



First Quarter 2020 Earnings Conference Call

May 8, 2020
NYSE: TEN

Safe Harbor

Forward-Looking Statements

This communication contains forward-looking statements. These forward-looking statements include, but are not limited to, (i) all statements, other than statements of historical fact, included in this communication that address activities, events or developments that we expect or anticipate will or may occur in the future or that depend on future events and (ii) statements about our future business plans and strategy and other statements that describe Tenneco's outlook, objectives, plans, intentions or goals, and any discussion of future operating or financial performance. These forward-looking statements are included in various sections of this communication and the words "may," "will," "believe," "should," "could," "plan," "expect," "anticipate," "estimate," and similar expressions (and variations thereof) are intended to identify forward-looking statements. Forward-looking statements included in this communication concern, among other things, the proposed separation of DRiV™ from the Powertrain Technology business; future performance improvement plans; future financial and operating results; and other statements that are not historical facts. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to materially differ from those described in the forward-looking statements, including the course of the COVID-19 pandemic and its impact on general economic, business and market conditions; our ability (or inability) to execute on our plans to respond to the COVID-19 pandemic and our previously announced Accelerate plan and to realize the anticipated benefits of these actions; our ability to maintain compliance with the agreements governing our indebtedness and otherwise have sufficient liquidity through the COVID-19 pandemic; the possibility that Tenneco may not complete the separation of the Aftermarket & Ride Performance business from the Powertrain Technology business; the possibility that Tenneco will be unable to execute on its strategy and maintain compliance with the covenants in its Credit Agreement; the possibility that the separation may have an adverse impact on existing arrangements with Tenneco, including those related to transition, manufacturing and supply services and tax matters; the ability to retain and hire key personnel and maintain relationships with customers, suppliers or other business partners; the risk that the benefits of the separation may not be fully realized or may take longer to realize than expected; the risk that the separation may not advance Tenneco's business strategy; the potential diversion of Tenneco management's attention resulting from the separation; as well as the risk factors and cautionary statements included in Tenneco's periodic and current reports (Forms 10-K, 10-Q and 8-K) filed from time to time with the SEC. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Unless otherwise indicated, the forward-looking statements in this release are made as of the date of this communication, and, except as required by law, Tenneco does not undertake any obligation, and disclaims any obligation, to publicly disclose revisions or updates to any forward-looking statements. Additional information regarding these risk factors and uncertainties is detailed from time to time in the company's SEC filings, including but not limited to its annual report on Form 10-K for the year ended December 31, 2019.

In addition, please see Tenneco's press release issued May 8, 2020 for factors that could cause Tenneco's future performance to vary from the expectations expressed or implied by the forward-looking statements herein and for certain reconciliations of GAAP to non-GAAP results.

Agenda

COVID-19 Response, Liquidity & Q1 Business Overview	Segment & Balance Sheet Details	Outlook & Closing Comments	Q&A
Brian Kessler <i>Chief Executive Officer</i>	Ken Trammell <i>Interim Chief Financial Officer</i>	Brian Kessler	Brian Kessler Ken Trammell

Non-GAAP and Pro Forma Results: Please see the tables that reconcile GAAP results with non-GAAP and pro forma results at the end of this presentation and in Tenneco's financial results press release, which is incorporated herein by reference. Pro forma results include the Federal-Mogul acquisition in prior periods.

EBITDA: EBITDA for purposes of this presentation means EBITDA including noncontrolling interests.

COVID-19 : Our Priorities and Responses



Protect our Team Members and our communities

- Acted quickly to protect team members and reduce the spread of the virus, implementing extra health and safety precautions including:
 - rigorous cleaning and sanitation protocols
 - wellness checks for team members
 - changes within facilities to comply with social distancing requirements
- Began supplying components to General Motors for manufacture of critical care ventilators needed to support the medical community



Operate Safely and Continue to Serve Customers

- Temporarily suspended or reduced certain operations across the Americas, EMEA and most of the APAC regions
- As of the first week in May, ~75% of global facilities operating; up from a low point of 47% in early April
 - All China facilities operational
 - Includes essential facilities supporting the aftermarket, commercial truck, off-highway and industrial end markets
- Facilities, team members, and supply chain ready for efficient restart and ramp up



Preserve liquidity and prepare for restart and recovery

- Significant capex reduction vs. initial 2020 guidance
- Leveraging country-specific business support programs to minimize cash outflow and flexing trade working capital requirements
- Executing short-payback restructuring programs
- Additional cost structure improvements

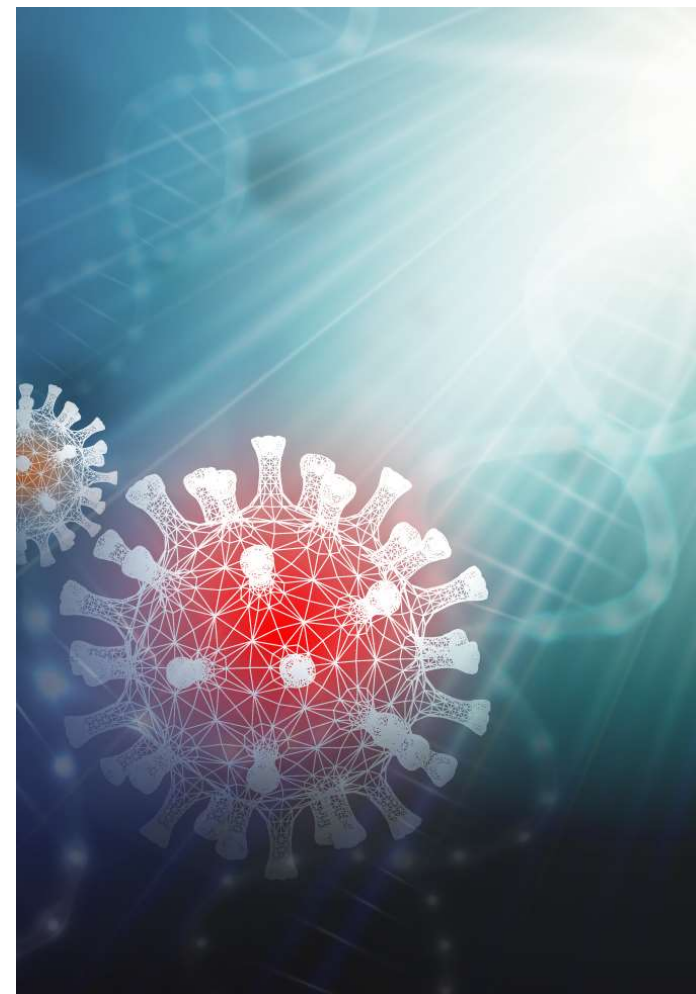
Update on Cost Actions

Accelerate program on track (announced with Q4 2019 earnings)

- Continue to expect \$200M annual savings run-rate by end of 2021
- In 2020, \$100M YOY benefit including carryover synergy projects
- \$250M working capital reduction; half in 2020

Further actions to mitigate COVID-19 impacts

- **Structural cost actions with long-term benefit**
 - Additional headcount reduction; \$65M annual savings run-rate
- **Other temporary cost actions**
 - Q2 salary costs reduced at least 25%; programs in all regions (unpaid furloughs, net pay decreases and available temporary support), with executive leadership team reducing salaries 50% and CEO not taking a salary in Q2
 - Board of Directors retainer fees reduced 25% for the rest of 2020



Largely variable cost base; ~75% of Cost of Goods Sold is materials and labor

Liquidity and Debt Position

Covenant amendment completed

- Secured amendment to credit facility with updated terms through the end of 2022
- Provides flexibility to execute our operating plan in the current volatile environment

Adequate liquidity cushion, based on current expectations

- Liquidity of \$1.57B at quarter end, consisting of \$770M in cash and undrawn revolver capacity of \$800M (on our \$1.5B revolving credit facility)

Optimize cash performance

- Expect to significantly reduce 2020 capex by more than 45% compared to prior year; less than \$400 million projected to be spent
- Flex trade working capital and execute cost actions
- Deferring cash outlays where feasible and leveraging country-specific business support programs

No material near-term debt maturities

- First significant maturity is April 2022
- Credit facility matures in October 2023



Provide required flexibility and liquidity to manage through the current downturn

Business Highlights

Management structure streamlined and reorganized to enhance operational performance and manage costs

Board refreshment strengthens and diversifies industry experience

- New Board appointments including Aleks Miziolek, Roy Armes and Chuck Stevens

Shareholder rights plan to protect availability of tax assets adopted on April 15, 2020

Strong Q1 execution on growth strategies, including new business wins and product launch performance

- Advanced Suspension Technology team added a new Kinetic program win; 10 advanced technology programs launching in 2020
- Motorparts recapturing and winning new business in NA and EMEA; continued execution on portfolio optimization
- Clean Air CTOH new business wins in EMEA and China; strong CTOH program launches in India
- Product innovation-- Powertrain received 2020 Automotive News PACE Award for IROX® 2 Bearing Technology



Tenneco Q1 Overview

REVENUE

\$3.8B

Down 12%⁽¹⁾, excluding
currency impact of (\$97)M
Substrates \$700M

VA REVENUE

\$3.1B

Down 15%⁽¹⁾

Adjusted EBITDA

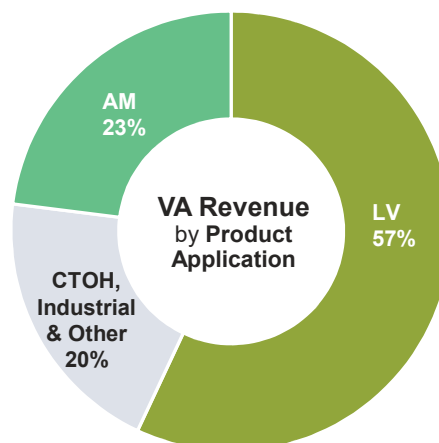
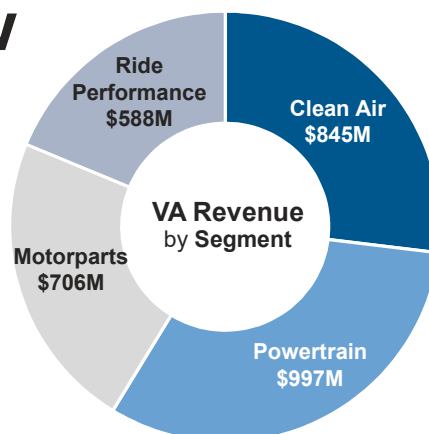
\$239M

VA adjusted
EBITDA margin 7.6%

Adjusted EPS

(\$0.31)

Noncontrolling interest
expense \$14M



VA Revenue \$3.1B, -15%⁽¹⁾

- LV VA revenue -16%⁽¹⁾
 - Outpacing industry production of -23%
- CTOH and Industrial -17%⁽¹⁾
- Aftermarket -9%⁽¹⁾
- Estimated COVID-19 impact of (\$340)M on VA revenue

Adjusted EBITDA \$239M, -27%

- Aggressive cost flexing delivered better than anticipated decremental⁽²⁾ margin performance
- Corporate costs of \$44M, reduced 12% YOY



COVID-19 impact on first quarter more than double original expectation

(1) Revenue growth measured at 2019 constant currency rates.

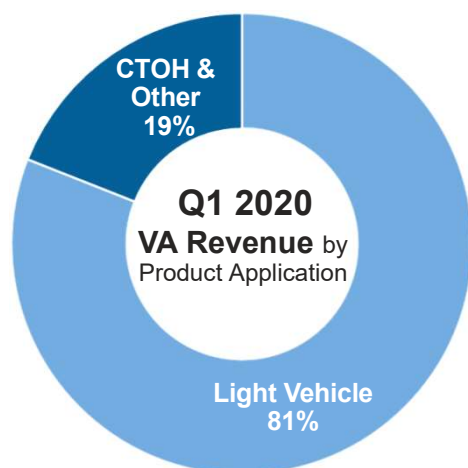
(2) Decremental margins are the change in adjusted EBITDA divided by the change in VA revenue (see page 20 for calculation).

Source: IHS Markit April V2 2020 global light vehicle production forecast.



Segment Details

Clean Air – Q1 Segment Performance



VA adjusted EBITDA margin 12.3%

VA revenue \$845M, -19%⁽¹⁾ YOY

- Light vehicle revenue -20%⁽¹⁾ vs. -23% global LV production
- CTOH & other revenue -19%⁽¹⁾
- Estimated COVID-19 impact (\$150)M

Adjusted EBITDA \$104M, -26% YOY

- VA adj. EBITDA margin 12.3% vs. 13.0% in Q1 2019

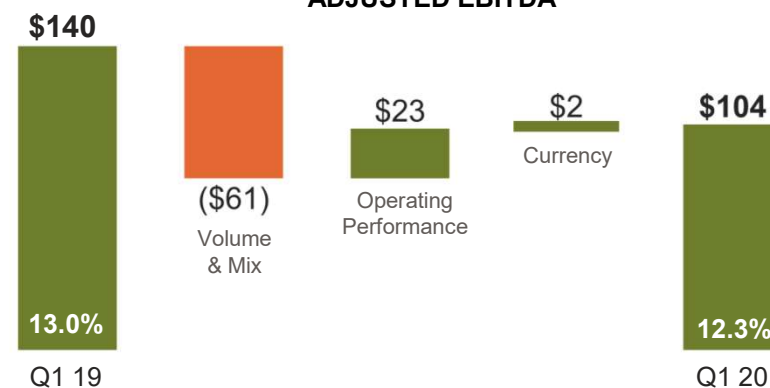
\$ millions

VA REVENUE ⁽¹⁾

Q1 20 Substrate revenue \$700M



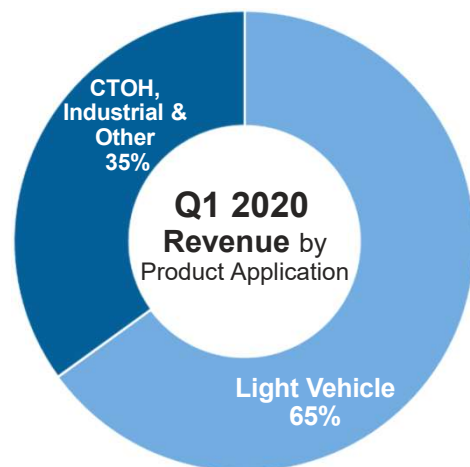
ADJUSTED EBITDA



Source: IHS Markit April V2 2020 global light vehicle production forecast.

(1) Revenue growth measured at 2019 constant currency rates.

Powertrain – Q1 Segment Performance



Adjusted EBITDA margin 9.0%

Revenue \$997M, -13%⁽¹⁾ YOY

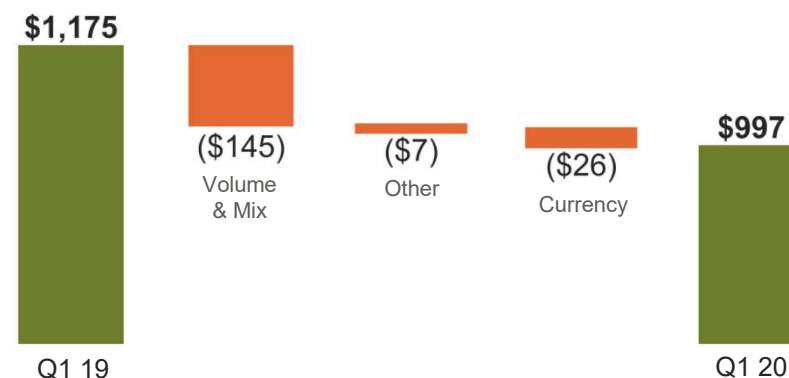
- Light vehicle revenues -12%⁽¹⁾ vs. -23% global LV production
- CTOH, industrial & other revenue -15%⁽¹⁾
- Estimated COVID-19 impact (\$70)M

Adjusted EBITDA \$90M, -22% YOY

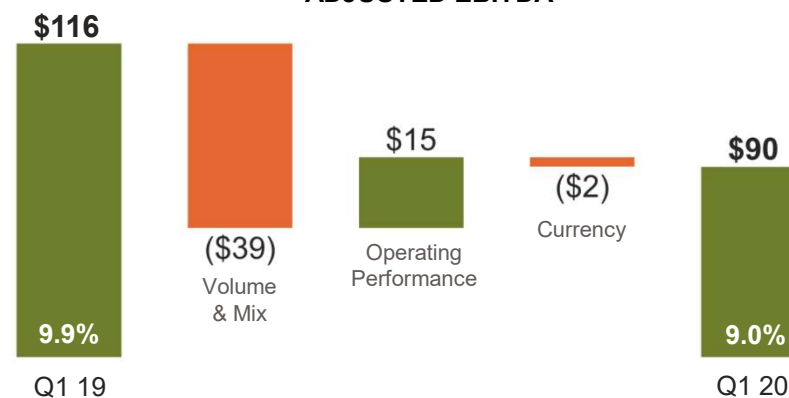
- Adj. EBITDA margin 9.0% vs. 9.9% in Q1 2019

\$ millions

REVENUE ⁽¹⁾



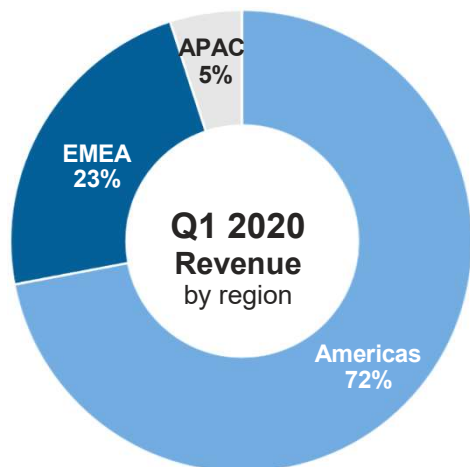
ADJUSTED EBITDA



Source: IHS Markit April V2 2020 global light vehicle production forecast.

(1) Revenue growth measured at 2019 constant currency rates.

Motorparts – Q1 Segment Performance



Adjusted EBITDA margin 10.3%

Revenue \$706M, -9%⁽¹⁾ YOY

- Revenue declined mostly due to:
 - Portfolio changes (\$26)M
 - Estimated COVID-19 impact (\$55)M

Adjusted EBITDA \$73M, -19% YOY

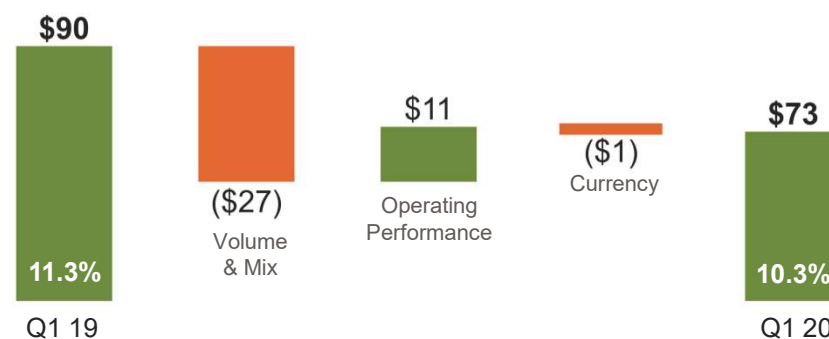
- Adj. EBITDA margin 10.3%, down 100 bps YOY

\$ millions

REVENUE ⁽¹⁾

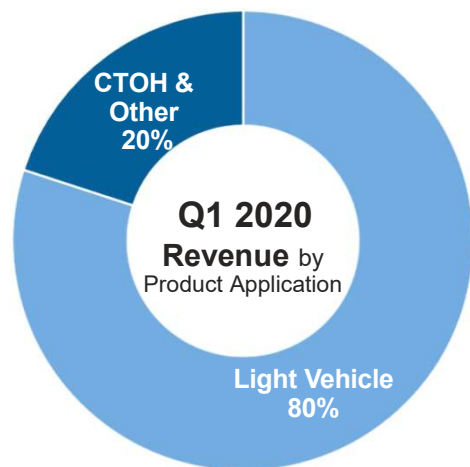


ADJUSTED EBITDA



(1) Revenue growth measured at 2019 constant currency rates.

Ride Performance – Q1 Segment Performance



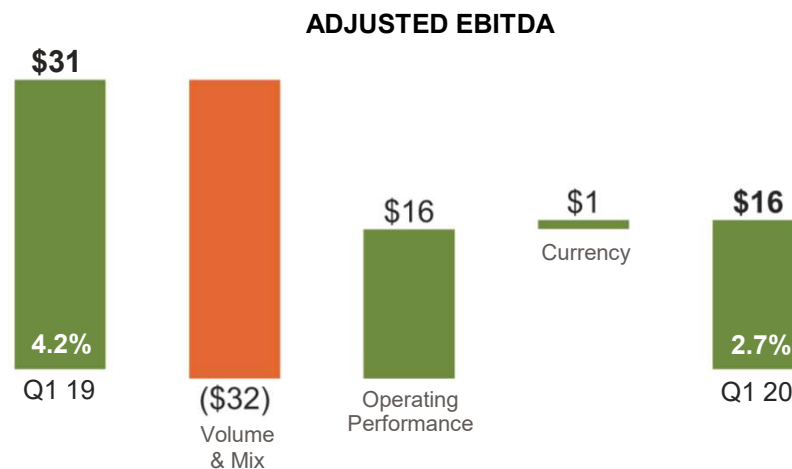
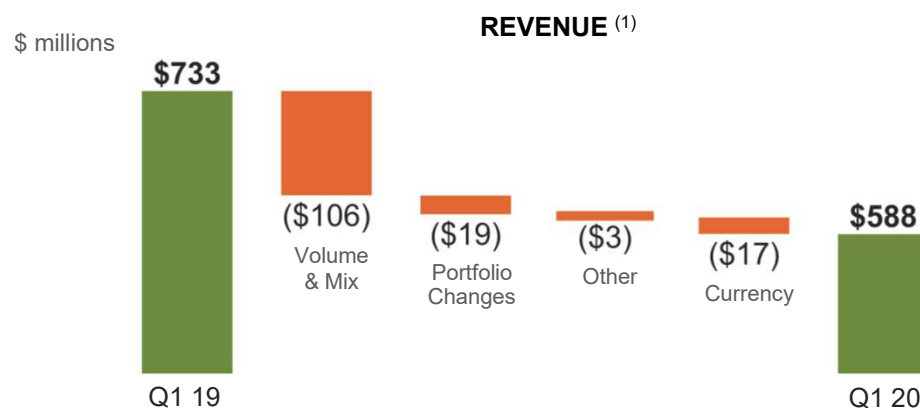
Adjusted EBITDA margin 2.7%

Revenue \$588M, -17%⁽¹⁾ YOY

- Light vehicle revenue -17%⁽¹⁾ vs. -23% global light vehicle production
- CTOH & other revenue -21%⁽¹⁾
- Estimated COVID-19 impact (\$65)M

Adjusted EBITDA \$16M, -48% YOY

- Adj. EBITDA margin 2.7% vs. 4.2% in Q1 2019



Source: IHS Markit April V2 2020 global light vehicle production forecast.
 (1) Revenue growth measured at 2019 constant currency rates..

Balance Sheet and Liquidity



Amended terms of debt covenants on May 5, 2020

Leverage ratio uses senior secured debt for measurement through Q4 2021

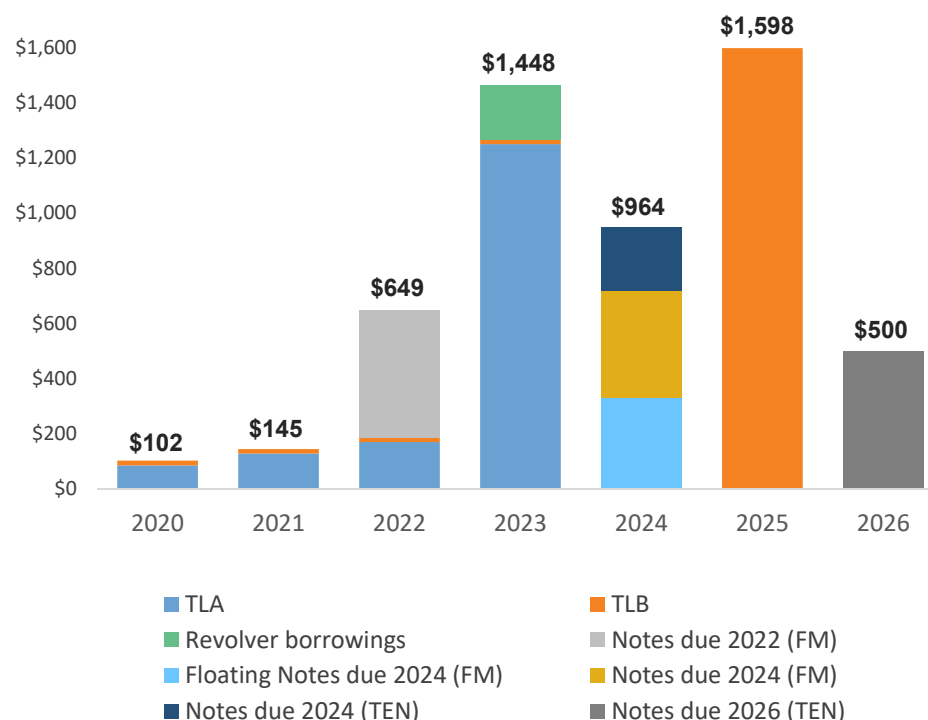
- Maximum permitted covenant ratio of 9.5x in Q3 2020 and steps down thereafter
- Converts back to total net leverage ratio in Q1 2022
- Up to \$750 million of cash can be netted against debt balance to determine ratio
- Interest coverage ratio loosened to 2x for Q2 2020 and 1.5x effective Q3 2020



Adequate liquidity to weather the downturn

- We believe we have adequate liquidity to run the business and support working capital requirements when unit production recovers
- At quarter end, had cash of \$770M and \$800 million available under our credit facility
- Further bolstered our liquidity position by drawing the remaining amount available under the revolving facility

DEBT MATURITY SCHEDULE



No meaningful debt maturities in 2020 and 2021



Q2 Outlook Commentary

Q2 Outlook Commentary



Relative to Q1, expect meaningful sequential deterioration in Q2 revenues and EBITDA

- Within quarter, we believe OEM build rates will increase sequentially vs. April
- US and EMEA aftermarket low point demand appears to have been reached in mid April; sequential improvement in orders for each week since

Cost reductions should build momentum as Q2 progresses

- Actions should contribute more significantly to 2H profit performance
 - Includes temporary actions benefitting 2020 (e.g., salary reductions, furloughs)
- Optimizing cash performance and preparing for Q3 production ramp

Seasoned management team with deep OE and AM industry knowledge and experience

- Utilizing best practices and experience from previous downturns to manage through the current crisis
- Business profile diversification benefits the consolidated entity



Taking action to ensure Tenneco emerges stronger and healthier

Tenneco Investment Appeals - Long-Term Value Creation Opportunity Remains Intact



Two strong divisions positioned to create long-term value – DRiV and New Tenneco



Accelerate plan and the actions taken to mitigate the financial impact of COVID-19 to ultimately build a stronger Tenneco



Prudent investments in growth across both businesses will support long-term value creation



Continue to view a separation of divisions as the best potential long-term value proposition for shareholders



Ongoing assessment of strategic alternatives



New Tenneco's global pure play in powertrain creates focus and specialty

- Tightening emissions standards and regulations offer content opportunities globally, particularly in commercial truck and off-highway (CTOH) markets
- Strong cash generation potential



DRiV's global reach, scale and diversified business profile, support ability to capitalize on secular trends

- Leading Aftermarket product categories, brands and services
- Innovative OE products
- Countercyclical business; strong cash generation potential



Long-term differentiators to deliver profitable growth and support resiliency and flexibility



Appendix

Appendix:

Q1 2020 Financial Results

(\$ millions, except percents and per share data)	Q1 2020
Revenue	\$3,836
VA revenue	3,136
Adjusted EBITDA	239
VA adjusted EBITDA margin	7.6%
Interest expense	75
Adjusted noncontrolling interest expense	14
Adjusted EPS	\$(0.31)
Adjusted D&A ⁽¹⁾	166
Capital expenditures ⁽²⁾	137

(1) Difference between Adjusted EBITDA and Adjusted EBIT.

(2) Capital expenditures are cash payments for PP&E and includes a non-cash adjustment for amounts not paid as of the end of the period.

(3) See Proceeds from deferred purchase price of factored receivables in the investing section of the cash flow statement. GAAP requires reclassification of amount from Change in receivables in the Cash from operations section.

Adjusted Free Cash Flow⁽⁴⁾

(\$ millions)	Q1 2020
Cash from operations	\$(152)
Proceeds from deferred purchase price of factored receivables ⁽³⁾	56
Capital expenditures ⁽²⁾	(137)
Adjusted Free Cash Flow	\$(233)

(4) Adjusted Free Cash Flow represents cash flow from operations, plus the proceeds from factored receivables less the amount of cash payments for property, plant and equipment and software (including a non-cash adjustment for amounts not paid as of the end of the period). Adjusted Free Cash Flow is not a GAAP calculation and should not be considered as an alternative to operating cash flows as a measure of liquidity. Tenneco has presented Adjusted Free Cash Flow because it regularly reviews Adjusted Free Cash Flow a measure of the company's performance. In addition, Tenneco believes its investors utilize and analyze the company's Adjusted Free Cash Flow for similar purposes. However, the Adjusted Free Cash Flow measure presented may not always be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

Appendix:

Decremental Margin and Net Leverage Ratio

Decremental Adjusted EBITDA Margin

\$ in millions, except percents

	Q1 2020	Q1 2019	Change
VA Revenue	3,136	3,778	
Currency impact (2019 rates)	(81)	-	
VA Revenue, ex-currency	3,217	3,778	(561)
Adjusted EBITDA	239	327	
Currency impact (2019 rates)	(1)	-	
Adjusted EBITDA, ex-currency	240	327	(87)

Decremental Margin 16%

Incremental/decremental margin is the currency adjusted change in adjusted EBITDA divided by the currency adjusted change in VA revenue.

Net Leverage Ratio

(\$ in millions)	3/31/2020	12/31/2019
Total Debt	\$6,012	\$5,556
Cash Balances ⁽¹⁾	770	566
Net Debt	\$5,242	\$4,990
LTM Adjusted EBITDA	\$1,327	\$1,415
Net Leverage Ratio	4.0x	3.5x



TENNECO