

Earnings Presentation

Q2 – 2023

August 2, 2023

Robert Griffin – Chairman and Interim 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, 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 16 for use of non-GAAP financial measures.

Q2 2023 Highlights

FINANCIAL HIGHLIGHTS

NET SALES
$262
MILLION

ADJUSTED EBITDA
$20.8
MILLION

ADJUSTED OPERATING INCOME
$16.7
MILLION

ADJUSTED EPS
$0.32
PER DILUTED SHARE

Note: US GAAP net income was $10.1M for Q2 2023. GAAP diluted income per share was $0.30 for Q2 2023.

BUSINESS HIGHLIGHTS

RECORD REVENUES AND IMPROVED PROFITABILITY

Adjusted EBITDA Up 68%

7.9% Adjusted EBITDA Margin

NEW BUSINESS WINS

~$124 MILLION YTD

- New Wins secured year-to-date when fully ramped
- The majority of new business wins continue to be within our Electrical Systems segment

RUSSELL 2000® ADDITION

Effective June 26, 2023

- Being added to one of the most widely cited performance benchmarks

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 expected to help deliver our 2027 revenue and EBITDA targets

- Remain on track to deliver our 2027 revenue target of $1.5 billion
- On track to hit target of 9.0% EBITDA margin in 2027

New Business Growth Continues

- Approximately $124 million of new business wins secured YTD 2023
- Electrical Systems continues to be a focus for CVG growth
- 300+ new programs with 115+ new and existing customers – many on EV platforms

Optimizing our Ongoing Business

- Continue with strategies to improve all segment profitability
- Cost reduction program continues to deliver cost savings through process improvements, footprint changes and organizational streamlining
- 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 325,000 and 339,000 trucks. The 2022 actual Class 8 truck builds according to ACT Research was 315,128 units

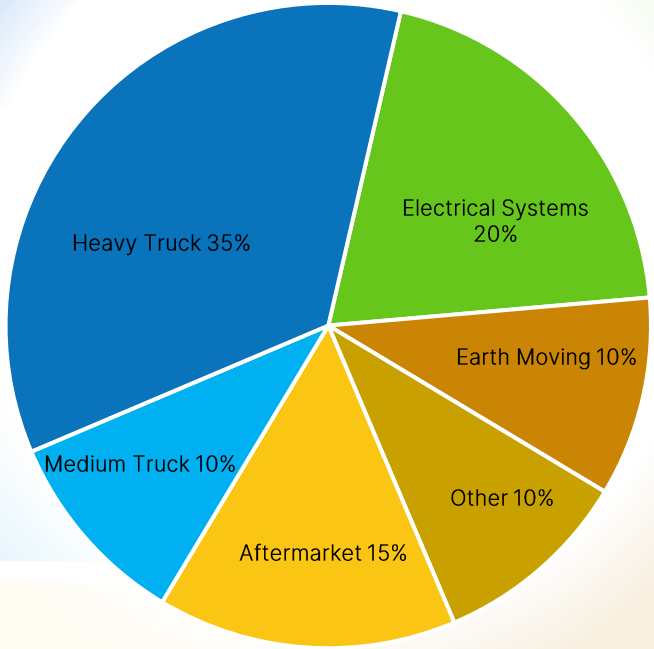
NA Medium Duty Truck Build

ACT Research is forecasting 2023 North American Class 5-7 production to be 258,000 units, an increase compared to 241,206 units produced in 2022. Backlog to build ratio sitting at approximately 6 months and is 2x 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% annually
- The global electric truck market expected to grow approximately 15% annually
- Half of all Class 4-8 truck sales are estimated to be battery-powered EV by 2035. (ACT Feb 22)

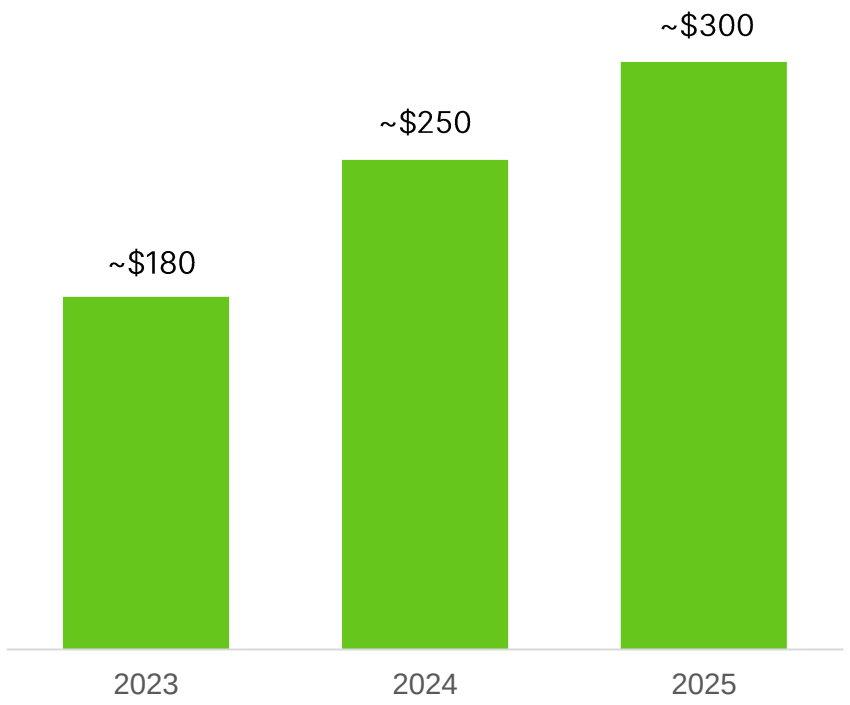
Global Earth Moving

- 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 Revenue

($MM) as of June 2023



YTD 2023 Wins of ~$124 Million

- ~80% of YTD wins are in the Electrical Systems segment
- Continued to win globally with new customers and new product types
- Winning new business in both ICE and EV markets
- Achieved several wins in Europe with ICE and EV auto manufacturers


Autonomous


Aviation & Aerospace


Battery


Bus & Van


Class 8 Trucks


CON/AG


E-mobility


Marine


Military & Defense


Industrial Automation

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



Morocco – Tangier



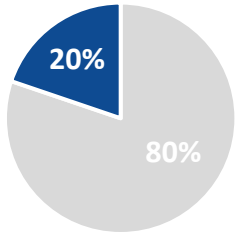
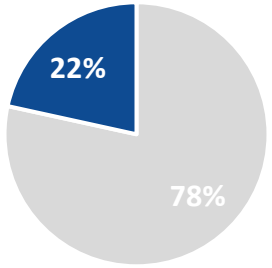
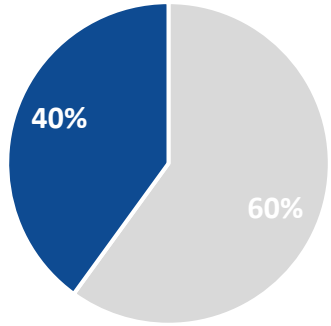
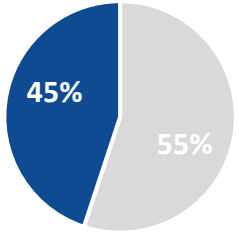
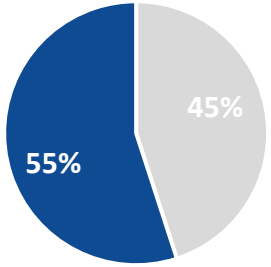
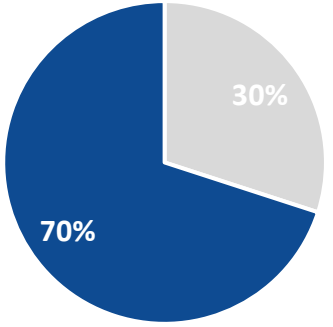
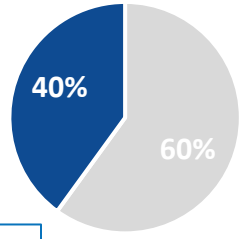
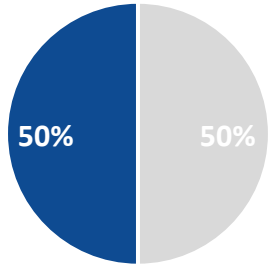
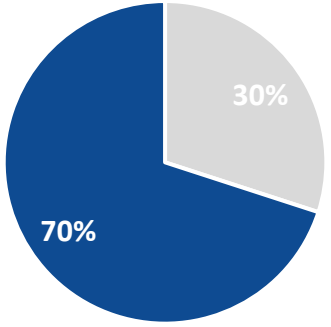
Mexico – Aldama



Mexico – Agua Prieta

- Expanding our low-cost Electrical Systems footprint globally
- Additional production capacity to support new business growth program and wins in-hand
- Aldama, Mexico facility held grand opening in July 2023, with production ramping
- Tangier, Morocco facility just completed customer audits and is expected to ramp production in Q3 2023

Strategically Repositioning The Business

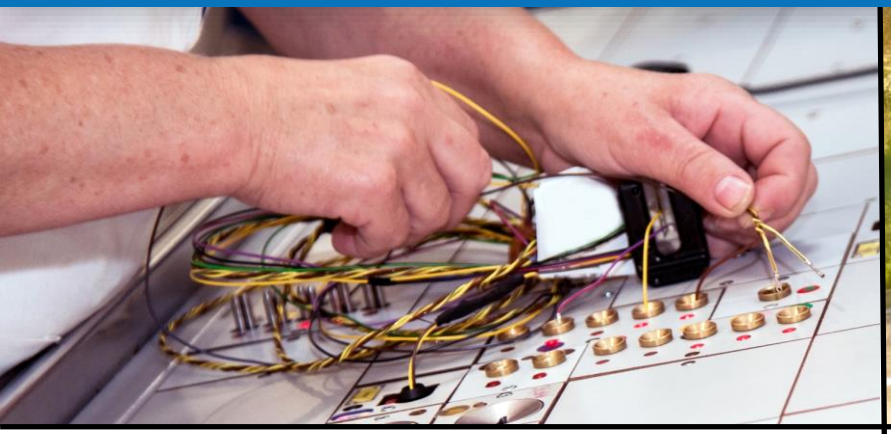
	2019	2023	2027
Make Electrical Systems largest product line			
Broaden our sweet spot in Vehicles			
Increase our customer roster			

= Electrical = Not Electrical

= Other Vehicles = Class 8

=Other Customers = Top 5 Customers

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

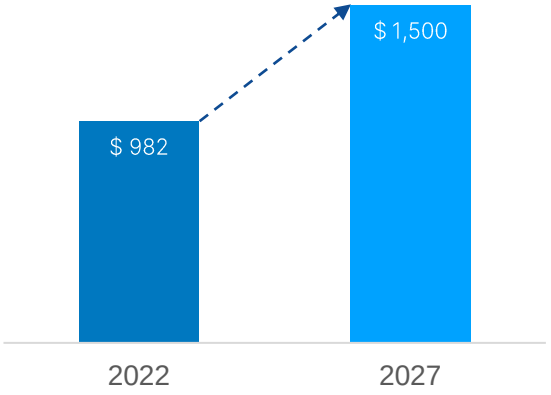
- Reinvest to grow the business
- Pay down debt
- Explore M&A opportunities to accelerate and strengthen objectives

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

Shareholder Value Creation is On Track

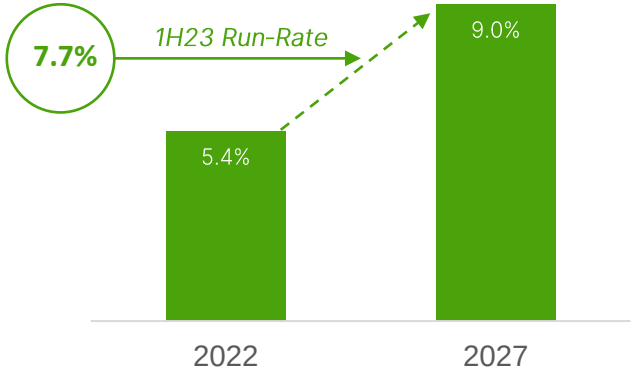
REVENUE

(in millions)

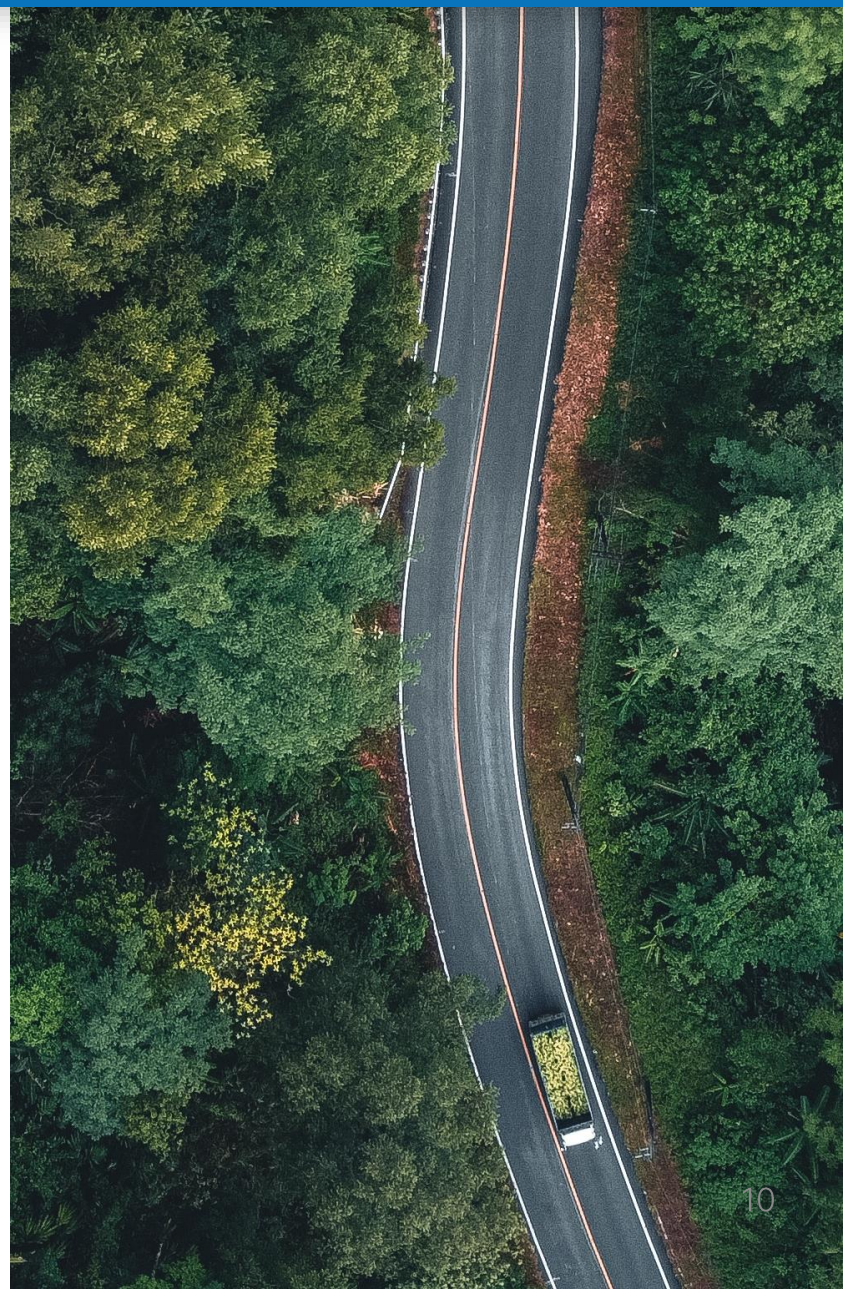


ADJUSTED EBITDA

(% 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 growth and bolt on M&A



2023 Outlook

- **Expect another record revenue year in 2023**
  - 3rd Year in a Row
  - In line with our original expectations, 2H 2023 class-8 volumes are showing a modest slowdown
  - ACT and FTR truck demand data suggests lower Q4 builds versus prior year
- **Full year 2023 margin performance is expected to show significant year-over-year expansion**
  - Pricing is benefitting margins and accretive new business growth is ramping up
  - Cost reduction program delivering savings and increasing margins
- **2023 new business win rate continues at strong pace**
  - Will impact future year revenue and profits
  - Wins continue to be concentrated in the Electrical Systems segment
- **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

Q2 – 2023

August 2, 2023

Q2 2023 – Vehicle-Related Business Powered Results

GAAP Measures	Three Months Ended Jun 30	
($ in millions except for share information)	2023	2022
Revenue	$ 262.2	$ 250.8
Operating Income	15.9	6.2
Operating Income Margin	6.1%	2.5%
Diluted EPS	0.30	0.08

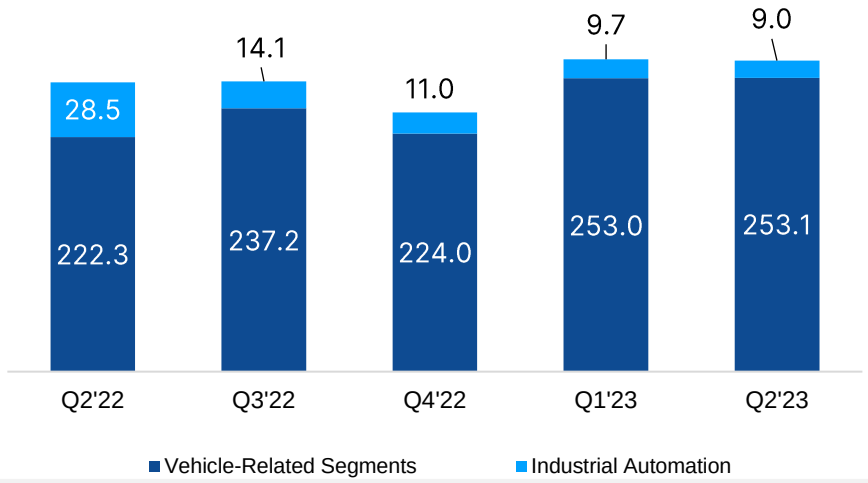
NON-GAAP Measures	Three Months Ended Jun 30	
($ in millions except for share information)	2023	2022
Adjusted EBITDA	$ 20.8	$ 12.4
Adjusted EBITDA Margin	7.9%	4.9%
Adjusted Diluted EPS	0.32	0.13
Free Cash Flow	5.6	11.9

Segment Results	Net Sales			Adjusted Operating Income		
For the Three Months Ended June 30, 2023 (in millions)	2023	2022	YoY Change	2023	2022	YoY Change
Vehicle Solutions	$ 152.7	$ 142.8	7%	$ 14.5	$ 1.5	867%
Electrical Systems	63.6	47.3	34%	7.7	6.5	18%
Aftermarket & Accessories	36.8	32.2	14%	5.5	1.7	224%
Vehicle-Related Segments*	**253.1**	**222.3**	**14%**	**27.7**	**9.7**	**186%**
Industrial Automation	9.0	28.5	(68%)	(1.7)	1.7	(200%)

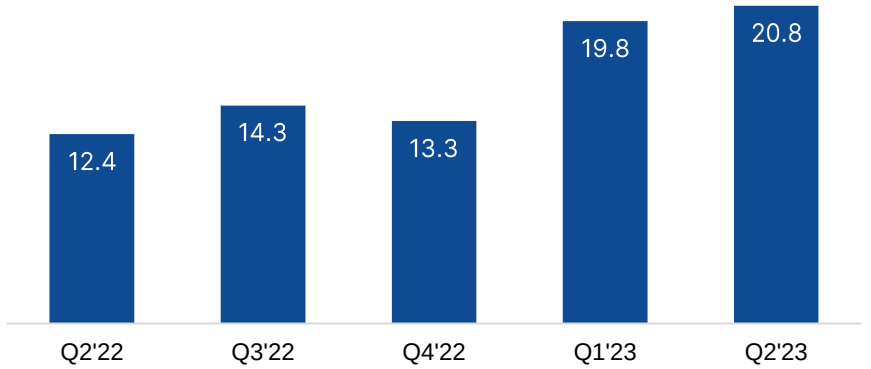
** Includes Vehicle Solutions, Electrical Systems, and Aftermarket & Accessories*

Key Financial Trends

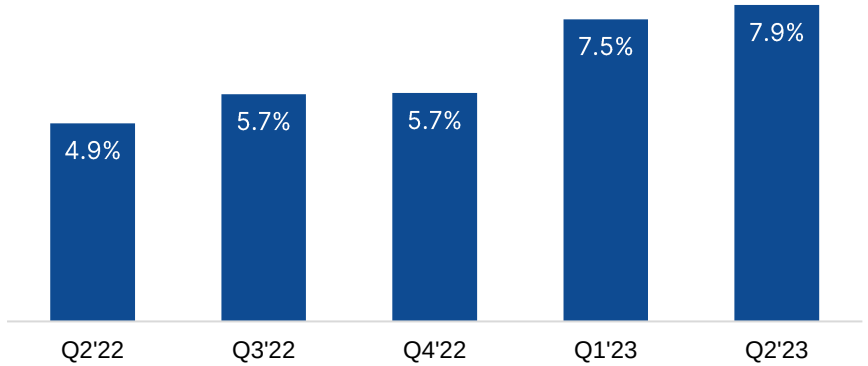
Quarterly Revenues



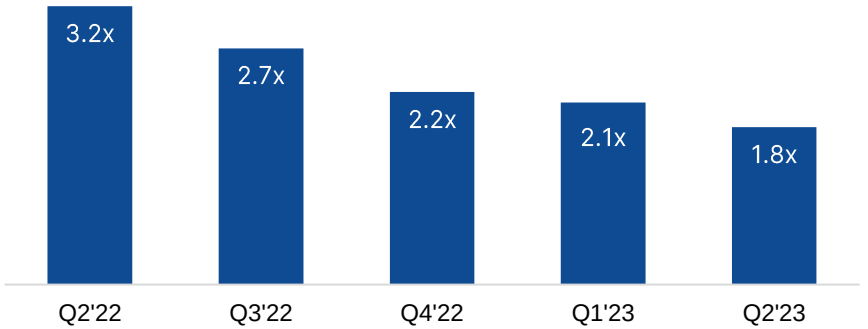
Quarterly Adjusted EBITDA



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

Q2 – 2023

August 2, 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)	Q2 2023	Q2 2022
Operating Income/(Loss)	15.9	6.2
Restructuring	0.7	1.8
Deferred consideration purchase accounting	-	0.1
Adjusted Operating Income	16.7	8.1
% of Revenues	6.4%	3.2%
Net Income/(Loss)	10.1	2.5
Interest Expense	2.8	2.1
Provision (benefit) for income taxes	2.7	0.9
Depreciation Expense	3.5	3.7
Amortization Expense	0.9	0.8
EBITDA	20.0	10.0
% of Revenues	7.6%	4.0%
EBITDA Adjustments		
Restructuring	0.7	1.8
Deferred consideration purchase accounting	-	0.1
Other adjustment on FX	-	(0.4)
Loss on extinguishment of debt	-	0.9
Adjusted EBITDA	20.8	12.4
% of Revenues	7.9%	4.9%

Reconciliation of GAAP to Non-GAAP Financial Measures

(in millions)	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Net income/(Loss)	7.5	2.6	4.0	2.5	3.6	(32.0)	8.7	10.1
Interest	1.6	1.7	2.0	2.1	2.8	2.9	2.9	2.8
Provision / (Benefit) for Income Taxes	2.4	1.9	1.4	0.9	1.3	17.4	3.3	2.7
Depreciation	3.7	3.8	3.5	3.7	3.7	3.7	3.4	3.5
Amortization	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.9
EBITDA	16.1	10.9	11.8	10.0	12.2	(7.1)	19.1	20.0
Adjustments								
Executive Transition	0.7	-	-	-	0.3	-	-	-
Restructuring	-	1.9	1.0	1.8	0.7	2.0	0.7	0.7
Investigation	-	-	-	-	-	-	-	-
Inventory adjustment	-	-	-	-	-	10.4	-	-
Deferred consideration purchase accounting	0.1	0.1	0.1	0.1	0.1	-	-	-
Loss on extinguishment of debt	-	-	-	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	16.9	12.9	13.5	12.4	14.3	13.3	19.8	20.8

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

(in millions except for share information)	Q2 2023	Q2 2022
Net income/(Loss)	10.1	2.5
Operating income (loss) adjustments	0.7	1.9
Hryvnia fair value adjustments on forward exchange contracts	-	(0.4)
Adjusted (benefit) provision for income taxes	(0.1)	(0.6)
Loss on extinguishment of debt	-	0.9
Adjusted net income (loss)	10.7	4.3
Diluted EPS	0.30	0.08
Adjustments to diluted EPS	0.02	0.05
Adjusted diluted EPS	0.32	0.13

Segment GAAP to Non GAAP QTD

For the Three Months Ended Jun 30, 2023						
(in millions)	Vehicle Solutions	Electrical Systems	Aftermarket	Industrial Automation	Corporate	Total
Operating Income/(Loss)	14.1	7.7	5.5	(2.1)	(9.3)	15.9
Restructuring	0.3	0.0	-	0.4	-	0.7
Adjusted Operating Income/(Loss)	14.4	7.7	5.5	(1.7)	(9.3)	16.6
% of Revenue	9.5%	12.0%	15.0%	(18.7%)		6.4%

For the Three Months Ended Jun 30, 2022						
(in millions)	Vehicle Solutions	Electrical Systems	Aftermarket	Industrial Automation	Corporate	Total
Operating Income/(Loss)	1.5	5.9	1.1	1.3	(3.6)	6.2
Restructuring	-	0.6	0.6	0.3	0.3	1.8
Investigation	-	-	-	0.1	-	0.1
Adjusted Operating Income/(Loss)	1.5	6.5	1.7	1.7	(3.3)	8.1
% of Revenue	1.1%	13.8%	5.3%	6.1%		3.2%

Note: totals may not match due to rounding

Reconciliation of GAAP to Non-GAAP Cash Flow Information

(in millions)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Cash Flow from Operations	$ (8.9)	$ (21.4)	$ 16.9	$ 38.3	$ 35.2	$ 0.1	$ 11.5
Capital Expenditures[1]	(6.2)	(3.6)	(5.0)	(3.9)	(7.2)	(3.3)	(5.9)
Free Cash Flow	(15.1)	(25.0)	11.9	34.4	28.0	(3.2)	5.6

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