



CVG



THE MICROCAP RODEO WINTER WONDERLAND CONFERENCE

FEBRUARY 17, 18 & 19, 2021



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.

MANAGEMENT IN ATTENDANCE TODAY











Harold Bevis

Mr. Bevis has been **President and Chief Executive Officer** since March 2020 and has served as Director since June 2014. Mr. Bevis brings more than 30 years of business leadership experience including 19 years as a Chief Executive Officer. Mr. Bevis holds an MBA from Columbia Business School and a BS in industrial engineering from Iowa State University.



Chris Bohnert

Mr. Bohnert has been **Chief Financial Officer** since October 2020. Mr. Bohnert brings more than 30 years of experience in consumer products, packaging, biotechnology, and food ingredients. Mr. Bohnert has degrees in Economics and Accounting from the University of Missouri and a Master's in Accounting from the University of South Carolina.

COMPANY AT A GLANCE

CVG – A DIVERSIFIED INDUSTRIAL COMPANY







$502M
2020 9mos. YTD Revenues

Founded in 2000
Listed on NASDAQ in 2004

~7,500 Employees
Depending on flex requirements

$29M
2020 9mos.YTD Adjusted EBIDA

$25M
2020 9mos. YTD Free Cash Flow

Global Footprint
40 plants/locations and 26 geographies within North America, Europe, and Asia

INVESTMENT HIGHLIGHTS

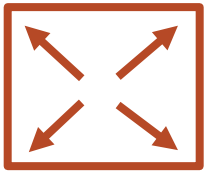
LEADING SUPPLIER OF ELECTRICAL WIRE HARNESSES, SEATING SYSTEMS, ENGINEERED PLASTIC COMPONENTS, AND ELECTROMECHANICAL ASSEMBLIES



Pivoting the company for growth by optimizing the core and diversifying products and capabilities



Leading supplier to sophisticated global equipment manufacturers and category leaders



Expanding into new and adjacent markets to leverage know-how, improve margins, and diversify products

Optimizing support structure, making core business leaner,
and driving new business wins where innovation and engineering expertise can add value

LOCATIONS

GLOBAL FOOTPRINT



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

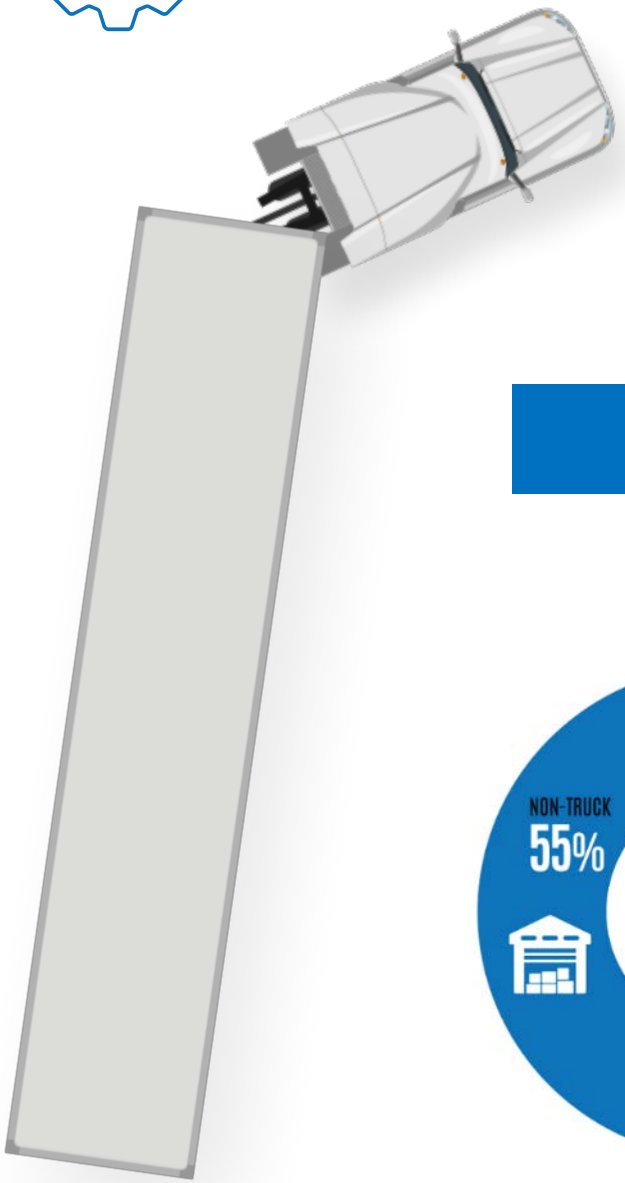






Q3 2020

SALES MIX IS TURNING THE CORNER

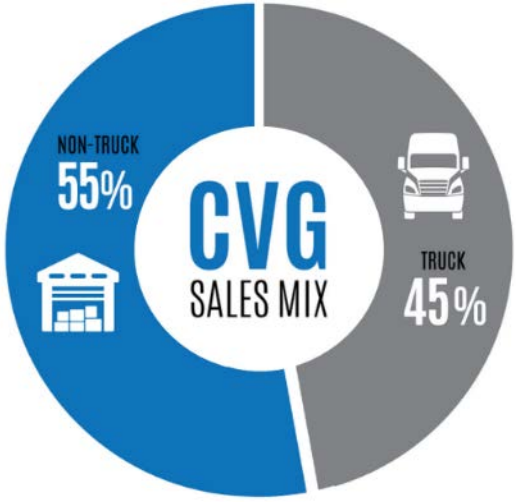


Strategic focus areas:

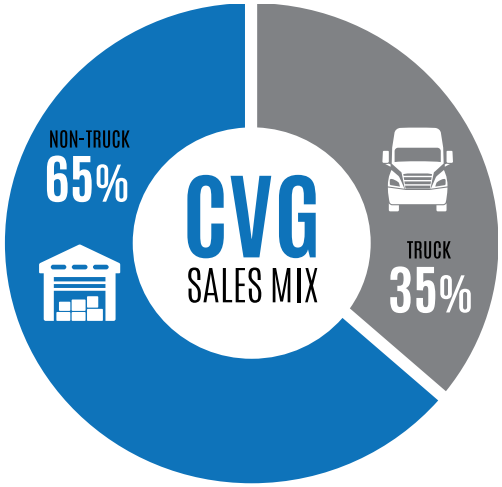
- Warehouse automation systems
- Delivery vans and Class 5-7 trucks
- Electric vehicles
- Alternate markets for plastic parts and wire harness

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

2009-2019
10 year average

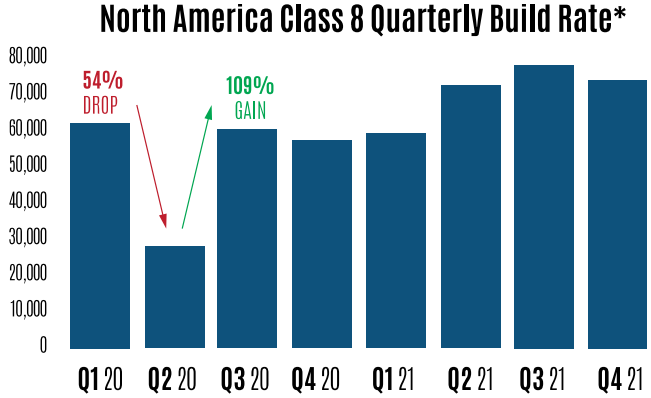


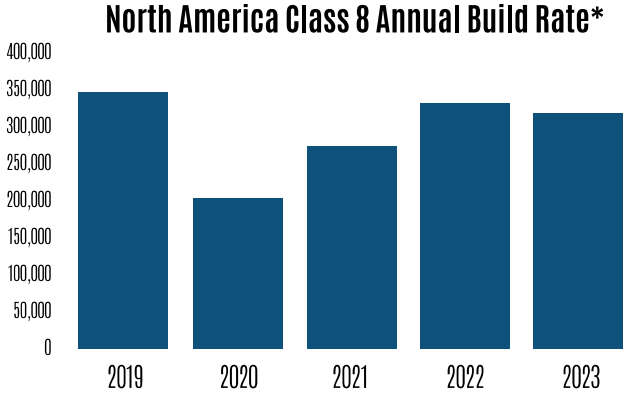
2020
Q3 YTD

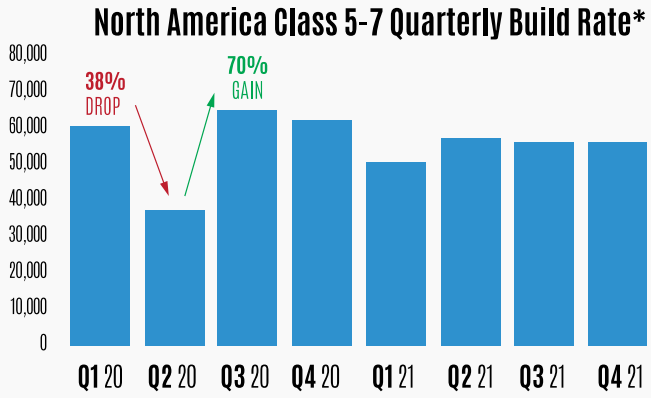


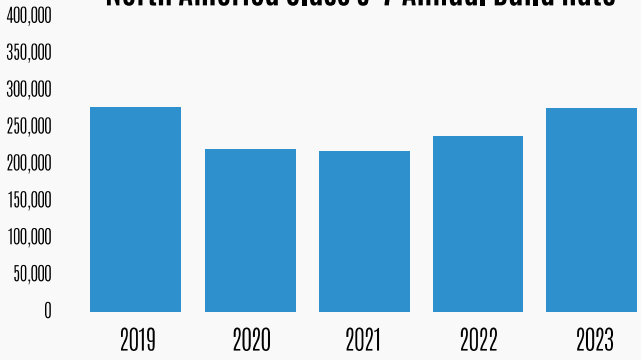
Q3 2020

TRUCK MARKETS IMPROVED SUBSTANTIALLY









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

**Source: October 2020 ACT Research Report*

STRATEGIC OBJECTIVES-REVENUE GROWTH

Lead in core markets

Right-size cost structure, increase new product and innovation rate, pursue new customers, and reposition footprint. These are a mix of short-cycle and long-cycle initiatives.

Leverage strengths into new markets

Add new people, add new capabilities where needed, pursue brand-new markets, pursue brand-new customers, and implement brand-new marketing programs. These are a mix of short-cycle and long-cycle initiatives.

Grow in Electric Vehicle market

Add new people, pursue new customers, bundle CVG offering where possible, and adjust footprint. These are largely long-cycle initiatives.

Grow in Warehouse Automation market

Add new people, expand capacity dedicated to this area, and expand product offering. These are largely short-cycle initiatives.







Q3 2020

STRATEGICALLY ADDED CAPACITY AND EXPANDED PRODUCT LINE IN THE 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

WAREHOUSE AUTOMATION SUBASSEMBLIES

- **Complicated subassemblies used in warehouse systems; multiple units in each warehouse**
- **Each warehouse implementation is unique**
- **Top 100 retailers, top shippers, top ecommerce companies**







Q3 2020

FOCUS ON SECURING PLATFORM POSITIONS ON *ELECTRIC VEHICLES*



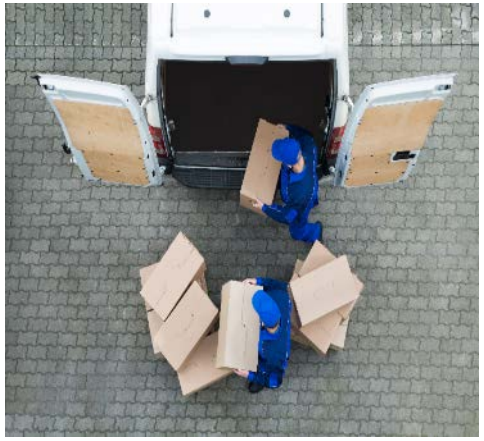




- Secured 2 marquee **Electric Vehicle** contingent awards in 2020 with >$200 million of business potential, with future start dates
- Secured 3 smaller **Electric Vehicle** contingent awards in 2020 with future start dates
- Pending business opportunities with multiple other **Electric Vehicle** companies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

UNIQUE ELECTRIC VEHICLE VALUE PROPOSITION

- Brand Recognition, Existing Certifications
- Product Development Capabilities
- Speed to Market
- Bundled Sourcing Opportunity
- Manufacturing Technologies

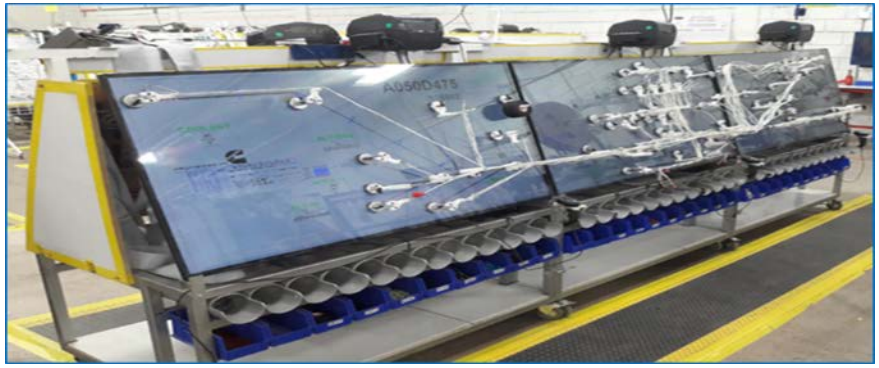






ENTERING NEW END MARKETS – INJECTION MOLDING AND WIRE HARNESSES





- **Decades of experience in demanding applications serving a very discriminating customer base**
  - ➢ **Near perfect quality and on-time delivery**
- **Design, manufacturing and post-processing value added assemblies**
- **Wide spectrum of machine capabilities with redundant machine and plant backup**
- **Sophisticated aesthetics, material selection, part performance and cost optimization**

- **Decades of experience in demanding application service a very discriminating customer base**
  - ➢ **Near perfect quality and on-time delivery**
- **IoT digital business process from design to component selection to assembly**
- **Combination of low-cost country plants and quick service plants**
- **Climb the aggregation scale from harnesses to ECMs to complete subassemblies**

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

Debt

CVG CURRENT DEBT STRUCTURE

ABL	• $90M facility (“Tranche A”) - LIBOR + 150 bps if availability stays above $30M • $7M FILO (“Tranche B”) - Interest rate is 100bps greater than Tranche A • Paid down to zero balance in 3Q 2020 • Matures April 12, 2022
TLB	• $151M outstanding as of 10/31/2020 - Interest rate LIBOR + 600bps subject to a floor of 1.00% • Paid additional $5M in Q3 2020 • Matures on 4/12/2023

MAY 2020 AMENDMENT	• Amendment provided a “covenant relief period” through 9/30/2021
	  • Increased TLB interest by 450bps - PIK interest
	  • Suspended 4.75x TLB leverage ratio
	  • Provided gradual phase-in from 12.00x at 3/31/2021 to 4.75x on 12/31/2021
	  • Optional redemption added - 102 hard call through 6/30/2021 and 101 hard call through 6/30/2022
	• Steps down to LIBOR + 600bps and no PIK interest on 10/1/2021







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**