





2020 Q2 EARNINGS CONFERENCE CALL 08.10.20

HAROLD BEVIS
PRESIDENT & CEO

ED CARNEY
INTERIM CFO & TREASURER

KIRK FEILER
VP FINANCE & INVESTOR RELATIONS

Q2 2020

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 the short-term and potential longer-term impact of the COVID-19 pandemic on 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, including the impact of the current COVID-19 pandemic; (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 and in other filings with the Securities and Exchange Commission since January 1, 2020. 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.

Q2 2020

GLOBAL TEAM DELIVERED DURING ABRUPT DOWNTURN

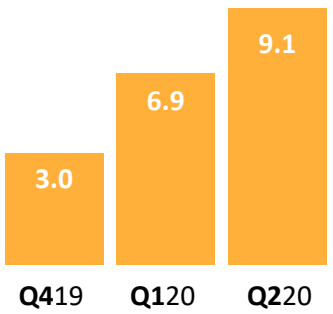
1

Generated >$1m of adjusted EBITDA and >$9m of cash → despite 48% decline in revenue

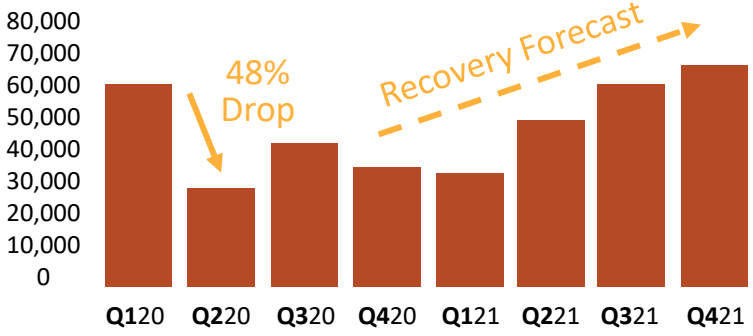
- **$8 million of cost-outs in the quarter:** combination of permanent and short-term actions including corporate overhead reductions, plant overhead reductions, footprint consolidations, additional actions are underway
- **Offset multi-million dollar impacts from covid one-time consequences:** overhead absorption hits, excess inventory hits, COVID-related absences, temporary closures, reconfigured office and plant layouts to add barriers and create social distancing for ~7,000 people
- **Core markets are now in recovery mode:** solid order books and backlogs in line with 3rd party external outlooks on truck build recovery, construction equipment recovery, and ecommerce investment & activity
- **Q3 20 North American heavy-duty truck build expected to increase** ~50% vs Q2 20
- **Q3 20 North America medium-duty truck build expected to increase** ~30% vs Q2 20



FREE CASH FLOW* ($M)



NORTH AMERICAN CLASS 8 PRODUCTION RECOVERY * *



*Operating cash flow less capital expenditures, **Source: ACT Research Report July 2020

Q2 2020

COMPREHENSIVE SET OF ACTIONS TAKEN

2

Free cash flow of >$9m and maintained solid liquidity of >$106M

- **Comprehensive global set of actions:** used opportunity of light demand to initiate consolidation and repurposing of multiple facilities, ~$14m inventory reduction in the quarter, right-sized staff, right-sized material ordering, reset discretionary spending decisions
- **Improvements still underway** including further cost-outs and pursuit of improved inventory turns

3

Strong new growth progress with notification of new, big wins in targeted new growth areas

- **>$100m of new business in the final stages:** new electric vehicle customer for seats, warehouse equipment
- **Adding people and capacity in growth areas:** repurposed floor space in plants to make warehouse subsystems, hiring new people in key positions

ACTIONS IN PROCESS
✓ Consolidating and repurposing multiple facilities
✓ Right sizing salaried staff and discretionary spending
✓ Hiring new leaders for new markets
✓ Redesigning procured materials and services
✓ Strict management of working capital

Q2 2020

MULTI-YEAR RECOVERY FORECAST FOR COMMERCIAL VEHICLES

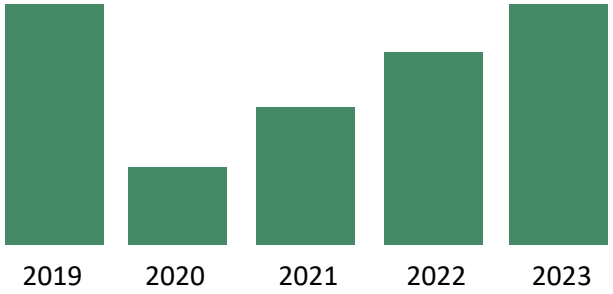
1. End markets forecast to recover to pre-COVID levels
2. Lowering the cost structure on traditional business, expect better margins
3. Expecting additional revenue from new business wins beginning in Q4

END MARKET OUTLOOKS

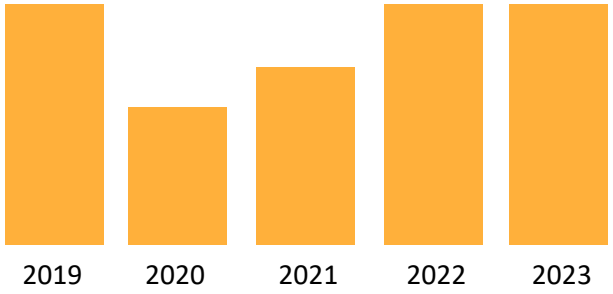




N.A. HEAVY-DUTY (CLASS 8) BUILD*



N.A. MEDIUM-DUTY (CLASS 5-7) BUILD*



Source: July 2020 ACT Research Report

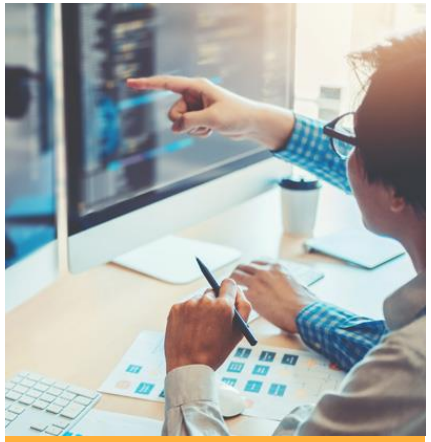
CHANGE IS UNDERWAY

POSITIONING CVG FOR A NEW AND BETTER FUTURE



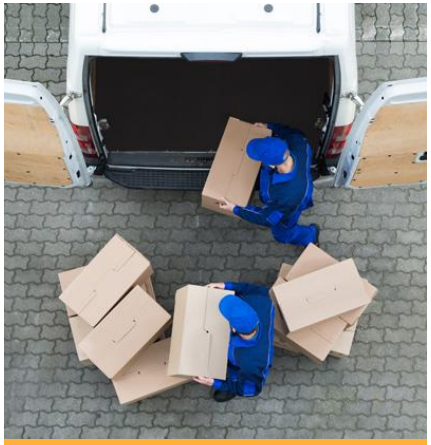
LEADERSHIP

Building a strong, new leadership team with robust experience growing businesses



INNOVATION

Kick-starting innovation & new product agendas across all divisions



NEW MARKETS

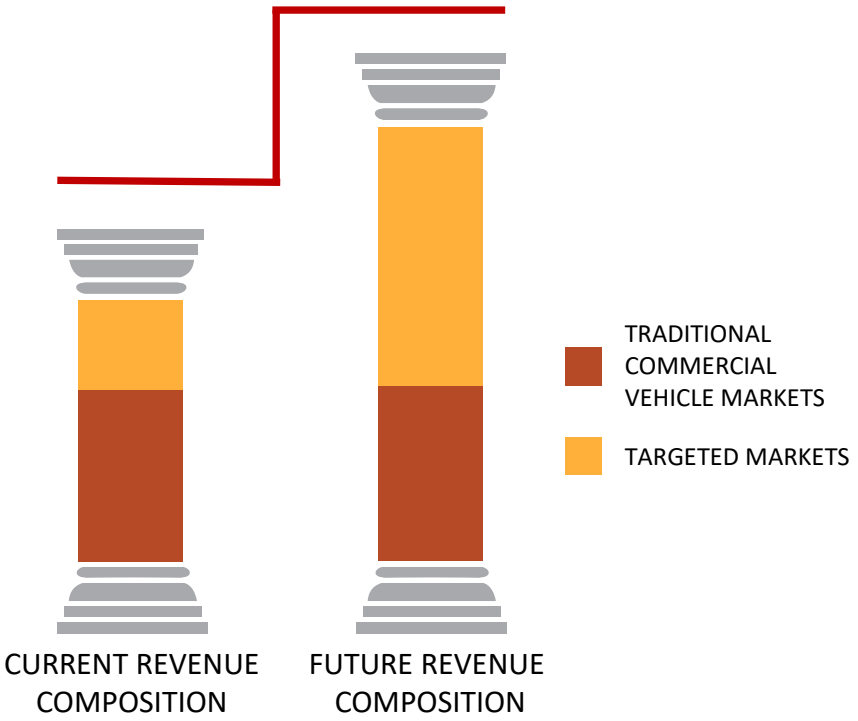
Adding market credibility and repurposing footprint and capabilities outside traditional markets

Q2 2020

PIVOTING THE COMPANY

1. **Optimizing financial performance** of the core business
2. **Adding people & growth** outside of traditional commercial vehicle business
3. **Building strong momentum** with new business wins and new opportunities
   - E-commerce material handling equipment
   - Electric vehicles and last-mile delivery vans
   - Power-generation equipment





STRATEGIC REPOSITION OF FOOTPRINT

IMPLEMENTING A SET OF DECISIVE STRATEGIC ACTIONS TO RESET THE COMPANY'S FOOTPRINT

	Adding Dedicated Floor Space	Moving to Optimize Space	Consolidating Space
Vonore, TN	✓		
Piedmont, AL			✓
Saltillo, MX Seating	✓		
Saltillo, MX Trim		✓	
Agua Prieta, MX		✓	
Elkridge, MD	✓		
Concord, NC			✓
Monona, IA		✓	
Chillicothe, OH	✓	✓	
Corp R&D			✓

Expanded footprint, capacity, and product complexity to serve warehouse automation and military markets

Expected to support $100-$150 million of new business

Permanently repositioning a portion of the cost structure and capacity dedicated to mature markets

Expected to lower costs by $4-6 million and upgrade R&D capabilities to pursue new growth

Q2 2020

PENETRATE FAST-GROWING ECOMMERCE, LAST-MILE DELIVERY MARKET

KEY HIGHLIGHTS



First win with Unity™ seat global platform aimed at penetration of medium duty commercial vehicles



Multi-year, multi-million accretive win with a major electric vehicle (EV) market entrant



Last-mile delivery market for e-commerce growing at 10%+ CAGR*, expected to reach ~$5 billion by 2024

** MarketStudyReport.com – Global Last Mile Delivery for E-Commerce Market 2019*

Q2 2020

GROW WAREHOUSE AUTOMATION BUSINESS

- This market is central to the company's growth strategy
- Multi-year, multi-million accretive win
- Market expected to grow at 11.7% CAGR to $27 billion by 2025
- Expanded product portfolio with a top global warehouse automation technology provider
- Footprint repurposing actions provides $100 million to $150 million of additional capacity for future growth

$27 BILLION MARKET BY 2025*



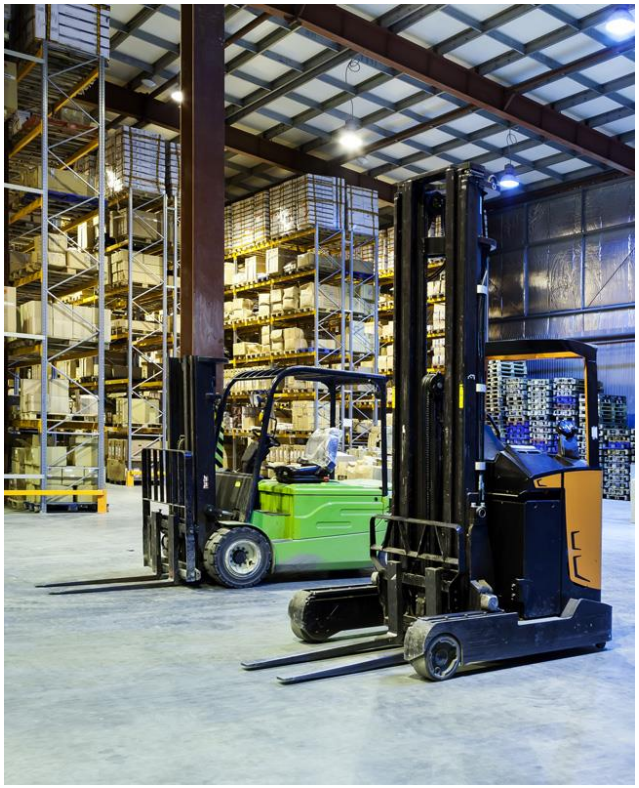
*ResearchandMarkets.com – Warehouse Automation Market by Technology, Industry, Geography, Forecast to 2025

Q2 2020

ENHANCING THE VALUE OF THE COMPANY

NAVIGATING NEAR-TERM MARKET DISRUPTION AND INCREASING INVESTMENT IN LONG-TERM ADVANCEMENTS







Q2 2020

FOUR FOCUS AREAS FOR INCREASING THE VALUE OF THE COMPANY

OPTIMIZE CORE BUSINESS

- Leverage new unique global seating platform
- Consolidate facilities
- Improve ROI
- Grow aftermarket business
- Exit certain no-profit business / customers

WIN IN ELECTRIC VEHICLES

- EV market is growing with global delivery companies
- Focused on last mile delivery vans and medium duty trucks
- Recent new business wins prove-out CVG value proposition

WIN IN WAREHOUSE AUTOMATION

- FSE acquisition has led to significant new opportunities
- Material handling and warehouse automation
- Military
- Recent new business wins with major ecommerce customer

WIN IN NEW MARKETS

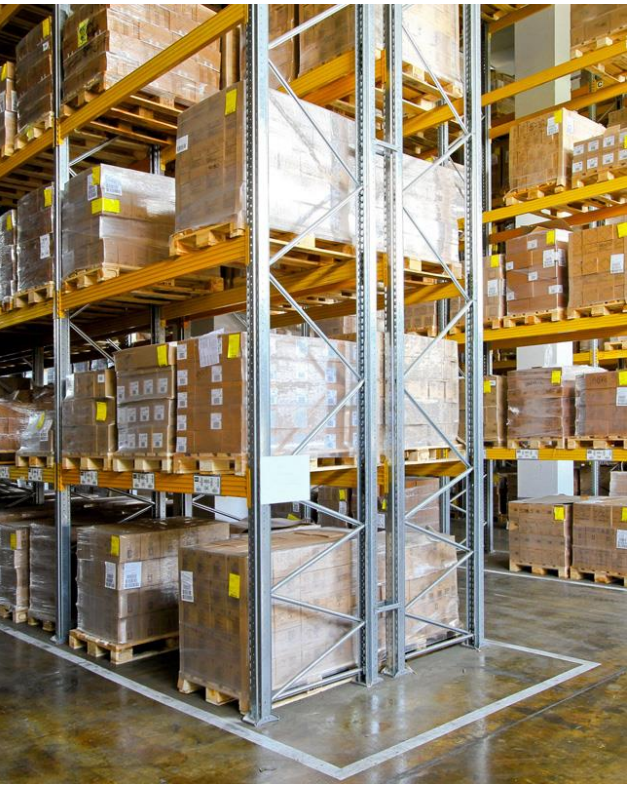
- Repurpose equipment / plant floor space into growing products & markets
- Target medical, packaging & several other industries
- Deliberate repurposing activities in plastic part business and wire harness business
- Investing in new people, new capabilities

** MarketStudyReport.com – Global Last Mile Delivery for E-Commerce Market 2019*

Q2 2020

NEW APPROACH, DIRECTION, AND DECISIONS FOR ACHIEVING SUCCESS

NEW LEADERSHIP, **NEW** DIRECTION, **NEW** CUSTOMERS, **NEW** PRODUCTS, **NEW** MARKETS













FINANCIAL UPDATE
Q2 2020

Q2 2020

CVG CONSOLIDATED FINANCIALS

$ MILLIONS, EXCEPT PER SHARE DATA

	Q2 2020	Q2 2019	$ Change
Revenue	**126.9**	243.2	(116.3)
Gross Profit	**6.5**	32.4	(25.9)
Gross Margin	***5.1%***	*13.3%*	
SGA	**16.0**	16.2	(0.2)
Amortization	**0.9**	0.3	0.6
Impairment	**0.2**	-	0.2
Operating (Loss)/Income	**(10.5)**	15.9	(26.4)
Operating Margin	***(8.3)%***	*6.5%*	
Diluted Earnings Per Share	**($0.40)**	$0.20	(0.60)
Adjusted Operating (Loss)/Income*	**(3.6)**	15.9	(19.5)
*Adjusted Operating Margin**	***(2.8)%***	*6.5%*	
Adjusted EBITDA*	**1.2**	19.0	(17.8)
*Adjusted EBITDA Margin**	***1.0%***	*7.8%*	

Q2 2020 NOTES

- Revenue down 48% compared to prior year due to COVID-19 impacts
- Used opportunity of light demand to initiate consolidation and repurposing of several facilities
- > $8M cost reduction actions during Q2, much higher annualized amount
- Generated $1.2M of adj. EBITDA despite falling sales
- Achieved decremental drop-through rate of ~15%

*See reconciliation to non-GAAP financial measures in the appendix

Q2 2020

ELECTRICAL SYSTEMS SEGMENT RESULTS

$ MILLIONS

	Q2 2020	Q2 2019	$ Change
Revenue	**74.2**	141.9	(67.7)
Gross Profit	**1.1**	17.8	(16.7)
Gross Margin	***1.5%***	*12.5%*	
SGA	**6.6**	3.7	2.9
Amortization	**0.7**	0.2	0.5
Operating (Loss)/Income	**(6.2)**	13.9	(20.1)
Operating Margin	***(8.3)%***	*9.8%*	
Adjusted Operating (Loss)/Income*	**(0.7)**	13.9	(14.6)
*Adjusted Operating Margin**	***(1.0)%***	*9.8%*	

Q2 2020 NOTES

- Revenue down 48% compared to prior year due to covid impacts, offset partially by FSE
- Used opportunity of light demand to initiate consolidation and repurposing of several facilities
- FSE contributed $24 million of revenue in Q2
- Awarded new business during the quarter and expanded warehouse automation footprint into 3 other factories

*See reconciliation to non-GAAP financial measures in the appendix

Q2 2020

GLOBAL SEATING SEGMENT RESULTS

$ MILLIONS

	Q2 2020	Q2 2019	$ Change
Revenue	**53.9**	105.3	(51.4)
Gross Profit	**5.3**	14.7	(9.4)
Gross Margin	***9.9%***	*13.9%*	
SGA	**3.7**	5.2	(1.5)
Amortization	**0.1**	0.1	(0.0)
Operating Income	**1.5**	9.4	(7.9)
Operating Margin	***2.8%***	*8.9%*	
Adjusted Operating Income*	**2.1**	9.4	(7.3)
*Adjusted Operating Margin**	***3.9%***	*8.9%*	

Q2 2020 NOTES

- Revenue down 49% compared to prior year due to covid impacts
- Used opportunity of light demand to initiate consolidation and repurposing of several facilities
- Awarded new business during the quarter, during the covid downturn
- New Unity™ global platform for medium duty and electric vehicles

*See reconciliation to non-GAAP financial measures in the appendix

Q2 2020

BALANCE SHEET

$ MILLIONS

	June 30, 2020	March 30, 2020
Cash	**63.4**	58.1
Accounts Receivable	**102.8**	123.3
Inventories	**70.7**	84.5
Other Assets	**164.1**	165.3
Total Assets	**401.0**	431.2
Accounts Payable	**54.6**	73.6
Debt (Current + Long Term)	**154.2**	155.6
Line of Credit	**15.0**	15.0
Other Liabilities	**89.4**	90.1
Total Liabilities	**313.1**	334.3
Total Equity	**87.9**	96.9
Total Liabilities + Equity	**401.0**	431.2

Q2 2020 NOTES

- Cash and available liquidity at June 30, 2020 was $106.6M
- Reduced inventory by ~$14M in 2Q through a focused effort, despite light consumption / production, still a focus area
- Capital spending was kept at maintenance levels during Q2
- Amended loan terms during Q2







SUPPLEMENTAL INFORMATION

Q2 2020

USE OF NON-GAAP FINANCIAL MEASURES

This earnings presentation contains financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). In general, the non-GAAP measures exclude items that (i) management believes reflect the Company's multi-year corporate activities; or (ii) relate to activities or actions that may have occurred over multiple or in prior periods without predictable trends. Management uses these non-GAAP financial measures internally to evaluate the Company's performance, engage in financial and operational planning and to determine incentive compensation.

Management provides these non-GAAP financial measures to investors as supplemental metrics to assist readers in assessing the effects of items and events on the Company's financial and operating results and in comparing the Company's performance to that of its competitors and to comparable reporting periods. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies.

The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP. The financial results calculated in accordance with GAAP and reconciliations to those financial statements set forth above should be carefully evaluated.

Q2 2020

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES – ADJUSTED OPERATING INCOME AND EBITDA

$ Millions	For the Three Months June 30, 2020	June 30, 2019
Operating (Loss) Income	(10.5)	15.9
Deferred Consideration Purchase Accounting	3.5	-
Restructuring	2.9	-
Investigation	0.4	-
Impairment of Goodwill and Long-Lived Assets	0.2	-
Adjusted Operating (Loss) Income	(3.6)	15.9
% of Revenues	(2.8)%	6.5%
Interest Expense	5.3	4.8
Other Income / Expense	(0.2)	2.7
Non-Cash Pension Expense	-	(2.5)
Adjusted (Loss) Income Before Provision for Income Taxes	(8.7)	10.9
Adjusted Provision for Income Taxes[1]	(1.4)	2.9
Adjusted Net Income	(7.3)	8.0
Adjusted Basic and Diluted EPS	$(0.24)	$0.26
Adjusted Operating Income	(3.6)	15.9
Depreciation Expense	3.7	3.0
Amortization Expense	0.9	0.3
Non Interest Other Income / Expense	0.2	(0.2)
Adjusted EBITDA	1.2	19.0
% of Revenues	1.0%	7.8%

[1] Reported Tax (Benefit) Provision adjusted for tax effect of special charges at 25%

Q2 2020

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES – ADJUSTED EBITDA

$ Millions	For the three months ended						Trailing twelve months ended	
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	June 30, 2020	June 30, 2019
Net Income	**10.0**	**6.1**	**7.2**	**(7.5)**	**(24.6)**	**(12.5)**	**(37.4)**	**35.5**
Interest	4.6	4.8	3.9	3.6	4.6	5.3	17.4	18.1
Provision for Income Taxes	3.2	2.2	0.5	(0.1)	(7.3)	(3.1)	(10.1)	5.6
Depreciation	3.4	3.0	3.4	3.8	3.8	3.7	14.7	13.3
Amortization	0.3	0.3	0.4	0.9	0.9	0.9	3.0	1.3
Impairment	-	-	-	-	28.9	0.2	29.0	-
EBITDA	**21.4**	**16.5**	**15.4**	**0.6**	**6.2**	**(5.6)**	**16.7**	**73.8**
Adjustments								
CEO Transition	-	-	-	-	2.3	-	2.3	-
Restructuring	-	-	-	3.0	0.2	2.9	6.1	-
Investigation	-	-	-	-	2.4	0.4	2.8	-
FSE Acquisition Costs	-	-	0.9	-	-	-	0.9	-
Deferred Consideration	-	-	-	-	-	3.5	3.5	-
Non Cash Pension Charge	-	2.5	-				-	2.5
Adjusted EBITDA	**21.4**	**19.0**	**16.3**	**3.5**	**11.0**	**1.2**	**32.2**	**76.3**

Q2 2020

BUSINESS SEGMENT FINANCIAL INFORMATION

$ Millions	For the Three Months Ended June 30, 2020			
	Electrical Systems	Global Seating	Corporate	Total
Operating (Loss) Income	(6.2)	1.5	(5.9)	(10.5)
Deferred Consideration Purchase Accounting	3.5	-	-	3.5
Restructuring	2.0	0.5	0.4	2.9
Investigation	-	-	0.4	0.4
Impairment of Goodwill and Long-Lived Assets	-	-	0.2	0.2
Adjusted Operating Income	(0.7)	2.1	(4.9)	(3.6)
% of Revenues	(1.0)%	3.9%		(2.8)%

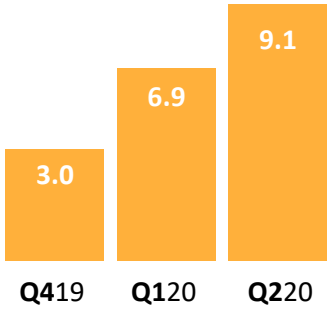
Q2 2020

FREE CASH FLOW

For the three months ended

$ Millions	December 31, 2019	March 31, 2020	June 30, 2020
Cash Flow from Operations	$ 8.2	$ 10.3	$ 10.1
Capital Expenditures	(5.2)	(3.4)	(1.0)
Free Cash Flow	**$ 3.0**	**$ 6.9**	**$ 9.1**

FREE CASH FLOW* ($M)



Q2 2020

PLAYBACK AND CONTACT INFORMATION

Replay number: 800-585-8367 ***passcode**: 4399004*

Telephone replay available through August 24, 2020

Webcast / PowerPoint / replay available at ir.cvgrp.com

→ *Use "Slide Show" format for PowerPoint*

Investor Relations contact: Kirk Feiler (614) 289 - 0195