

Q2 2021 Earnings Presentation

August 2021

WE FIND A WAY!

CVG

Forward-Looking Statements and Non-GAAP Financial Measures

These slides contain 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, these slides may contain forward-looking statements about the Company’s expectations for future periods with respect to its plans to improve financial results, the future of the Company’s end markets, including the short-term and long-term impact of the COVID-19 pandemic on our business, changes in the Class 8 and Class 5-7 North America truck build rates, performance of the global construction equipment business, the Company’s prospects in the wire harness, warehouse automation and electric vehicle markets, the Company’s initiatives to address customer needs, organic growth, the Company’s strategic plans and plans to focus on certain segments, competition faced by the Company, volatility in and disruption to the global economic environment 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 those included in the Company’s filings with the SEC. There can be no assurance that statements made in these slides 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.

Presented by



Harold Bevis
President and
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Chris Bohnert
Chief Financial Officer
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Q2 2021 Highlights

Continue to have increasing sales and additional new business wins
Many wins are in prototype and pre-launch mode

Q2 Net Sales

$258M

103% YoY

Quarterly Sales Record

Q2 Operating Income

$16.3M

Versus $(10.5)M loss in Q2 2020

Q2 Adj. EBITDA

$21.6M

Versus $1.2M in Q2 2020

Q2 Diluted Adj. EPS

$0.33

Versus $(0.24) in Q2 2020

YTD Net New Business Awards

$129M

Annualized

Concentrated in Electric Vehicles



Strategic Realignment – Q2 2021 Update

Grow Earnings and Expand End Markets



Leverage Strengths for New Business

$129M of net new business awards 2021 YTD

$229M of net new business awards in last 18 months

Trailing 18 months results



Expand in Warehouse Automation

Sales on track to meet or exceed $150 million

Continue to win new business in this market



Expand in Electric Vehicles

Working with 25 electric vehicle OEMs on 52 opportunities

Have secured multiple, multi-year programs

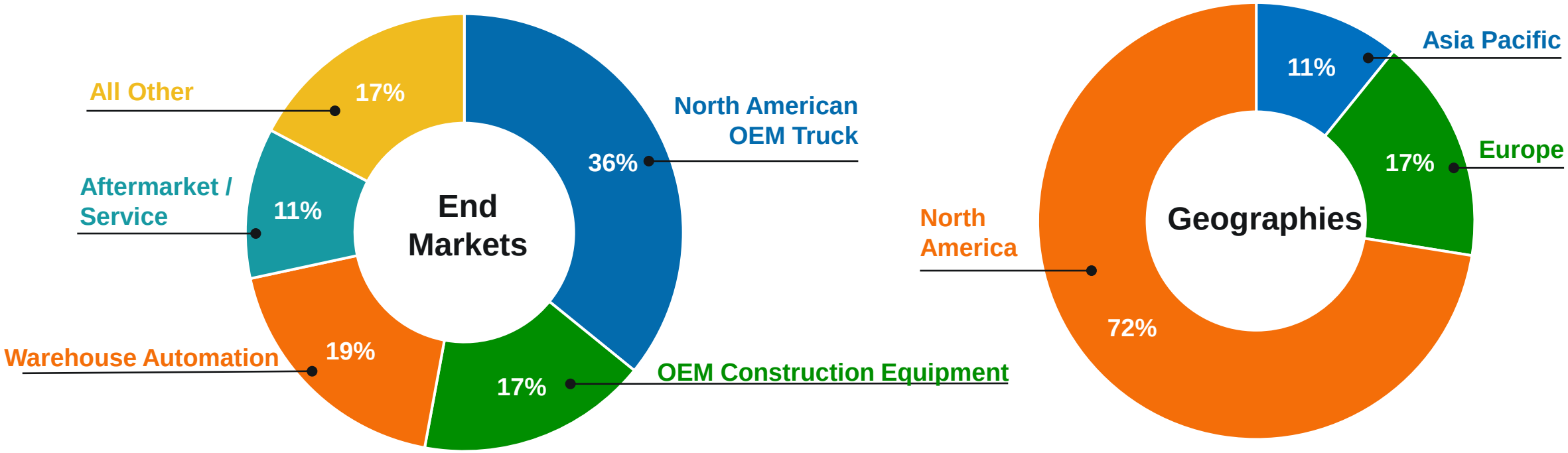


Expand End Market Coverage

Majority of YTD awards in Electric Vehicles, Rec & Specialty Vehicles & Warehouse Automation

217 wins, 77 new products and 27 new customers

2021 YTD Sales = $503 Million



Market Outlook

North American Truck

First half class 8 truck near replacement levels at 143k units per ACT Research

Strong/above replacement demand through 2023

Near term supply chain constraints & inflationary pressures

Warehouse Automation

14% growth annually through 2026 per logistics IQ

Market demand creating opportunities for expansion

Near term supply chain constraints & inflationary pressures

OEM Construction Equipment

Strong order book globally through 2021

~40% North America / ~60% Rest of World

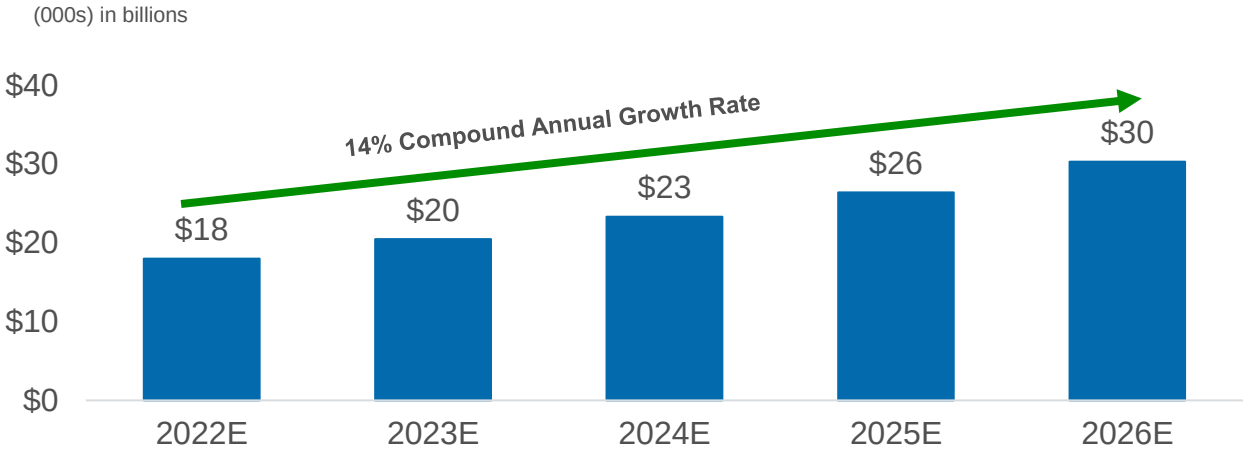
Near term supply chain constraints & inflationary pressures



Warehouse Automation - The Company is benefitting from retail ecommerce growth, increasing warehouse builds and new CVG wins

- **Sales of $52.3 million in the quarter**
- **8 new business wins in 2021 YTD**
- **On track to meet or exceed $150 million of warehouse automation sales in 2021**

Market Growth Expectations*



*Source: Logistics IQ



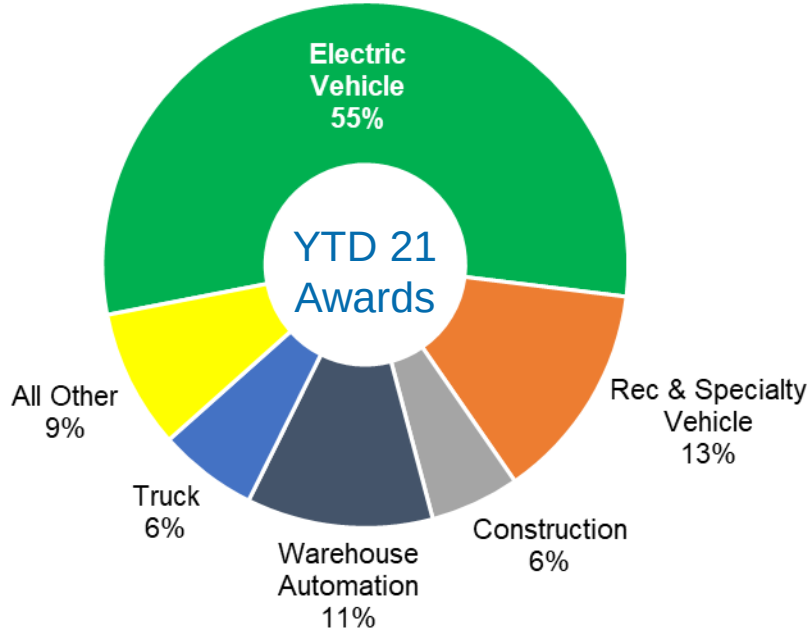
Electric Vehicle Business Expansion

- Value Proposition Resonating ➞ Ownership of Electrical System
  - Speed, agility & knowledge: Digital development and production
  - High and low voltage system and product design
  - Integrated development teams
  - Creating new electrical distribution system products (High Voltage Junction Boxes)
- Designing and delivering prototype products for field trials and testing
- Xos relationship is an example of CVG's electrical system value creation and related margin expansion
- Secured new electrical system business with class 8 electric vehicle manufacturer
- Secured new bus electrical system business
  - Repurposing and expanding facility in Georgia
- Rebalancing truck business between first mile, middle mile and last mile

CVG is involved with 52 opportunities globally, at different points in the product lifecycle



2021 YTD
$129 million Annualized Net New Business Awards



- **Electric Vehicle** wins with new market entrants are **longer cycle** awards that ramp to anticipated volumes through 2026
  - 13 wins crossing multiple regions and end markets
- Continue to win new business in Warehouse Automation
- 82 wins with 38 customers,10 new to CVG
- 35 new products
- Have funded and expensed nearly $3 million of startup costs 2021 YTD



Conclusion

1. Grow earnings and expand end markets through our focused new business program
2. The Warehouse Automation market continues to grow. We are focused on gaining new business and we are winning
3. The Electric Vehicle market continues to grow, we are focused on achieving “first fit” position with a big set of global original equipment manufacturers
4. We are leveraging and adding to our capabilities to become a more value-added and profitable company
5. We refinanced our debt structure to provide flexibility in deploying our capital toward sales growth and new business opportunities

Financial Update

CVG Consolidated Results Q2 2021 vs. Q2 2020

In millions

Q2 2021	**Revenues** $257.9	**Gross Profit** $34.4 Gross Margin: 13.3%	**Adj. Operating Income** $16.6 Operating Margin: 6.4%	**Adjusted EBITDA** $21.6 EBITDA Margin: 8.4%
Better / (Worse) Compared to Q2 2020	**Revenues** $131.0	**Gross Profit** $27.9 Gross Margin: 8.2%	**Adj. Operating Income** $20.2 Operating Margin: 9.2%	**Adjusted EBITDA** $20.4 EBITDA Margin: 7.4%

Q2 2021:

- Revenues up 103% from Q2 2020 and increased 5% sequentially as compared to Q1 2021
- Gross profit up 429% from Q2 2020
- Q2 2020 was weak due to Covid impact



Electrical Systems Segment Q2 2021 vs. Q2 2020

In millions

Q2 2021	Revenues	Gross Profit	Adj. Operating Income
	$175.1	$23.8 Gross Margin: 13.6%	$18.7 Operating Margin: 10.7%
Better / (Worse) Compared to Q2 2020	Revenues	Gross Profit	Adj. Operating Income
	$100.9	$22.7	$19.4

Q2 2021:

- Record sales in Electrical Systems Segment
- Sales grew 136% from prior year period; attributable to a weak Covid impacted Q2 2020 comparable, business growth in warehouse automation and the global wire harness business
- Gross profit increase of 110 bps over Q1 2021



Global Seating Segment Q2 2021 vs. Q2 2020

In millions

Q2 2021	Revenues	Gross Profit	Adj. Operating Income
	$84.9	$10.6 Gross Margin: 12.5%	$5.0 Operating Margin: 5.9%
Better / (Worse) Compared to Q2 2020	Revenues	Gross Profit	Adj. Operating Income
	$31.0	$5.3	$2.9

Q2 2021:

- Increase in sales due to a weak Covid Q2 2020 comparable, a growing international demand and favorable foreign currency translation
- 100% increase in gross profit compared to Q2 2020



Supplemental Information

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 are set forth in the supplemental information.

CVG Consolidated Results Q2 2021 vs. Q2 2020

(In millions except for share information)	**Q2 2021**	**Q2 2020**
Revenue	257.9	126.9
Gross Profit	34.4	6.5
Gross Margin	*13.3%*	*5.1%*
Selling, General & Administrative Expense	17.2	16.1
Amortization Expense	0.9	0.9
Operating Income	16.3	(10.5)
Operating Margin	*6.3%*	*-8.3%*
Diluted Earnings per share	0.16	(0.40)
Adjusted Operating Income	16.6	(3.6)
Adjusted Operating Margin	*6.4%*	*-2.8%*
Adjusted EBITDA	21.6	1.2
Adjusted EBITDA Margin	*8.4%*	*1.0%*
Diluted Adjusted Earnings per share	$ 0.33	$ (0.24)

Note: New business start up costs included in adjusted results of 1.6 million in Q2 2021

Electrical Systems Segment Q2 2021 vs. Q2 2020

(In millions)	Q2 2021	Q2 2020
Revenue	175.1	74.2
Gross Profit	23.8	1.1
Gross Margin	*13.6%*	*1.5%*
Selling, General & Administrative Expense	4.5	6.6
Amortization Expense	0.7	0.7
Operating Income	18.6	(6.2)
Operating Margin	*10.6%*	*-8.3%*
Adjusted Operating Income	18.7	(0.7)
Adjusted Operating Margin	*10.7%*	*-1.0%*

Global Seating Segment Q2 2021 vs. Q2 2020

(In millions)	Q2 2021	Q2 2020
Revenue	84.9	53.9
Gross Profit	10.6	5.3
Gross Margin	*12.5%*	*9.9%*
Selling, General & Administrative Expense	5.5	3.7
Amortization Expense	0.1	0.1
Operating Income	5.0	1.5
Operating Margin	*5.9%*	*2.8%*
Adjusted Operating Income	5.0	2.1
Adjusted Operating Margin	*5.9%*	*3.9%*

CVG Consolidated Balance Sheet

in millions	June 30, 2021	December 31, 2020
Cash	41.0	50.5
Accounts receivable, net	202.1	151.1
Inventories	128.3	91.2
Other current assets	21.6	17.7
Total current assets	**393.0**	**310.5**
Property, plant and equipment, net	61.3	62.8
Intangible Assets, net	20.0	21.8
Deferred income taxes, net	24.7	26.0
Other assets, net	31.0	33.3
Total assets	**530.0**	**454.4**
Accounts payable	141.8	112.4
Accrued liabilities and other	46.5	50.1
Current portion of long term debt	7.5	2.4
Total current liabilities	**195.8**	**164.9**
Long term debt	177.2	144.1
Pension and other post-retirement benefits	13.9	15.3
Other long term liabilities	31.4	34.7
Total liabilities	**418.3**	**359.0**
Total stockholders equity	**111.7**	**95.4**
Total liabilities and stockholders' equity	**530.0**	**454.4**

Q2 2021 Highlights

Working capital % of sales modestly higher than historical averages driven by inventory profiles for new business wins and protection against supply chain shortages

Liquidity $129.1 million

Leverage declined to 2.3x

Reconciliation of GAAP to Non-GAAP Financial Measures

(In millions)	Q2 2021	Q2 2020
Operating Income/(Loss)	**$ 16.3**	**$ (10.5)**
Deferred Consideration Purchase Accounting	0.1	3.5
Restructuring	-	2.9
Investigation	0.2	0.4
Impairment	-	0.1
Adjusted Operating Income/(Loss)	**16.6**	**(3.6)**
% of Revenues	*6.5%*	*-2.8%*
Net Income	**5.1**	**(12.5)**
Interest Expense	2.8	5.3
Provision (benefit) for income taxes	1.5	(3.1)
Depreciation Expense	3.8	3.7
Amortization Expense	0.9	0.9
Impairment Expense	-	0.1
EBITDA	**14.1**	**(5.6)**
% of Revenues	*5.5%*	*-4.4%*
EBITDA Adjustments		
Restructuring	-	2.9
Deferred consideration purchase accounting	0.1	3.5
Investigation	0.2	0.4
Loss on extinguishment of debt	7.2	-
Adjusted EBITDA	**21.6**	**1.2**
% of Revenues	*8.4%*	*1.0%*

Reconciliation of GAAP to NON-GAAP Financial Measures – Adjusted EBITDA

(in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Net income	**$ (24.6)**	**$ (12.5)**	**$ 4.2**	**$ (4.1)**	**$ 8.5**	**$ 5.1**
Interest	4.6	5.3	5.5	5.2	5.0	2.8
Provision / (Benefit) for Income Taxes	(7.3)	(3.1)	(1.0)	3.9	2.5	1.5
Depreciation	3.8	3.7	3.8	3.8	3.8	3.8
Amortization	0.9	0.9	0.9	0.9	0.9	0.9
Impairment	28.8	0.2	-	-	-	-
EBITDA	**6.2**	**(5.6)**	**13.3**	**9.7**	**20.7**	**14.1**
Adjustments						
CEO transition	2.3	-	-	-	-	-
Restructuring	0.2	2.9	2.2	1.6	-	-
Investigation	2.4	0.4	0.5	0.7	0.2	0.2
Deferred consideration purchase accounting	-	3.5	0.5	1.0	0.2	0.1
Loss on extinguishment of debt	-	-	-	-	-	7.2
Adjusted EBITDA	**11.0**	**1.2**	**16.4**	**13.0**	**21.1**	**21.6**

Reconciliation of GAAP to NON-GAAP Financial Measures – Diluted EPS

(in millions except for share information)		Three Months Ended June 30, 2021		June 30, 2020
Net Income/(Loss)	**$**	**5.1**	**$**	**(12.5)**
Operating income (loss) adjustments	$	0.3		6.9
Loss on extinguishment of debt	$	7.2		-
Adjusted (benefit) provision for income taxes[1]	$	(1.9)		(1.7)
Adjusted net income (loss)	**$**	**10.7**	**$**	**(7.3)**
Diluted EPS	**$**	**0.16**	**$**	**(0.40)**
Adjustments to diluted EPS		0.17		0.16
Adjusted diluted EPS	**$**	**0.33**	**$**	**(0.24)**

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

Reconciliation of GAAP to Non-GAAP Segment Information

For the Three Months Ended June 30, 2021

(in millions)	Electrical Systems	Global Seating	Corporate	Total
Operating Income/(Loss)	**$ 18.6**	**$ 5.0**	**$ (7.3)**	**$ 16.3**
Deferred consideration purchase accounting	0.1	-	-	0.1
Investigation	-	-	0.2	0.2
Adjusted Operating Income/(Loss)	**$ 18.7**	**$ 5.0**	**$ (7.1)**	**$ 16.6**
Adjusted Operating Margin	*10.7%*	*5.9%*		*6.5%*

For the Three Months Ended June 30, 2020

(in millions)	Electrical Systems	Global Seating	Corporate	Total
Operating Income/(Loss)	**$ (6.2)**	**$ 1.5**	**$ (5.8)**	**$ (10.5)**
Restructuring	2.0	0.5	0.4	2.9
Investigation	-	-	0.4	0.4
Impairment	-	-	0.1	0.1
Deferred consideration purchase accounting	3.5	-	-	3.5
Adjusted Operating Income/(Loss)	**$ (0.7)**	**$ 2.0**	**$ (4.9)**	**$ (3.6)**
Adjusted Operating Margin	*-1.0%*	*3.7%*		*-2.8%*

Reconciliation of GAAP to Non-GAAP Cash Flow Information

(in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Cash Flow from Operations	$ 10.3	$ 10.1	$ 10.4	$ 3.6	$ (15.4)	$ (9.4)
Capital Expenditures[1]	(3.4)	(1.0)	(1.0)	(1.0)	(1.7)	(5.2)
Free Cash Flow	**6.9**	**9.1**	**9.4**	**2.6**	**(17.1)**	**(14.6)**

1: Net of proceeds from disposal/sale of property, plant, and equipment