

Earnings Presentation

Q1 – 2023

May 3, 2023

Harold Bevis – President & Chief Executive Officer

Andy Cheung – Executive Vice President & Chief Financial Officer

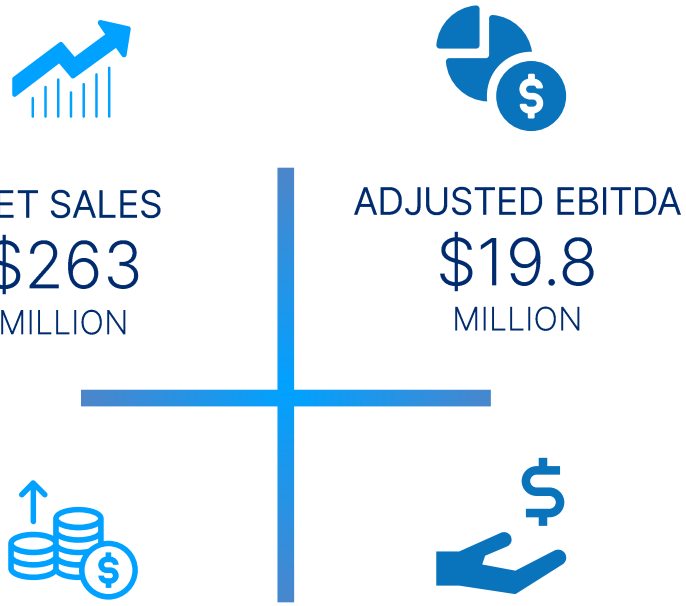
Forward Looking Statements and Non-GAAP Financial Measures

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 document 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, industrial 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 document 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 17 for use of non-GAAP financial measures.

Q1 2023 Highlights

FINANCIAL HIGHLIGHTS



NET SALES
$263
MILLION

ADJUSTED EBITDA
$19.8
MILLION

ADJUSTED OPERATING INCOME
$15.4
MILLION

ADJUSTED NET INCOME
$9.2
MILLION

Note: US GAAP net income was $8.7M for Q1 2023. GAAP diluted income per share was $0.26 for Q1 2023.

BUSINESS HIGHLIGHTS

RECORD REVENUES AND IMPROVED PROFITABILITY

Adjusted EBITDA Up 47%

7.5% Adjusted EBITDA Margin

NEW BUSINESS WINS

~$85 MILLION

- New Wins secured in Q1 2023
- Value when fully ramped

PRICE

Continued Price Realization

Continued improvement in price realization in Q1, new negotiated prices starting Apr 2023

COST-OUT PROGRAM ON TRACK

Met Q1 2023 cost-out target and on pace for **$30M+** 2023 cost-out supported by raw material and operating cost reductions

Creating a Bigger, Better, More Profitable Company

Acceleration of CVG's profitable growth strategy

- Transforming revenue mix organically via new customers and vehicle platforms
- Transforming cost structure through process automation and low-cost production capabilities
- Delivering best in class quality and service

Strategy execution and operational excellence drove improvement in Q1 results and 2023 outlook

- $1 billion revenue run rate, with $350 million in new wins still ramping
- On track to hit targets for 9.0% EBITDA margin in 2027

New Business Growth Continues

- Approximately $85 million of new business wins secured in Q1 2023, tracking toward $150 million for 2023
- Electrical systems is focus for CVG growth
- 300+ new programs with cumulative value of approximately $500 million
- 115+ new and existing customers – many on EV platforms

Optimizing our Ongoing Business

- Continue to address non-profitable business areas - fix or exit
- CVG is on a $30M+ cost-out pace supported by raw material and operational cost reductions coupled with cost-of-quality, productivity, and freight favorability.
- Expect to improve our debt leverage in future quarters



Key CVG Markets - Forecast to Grow

NA Class 8 Truck Build

ACT Research and FTR are forecasting 2023 North American Class 8 truck production levels to be between 312,000 and 320,000 trucks. The 2022 actual Class 8 truck builds according to ACT Research was 315,128 units.

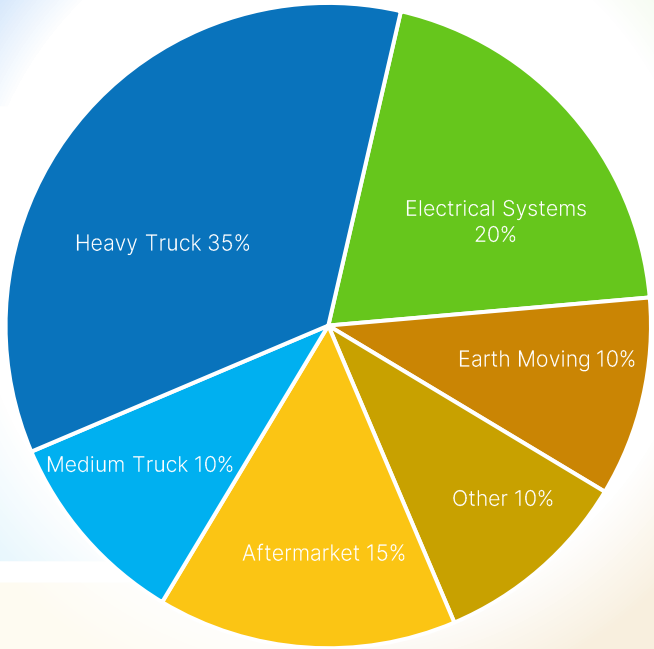
NA Medium Duty Truck Build

ACT Research is forecasting 2023 North American Class 5-7 production to be 242,000 units, a slight decrease compared the 267,000 units produced in 2022. Backlog to build ratio sitting at 8 months and is 3x historical average.

Commercial Vehicle Aftermarket

- Industry forecasts **4% growth** in 2023;Compounded annual growth of 4% for 2023-2027.
- Truck OEM's suggesting 2023 growth rates ~10%.

CVG Revenue Profile



Connectivity Systems and Electric Vehicles

- Global commercial and automotive vehicle wire harness market is growing at 4.5%.
- The global electric truck market expected to grow approximately **15% CAGR.**
- Half of all Class 4-8 truck sales are estimated to be battery-powered EV by 2035. (ACT Feb 22)

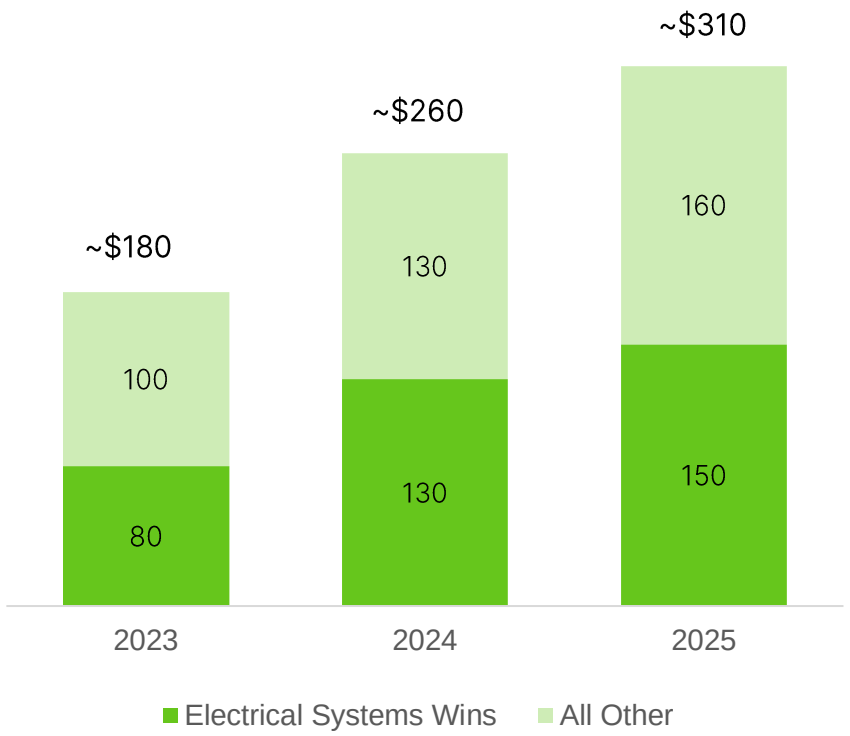
Global Earth Moving

- The global earth moving vehicle market is expected to decrease approximately 1% in 2023.
- Beyond 2023, the earth moving vehicle market is expected to grow in the 4-5% range.
- We expect our legacy business growth rates to be in line with this outlook.

New Business Win Program is Foundational & Ongoing

New Business Wins In-Hand

($MM) as of March 2023



Q1 2023 Wins of ~$85 Million

- 90% of Q1 wins in Electrical Systems
- Continued to win globally with new customers and new product types
- Won new business with an emerging specialty truck company (ICE and EV)
- Achieved first gateway Electrical Systems win with an EV manufacturer in China


Autonomous


Aviation & Aerospace


Battery


Bus & Van


Class 8 Trucks


CON/AG


E-mobility


Marine


Military & Defense


Industrial Automation

Participating in Secular Growth in Vehicle Electrification, Automation and Increased Connectivity

CVG “Secret Sauce"

- Speed + engineering + large scale experience
- Low-cost manufacturing set up for high service, and speed with proprietary digital boards and software

Focused New Business Prospecting

- Low to medium volumes – sweet spot at target accounts and better margins
- Complete full vehicle connectivity solutions – high voltage and low voltage
- State of the art manufacturing – able to scale produce + changeover quickly
- We believe we are a leader at manufacturing nimbleness, and have benchmarked it

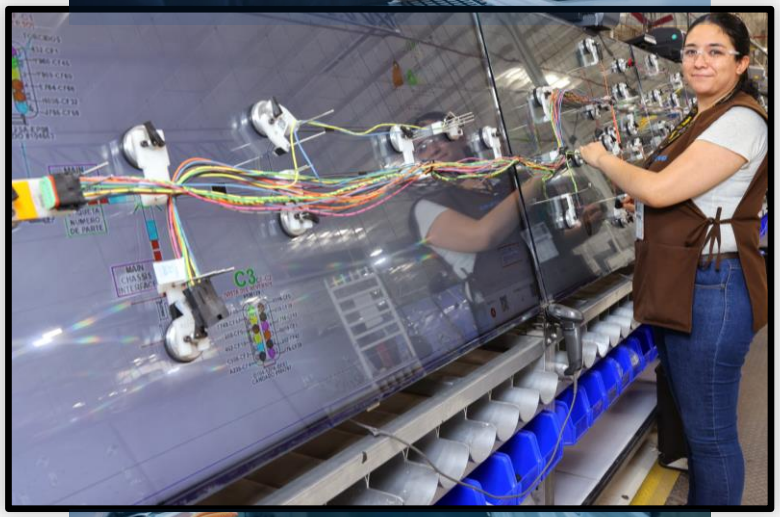
Targeted Customers

- Large customer base of prospecting: both EV and ICE propulsion systems in a variety of markets – focused on non-Class 8 commercial vehicles, delivery vans, work trucks

Future

- Replicate business model geographically – Europe and Asia
- Enhance engineering offering and product offering







Large-scale Global Capacity Expansion Underway To Make Electrical Systems for Electric Vehicles and ICE Vehicles



Morocco – Tangier



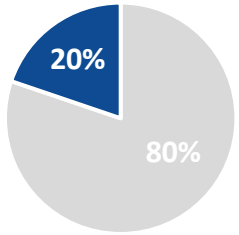
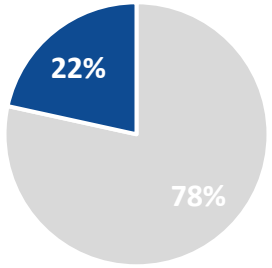
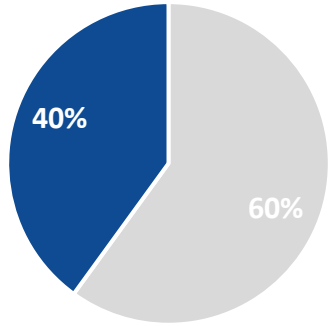
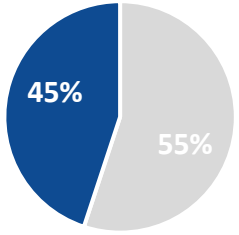
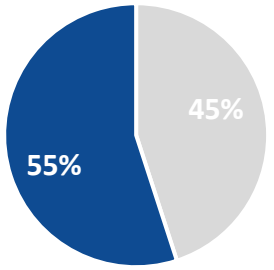
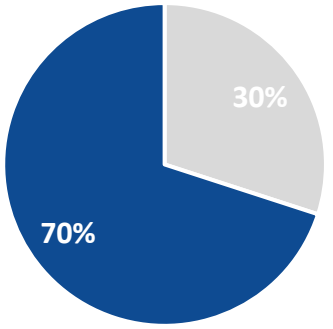
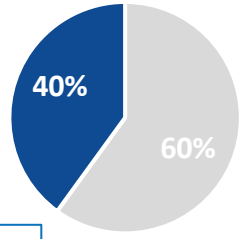
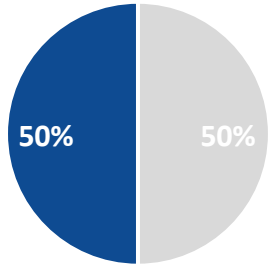
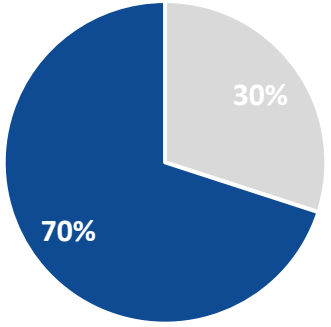
Mexico – Aldama



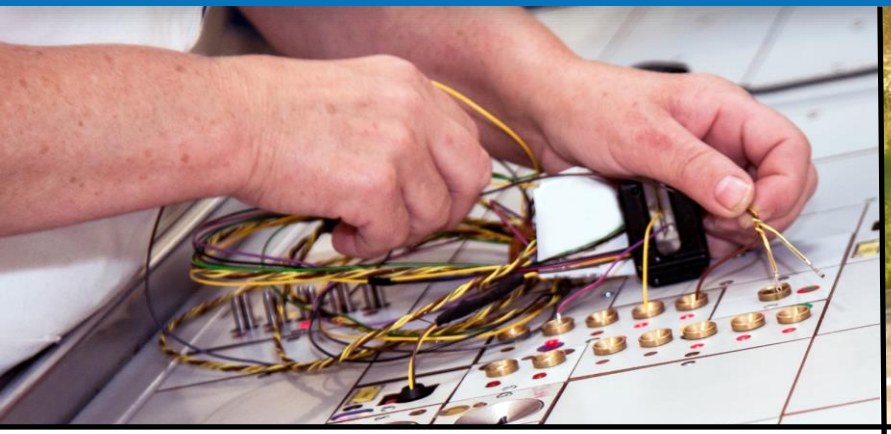
Mexico – Agua Prieta

- Expanding our low-cost Electrical Systems footprint globally
- Additional production capacity to support new businesses growth program and wins in-hand
- All capacity expansion programs on schedule
- Coupling best-in-class process automation and operational process for quality and on-time

Strategically Repositioning The Business

	2019	2023	2027
Make Electrical Systems largest product line			
Broaden our sweet spot in Vehicles			
Increase our customer roster			

Creating Shareholder Value







Each Business Has a Portfolio Role, Deliver it

- Improve profitability or exit unprofitable and/or non-strategic business
- Control cost structure and manufacture in-house what we should
- Reallocate SG&A, fund and install digital backbone

Specific Organic Growth Strategies in Each Business Area

- Secular growth in Electric Vehicle market globally
- Expand and diversify our customer roster
- Expand product line-up and deliver system solutions
- Reduce Cyclicality

Generate Free Cash Flow, Maintain Modest Debt Profile

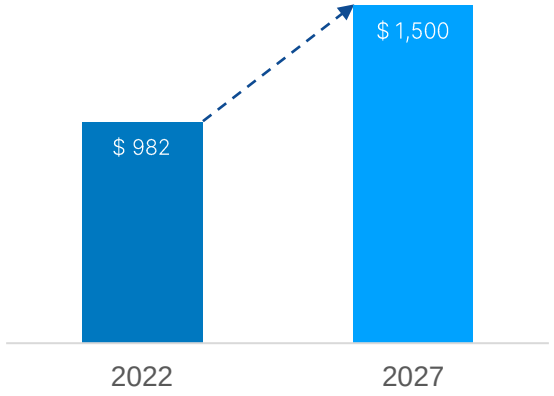
- Reinvest to grow the business
- Pay down debt
- Explore M&A opportunities to accelerate and strengthen objectives

Increase Profits, Increase Free Cash Flow, Self-Fund Company Transformation

Shareholder Value Creation is On Track

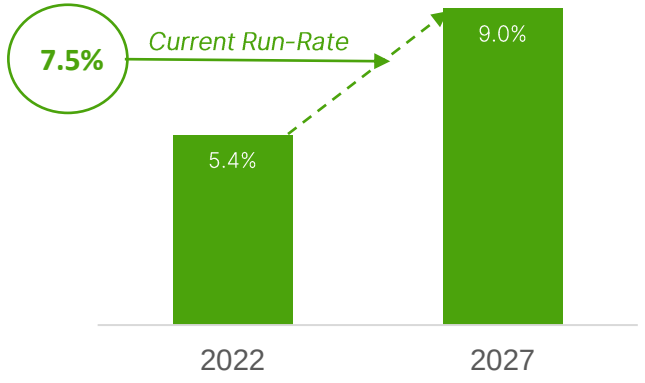
REVENUE

(in millions)

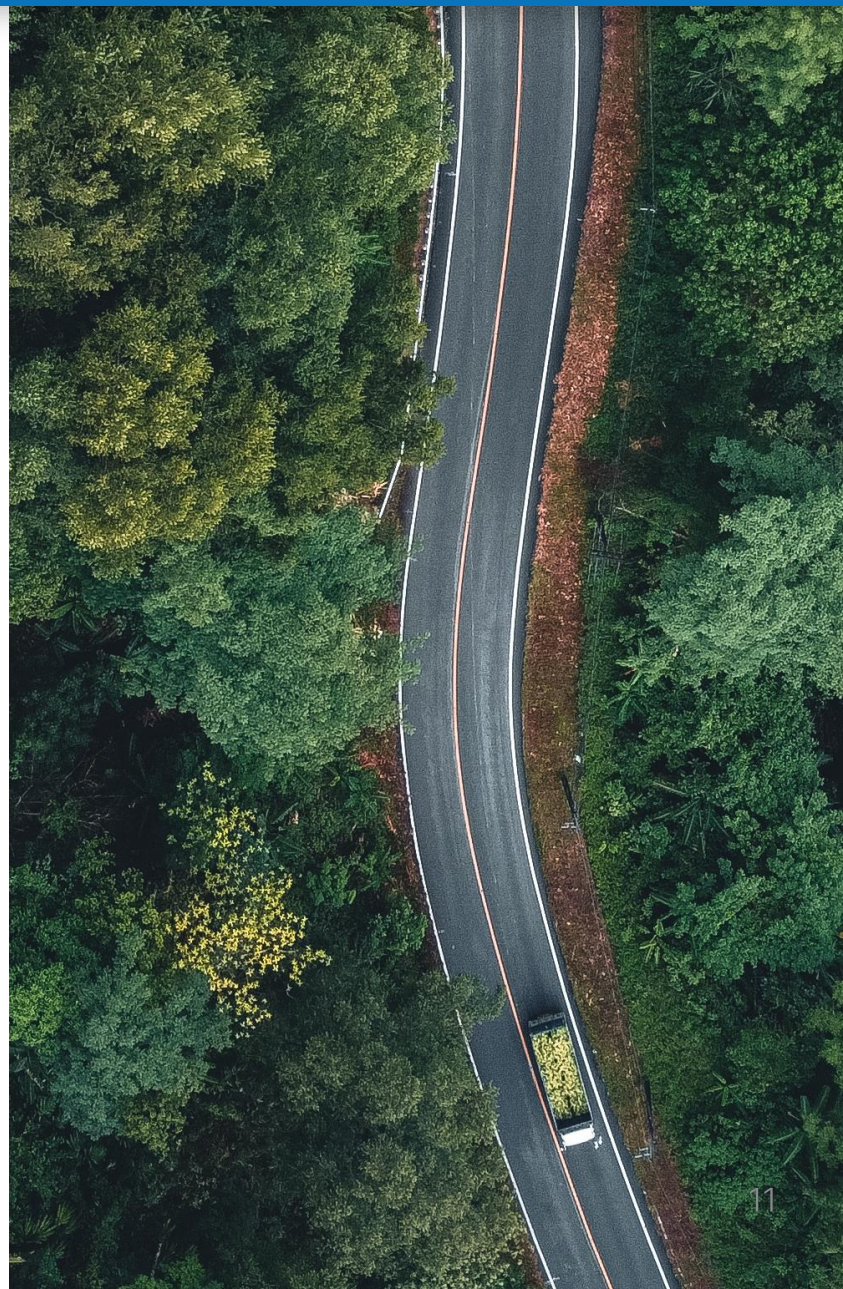


ADJUSTED EBITDA

(% of revenue)



- Target and win accretive new business to diversify the Company's customer and product portfolio and increase the Company's value proposition through innovation
- Improve the Company's legacy business, renegotiate contracts, optimize costs, and improve profitability
- Improve working capital, increase free cash flow and pay down debt
- Increase optionality for organic and inorganic growth



2023 Outlook is Good

- **2023 will be another record year of revenue**
  - 3rd Year in a Row
  - Quarterly sales similar to Q1, possible modest slowdown in 4Q23 tied to lower industry truck build forecast
  - Based on ACT and FTR truck demand, modest pricing, and continued new business growth additions
- **2023 first quarter margin performance sustainable based on current demand**
  - Pricing is ahead of inflation and accretive new business growth is ramping in
  - $30+ million cost reduction program is on track
  - Reduced our exposure to high startup costs in Vehicle Solutions business
- **2023 new business win rate at $150+ million**
  - Will impact future year revenue and profits
  - Closing in on half a billion of new business growth, concentrated in Electrical Systems
- **2023 will see continued strengthening of balance sheet, decreased leverage**
  - Continue to fund organic growth plans, cost reduction plans and increase financial flexibility



Financial Review

Q1 – 2023

May 3, 2023

Q1 2023 – Vehicle-Related Business Powered Results

GAAP Measures	Three Months Ended Mar 31	
($ in millions except for share information)	2023	2022
Revenue	$ 262.7	$ 244.4
Operating Income	14.6	8.4
Operating Income Margin	5.6%	3.4%
Diluted EPS	0.26	0.12

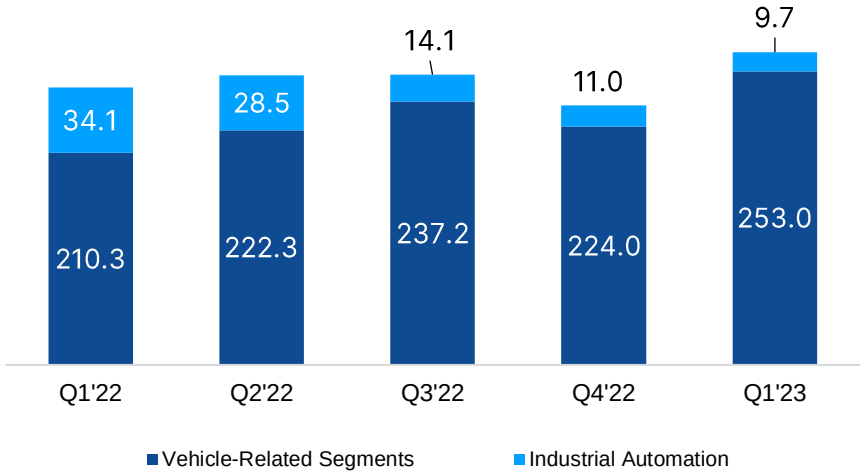
NON-GAAP Measures	Three Months Ended Mar 31	
($ in millions except for share information)	2023	2022
Adjusted EBITDA	$ 19.8	$ 13.5
Adjusted EBITDA Margin	7.5%	5.5%
Adjusted Diluted EPS	0.28	0.16
Free Cash Flow	(3.2)	(25.0)

Segment Results	Net Sales			Adjusted Operating Income		
For the Three Months Ended March 31, 2023 (in millions)	2023	2022	YoY Change	2023	2022	YoY Change
Vehicle Solutions	$ 160.6	$ 140.2	15%	$ 13.5	$ 6.5	107%
Electrical Systems	54.7	39.9	37%	6.1	1.8	245%
Aftermarket & Accessories	37.6	30.2	25%	5.6	3.1	82%
Vehicle-Related Segments*	**253.0**	**210.2**	**20%**	**25.1**	**11.3**	**122%**
Industrial Automation	9.7	34.1	(71%)	(0.2)	4.1	(106%)

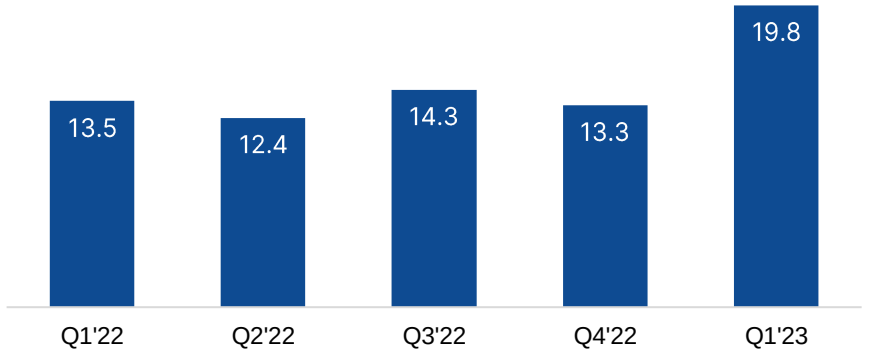
** Includes Vehicle Solutions, Electrical Systems, and Aftermarket & Accessories*

Key Financial Trends

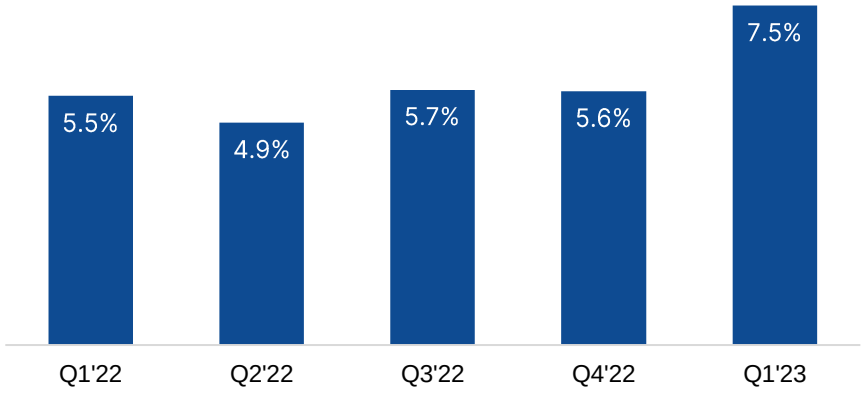
Quarterly Revenues



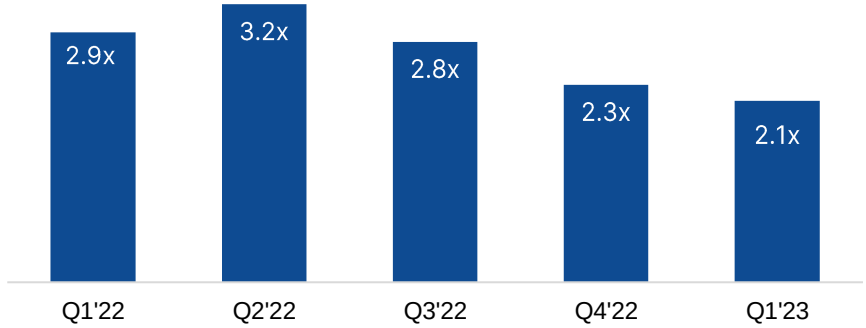
Quarterly Adjusted EBITDA



Quarterly Adjusted EBITDA Margin



Quarterly Leverage
Net Debt / Adj. EBITDA (TTM)



All values are in millions of dollars, except EBITDA margin percents, and Net Debt / Adj. EBITDA ratios



Appendix

Q1 – 2023

May 3, 2023

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.

Reconciliation of GAAP to Non-GAAP Financial Measures

(in millions)	Q1 2023	Q1 2022
Operating Income/(Loss)	14.6	8.4
Restructuring	0.7	1.0
Deferred consideration purchase accounting	-	0.1
Adjusted Operating Income	15.4	9.5
% of Revenues	5.8%	3.9%
Net Income/(Loss)	8.7	4.0
Interest Expense	2.9	2.0
Provision (benefit) for income taxes	3.3	1.4
Depreciation Expense	3.4	3.5
Amortization Expense	0.8	0.9
EBITDA	19.1	11.8
% of Revenues	7.3%	4.8%
EBITDA Adjustments		
Restructuring	0.7	1.0
Deferred consideration purchase accounting	-	0.1
Other adjustment on FX	-	0.6
Adjusted EBITDA	19.8	13.5
% of Revenues	7.5%	5.5%

Reconciliation of GAAP to Non-GAAP Financial Measures

(in millions)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net income/(Loss)	5.1	7.5	2.6	4.0	2.5	3.6	(32.0)	8.7
Interest	2.8	1.6	1.7	2.0	2.1	2.8	2.9	2.9
Provision / (Benefit) for Income Taxes	1.5	2.4	1.9	1.4	0.9	1.3	17.4	3.3
Depreciation	3.8	3.7	3.8	3.5	3.7	3.7	3.7	3.4
Amortization	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8
EBITDA	14.1	16.1	10.9	11.8	10.0	12.2	(7.1)	19.1
Adjustments								
Executive Transition	-	0.7	-	-	-	0.3	-	-
Restructuring	-	-	1.9	1.0	1.8	0.7	2.0	0.7
Investigation	0.2	-	-	-	-	-	-	-
Inventory adjustment	-	-	-	-	-	-	10.4	-
Deferred consideration purchase accounting	0.1	0.1	0.1	0.1	0.1	0.1	-	-
Loss on extinguishment of debt	7.2	-	-	-	0.9	-	-	-
Hryvnia fair value adjustments on forward exchange contracts	-	-	-	0.6	(0.4)	(0.1)	(0.1)	-
Pension settlement	-	-	-	-	-	1.1	8.1	-
Adjusted EBITDA	21.6	16.9	12.9	13.5	12.4	14.3	13.3	19.8

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

(in millions except for share information)	Q1 2023	Q1 2022
Net income/(Loss)	8.7	4.0
Operating income (loss) adjustments	0.7	1.1
Hryvnia fair value adjustments on forward exchange contracts	-	0.6
Adjusted (benefit) provision for income taxes	(0.1)	(0.4)
Adjusted net income (loss)	9.2	5.3
Diluted EPS	0.26	0.12
Adjustments to diluted EPS	0.02	0.04
Adjusted diluted EPS	0.28	0.16

Segment GAAP to Non GAAP QTD

For the Three Months Ended Mar 31, 2023						
(in millions)	Vehicle Solutions	Electrical Systems	Aftermarket	Industrial Automation	Corporate	Total
Operating Income/(Loss)	13.4	6.1	5.6	(0.9)	(9.5)	14.6
Restructuring	0.1	0.0	-	0.6	-	0.7
Adjusted Operating Income/(Loss)	13.5	6.1	5.6	(0.2)	(9.5)	15.4
% of Revenue	8.4%	11.1%	14.8%	(2.5%)		5.8%

For the Three Months Ended Mar 31, 2022						
(in millions)	Vehicle Solutions	Electrical Systems	Aftermarket	Industrial Automation	Corporate	Total
Operating Income/(Loss)	6.3	1.8	2.6	3.7	(6.0)	8.4
Restructuring	0.2	-	0.4	0.4	-	1.0
Investigation	-	-	-	0.1	-	0.1
Adjusted Operating Income/(Loss)	6.5	1.8	3.1	4.1	(6.0)	9.5
% of Revenue	4.7%	4.4%	10.1%	12.0%		3.9%

Note: totals may not match due to rounding

Reconciliation of GAAP to Non-GAAP Cash Flow Information

(in millions)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Cash Flow from Operations	$ (9.4)	$ 3.9	$ (8.9)	$ (21.4)	$ 16.9	$ 38.3	$ 35.2	$ 0.1
Capital Expenditures[1]	(5.2)	(4.5)	(6.2)	(3.6)	(5.0)	(3.9)	(7.2)	(3.3)
Free Cash Flow	(14.6)	(0.6)	(15.1)	(25.0)	11.9	34.4	28.0	(3.2)

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