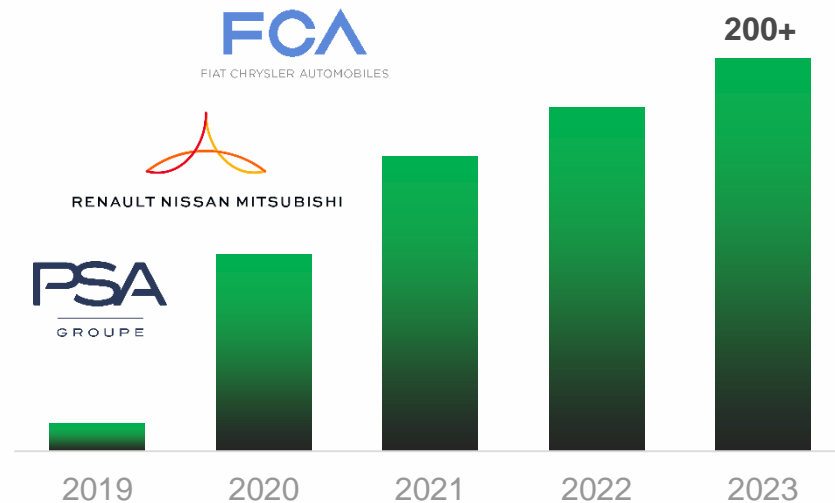
Ground Breaking
March 2018



Grand Opening
June 2019



Booked Revenue
In million USD



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Liu Zhou New Plant Start of Production



Liu Zhou, China
EPS
Manufacturing



Ground Breaking
December 2017



Grand Opening
June 2019



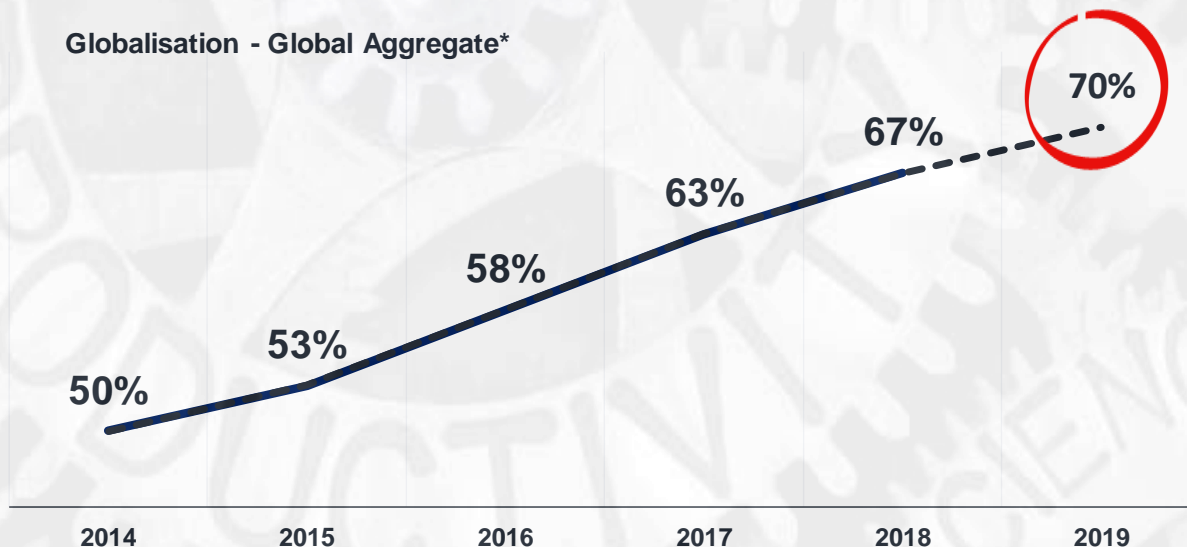
- Wholly-owned Facility Replacing the Previously Rented Plant
- Implemented “Smart Manufacturing” to Include Digital Trace™ Manufacturing Measure
- Expanded Engineering Capabilities to Include NVH Laboratory, Test Track, Vehicle Testing Lab and Product Performance Analysis Center

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Globalization with Regional Autonomy

Core Engineering Competency



* includes Applications Engineering and Continuous Improvement activities

Regional Autonomy and Competency approaching 70%

Enterprise Priorities

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Saginaw Driveline Transformation



Launch

2H 2018

Where We're Headed

2020 & Beyond



- **Global consistency leading to better quality and customer value**
- **Reduced lead time across the supply chain and utilizing more supplier technology**
- **Improved efficiency in plant operations**
- **Improved capacity utilization**
- **Technology improvement facilitating quality and cost improvements**

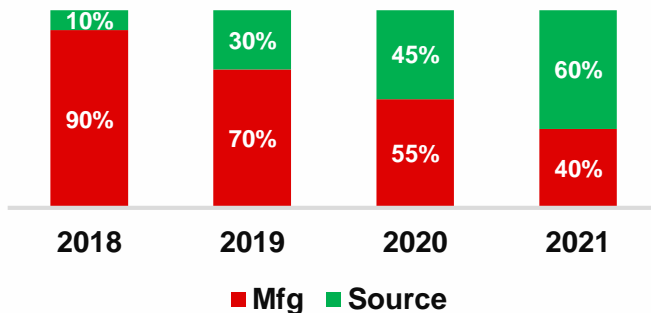
Saginaw Driveline Transformation



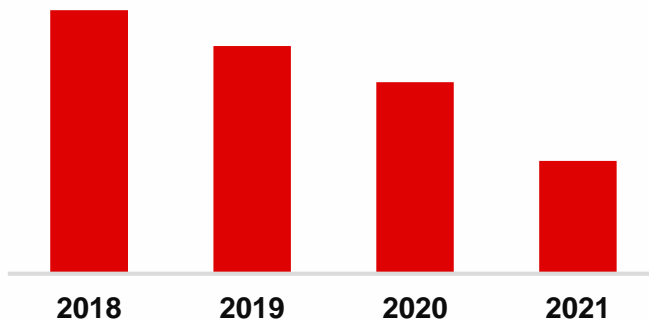
Where We're Headed 2020 & Beyond



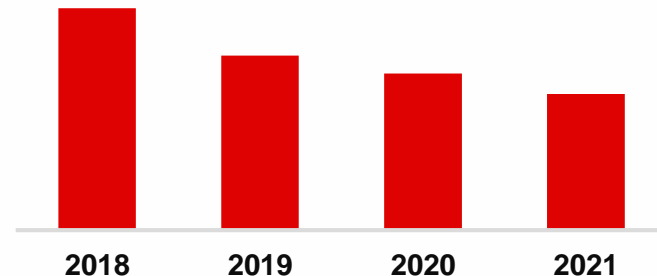
Manufacturing Process



Floor Space Utilization (sq. ft.)



Staffing



- +3,900 part numbers impacted
- +500 part numbers to be sourced
- +50 sequences of equipment and material relocations
- +1,100 pieces of equipment moved / relocated
- Consolidation of 2 facilities to 1 - ~50% reduction in floor space utilization

Saginaw Driveline Transformation

A Proof-Point



Where We're Headed
2020 & Beyond



Existing BOP



New BOP

Improvement

Manning

70%

Std. Hours

36%

Floor Space

63%

Scrap/FTQ

83%

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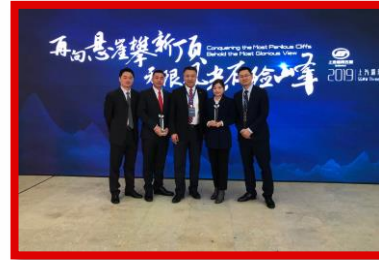
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Industry Recognition



Ford's "Silver Level Manufacturing Award"

*for EPS Production at
Nexteer Suzhou*



SGMW's "Excellent Responding & Int'l Pioneer Awards"

for Nexteer Asia Pacific



PSA's "Platinum Supplier Status Certificate of Excellence"

for Nexteer EMEA & SA



NAM's "Manufacturing Leadership Award"

*for Enterprise Integration &
Technology Leadership*



Moto Idea's "Decade Award"

*for Nexteer Poland's
Impact on Automotive
Sector*



ASQ's "Int'l Team Excellence Award Finalist"

for Nexteer Suzhou

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Enterprise Priorities

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EPS Product Readiness on NEV Truck



- ◆ Lead EPS Supplier on North America Full Size Truck and SUV EV's
 - GM, Ford and FCA all planning Nexteer REPS
 - Nexteer holds 90% of the ICE and EV Truck market
- ◆ Well-positioned with developed technologies applicable to Truck EV's
 - Up to 24 kN REPS loads (battery packs → heavier vehicles)
 - 12 Volt systems (standard)
 - 48 Volt capabilities (if-needed)
 - Modular Power Pack (MPP) electronics applicable for both ICE and EV's including ADAS L3-5
- ◆ Low volume applications, most are incremental to today's ICE business
 - Different customer base who will buy EV Trucks



Full Size Truck (FST) REPS Powerpacks



	~700 FIT	~400 FIT	~100 FIT	~10 FIT	~1 FIT
ADAS Level 4-5					 Fail Operational
ADAS Level 3				 Fail Safe	
ADAS Level 2					
ADAS Level 1					
Nexteer Launch	LEGACY	3Q2018	3Q2022	2Q2020	3Q2021
Power Inverter	SINGLE	DUAL	DUAL	DUAL	DUAL
Micro	SINGLE	SINGLE	DUAL	DUAL	DUAL
Input Power	SINGLE	SINGLE	SINGLE	DUAL	DUAL
Chambers	SINGLE	SINGLE	SINGLE	SINGLE	MULTIPLE

Automated Shuttle / Delivery Vehicles



■ Market Description

- Autonomous vehicles used for first/last mile people transportation, and goods delivery
- Speeds typically limited to 25 mph
- Restricted and highly controlled routes
- Intensified interest and investment

■ Market Challenges

- Inexperienced system integrators, limited competency in designing and validating systems, and building vehicles.
- Immature Federal, State, and Local Regulations
- Technology and Infrastructure gaps
- Cost of development

■ Opportunities

- Learning environment for development of future ADAS/AV technology
- Nexteer competency in system design, test, and integration
- Fit with CNXMotion technology of integrated steering and braking control algorithms.



nuro

SoftBank

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Enterprise Priorities

2019 1H Execution Highlights



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1H 2019 Financial Highlights



Bill Quigley

Senior Vice President
Chief Financial Officer

1H 2019 Financial Highlights

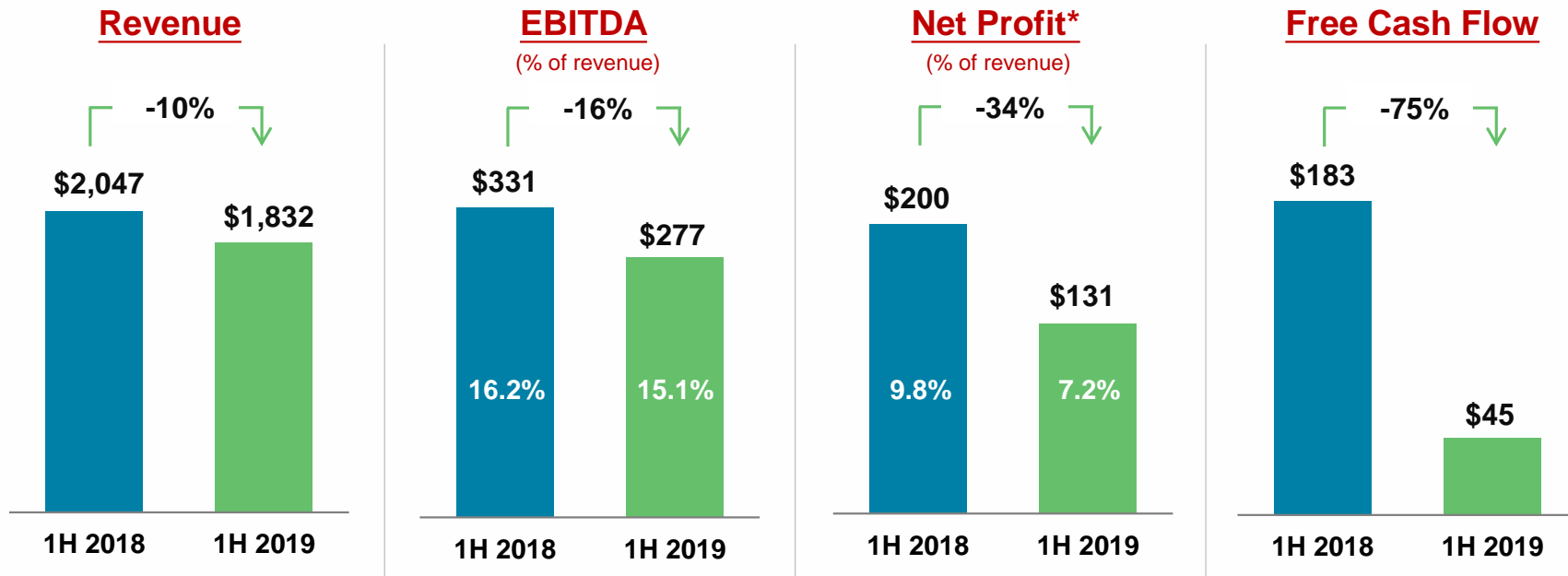
Financial Performance Impacted Largely by Environmental Factors

- 1. Currency headwind from USD strength against both RMB & Euro*
- 2. Lower OEM production across all regions compared with 2018*
- 3. Decline in China OEM production most impactful*
- 4. GM NA K2 to T1 platform transition driving NA Columns revenue comparison*

Revenue Headwind Driving Earnings and Cash Flow Performance

Key Financial Metrics

(\$ in millions)



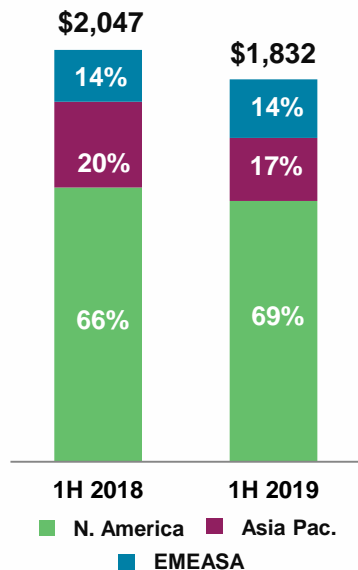
* Net Profit Attributable to Equity Holders

Revenue Comparison

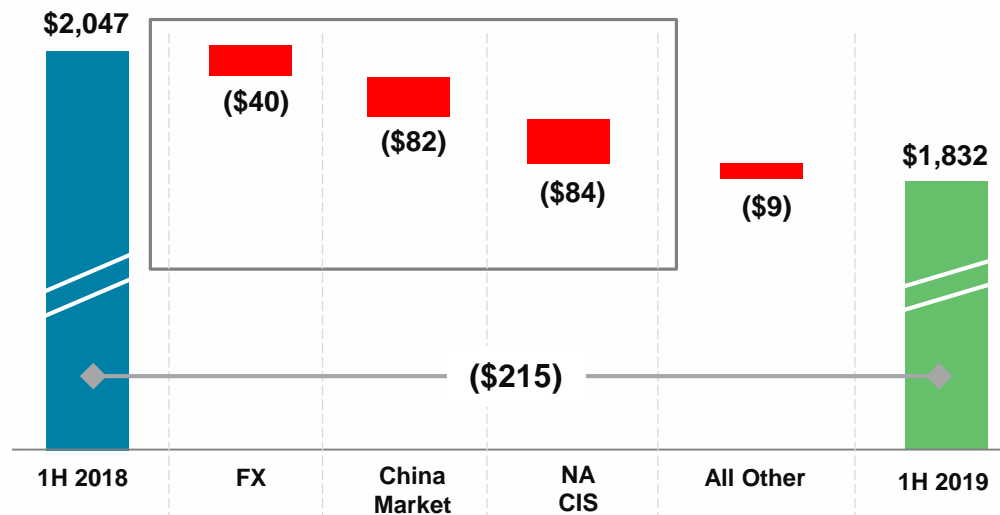
(\$ in millions)

Global Revenue

(structural %)



Y-O-Y Revenue Drivers



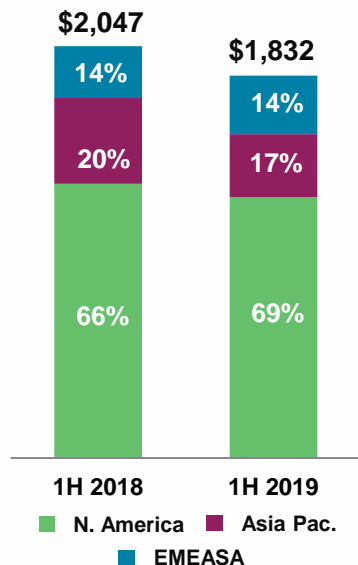
FX, China Market and NA Columns Key Drivers

Revenue by Region

(\$ in millions)

Global Revenue

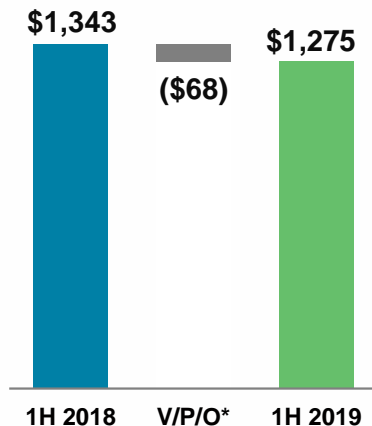
(structural %)



Regional Distribution

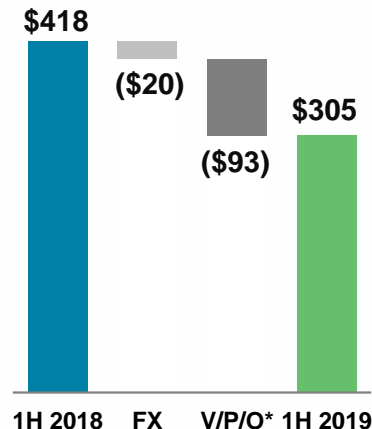
(growth %)

N. America

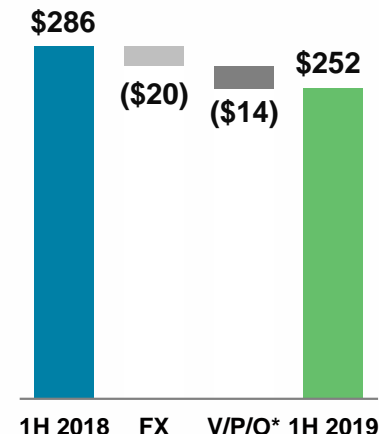


* Volume / Price / Other

Asia Pac.



EMEASA

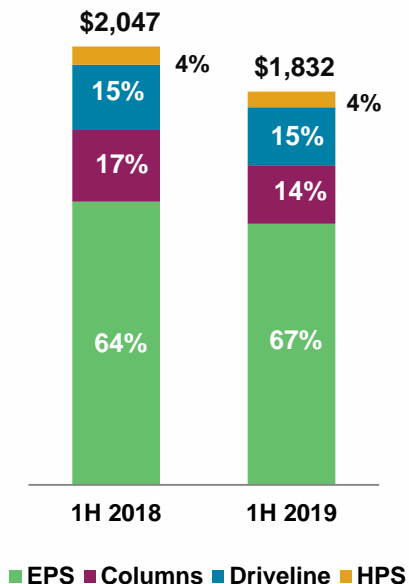


Revenue by Product Line

(\$ in millions)

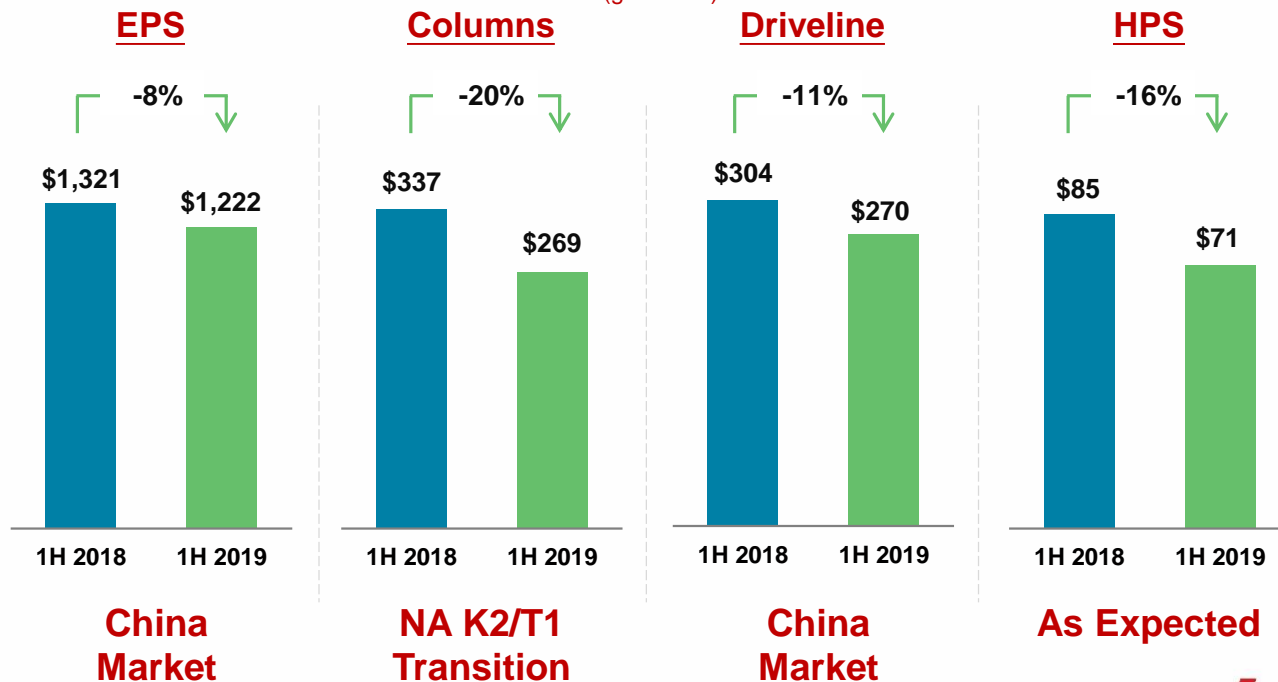
Global Revenue

(structural %)



Product Line Distribution

(growth %)



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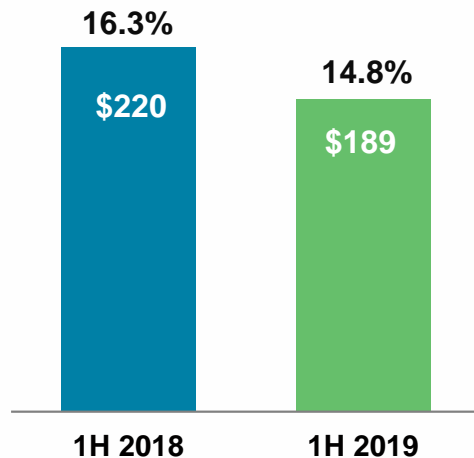
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EBITDA by Region

(\$ in millions)

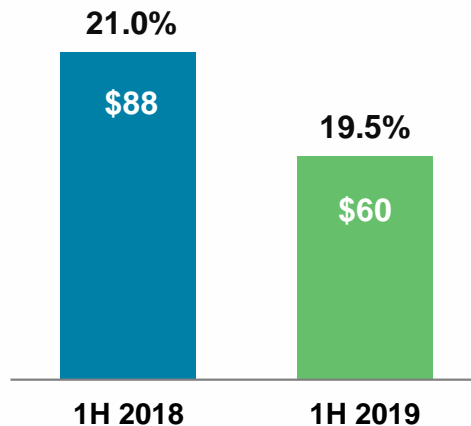
N. America

(% of revenue)



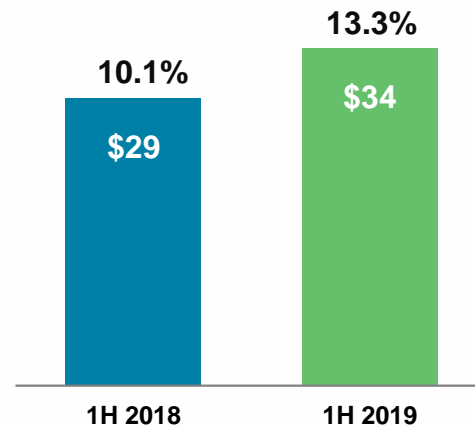
Asia Pac.

(% of revenue)



EMEASA

(% of revenue)

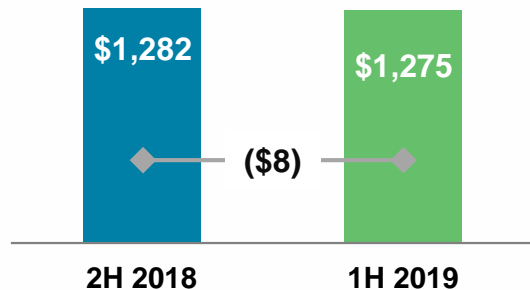


Sequential Performance

N. America

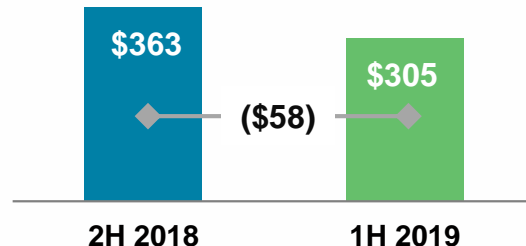
(% of revenue)

Revenue



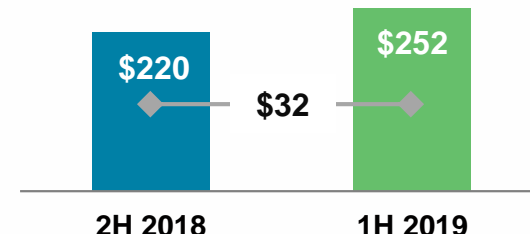
Asia Pac.

(% of revenue)

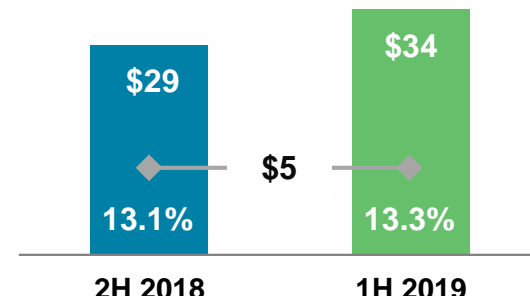
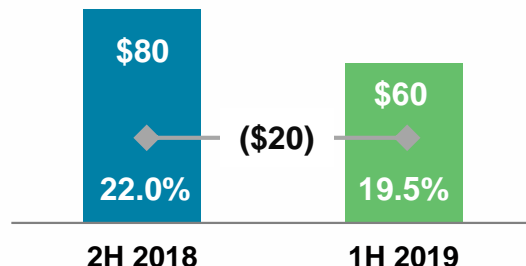
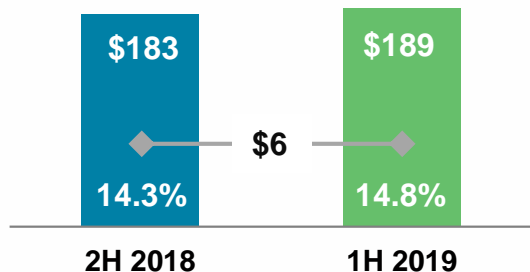


EMEASA

(% of revenue)



EBITDA



EBITDA to Net Profit Walk

(\$ in millions)

	1H 2019	1H 2018	Change
EBITDA	\$ 277	\$ 331	\$ (54)
D&A	117	91	(26)
Net Finance Costs	2	6	4
Share of JV Earnings	2	2	-
Income Tax Expense	23	29	6
Minority Interest	1	3	2
Net Profit	\$ 131	\$ 200	\$ (64)
Effective Tax Rate	14.7%	12.6%	

Commentary

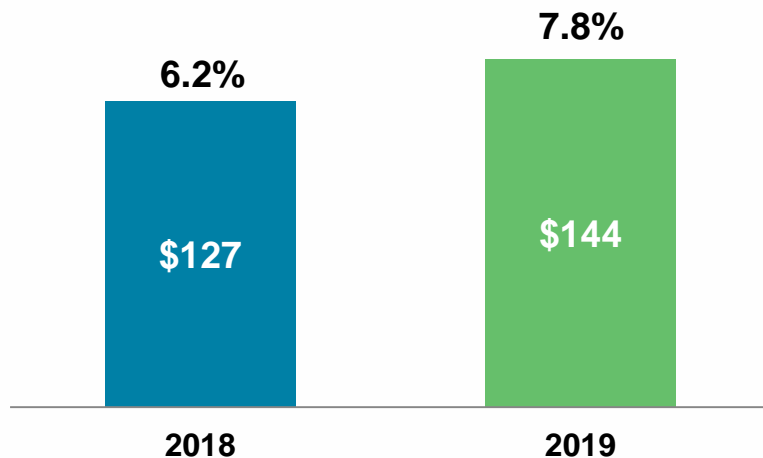
- D&A reflecting program launches – engineering and capital investment
- Lower Net Finance Costs and Income Tax Expense
 - Debt amortization / strong cash balances
 - Jurisdictional profitability

Investment for Future Growth

(\$ in millions)

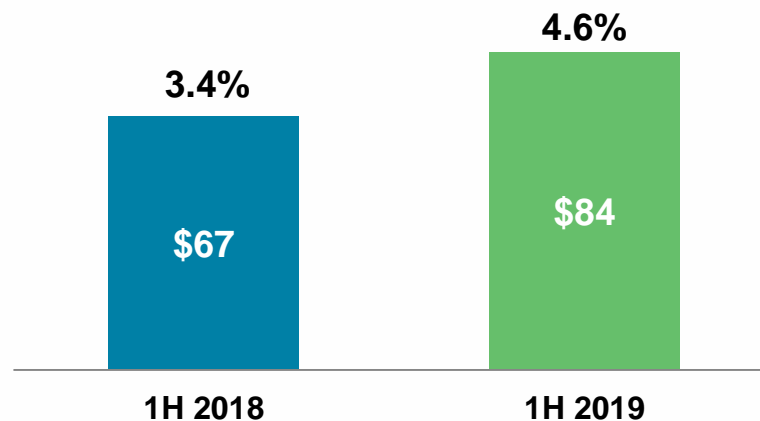
Engineering / Prod. Development*

(% of revenue)



Cap-Ex*

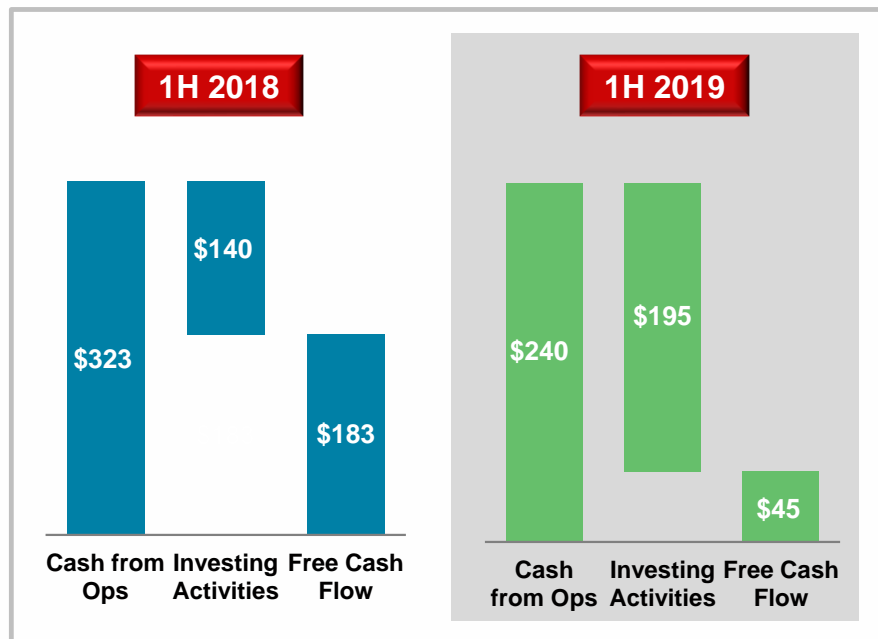
(% of revenue)



- 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

Free Cash Flow and Balance Sheet

(\$ in millions)



Cash and Capital

	Dec 2018	1H 2019
Gross Debt	\$ 377	\$ 338
Finance Leases	\$ 5	67
Less: Cash	675	585
Net Debt / (Cash)	<u>\$ (293)</u>	<u>\$ (180)</u>
Total Equity	\$ 1,710	\$ 1,765
Total Net Capital	\$ 1,417	\$ 1,585
Net Debt / Net Capital	n.a.	n.a.

Liquidity

Cash	\$ 675	\$ 585
Credit Facilities	376	376
Total	<u>\$ 1,051</u>	<u>\$ 961</u>

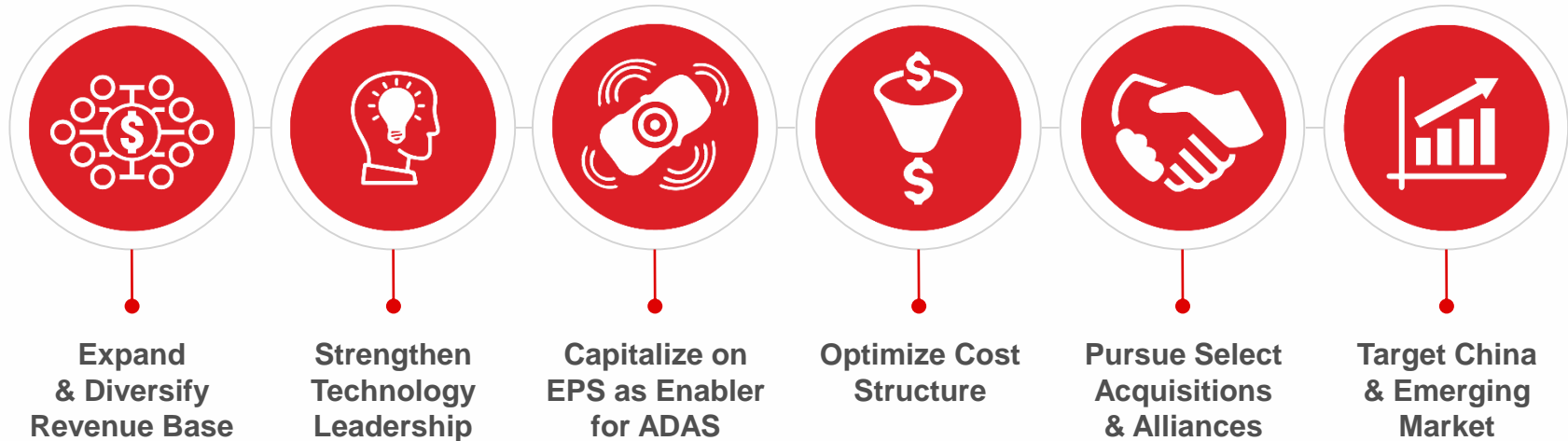
Leverage / Coverage

Gross Debt to EBITDA	0.6x	0.6x
Net Debt to EBITDA	n.a.	n.a.

2019 Rest of Year Considerations

- 1. FX likely to remain a headwind**
- 2. Seasonality in OEM production; maintain a cautionary view on China OEM production forecasts**
- 3. Focused cost initiatives in place to mitigate soft OEM production environment**
- 4. Substantial number of customer program launches - majority in APAC**
- 5. Laser focused on customer conquest opportunities**

Strategy for Profitable Growth



A Well-Defined Plan to Drive Stakeholder Value