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FISCAL YEAR 2021 SECOND QUARTER EARNINGS PRESENTATION

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May 4, 2021

FORWARD-LOOKING Statements

This presentation contains statements relating to future results of the company (including certain outlooks, 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 the duration and severity of the COVID-19 pandemic and its effects on public health, the global economy, and financial markets, as well as our industry, operations, workforce, supply chains, distribution systems and demand for our products; 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 integrate the products and technologies of Fabco Holdings, Inc., AA Gear Mfg., Inc., AxleTech and Transportation Power, Inc. 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; possible changes in accounting rules; and other substantial costs, risks and uncertainties, including but not limited to those detailed in our Annual Report or Form 10-K for the year ended September 30, 2020 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. This presentation contains hypertext links to information on our website. The information on our website is not incorporated by reference in the company's filings with the SEC. This presentation also contains certain financial measures that are not reported in accordance with accounting principles generally accepted in the United States (“GAAP”), including adjusted income (loss) from continuing operations attributable to the company, adjusted diluted earnings (loss) per share from continuing operations, adjusted EBITDA, adjusted EBITDA margin, segment adjusted EBITDA, segment adjusted EBITDA margin, free cash flow and free cash flow conversion. For more information on these non-GAAP financial measures, please see the Appendix - “Non-GAAP Financial Information.”

All earnings per share amounts are on a diluted basis. The company's fiscal year ends on the Sunday nearest Sept. 30, and its fiscal quarters end on the Sundays nearest Dec. 31, March 31 and June 30. All year and quarter references relate to the company's fiscal year and fiscal quarters, unless otherwise stated.

SECOND QUARTER Fiscal Year 2021 Highlights

FINANCIAL HIGHLIGHTS[1]

SALES
$983M

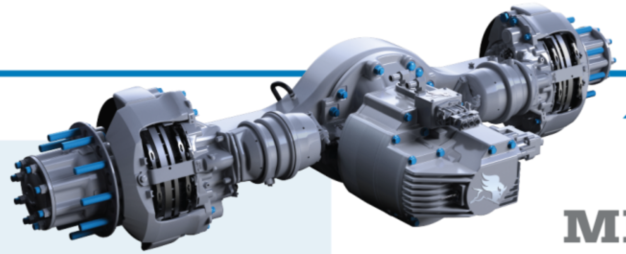
11.3%
Adj. EBITDA Margin

Free Cash Flow
$47M

BUSINESS HIGHLIGHTS

Extended long-term agreements with **MAJOR CUSTOMERS**

NAVISTAR
IVECO



NEW Electrification Program

MERITOR BLUE HORIZON™

Grant Received for **17Xe™ ELECTRIC POWERTRAIN** Development in Europe

1. US GAAP net income attributable to Meritor, Inc. and income from continuing operations attributable to Meritor, Inc. were each $63M for Q2 FY21 respectively. US GAAP operating cash flow was $63M for Q2 FY21.

MAJOR CUSTOMER AGREEMENTS Extended

NAVISTAR

- Contract extension through 2026
- Standard position for 14X high-efficiency axle in 2022
- Growth opportunities in axles, brakes and drivelines

IVECO

- Contract extension through 2024
- Medium-duty and heavy-duty single reduction axles
- Growth opportunities in other product lines

ePOWERTRAIN EVOLUTION Accelerates

New Business

- Medium-duty electric vehicles
- 14Xe™ ePowertrain
- Start of production 2021

Test Vehicles Being Validated

See the vehicle on the road at meritor.com

17Xe™ in Development

- Development of 17Xe electric powertrain underway for heavy trucks and buses in 6x2 or 4x2 configurations
- 17Xe development augmented with £15.9M grant from Advanced Propulsion Centre UK and Innovate UK

SECOND QUARTER Fiscal Year 2021 Financial Results

Company Results

(in millions, except per share amounts) GAAP MEASURES	Three Months Ended Mar. 31	
	2021	2020
Sales	$983	$871
Gross Profit Gross Profit %	$148 15.1%	$114 13.1%
Net Income from Continuing Operations[1,2]	$63	$240
NON-GAAP MEASURES		
Adjusted EBITDA Adjusted EBITDA Margin %	$111 11.3%	$107 12.3%
Adjusted Income from Continuing Operations[1,3]	$50	$48
Adjusted Diluted EPS from Continuing Operations[3,4]	$0.68	$0.64
Diluted Shares Outstanding	73.4	75.3

1. Amounts represent continuing operations attributable to Meritor, Inc.
2. Three months ended March 31, 2020 includes $203M of net income and $265M free cash flow from WABCO distribution termination
3. For comparability, amounts for the three months ended March 31, 2020 have been updated to show the effect of omitting the non-cash tax adjustment from the calculation of adjusted income from continuing operations attributable to the company and adjusted diluted earnings per share from continuing operations
4. GAAP diluted earnings per share from continuing operations attributable to Meritor, Inc. was $0.86 for Q2 FY21 and $3.19 for Q2 FY20
5. Three months ended March 31, 2020 have been recast to reflect reportable segment changes

Segment Results

(in millions) FY21 Q2 VS. FY20 Q2	Commercial Truck		Aftermarket & Industrial	
Three Months Ended Mar. 31	2021	2020[5]	2021	2020[5]
Sales	$777	$631	$247	$277
Segment Adjusted EBITDA	$73	$58	$34	$46
% of Sales	9.4%	9.2%	13.8%	16.6%

Free Cash Flow

(in millions) GAAP MEASURES	Three Months Ended Mar. 31	
	2021	2020
Cash Provided by Operating Activities	$63	$309
Less: Capital Expenditures	$16	$17
NON-GAAP MEASURES		
Free Cash Flow[2]	$47	$292

FISCAL YEAR 2021 Global Market Outlook[1] (units in 000s)

Production	FY21 Outlook
Medium- and Heavy-Duty	360 - 380

Production	FY21 Outlook
Heavy-Duty	270 - 290

Production	FY21 Outlook
Medium- and Heavy-Duty	135 - 145

Production	FY21 Outlook
Medium-Duty	230 - 240

Production	FY21 Outlook
Medium- and Heavy-Duty	230 - 250

Production remains unchanged from prior outlook

1. Changes in operating environment from given assumptions could have a material impact on our results

FISCAL YEAR 2021 Financial Outlook

	Prior FY21 Outlook	Revised FY21 Outlook[1,2]
Sales (in millions)	$3,650 - $3,800	$3,650 - $3,800
Adjusted EBITDA Margin	10.6% - 10.8%	10.6% - 10.8%
Adjusted Diluted EPS from Continuing Operations[3]	$2.10 - $2.25	$2.15 - $2.30
Free Cash Flow (in millions)	$110 - $125	$110 - $125

Guidance remains intact despite steel headwinds

1. Guidance for fiscal year 2021 on a US GAAP basis as follows: Net income attributable to Meritor and net income from continuing operations attributable to Meritor to be approximately $145M - $155M. Diluted earnings per share and adjusted diluted earnings per share from continuing operations to be approximately $2.00 - $2.15 and $2.15 - $2.30, respectively. Operating cash flow to be approximately $205M to $220M.
2. Changes in operating environment from given assumptions could have a material impact on our results
3. For comparability, prior FY21 adjusted diluted EPS guidance has been updated to show the effect of omitting the adjustment for non-cash taxes (prior outlook included adjustment for non-cash taxes of $0.15 - $0.25)

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Analyst Day | Dec. 7, 2021 | Investor.Relations@meritor.com

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APPENDIX

NON-GAAP Financial Information

In addition to the results reported in accordance with accounting principles generally accepted in the United States ("GAAP"), we have provided information regarding non-GAAP financial measures. These non-GAAP financial measures include adjusted income (loss) from continuing operations attributable to the company, adjusted diluted earnings (loss) per share from continuing operations, adjusted EBITDA, adjusted EBITDA margin, segment adjusted EBITDA, segment adjusted EBITDA margin, free cash flow, free cash flow conversion and net debt.

Adjusted income (loss) from continuing operations attributable to the company and adjusted diluted earnings (loss) per share from continuing operations are defined as reported income (loss) from continuing operations and reported diluted earnings (loss) per share from continuing operations before restructuring expenses, asset impairment charges and other special items as determined by management. Adjusted EBITDA is defined as income (loss) from continuing operations before interest, income taxes, depreciation and amortization, non-controlling interests in consolidated joint ventures, loss on sale of receivables, restructuring expenses, asset impairment charges and other special items as determined by management. Adjusted EBITDA margin is defined as adjusted EBITDA divided by consolidated sales from continuing operations. Segment adjusted EBITDA is defined as income (loss) from continuing operations before interest expense, income taxes, depreciation and amortization, non-controlling interests in consolidated joint ventures, loss on sale of receivables, restructuring expense, asset impairment charges and other special items as determined by management. Segment adjusted EBITDA excludes unallocated legacy and corporate expense (income), net. Segment adjusted EBITDA margin is defined as segment adjusted EBITDA divided by consolidated sales from continuing operations, either in the aggregate or by segment as applicable. Free cash flow is defined as cash flows provided by (used for) operating activities less capital expenditures. Free cash flow conversion is defined as free cash flow over adjusted income from continuing operations attributable to the company. Net debt is defined as total debt less cash and cash equivalents. Beginning in the second quarter of fiscal year 2021, the company will no longer include an adjustment for non-cash tax expense related to the use of deferred tax assets in jurisdictions with net operating loss carryforwards or tax credits in adjusted income (loss) from continuing operations and adjusted diluted earnings (loss) per share.

Management believes these non-GAAP financial measures are useful to both management and investors in their analysis of the company's financial position and results of operations. In particular, adjusted EBITDA, adjusted EBITDA margin, segment adjusted EBITDA, segment adjusted EBITDA margin, adjusted income (loss) from continuing operations attributable to the company, adjusted diluted earnings (loss) per share from continuing operations and free cash flow conversion are meaningful measures of performance to investors as they are commonly utilized to analyze financial performance in our industry, perform analytical comparisons, measure value creation, benchmark performance between periods and measure our performance against externally communicated targets.

Free cash flow is used by investors and management to analyze our ability to service and repay debt and return value directly to shareholders. Free cash flow conversion is a specific financial measure of our M2022 plan used to measure the company's ability to convert earnings to free cash flow and provides useful information about our ability to achieve strategic goals. Net debt over adjusted EBITDA (net leverage) is used to measure the company's leverage in order to assist management in its assessment of appropriate allocations of capital.

Management uses the aforementioned non-GAAP financial measures for planning and forecasting purposes, and segment adjusted EBITDA is also used as the primary basis for the Chief Operating Decision Maker ("CODM") to evaluate the performance of each of our reportable segments.

Our Board of Directors uses adjusted EBITDA margin, free cash flow, adjusted diluted earnings (loss) per share from continuing operations and free cash flow conversion as key metrics to determine management's performance under our performance-based compensation plans, provided that, solely for this purpose, adjusted diluted earnings (loss) from continuing operations also includes an adjustment related to the use of deferred tax assets in jurisdictions with net operating loss carryforwards or tax credits.

Adjusted income (loss) from continuing operations attributable to the company, adjusted diluted earnings (loss) per share from continuing operations, adjusted EBITDA, adjusted EBITDA margin, segment adjusted EBITDA, segment adjusted EBITDA margin and free cash flow conversion should not be considered a substitute for the reported results prepared in accordance with GAAP and should not be considered as an alternative to net income or cash flow conversion calculations as an indicator of our financial performance. Free cash flow and free cash flow conversion should not be considered a substitute for cash provided by (used for) operating activities, or other cash flow statement data prepared in accordance with GAAP, or as a measure of financial position or liquidity. In addition, these non-GAAP cash flow measures do not reflect cash used to repay debt or cash received from the divestitures of businesses or sales of other assets and thus do not reflect funds available for investment or other discretionary uses. Net debt should not be considered a substitute for total debt as reported on the balance sheet. These non-GAAP financial measures, as determined and presented by the company, may not be comparable to related or similarly titled measures reported by other companies. Set forth below are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with GAAP.

FISCAL YEAR 2021 Planning Assumptions

Continuing Operations (in millions)	FY21 Estimate
Capital Expenditures	~$95
Interest Expense[1]	~$80
Cash Interest	~$65
Cash Taxes	~$25

1. Includes debt extinguishment costs of approximately $11 million

NON-GAAP Financial Information

Adjusted Income from Continuing Operations Reconciliation

(in millions, except per share amount)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Income from continuing operations attributable to the company	$ 63	$ 240
Adjustments:		
Restructuring	2	10
Income from WABCO distribution termination	—	(265)
Brazil VAT Credit	(22)	—
Transaction costs	—	5
Tax effect of adjustments [1]	7	58
Adjusted income from continuing operations attributable to the company [2]	$ 50	$ 48
Diluted earnings per share from continuing operations	$ 0.86	$ 3.19
Impact of adjustments on diluted earnings per share	(0.18)	(2.55)
Adjusted diluted earnings per share from continuing operations [2]	$ 0.68	$ 0.64
Diluted average common shares outstanding	73.4	75.3

1. Amount for the three months ended March 31, 2021 includes $7 million of income tax expense related to the Brazil value added tax (VAT) credit. Amount for the three months ended March 31, 2020 includes $62 million of income tax expense related to the WABCO distribution arrangement termination, $3 million of income tax benefits related to restructuring and $1 million of income tax benefits related to AxleTech transaction costs.
2. For comparability, amounts for the three months ended March 31, 2020 have been updated to show the effect of omitting the non-cash tax adjustment from the calculation of adjusted income from continuing operations attributable to the company and adjusted diluted earnings per share from continuing operations.

NON-GAAP Financial Information

Adjusted EBITDA and Segment Adjusted EBITDA Reconciliations

(in millions)

	Three Months Ended March 31,	
	2021	2020
Net income attributable to Meritor, Inc.	$ 63	$ 241
Income from discontinued operations, net of tax, attributable to Meritor, Inc.	—	(1)
Income from continuing operations, net of tax, attributable to Meritor, Inc.	$ 63	$ 240
Interest expense, net	17	16
Provision for income taxes	22	73
Depreciation and amortization	25	26
Noncontrolling interests	3	1
Loss on sale of receivables	1	1
Restructuring	2	10
Transaction costs	—	5
Income from WABCO distribution termination	—	(265)
Brazil VAT Credit	$ (22)	$ —
Adjusted EBITDA	$ 111	$ 107
Adjusted EBITDA Margin	11.3 %	12.3 %
Unallocated legacy and corporate expense (income), net [1]	(4)	(3)
Segment Adjusted EBITDA	$ 107	$ 104
Commercial Truck [2]		
Segment Adjusted EBITDA	$ 73	$ 58
Segment Adjusted EBITDA Margin	9.4 %	9.2 %
Aftermarket an Industrial [2]		
Segment Adjusted EBITDA	$ 34	$ 46
Segment Adjusted EBITDA Margin	13.8 %	16.6 %

1. Unallocated legacy and corporate expense (income), net represents items that are not directly related to the company's business segments. These items primarily include asbestos-related charges and settlements, pension and retiree medical costs associated with sold businesses, and other legacy costs for environmental and product liability.
2. Amounts for the three months ended March 31, 2020 have been recast to reflect reportable segment changes

NON-GAAP Financial Information

Free Cash Flow Reconciliation
(in millions)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Cash Provided by Operating Activities	$ 63	$ 309
Capital Expenditures	(16)	(17)
Free Cash Flow	$ 47	$ 292

NON-GAAP Financial Information

(In millions, except per share amounts)		Fiscal Year 2021 Outlook [1]
Net Income Attributable to Meritor, Inc.	~$	145 - 155
Loss from Discontinued Operations		-
Income from Continuing Operations Attributable to Meritor, Inc.	~$	145 - 155
Interest Expense, Net		~80
Provision for Income Taxes		~50 - 55
Brazilian VAT credit		(22)
Noncontrolling Interests		~10
Depreciation and Amortization		~105
Restructuring		~15
Other		~4 - 12
Adjusted EBITDA	~$	387 - 410
Total Debt	~$	1,025
Less: Cash and cash equivalents		~175
Net Debt	~$	850
Net Debt to Adjusted EBITDA		~2x
Sales	~$	3,650 - 3,800
Adjusted EBITDA Margin		~10.6% - 10.8%
Diluted Earnings Per Share from Continuing Operations	~$	2.00 - 2.15
Impact of adjustments on diluted earnings per share		~0.15
Adjusted Diluted Earnings Per Share from Continuing Operations	~$	2.15 - 2.30
Diluted Average Common Shares Outstanding		~73

1. Amounts are approximate

NON-GAAP Financial Information

Free Cash Flow Outlook

(In millions)	Fiscal Year 2021 Outlook[1]	
Free Cash Flow:		
Cash Provided By Operating Activities	~$	205 - 220
Capital Expenditures		~(95)
Free Cash Flow	~$	110 - 125

1. Amounts are approximate

NON-GAAP Financial Information

Adjusted Income (Loss) from Continuing Operations Reconciliation - Proforma

(in millions, except per share amount)

Beginning in the second quarter of fiscal year 2021, the company revised its presentation of two non-GAAP measures, adjusted income (loss) from continuing operations and adjusted diluted earnings (loss) per share, to better align with SEC guidance. The adjustment for non-cash tax expenses related to the use of deferred tax assets in jurisdictions with net operating loss carryforwards or tax credits will no longer be included in these two non-GAAP measures. The table below shows the prior period impact of revising the presentation of adjusted income (loss) from continuing operations and adjusted diluted earnings (loss) per share.

	2019	2020					2021
	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1
Adjusted income (loss) from continuing operations attributable to Meritor, Inc. - As reported	330	52	56	(34)	11	85	44
Less: Non-cash tax adjustment	51	9	8	(8)	3	12	1
Adjusted income (loss) from continuing operations attributable to Meritor, Inc.	279	43	48	(26)	8	73	43
Adjusted diluted earnings (loss) per share from continuing operations - As reported	3.82	0.64	0.74	(0.47)	0.15	1.12	0.60
Less: Impact of non-cash tax adjustment	0.59	0.11	0.10	(0.11)	0.04	0.15	0.01
Adjusted diluted earnings (loss) per share from continuing operations	3.23	0.53	0.64	(0.36)	0.11	0.97	0.59
Diluted average common shares outstanding	86.3	80.7	75.3	72.1	73.8	75.6	73.2

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