

Meritor to Acquire AxleTech

Enhances Growth Platform in Off-Highway, Defense and Aftermarket Segments

About Meritor



8,600+ employees



\$4.2B
in revenue in fiscal year 2018



Leading global supplier
of drivetrain, mobility, braking and
aftermarket solutions for commercial
vehicle and industrial markets

About AxleTech

~700 employees

\$248M
in revenue in calendar year 2018

Offers full product line
of independent suspensions, axles,
braking solutions and drivetrain
components with a focus on off-
highway applications

Compelling Benefits:

Delivering an Enhanced Value Proposition to New & Existing Global Customers

- Advances Meritor's M2022 objectives to accelerate global sales and growth by leveraging the company's core competencies to grow strategically in adjacent markets
- Highly complementary global product portfolio and customer bases will further diversify Meritor's exposure and enhance its ability to drive growth
- Expands customer relationships and enables Meritor to offer global customers a wider array of differentiated products and solutions

Transaction Value

\$175M in cash, subject to working capital adjustments at closing

Path to Completion

Currently expect to close the transaction in Meritor's fourth fiscal year quarter ended Sept. 30, 2019, subject to regulatory approvals and customary closing conditions

Operating Segment

AxleTech to operate within Meritor's Aftermarket, Industrial & Trailer segment



JAY CRAIG
CEO & President
Meritor

"We are delighted to welcome AxleTech back to the Meritor family. The addition of AxleTech is a compelling value-creating opportunity to broaden our position in attractive, adjacent markets and advances our M2022 strategy. Meritor's technical expertise, operational excellence and proven track record will be a powerful platform to accelerate growth. Our product portfolios are highly complementary and we share a commitment to our people and customers. We look forward to realizing the full benefits of the transaction by serving as a premier supplier to our global customers and enhancing shareholder value."



BILL GRYZENIA
CEO
AxleTech

"AxleTech has positioned itself as a strong, advanced drivetrain solutions manufacturer in the off-highway and defense market segments. These solutions range from heavy-duty axles to new remanufacturing capabilities and electric powertrain systems for our global customer base. Today marks an exciting chapter for AxleTech and reflects the collective efforts of our entire team. We believe that Meritor's deep understanding of the business and best-in-class capabilities are a natural fit to support AxleTech's next growth phase."

Forward-Looking Statement

This infographic contains statements relating to future results of the company (including certain projections and business trends) that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as “believe,” “expect,” “anticipate,” “estimate,” “should,” “are likely to be,” “will” and similar expressions. Actual results may differ materially from those projected as a result of certain risks and uncertainties, including but not limited to reliance on major OEM customers and possible negative outcomes from contract negotiations with our major customers, including failure to negotiate acceptable terms in contract renewal negotiations and our ability to obtain new customers; the outcome of actual and potential product liability, warranty and recall claims; our ability to successfully manage rapidly changing volumes in the commercial truck markets and work with our customers to manage demand expectations in view of rapid changes in production levels; global economic and market cycles and conditions; availability and sharply rising costs of raw materials, including steel, and our ability to manage or recover such costs; our ability to manage possible adverse effects on European markets or our European operations, or financing arrangements related thereto following the United Kingdom’s decision to exit the European Union or, in the event one or more other countries exit the European monetary union; risks inherent in operating abroad (including foreign currency exchange rates, restrictive government actions regarding trade, implications of foreign regulations relating to pensions and potential disruption of production and supply due to terrorist attacks or acts of aggression); risks related to our joint ventures; rising costs of pension benefits; the ability to achieve the expected benefits of strategic initiatives and restructuring actions; our ability to successfully consummate the acquisition of AxleTech; our ability to successfully integrate the products and technologies of Fabco Holdings, Inc., AA Gear Mfg., Inc. and AxleTech and future results of such acquisitions, including their generation of revenue and their being accretive; the demand for commercial and specialty vehicles for which we supply products; whether our liquidity will be affected by declining vehicle production in the future; OEM program delays; demand for and market acceptance of new and existing products; successful development and launch of new products; labor relations of our company, our suppliers and customers, including potential disruptions in supply of parts to our facilities or demand for our products due to work stoppages; the financial condition of our suppliers and customers, including potential bankruptcies; possible adverse effects of any future suspension of normal trade credit terms by our suppliers; potential impairment of long-lived assets, including goodwill; potential adjustment of the value of deferred tax assets; competitive product and pricing pressures; the amount of our debt; our ability to continue to comply with covenants in our financing agreements; our ability to access capital markets; credit ratings of our debt; the outcome of existing and any future legal proceedings, including any proceedings or related liabilities with respect to environmental, asbestos-related, or other matters, including those associated with the bankruptcy proceedings of Maremont Corporation and its subsidiaries, including the ability to obtain approval and consummation of the proposed plan of reorganization on the terms and timeline contemplated therein; possible changes in accounting rules; and other substantial costs, risks and uncertainties, including but not limited to those detailed in our Annual Report on Form 10-K for the year ended September 30, 2018, as amended and from time to time in other filings of the company with the SEC. These forward-looking statements are made only as of the date hereof, and the company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law.

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WITH
THE
BULL.**