

Earnings Presentation

Q4/FY – 2021

March 1, 2022

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, this press release 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 and the global supply chain, 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, including inflation and labor shortages 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 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.

See slide 22 for use of non-GAAP financial measures.

Management in Attendance Today

Harold Bevis

President, CEO, Director of CVG.

7 years with CVG – Director since 2014, CEO since 2020.

18 years as a CEO, President, Director.

Over 30 years of experience with manufacturing and technology businesses.

Experienced at strategy, building performing teams and delivering results.



Chris Bohnert

Chief Financial Officer and Investor Relations

Joined CVG in 2020

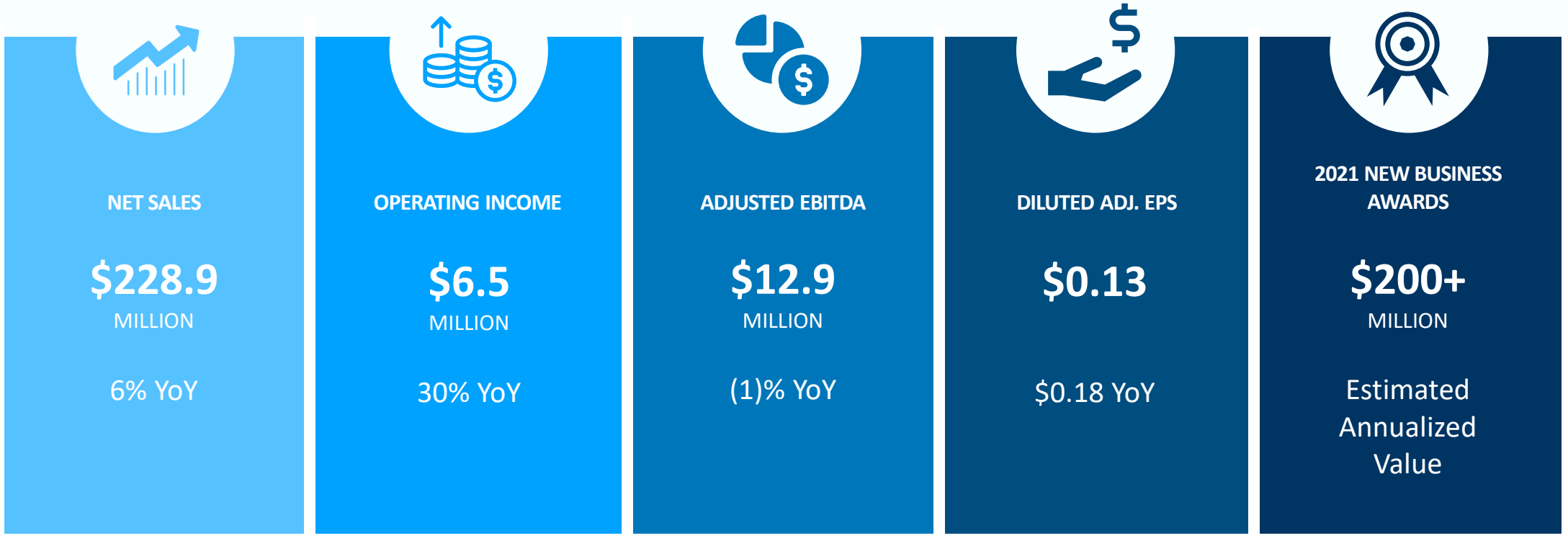
15 years as CFO and over 30 years of experience with global companies

Experienced at business transformation and process improvement



Q4 Highlights

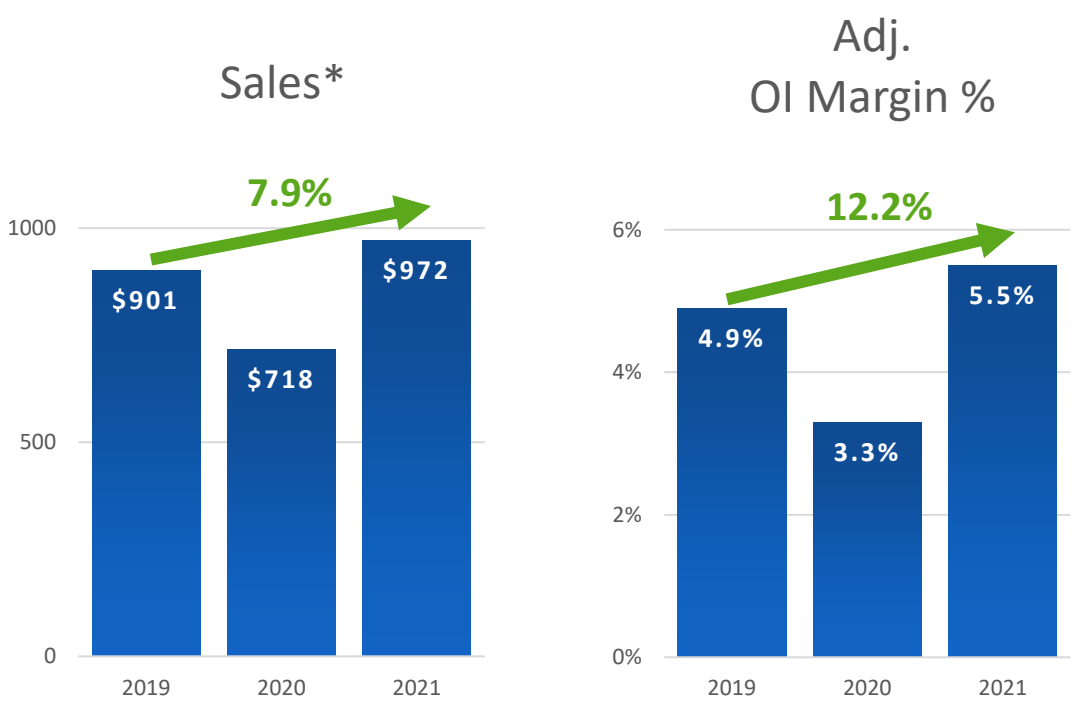
Securing high level of new business wins while operating in a difficult and inflationary supply chain environment



- High level of new wins driving high level of new business startup costs.
- Lag between cost increases and price corrections.
- A few big dilutive legacy contracts not yet renegotiated.

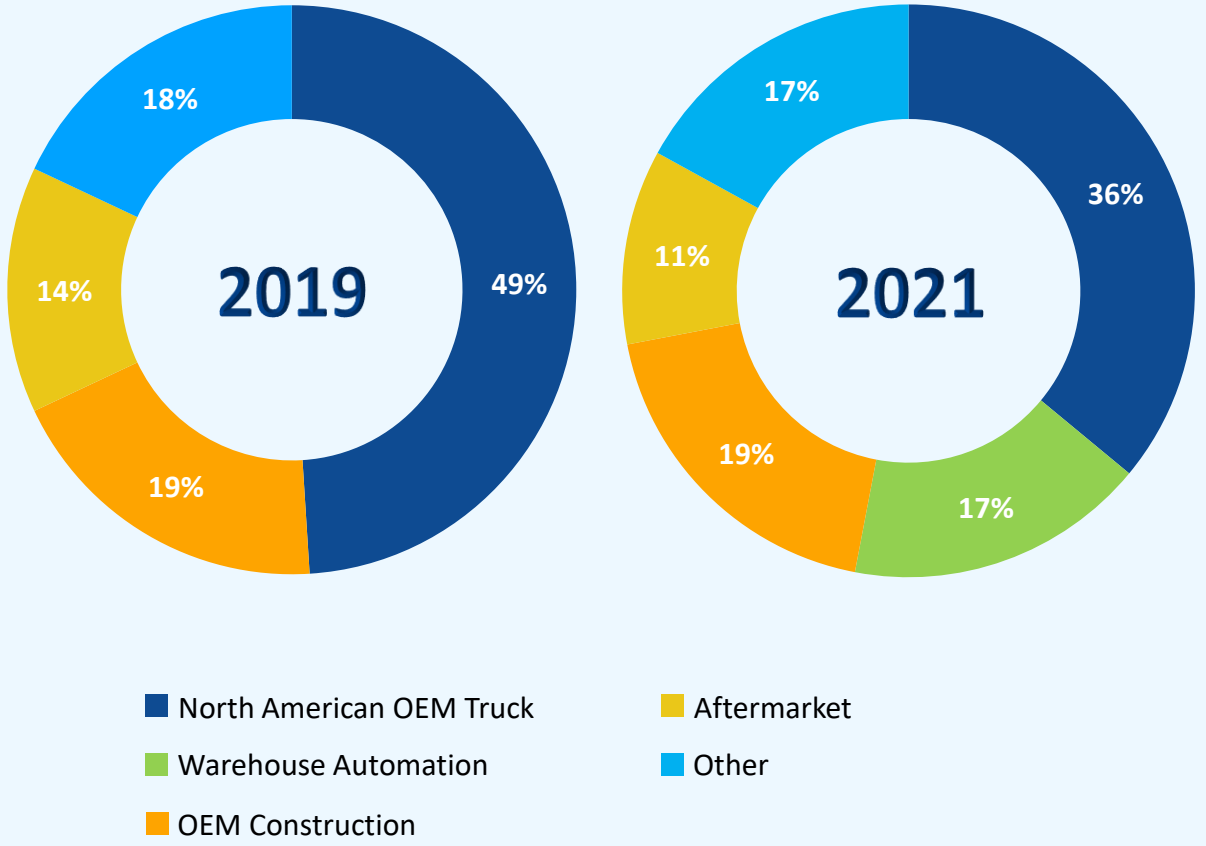
2021 Highlights - CVG

Record revenues & margin expansion



*in millions

Improved revenue end-market diversification

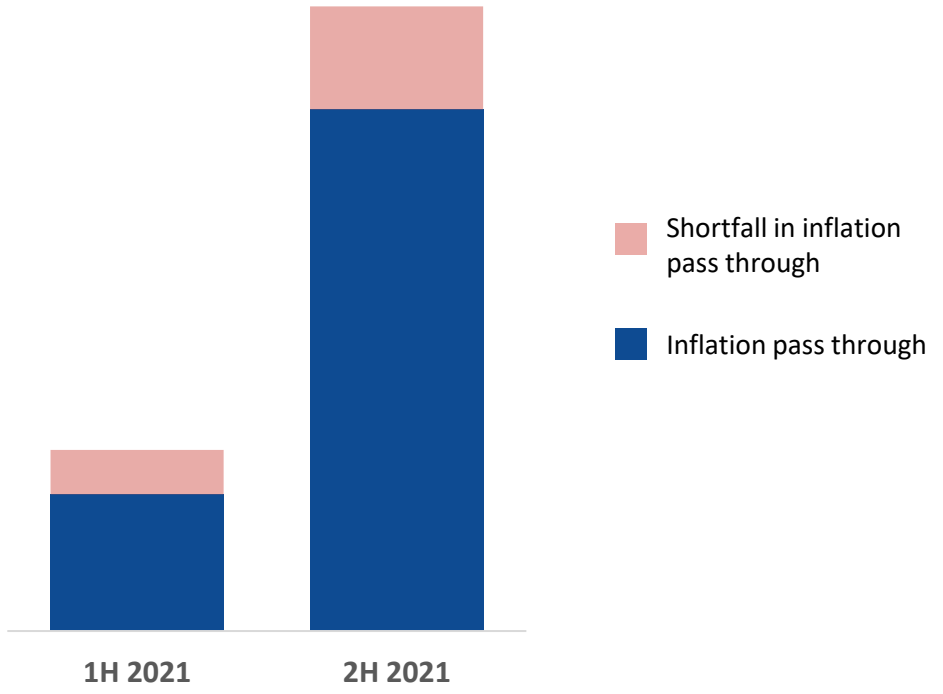


Supply Chain Challenges and Inflation

- Legacy agreements were not designed to accommodate Covid pandemic or rapid inflation.
- Legacy supply chain was not built for Covid nor Asian supply chain disruptions.
- Need to move to a more regionalized supply chain and vertically integrate our production.



Margin Compression Increased in Second Half of 2021 Primarily Due to Lag in Price-Cost Offsets



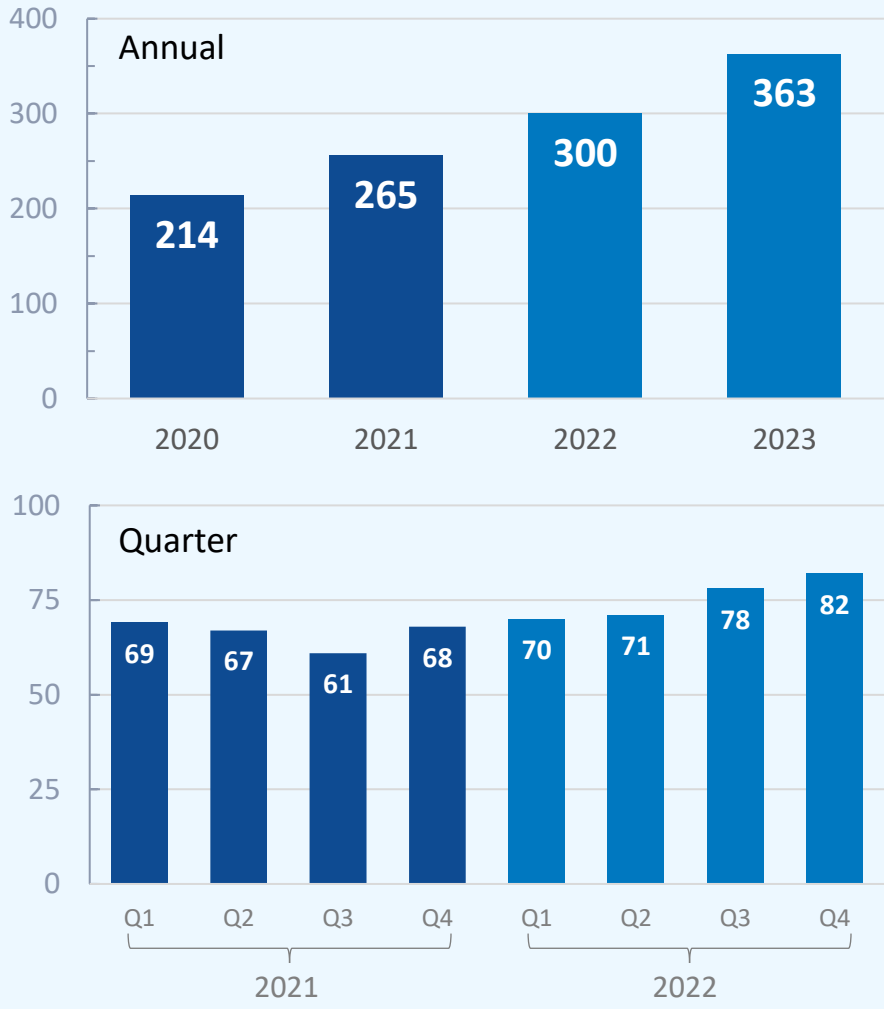
North American Class 8 Truck Market



- eCommerce increasing truck miles & first mile/middle mile/last mile complexities.
- North America transportation increasing with less dependency on Asia supply chain.
- Global conversion to EV and Fuel Cell away from ICE.
- CVG entered electric delivery van market in 2021.
- Every 10,000 trucks built equals $13 million sales for CVG.
- Supply chain constraints will likely pressure Class 8 builds in 2022 below industry expectations.
- CVG estimates 2022 build rate to be approximately 270,000.

NA Class 8 Truck Build Outlook*

(in thousands)

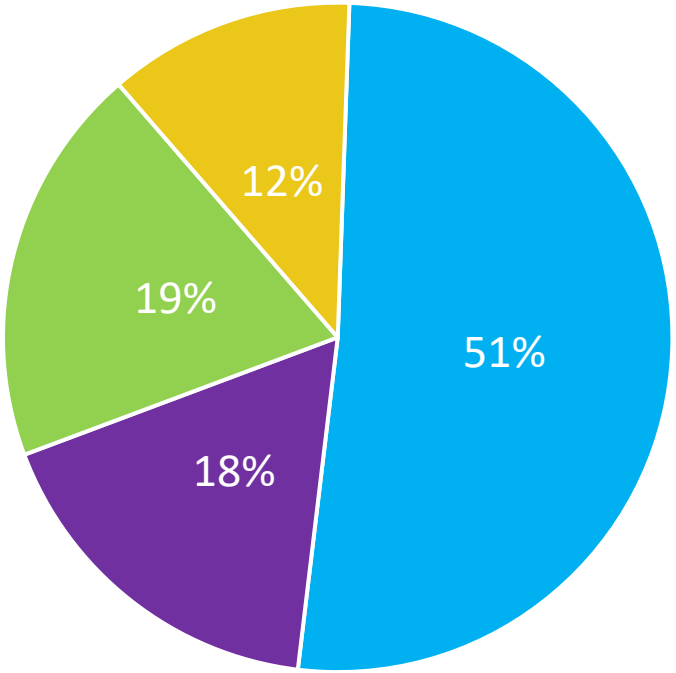


**Per Feb 2022 ACT Research Report*

Strategic Reorganization into Four Segments

- Strengthen the Company's revenue profile with accretive new business
- Improve the Company's legacy business, renegotiate contracts, improve profitability

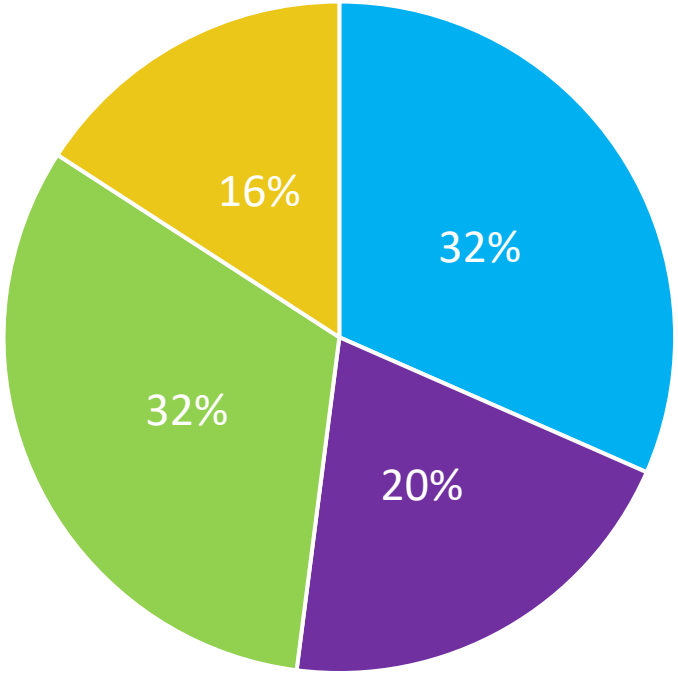
% Sales by Segment



	Sales	Adj. OI
Vehicle Solutions	$499*	$24.1
Electrical Systems	$169	$15.6
Warehouse Automation	$188	$24.5
Aftermarket & Accessories	$116	$12.1

*in millions

Adj. Operating Income by Segment**



**excludes unallocated corporate costs

Winning Big in Electric Vehicles

Electric & Fuel Cell Vehicles

Government regulation and industry environmental initiatives driving electric vehicle and fuel cell vehicle adoption.

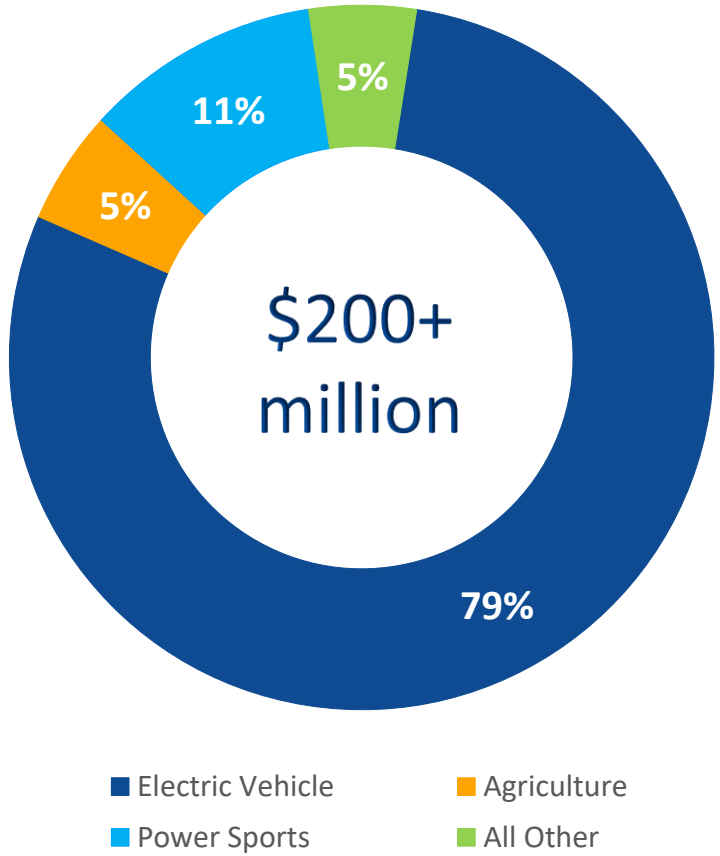
New market entrants looking for technical expertise to launch, CVG working with many of them.

Electric vehicles represent a $7 trillion market opportunity between today and 2030 and $46 trillion between today and 2050.*

We believe this industry is a $7 billion dollar market for us.

**Electric Vehicle Outlook 2021 BloombergNEF*

2021 New Business Wins by End Market



Aftermarket and Accessories Strategy

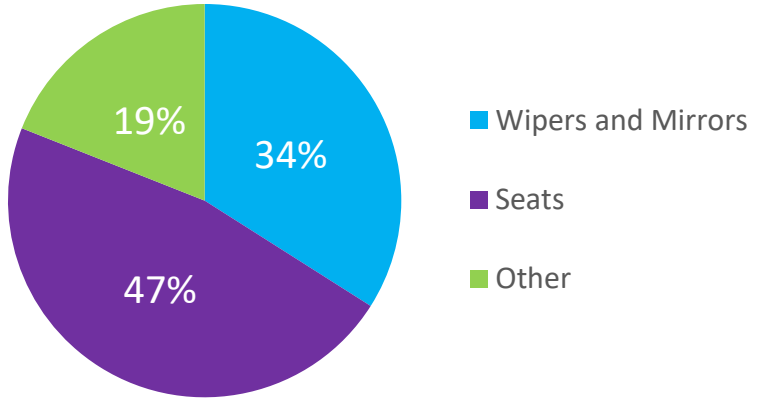
Improved Strategy for Future Growth

Current Aftermarket Business	Improvements
Lower priority customer service	Developing standalone manufacturing
Imbedded in existing manufacturing process and organizational structures	Hired dedicated leader and support team
Product development effort lacking	Developing new product portfolio

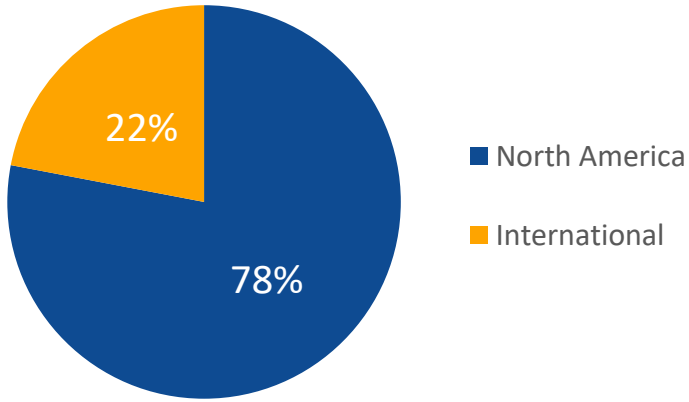
Line of sight to ~10% CAGR over the next five years

2021 Sales Profile

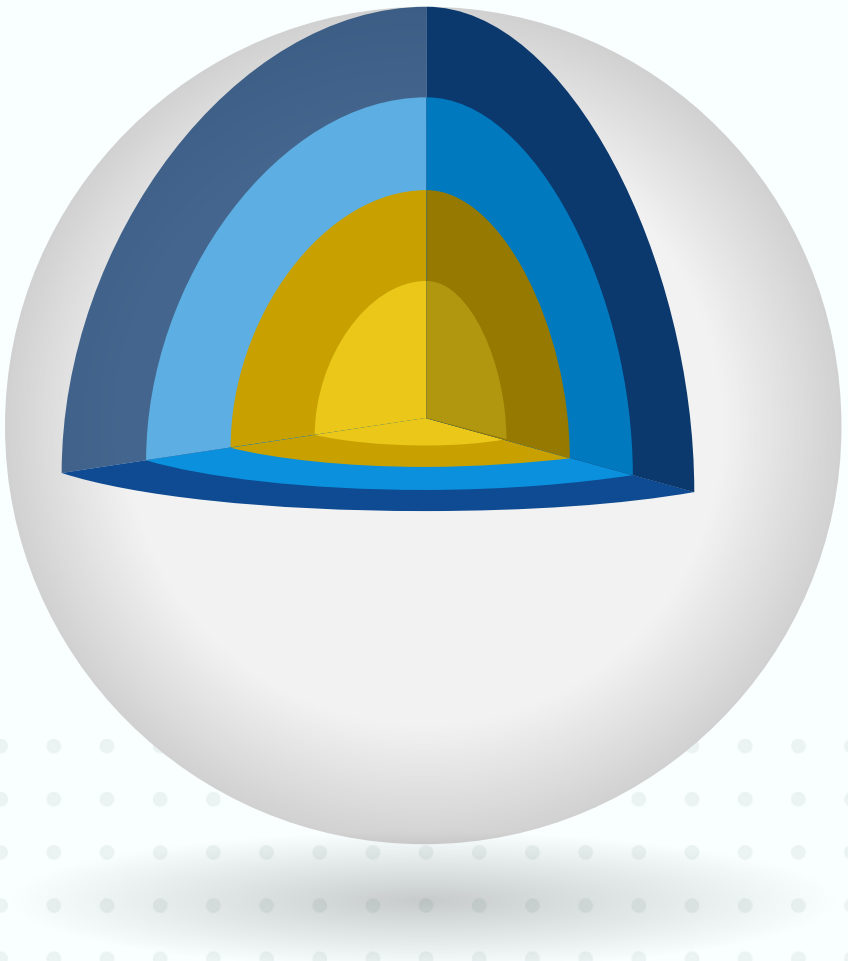
Products



Geography



2022 Initiatives



Win New Business

Grow earnings and improve revenue mix

Vertical Integration

Decrease China supply chains and increase internal value proposition

Core Business Optimization

Improved pricing strategy and contractual arrangements

Debt Paydown

Pay down $25-40 million in debt in 2022

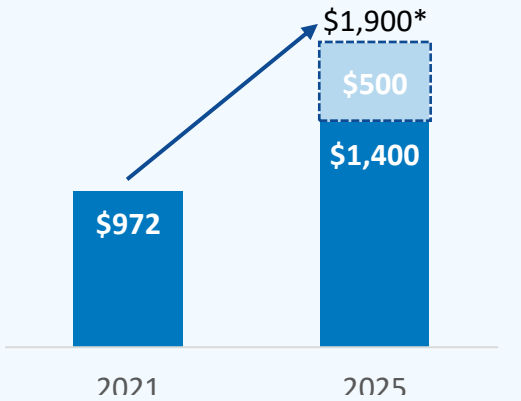
Corporate Responsibility

Increased focus on environment, social and governance

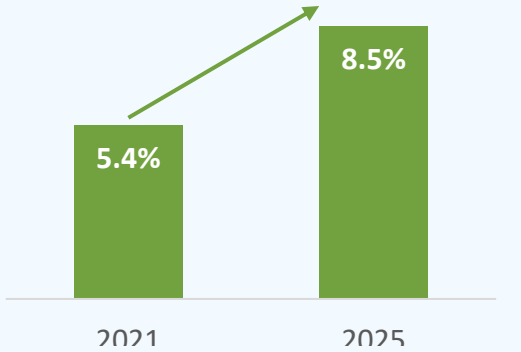
2025 Roadmap

Revenue

(in millions)



Adjusted OI Margin



**assumes $500 million additional wins consistent with past 26 months and modest truck build.*

Strengthen the company's revenue profile with accretive new business that increases the company's value proposition and decreases its legacy customer dependence.

Improve the company's legacy business, renegotiate contracts, improve profitability.

Improve the company's balance sheet, increase free cash flow, pay down debt.

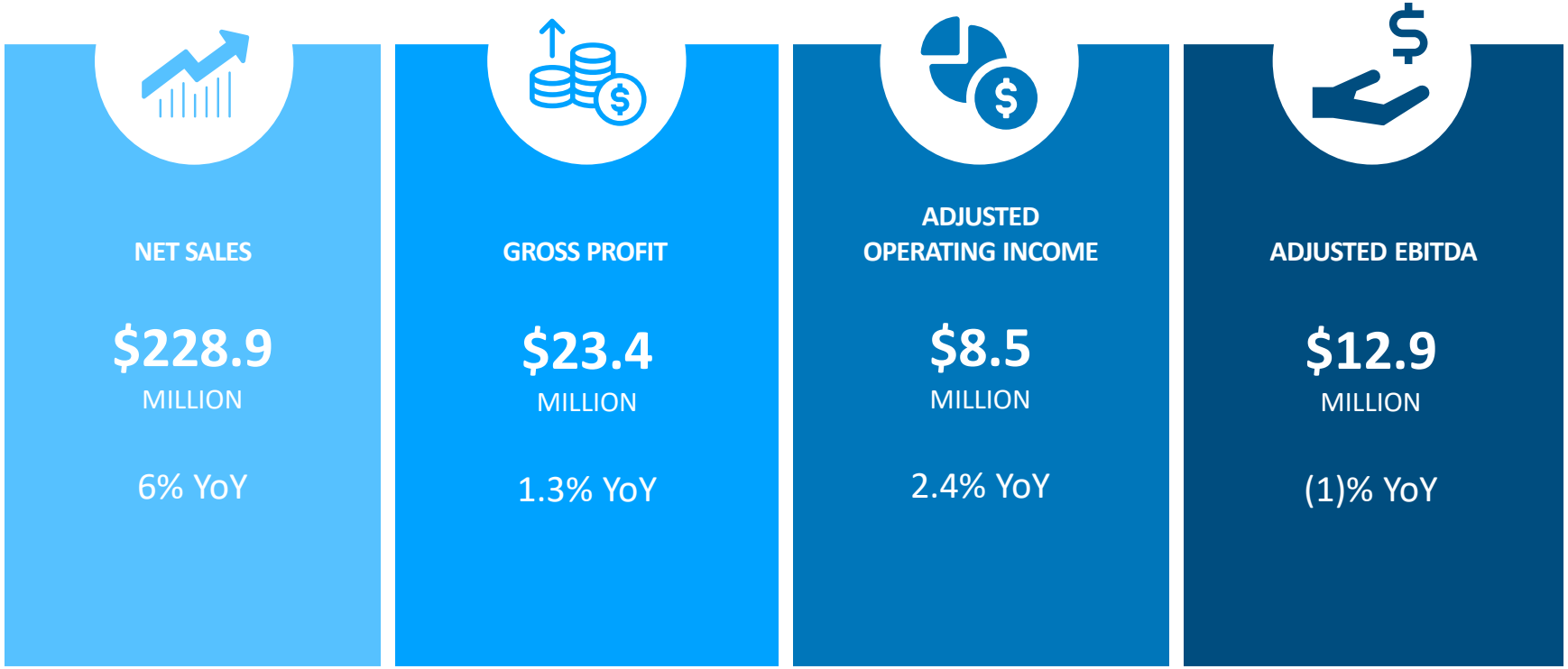


Financial Review

Q4/FY – 2021

March 1, 2022

Q4 Highlights

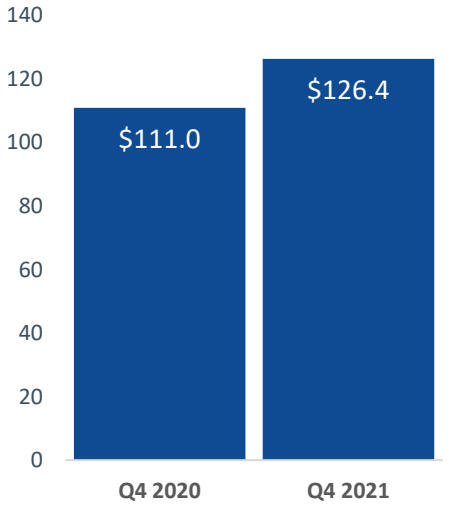


- Q4 sales increase due primarily to material cost pass through.
- Legacy contracts have impeded margin expansion.
- Higher than expected new wins driving high new business startup costs.

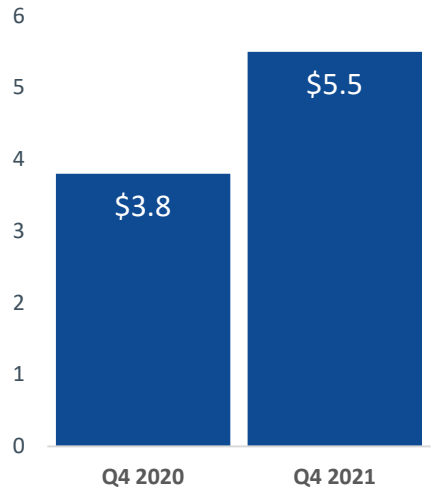
Vehicle Solutions

4th Quarter

Net Sales



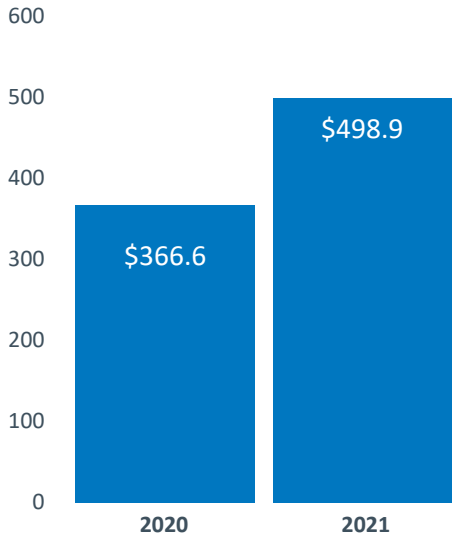
Adj. Operating Income



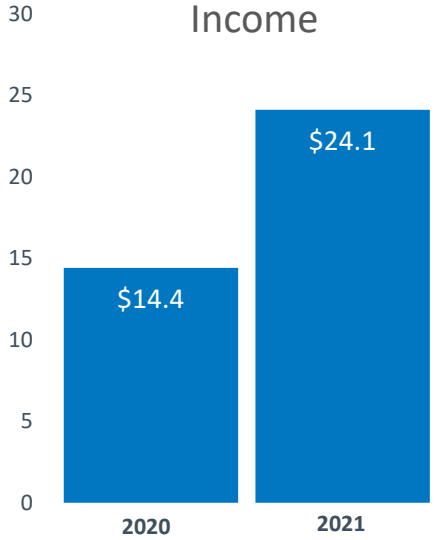
Material cost pass through driving sales increase. Lower SGA increased OI.

Full Year

Net Sales



Adj. Operating Income



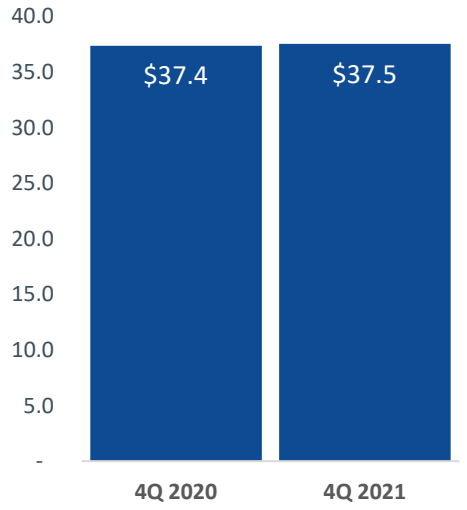
Modest global commercial vehicle build rates and inflation pass through.

*All numbers in millions

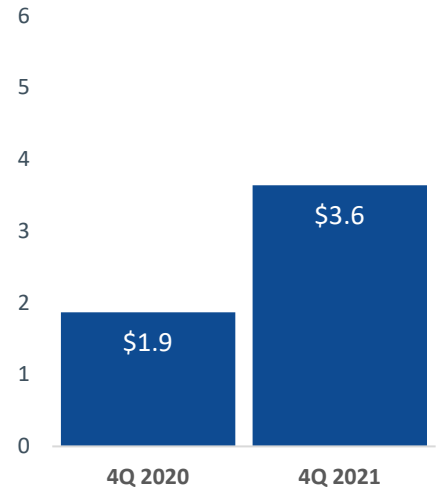
Warehouse Automation

4th Quarter

Net Sales



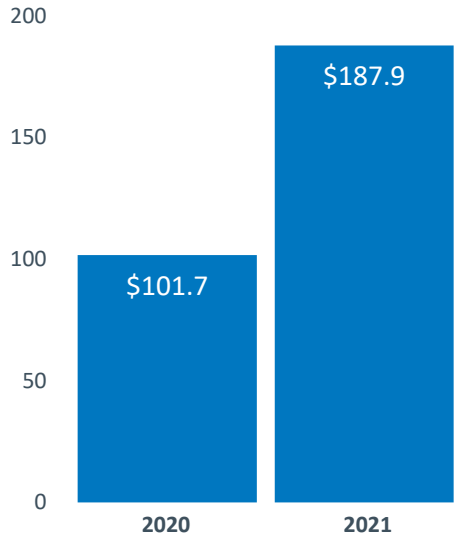
Adj. Operating Income



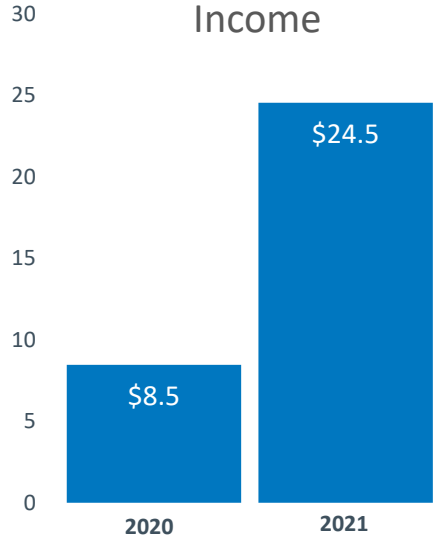
Improved profit profile attributable to product mix and operational improvements.

Full Year

Net Sales



Adj. Operating Income

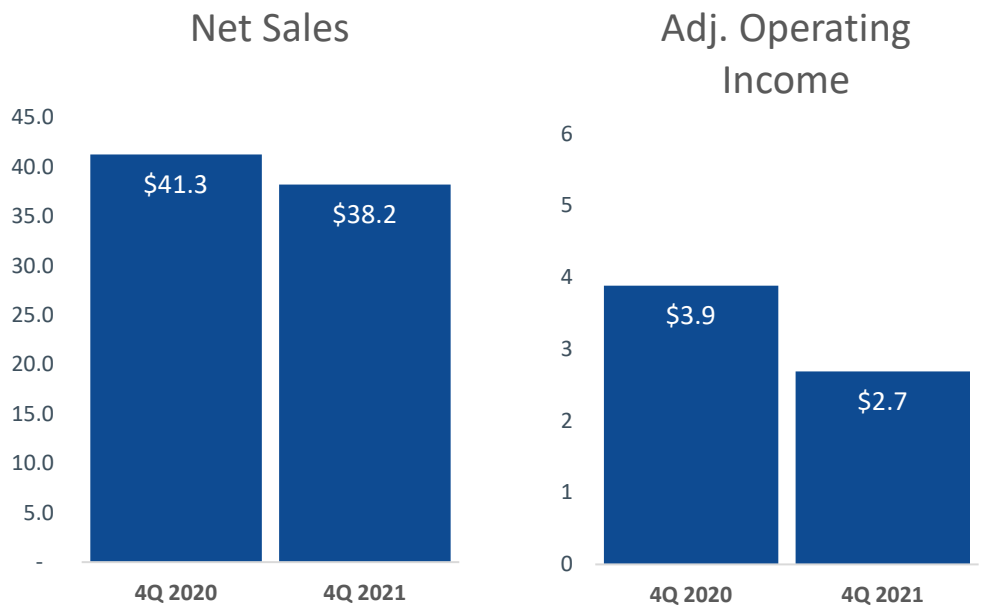


New business wins driving sales and OI growth.

*All numbers in millions

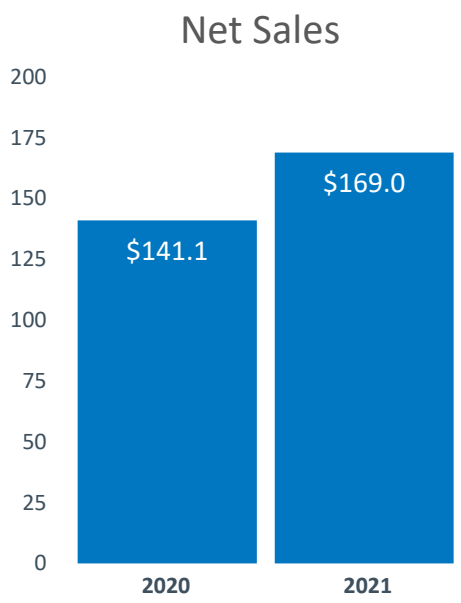
Electrical Systems

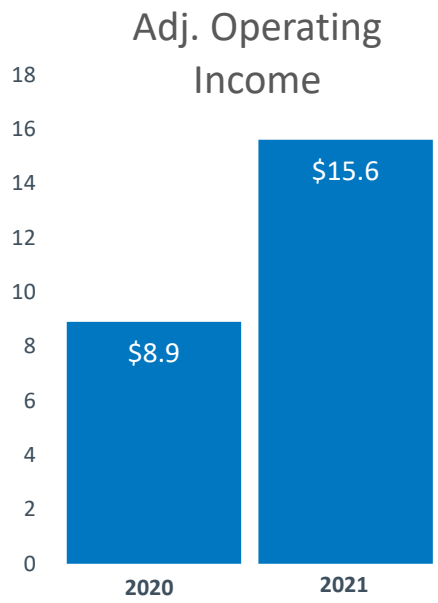
4th Quarter



Chip shortages impacting production volumes. OI impacts because of lower volume and price-cost offsets.

Full Year





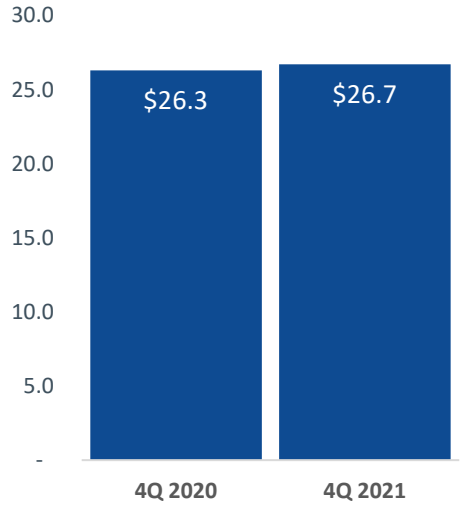
Covid impacts depressed demand in 2020. Partial recovery in 2021.

*All numbers in millions

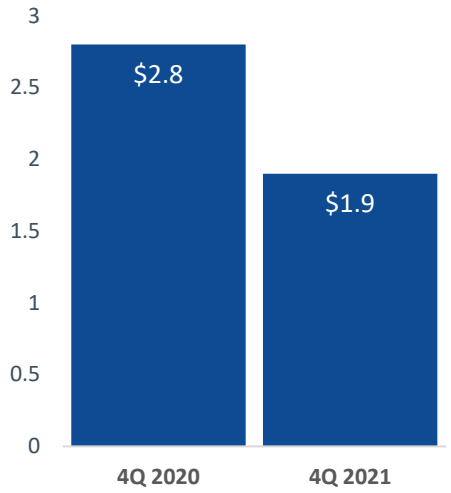
Aftermarket & Accessories

4th Quarter

Net Sales



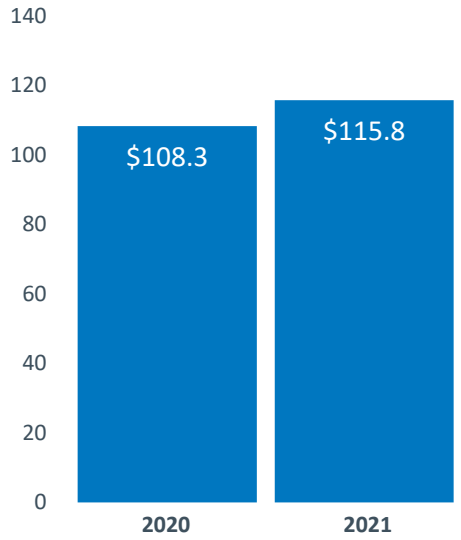
Adj. Operating Income



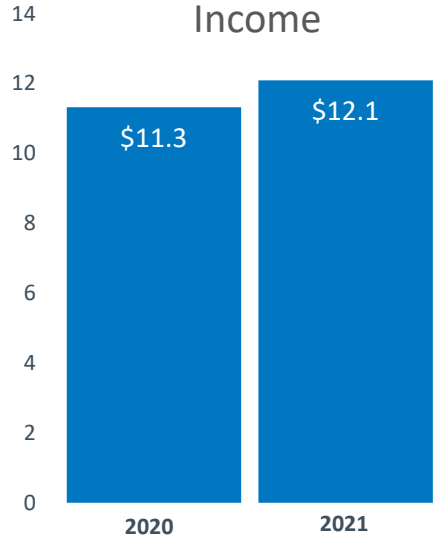
Margins lower due to supply chain constraints and price-cost offsets.

Full Year

Net Sales



Adj. Operating Income



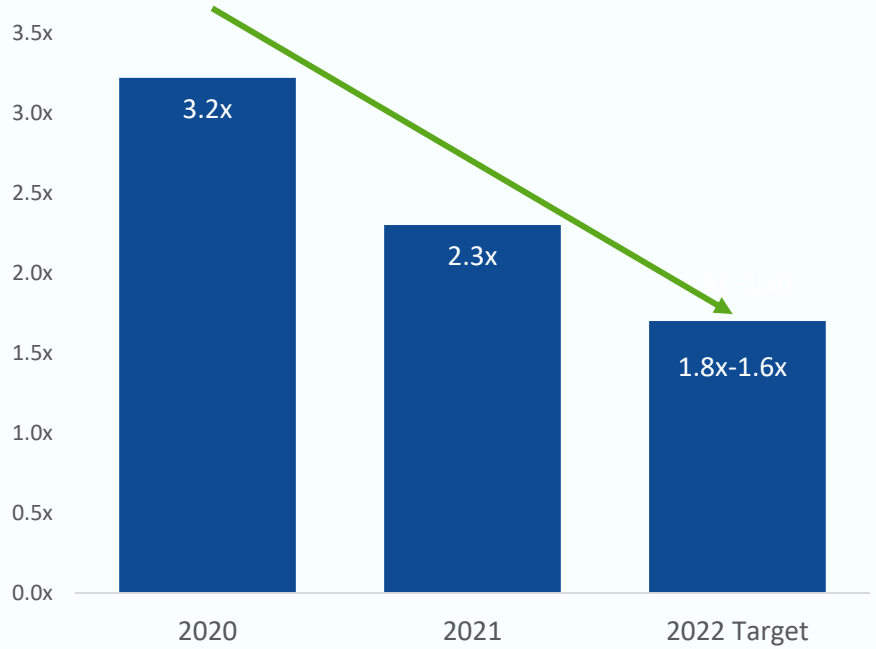
Supply chain suppressed demand in 2021.

*All numbers in millions

Debt Paydown

- Targeting to pay down $25-40 million of debt in 2022.
- Leverage ratio estimated to further decline.
- CVG is cash generative. In 2021, CVG invested >$100 million.
  - $86 million in working capital to support >$250 million of sales growth, inventory profiles for new program launches, and additional inventory to protect against Covid-based supply chain disruptions.
  - $18 million in capex to support growth, cost reductions, maintenance.

Leverage Ratio*



**Actual and expected trailing twelve months leverage ratio at the end of each year.*



Q&A

Q4 – 2021

March 1, 2022



Appendix

Q4 – 2021
March 1, 2022

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 Q4 2021 vs. Q4 2020

(In millions except for share information)	Q4 2021	Q4 2020
Revenue	228.9	216.0
Gross Profit	23.4	23.1
Gross Margin	10.2%	10.7%
Selling, General & Administrative Expense	16.0	17.3
Amortization Expense	0.9	0.9
Operating Income	6.5	5.0
Operating Margin	2.8%	2.3%
Diluted Earnings per share	0.08	(0.13)
Adjusted Operating Income	8.5	8.3
Adjusted Operating Margin	3.7%	3.8%
Adjusted EBITDA	12.9	13.0
Adjusted EBITDA Margin	5.6%	6.0%
Diluted Adjusted Earnings per share	$ 0.13	$ (0.05)

Note: New business start up costs (primarily in gross profit) included in adjusted results of $1.7 million in Q4 2021

CVG Consolidated Balance Sheet

	Q4 2021	Q4 2020
Cash	35.0	50.5
Accounts receivable, net	174.5	151.1
Inventories	141.0	91.2
Other current assets	20.2	17.7
Total current assets	370.7	310.5
Property, plant and equipment, net	63.1	62.8
Intangible Assets, net	18.3	21.8
Deferred income taxes, net	24.1	26.0
Other assets, net	31.5	33.3
Total assets	507.7	454.4
Accounts payable	101.9	112.4
Accrued liabilities and other	50.8	50.1
Current portion of long term debt	9.4	2.4
Total current liabilities	162.1	164.9
Long term debt	185.6	144.1
Pension and other post-retirement benefits	9.9	15.3
Other long term liabilities	23.4	34.7
Total liabilities	381.0	359.0
Total stockholders equity	126.7	95.4
Total liabilities and stockholders' equity	507.7	454.4

Q4 2021 Highlights

Primarily increased raw material inventory driven by cost inflation, customer schedule volatility and supply chain issues.

Leverage nearly flat in Q4 at 2.3x.

Reconciliation of GAAP to Non-GAAP Financial Measures

	Q4 2021	Q4 2020
Operating Income	**6.5**	**5.0**
Deferred Consideration Purchase Accounting	0.1	1.0
Restructuring	1.9	1.6
Investigation	-	0.7
Adjusted Operating Income	**8.5**	**8.3**
% of Revenues	3.7%	3.8%
Net Income/(Loss)	**2.6**	**(4.1)**
Interest Expense	1.7	5.2
Provision (benefit) for income taxes	1.9	3.9
Depreciation Expense	3.8	3.8
Amortization Expense	0.9	0.9
EBITDA	**10.9**	**9.7**
% of Revenues	4.7%	4.5%
EBITDA Adjustments		
Deferred consideration purchase accounting	0.1	1.0
Restructuring	1.9	1.6
Investigation	-	0.7
Adjusted EBITDA	**12.9**	**13.0**
% of Revenues	5.6%	6.0%

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

(in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Net income/(Loss)	**(24.6)**	**(12.5)**	**4.2**	**(4.1)**	**8.5**	**5.1**	**7.5**	**2.6**
Interest	4.6	5.3	5.5	5.2	5.0	2.8	1.6	1.7
Provision / (Benefit) for Income Taxes	(7.3)	(3.1)	(1.0)	3.9	2.5	1.5	2.4	1.9
Depreciation	3.8	3.7	3.8	3.8	3.8	3.8	3.7	3.8
Amortization	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Impairment	28.8	0.2	-	-	-	-	-	-
EBITDA	**6.1**	**(5.6)**	**13.3**	**9.7**	**20.7**	**14.1**	**16.1**	**10.9**
Adjustments								
Executive Transition	2.3	-	-	-	-	-	0.7	-
Restructuring	0.2	2.9	2.2	1.6	-	-	-	1.9
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	0.1	0.1
Loss on extinguishment of debt	-	-	-	-	-	7.2	-	-
Adjusted EBITDA	**11.0**	**1.2**	**16.5**	**13.0**	**21.1**	**21.6**	**16.9**	**12.9**

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

(in millions except for share information)	Three Months Ended 31-Dec-21	31-Dec-20
Net income/(Loss)	**2.6**	**(4.1)**
Operating income (loss) adjustments	2.0	3.3
Adjusted (benefit) provision for income taxes[1]	(0.5)	(0.8)
Adjusted net income (loss)	**4.1**	**(1.6)**
Diluted EPS	**0.08**	**(0.13)**
Adjustments to diluted EPS	0.05	0.08
Adjusted diluted EPS	**0.13**	**(0.05)**

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

(in millions except for share information)	Twelve Months Ended 31-Dec-21	31-Dec-20
Net income/(Loss)	**23.7**	**(37.0)**
Operating income (loss) adjustments	3.6	47.1
Adjusted (benefit) provision for income taxes[1]	(2.7)	(11.8)
Adjusted net income (loss)	**31.8**	**(1.7)**
Diluted EPS	**0.72**	**(1.20)**
Adjustments to diluted EPS	0.25	1.14
Adjusted diluted EPS	**0.97**	**(0.06)**

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

Segment GAAP to Non GAAP QTD

For the Three Months Ended December 31, 2021

(in millions)	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket & Accessories	Corporate	Total
Operating Income/(Loss)	5.0	3.1	1.7	1.9	(5.2)	6.5
Deferred consideration purchase accounting	-	0.1	-	-	-	0.1
Restructuring	0.5	0.4	1.0	-	-	1.9
Investigation	-	-	-	-	-	-
Adjusted Operating Income/(Loss)	**5.5**	**3.6**	**2.7**	**1.9**	**(5.2)**	**8.5**
Adjusted Operating Income/(Loss)	4.3%	9.7%	7.0%	7.1%		3.7%

For the Three Months Ended December 31, 2020

(in millions)	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket & Accessories	Corporate	Total
Operating Income/(Loss)	2.2	0.9	3.9	2.8	(4.8)	5.0
Deferred consideration purchase accounting	-	1.0	-	-	-	1.0
Restructuring	1.6	-	-	-	0.1	1.6
Investigation	-	-	-	-	0.7	0.7
Adjusted Operating Income/(Loss)	**3.8**	**1.9**	**3.9**	**2.8**	**(4.0)**	**8.3**
Adjusted Operating Income/(Loss)	3.4%	5.0%	9.4%	10.5%		3.8%

Segment GAAP to Non GAAP YTD

For the Twelve Months Ended December 31, 2021

(in millions)	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket & Accessories	Corporate	Total
Operating Income/(Loss)	23.6	23.6	14.6	12.1	(24.3)	49.6
Deferred consideration purchase accounting	-	0.6	-	-	-	0.6
Executive Transitioning	-	-	-	-	0.7	0.7
Restructuring	0.5	0.3	1.0	-	0.1	1.9
Investigation	-	-	-	-	0.4	0.4
Adjusted Operating Income/(Loss)	**24.1**	**24.5**	**15.6**	**12.1**	**(23.1)**	**53.2**
Adjusted Operating Income/(Loss)	4.8%	13.1%	9.2%	10.4%		5.5%

For the Twelve Months Ended December 31, 2020

(in millions)	Vehicle Solutions	Warehouse Automation	Electrical Systems	Aftermarket & Accessories	Corporate	Total
Operating Income/(Loss)	2.6	(16.3)	7.0	11.3	(27.8)	(23.2)
Deferred consideration purchase accounting	-	5.0	-	-	-	5.0
Executive Transitioning	-	-	-	-	2.2	2.2
Restructuring	4.5	-	0.7	0.1	1.6	6.9
Investigation	-	-	-	-	4.0	4.0
Impairment	7.3	19.8	1.2	-	0.8	29.1
Adjusted Operating Income/(Loss)	**14.4**	**8.5**	**8.9**	**11.3**	**(19.2)**	**23.9**
Adjusted Operating Income/(Loss)	3.9%	8.3%	6.3%	10.5%		3.3%

Reconciliation of GAAP to Non-GAAP Cash Flow Information

(in millions)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Cash Flow from Operations	$ 10.3	$ 10.1	$ 10.4	$ 3.6	$ (15.4)	$ (9.4)	$ 3.9	$ (8.9)
Capital Expenditures[1]	(3.4)	(1.0)	(1.0)	(1.0)	(1.7)	(5.2)	(4.5)	(6.2)
Free Cash Flow	**6.9**	**9.1**	**9.4**	**2.6**	**(17.1)**	**(14.6)**	**(0.6)**	**(15.1)**

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