

**ELECTRIC
POWER STEERING
&
STEER-BY-WIRE**

**COLUMNS &
INTERMEDIATE
SHAFTS**

**DRIVELINE
SYSTEMS**

SOFTWARE

eDRIVE

**HYDRAULIC
POWER
STEERING**



nexteer
AUTOMOTIVE

a leader in intuitive motion control

2022

Annual Results Announcement

15 March 2023

Copyright 2023, Nexteer Automotive Corporation. All rights reserved.

Safe Harbor Statement

These materials have been prepared by Nexteer Automotive Group Limited (“Nexteer” or the “Company”) and are being furnished to you solely for informational purposes. The information contained in these materials has not been independently verified. NO REPRESENTATION OR WARRANTY EXPRESS OR IMPLIED IS MADE AS TO, AND NO RELIANCE SHOULD BE PLACED ON, THE FAIRNESS, ACCURACY, COMPLETENESS OR CORRECTNESS OF THE INFORMATION OR OPINIONS CONTAINED HEREIN. It is not the intention to provide, and you may not rely on these materials as providing, a complete or comprehensive analysis of the Company’s financial or trading position or prospects.

Neither Nexteer, nor any of its affiliates, advisors or representatives, shall have any liability (in negligence or otherwise) for any loss that may arise from any use of this presentation, or its contents, or other losses arising in connection with this presentation.

Certain statements contained in these materials constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of the Company to be materially different from those expressed by, or implied by the forward-looking statements in these materials. The Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, and has no obligation to publicly announce the results of any revisions to any of such statements to reflect future events or developments. Many factors may cause the actual development to be materially different from the expectations expressed here. Such factors include, for example and without limitation, changes in general economic and business conditions, uncertainties posed by global health crises, fluctuations in currency exchange rates or interest rates, the introduction of competing products, the lack of acceptance for new products or services and changes in business strategy. The Company may use defined terms herein to describe certain projections or metrics that may not be defined by International Financial Reporting Standards (“IFRS”) and the Company’s methodology for determining such items may not be comparable to the methodology used by comparable companies. Please refer to the Annual Report of the Company for further detail.

This document does not constitute an offer, solicitation, invitation, or recommendation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any contract, commitment or investment decision in relation thereto. No securities of the Company may be sold in the United States without registration under the United States Securities Act of 1933, as amended (the “Securities Act”) or an exemption from such registration. In Hong Kong, no securities of the Company may be offered to the public unless a prospectus in connection with an offering for subscription of such securities has been formally approved by the Securities and Futures Commission of Hong Kong and duly registered by the Registrar of Companies of Hong Kong or an exemption from registration could be invoked under the laws of Hong Kong. Otherwise, without due registration, a prospectus must not be distributed, issued or circulated in Hong Kong. This document contains no information or material which may (1) result in it being deemed a prospectus within the meaning of Section 2(1) of the Companies Ordinance (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), or an advertisement in relation to a prospectus or proposed prospectus or extract from or abridged version of a prospectus within the meaning of Section 38B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an advertisement or document containing an advertisement or invitation falling within the meaning of Section 103 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or (2) be regarded in Hong Kong as an offer to the public without compliance with the laws of Hong Kong or be able to invoke any exemption available under the laws of Hong Kong, and is subject to material changes without notice. The Company does not intend to either register any securities under the Securities Act or have a prospectus approved and registered in Hong Kong.

Presenters

ROBIN MILAVEC

Executive Board Director
President
Chief Technology Officer
Chief Strategy Officer



MIKE BIERLEIN

Senior Vice President
Chief Financial Officer



Agenda

- **2022 Business Highlight**

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

- **2022 Financial Review / 2023 Considerations**

Mike Bierlein, Senior Vice President and Chief Financial Officer

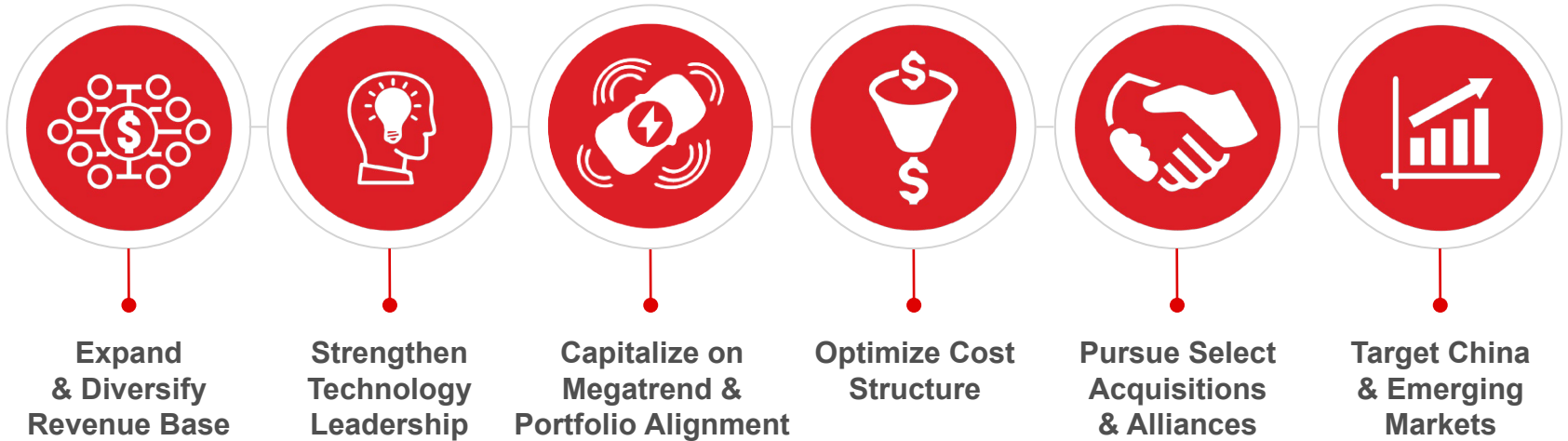
2022 Business Overview

ROBIN MILAVEC

Executive Board Director
President
Chief Technology Officer
Chief Strategy Officer



Strategy for Profitable Growth



A well-defined plan to drive stakeholder value

2022 Business Highlights

- **Successfully Launched 42 Major Customer Programs to Support Business Growth Outpaced the Market**

- **Achieved Customer Program Bookings \$6.4 billion for 2022**

- *73% represented new/conquest business; 83% of the bookings will be exposed to EV business*

- **Continued Commitment to Technology Leadership and Megatrend Alignment for Future Growth**

- **Industry Recognition of Technology Innovation**

Launched 42 Major Programs in 2022



NORTH AMERICA (3)



Ford F-150 Lightning
REPS; Columns

Ford F-250/350 Super Duty
Columns

EMEASA (6)



Jeep Avenger
SPEPS



BMW 7 Series & i7
I-Shafts



Fiat Cronos/Argo
CEPS



Fiat Fastback
CEPS



BYD Seagull
CEPS



BYD Frigate 07
CEPS



Chery Tiggo 8 Pro
eDrive



Buick Envista
CEPS; Halfshafts



Changan Avatr 11
Columns*



Great Wall Tank 500
Columns



Geely Smart #1
Halfshafts



Chevrolet Seeker
CEPS; Halfshafts

APAC (33)



Great Wall Lightning Cat
CEPS



Xpeng G9
Columns



Cadillac Lyriq
Columns; Halfshafts



Geely Boyue
Halfshafts



Great Wall Kugou
CEPS



Changan UNI-V
CEPS*



Citroen C3
CEPS



Geely Xingyue L
Halfshafts



Ford Everest
REPS



Wuling Xingchi
CEPS



Wuling Jiachen
CEPS



Mitsubishi Outlander
Halfshafts

- Renault Express, Kangoo,
- Nissan NV250 – Halfshafts
- Renault Captur & Dacia Duster
Halfshafts

- Chevrolet Aveo, Sail – CEPS
- Changan E-Star – CEPS*
- Geely Emgrand – Halfshafts
- Infiniti QX60 – Halfshafts
- Maruti-Suzuki Alto – Halfshafts

- Lynk & Co 01 – Halfshafts
- Lynk & Co 03 – Halfshafts
- VW Jetta – Halfshafts
- Nissan Pathfinder – Halfshafts
- Nissan X-Trail – Halfshafts

EV content included

Incumbent business | New business

* Chongqing JV

Bookings Update - 2022

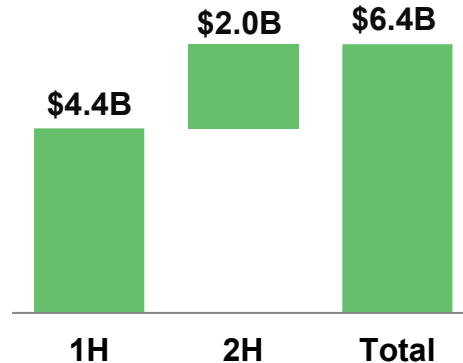


Key Highlights

- **1st SbW / Steering Win with Leading Global OEM**
- **Additional EV Truck Award in North America**
- **Premium EV Business Wins with Multiple Chinese Leading OEMs**
- **1st Driveline Win with Global EV Leader**

Bookings*

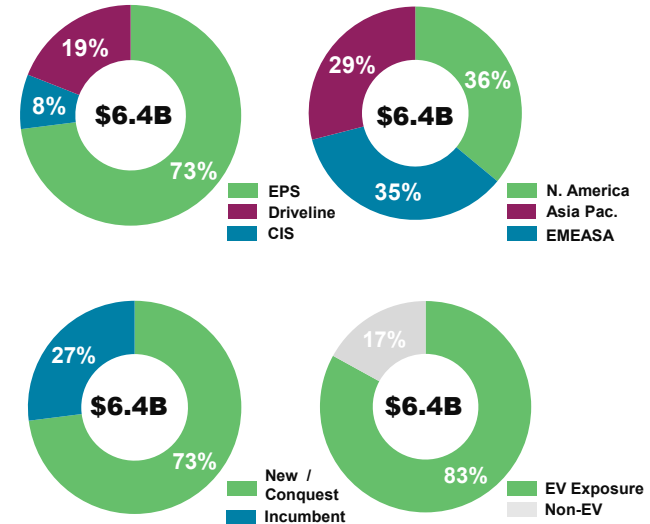
(\$ in billions)



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

Bookings Composition

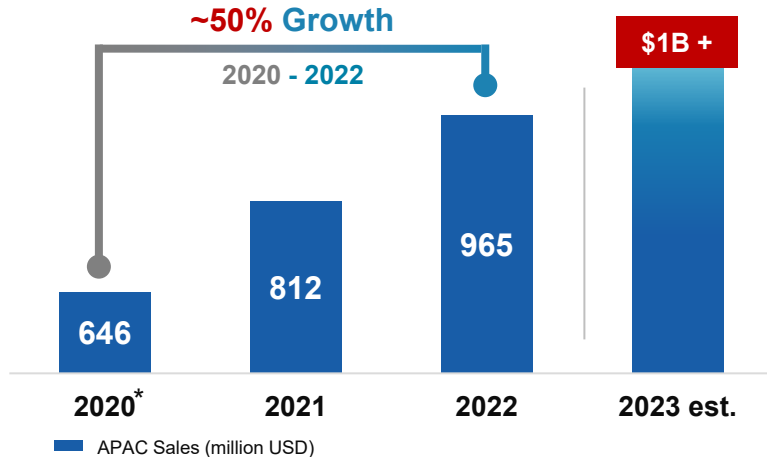
(\$ in billions)



APAC Gained Growth Momentum



APAC Market Growth



- Revenue Reached All-Time High with Continued Growth Outpacing Market
- 33 Record Regional New Launched Programs in 2022
- Mass Production of mCEPS in 2022 and mREPS readiness in 2023/24 Offering Cost-Effectiveness & Flexibility
- EV Megatrend Accelerates Business Expansion Driven by Local Customers, incl:

BYD
BUILD YOUR DREAMS

GEELY



ZEEKR

GAC

AION 埃安

* Comparative information has been restated under the new segment structure

Strong Electric Pickup Truck Position

Nexteer's Technology Featured on Major NA EV Models



GMC Hummer EV
REPS, Columns, Halfshafts
(SOP 2021)



Ford F-150 Lightning
REPS, Columns
(SOP 2022)



Chevrolet Silverado EV
REPS, Columns, Halfshafts
(SOP 2023)



Ram 1500 EV
REPS
(SOP 2024)



GMC Sierra EV
REPS, Columns, Halfshafts
(SOP 2024)

*Technology
Leadership*

*Aligned with
Electrification
Megatrend*

OEMs' Growing Interest in SbW

Driven by Industry Megatrends



Electrification accelerating OEM interest in SbW

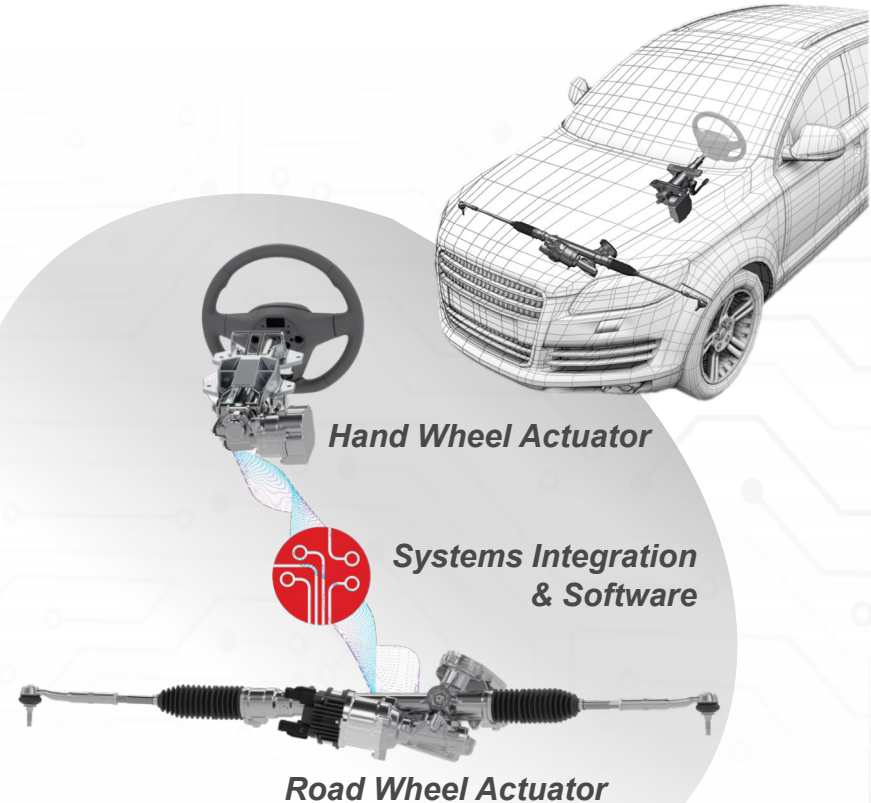
- EV benefits = Packaging flexibility, NVH performance, capable of steering heavy loads & OEM brand differentiator
- Supports transition to software-defined vehicles

Nexteer poised to be global SbW leader

- Won industry's first high-volume SbW program with global OEM
- Actively quoting & pursuing high-volume SbW programs with several global OEMs

Strategic engineering resource allocation

- Dissolve CNXMotion JV, reallocate resources to SbW & Software

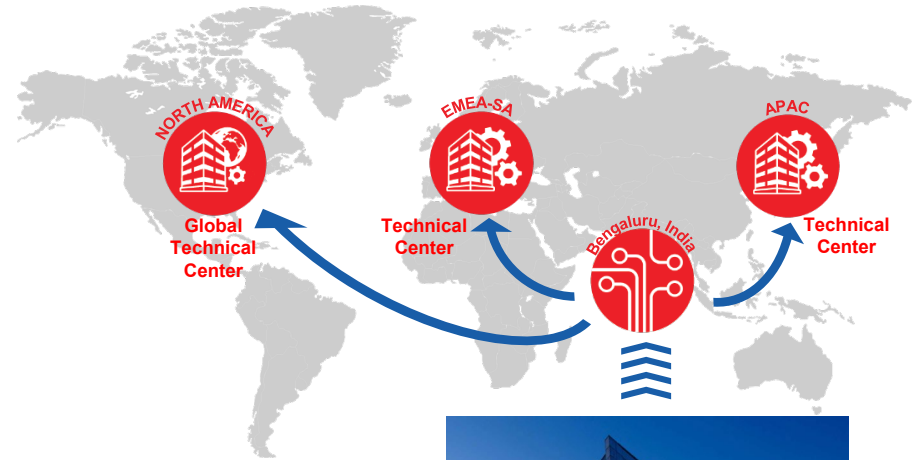


Continued Software Strategy Execution

India Software Center (ISC) Expansion



- Expanding to 550 employees by the end of 2023
- Improve Efficiency and Effectiveness across Software Development & Validation
- Supports execution of EPS programs globally
- Increases Nexteer's software bandwidth, capability for innovative features & growth



Bengaluru, India

Engineering Services:

- ✓ Software
- ✓ Virtual Engineering
- ✓ Cyber Security

Focus Areas:

- ✓ SW Development & Validation
- ✓ EPS & SbW
- ✓ Safety Critical SW



Industry Recognizes Nexteer's Tech Leadership



**Road Surface Detection
& Early Warning
Software**



**Steer-by-Wire
with Stowable
Steering Column**



**Automated
Steering
Actuator**



Sustainable Future

SUSTAINABILITY HIGHLIGHTS FIVE KEY FOCUS AREAS



BUSINESS ETHICS



VALUE CREATION



SUPPLY CHAIN



HEALTH, SAFETY
and ENVIRONMENT



COMMUNITY

Innovating with Tech Leadership to Align with Green Megatrends



83% of bookings

Social Responsibility

- *Great Place to Work / Top Employer awards in multiple regions*



Member of Hang Seng Corporate Sustainability Index

(Benchmark for sustainability investments in
Hong Kong and Mainland China)

Embracing Sustainability in Our Strategy for Profitable Growth

2022 Financial Review

**MIKE
BIERLEIN**

Senior Vice President
Chief Financial Officer



2022 Financial Observations

Successfully managed through a challenging operating environment

- Ongoing COVID related issues
- Semiconductor supply shortages
- Inflationary pressures impacting material, freight, energy and other input costs

Adjusted Revenue Growth Year over Year at 16% - 990 bps Above Market

Capitalized on OEM Production Increase in 2H 2022

- Achieve record revenue of \$2B in 2H 2022
- Expanded EBITDA Margin by 130 bps HoH

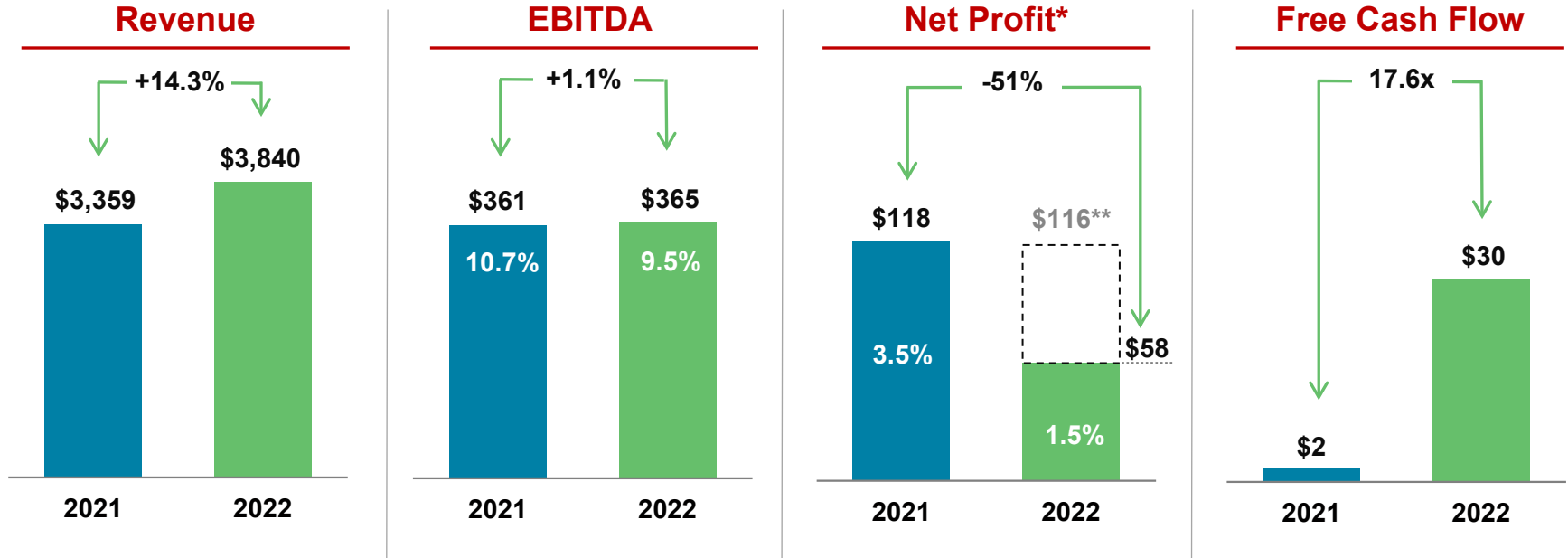
Positive Free Cash Flow / Balance Sheet Remains Strong

- Strong free cash flow performance in 2H 2022 offset cash use in 1H 2022

Strong Bookings of \$6.4B

2022 Key Financial Metrics

(\$ in millions)



**Revenue Growth Above Market
Offset by Net Inflationary Pressures**

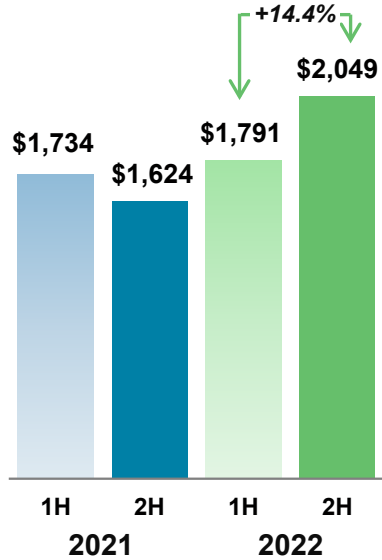
* Net Profit Attributable to Equity Holders

** Adjusted to exclude non-cash unrecognized tax benefit

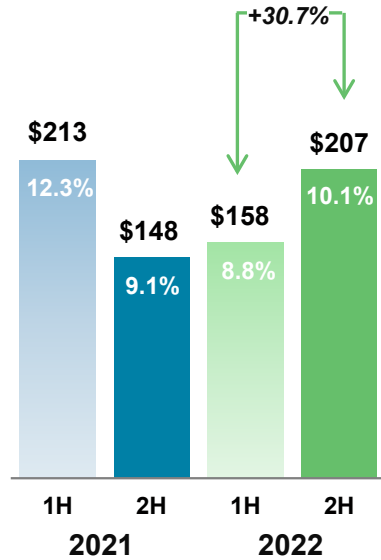
Sequential Improvement in 2H 2022

(\$ in millions)

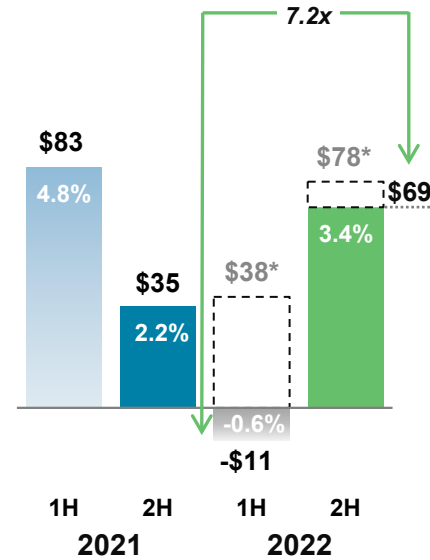
Revenue



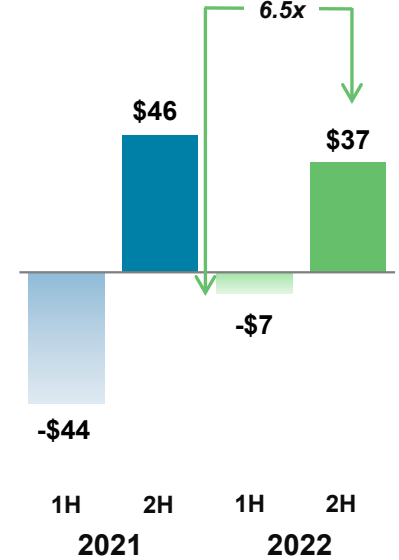
EBITDA



Net Profit*



Free Cash Flow

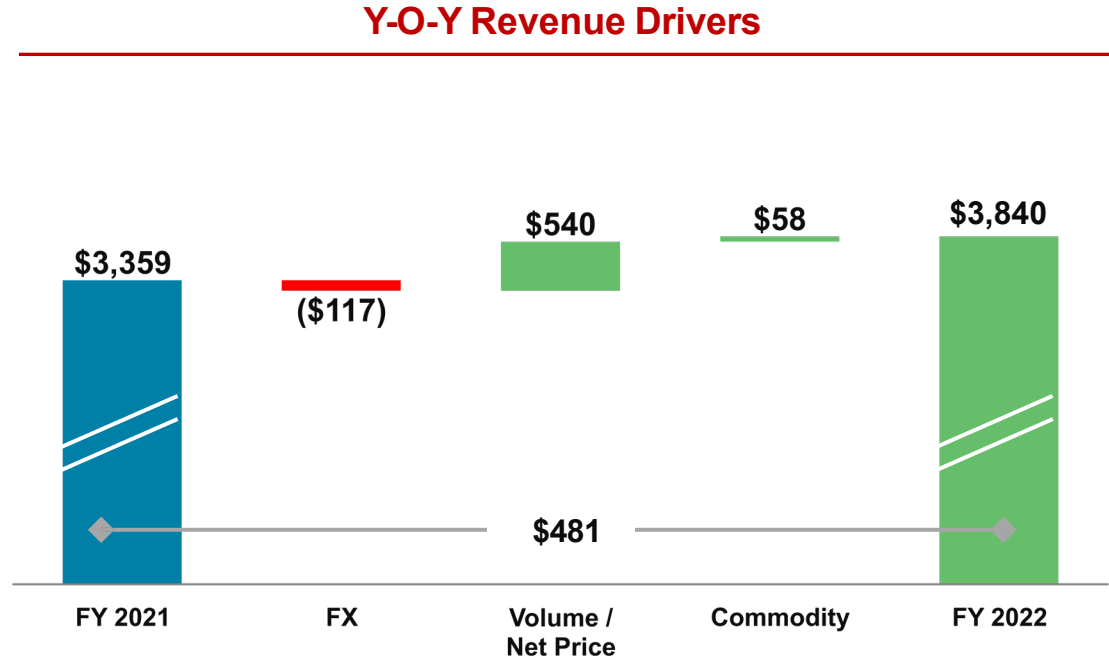
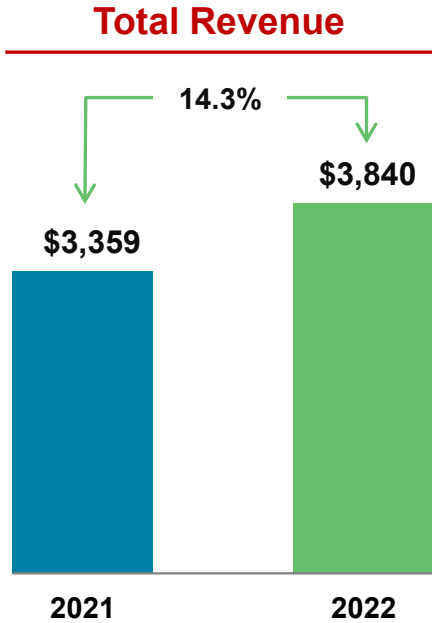


* Adjusted to exclude non-cash unrecognized tax benefit

2H Revenue Growth Above Market
Sequential EBITDA Margin Expansion of 130 bps

2022 Revenue Bridge

(\$ in millions)



2022 Revenue Growth Outpacing Market

N. America

14.1% Adj. Growth

4.8% above market

EMEASA

12.2% Adj. Growth

11.3% above market

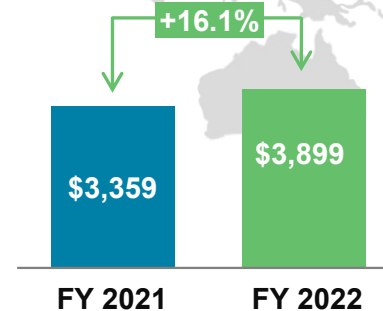
APAC

24.5% Adj. Growth

17.1% above market

**Total Adjusted Revenue Growth* Vs. 2021
outperformed Market 990 bps, +10%**

Global Adjusted Revenue



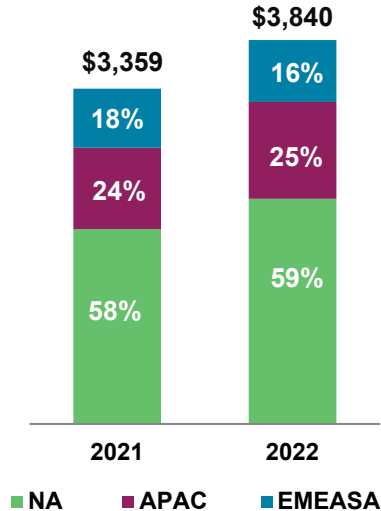
* Adjusted revenue growth excluding foreign exchange and commodity recovery
Source: Market Production growth based on S&P Global Mobility (ex IHS Markit) January 2023

2022 Revenue by Region

(\$ in millions)

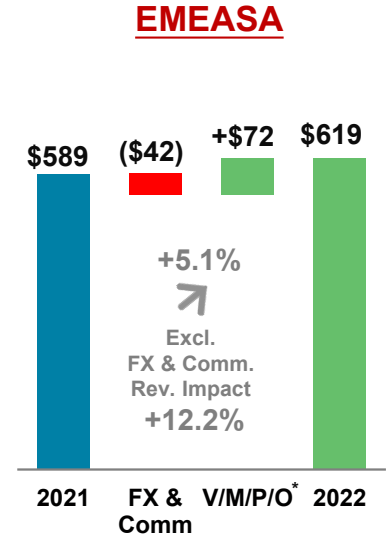
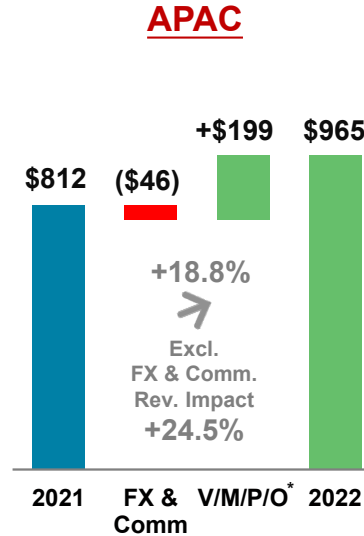
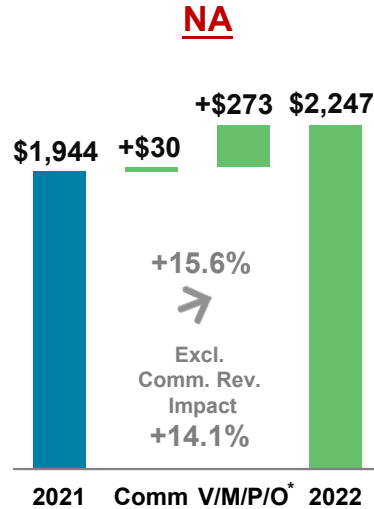
Total Revenue

(structural %)



Regional Distribution

(growth %)



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

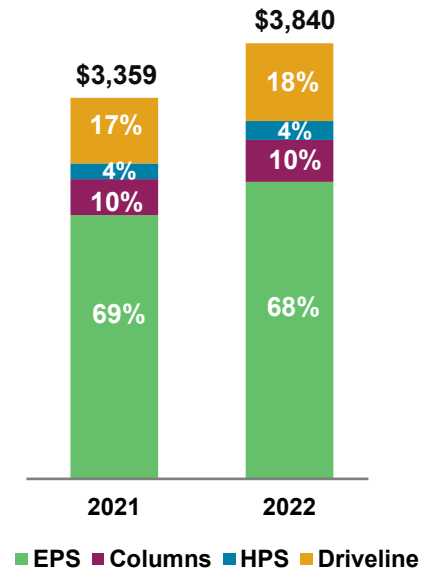
2022 Financial Results

(\$ in millions)

Product Line Revenue Distribution

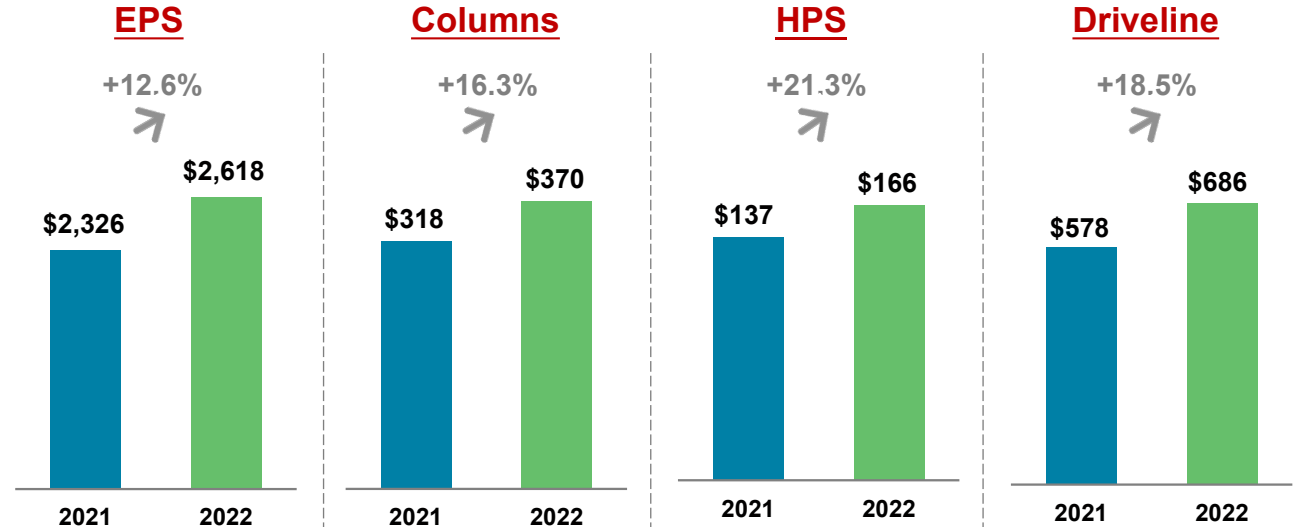
Total Revenue

(structural %)



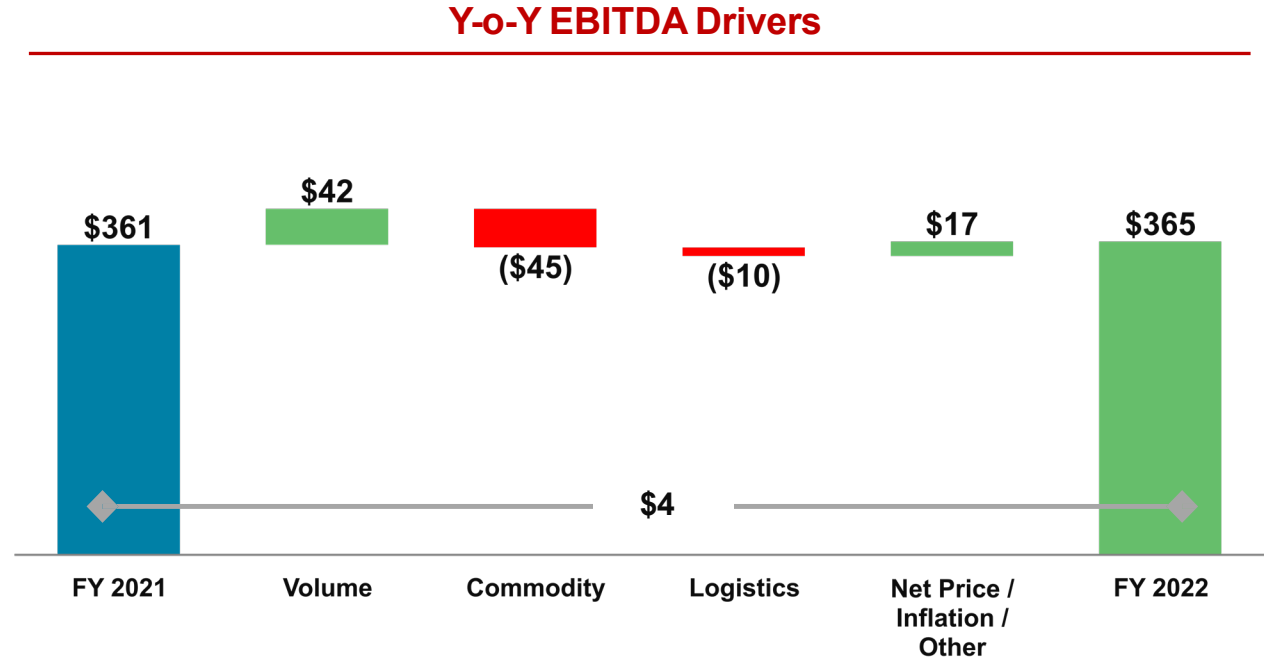
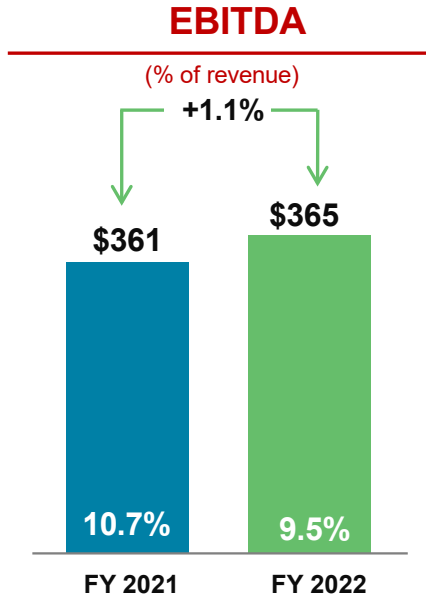
Product Line Distribution

(growth %)



EBITDA Bridge – 2022 vs 2021

(\$ in millions)



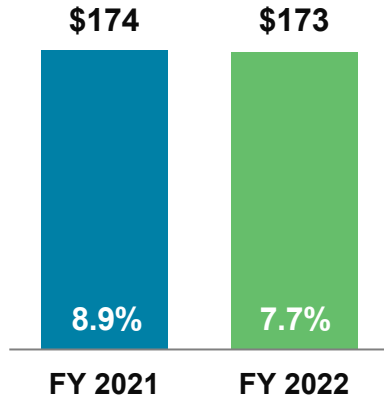
**Earnings Tempered by Inflation / Cost Pressures /
Supply Chain Constraints / Logistics**

2022 EBITDA and Margin Performance by Region

(\$ in millions)

NA

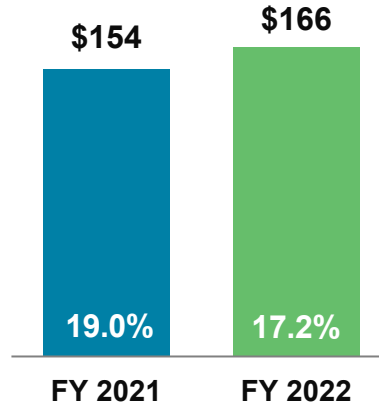
(% of revenue)



**Margin Reduced Due to
Commodity Costs and Other
Inflationary Pressures**

APAC

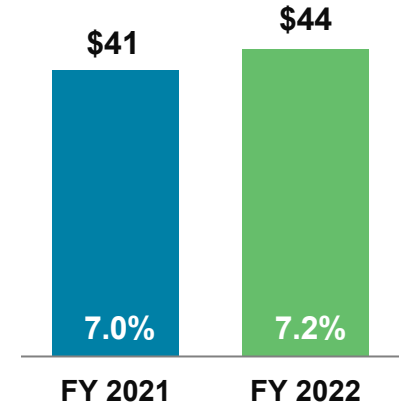
(% of revenue)



**Margin Remain Strong
With Above Market
Revenue Growth**

EMEASA

(% of revenue)



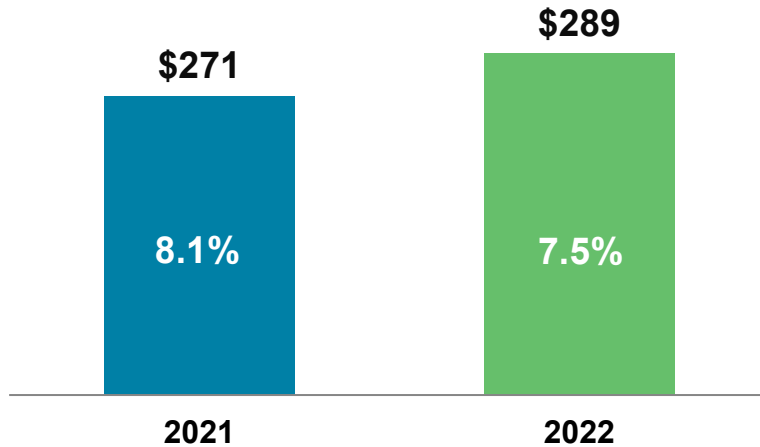
**Improving Margin
Despite Significant
Macro Headwinds**

Investment for the Future

(\$ in millions)

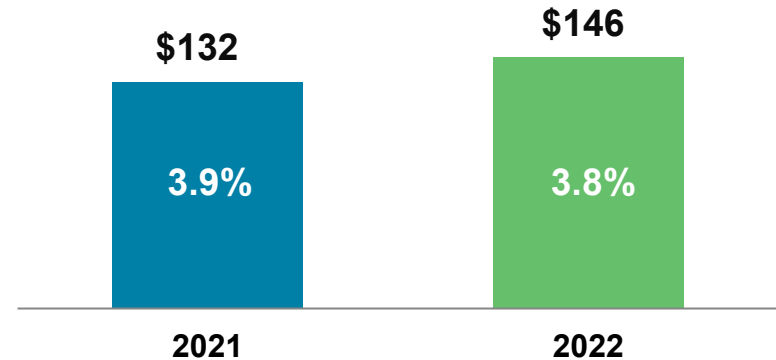
Engineering / Prod. Development*

(% of revenue)



Cap-Ex**

(% of revenue)



* Engineering and product development costs charged to income statement and development costs capitalized as intangible asset.

** Cap-Ex presented based on assets acquired in the period

2022 EBITDA to Net Profit Walk

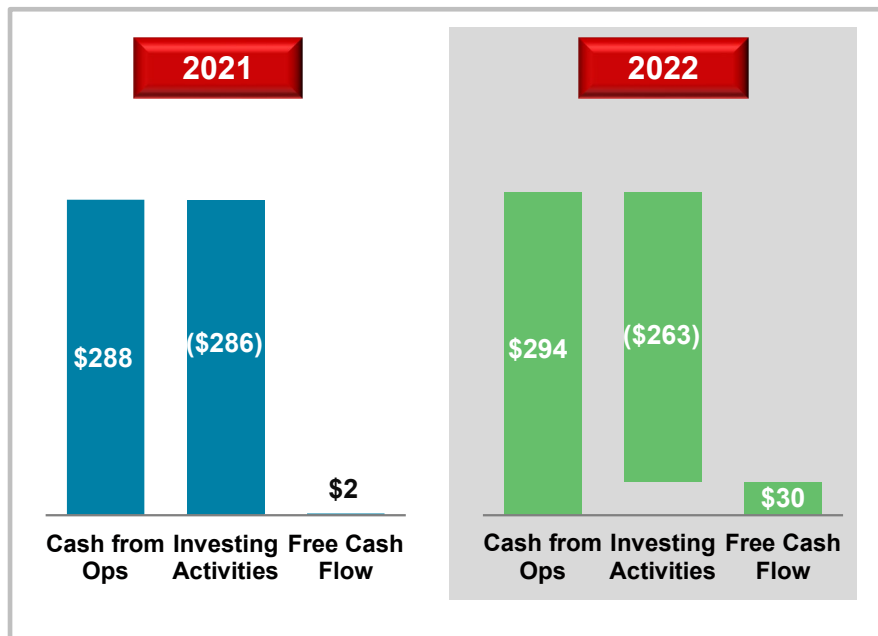
(\$ in millions)

	<u>FY 2021</u>	<u>FY 2022</u>
EBITDA	\$ 361	\$ 365
- D&A Expense	246	279
Operating Profit	\$ 115	\$ 86
+ Share of JV Earnings	1	1
- Net Finance Costs	2	(5)
Income Tax Expense / (Benefit)	(12)	(32)
Unrecognized Tax Benefit	-	58
- Minority Interest	8	7
Net Profit	\$ 118	\$ 58

- D&A includes \$9M of Program Impairment in 2022
- FY2022 includes \$58M noncash unrecognized tax benefit related to US deferred tax Assets
- Adjusting for this non-cash unrecognized tax benefit, adjusted net profit is \$116M
- Minority Interest comprised of China DL JVs

2022 Free Cash Flow and Capital Structure Metrics

(\$ in millions)



	Dec 2021	Dec 2022
Cash and Capital		
Gross Debt	\$ 84	\$ 50
Finance Leases	62	61
Less: Cash	<u>327</u>	<u>246</u>
Net Debt / (Cash)	<u>\$ (180)</u>	<u>\$ (135)</u>
Total Equity	\$ 2,003	\$ 1,977
Total Net Capital	\$ 1,823	\$ 1,842
Net Debt / Net Capital	n/a	n/a
Liquidity		
Cash	\$ 327	\$ 246
Credit Facilities	<u>284</u>	<u>366</u>
Total	<u>\$ 610</u>	<u>\$ 612</u>
Leverage / Coverage		
Gross Debt to EBITDA	0.2x	0.1x
Net Debt to EBITDA	n/a	n/a

2023 Considerations

Tailwinds

- **Increasing Global LV Production**
✓ *Inventory rebuild and solid customer demand*
- **Continued Growth Above Market**
✓ *Record launches driven by new EV business*
- **Semiconductor Capacity is Recovering in the Course of 2023**
- **Lower Commodity Cost Volatility**

Headwinds

- **Semiconductor Availability Constrained in the Near-Term**
- **Persistent Cost Pressures**
✓ *Material, energy, labor*
- **Macro Uncertainties**
✓ *Soften economic backdrop, ongoing inflation, high interest rates*



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