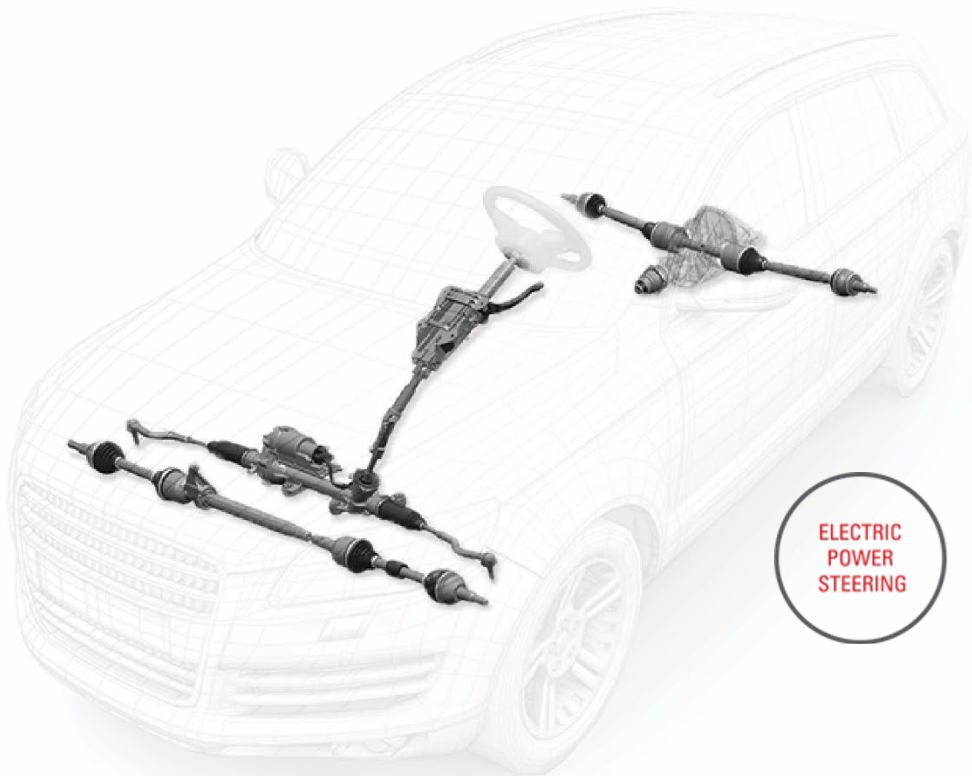




*a leader in intuitive motion control*



# 2021

## Annual Results Announcement

16 March 2022

ELECTRIC  
POWER  
STEERING

COLUMNS &  
INTERMEDIATE  
SHAFTS

DRIVELINE  
SYSTEMS

HYDRAULIC  
POWER  
STEERING

ASSISTED  
& AUTOMATED  
DRIVING  
ENABLERS

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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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# Presenters

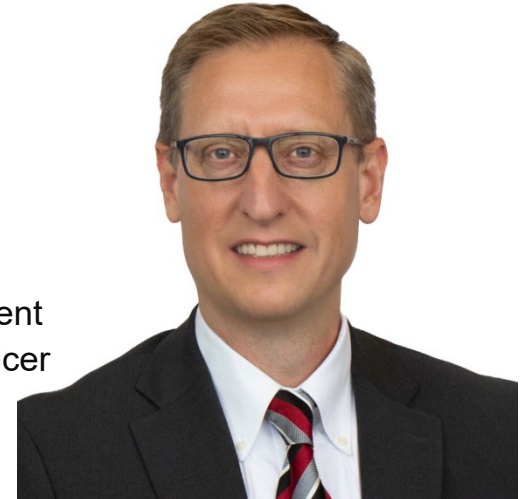
## ROBIN MILAVEC

Executive Board Director  
President  
Chief Technology Officer  
Chief Strategy Officer



## MIKE BIERLEIN

Senior Vice President  
Chief Financial Officer



# Agenda

- **2021 Business Overview**

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

- **2021 Financial Review / 2022 Considerations**

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

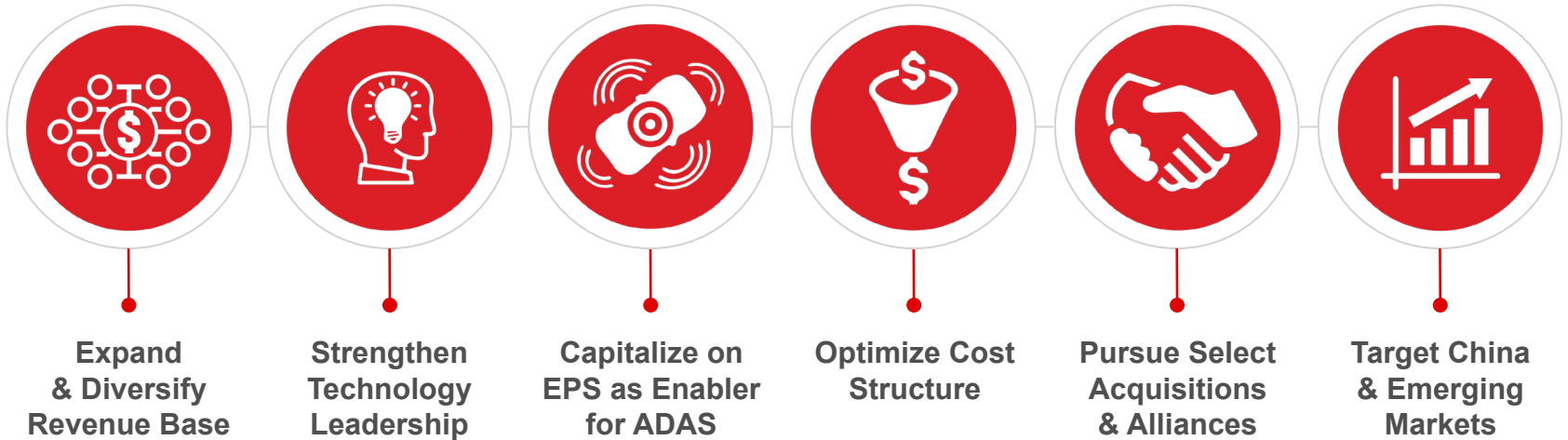
# 2021 Business Overview

## **ROBIN MILAVEC**

Executive Board Director  
President  
Chief Technology Officer  
Chief Strategy Officer



## Strategy for Profitable Growth



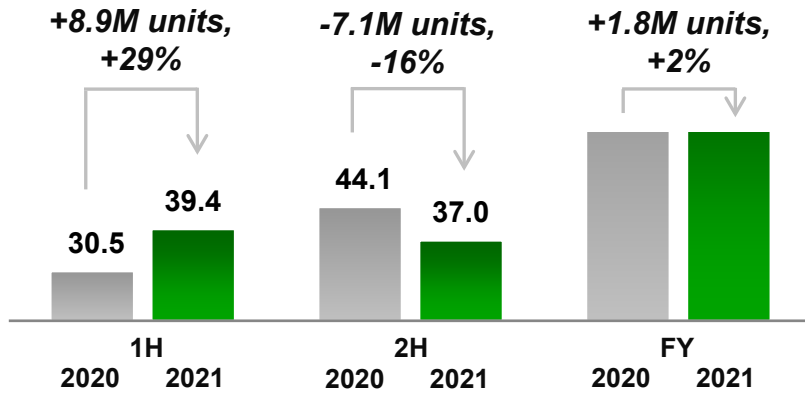
**A well-defined plan to drive stakeholder value**

# 2021 Business Overview

- **Navigated Challenging Industry Environment Resulting From Semiconductor Shortages, OEM Production Disruptions and Elevated Operating Costs**
- **Successfully Launched 36 Major Customer Programs With More Key EV Launches**
- **Achieved \$5.9 billion in 2021 Bookings; Record Order-to-Delivery Backlog of \$26.8 billion**
  - ***Including Significant Progress with a Japanese OEM, a N. America Powersports Market Player, and a Major Global EV Leader***
- **Awarded PACEpilot 2021 Innovation to Watch by Automotive News and CES for Steering-by-Wire and Stowable Column Technologies**
- **Completed our go-to-market plan for a new P0 eDrive Product Line**

# 2021: Another Unprecedented Year for Auto Industry

## Supply Chain Constraints Significantly Impacted OEM Production Volume\*



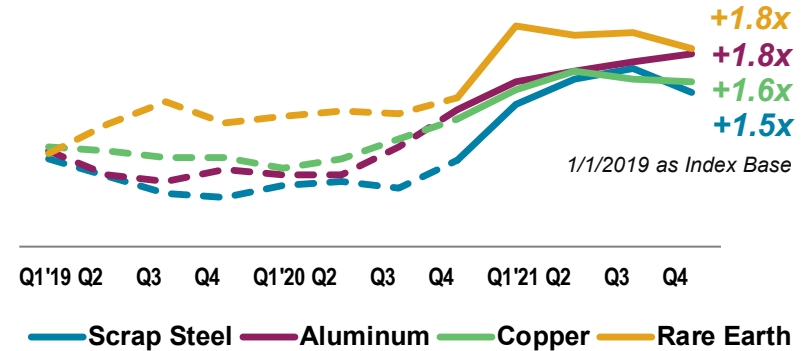
### OEM Production Y/Y Growth %

	Global	NA	China	APAC	EMEASA**
1H	29%	32%	25%	28%	31%
2H	-16%	-21%	-10%	-10%	-26%
FY	2%	0%	4%	5%	-2%

\* I.H.S. Markit January 2022 data

\*\* EMEASA includes Europe & S. America

## Commodity and Logistics Inflation Weighed Heavily on Financial Performance



### 2021 Transpacific Ocean Freight Rate\*\*\*



\*\*\* Data source: Drewry



# Launched 36 Major Programs in 2021



## NORTH AMERICA (11)

## EMEA-SA (6)

## APAC (19)



**GMC Hummer EV**  
REPS, Column, Halfshafts



**Jeep Grand Cherokee REPS**



**BMW iX Column**



**Great Wall H6 CEPS**



**Mercedes-Benz C-Class Halfshafts**



**Geely Zeekr 001 REPS**



**Renault Kwid CEPS**



**Ford Bronco REPS, Column**



**GM BrightDrop EV600 REPS, Column, Halfshafts**



**BMW 2-Series Active Tourer SPEPS**



**VW Polo Halfshafts**



**Mahindra XUV500 Halfshafts**



**Renault Arkana Halfshafts**



**GAC Aion Y CEPS**



**Chevrolet Bolt EUV Halfshafts**



**Fiat Pulse CEPS**



**Nissan Pathfinder Halfshafts**



**Ford Escort Column**



**Skoda Rapid Halfshafts**



**Chevrolet Bolt EUV CEPS, Halfshafts**

- Sheppard HD94-Class 8 - Integral Gears



**Dacia Express Halfshafts**



**Mitsubishi Outlander PHEV Halfshafts**



**VW Taigun Halfshafts**



**Great Wall H9 Column**



**Infiniti QX60 Halfshafts**

Incumbent business | New business



- Skoda Kamiq - Halfshafts
- Tata Limber EV - Halfshafts



**Renault Kangoo & Kangoo Z.E. Halfshafts**

# Business Wins - 2021

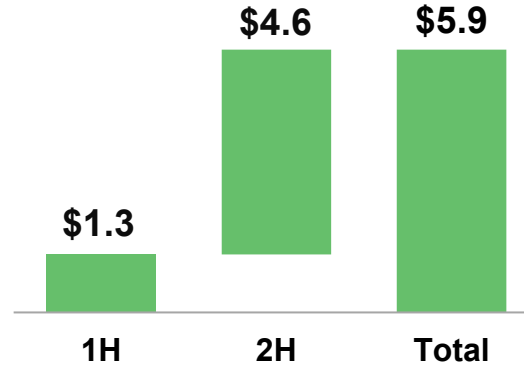


## Key Highlights

- 1<sup>st</sup> REPS Business Win with Japanese OEM
- 1<sup>st</sup> Steering Business Win in NA Powersports Market
- 1<sup>st</sup> Steering Business with Major Global EV Leader
- Partnered with More Chinese EV Players

## Bookings\*

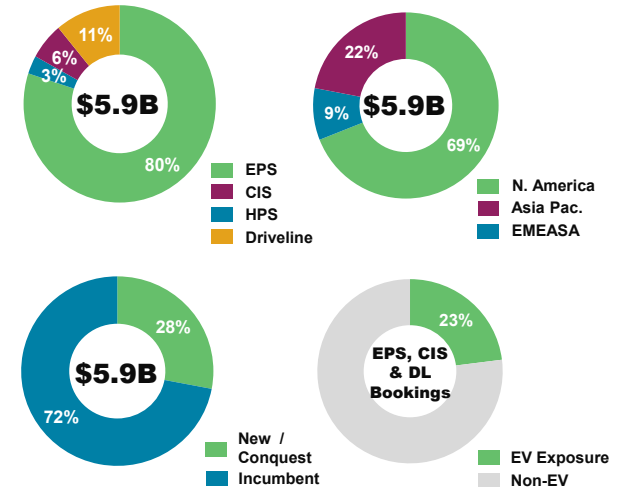
(\$ in billions)



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

## Bookings Composition

(\$ in billions)

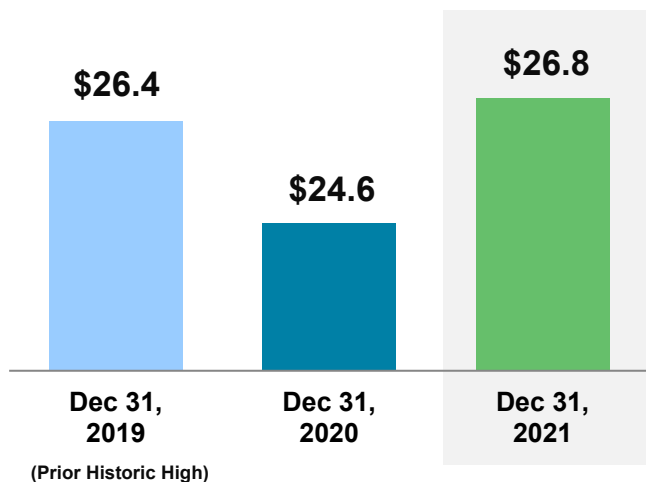


# Backlog Reached A Record High

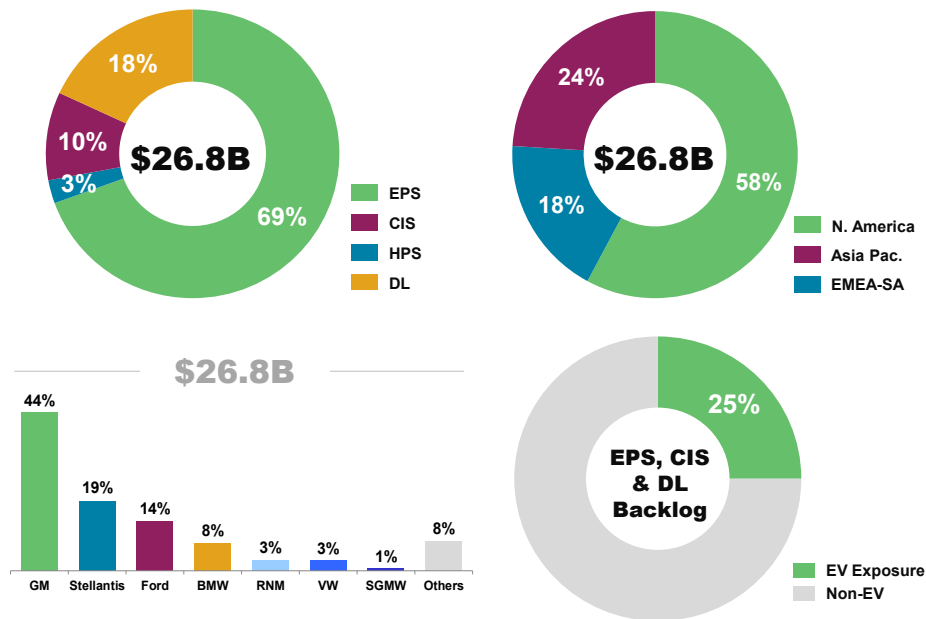


## ORDER-TO-DELIVERY BACKLOG\* As of 12/31/2021

(\$ in billions)



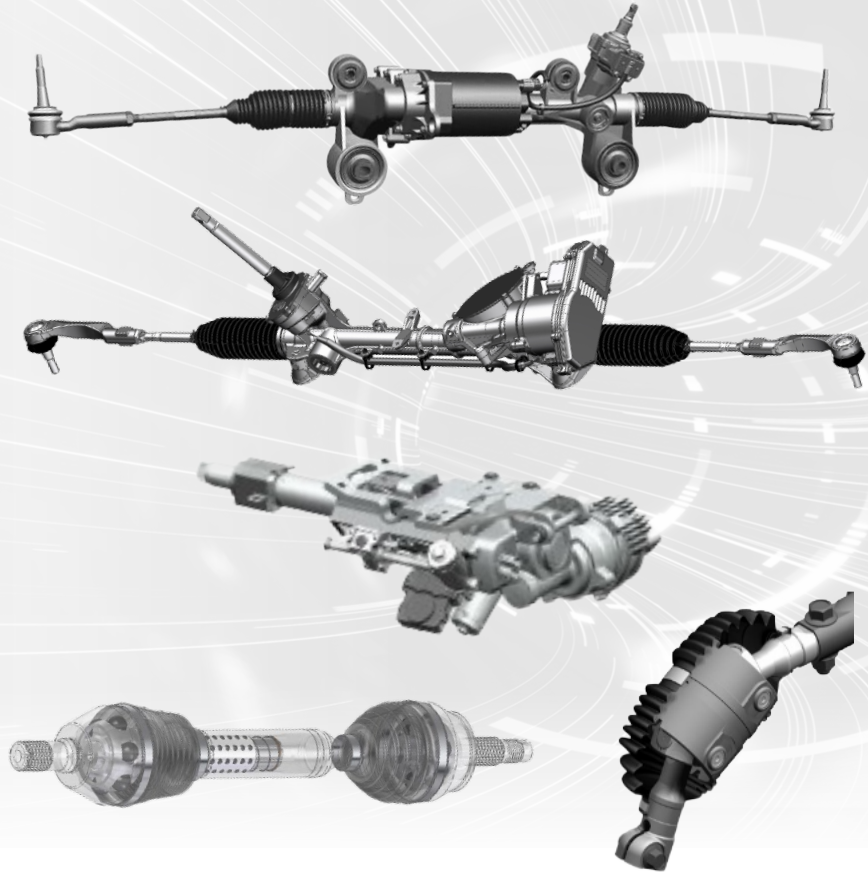
\* Booked business information is compiled through our internal records, and such information has not been audited nor reviewed by our auditors.



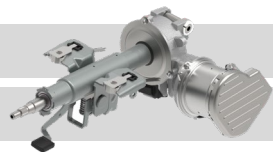
# Product Portfolio Expansion



- High-Output EPS
- Dual Pinion EPS
- Stowable Column
- Ball Spline Axle
- High-Efficiency Joints



# EV Opportunity: Steering



**CEPS**

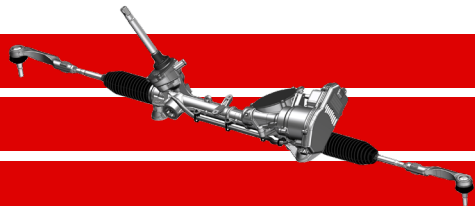
SOP 2022 **mCEPS Pro +33%**



**SPEPS**

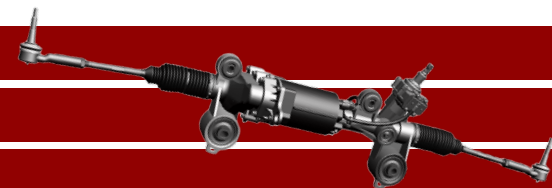
SOP 2021 **HO SPEPS +15%**

SOP 2024 **UHO SPEPS +25%**



SOP 2024 **HO DPEPS +16%**

SOP 2025 **UHO DPEPS +24%**



**REPS**

SOP 2021 **HO REPS +17%**

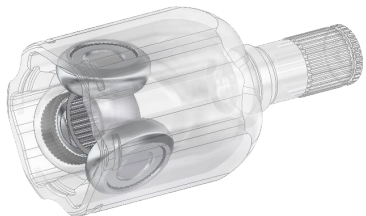
SOP 2026 **UHO REPS +40%**



# EV Opportunity: Driveline



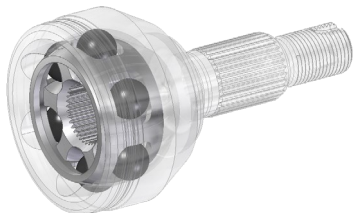
## Premium Driveline Supplier for BEV



### TGeM

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- Improved NVH
- Best-in-class GAF



### HEJ

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- Increased efficiency



# Accelerating NA Truck & SUV Electrification



GMC Hummer EV



Ford F-150 Lightning



Chevrolet Silverado EV



BrightDrop EV600



Cadillac Lyriq



Chevrolet Equinox EV

**BLAZER**

Chevrolet Blazer EV

2021

2022

2023

# NEV Opportunities in China



X P E N G



TESLA



HUMAN  
HORIZONS





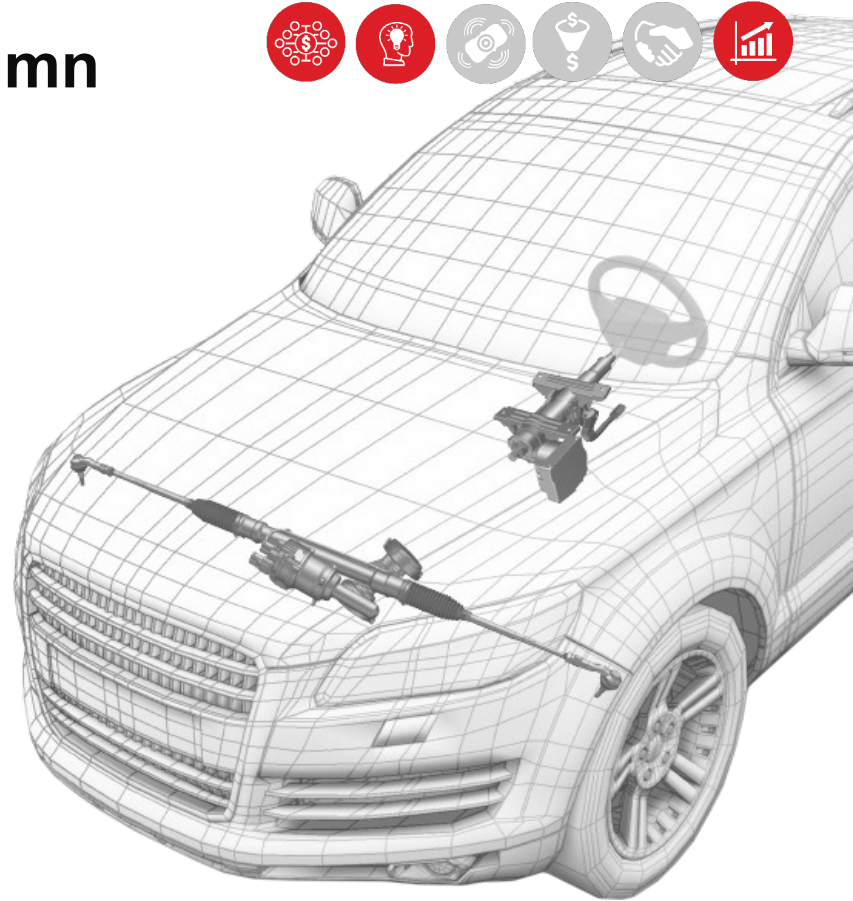
# Steer-by-Wire and Stowable Column



- The “Center Link” connecting the automotive megatrends. The future of steering technology required to become the dominant supplier in this market

- Automotive News 2021 PACEpilot Award winner and 2022 CES Innovation Award

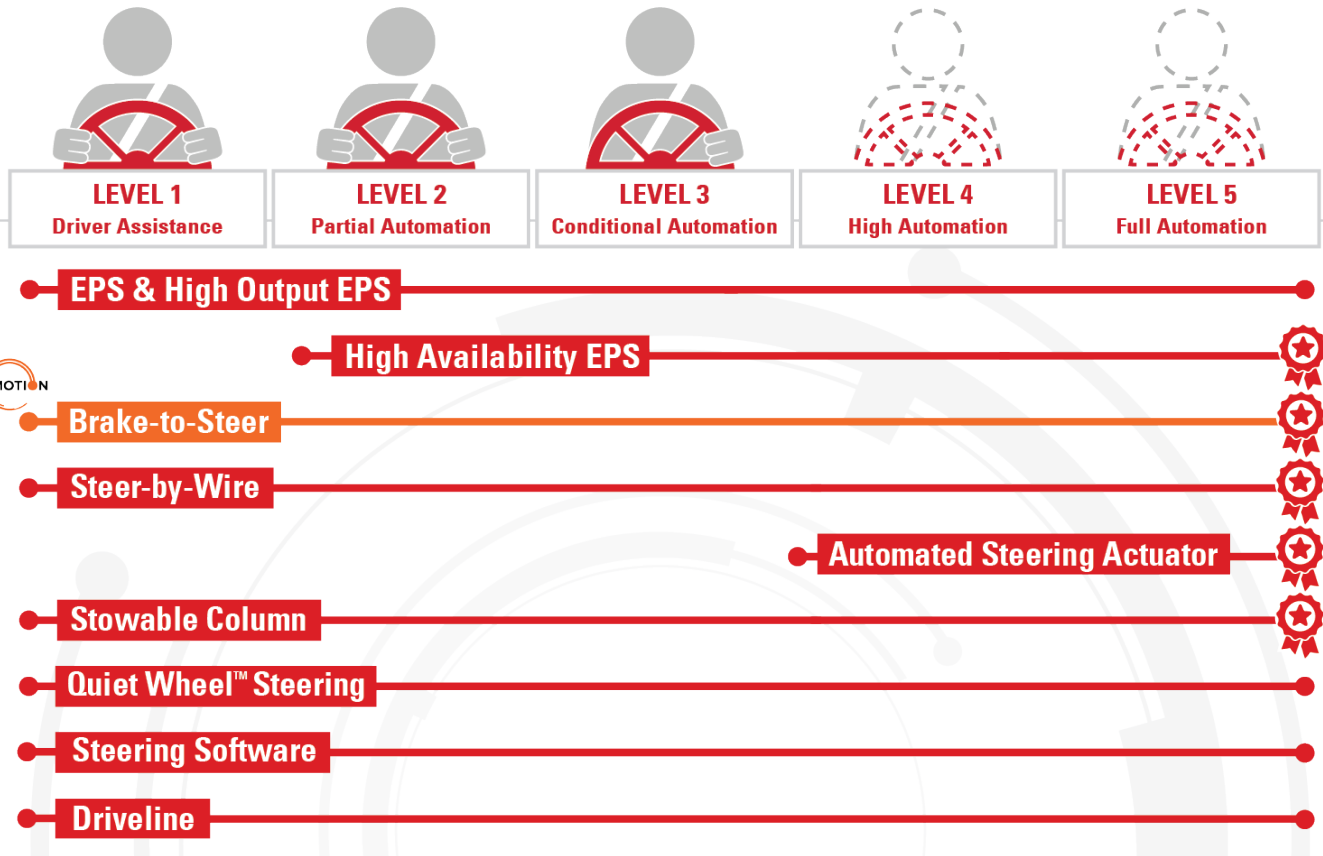
- Expect 1<sup>st</sup> formal OEM production award in 1H 2022



# ADAS / AD Enabling Technologies



Nexteer's Award  
Winning Portfolio



## High Availability EPS

- GM Innovation Award
- Int'l Automotive Congress Tech Innovation Award

## CNXMotion – Brake-to-Steer

- PACEpilot 2021 Innovation to Watch

## Steer-by-Wire + Stowable Column

- PACEpilot 2021 Innovation to Watch
- CES Innovation Award – 2022 Honoree

## Automated Steering Actuator

- CES Innovation Award – 2022 Honoree



# Nexteer + Tactile Mobility = Advantage



- **Software Becoming a Dominant Megatrend and Differentiator in the Market**
- **In Collaboration with Tactile Mobility, Developed Advanced Road Surface Detection & Tire Health Monitoring Software**

 *Detects Changing Road Surfaces & Evolving Tire Conditions*

 *Enhances Real-Time Connection Among Driver, Vehicle and Road*

 *Improves Safety Performance & Wheel Health Management*

**nexteer**  
AUTOMOTIVE




  
 **TACTILE**  
 **MOBILITY**

# eDrive Product Line



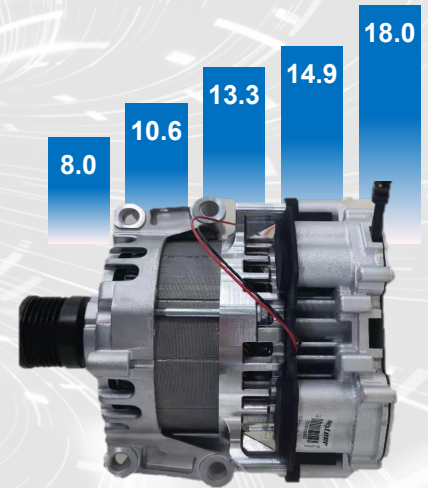
- **Launch of a 48-volt Integrated Belt-Driven Starter Generator (iBSG) to Improve ICE Vehicles' Fuel Efficiency**
- **Leveraging Nexteer's Expertise in Motors, Controls, Software & Electromechanical Systems Integration with Innovative and Cost-Efficient Approach**

 *First 48-volt iBSG eDrive Product with a Leading Chinese Domestic OEM to be Launched in 1H 2022*

 *Important Foundation to Explore Additional eDrive Applications and Customer Expansion*

Global P0 Market Growth  
2022 - 2026

(units in millions)



-  BUSINESS ETHICS
-  VALUE CREATION
-  SUPPLY CHAIN
-  HEALTH, SAFETY and ENVIRONMENT
-  COMMUNITY

## Embracing Sustainability in Our Strategy for Profitable Growth

## Innovating to Drive a More Sustainable Future

- **Electrification:** 25% EV in Backlog, up from last year's 20%
- **Manufacturing Leadership:** 2021 National Association of Manufacturers' Manufacturing Leadership Award for Enterprise Integration Technology
- **Cybersecurity:** CSO50 Award from *IDG'S CSO* for Innovative Cybersecurity Framework

## Social Responsibility Awards

- ***Newsweek's List of America's Most Responsible Companies - 3<sup>rd</sup> Year in a Row***
- Most Responsible Company (*Nexteer China by Suzhou Industrial Park*)
- Best Places to Work / Best Employers (*Nexteer Mexico by Expansion Magazine, Nexteer Poland by Manpower Group and Forbes, Nexteer China by various leading HR associations*)

# 2021 Financial Review

**MIKE  
BIERLEIN**

Senior Vice President  
Chief Financial Officer



# 2021 Key Financial Observations

## Navigated Challenging Industry Environment

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### ● Significant Volatility & Fall-Off in OEM Production as 2021 Progressed

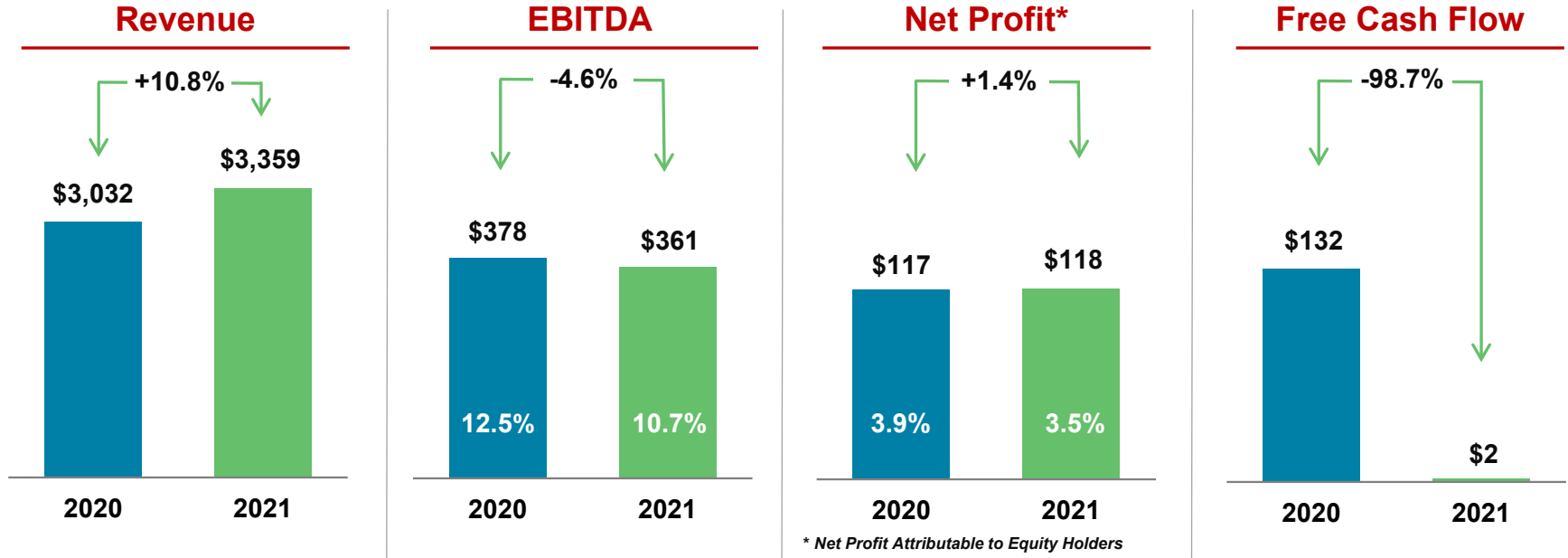
- *2021 full year OEM production increased by 2.5% compared with 2020; reflecting 1H 2020 COVID closure mandates*
- *2H 2021 OEM production fell 16% y-o-y; sequentially 2H 2021 OEM production fell by 6% compared with 1H reflecting accelerating supply constraints – led by global semiconductor shortages and continued COVID impacts*

### ● Inflationary Pressures / Volatile OEM Production Schedules Significantly Compressed Margin Performance, Especially 2H 2021

- *Manufacturing efficiencies challenged by frequent OEM production shutdowns*
- *Commodity increases only partially offset by customer recoveries*
- *Accelerating / elevated transportation & logistics costs; premium modes to secure components*

# 2021 Key Financial Metrics

(\$ in millions)

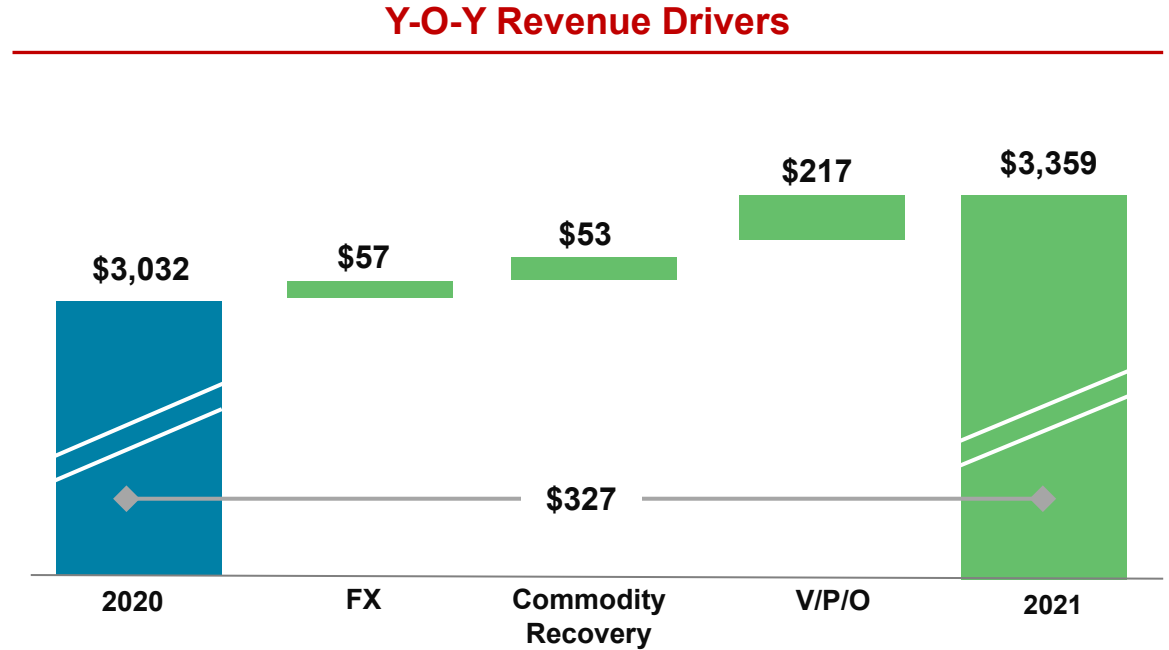
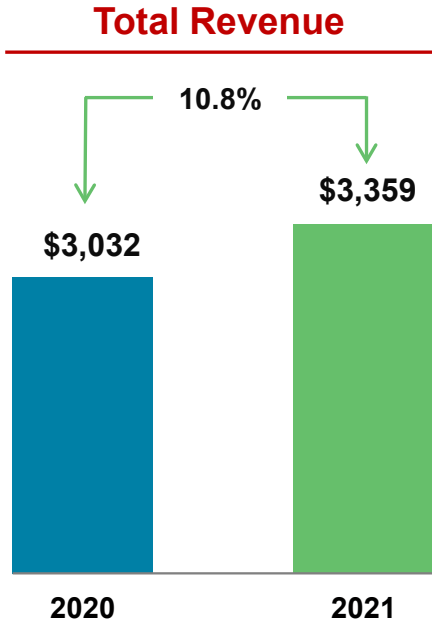


**Unprecedented Supply Chain Disruptions and Inflationary Pressures Weighed Heavily on 2021 Performance**



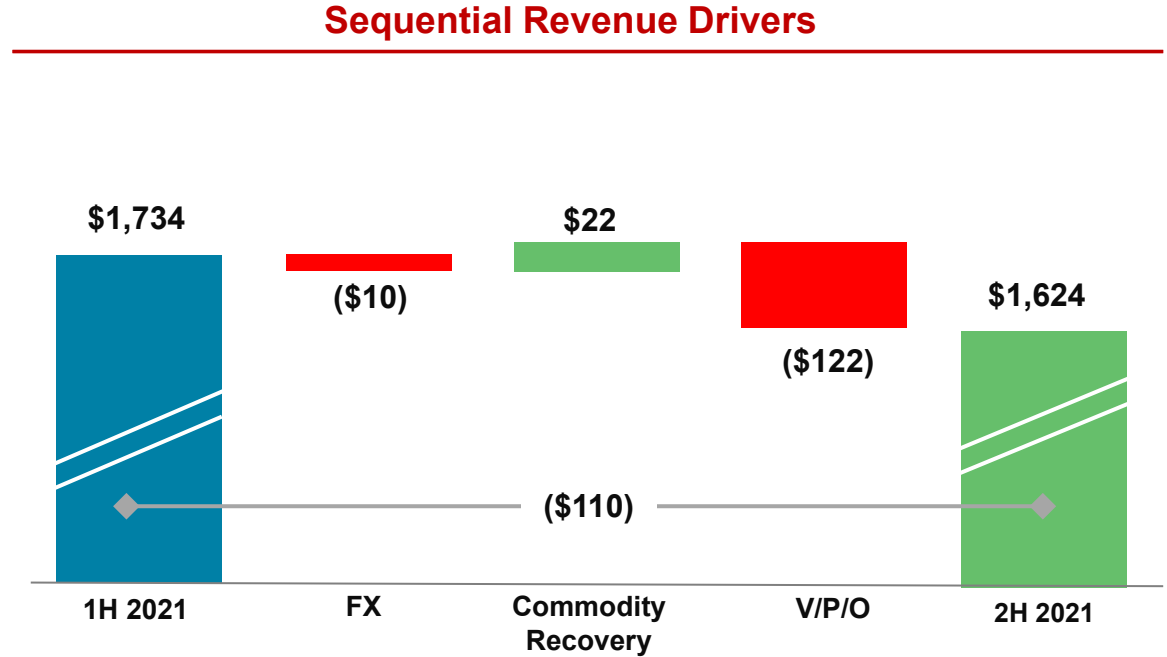
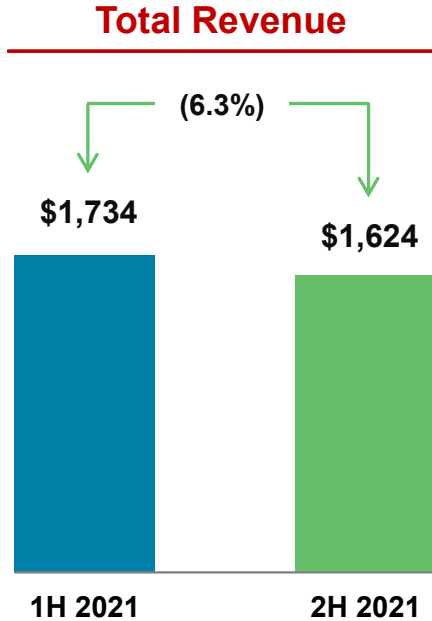
# 2021 Revenue Bridge

(\$ in millions)



# 2021 Revenue Bridge – Half Year Sequential View

(\$ in millions)



**Decline in 2H OEM Production Volume Resulting from Increasing Supply Chain Constraints**

# 2021 Revenue Growth Outpacing Market

(\$ in millions)

## As Reported by IHS Markit – January 2022

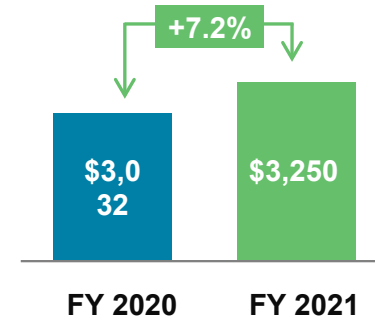
(units in millions)

	2020	2021	Unit Change	% Change
North America	13.0	13.0	0.0	0.1%
<i>Memo: Full Size Truck</i>	2.7	3.0	0.3	12.4%
Europe	16.6	15.7	(0.8)	-5.0%
South America	2.2	2.6	0.4	16.1%
EU / SA	18.8	18.4	(0.5)	-2.5%
China	23.4	24.3	0.9	4.0%
Other APAC	17.6	18.8	1.2	6.6%
Total APAC	41.0	43.1	2.1	5.1%
<b>Total Global</b>	<b>74.6</b>	<b>76.4</b>	<b>1.8</b>	<b>2.5%</b>

## Adjusted Revenue\*

\* Adjusted revenue excluding foreign exchange and commodity recovery

**Vs. 2020 Outpaced Market 470 bps**



## Regional Revenue Performance

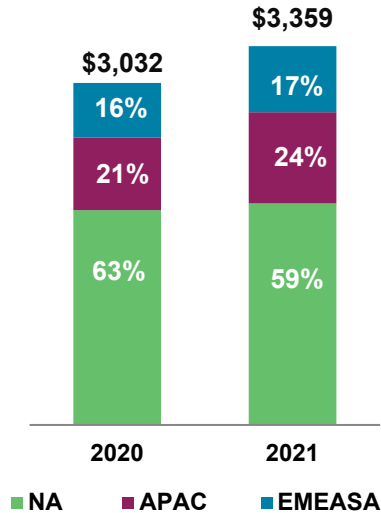
	Revenue	B/(W)
NA	1.0%	0.9%
APAC	18.4%	13.3%
EMEASA	16.4%	18.9%

# 2021 Revenue by Region

(\$ in millions)

## Total Revenue

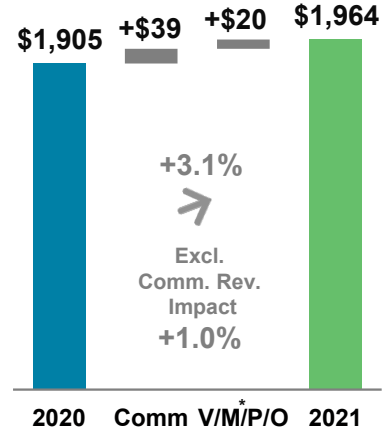
(structural %)



## Regional Distribution

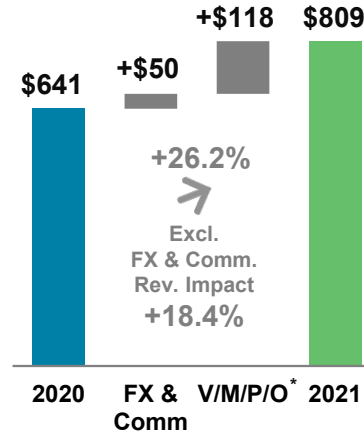
(growth %)

### NA

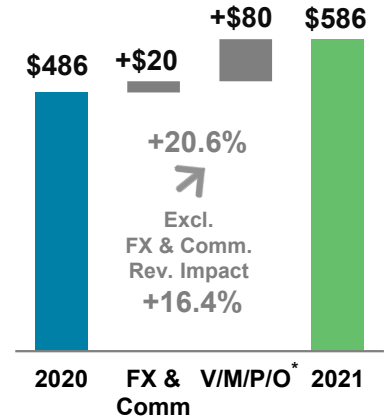


\* V/M/P/O: Volume, Mix, Pricing & Others

### APAC

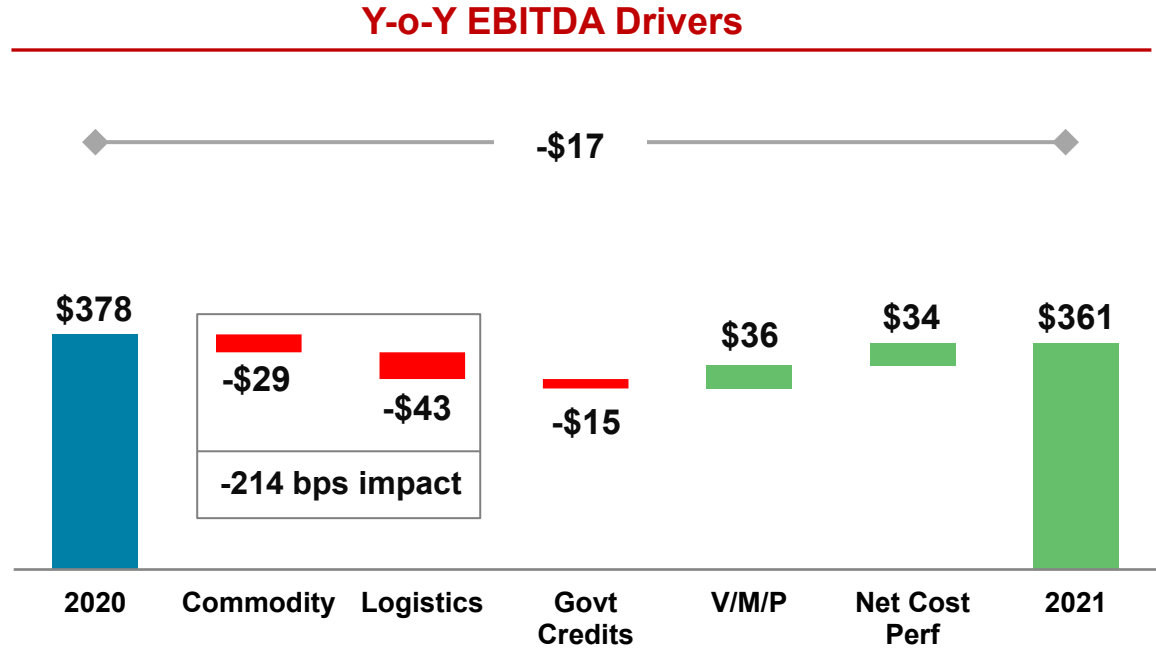


### EMEASA



# 2021 EBITDA Bridge

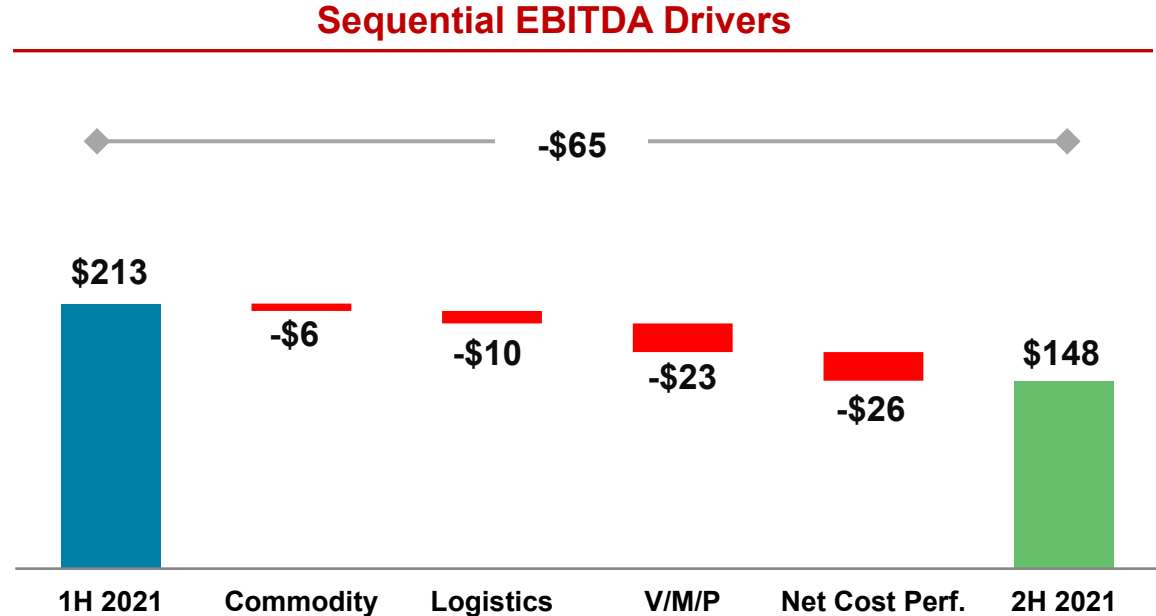
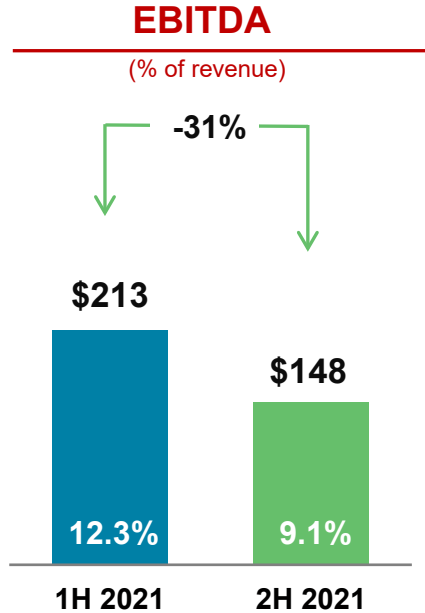
(\$ in millions)



**Market Environment Driving OEM Demand Volatility, Supply Shortages, and Commodity/Logistics Costs Pressured Earnings**

# 2021 EBITDA Bridge – Half Year Sequential View

(\$ in millions)



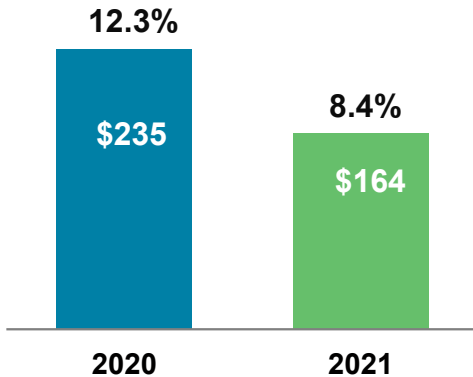
Supply Chain Impacts Accelerated in 2H 2021 Particularly in Q3

# 2021 EBITDA and Margin Performance by Region

(\$ in millions)

## NA

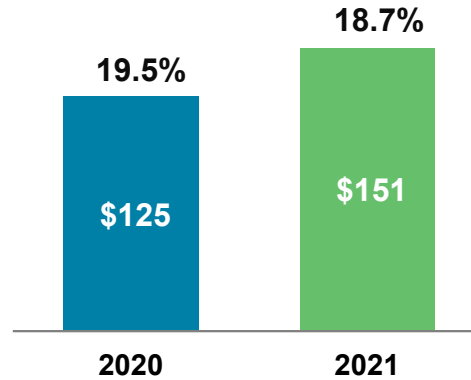
(% of revenue)



Heavily Impacted by OEM Demand Volatility, Commodity and Logistics Pressures

## APAC

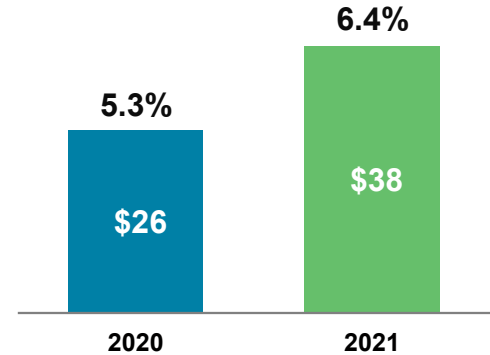
(% of revenue)



Strong Margin Profile Amid Supply Chain Pressures

## EMEASA

(% of revenue)



Improving Operating Efficiency Offsetting Supply Challenges

# 2021 EBITDA to Net Profit Walk

(\$ in millions)

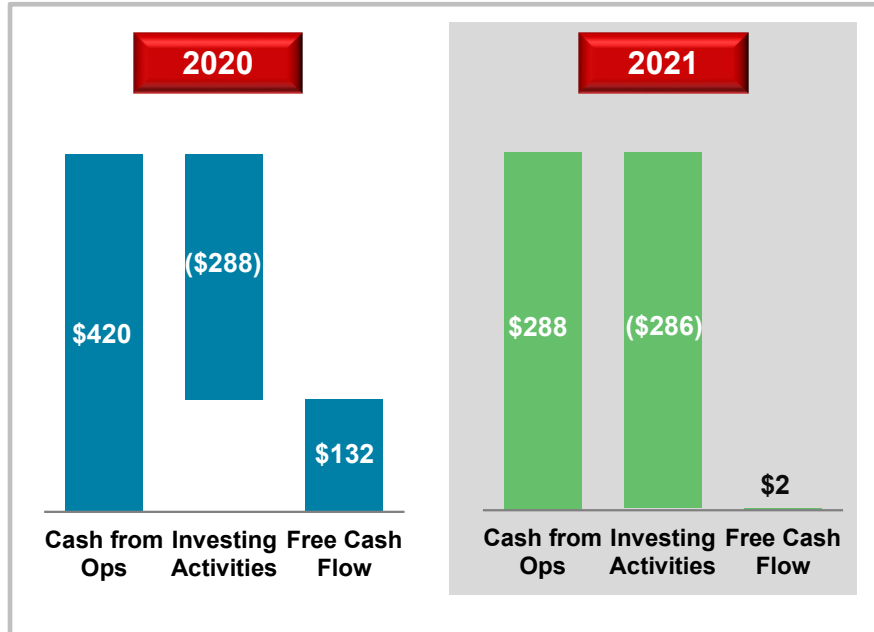
	<u>2020 FY</u>	<u>2021 FY</u>
<b>EBITDA</b>	<b>\$ 378</b>	<b>\$ 361</b>
- D&A Expense	259	246
<b>Operating Profit</b>	<b>\$ 119</b>	<b>\$ 115</b>
+ Share of JV Earnings	1	1
- Net Finance Costs	5	2
+ Income Tax (Benefit)	(8)	(12)
- Min Interest	6	8
<b>Net Profit</b>	<b>\$ 117</b>	<b>\$ 118</b>

- JV earnings comprised of CNX Motion, DF and Chongqing operations
- Favorable Tax Benefit from US CARES Act providing for NOL carryback at 35% tax rate in both years
- Minority interest comprised of China DL JVs



# 2021 Free Cash Flow and Capital Structure Metrics

(\$ in millions)



	Dec 2020	Dec 2021
<b>Cash and Capital</b>		
Gross Debt	\$ 249	\$ 84
Finance Leases	57	62
Less: Cash	<u>553</u>	<u>327</u>
Net Cash	<u><u>\$ (247)</u></u>	<u><u>\$ (180)</u></u>
Total Equity	\$ 1,921	\$ 2,004
Total Net Capital	\$ 1,674	\$ 1,824
Net Debt / Net Capital	n.a.	n.a.
<b>Liquidity</b>		
Cash	\$ 553	\$ 327
Credit Facilities	<u>379</u>	<u>284</u>
Total	<u><u>\$ 933</u></u>	<u><u>\$ 610</u></u>
<b>Leverage / Coverage</b>		
Gross Debt to EBITDA	0.7x	0.2x
Net Debt to EBITDA	n.a.	n.a.

# 2022 Considerations

## Operating Environment Backdrop

### 2022 - Continuing Dynamic Environment

---

- OEM Production Expected to Increase Y-O-Y Although Weighted to 2H; Highly Dependent Upon Improving Component Supply and Consumer Sentiment / Demand
- Semiconductor Constraints Extend Through 1H With Marginal Improvement in 2H
- Inflationary Pressures Persist Across Supply Chain
- Changing Government Monetary / Fiscal Support and Economic and Political Environmental Impacts



**Thank You!**

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