

Q4 2019 EARNINGS CONFERENCE CALL

March 17, 2020

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FORWARD LOOKING STATEMENTS

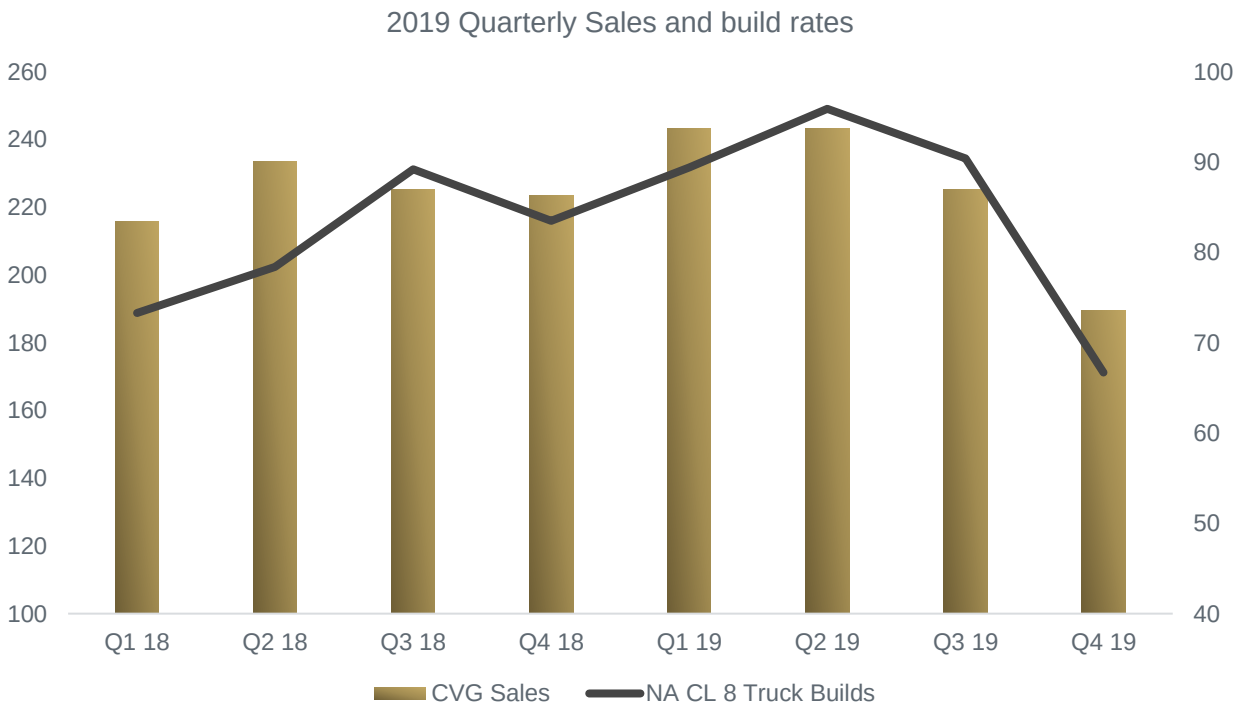
This presentation contains forward-looking statements that are subject to risks and uncertainties. These statements often include words such as “believe”, “anticipate”, “plan”, “expect”, “intend”, “will”, “should”, “could”, “would”, “project”, “continue”, “likely”, and similar expressions. In particular, this press release may contain forward-looking statements about Company expectations for future periods with respect to its plans to improve financial results and enhance the Company, the future of the Company’s end markets, including Class 8 and Class 5-7 North America truck build rates and performance of the global construction equipment business, expected cost savings, the Company’s initiatives to address customer needs, organic growth, the Company’s plans to focus on certain segments and markets and the Company’s financial position or other financial information. These statements are based on certain assumptions that the Company has made in light of its experience as well as its perspective on historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Actual results may differ materially from the anticipated results because of certain risks and uncertainties, including but not limited to: (i) a material weakness in our internal control over financial reporting which could, if not remediated, result in material misstatements in our financial statements; (ii) future financial restatements affecting the company; (iii) general economic or business conditions affecting the markets in which the Company serves; (iv) the Company's ability to develop or successfully introduce new products; (v) risks associated with conducting business in foreign countries and currencies; (vi) increased competition in the medium- and heavy-duty truck markets, construction, agriculture, aftermarket, military, bus and other markets; (vii) the Company’s failure to complete or successfully integrate strategic acquisitions and the impact of such acquisitions on business relationships; (viii) the Company’s ability to recognize synergies from the reorganization of the segments; (ix) the Company’s failure to successfully manage any divestitures; (x) the impact of changes in governmental regulations on the Company's customers or on its business; (xi) the loss of business from a major customer, a collection of smaller customers or the discontinuation of particular commercial vehicle platforms; (xii) the Company’s ability to obtain future financing due to changes in the lending markets or its financial position; (xiii) the Company’s ability to comply with the financial covenants in its debt facilities; (xiv) fluctuation in interest rates or change in the reference interest rate relating to the Company’s debt facilities; (xv) the Company’s ability to realize the benefits of its cost reduction and strategic initiatives and address rising labor and material costs; (xvi) volatility and cyclicality in the commercial vehicle market adversely affecting us; (xvii) the geographic profile of our taxable income and changes in valuation of our deferred tax assets and liabilities impacting our effective tax rate; (xviii) changes to domestic manufacturing initiatives; (xix) implementation of tax or other changes, by the United States or other international jurisdictions, related to products manufactured in one or more jurisdictions where the Company does business (xx) security breaches and other disruptions that could compromise our information systems; (xxi) the impact of disruptions in our supply chain or delivery chains; (xxii) litigation against us; (xxiii) the impact of health epidemics or widespread outbreak of contagious disease; and (xxiv) various other risks as outlined under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for fiscal year ending December 31, 2019. There can be no assurance that statements made in this press release relating to future events will be achieved. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by such cautionary statements.

RESTATEMENT UPDATE

- **Restated quarterly financials for the year ended December 31, 2018 and for the nine months ended September 30, 2019 due to inappropriate journal entries discovered in year-end review**
- **Independent investigation concluded the inappropriate journal entries were isolated to one employee at one facility who has since been terminated**
- **Identified material weaknesses in our internal controls over financial reporting**
- **Remediation plan to strengthen internal controls**
  - Enhancing the design of the balance sheet reconciliation process
  - Strengthening the controls and reviews around manual journal entries
  - Enhancing our risk assessment process to reduce the risk of financial misstatements

Actions and analysis will continue until material weaknesses are remediated

2019 QUARTERLY SALES AND BUILD RATES

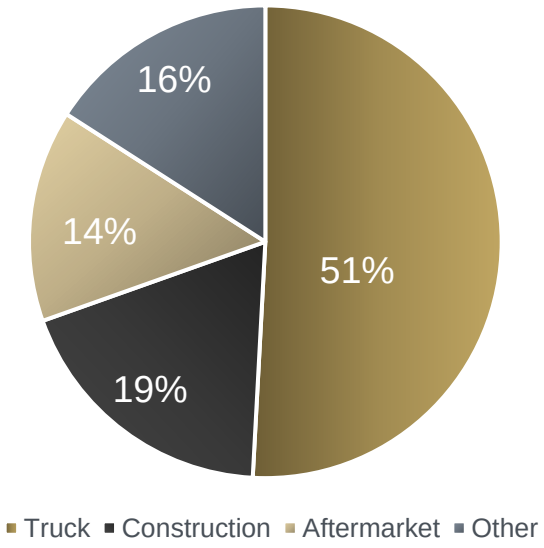


Source: NA CL 8 Truck Build ACT February 2020

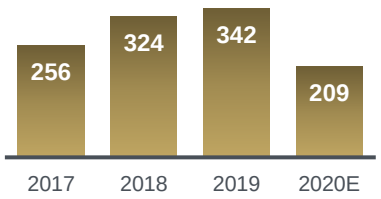
- Strong revenue and build rates in the first half of 2019 swiftly decelerated beginning in Q3
- Total Class 8 production in 2019 was 342,000 units

END MARKET OUTLOOK

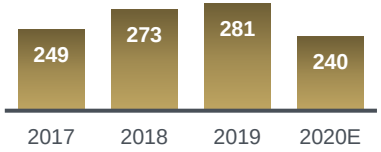
CVG 2019 Revenue by End Market



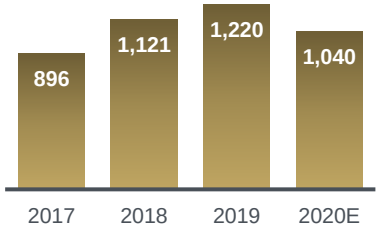
Heavy-Duty (Class 8) Build
(000's)



Medium-Duty (Class 5-7) Build
(000's)



MD-HD Construction Machinery
(000's)



Sources: March 2020 ACT Research Report
Management internal estimates

2020 Market Outlook

- Management estimates Class 8 build to decline 35-42%, 200,000-225,000
- Class 5-7 production expected to decline 15-20%
- Construction markets in North America, Europe and Asia Pacific may decline by 10-15%
- Taking actions to scale the business to anticipated lower production rate

ORGANIC GROWTH

- Investing in growth areas
- Shift to more value-add content and services support
- Restructuring sales and engineering teams to better align with long-term strategy
- Expanding capabilities into high-speed data and high-voltage cabling applications



Modem for defense application



Large industrial panel



High-voltage cabling for off-road machines

FSE ACQUISITION UPDATE

- Integration nearly complete and on plan
- Applying LEAN concepts to FSE's flexible manufacturing model
- Strong order book in FSE's core business
- FSE end markets expected to grow 8-10% CAGR over next few years
- Cross selling opportunities taking hold
- New business coming online
- Realizing synergies including less cyclicality

First Source Electronics, LLC



FSE acquisition improves diversification and growth opportunities

2020 PRIORITIES

- Remediate internal control weaknesses
- Manage Covid-19 impact
- Complete restructuring actions
- Align operations to volume levels and return to historical pull through rates
- Strategically invest in growth areas

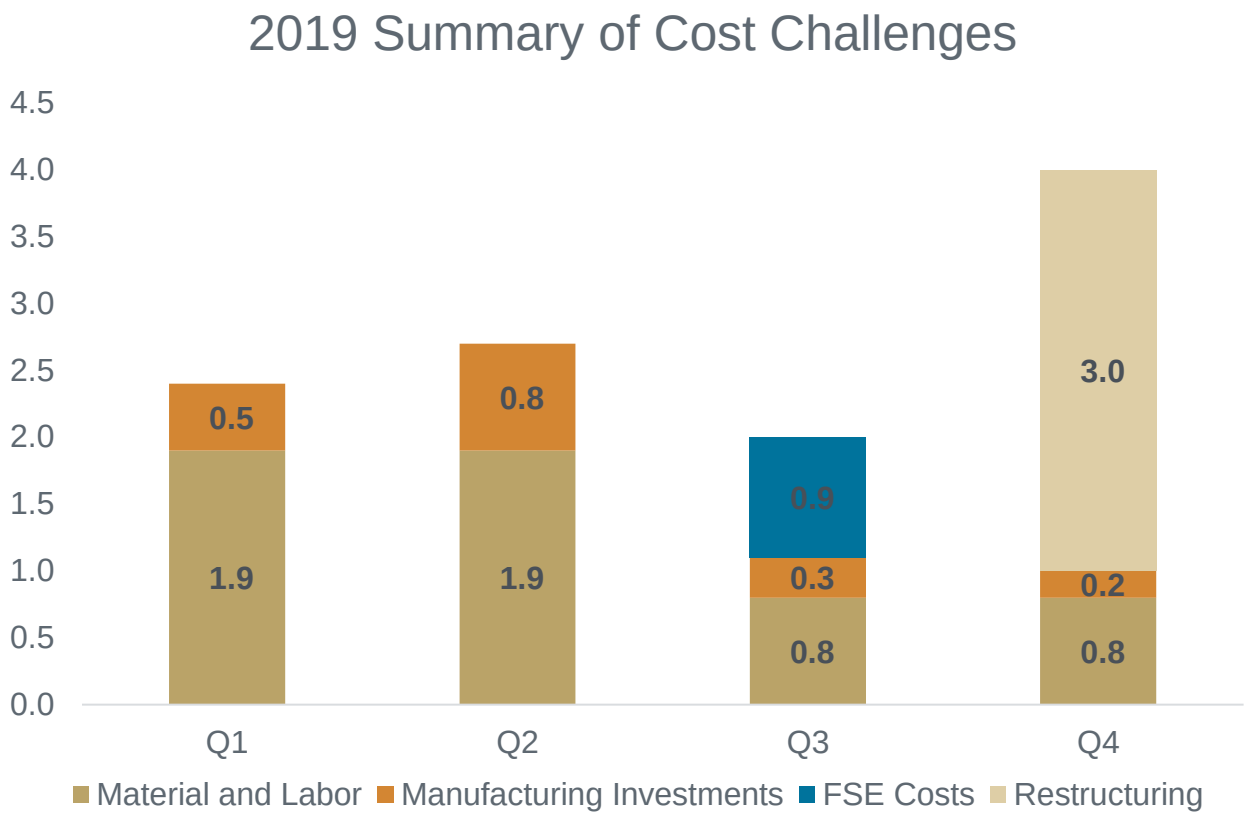


FINANCE UPDATE

FINANCIAL IMPACT OF RESTATEMENT

- Cost of revenues were understated by $3.9 million and $4.6 million for the year ended December 31, 2018 and for the nine months ended September 30, 2019, respectively
- Total Assets in the Consolidated Balance Sheets as of December 31, 2018 and as of September 30, 2019 were overstated by $5.4 million and $9.0 million, respectively
- Independent investigation costs estimated at $3 million in Q1 2020
- No misappropriation of assets
- No cash flow impact
- Material weaknesses in internal controls
- Remediation under way

2019 QUARTERLY IMPACT OF COST CHALLENGES



$ millions

Operational challenges declined as a result of mitigation efforts

CONSOLIDATED FINANCIAL UPDATE

$M except per share data

	Q4 2019	Q4 2018 (restated)	$ Change	FY 2019	FY 2018 (restated)	$ Change
Revenue	**189.5**	223.6	(34.1)	**901.2**	897.7	3.5
Gross Profit	**10.2**	29.2	(19.0)	**105.1**	124.9	(19.8)
Gross Margin	***5.4%***	*13.1%*		***11.7%***	*13.9%*	
SGA	**13.6**	15.5	1.9	**62.5**	60.7	(1.8)
Operating (loss)/Income	**(4.3)**	13.4	(17.7)	**40.6**	62.9	(22.3)
Operating Margin	***(2.3%)***	*6.0%*		***4.5%***	*7.0%*	
Diluted Earnings Per Share	**$(0.24)**	0.26	(.50)	**$0.51**	$1.36	(0.85)

Full-Year Highlights

- Revenue robust in first half, sharp decline in Q4
- Revenue includes $13 million from FSE
- FX translation negatively impacted FY revenue by $10 million
- Cost headwinds of $5.4 million (Border Minimum Wage and Troubled Supplier)
- Manufacturing investments $1.8 million
- Restructuring $3.0 million
- Investment in strategy $2.7 million
- FSE associated costs $0.9 million

Sharp production declines beginning in Q3 drove negative comps year over year

RESTRUCTURING

- **Actions initiated in 2019 in anticipation of weakening end markets**
- **Improved productivity and floor space utilization enabled the combination and closure of facilities**
- **$6 to $8 million costs**
  - $3 million in 4Q 2019
  - $3 to $5 million throughout 2020
  - Primarily employee separation related costs and other costs to transfer production and subsequent closure of facilities
- **$5 to $7 million net savings anticipated**
  - Savings starting in 1Q 2020
- **Restructuring actions fully implemented by early 2021**

ELECTRICAL SYSTEMS SEGMENT RESULTS

$ in millions

	Q4 2019	Q4 2018 (restated)	$ Change	FY 2019	FY 2018 (restated)	$ Change
Revenue	**113.9**	127.0	(13.1)	**530.9**	512.8	18.1
Gross Profit	**5.8**	16.5	(10.7)	**60.0**	71.1	(11.1)
Gross Margin	***5.1%***	*13.0%*		***11.3%***	*13.9%*	
SGA	**4.0**	4.1	0.1	**15.8**	15.4	(0.4)
Operating Income	**1.1**	12.3	(11.2)	**42.8**	55.0	(12.2)
Operating Margin	***0.9%***	*9.7%*		***8.1%***	*10.7%*	

Full-Year Highlights

- North American truck market robust through three quarters; deteriorates in fourth quarter
- Construction markets softening
- Revenue includes $13 million FSE
- $3.7 million negative FX translation impact on revenue
- Operating income negatively impacted by:
  - Border Minimum Wage – $2.3 million
  - Troubled supplier – $3.1 million
  - Manufacturing investments – $1.8 million
- Restructuring $2.2 million

Cost challenges and restructuring negatively impacted margins

GLOBAL SEATING SEGMENT RESULTS

$ in millions

	Q4 2019	Q4 2018	$ Change	FY 2019	FY 2018	$ Change
Revenue	**76.5**	99.3	(22.8)	**381.5**	397.5	(16.0)
Gross Profit	**4.4**	12.7	(8.3)	**45.2**	54.2	(9.0)
Gross Margin	***5.8%***	*12.8%*		***11.8%***	*13.6%*	
SGA	**4.9**	5.6	0.7	**20.4**	22.4	2.0
Operating (loss) Income	**(0.6)**	7.0	(7.6)	**24.2**	31.2	(7.0)
Operating Margin	***(0.8)%***	*7.1%*		***6.4%***	*7.9%*	

Full-Year Highlights

- Sales decline driven by lower construction and aftermarket revenue
- $6.7 million negative FX translation impact on revenue
- SG&A $2 million lower - cost discipline
- Restructuring $0.5 million

Lower construction and aftermarket revenue pressured margins



APPENDIX

IMPACTS OF RESTATEMENT – GROSS PROFIT AND NET INCOME

$ Millions	Gross Profit			Net Income		
CVG	As Restated	As Previously Reported	Difference	As Restated	As Previously Reported	Difference
2018 1Q	30.3	30.8	(0.5)	9.4	9.9	(0.4)
2018 2Q	34.9	35.6	(0.7)	12.7	13.2	(0.5)
2018 3Q	30.5	32.2	(1.7)	11.3	12.6	(1.3)
2018 4Q	29.2	30.3	(1.0)	8.1	8.9	(0.8)
2018	**124.9**	**128.9**	**(3.9)**	**41.5**	**44.5**	**(3.0)**
2019 1Q	33.1	34.6	(1.5)	10.0	11.1	(1.1)
2019 2Q	32.4	33.8	(1.3)	6.1	7.2	(1.0)
2019 3Q	29.4	31.2	(1.8)	7.2	8.5	(1.3)
Nine Months Ended September 30, 2019	**95.0**	**99.5**	**(4.6)**	**23.3**	**26.8**	**(3.5)**

$ Millions	Gross Profit		
Electrical Systems Segment	As Restated	As Previously Reported	Difference
2018 1Q	17.4	18.0	(0.6)
2018 2Q	20.6	21.3	(0.7)
2018 3Q	16.6	18.3	(1.7)
2018 4Q	16.5	17.6	(1.1)
2018	**71.1**	**75.2**	**(4.1)**
2019 1Q	19.3	20.8	(1.5)
2019 2Q	17.8	19.1	(1.4)
2019 3Q	17.1	18.9	(1.8)
Nine Months Ended September 30, 2019	**54.2**	**58.9**	**(4.7)**

IMPACTS OF RESTATEMENT – TOTAL ASSETS

$ Millions	Total Assets		
CVG	As Restated	As Previously Reported	Difference
As of March 31, 2018	396.8	399.6	(2.8)
As of June 30, 2018	397.9	401.3	(3.4)
As of September 30, 2018	410.3	415.0	(4.7)
As of December 31, 2018	412.7	418.1	(5.4)
As of March 31, 2019	447.0	453.6	(6.6)
As of June 30, 2019	452.7	460.3	(7.6)
As of September 30, 2019	462.5	471.5	(9.0)