



TRW Automotive Holdings Corp.

***Morgan Stanley Global Automotive  
Conference***

**Joseph S. Cantie**  
**Vice President and Chief Financial Officer**  
April 7, 2004

# Safe Harbor Statement

**This material contains statements that are not statements of historical fact, but instead are forward-looking statements. All forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those contained in forward-looking statements made in this release. Such risks, uncertainties and other important factors which could cause our actual results to differ materially from those contained in our forward-looking statements are set forth in the TRW Automotive Holdings Corp. final prospectus dated as of February 2, 2004 (the "Prospectus") filed with the Securities and Exchange Commission (the "SEC") pursuant to Rule 424(b)(4) and our Report on Form 10-K for the fiscal year ended December 31, 2003 (the "10-K"), and include: our substantial leverage; the highly competitive automotive parts industry and its cyclicity; pricing pressures from our customers; increasing costs for purchased components and raw materials; non-performance by, or insolvency of, our suppliers; product liability and warranty and recall claims; our dependence on our largest customers; limitations on flexibility in operating our business contained in our debt agreements; increases in interest rates; fluctuations in foreign exchange rates; the possibility that our owners' interests will conflict with ours; work stoppages or other labor issues and other risks and uncertainties set forth under "Risk Factors" in the Prospectus, in the 10-K and in our other SEC filings. We do not intend or assume any obligation to update any of these forward-looking statements.**

# Company Snapshot

(dollars in millions)

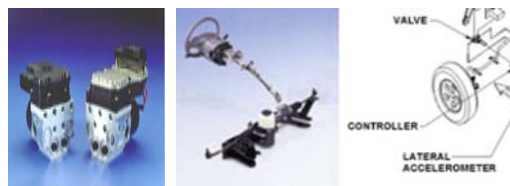


## Total Company

2003 Sales<sup>(1)</sup>: \$ 11,308  
 Operating Income<sup>(1)</sup>: \$ 579  
 Margin: 5.1%

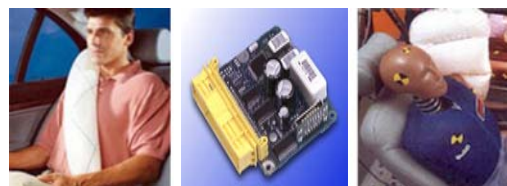
## Product Groups

### Chassis Systems



“Active Safety”

### Occupant Safety Systems



“Passive Safety”

### Automotive Components



## Financials<sup>(2)</sup>

|              |         |              |          |              |          |
|--------------|---------|--------------|----------|--------------|----------|
| Sales:       | \$6,491 | Sales:       | \$ 3,306 | Sales:       | \$ 1,511 |
| Total Sales: | 58%     | Total Sales: | 29%      | Total Sales: | 13%      |
| PBT Margin:  | 4.1%    | PBT Margin:  | 9.1%     | PBT Margin:  | 7.9%     |

## Products

Foundation Brakes  
 ABS/Vehicle Stability Control  
 Steering Systems

Air Bags  
 Seat Belt Systems  
 Safety Electronics

Engineered Fasteners  
 Body Control Systems  
 Engine Components

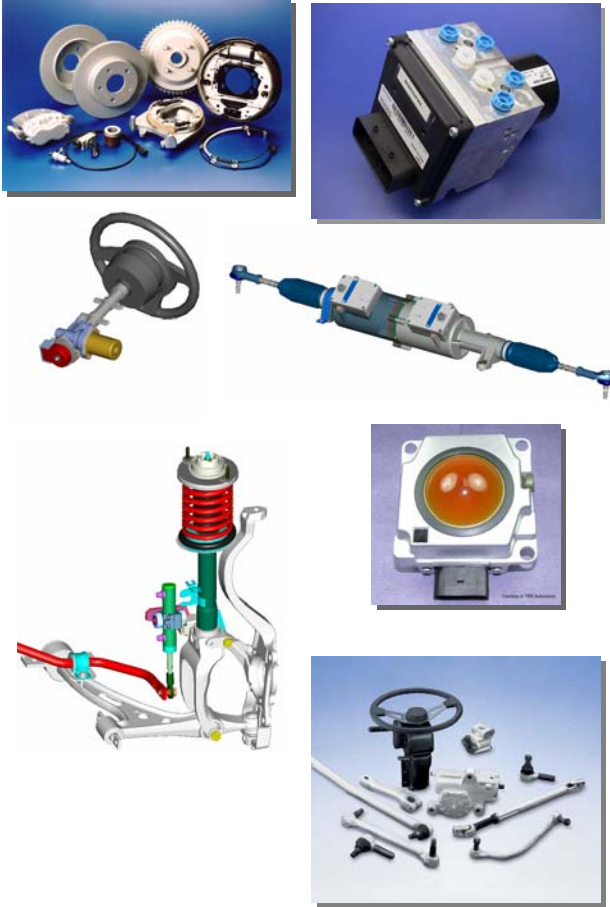
(1) Pro forma for the acquisition, refer to slide 24 for actual. Refer to page 31 of the company's 2003 Form 10-K for a complete reconciliation of actual to pro forma results, available on the company's web site.

(2) See pages 38-42 of the company's 2003 Form 10-K for a reconciliation of actual to pro forma results; Amounts exclude pro forma non-segment charges, including corporate costs of \$115 million, financing costs of \$333 million and net employee benefits income of \$14 million.

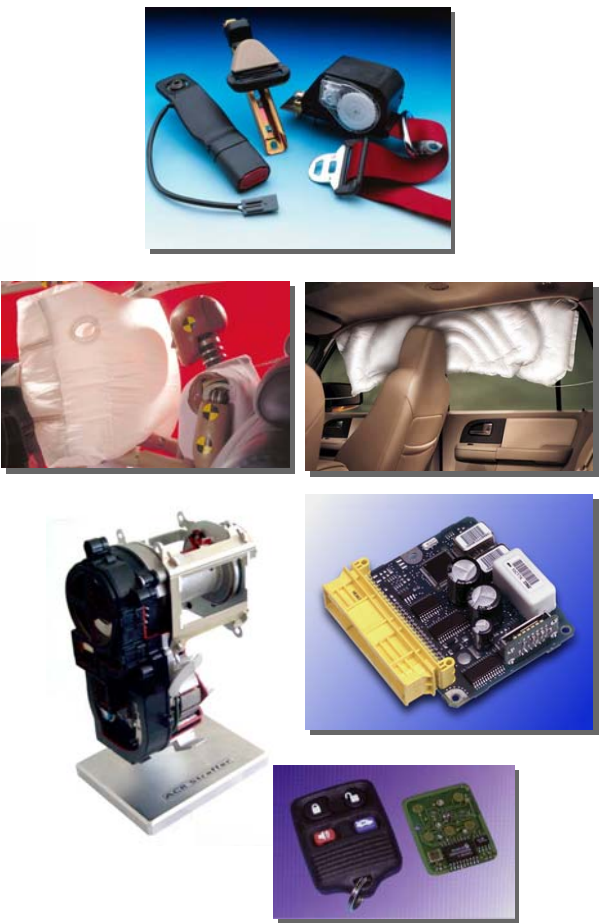


# Products

## Chassis Systems



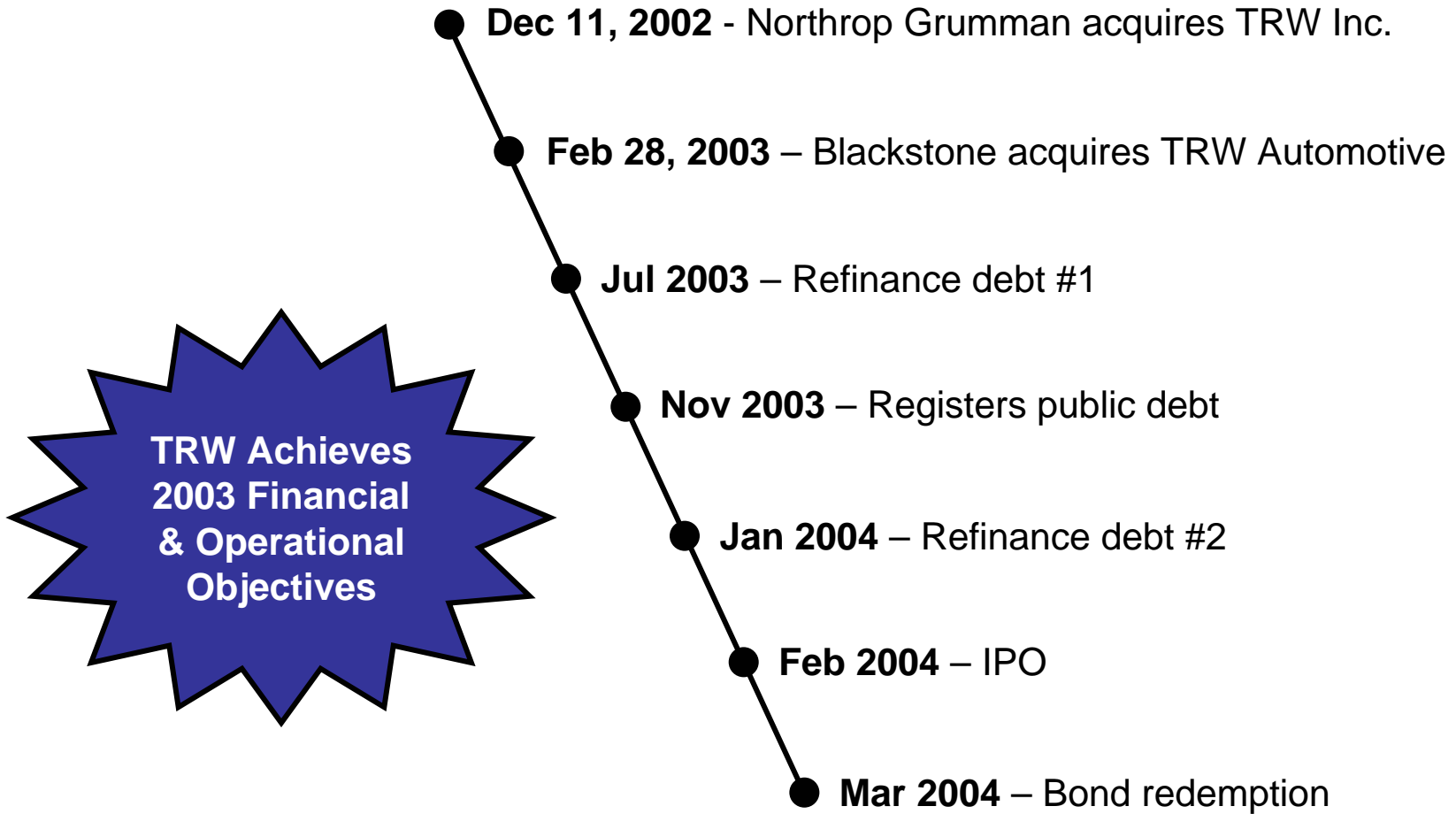
## Occupant Safety Systems



## Automotive Components



# Event Timeline – Path to IPO



# IPO Overview

- Completed IPO on February 6, 2004 – stock began trading under symbol TRW on NYSE
- Use of net proceeds from sale of 24.1 million shares
  - 50% to retire public debt
  - 50% to buy-back 12 million shares owned by Blackstone
- Post IPO ownership
  - Blackstone 57 %
  - Public 24
  - Northrop Grumman 17
  - Management 2
  - Total 100 %

# Leading Market Positions in Key Products

(dollars in millions)

| Product Line                 | Market Position <sup>(1)</sup> | TRW Auto Sales <sup>(2)</sup> | % of TRW Auto Sales <sup>(2)</sup> |
|------------------------------|--------------------------------|-------------------------------|------------------------------------|
| Foundation Brakes            | } #1 or #2                     | \$1,485                       | 13.1%                              |
| Seat Belts                   |                                | 1,082                         | 9.6                                |
| ABS and Other Brake Control  |                                | 1,026                         | 9.1                                |
| Steering Wheels              |                                | 302                           | 2.7                                |
| Steering Gears and Systems   |                                | 1,810                         | 16.0                               |
| Air Bags                     |                                | 1,562                         | 13.8                               |
| Engine Valves                |                                | 523                           | 4.6                                |
| Engineered Plastic Fasteners |                                | 182                           | 1.6                                |
|                              |                                | <b>Total: \$7,972</b>         | <b>70.5%</b>                       |

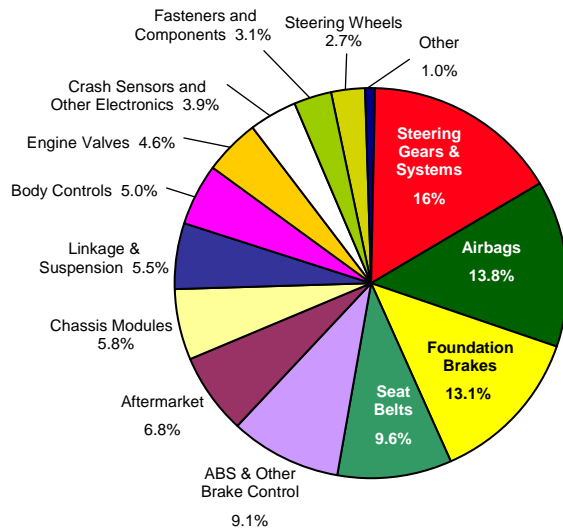
*Leader in primary product lines*

(1) Source: CSM, except for engine valves and engineered plastic fasteners which are management estimates. 2002 combined North America and Western Europe market position, except for ABS and Other Brake Control, which is specifically ABS in North America.

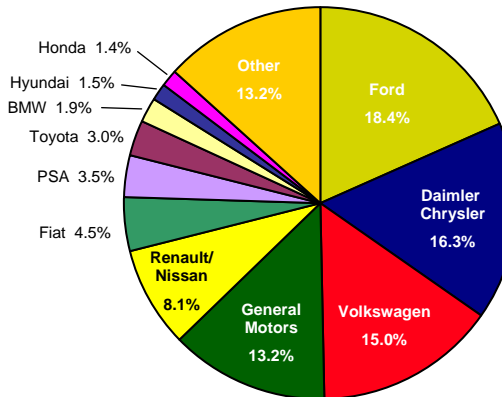
(2) Based on pro forma 2003 results.

# Broadly Diversified Business Mix

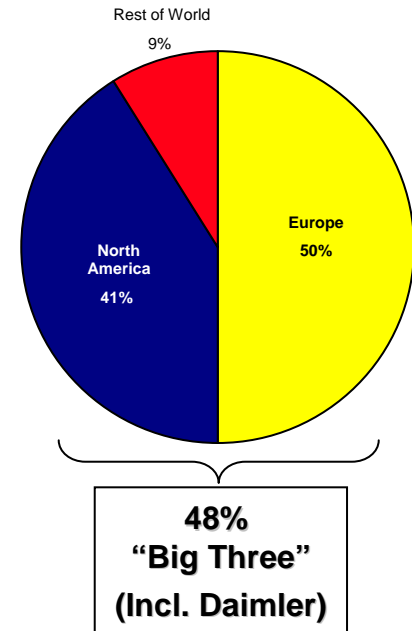
**Product Mix**



**Customer Mix**



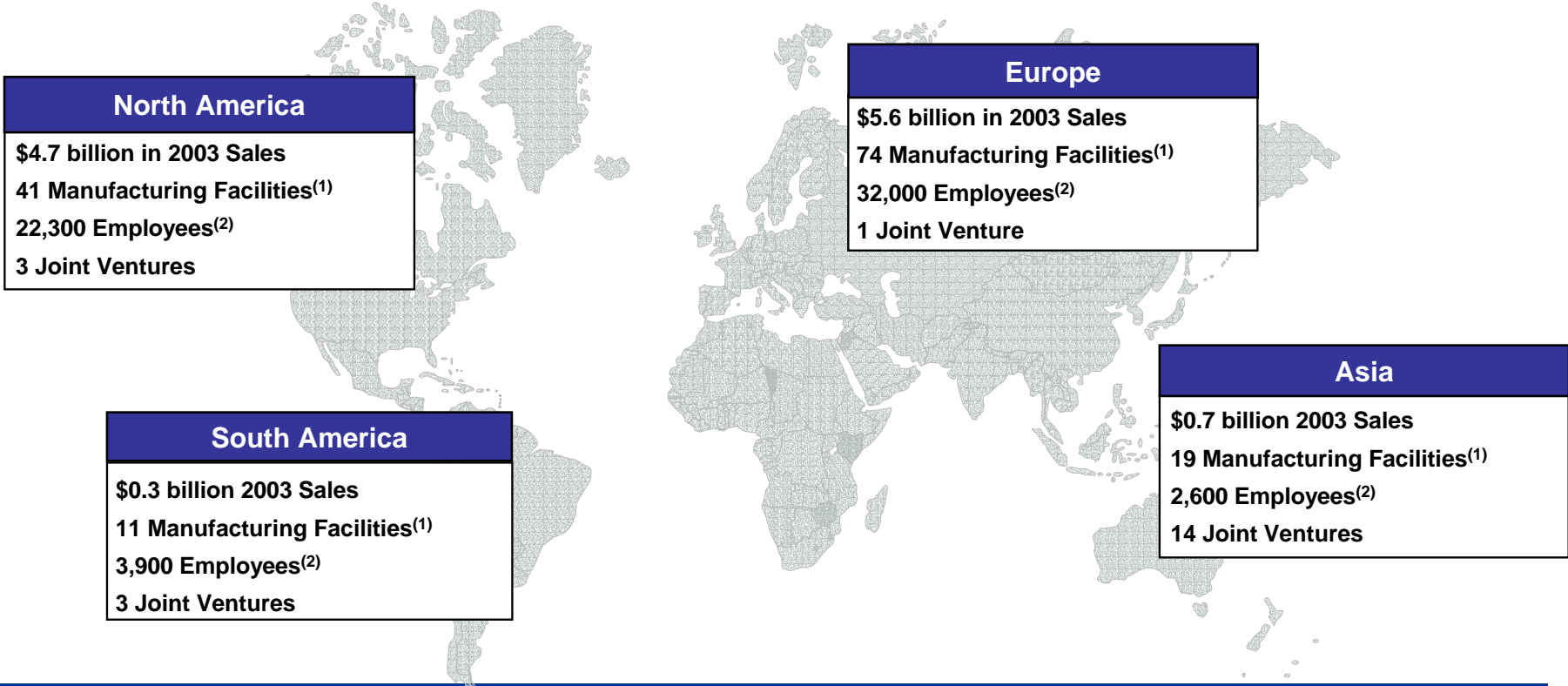
**Geographic Mix**



*Well-diversified product, customer and geographic base*

Note: Based on 2003 pro forma sales.

# Global Manufacturing Base with Significant Presence in Low Cost Countries



*Flexible global footprint mitigates effect of product cycle and drives new product adoption*

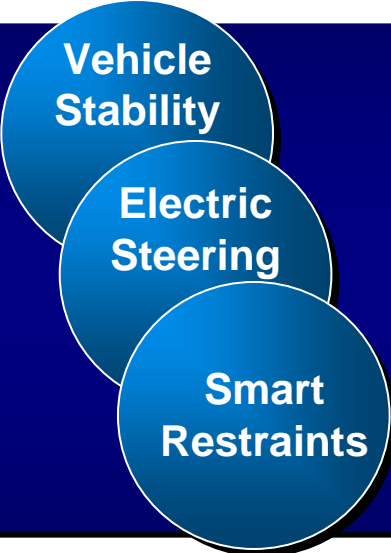
(1) Manufacturing facilities includes majority-owned joint-venture facilities. As of March 8, 2004.  
 (2) Excludes temporary employees.

# TRW Automotive ... A Unique Franchise in Integrated Safety Systems

From Components ...

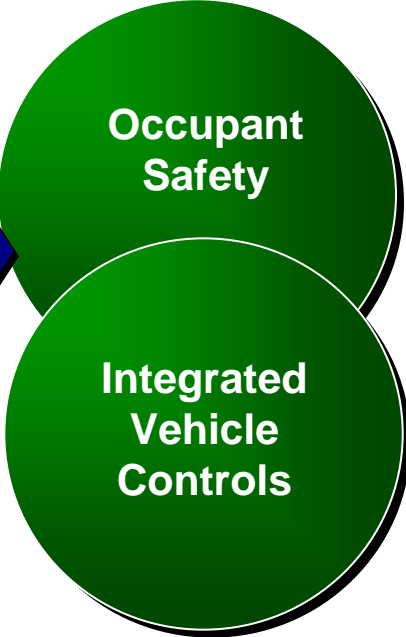


... and New Products



Electronics & Sensors as Key Technology Enablers

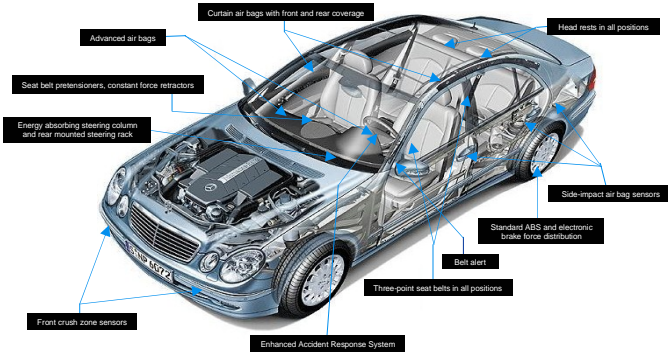
... to Complete Modules and Integrated Safety Systems



# Safety Sells

## With Consumers....

2003 Mercedes-Benz E-Class – Safety and security features



CAN A SECURITY BLANKET BE MADE OF SHEET METAL?

YOUR FAMILY'S SAFETY IS YOUR MOST IMPORTANT CONCERN. BECAUSE IT'S SO IMPORTANT TO US, we designed the Forester to help protect children. And we reinforced the exterior side frame with high strength alloy steel to make air bags available in the rear seat. And we reinforced the interior side frame with high strength alloy steel to make air bags available in the front seat. And we reinforced the interior side frame with high strength alloy steel to make air bags available in the front seat. And we reinforced the interior side frame with high strength alloy steel to make air bags available in the front seat.

Subaru is on the scene first. When you're on the road, you need a vehicle that's built for safety. The Forester is the only SUV in its class with a standard side-impact protection system. And it's the only SUV in its class with a standard side-impact protection system. And it's the only SUV in its class with a standard side-impact protection system.

Subaru is on the scene first. When you're on the road, you need a vehicle that's built for safety. The Forester is the only SUV in its class with a standard side-impact protection system. And it's the only SUV in its class with a standard side-impact protection system. And it's the only SUV in its class with a standard side-impact protection system.

LANCE ARMSTRONG

"FEEL SAFE AND YOU CAN ATTACK ANY ROAD."

SUBARU FORESTER

The Symmetrical All-Wheel Drive System at the heart of every Subaru Forester is built for unprecedented safety. The traction of All-Wheel Drive and the balance of a horizontally opposed engine give you the handling and control to help you avoid accidents. And the highest possible crash test ratings give you the confidence to take on whatever's out there. 1-800-WANT-AND.

subaru.com

SUBARU

DRIVE BY YOUR INSTINCTS

## With Governments....

- Occupant sensing legislation (FMVSS 208)
- TREAD Act – Tire pressure monitoring
- TREAD Act – Rollover testing
- Fuel economy
- Mandatory ABS installation
- Pedestrian protection

Consumer preferences and legislative activities are driving growth in automotive safety products

# Vehicle Manufacturers Are Focused on Safety

## Move by Honda Ups the Ante On Car Safety

*It will Equip Almost All Models With Side-Curtain Air Bags; SUVs Get Anti-Rollover System*

Honda is putting side curtain air bags on all models by the end of 2006

General Motors meanwhile, is accelerating plans to put side-curtain bags on more models

Toyota made stability-control systems standard on all Toyota and Lexus brand SUVs

*The Wall Street Journal*  
30-Oct-2003

## Auto Companies Promise Crash-Safety Design Changes

*04-Dec-2003, announced by the Alliance of Automobile Manufacturers and the Insurance Institute for Highway Safety*

"... by 2007, half of a manufacturer's products must feature side air bags. And by Sept. 1, 2009, 100 percent must be equipped with them."

*The Boston Globe (05-Dec-2003)*

"The changes, which are expected to cost at least \$300 per vehicle and be phased in from 2007 through 2009, could save thousands of lives annually..."

*New York Times (04-Dec-2003)*

By September 1, 2007, half of all vehicles offered in the United States by participating manufacturers are expected to meet the front-to-side performance criteria, and by September 2009, 100% of the vehicles of participating manufacturers are expected to meet the criteria

*Associated Press (04-Dec-2003)*

## Tire-Pressure Monitors are Winning Early Acceptance

"Automakers are voluntarily installing Tire Pressure Monitors ("TPMs") on cars and light trucks..."

"With millions of TPMs on the road, consumers who have them generally praise them."

*Chicago Tribune*  
20-Nov-2003

## Senator McCain and Senator Hollings Push for Bi-Partisan Bill to Address Motor Vehicle Safety

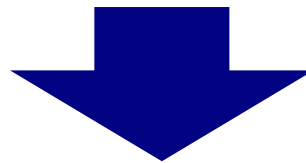
"The Senate Committee bill sets out a traffic safety agenda for the next six years that will result in actions on the solutions to stem the rising death and injury toll on our highways. Provisions in the legislation will require The US Department of Transportation to issue standards to prevent rollover, to mitigate the aggressivity of larger vehicles, to improve roof crush protection, to encourage seat belt use, to reduce head injury, to increase the safety of 15 passenger vans, to enhance motor carrier safety ..."

*Judith Lee Stone,  
President of Advocates for  
Highway and Auto Safety*

17-Jul-2003

# Investment Highlights

- ✓ **Global leader in Active and Passive safety – leading market positions**
- ✓ **Focus on high growth products – safety sells**
- ✓ **Visible Growth – revenue growth in excess of industry vehicle production<sup>(1)</sup>**
- ✓ **One of the most diversified major OEM suppliers**



***Consistent Cash Flow Generation & Earnings Growth***

(1) Based on management assumptions regarding pricing, currency exchange rates, volume and timing of vehicle production, option mix, and other factors not in the control of management.

# IPO Key Investor Themes

- Valuation
- Balance sheet strength
- Taxes
- Amortization of Intangibles
- Pension/OPEB
- Restructuring and other unusual charges

# Summary Comments

## 2003

- **TRW Automotive emerged as an independent company**
- **Major strategic, operational and financial objectives achieved**
  - **Net new business wins to support future revenue growth**
  - **Achieved cost reduction and productivity goals**
  - **Restructuring resulted in fewer facilities and lower headcount**
  - **Established several ventures in key areas**
- **Capital structure transactions provide a solid basis and strong liquidity to support future growth**

**Company positioned to generate cash flow and earnings growth**

# Full Year 2003 Results

(dollars in millions)

|   | <u>2003<sup>(1)</sup></u> | <u>2002<sup>(1)</sup></u> |
|---|---------------------------|---------------------------|
| <b>Sales</b>                            | <b>\$11,308</b>           | <b>\$10,384</b>           |
| <b>Operating Income</b>                 | <b>\$ 579</b>             | <b>\$ 665</b>             |
| <b>Interest<sup>(2)</sup></b>           | <b>(327)</b>              | <b>(309)</b>              |
| <b>Taxes</b>                            | <b><u>(159)</u></b>       | <b><u>(155)</u></b>       |
| <b>Net Earnings</b>                     | <b><u>\$ 93</u></b>       | <b><u>\$ 201</u></b>      |
| <b>Earnings Per Share<sup>(3)</sup></b> | <b><u>\$ 1.03</u></b>     | <b><u>\$ 2.32</u></b>     |

(1) Pro forma for the acquisition and July 2003 debt refinancing. Please refer to slide 24 of the presentation for actual consolidated and combined financials. Refer to pages 31-32 of the company's 2003 Form 10-K for a reconciliation of actual to pro forma results, available on the company's web site.

(2) Includes loss on sale of receivables and interest income.

(3) Based on fully diluted shares outstanding of 86.8 million for 2002 and 90.4 million for 2003.

# Full Year 2003 Results

(dollars in millions)

|                                      | <u>2003</u> <sup>(1)</sup> | <u>2002</u> <sup>(1)</sup> |
|--------------------------------------|----------------------------|----------------------------|
| Operating Income                     | \$ 579                     | \$ 665                     |
| Unrealized Exchange Gain             | (32)                       | —                          |
| Depreciation & Amortization          | <u>486</u>                 | <u>483</u>                 |
| EBITDA <sup>(2)</sup>                | 1,033                      | 1,148                      |
| Restructuring & Other Unusuals       | <u>39</u>                  | <u>88</u>                  |
| EBITDA (pre-unusuals) <sup>(2)</sup> | <u>\$1,072</u>             | <u>\$1,236</u>             |

**Memo: Net Pension/OPEB income down \$224 million in 2003 compared to 2002**

(1) Pro forma for the acquisition and July 2003 debt refinancing. Please refer to slide 24 of the presentation for actual consolidated and combined financials. Refer to pages 31-32 of the company's 2003 Form 10-K for a reconciliation of actual to pro forma results, available on the company's web site.

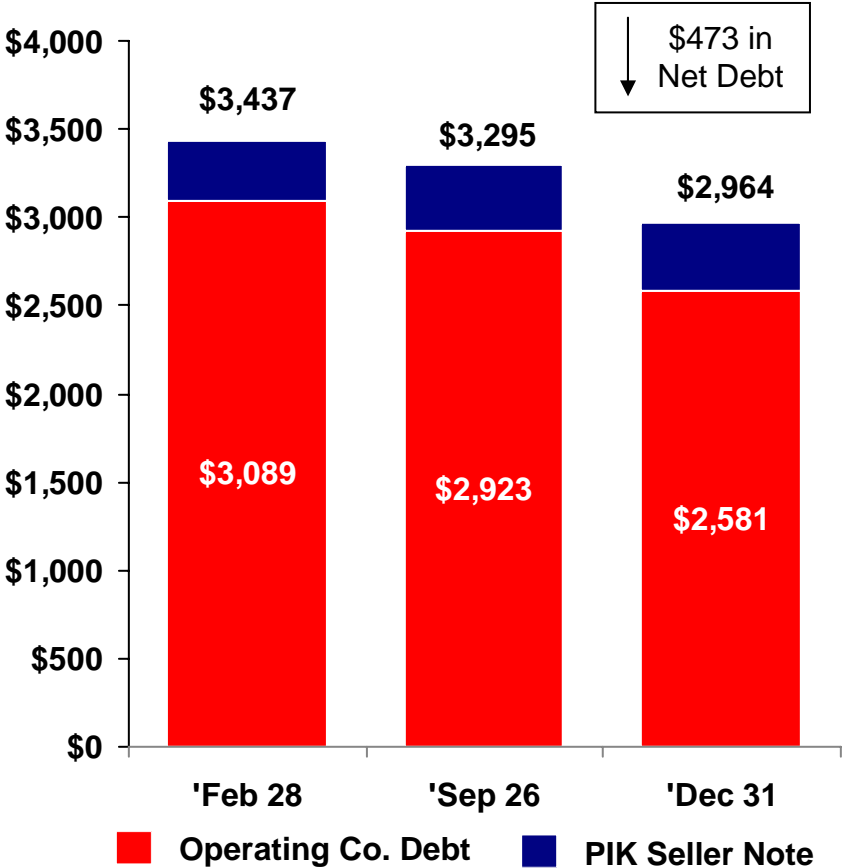
(2) For reconciliation of these non-GAAP measures to the comparable GAAP number, please refer to slide 26 of the presentation.

# Cash Flow Drives Deleveraging

(dollars in millions)

## 2003 Net Debt<sup>(1)</sup>

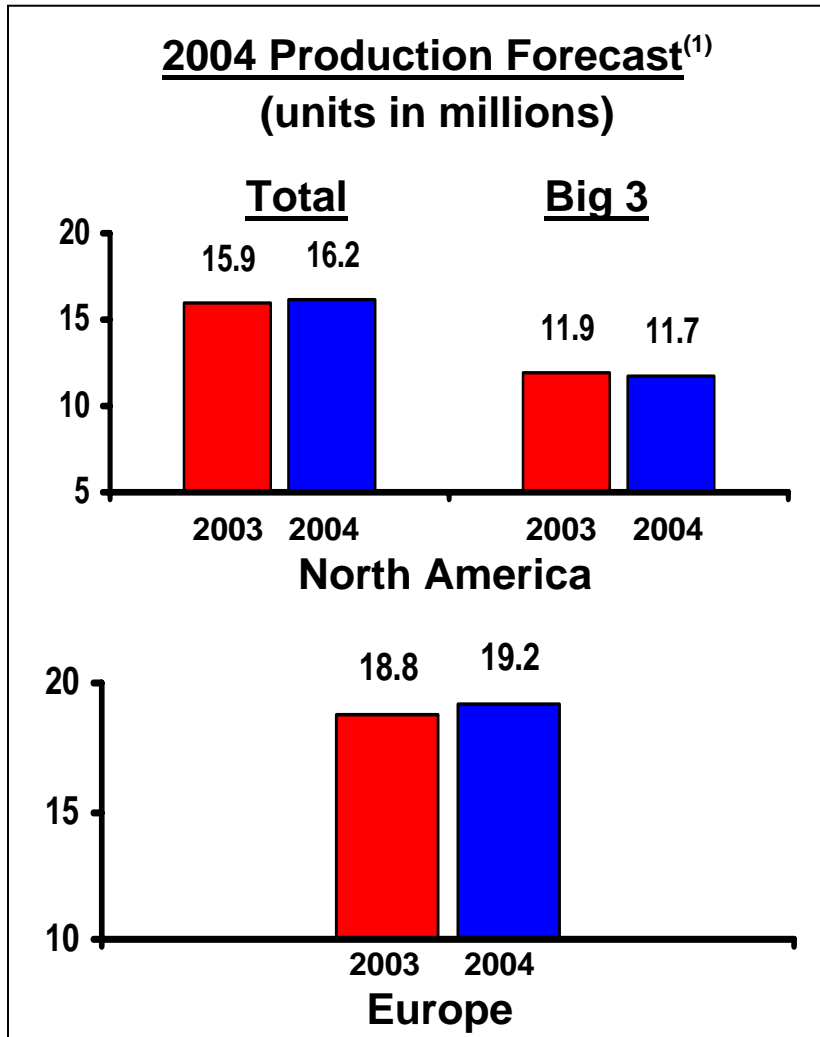
## Comments



- Reduced net debt by \$330 million in Q4 of 2003
- As of 31-Dec-2003, the Company had over \$1 billion of liquidity
  - \$500 million revolver
  - \$400 million A/R facility
  - \$844 million of cash on balance sheet
- Further deleveraging through use of IPO proceeds in Q1 2004

(1) Net debt is equal to total indebtedness (including receivables facility) minus cash, cash equivalents and marketable securities. For net debt reconciliation to closest GAAP equivalent, please refer to the reconciliation on slide 23 of this presentation.

# Looking Ahead - 2004



(1) Source: Primarily CSM Worldwide and internal company estimates.

## 2004 Comments

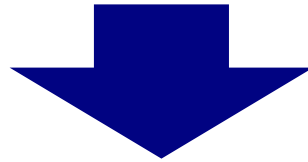
- Industry fundamentals are moderately better
- Safety continues to be a focus – legislation and voluntary OE fitments add to revenues
- Pricing pressures remain difficult – continuous cost-down and productivity gains needed to mitigate this pressure

# Looking Ahead – 2004 Expectations

- Sales of \$11.4 to \$11.6 billion
- Earnings per share of \$1.08 to \$1.23
  - Includes \$47 million, or \$0.47 per share of first quarter charges relating to debt repayment transactions – carry zero tax benefit
- Earnings per share guidance also includes
  - \$33 million of amortization of intangibles (principally customer relationships)
  - \$30 million of restructuring charges
  - Assumes tax rate in excess of statutory levels
- EBITDA consistent with previous guidance

# Long-Term Financial Objectives

- Revenue growth in excess of industry vehicle production due to superior product mix and technology content
- Continual cost reduction initiatives
- EBITDA growth driven by top line and operating efficiencies
- Consistent free cash flow generation to drive deleveraging
- Lower effective tax rate to approach statutory levels



***Strong EPS Growth***



# **TRW Automotive**

# Net Debt Reconciliation

(dollars in millions)

|                              | <u>2003 Period-End Balances</u> |                 |                 |
|------------------------------|---------------------------------|-----------------|-----------------|
|                              | <u>3/1</u>                      | <u>9/26</u>     | <u>12/31</u>    |
| Cash                         | \$ 449                          | \$ 399          | \$ 828          |
| Marketable Securities        | <u>26</u>                       | <u>16</u>       | <u>16</u>       |
| Subtotal                     | 475                             | 415             | 844             |
| Short Term Debt              | 168                             | 54              | 76              |
| Long Term Debt               | <u>3,396</u>                    | <u>3,284</u>    | <u>3,349</u>    |
| Total Debt Operating Company | <u>3,564</u>                    | <u>3,338</u>    | <u>3,425</u>    |
| Net Debt Operating Company   | \$ 3,089                        | \$ 2,923        | \$ 2,581        |
| Seller Note                  | <u>348</u>                      | <u>372</u>      | <u>383</u>      |
| Total Debt w/ Seller Note    | <u>3,912</u>                    | <u>3,710</u>    | <u>3,808</u>    |
| Net Debt TRW Holdings        | <u>\$ 3,437</u>                 | <u>\$ 3,295</u> | <u>\$ 2,964</u> |

# Consolidated & Combined Income Statement

(dollars in millions)

|   | Ten<br>Months<br>Ended<br>12/31/03 | Two<br>Months<br>Ended<br>2/28/03 | Year<br>Ended<br>12/13/02 |
|---|------------------------------------|-----------------------------------|---------------------------|
| Sales   | \$ 9,435                           | \$ 1,916                          | \$ 10,630                 |
| Cost of Sales                                 | <u>8,456</u>                       | <u>1,686</u>                      | <u>9,315</u>              |
| Gross Profit                                  | 979                                | 230                               | 1,315                     |
| Administrative and selling expenses           | 446                                | 100                               | 541                       |
| Research and development                      | 137                                | 27                                | 151                       |
| Purchased in-process research and development | 85                                 | -                                 | -                         |
| Amortization of intangible assets             | 27                                 | 2                                 | 15                        |
| Other (income) expense - net                  | <u>(56)</u>                        | <u>4</u>                          | <u>(6)</u>                |
| Operating income                              | 340                                | 97                                | 614                       |
| Interest expense                              | 295                                | 48                                | 316                       |
| Interest income                               | (8)                                | (1)                               | (7)                       |
| Loss (gain) on retirement of debt             | 31                                 | -                                 | (4)                       |
| Losses on sales of receivables                | <u>25</u>                          | <u>-</u>                          | <u>7</u>                  |
| (Losses) earnings before income taxes         | (3)                                | 50                                | 302                       |
| Income tax expense                            | <u>98</u>                          | <u>19</u>                         | <u>138</u>                |
| Net (loss) earnings                           | <u>\$ (101)</u>                    | <u>\$ 31</u>                      | <u>\$ 164</u>             |

# Reconciliation of Actual to Pro Forma EBITDA

- **EBITDA is defined as earnings (losses) from continuing operations before interest, losses on sales of receivables, gain (loss) on retirement of debt, income taxes, depreciation and amortization. EBITDA is a measure used by management to measure performance. Our management believes EBITDA is useful to the investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry.**
- **EBITDA is not a recognized term under GAAP and does not purport to be an alternative to net earnings (losses) as an indicator of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements.**
- **EBITDA may not be comparable to other similarly titled measures of other companies because not all companies use identical calculations.**

# Reconciliation of Actual to Pro Forma EBITDA

(dollars in millions)

|   | 2003 <sup>(1)</sup>   | 2002                  |
|---|-----------------------|-----------------------|
| <b>Net (losses) earnings</b>                                | \$ (70)               | \$ 164                |
| Income tax expense  | 117                   | 138                   |
| Interest expense, net of interest income                    | 334                   | 309                   |
| Loss (gain) on retirement of debt                           | 31                    | (4)                   |
| Losses on sales of receivables                              | 25                    | 7                     |
| Operating Income  | <u>437</u>            | <u>614</u>            |
| Pro forma adjustments:                                      |                       |                       |
| Inventory fair market value adjustment                      | 43                    | -                     |
| Purchased in-process research and development               | 85                    | -                     |
| Stand alone costs   | (1)                   | 28                    |
| Depreciation and amortization                               | 4                     | 20                    |
| Other   | 11                    | 3                     |
| Pro forma Operating Income                                  | <u>579</u>            | <u>665</u>            |
| Depreciation and amortization, net of pro forma adjustments | 486                   | 483                   |
| Unrealized foreign exchange gain                            | <u>(32)</u>           | <u>-</u>              |
| Pro forma EBITDA  | 1,033                 | 1,148                 |
| Restructuring and other unusuals <sup>(2)</sup>             | 39                    | 88                    |
| <b>Pro forma EBITDA, excluding unusual items</b>            | <u><u>\$1,072</u></u> | <u><u>\$1,236</u></u> |

(1) Combination of ten month period ended December 31, 2003 and two month period ended February 28, 2003. See slide 24 for a breakout of the two periods.

(2) Refer to page 33 of the company's Form 10-K for a summary of restructuring charges and unusual items by line item.