





Q3 2020 EARNINGS CALL

NOVEMBER 9, 2020



Forward-Looking Statements and Non-GAAP Financial Measures

These slides and our remarks during investor presentations about CVG's future expectations, plans and prospects are forward-looking statements within the meaning of the federal securities laws. Forward-looking statements involve risks, uncertainties and other factors, including those discussed in our earnings press release dated November 9, 2020 and in our filings with the SEC, which could cause our actual results to differ materially from the results expressed or implied by our statements. Any forward-looking statements which we make in this presentation or in our remarks, represent our views only as of the date of such remarks. We disclaim any duty to update such forward-looking statements.

All forward-looking statements attributable to the company or persons acting on behalf of the company are expressly qualified in their entirety by cautionary statements in our filings with the SEC.

These slides also include and we plan to discuss supplementary non-GAAP financial measures. For a reconciliation of GAAP to non-GAAP measures and the reasons for management's use of non-GAAP measures, please see supplemental information.

Q3 2020 WAS A GOOD QUARTER

SALES
$188 MILLION

- Down 17% vs. prior year
- Up 48% vs. prior quarter
- Commercial vehicle markets recovered sequentially, but below 2019
- Warehouse automation market continues to be a bright spot

ADJUSTED OPERATING INCOME
$12 MILLION

- Down $0.4 million vs. prior year
- Adjusted margins increased to 6.4% from 5.5% vs. prior year
- Adjusted operating income increased sequentially by $15.6 million
- Adjusted EBITDA increased slightly to $16.4 million vs. $16.3 million, on $38 million less sales

LIQUIDITY
$126 MILLION

- Free Cash Flow generation of $9 million in Q3
- Paid down an additional $20 million of debt
- Funded $6 million CapEx Q3 year to date with outlook of $8 to $10 million

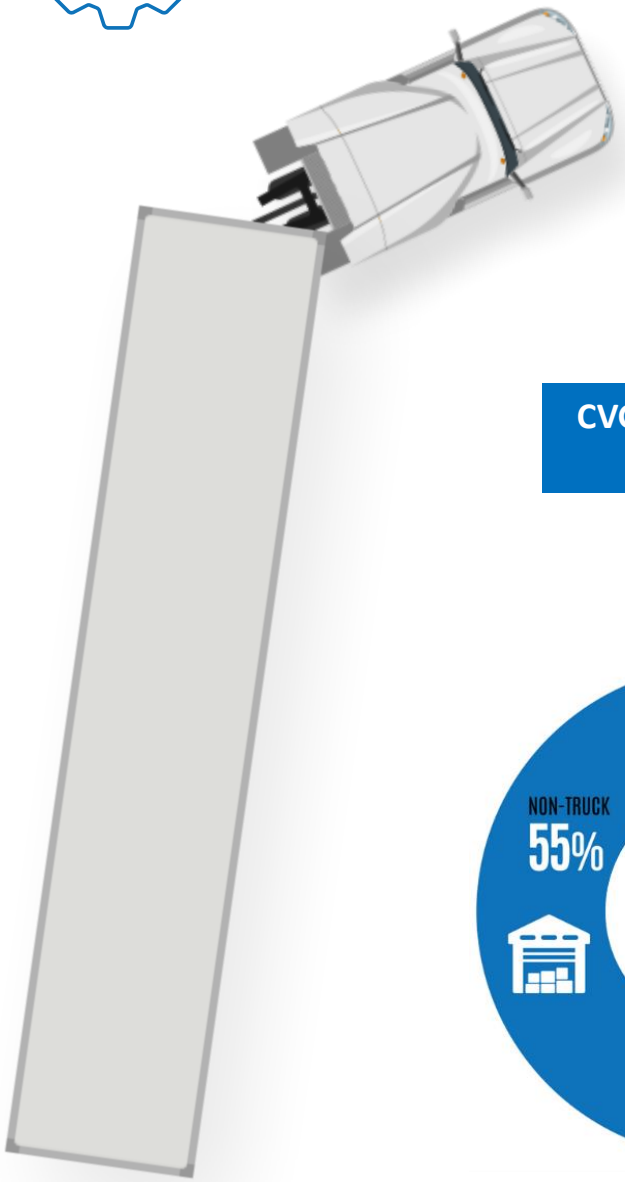






Q3 2020

SALES MIX IS TURNING THE CORNER

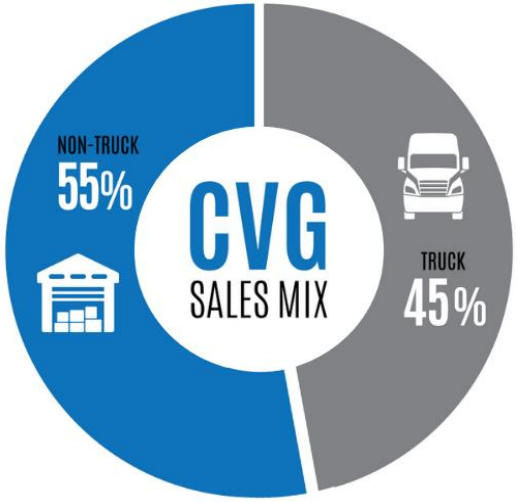


Strategic focus areas:

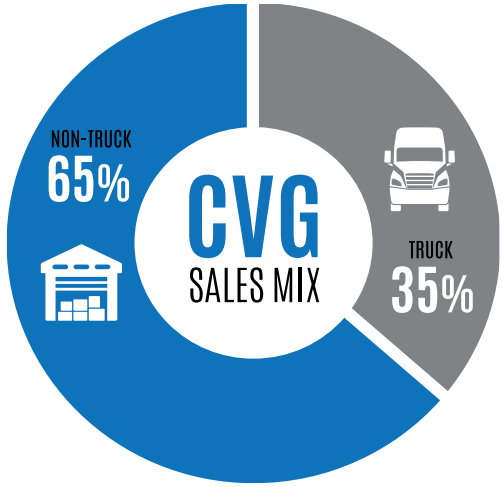
- Warehouse automation systems
- Delivery vans and Class 5-7 trucks
- Electric vehicles
- Alternate markets for plastic parts and wire harness

CVG's approximate percentage of sales from Medium-duty and Heavy-duty trucks

2009-2019
10 year average



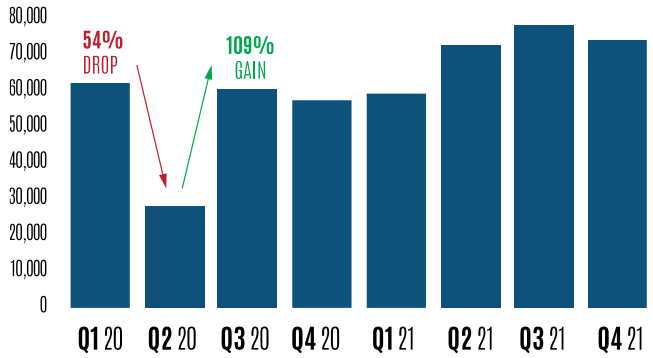
2020
Q3 YTD



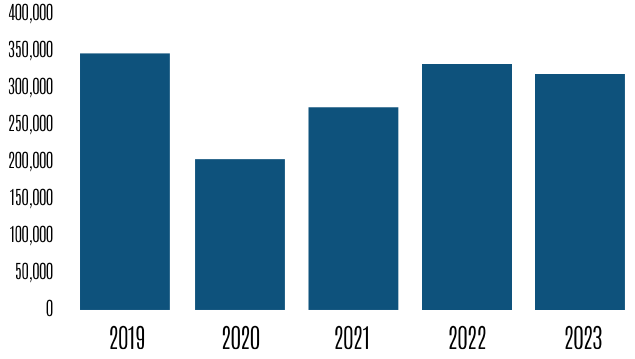
Q3 2020

TRUCK MARKETS IMPROVED SUBSTANTIALLY

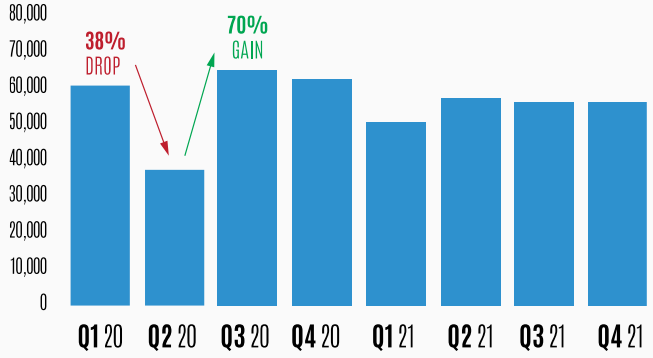
North America Class 8 Quarterly Build Rate*



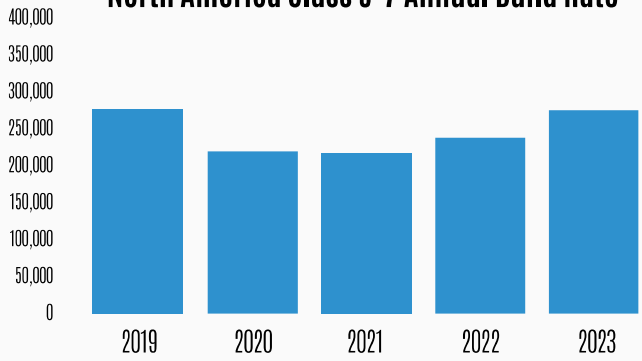
North America Class 8 Annual Build Rate*



North America Class 5-7 Quarterly Build Rate*



North America Class 5-7 Annual Build Rate*



e-Commerce Growth and GDP Outlook Driving Favorable Truck Outlook; EV Substitution will Occur in Future Periods

**Source: October 2020 ACT Research Report*

Q3 2020

STRATEGICALLY ADDED OUTPUT CAPACITY TO WAREHOUSE AUTOMATION BUSINESS

PLANTS
- Expanded capacity at 4 plants
- Evaluating next steps for additional capacity

PEOPLE
- Added dedicated resources in business leadership, procurement
- Staffed up hourly production personnel ~ 100 people

PRODUCTS
- Added brand new products in portfolio
- Evaluating further product line additions



EXPECT WAREHOUSE AUTOMATION TO BE

>$100 MILLION

IN 2021

WAREHOUSE AUTOMATION MARKET

GROWTH RATES >20%*

THROUGH 2022

Source: RoboticsBusinessReview.com

Q3 2020

FOCUS ON SECURING PLATFORM POSITIONS ON *ELECTRIC VEHICLES*







- Secured 2 marquee **Electric Vehicle** contingent awards in 2020 with >$200 million of business potential, with future start dates
- Secured 3 smaller **Electric Vehicle** contingent awards in 2020 with future start dates
- Pending business opportunities with multiple other **Electric Vehicle** companies
- Securing positions across the vehicle size spectrum – delivery vans, long-haul trucks, and special purpose vehicles

Q3 2020 KEY TAKEAWAYS

MARKETS PERFORMED WELL -- OLD AND NEW --

- Truck markets recovered
- Warehouse automation stayed strong

COST REDUCTIONS WERE AGGRESSIVE AND WORKED

- Salaried/benefit/discretionary expenses suppressed, restoring some costs in Q4/Q1
- Permanent reductions still underway

GROWTH ACTIONS WORKING WELL

- Focused on growth markets, less cyclicality
- Adding people, capacity, products, customers
- Added another marquee Electric Vehicle customer

COVID STILL A CONCERN

- Cases are increasing rapidly in some countries
- Supply chains in the industries we serve are having issues













Q3 2020
FINANCIAL UPDATE

Q3 2020

CVG CONSOLIDATED FINANCIALS

$ MILLIONS, EXCEPT PER SHARE DATA

	Q3 2020	Q2 2020	Q3 2019
Revenue	**187.7**	126.9	225.4
Gross Profit	**24.2**	6.5	29.4
Gross Margin	***12.9%***	*5.1%*	*13.1%*
SGA	**14.4**	16.0	17.5
Amortization	**0.9**	0.9	0.4
Impairment	**-**	0.2	-
Operating (Loss)/Income	**8.9**	(10.5)	11.5
Operating Margin	***4.7%***	*(8.3)%*	*5.1%*
Diluted Earnings Per Share	**$0.13**	($0.40)	$0.23
Adjusted Operating (Loss)/Income*	**$12.0**	(3.6)	12.4
*Adjusted Operating Margin**	***6.4%***	*(2.8)%*	*5.5%*
Adjusted EBITDA*	**$16.4**	1.2	16.3
*Adjusted EBITDA Margin**	***8.8%***	*1.0%*	*7.3%*

Q3 2020 NOTES

- The P&L benefited in Q3 from revenue rebound, year over year impact of FSE acquisition, and cost actions
- Revenues increased 47.9% vs. Q2
- Adjusted OI and Adjusted EBITDA increased as a percent of revenue compared to prior year

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

Q3 2020

ELECTRICAL SYSTEMS SEGMENT RESULTS

$ MILLIONS

	Q3 2020	Q2 2020	Q3 2019
Revenue	**121.1**	74.2	131.4
Gross Profit	**16.1**	1.1	17.1
Gross Margin	***13.3%***	*1.5%*	*13.0%*
SGA	**3.2**	6.6	4.0
Amortization	**0.7**	0.7	0.3
Operating (Loss)/Income	**12.2**	(6.2)	12.8
Operating Margin	***10.1%***	*(8.3)%*	*9.7%*
Adjusted Operating (Loss)/Income*	**13.4**	(0.7)	12.8
*Adjusted Operating Margin**	***11.1%***	*(1.0)%*	*9.7%*

Q3 2020 NOTES

- Revenue increased 63.2% vs. Q2 due to increased truck build and year over year impact of FSE acquisition
- Gross margin and Adjusted OI increased as a percent of revenue vs. prior year
- Warehouse automation sub-systems contributed $26 million of incremental revenue in Q3

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

Q3 2020

GLOBAL SEATING SEGMENT RESULTS

$ MILLIONS

	Q3 2020	Q2 2020	Q3 2019
Revenue	**68.9**	53.9	95.7
Gross Profit	**8.4**	5.3	12.3
Gross Margin	***12.2%***	*9.9%*	*12.9%*
SGA	**3.5**	3.7	5.0
Amortization	**0.1**	0.1	0.1
Operating Income	**4.8**	1.5	7.2
Operating Margin	***6.9%***	*2.8%*	*7.5%*
Adjusted Operating Income*	**5.1**	2.1	7.2
*Adjusted Operating Margin**	***7.4%***	*3.9%*	*7.5%*

Q3 2020 NOTES

- Revenue increased 27.8% vs. Q2 due to increased truck build
- Adjusted OI increased 142.8% vs. Q2
- Adjusted OI as a percent of revenue flat vs. prior year despite $26.8M revenue decline

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

Q3 2020

BALANCE SHEET

$ MILLIONS

	September 30, 2020	June 30, 2020
Cash	53.6	63.4
Accounts Receivable	128.6	102.8
Inventories	83.3	70.7
Other Assets	161.6	164.1
Total Assets	**427.1**	**401.0**
Accounts Payable	89.4	54.6
Debt (Current + Long Term)	150.4	154.2
Line of Credit	-	15.0
Other Liabilities	92.0	89.4
Total Liabilities	**331.8**	**313.1**
Total Equity	**95.3**	**87.9**
Total Liabilities + Equity	**427.1**	**401.0**

Q3 2020 NOTES

- Cash and available liquidity at September 30, 2020 was $126.2M
- Paid down $15M on the ABL and an additional $5 million on the term loan







SUPPLEMENTAL INFORMATION

Q3 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 in the supplemental information.

Q3 2020

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

	For the Three Months Ended		
	September 30, 2020	June 30, 2020	September 30, 2019
Operating Income/(Loss)	8.9	(10.5)	11.5
FSE Acquisition Costs	-	-	0.9
Deferred Consideration Purchase Accounting	0.5	3.5	-
Restructuring	2.2	2.9	-
Investigation	0.5	0.4	-
Impairment of Goodwill and Long-Lived Assets	-	0.2	-
Adjusted Operating Income/(Loss)	12.0	(3.6)	12.4
% of Revenues	6.4%	(2.8%)	5.5%
Interest Expense	5.5	5.3	3.9
Other (Income) / Expense	0.2	(0.2)	(0.1)
Adjusted Income/(Loss) Before Provision for Income Taxes	6.4	(8.7)	8.6
Adjusted Provision/(Benefit) for Income Taxes	(0.2)	(1.4)	0.7
Adjusted Net Income/(Loss)	6.5	(7.3)	7.9
Adjusted Basic and Diluted EPS	0.21	(0.24)	0.26
Adjusted Net Income/(Loss)	6.5	(7.3)	7.9
Interest Expense	5.5	5.3	3.9
Adjusted (Benefit) Provision for Income Taxes	(0.2)	(1.4)	0.7
Depreciation Expense	3.8	3.7	3.4
Amortization Expense	0.9	0.9	0.4
Adjusted EBITDA	16.4	1.2	16.3
% of Revenues	8.8%	1.0%	7.3%

Q3 2020

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

	For the three months ended							Trailing twelve months	
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	September 30, 2020	September 30, 2019
Net Income	10.0	6.1	7.2	(7.5)	(24.6)	(12.5)	4.2	(40.4)	31.4
Interest	4.6	4.8	3.9	3.6	4.6	5.3	5.5	19.0	18.4
Provision for Income Taxes	3.2	2.2	0.5	(0.1)	(7.3)	(3.1)	(1.0)	(11.5)	6.3
Depreciation	3.4	3.0	3.4	3.8	3.8	3.7	3.8	15.0	13.1
Amortization	0.3	0.3	0.4	0.9	0.9	0.9	0.9	3.4	1.4
Impairment	-	-	-	-	28.9	0.2	-	29.0	-
EBITDA	**21.4**	**16.5**	**15.4**	**0.6**	**6.2**	**(5.6)**	**13.3**	**14.5**	**70.5**
Adjustments									
CEO Transition	-	-	-	-	2.3	-	-	2.3	-
Restructuring	-	-	-	3.0	0.2	2.9	2.2	8.2	-
Investigation	-	-	-	-	2.4	0.4	0.5	3.3	-
FSE Acquisition Costs	-	-	0.9	-	-	-	-	-	0.9
Deferred Consideration Purchase Accounting	-	-	-	-	-	3.5	0.5	4.0	-
Non-Cash Pension Charge	-	2.5	-	-	-	-	-	-	-
Adjusted EBITDA	**21.4**	**19.0**	**16.3**	**3.6**	**11.0**	**1.2**	**16.4**	**32.3**	**71.4**

Q3 2020

BUSINESS SEGMENT FINANCIAL INFORMATION

	For the three months ended September 30, 2020			
	Electrical Systems	**Global Seating**	**Corporate**	**Total**
Operating (Loss) Income	12.2	4.8	(8.1)	8.9
Restructuring	0.7	0.3	1.1	2.2
Deferred Consideration Purchase Accounting	0.5	-	-	0.5
Investigation	-	-	0.5	0.5
Adjusted Operating Income	**13.4**	**5.1**	**(6.5)**	**12.0**
Adjusted Operating Margin	11.1%	7.4%		6.4%

Q3 2020

FREE CASH FLOW

	For 4 the quarters ended			
	December 31, 2019	**March 31, 2020**	**June 30, 2020**	**September 30, 2020**
Cash Flow from Operations	8.2	10.3	10.1	10.4
Capital Expenditures	(5.2)	(3.4)	(1.0)	(1.5)
Free Cash Flow	**3.0**	**6.9**	**9.1**	**8.9**

Q3 2020

CONFERENCE CALL PLAYBACK INFO

A telephonic replay of the conference will be available for a period of two weeks following the call.

To access the replay, dial **(800) 585-8367** using access code **2727789**

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