

FISCAL YEAR 2018 THIRD QUARTER EARNINGS PRESENTATION

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August 1, 2018



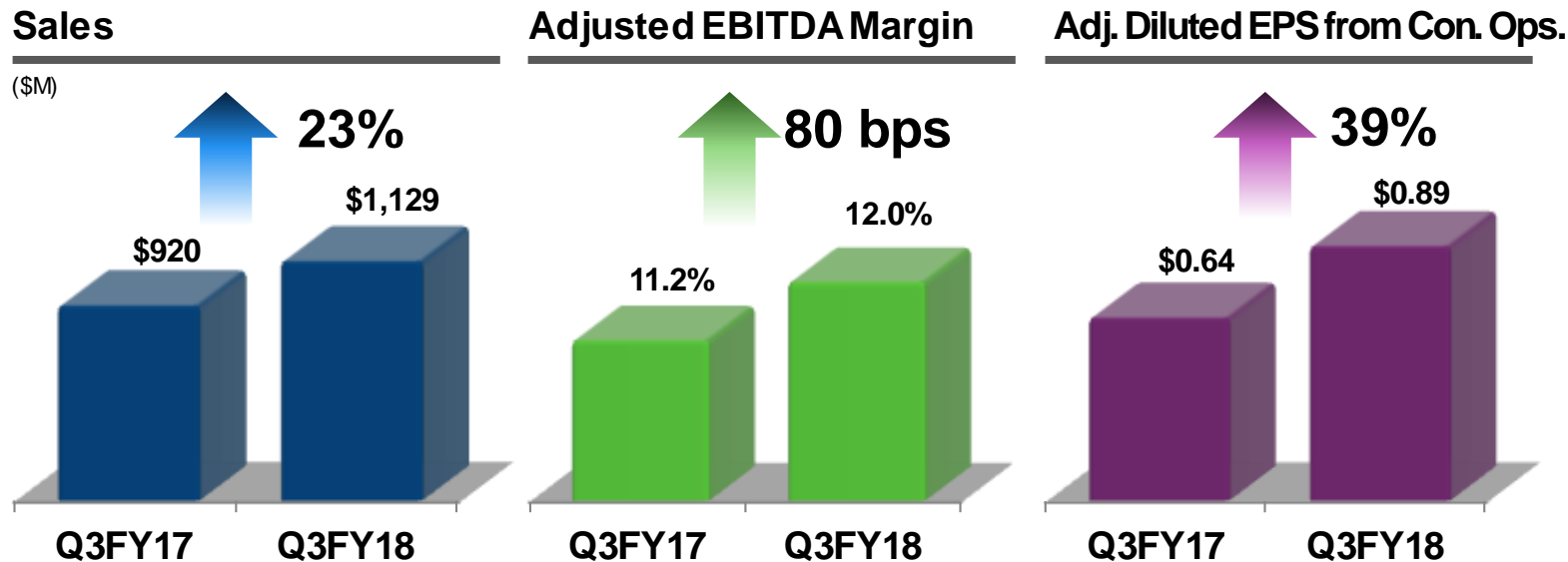
Forward-Looking Statements

This presentation 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 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. and AA Gear Mfg., 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 productions 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 litigation with respect to environmental, asbestos-related, or other matters; the actual impacts of our modifications to benefits provided to certain former union employee retirees on the company's balance sheet, earnings and amount of cash payments; possible changes in accounting rules; ineffective internal controls; 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, 2017, 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.

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.

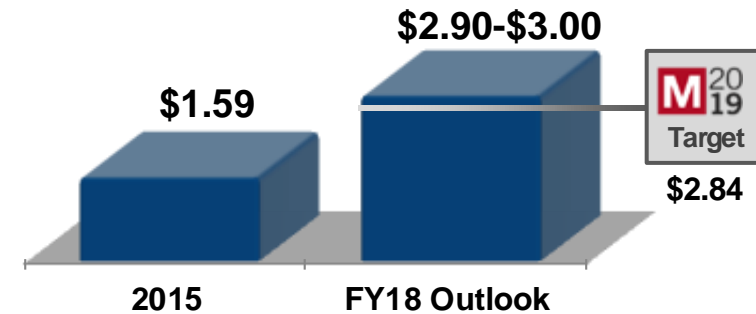
Third Quarter Fiscal Year 2018 Highlights^{(1) (2)}

- Achieved 12% adjusted EBITDA margin
- Generated \$102M in free cash flow
- Repurchased 1.4M common shares
- Raising guidance

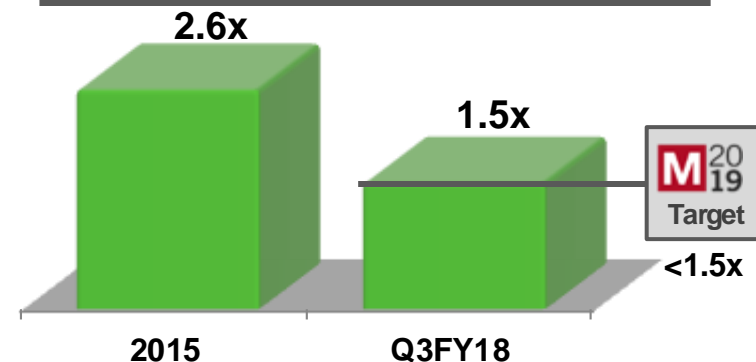


On Track to Achieve Two Key Financial Targets of M2019 Plan One Year Early^{(2) (3)}

Adj. Diluted EPS from Con. Ops.



Net Debt to Adj. EBITDA⁽⁴⁾



1. GAAP net income attributable to Meritor, Inc. was \$64M for Q3 FY18 and \$48M for Q3 FY17. GAAP income from continuing operations attributable to Meritor, Inc. was \$66M for Q3 FY18 and \$49M for Q3 FY17. GAAP diluted earnings per share from continuing operations attributable to Meritor, Inc. was \$0.73 for Q3 FY18 and \$0.52 for Q3 FY17.

2. See Appendix – “Non-GAAP Financial Information.”

3. Based on management’s planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see “Forward Looking Statements.”

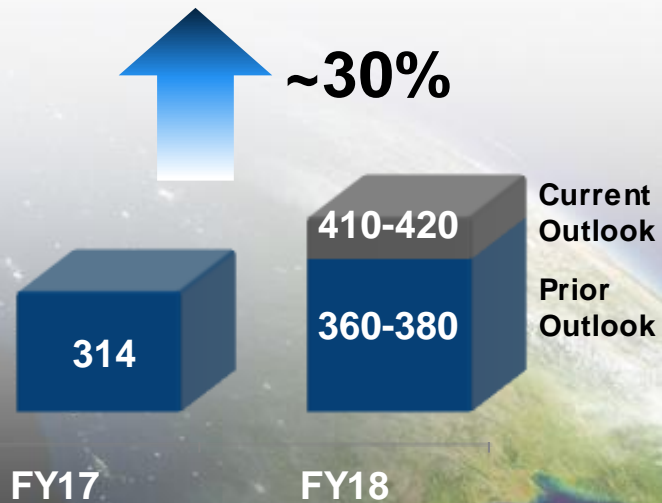
4. Net debt to adjusted EBITDA ratio: (Total debt – Cash and cash equivalents) / Adjusted EBITDA.

India Growth

Market Outlook⁽¹⁾

Medium and Heavy Duty Production

(GVWR > 6T; Units in 000s)



- FY18 increases driven by GDP expansion and infrastructure investment
- Policy actions expected to drive growth beyond 2018

M2019 Business Wins

- Wins across multiple product categories: axles, brakes, suspensions
- Applications include specialty, linehaul, and military within heavy duty and medium duty segments



Incremental Investment

- Investment of ~\$20M through JV to support market growth and new business wins
- Investment will increase capacity across axle and brake portfolios

1. Actual volumes based on third party sources. Prior and current outlooks based on Meritor estimates. Actual results may differ materially from projections as a result of risks and uncertainties. See slide "Forward Looking Statements."

New Business Wins

Europe On- and Off-Highway

- European business wins for construction and mining applications
- Significant win with BMC in Turkey in construction and linehaul segments



Defense

- Win with Mack Defense
- Axle, driveline and transfer case content for Heavy Dump Truck



Electrification

- Awarded electrification business with leading global OEM
- Supplying 14 trucks with Meritor eAxles, two of which will be completely equipped with content supplied by TransPower



Components

- New components win with major automotive supplier
- Light vehicle platform for OEM
- One of largest awards since launch of Components business



Globally Recognized for Quality and Delivery

DAIMLER

Masters of Quality Award

- Five facilities in North America received awards
- Suppliers must have received high scores on their quality, delivery, technology and cost performance

PACCAR

Global Quality Award

- Recognizes suppliers that meet or exceed rigorous standard of 10 or fewer defective PPM for parts shipped to PACCAR
- Suppliers must also meet demanding criteria for delivery performance, customer support, and business impact

ASHOK LEYLAND

Gold Award for New Product Development

- Received award for designing a unique patented slipper suspension that offers the most cost competitive solution for the Indian market

PENSKE

Supplier of the Year

- Selected out of 120 suppliers for outstanding sales, customer service and marketing support
- Choice of dealers and management for supply chain performance, field and service support, responsiveness, and strength of relationship

HINO

100% Delivery Award

- Received award in market environment in which total number of awards dropped due to inability of many suppliers to meet this standard
- Supplier of key components to Hino in North America since 2003

Third Quarter Fiscal Year 2018 Financial Results

(in millions, except per share amounts) GAAP Measures	Three Months Ended June 30,	
	2018	2017
Sales	\$1,129	\$920
Gross Margin <i>Gross Margin %</i>	\$177 15.7%	\$142 15.4%
Net Income from Continuing Operations ⁽¹⁾	\$66	\$49
Non-GAAP Measures⁽²⁾		
Adjusted EBITDA <i>Adjusted EBITDA Margin %</i>	\$135 12.0%	\$103 11.2%
Adjusted Income from Continuing Operations ⁽¹⁾	\$80	\$60
Adjusted Diluted EPS from Continuing Operations ⁽³⁾ <i>Diluted Shares Outstanding</i>	\$0.89 89.8	\$0.64 93.3
Free Cash Flow ⁽⁴⁾	\$102	\$94

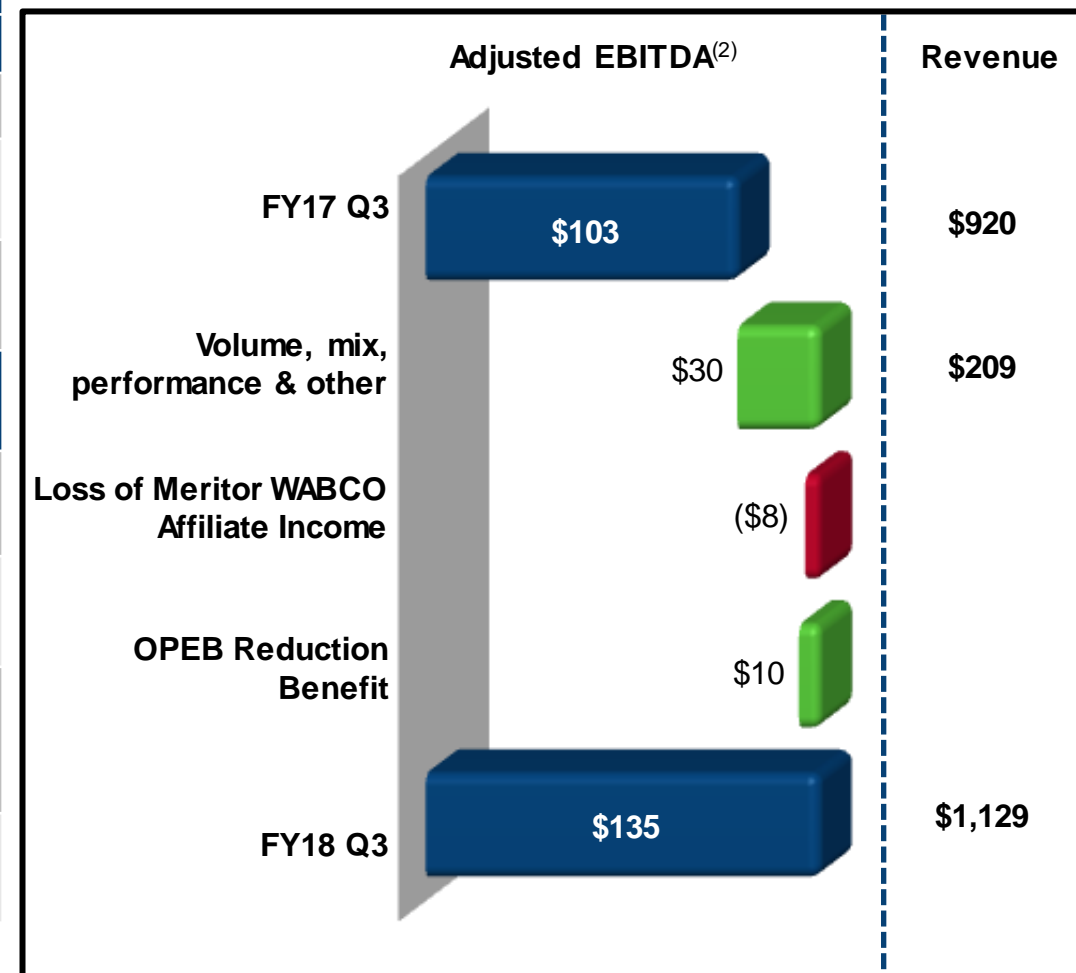
1. Amounts represent Continuing Operations Attributable to Meritor, Inc.

2. See Appendix – “Non-GAAP Financial Information.”

3. GAAP diluted earnings per share from continuing operations attributable to Meritor, Inc. was \$0.73 for Q3 FY18 and \$0.52 for Q3 FY17.

4. GAAP cash provided by operating activities was \$119M for Q3 FY18 and \$106M for Q3 FY17.

FY18 Q3 vs. FY17 Q3



Third Quarter Fiscal Year 2018 Segment Results

(in millions)

Commercial Truck & Trailer

	Three Months Ended June 30,		Better/(Worse)	
	2018	2017 ⁽⁴⁾	\$	%
	Sales	\$904	\$728	\$176
Segment Adjusted EBITDA ⁽¹⁾⁽²⁾	\$103	\$71	\$32	45%
% of Sales ⁽³⁾	11.4%	9.8%	1.6 pts	

Performance Drivers

Sales Increase:

- Primarily driven by higher production in all major markets as well as new business wins and market share increases

Segment Adjusted EBITDA Increase:

- Primarily driven by conversion on higher revenue and the favorable impact of changes to retiree medical benefits, partially offset by lower affiliate earnings arising from the sale of a joint venture interest in the previous year



Aftermarket & Industrial

	Three Months Ended June 30,		Better/(Worse)	
	2018	2017 ⁽⁴⁾	\$	%
	Sales	\$273	\$237	\$36
Segment Adjusted EBITDA ⁽¹⁾⁽²⁾	\$35	\$30	\$5	17%
% of Sales ⁽³⁾	12.8%	12.7%	0.1 pts	

Performance Drivers

Sales Increase:

- Primarily driven by increased volumes across North America Aftermarket and higher sales in our Industrial business, which included revenue from the business acquired in the fourth quarter of fiscal year 2017

Segment Adjusted EBITDA Increase:

- Primarily driven by the favorable impact from changes to retiree medical benefits and conversion on higher sales, partially offset by higher material and freight costs

1. Meritor uses segment adjusted EBITDA to evaluate the performance of each of the company's reportable segments.

2. See Appendix – "Non-GAAP Financial Information."

3. Segment adjusted EBITDA margin equals segment adjusted EBITDA divided by consolidated sales from continuing operations, either in the aggregate or by segment, as applicable.

4. Amounts for the three months ended June 30, 2017 have been recast to reflect reportable segment changes.

Fiscal Year 2018 Global Market Outlook⁽¹⁾ (units in 000s)

Western Europe

Production	FY18 Outlook	Prior Outlook
Medium and Heavy Duty	470 – 480	460-480



North America

Production	FY18 Outlook	Prior Outlook
Heavy Duty (Class 8)	300 – 310	300-310
Medium Duty (Class 5-7)	240 – 250	240-250
U.S. Trailers	310 - 320	290-300



South America

Production	FY18 Outlook	Prior Outlook
Medium and Heavy Duty	95 – 105	95-105

India

Production	FY18 Outlook	Prior Outlook
Medium and Heavy Duty	410 – 420	360-380



China

	FY18 Outlook	Prior Outlook
Revenue (Including Exports)	\$210 - \$220M	\$190 - \$210M



1. Prior and FY18 Outlooks based on Meritor estimates. Actual results may differ materially from projections as a result of risk and uncertainties. Please see "Forward Looking Statements."

Fiscal Year 2018 Outlook

	FY18 Outlook ⁽¹⁾	FY18 Previous Outlook ⁽¹⁾
Sales (in billions)	~\$4.1	\$4.0 - \$4.1
Adjusted EBITDA Margin ⁽²⁾	~11.3%	~11.2%
Adjusted Diluted EPS from Continuing Operations ⁽²⁾	\$2.90 - \$3.00	\$2.70 - \$2.85
Free Cash Flow ⁽²⁾⁽³⁾ (in millions)	\$135 - \$145	\$120 - \$135

1. Based on management's planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see "Forward Looking Statements."

2. See Appendix – "Non-GAAP Financial Information."

3. Free cash flow includes operating cash flows provided by (used for) discontinued operations.

Note: Guidance for fiscal year 2018 on a GAAP basis as follows: Net income attributable to Meritor and net income from continuing operations attributable to Meritor to be approximately \$145M to \$155M. Diluted earnings per share and diluted earnings per share from continuing operations to be approximately \$1.60 to \$1.70. Operating cash flow to be approximately \$230M to \$240M.

Appendix



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FY18 Planning Assumptions

Continuing Operations <i>(in millions)</i>	FY18 Estimate⁽¹⁾
Capital Expenditures	~\$95
Interest Expense	~\$65
Cash Interest	~\$50
Cash Taxes	~\$40

1. Based on management's planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see slide "Forward Looking Statements."

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 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, non-cash tax expense related to the use of deferred tax assets in jurisdictions with net operating loss carry forwards, 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, noncontrolling 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. Net debt is defined as total debt less cash and cash equivalents.

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 and adjusted diluted earnings (loss) per share from continuing operations are meaningful measures of performance to investors as they are commonly utilized to analyze financial performance in our industry, perform analytical comparisons, 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. Net debt over adjusted EBITDA is a specific financial measure in our current M2019 plan used to measure the company's leverage in order to assist management in its assessment of appropriate allocation 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 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 net debt over adjusted EBITDA as key metrics to determine management's performance under our performance-based compensation plans.

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 and segment adjusted EBITDA margin 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 as an indicator of our financial performance. Free cash flow 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, this non-GAAP cash flow measure does not reflect cash used to repay debt or cash received from the divestitures of businesses or sales of other assets and thus does 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.

Non-GAAP Financial Information

Adjusted Income from Continuing Operations Reconciliation

(in millions, except per share amounts)

	Three Months Ended June 30,		Twelve Months Ended September 30,
	2018	2017	2015 ⁽²⁾
Income from Continuing Operations Attributable to the Company	\$ 66	\$ 49	\$ 65
Adjustments:			
Restructuring costs	3	-	16
Non-cash tax expense ⁽¹⁾	12	11	4
Asset impairment charges, net of noncontrolling interests	-	-	2
U.S. tax reform impacts	1	-	-
Loss on debt extinguishment	-	-	24
Goodwill impairment charges	-	-	15
Tax valuation allowance reversal, net and other	-	-	(16)
Pension settlement losses	-	-	59
Income tax benefits	(2)	-	(10)
Adjusted Income From Continuing Operations Attributable to the Company	\$ 80	\$ 60	\$ 159
Diluted Earnings Per Share From Continuing Operations	\$ 0.73	\$ 0.52	\$ 0.65
Impact of Adjustments on Diluted Earnings Per Share	0.16	0.12	0.94
Adjusted Diluted Earnings Per Share From Continuing Operations	\$ 0.89	\$ 0.64	\$ 1.59
Diluted Shares Outstanding	89.8	93.3	100.1

1. Represents tax expense related to the use of deferred tax assets in jurisdictions with net operating loss carry forwards.

2. The year ended September 30, 2015 has been recast to reflect non-cash tax expense

Non-GAAP Financial Information

Adjusted EBITDA and Segment Adjusted EBITDA Reconciliations

(in millions)

	Three Months Ended June 30,	
	2018	2017
Net Income Attributable to Meritor, Inc.	\$64	\$48
Loss from Discontinued Operations, net of tax, attributable to Meritor, Inc.	2	1
Income From Continuing Operations Attributable to Meritor, Inc.	\$66	\$49
Interest Expense, Net	14	21
Provision for Income Taxes	26	11
Depreciation and Amortization	22	18
Loss on Sale of Receivables	1	2
Restructuring Costs	3	-
Asset Impairment Charges	-	(1)
Noncontrolling Interests	3	3
Adjusted EBITDA	\$135	\$103
Adjusted EBITDA Margin ⁽¹⁾	12.0%	11.2%
Unallocated legacy and corporate expense (income), net ⁽³⁾	3	(2)
Segment Adjusted EBITDA	\$138	\$101
Commercial Truck & Trailer⁽⁴⁾		
Segment Adjusted EBITDA	\$103	\$71
Segment Adjusted EBITDA Margin ⁽²⁾	11.4%	9.8%
Aftermarket & Industrial⁽⁴⁾		
Segment Adjusted EBITDA	\$35	\$30
Segment Adjusted EBITDA Margin ⁽²⁾	12.8%	12.7%

1. Adjusted EBITDA margin equals adjusted EBITDA divided by consolidated sales from continuing operations.

2. Segment adjusted EBITDA margin equals segment adjusted EBITDA divided by consolidated sales from continuing operations, either in the aggregate or by segment, as applicable.

3. 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.

4. Amounts for the three months ended June 30, 2017 have been recast to reflect reportable segment changes.

Non-GAAP Financial Information

Net Debt to Adjusted EBITDA

(in millions)

	June 30, 2018	September 30, 2015
Short-Term Debt	\$ 48	\$ 15
Long-Term Debt	728	1,036
Total Debt	776	1051
Less: Cash and Cash Equivalents	(100)	(193)
Net Debt	\$ 676	\$ 858
	Twelve Months Ended ⁽¹⁾ June 30, 2018	Twelve Months Ended September 30, 2015
Net income attributable to Meritor, Inc.	\$ 324	\$ 64
Loss from discontinued operations, net of tax, attributable to Meritor, Inc.	3	1
Income from continuing operations, net of tax, attributable to Meritor, Inc.	\$ 327	\$ 65
Interest expense, net	110	105
Gain on sale of equity investment	(243)	-
Provision for income taxes	153	1
Depreciation and amortization	84	65
Noncontrolling interests	7	1
Loss on sale of receivables	4	5
Asset impairment charges	4	2
Restructuring costs	8	16
Goodwill impairment charges	-	15
Pension settlement losses	-	59
Adjusted EBITDA	\$ 454	\$ 334
Net debt to adjusted EBITDA ⁽²⁾	1.5	2.6

1. Trailing-twelve-month period ended June 30, 2018 is used to measure the company's leverage in order to assist management in its assessment of appropriate allocation of capital as part of our current M2019 plan and is also used to assess management's performance under one of our performance-based compensation plans.

2. Net debt to adjusted EBITDA ratio: (Total debt – Cash and cash equivalents) / Adjusted EBITDA

Non-GAAP Financial Information

Free Cash Flow Reconciliation

(in millions)

	Three Months Ended June 30,	
	2018	2017
Cash Provided By Operating Activities	\$ 119	\$ 106
Capital Expenditures	(17)	(12)
Free Cash Flow	<u>\$ 102</u>	<u>\$ 94</u>

Non-GAAP Financial Information

<i>(In millions, except per share amounts)</i>	Fiscal Year 2018 Outlook ⁽¹⁾⁽²⁾
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	~65
Provision for Income Taxes	~140
Depreciation and Amortization	~85
Restructuring	~5
Other (noncontrolling interests, loss on sale of receivables, etc.)	~20
Adjusted EBITDA	<u>\$ 460 - 470</u>
Sales	\$ ~4,100
Adjusted EBITDA Margin ⁽³⁾	<u>~11.3%</u>
Diluted Earnings Per Share from Continuing Operations	\$ 1.60 - 1.70
Adjustments:	
Restructuring Costs	~0.05
Loss on Debt Extinguishment	~0.10
Non-Cash Tax Expense ⁽⁴⁾	~1.15
Adjusted Diluted Earnings Per Share from Continuing Operations	<u>\$ 2.90 - 3.00</u>
Diluted Average Common Shares Outstanding	~91.5

1. Amounts are approximate.

2. Based on management's planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see "Forward Looking Statements."

3. Adjusted EBITDA margin equals adjusted EBITDA divided by consolidated sales from continuing operations.

4. Represents tax expense related to the use of deferred tax assets in jurisdictions with net operating loss carry forwards and the Tax Cuts and Jobs Act impact.

Non-GAAP Financial Information

Free Cash Flow Outlook

<i>(In millions)</i>	Fiscal Year	
	2018 Outlook ⁽¹⁾⁽²⁾	
Free Cash Flow:		
Cash Provided By Operating Activities	\$	230-240
Capital Expenditures		~(95)
Free Cash Flow	\$	135-145

1. Amounts are approximate.

2. Based on management's planning assumptions and other factors. Actual results may differ materially from projections as a result of risks and uncertainties. Please see "Forward Looking Statements."

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