

**ELECTRIC
POWER STEERING**

**COLUMNS &
INTERMEDIATE
SHAFTS**

**DRIVELINE
SYSTEMS**

**HYDRAULIC
POWER
STEERING**

SOFTWARE



nexteer
AUTOMOTIVE

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2023

Annual Results Announcement

26 March 2024

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2023 Business Overview

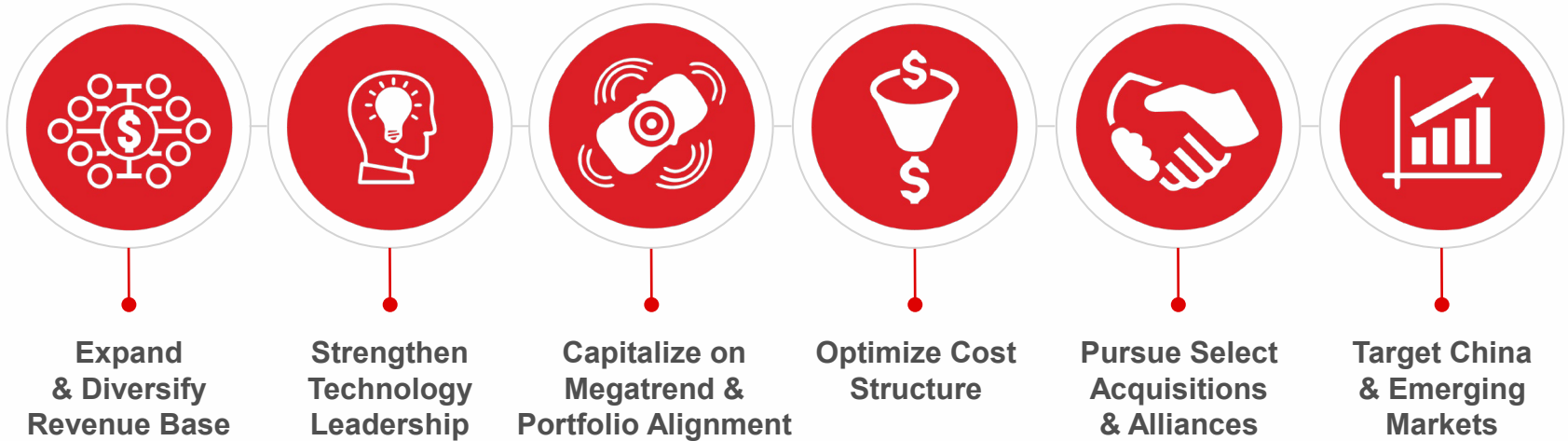
Robin Milavec, Executive Board Director, President,
Chief Technology Officer and Chief Strategy Officer



2023 Financial Review / 2024 Considerations

Mike Bierlein, Senior Vice President and Chief Financial Officer

Strategy for Profitable Growth



A well-defined plan to drive stakeholder value

2023 Business Highlights - Overview



\$4.2B

Total
Revenue

Surpassing
\$4B in
revenue for
the first time



55

Programs
Launch

Strong new
programs
launch in
APAC



\$6.1B

New
Bookings

\$6B+ new
booking wins
for the 3rd
consecutive
year

\$1.2B

APAC
Revenue

Surpassing
\$1B in
revenue for
the first time

100M

EPS
Milestone

Global EPS
production
milestone

New Program Launches

Continued strong launch momentum in APAC



FY2023 Overview

55

Program Launches

1st

launch for NA EV leader

34

EV programs

39

launched in APAC

Major Programs Launch in 2H



Xpeng X9
REPS



Chery Luxeed S7
REPS



Chery Exeed Sterra ES
REPS



Polestar 4
REPS



Ford Ranger
REPS, Columns



Ford Transit Custom
Columns



Geely Jiyue 01
REPS



Cadillac Optiq
Columns & I-sharfs,
Halfshafts



Mini Cooper
SPEPS



Avatr 12
Columns



Wuling Xingguang
CEPS



Geely Galaxy E8
Halfshafts

 EV content included

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New Business Award - 2023

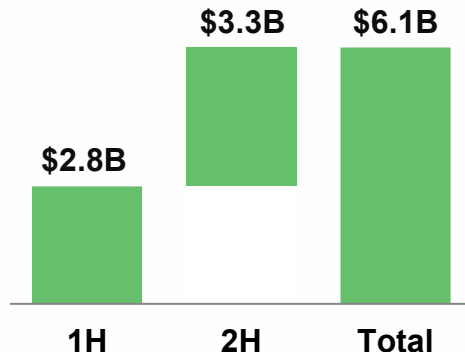


Key Highlights

- **First EPS Win with a Global EV Leading OEM**
- **2nd SbW Program Win with a Leading Global OEM Includes HWA, RWA & Software / Systems Integration**
- **First Stand-Alone Software Business Win with a Leading Global OEM**
- **Continued Strong Booking Wins with China NEVs**

Bookings*

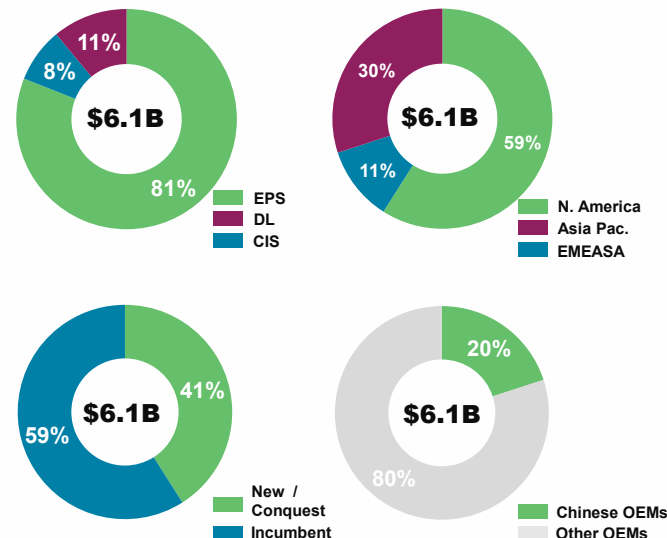
(\$ in billions)



* 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)



Expand & Diversified Customer Base



Major Global OEMs



STELLANTIS



RENAULT NISSAN MITSUBISHI



.....



Major Local OEMs

BYD



CHERY



GEELY



GAC MOTOR



上汽通用五菱
SGMW



GWM

TATA MOTORS



Mahindra



MARUTI SUZUKI

.....



New Growth OEMs



Li Auto



XPENG



NA EV OEM



China Tech Company



Last-mile delivery



Automated people
mover

Rich customer portfolio from major global and local OEMs to non-traditional OEMs

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Continued Growth in Asia Pacific



Outpacing-market growth with sustainable, strong profitability



Continued leading market position with Chinese OEMs



Product expansion to capitalize on new opportunities in DPEPS and SbW



Strengthened engineering capability and technological leadership in the region

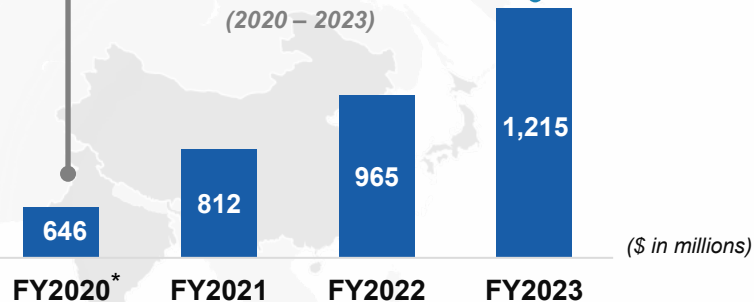


Enhanced organization agility to create customer value

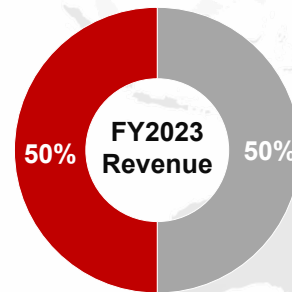


APAC Revenue

~90% Cumulative Growth
(2020 – 2023)



* Comparative information has been restated under the new segment structure



Local OEMs (excl. JV brands with >50% equity shares)
Global OEMs

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Strategic Footprint Expansion

Multifunctional Changshu Plant, China



Groundbreaking (Jan 23, 2024)



Total Area: > 90,000m²

Program SOP (Early 2025)

Production Expansion

- Capitalize on growth momentum in APAC to anticipate & meet customers' growing needs
- Offer a comprehensive product portfolio including gear-based EPS and SbW



R&D Expansion

Supplement of APAC Technical Center



Testing
& Validation



Virtual
Engineering



Vehicle
Dynamic
Testing

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Balanced and Capable Global Engineering Footprint



Saginaw, USA
UNITED STATES Technical Center



Tychy, Poland
EMEASA Technical Center



Suzhou and Changshu, China
ASIA PACIFIC Technical Centers



Queretaro, Mexico
MEXICO Technical Center



Bengaluru, India
INDIA Technical Center

Continue to Rebalance Engineering Resources to Reflect the Overall Needs of Our Global Customer Base and Optimize for Cost and Time Efficiencies

Product Support Megatrends Mix:

Nexteer Leadership in EVs, SDVs & ADAS/AD Landscape



*Source: SAE International

Sustainability & ESG Highlights



Member of Hang Seng Corporate Sustainability Benchmark Index
Seventh Consecutive Year



Newsweek's America's Most Responsible Companies 2024
Fourth time in five years



Multiple workplace-related awards:
Great Place to Work / Top Employer / Workplace for Diversity



Align with Green Megatrends
Bookings support EV related platforms and contribute to decarbonization;
Tremendous growth in China market, APAC



Saginaw solar field



Culture Week 2023



Nexteer
With Passion Program



Earth Day 2023



Global Supplier Conference



5th Nexteer Library
in a rural area of China



2023 Business Overview

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



2023 Financial Review / 2024 Considerations

Mike Bierlein, Senior Vice President and Chief Financial Officer

2023 Financial Review

Achieved Record Full-Year Revenue of US\$4.2 Billion

- Growth of 11.1% YoY adjusted for foreign exchange and commodity, outpacing market by 170 bps
- APAC adjusted revenue growth of 32% driven by growth with China OEMs

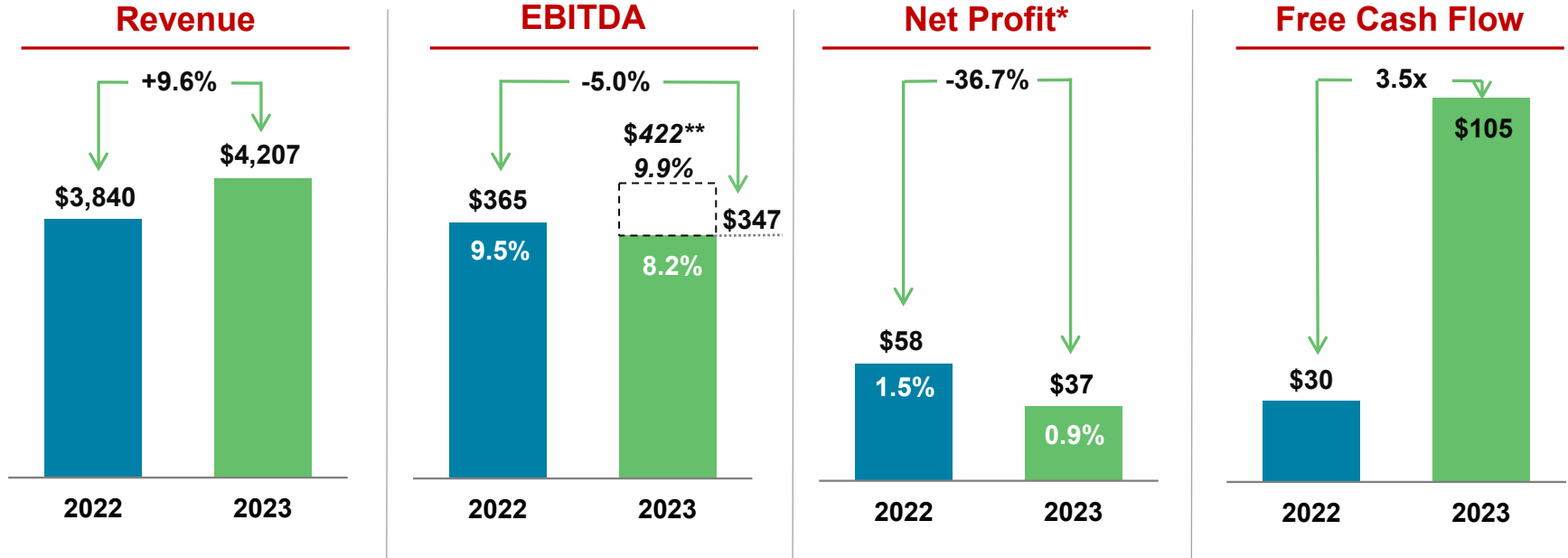
Earnings Impacted by Macro Economic Headwinds and One-Time Items:

- Unfavorable foreign exchange driven by strengthening Mexican Peso and weakening RMB compared to USD
- Ongoing inflation impacting labor, energy and material costs
- UAW strike reducing revenue by (\$59M) and (\$15M) EBITDA
- Supplier disruption impacting EBITDA by (\$49M)
- Restructuring costs of (\$10M) in North America to improve profit margins moving forward

Positive Free Cash Flow of \$105M / Balance Sheet Remains Strong

2023 Key Financial Metrics

(\$ in millions)



Revenue Increased by 9.6% Driving Margin Improvement of 40 Basis Points After Adjusting for One-Time Items

* Net Profit Attributable to Equity Holders

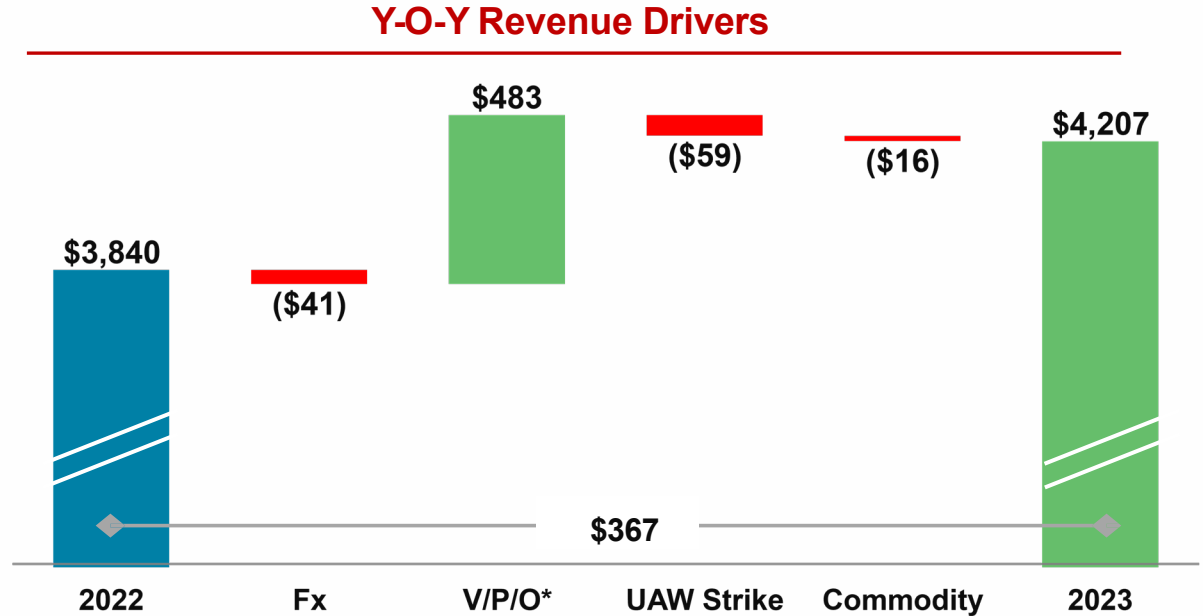
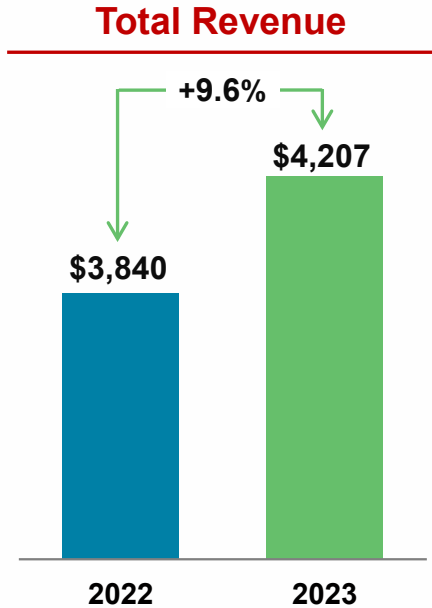
** Adjusted for one-time items: supplier disruption, UAW strike, and restructuring

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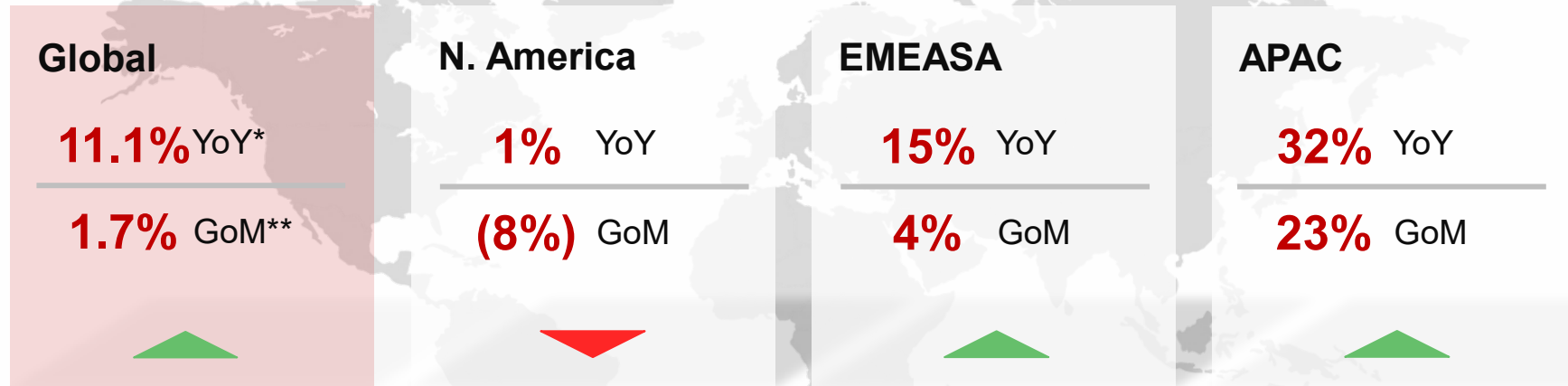
2023 Revenue Bridge

(\$ in millions)



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

2023 Revenue Growth Outpacing Market



**Total Adjusted Revenue Growth Vs. 2022
Outperformed Market 170 bps, +1.7%**

* Adjusted revenue growth excludes foreign exchange and commodity

** Growth-over-market based on S&P Global Mobility January 2024

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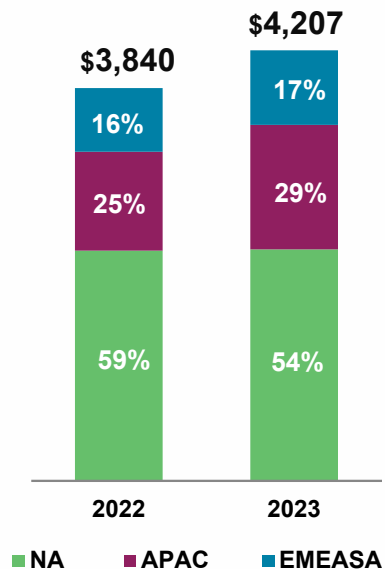
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2023 Revenue by Region

(\$ in millions)

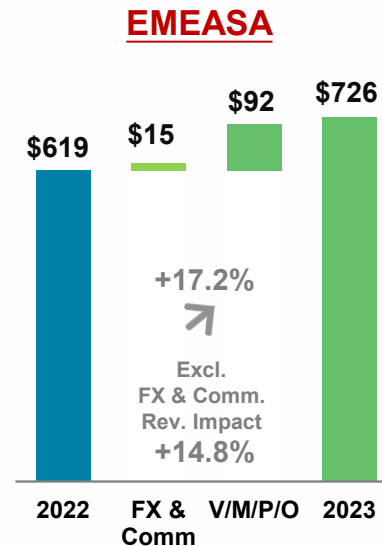
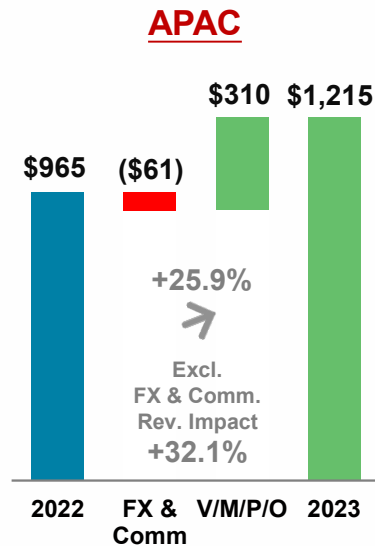
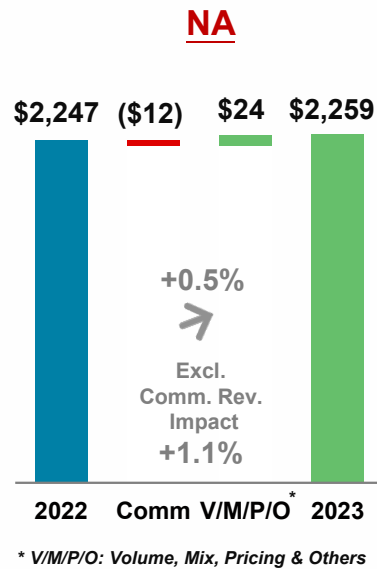
Total Revenue

(structural %)



Regional Distribution

(growth %)



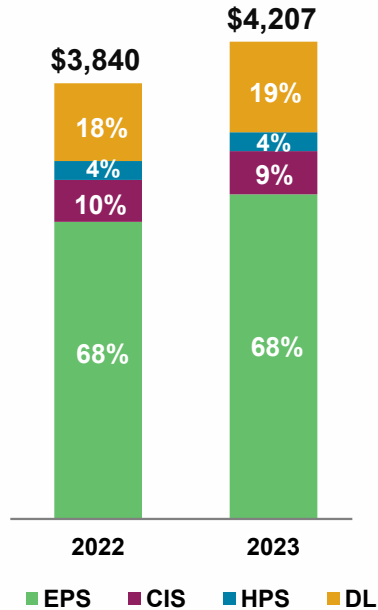
2023 Financial Results

Product Line Revenue Distribution

(\$ in millions)

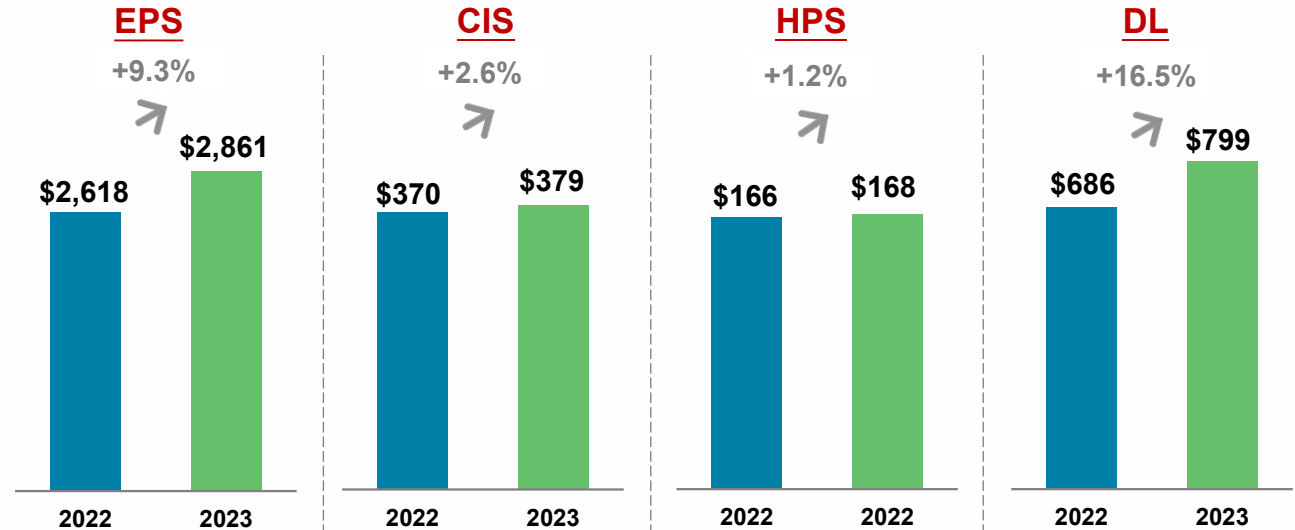
Total Revenue

(structural %)



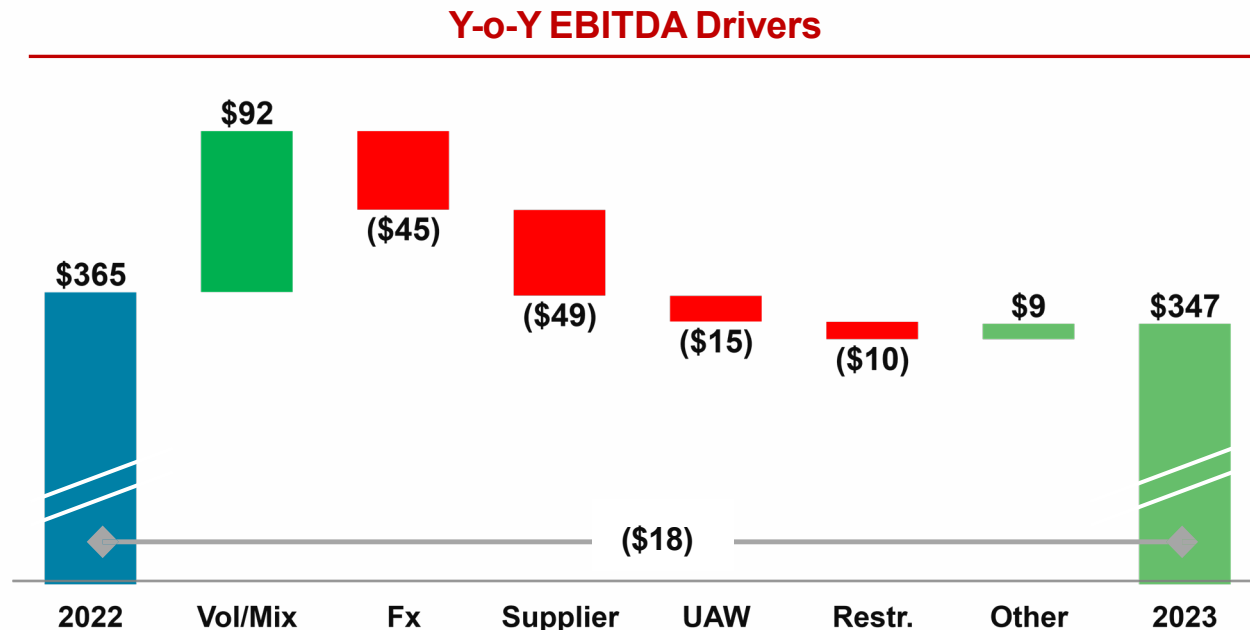
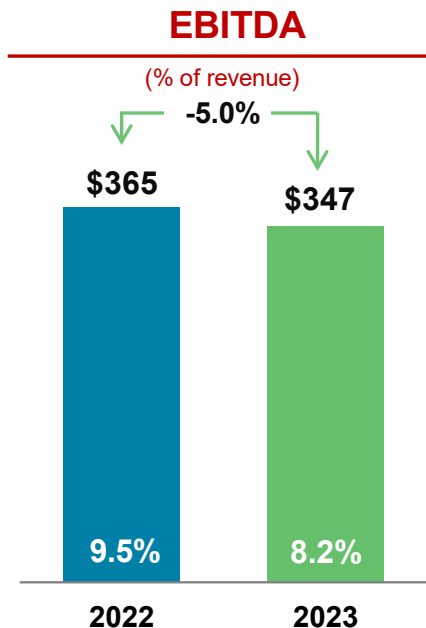
Product Line Distribution

(growth %)



EBITDA Bridge – 2023 vs 2022

(\$ in millions)



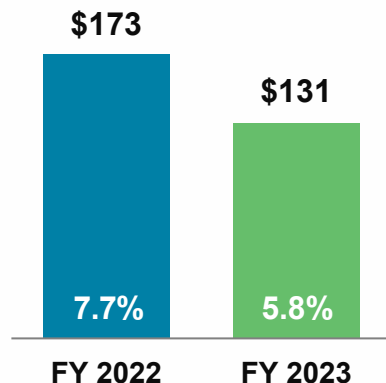
Earnings Tempered by FX / Supplier Disruption / UAW Strike / Restructuring

2023 EBITDA and Margin Performance by Region

(\$ in millions)

NA

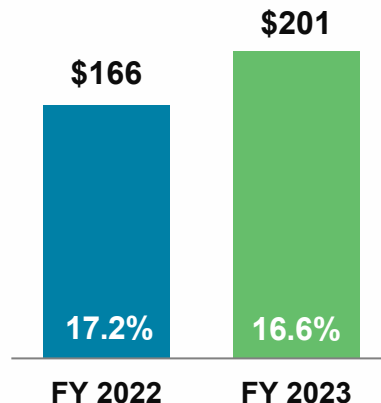
(% of revenue)



Margins Reduced Due to Supplier Disruption, UAW Strike and Restructuring

APAC

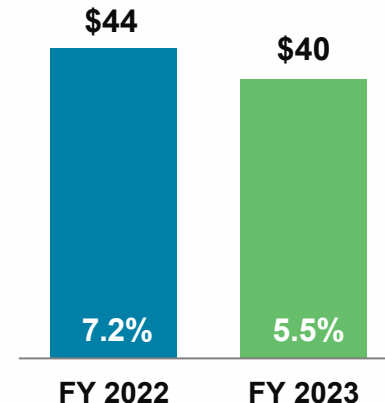
(% of revenue)



EBITDA Increased by 21% Driven by Revenue Growth

EMEASA

(% of revenue)



Margin Reduction Due to Cost Pressures

Operational Efficiency and Execution

Fixed Cost Reduction and Footprint Initiatives to Improve Profitability



Early Retirement Incentive Program (ERIP)

- ✓ Completed a voluntary ERIP for eligible US salaried employees in 2H 2023

Global Engineering Capabilities

- Continue to rebalance engineering resources to reflect the overall needs of our global customer base and optimize for cost and time efficiencies in US, Mexico, Poland, China and India tech centers

Optimizing Manufacturing Footprint for Efficiencies

- ✓ US DL Transformation: finalized the footprint optimization of US DL operations from two plants to one
- NA Columns Transition: relocating production of steering columns business from US to Mexico site and expected to complete by 2026

Supply Chain Management

- Enhancing competitiveness, supply chain resilience and agility

2023 EBITDA to Net Profit Walk

(\$ in millions)

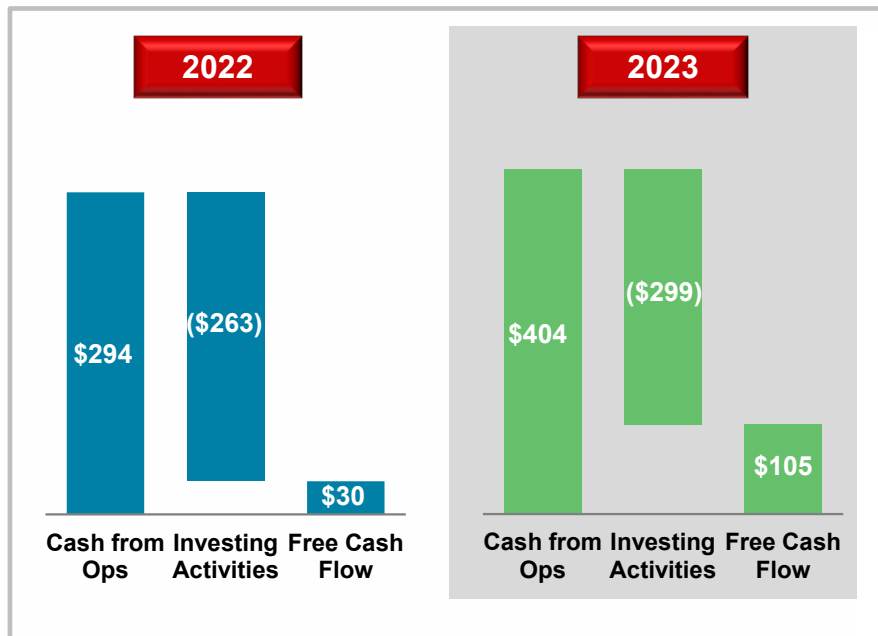
FY 2022 FY 2023

EBITDA	365	347
- D&A Expense	279	285
Operating Profit	86	61
+ Share of JV Earnings	1	3
- Net Finance Costs	(5)	0
- Income Tax (Benefit)	26	19
- Minority Interest	8	8
Net Profit	58	37

- Share of JV Earnings improved by \$2M driven by the dissolution of the CNXMotion JV
- Income Tax Expense is favorable \$7M in 2023 compared to 2022. Including a \$11M tax benefit in Brazil.
- Minority interest comprised of the China Driveline JV

2023 Free Cash Flow and Capital Structure Metrics

(\$ in millions)



	Dec 2022	Dec 2023
Cash and Capital		
Gross Debt	\$ 50	\$ 49
Finance Leases	61	51
Less: Cash	246	312
Net Debt / (Cash)	\$ (135)	\$ (211)
Total Equity	\$ 1,977	\$ 2,011
Total Net Capital	\$ 1,842	\$ 1,800
Net Debt / Net Capital	n/a	n/a
Liquidity		
Cash	\$ 246	\$ 312
Credit Facilities	366	370
Total	\$ 612	\$ 682
Leverage / Coverage		
Gross Debt to EBITDA	0.1x	0.1x
Net Debt to EBITDA	n/a	n/a

2024 Operating Considerations

Record Revenue and Continued Margin Expansion

- **Forecasting Global OEM Production Volumes to be Roughly Flat in 2024 Compared to 2023**
- **Another Record Year for Revenue in 2024 Driven by Above Market Growth in Asia Pacific**
- **New Changshu, China Plant Enabling Continued Growth in 2025 and Beyond**
- **Continued Margin Expansion Benefiting from Increased Revenue, Fixed Cost Reductions and Footprint Initiatives**
- **Another Year of Strong Business Bookings - Targeting \$6B**



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