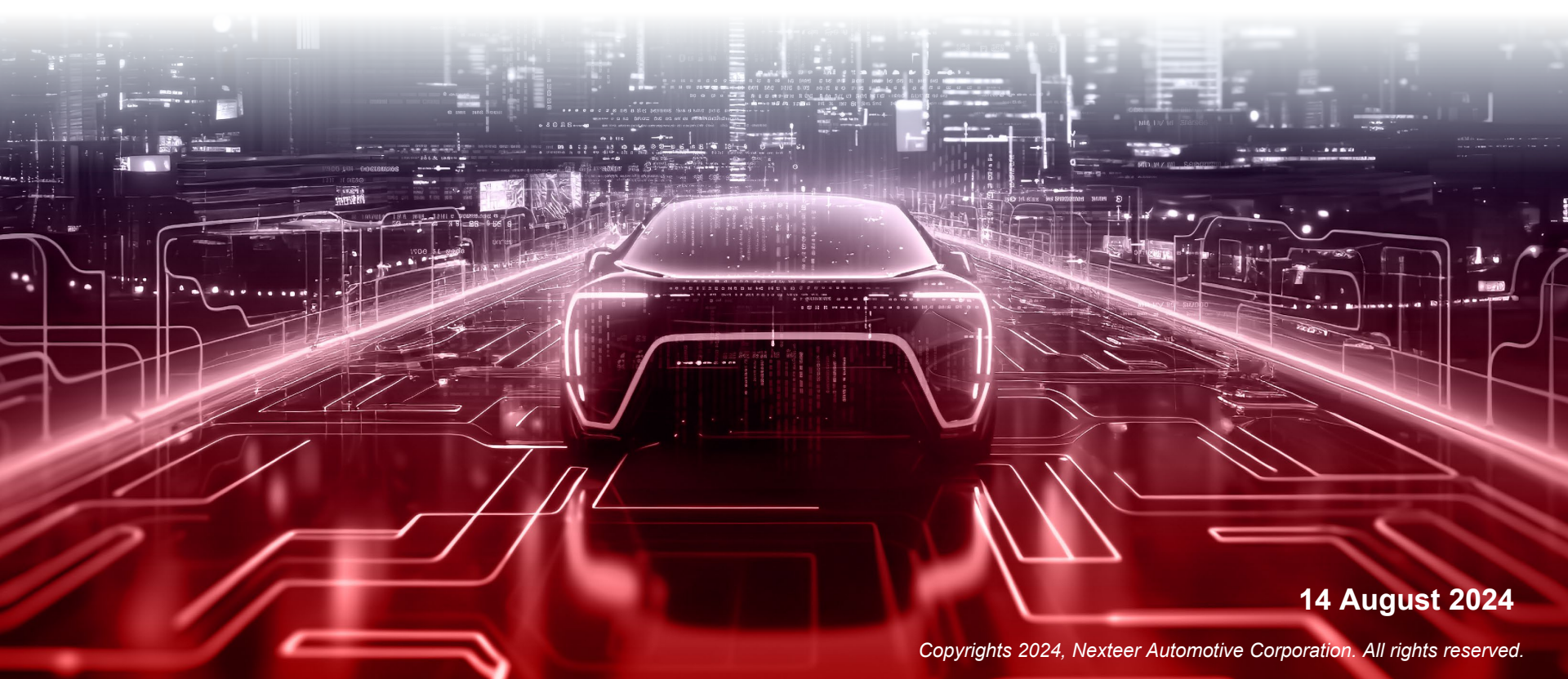




# 2024 Interim Results Announcement



14 August 2024

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## 2024 1H Business Overview

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



## 2024 1H Financial Review / 2H Considerations

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

# 2024 1H Business Overview

## Launched Record 38 New Customer Programs Across All Regions

- *32 represented new or conquest business & 18 represented 100% EV*

## Secured \$2.1B of New Bookings, Mainly in 2nd Quarter

- *43% bookings were generated by Chinese customers, including 1<sup>st</sup> DPEPS award*

## Continued Commitment to Technology Leadership and Megatrend Alignment

- *Partnering with OEMs to develop SbW technologies; local Chinese NEV customers expansion; announced mPEPS (modular Pinion EPS)*

## Operational Efficiency and Execution

- *Relentless focus on operational effectiveness: Optimizing manufacturing footprint and digital transformation; strengthening regional engineering competencies; improving supply chain cost & resiliency.*



# New Program Launches

## 2024 1H Overview

**38**

## Program Launches

**1<sup>st</sup>**

EPS launch with Japanese OEM

**1<sup>st</sup>**

DPEPS launch in EMEASA

**1<sup>st</sup>**

Major adjacent market launch for steering

**2<sup>nd</sup>**

Program launch with NA EV leader

**23**

Launched in APAC

## Major Programs Launch in 1H



**Nissan Patrol**  
REPS



**LEVC L380**  
REPS



**BYD Dolphin**  
CEPS



**Peugeot Expert / Fiat Scudo / Toyota ProAce\* / Vauxhall Vivaro / Citroën Jumpy**  
DPEPS



**Polaris RZR**  
SPEPS



**Buick Enclave**  
REPS, Halfshafts



**GMC Sierra EV**  
REPS, Columns, Halfshafts



**Changan Deepal G318**  
REPS



**Li Auto Mega**  
REPS



**Infiniti QX80**  
REPS



**Mini Aceman**  
SPEPS



**Audi A5**  
Halfshafts

EV content included

\* Toyota Europe produced LCV based on shared platform owned by Stellantis

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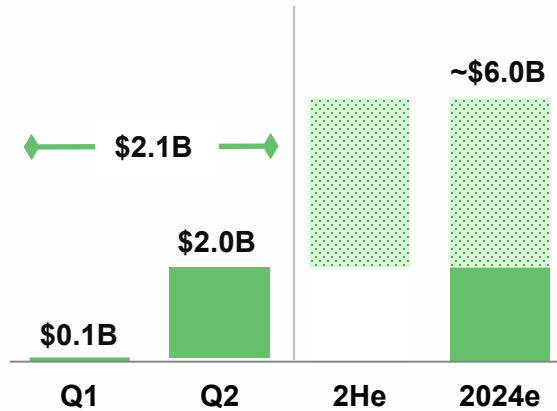
# New Business Award - 1H 2024

## Key Highlights

- Overall bookings among COEM customer portfolio almost tripled vs. 1H 2023
- Significant incumbent business extension in NA
- First DPEPS award in APAC region
- On-track to achieve \$6B target for the full year

## Bookings\*

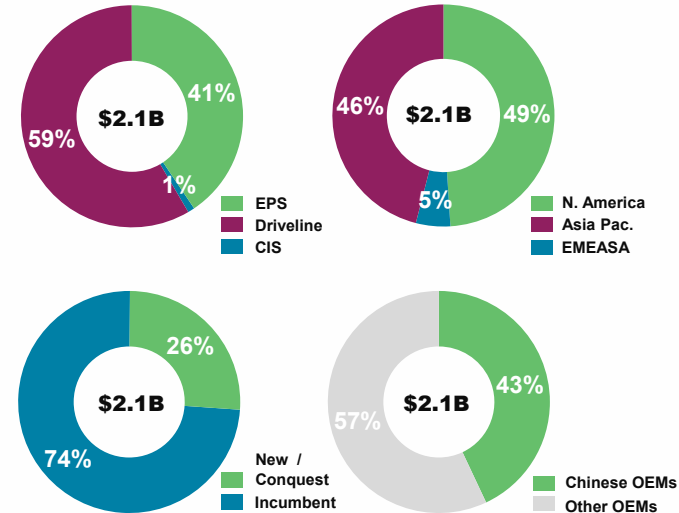
(\$ in billions)



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

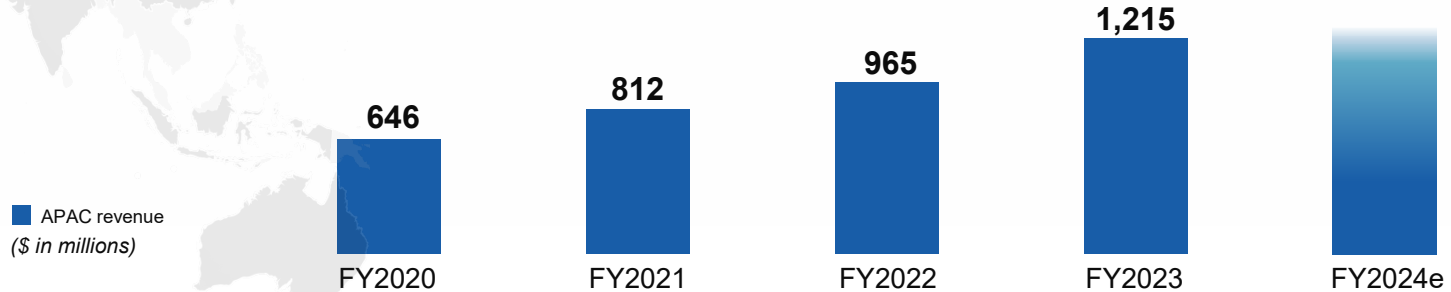
## Bookings Composition

(\$ in billions)



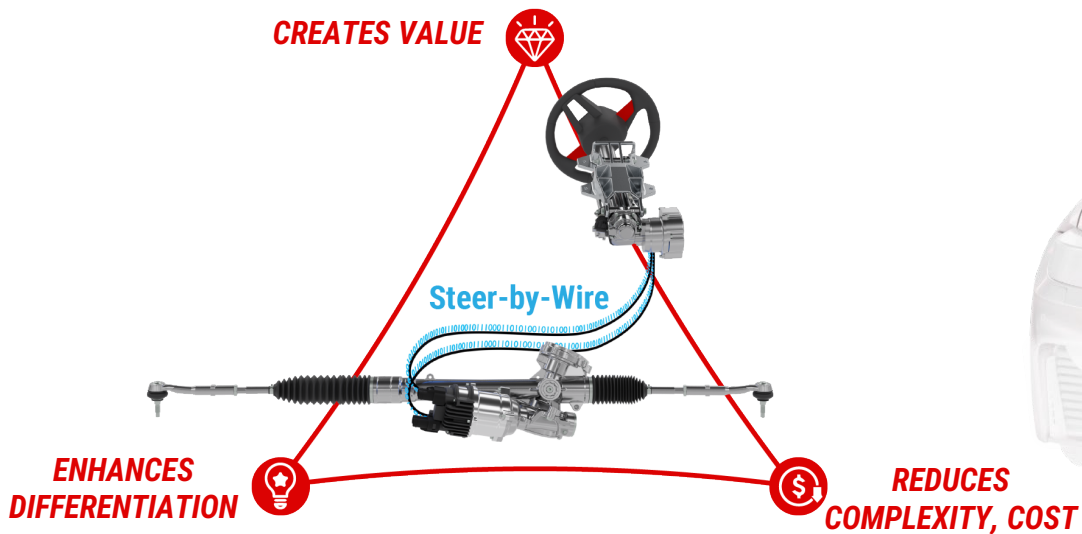
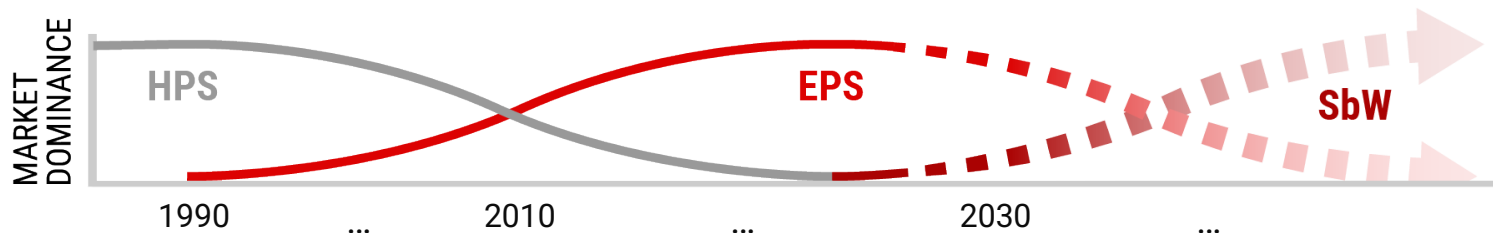
# Continued Profitable Growth in Asia Pacific

Market Share Expansion with Well Maintained Margin Profile



|   |   |       |       |       |                    |
|---|---|-------|-------|-------|--------------------|
| Growth Momentum (Revenue)               | ~100% cumulative growth from 2020 to 2024e  |       |       |       |                    |
| Profitability (EBITDA%)                 | 19.5%   | 19.0% | 17.2% | 16.6% | 17.6% (1H24)       |
| Customer Portfolio (COEMs contribution) | ~30% of APAC sales  | →     |       |       | ~50% of APAC sales |
| Product Lines                           | All Nexteer Products represented in APAC: DL, BEPS, SPEPS, DPEPS, REPS and Future SbW |       |       |       |                    |

# SbW Innovating the Future of Steering





# Full Suite of Modular EPS Solutions

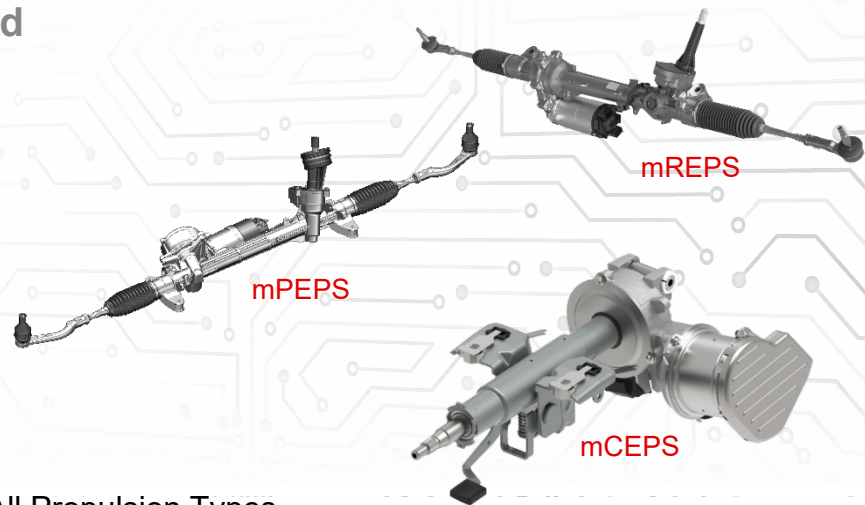
Capitalizes on APAC Growth, Answers Global Need for Fast, Affordable, Advanced Steering

- Innovates with Existing, Industry-Leading EPS Building Blocks
- Reduces Cost
- Accelerates Speed-to-Market
- Scalable & Increases Component Reuse Across Platforms
- Uncompromising Performance
- **COMPLETE SUITE:** Steers Small Cars to HD Trucks & LCVs, All Propulsion Types

**mREPS** > Heavier Vehicles

**mCEPS** > Lighter Vehicles - 3 versions: Standard, Enhanced & Pro – Meets Range of Loads / Other Requirements

**mPEPS** > Loads/Requirements Between mREPS & mCEPS – **Latest Offering!**



# Operational Efficiency & Execution



# Leveraging Global Supply Chain



## Dual Sourcing

- Mitigate risks, drive healthy supply base competition to enhance supply competitiveness



## Cost Targets & Contractual APRs

- Achieve target costs, plus **APRs** as part of contractual agreements



## Accelerated Launches

- Addressed market demand for shorter product launch lead times



## ESG

- Focused on emissions targets involving entire supply chain's carbon footprint



## Digitalizing Global Supply Management

- Digitalizing processes to enhance efficiency, transparency & responsiveness



2024 Annual Supply Chain Conference  
(hosted in Poland)

# Brazil Flooding & One Nexteer

## Overview



Apr

Southern Brazil's catastrophic flooding impacted Nexteer Porto Alegre operations

May

50 Nexteer employees lost their homes and/or belongings

Global and local teams took action to mitigate the impact on Nexteer families & the business

Jun

Returning operations on June 3<sup>rd</sup>

2H

**Nexteer Porto Alegre site has been fully operational since the end of July 2024**





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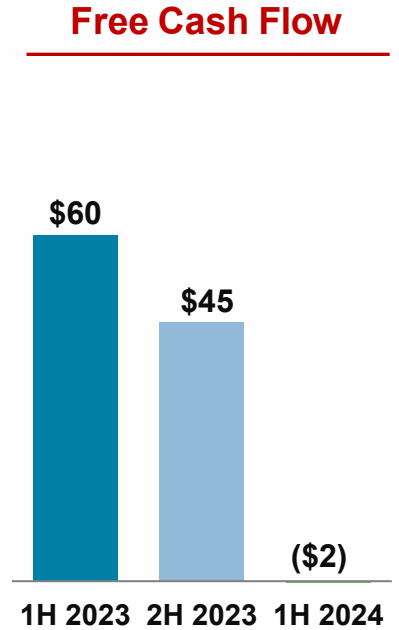
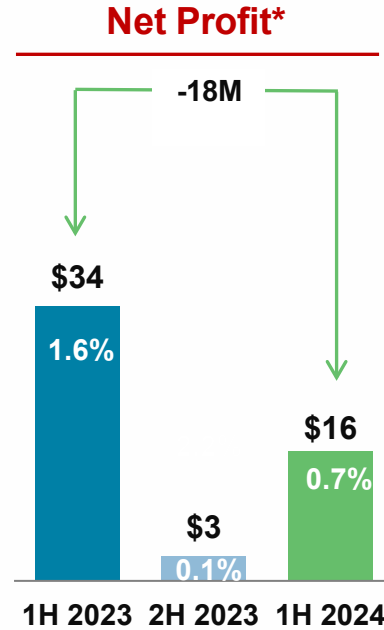
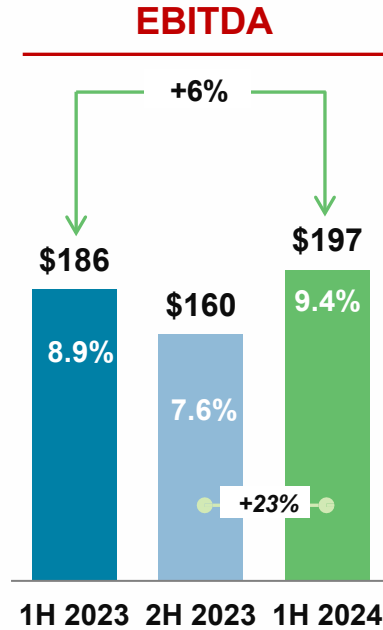
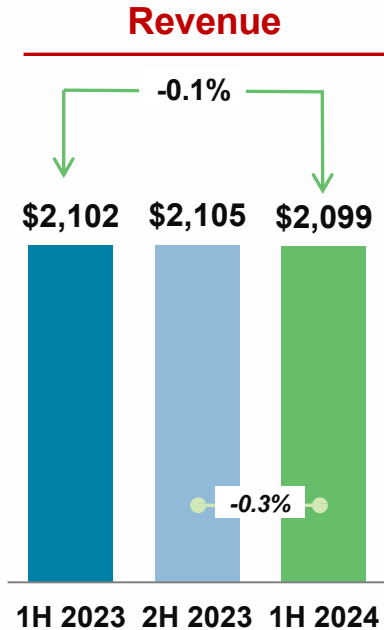
# 1H 2024 Financial Observations

- **Achieved 1st Half Revenue of \$2.1B Outpacing the Market by 120 bps**
- **EBITDA Growth of 6% YoY and Margin Expansion of 50 bps**
  - *Material, manufacturing and fixed cost reductions driving margin expansion*
  - *Brazil flood impacting 1<sup>st</sup> half results*
  - *Exchange rates impacted margins driven by Polish Zloty and Mexican Peso Strengthening while the RMB weakened compared to USD*
- **Balance Sheet Remains Strong with \$186M of Net Cash**
- **Bookings of \$2.1B in the 1st Half shows Path to Achieving CY Target of \$6B**



# 1H 2024 Key Financial Metrics

(\$ in millions)



**1H 2024 EBITDA higher than 1H 2023 due to favorable material and manufacturing performance**

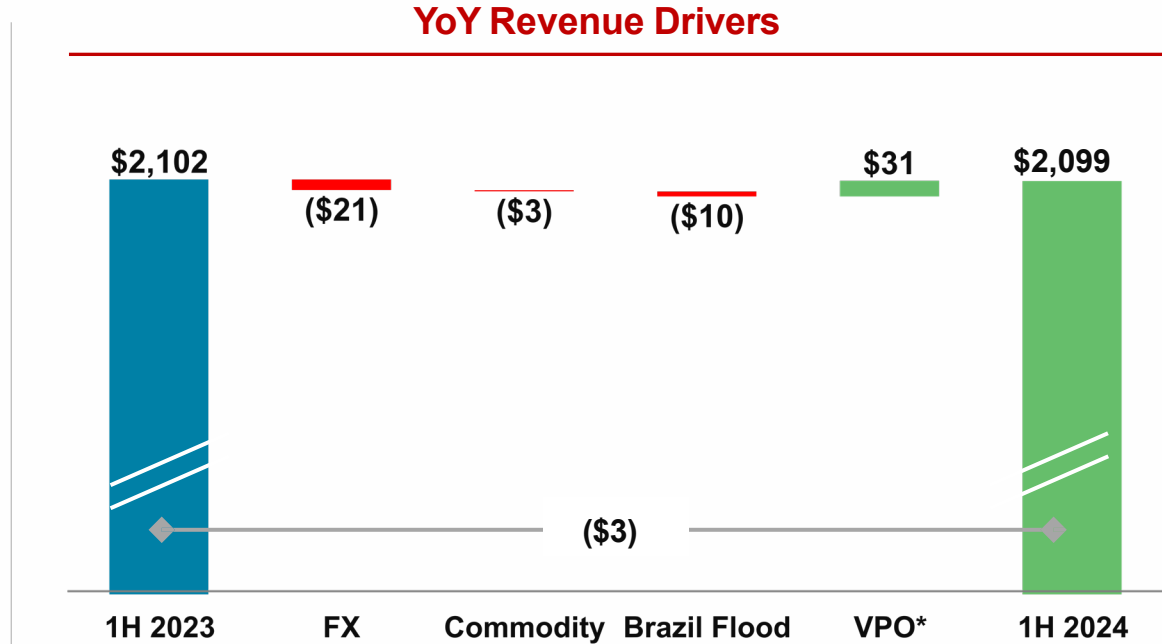
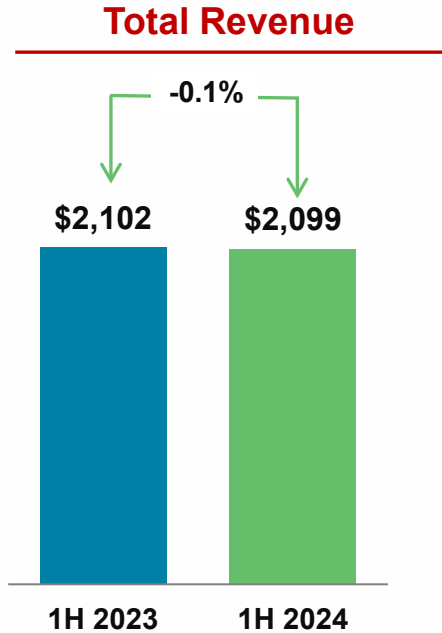
\* Net Profit Attributable to Equity Holders

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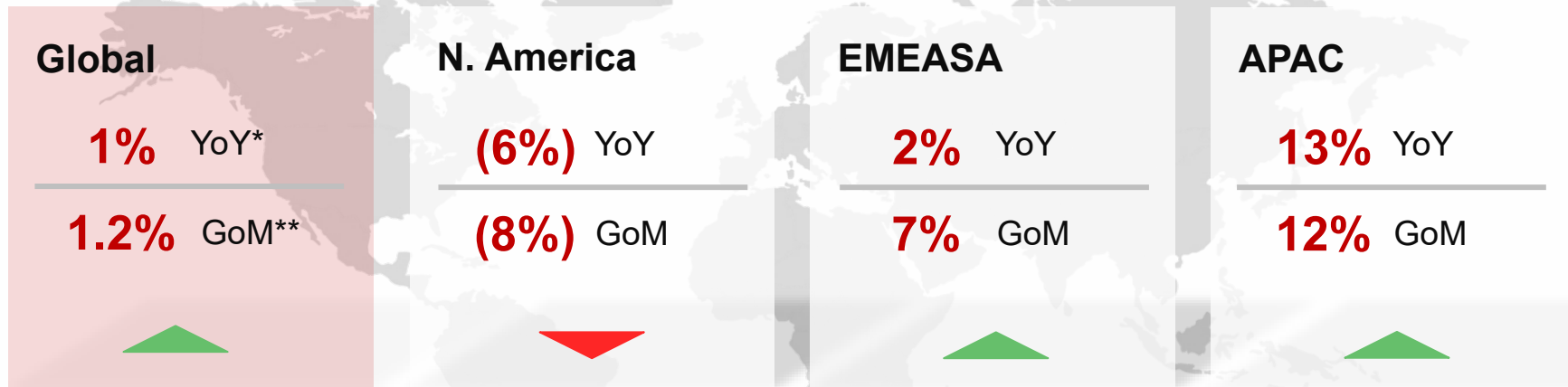
# 1H 2024 Revenue Bridge

(\$ in millions)



\* VPO: Volume, Pricing & Others

# 1H 2024 Revenue Growth Outpacing Market



**Total Adjusted Revenue Growth Vs. 1H 2023  
Outperformed Market 120 bps, +1.2%**

\* Adjusted revenue growth excludes foreign exchange and commodity

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

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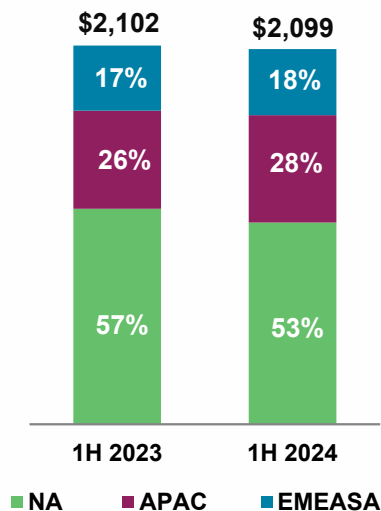
# 1H 2024 Financial Results

(\$ in millions)

## Revenue by Region

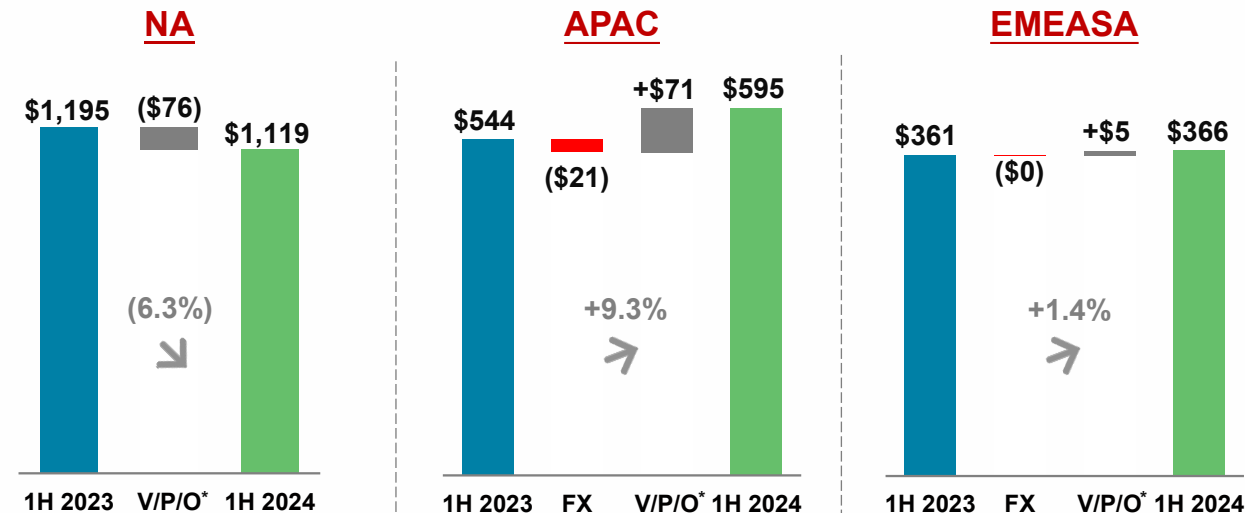
### Total Revenue

(structural %)



### Regional Distribution

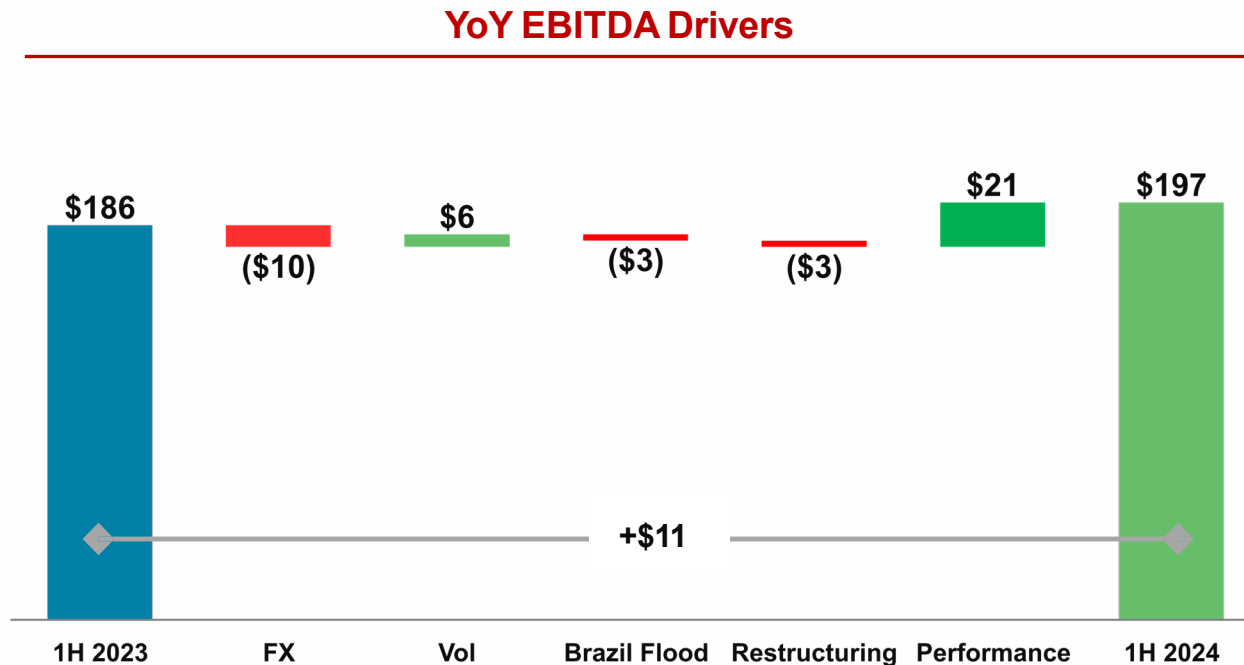
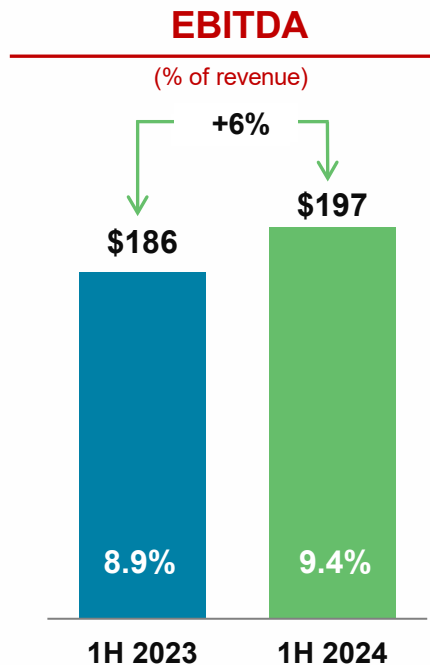
(growth %)



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

# EBITDA Bridge – 1H 2024 vs 1H 2023

(\$ in millions)



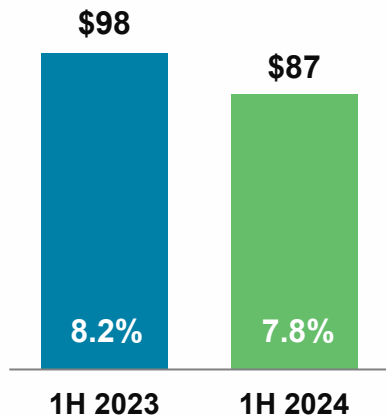
**Margin Profile Improved as Performance and Volume  
Offsetting Unfavorable Exchange**

# EBITDA and Margin Performance by Region

(\$ in millions)

## NA

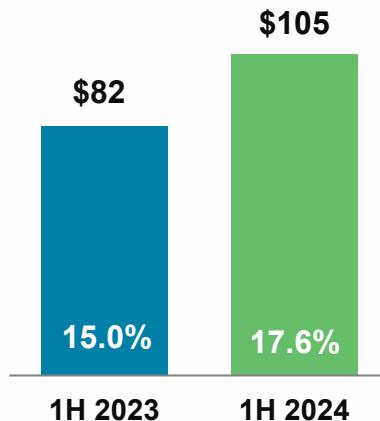
(% of revenue)



EBITDA Impacted by  
Reduced Volume and Fx

## APAC

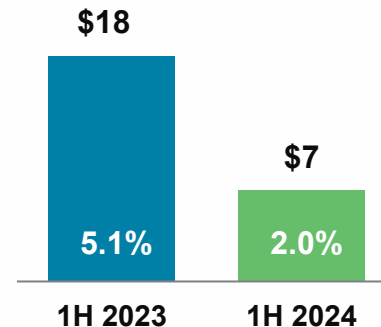
(% of revenue)



Performance Drove  
Margin Improvement

## EMEASA

(% of revenue)



Margin Impacted by  
Brazil Flood, Inflationary  
Pressure and Fx



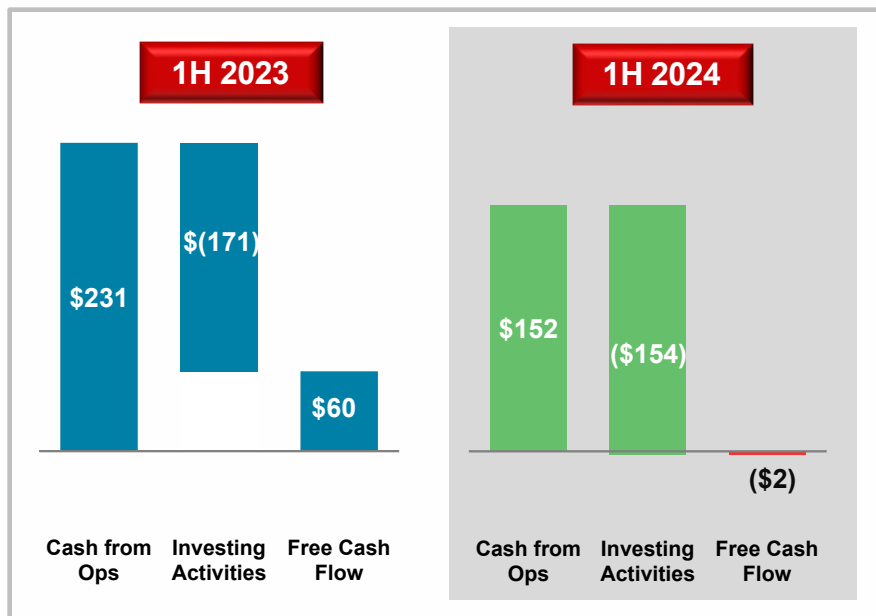
# EBITDA to Net Profit Bridge

(\$ in millions)

|                                | <u>1H 2023</u> | <u>1H 2024</u> |
|--------------------------------|----------------|----------------|
| <b>EBITDA</b>                  | <b>\$ 186</b>  | <b>\$ 197</b>  |
| - D&A Expense                  | 139            | 156            |
| <b>Operating Profit</b>        | <b>\$ 47</b>   | <b>\$ 41</b>   |
| + Share of JV Earnings         | 0              | 2              |
| - Net Finance Costs            | 1              | 2              |
| Income Tax Expense / (Benefit) | 8              | 18             |
| - Minority Interest            | 3              | 7              |
| <b>Net Profit</b>              | <b>\$ 34</b>   | <b>\$ 16</b>   |

- JV Earnings comprised of CNXMotion, DF and Chongqing operations
- D&A includes \$(38M) impairments and \$24M Recovery from customer program cancellation
- Income Tax Expense unfavorable primarily due to reduced unrecognized tax benefit expense in US and \$11M tax benefit in Brazil in 2023
- Minority Interest comprised of China DL JVs

# 1H 2024 Free Cash Flow / Balance Sheet



|                            | Dec 2023        | Jun 2024        |
|----------------------------|-----------------|-----------------|
| <b>Cash and Capital</b>    |                 |                 |
| Gross Debt                 | \$ 49           | \$ 48           |
| Finance Leases             | 51              | 46              |
| Less: Cash                 | <u>312</u>      | <u>280</u>      |
| Net Debt / (Cash)          | <u>\$ (211)</u> | <u>\$ (186)</u> |
| Total Equity               | \$ 2,011        | \$ 1,995        |
| Total Net Capital          | \$ 1,800        | \$ 1,809        |
| Net Debt / Net Capital     | n.a.            | n/a             |
| <b>Liquidity</b>           |                 |                 |
| Cash                       | \$ 312          | \$ 280          |
| Credit Facilities          | <u>370</u>      | <u>370</u>      |
| Total                      | <u>\$ 682</u>   | <u>\$ 650</u>   |
| <b>Leverage / Coverage</b> |                 |                 |
| Gross Debt to EBITDA       | 0.1x            | 0.1x            |
| Net Debt to EBITDA         | n.a.            | n/a             |

# 2024 Operating Considerations

## Positive Factors

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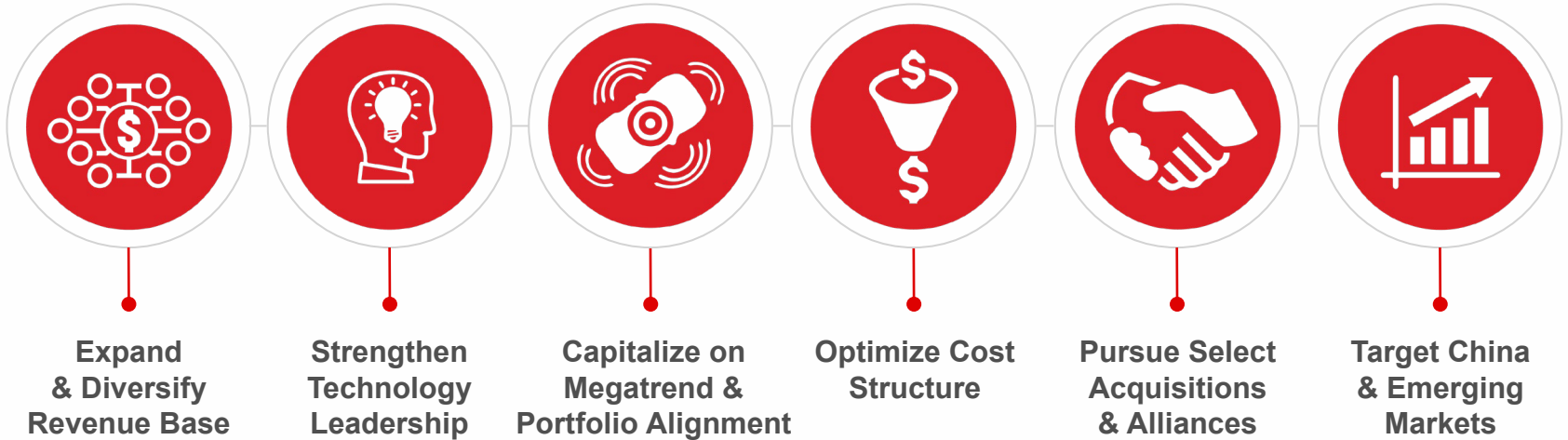
- *On track for another record year for revenue*
- *Restructuring underway to improve profit margins*
- *Progress on material performance with dual sourcing strategy and securing future APRs*
- *Improvements in manufacturing performance with focus on Nexteer Production System*

## Challenges Near-Term

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- *Industry production volume forecasts have been reducing*
- *Elevated recession risk with key indicators in the US showing economic weakness*
- *Unfavorable FX impact – improved recently*
- *Ongoing geopolitical risks including upcoming US elections*

# Strategy for Profitable Growth



A well-defined plan to drive stakeholder value