



# Navistar

## Junta Nacional de Servicio

**Roberto Zepeda**

Navistar Account Manager, NRPO

**David Salas**

Cummins Care Leader, Channel Development

Sep 21<sup>th</sup>, 2022

# Agenda

**01**

**Aftermarket  
Contingency Actions Summary & Financial Results**

**02**

**Cummins Care  
Summary Support**

**03**

**Channel Readiness Status**



# Aftermarket NRPO

# Where are we at .. Sep'22

**Global network congestion still exists.** Still recovering from past events and new lockdowns

Port congestions and limited truck availability due to Covid restrictions continues

**4 Week forecast** is still recommended to assure bookings / spaces.

**Ukraine conflict** impacted China rail freight lead times between China and Europe, **slowing movement of materials across Europe and Asia**

**Strong** outbreak of Covid cases and new variants have created renewed challenges [restrictive lockdowns in China, absenteeism across global region]

Airlines - Demand still higher than current Capacity



**In general terms, Supply Chain Constrains according to our experts will remain during the whole year 2022**

# Outlook TOP PN

## Engine most impacted product groups

Sep 2022

Mar 2022

	Contributing Factor	Corrective Actions	Recovery Status	
<b>Doser Pump</b>	Microprocessor's shortages	Engineering alternatives, procuring microprocessors from brokers, global allocation, reman capacity	<b>NO RECOVERY DATE</b>	
<b>Turbocharger</b>	Rapid volume ramp. COVID-19 related plant reductions & casting capacity misaligned to demand	Expediting Tier2 components. Adding Tier 2 casting & electronics capacity, as well as assembly.	<b>Q4, 2022</b>	<b>Q3, 2022</b>
<b>Turbocharger Actuator</b>	Global electronics industry shortages	Engineering alternatives, global allocation, and re-evaluating reman opportunities	<b>Q4, 2022</b>	<b>Q3, 2022</b>
<b>Gasket Kit</b>	Tier II supply constrains, capacity shortages	Adding capacity, allocation amongst sites	<b>Q4, 2022</b>	<b>Q2, 2022</b>

Please note recovery estimates are based on current information – we cannot be sure of when these constraints will fully be resolved and will provide updates as frequently as possible. This list represents the part families with the highest BOs and it is NOT all inclusive.

Table Updated: Aug 15, 2022

# Outlook TOP PN

## Engine most impacted product groups

			Sep 2022	Mar 2022
	Contributing Factor	Corrective Actions	Recovery Status	
<b>Overhaul Kits</b>	Multiple Components Shortage (e.g., Pistons, Liners)	Accelerating builds at distribution centers. Expediting components from suppliers	Q4, 2022	Q2, 2022
<b>Cylinder Heads</b>	Rapid volume ramp. Capacity misaligned to demand	Adding additional machining capacity	Q4, 2022	Q3, 2022
<b>ECM</b>	Microprocessor shortage	Engineering alternatives, procuring microprocessors from 3rd party brokers, global allocation, reman	No Recovery Date	Q2, 2022
<b>Pump, Lub Oil</b>	COVID-19 related plant reductions & capacity misaligned to demand	Adding capacity, allocation amongst sites	Q4, 2022	NA

Please note recovery estimates are based on current information – we cannot be sure of when these constraints will fully be resolved and will provide updates as frequently as possible. This list represents the part families with the highest BOs and it is NOT all inclusive.

Table Updated: Aug 15, 2022

# Background & Actions [2021-2022]

- Back Order (BO) situation
- Uncertainty
- Triangulated communication

Background

- Periodic Meetings
- New process delivered to allocate to Navistar Priorities
- BO KPIs.

Strategy (Navistar Focus)

## Bi-weekly meetings\*



- Participants:
  - **Navistar Leadership Team:** Sales and Service.
  - **Cummins Leadership Team:** Sales, COM<sup>1</sup>, SC<sup>2</sup>, CC<sup>3</sup>
  - **International Committee**
  - **Cummins Distributors Leaders**

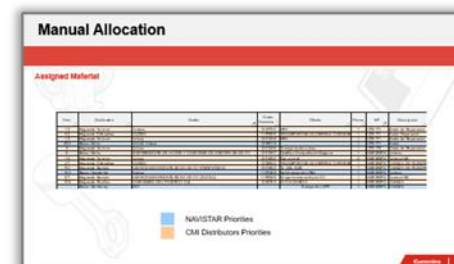
\* First Year (2021), weekly meetings:

## KPIs

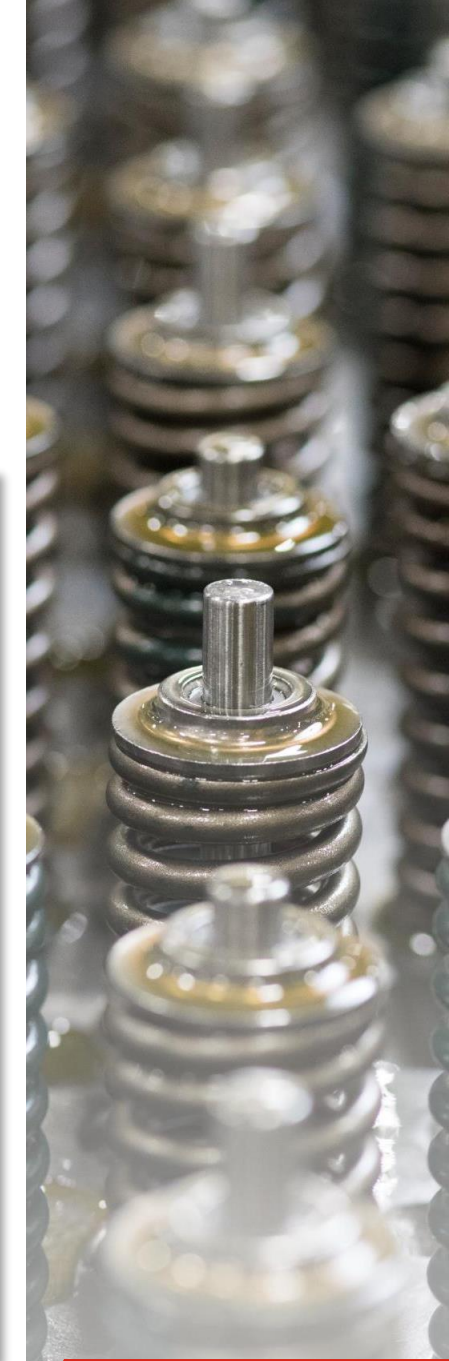


- Total Back Order (BO)
- Total Manual Allocation<sup>4</sup> BO
- Navistar Critic Cases Report Status
  - **7 days**, Average cycle time
  - **23 lines**, Average monthly volume
  - **95% closed**, Average monthly statistics
- Outlook TOP BO Engine Group Parts

## Highlights



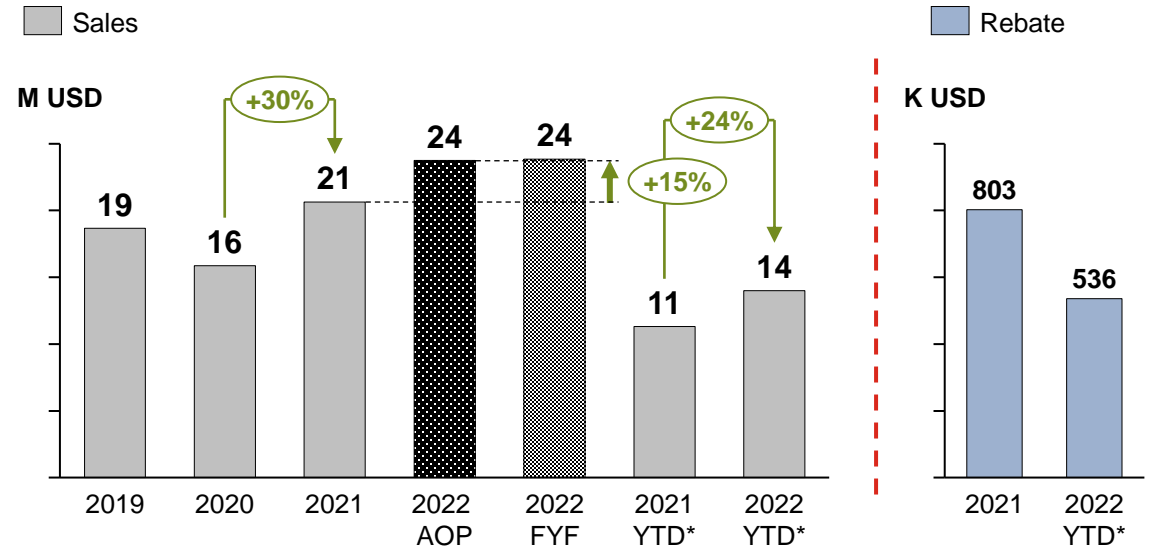
- Allocation priority to Navistar
- Open Communication
- Critical Cases attention:
  - *Soriana, Idealease, PEMEX, etc.*
- Trainings (DEF Pumps correct maintenance)
- City product aftertreatments strategy (inventory increase at San Luis Potosi Cummins PDC<sup>5</sup>)



# Financials International Dealers' Network



## Historical Growth



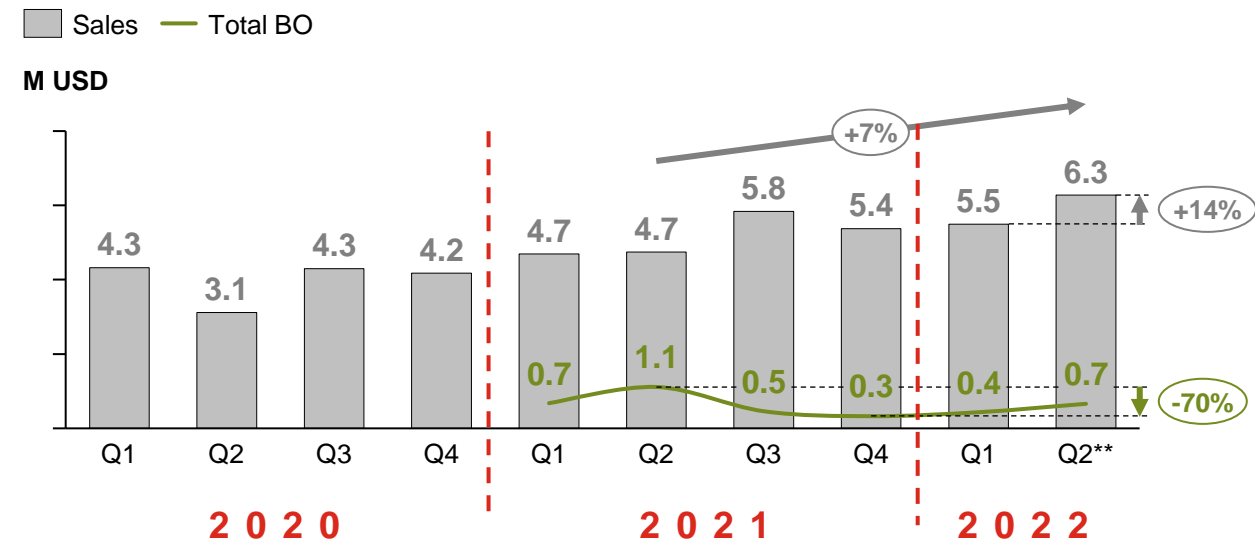
### Highlights

#### Sales

- 2021 Growth vs 2020 – +30%
- 2022 FYF Growth expected vs 2021 – +15%
- 2022 YTD\* Growth – +24%

#### Uptime Partner Program

- 2021 Total Rebate Paid – 803K USD
- 2022 YTD\* Rebate Paid – 536K USD



### Highlights

- Quarterly accumulated growth rate – +7% (Q2'21-Q2'22)
- Despite BO situation, International Network continues growing
- International Network keeps high demand since Q3'21
- 2021 BO Reduction – -70% (Q2'21-Q4'21)
- Jun'22 BO – -40% [compared with Q2'21 peak]
- Sep'22 BO – 0.7M

\*Jan-Jul \*\*May-Jun

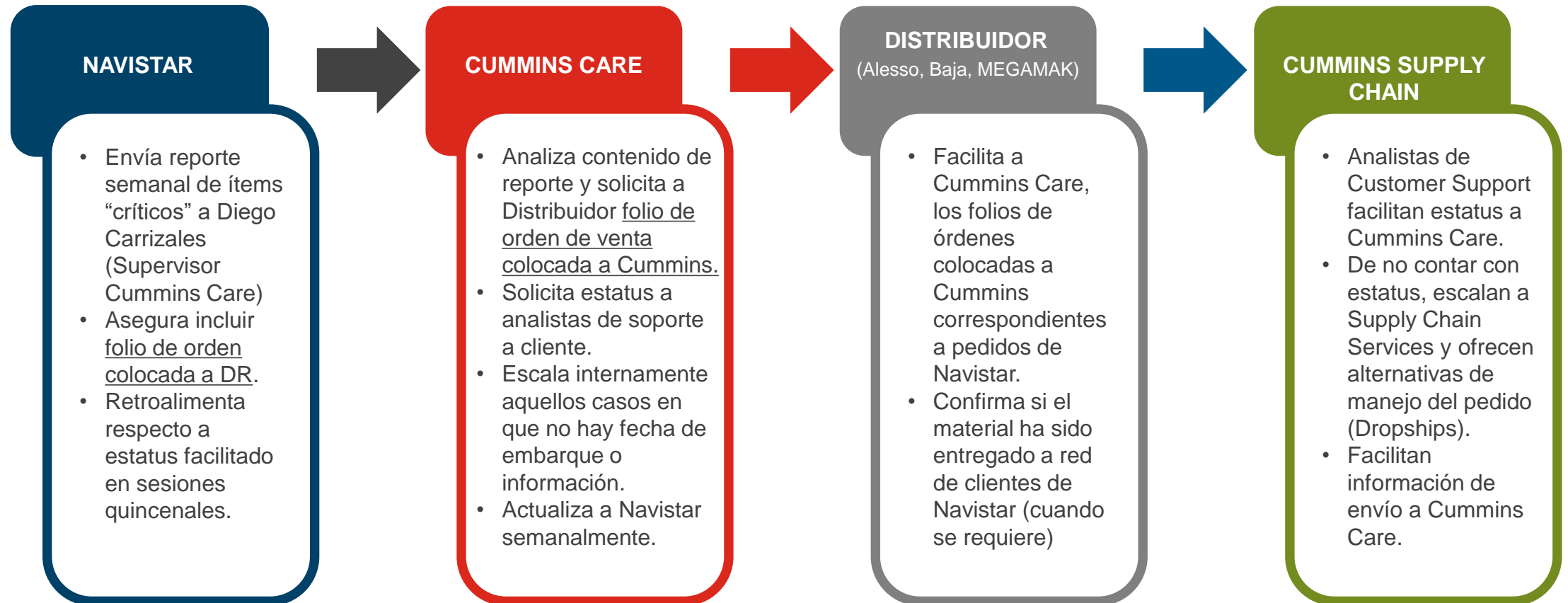




# Cummins Care Channel Development

# Flujo Soporte Cummins-Navistar

## Seguimiento a BO



# Seguimiento a BO - Navistar

Soporte Cummins Care

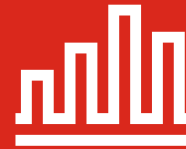
Tiempo ciclo:  
**7 días promedio cierre**

\*24 hrs primer respuesta.

\*No se consideran bombas



2



Volumen:  
**23 líneas promedio**

reportadas por NAVISTAR  
mensualmente

Estadísticas:

De líneas reportadas, en  
promedio:

**95 % de líneas cerradas**

**5 % de líneas en proceso**

3



4



Destacado:  
**Sesiones recurrentes (quincenal)**

Cummins - Navistar

**Sesiones seguimiento semanal**

Cummins Care - Navistar

**Resultado del Proceso**

Mejores tiempos de entrega

Comunicación y prioridad

# Evolución del Proceso

Soporte Cummins Care

## Soporte - Navistar

**244**  
casos reportados  
Q4 '21  
Q3 '22

**+30**  
casos promedio\*  
Q4, 2021



Arranque de 2022 con  
tendencia de casos similar a  
Q4, 2021.

**+16**  
casos promedio\*  
Q2, 2022



Tendencia se mantiene  
Canales claros de escalación

Disminución de casos Vs  
Q3 2021 (130 casos)



**+24**  
casos promedio\*  
Q1, 2022

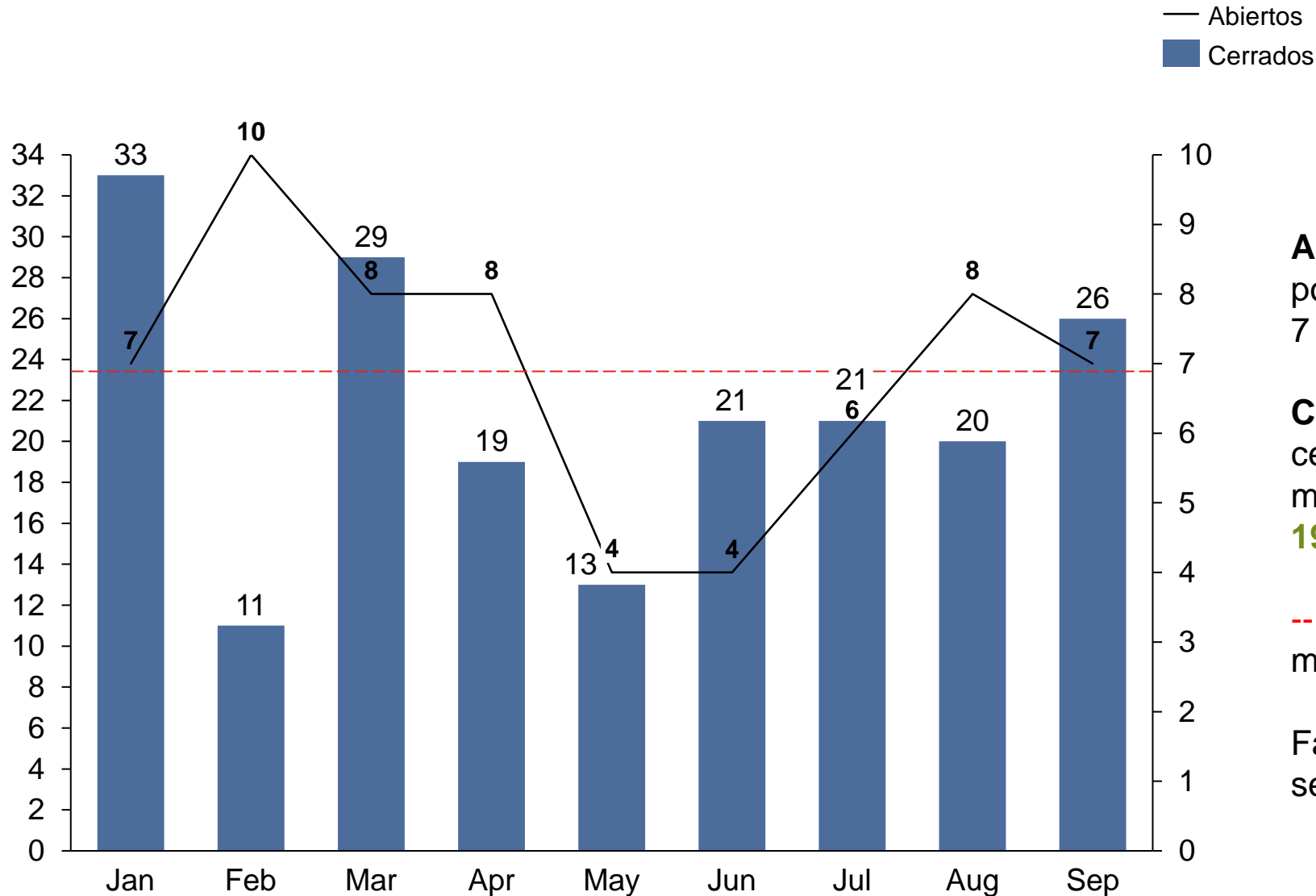
Acuerdo Cummins - Navistar  
consolidar solicitudes a través de  
un solo archivo (un solo canal)



**+22**  
casos promedio\*  
Q3, 2022

\* Promedio mensual

# Atención de casos críticos 2022



**Abiertos:** Cantidad de líneas solicitadas por mes en 2022. Actualmente se tienen 7 líneas abiertas

**Cerrados:** Cantidad de líneas solicitadas cerradas/embarcadas, acumuladas por mes. En total de Enero a Septiembre son **193 líneas cerradas**

-- Promedio de 23 líneas reportadas por mes

Factor clave: Foros de comunicación semanal y quincenal.

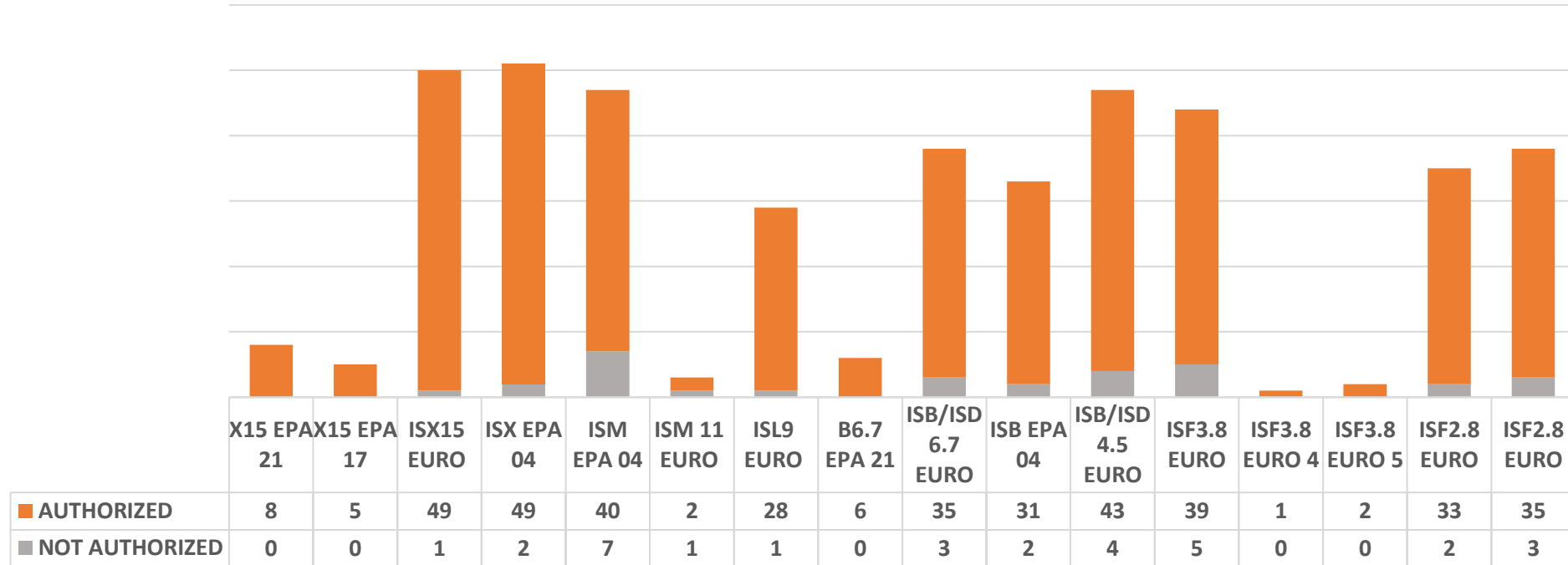


# **Channel Readiness Channel Development**



# Status by Engine, June 2022.

## Channel Readiness



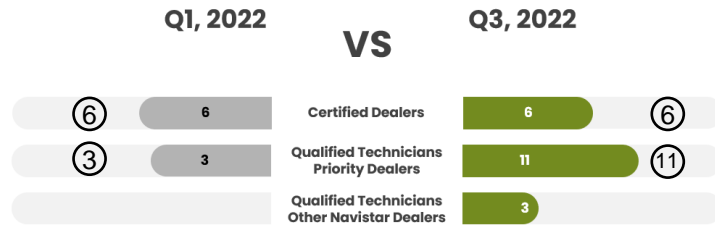
- 2019, last face-to-face evaluation
- **94%, certified products** [406/434]
- **June '22, Dealers pre-evaluation** performed:
  - **70%** meet certification score [Parts and Tools were not audited]
  - Gaps: virtual trainings (Techs Qualification), Warranty Administrator, Workshop Mg (Wty Qualification), E-Tools.
- 2022 Evaluation
  - Sep 5<sup>th</sup> – Oct 21<sup>st</sup>
- **Certification Benefits**
  - **Warranty**
  - **Rescues**



# EPA 21, EURO 6

## Channel Readiness

### B6.7 EPA 21



Progress 27% (6 of 22)

### X15 EPA 21



Progress 73% (8 of 11)

### L9 EPA 21



Progress 9% (2 of 22)

8 Dealers with Qualified technicians, only 2 are certified.

### X15 EURO 6



Progress 0% (0 of 20)

- 23 Dealers, target 2021.
- **Parts and Tools investment is required to get certifications**
- Due pandemic, qualifications were postponed, however, face-to-face courses were reactivated in 2022. Upcoming qualification courses:

- Sep 19th – 23th: Megamak Noroeste
- Sep 26th – 30th: Alesso Leon
- Oct 10th – 14th: Alesso Metropolitano
- Oct 24th – 28th: Megamak Oriente
- Dec 12th – 16th: Alesso Leon

Dealer	Place	B6.7 EPA 21	X15 EPA 21	L9 EPA 21	X15 Euro 6
AMSA	Mérida	●		●	●
AMSA	Villahermosa	●		●	
AMSA OTE	Puebla	●		●	●
CACESA	León	●	●	●	●
CADISA	Chihuahua	●	●	●	●
CADUSA	Durango	●	●	●	●
CAJASA	Tlaquepaque	●		●	●
CAMINOSA	Hermosillo	●		●	●
CAMSOL	Querétaro	●	●	●	●
CAPASA	Culiacan	●		●	●
CAPASA	La Paz	●		●	
CATOSA	Torreón	●	●	●	●
CATOSA	Monclova				●
CRA	Cuautitlán	●	●	●	●
DACZA	Toluca	●		●	●
DIEZ	Orizaba	●		●	●
ENER	Tampico	●	●	●	●
GEMI	Pachuca	●		●	●
IBC	Tijuana	●	●	●	●
IBC	Mexicali	●		●	
RAFEDHER	SLP	●	●	●	●
Sierra Norte	CDMX	●	●	●	●
Sierra Norte	Monterrey	●	●	●	●

● Authorized ● No Authorized



# PEMEX

## Channel Readiness



### L9 EPA21

2 Certified Dealers  
236 Engines

### X15 Euro VI

0 Certified Dealers  
18 Engines

### ISL Euro V

28 Certified Dealers  
105 Engines

### X15 Euro V

49 Certified Dealers  
90 Engines



- 449 Units Delivered to PEMEX
- Service Points with no technician qualified struggle with the diagnosis.
- **L9 Epa 21 and X15 euro VI require Authorized dealers.**



	ISL9 Euro V	X15 Euro V	L9 Epa 21	X15 Euro VI	Delivered Engines
AGUASCALIENTES	8	2	6		16
BAJA CALIFORNIA	12	9	3		24
BAJA CALIFORNIA SUR		2		3	5
CAMPECHE		1			1
CDMX	11	3	88		102
CHIAPAS	6		9		15
CHIHUAHUA		3	5		8
COAHUILA	5				5
COLIMA	3	4	2	1	10
DURANGO		2	3		5
EDO MEX			10		10
GUANAJUATO	9	4	5	2	20
GUERRERO	4		1		5
HIDALGO		1	11		12
JALISCO	4	8	20	1	33
MICHOACAN	5	2			7
MORELOS		3	5		8
NAYARIT	2	1		1	4
NUEVO LEON	1	5	10		16
OAXACA				1	1
PUEBLA		2	16		18
QUERETARO	4	1	2		7
SAN LUIS POTOSI		3	6		9
SINALOA		5			5
TABASCO		1	11	1	13
TAMAULIPAS	8	14	4		26
VERACRUZ	13	11	14	3	41
YUCATAN	3	3	2	5	13
ZACATECAS	7		3		10

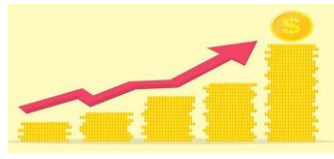


**Warranty**

# Tarifa de Labor en sistema para Dealer

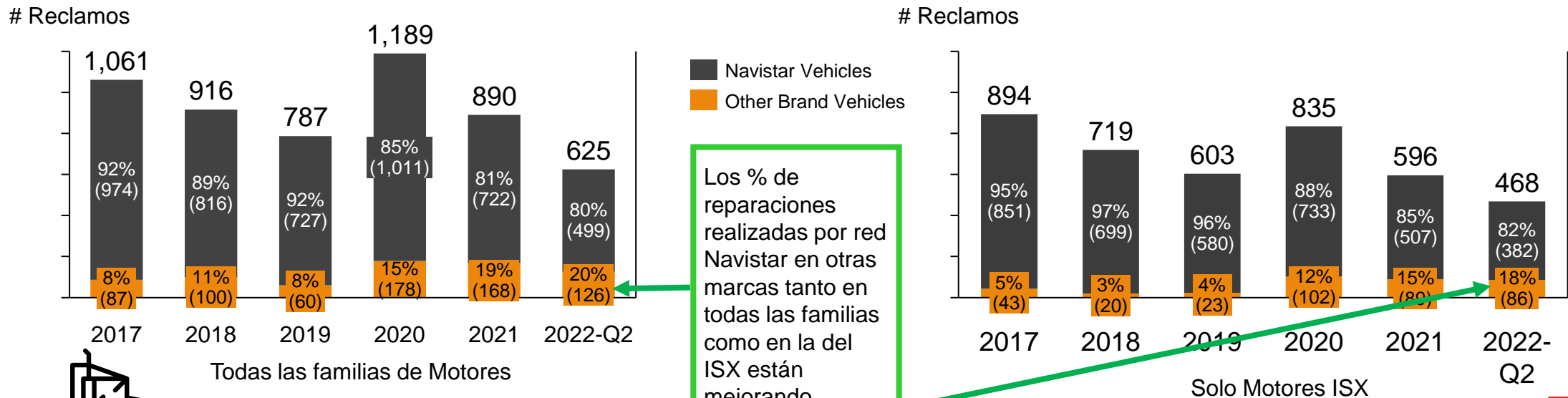


Tarifa anterior en taller -----600  
 Tarifa Anterior en Campo----660



Tarifa Actual en taller ----- 1300  
 Tarifa Anterior en Campo--- 1970

## Reparaciones Realizadas por la Red Navistar



Q+A

