

Earnings Presentation

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Q3 – 2023
November 2, 2023

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”, “targets” “forecast” “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 15 for use of non-GAAP financial measures.

Q3 2023 Highlights

FINANCIAL HIGHLIGHTS

NET SALES
$247
MILLION

ADJUSTED EBITDA
$16.6
MILLION

ADJUSTED OPERATING INCOME
$12.5
MILLION

ADJUSTED EPS
$0.22
PER DILUTED SHARE

Note: US GAAP net income was $7.3M for Q3 2023. GAAP diluted income per share was $0.22 for Q3 2023.

BUSINESS HIGHLIGHTS

IMPROVED PROFITABILITY

Adjusted EBITDA Up 16%

6.7% Adjusted EBITDA Margin up 100 bps

NEW BUSINESS WINS

~$140 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

FCF AND DEBT PAYDOWN

$15 MILLION YTD FCF

Net Leverage reduced to 1.5x

2 NEW ELECTRICAL SYSTEMS PLANTS

- Production ramping up at new Aldama, Mexico and Tangier, Morocco facilities

Key CVG Markets Update

NA Class 8 Truck Build

ACT Research and FTR are forecasting 2023 North American Class 8 truck production levels to be between 327,000 and 336,000 trucks. The 2022 actual Class 8 truck builds according to ACT Research was ~315,000 units

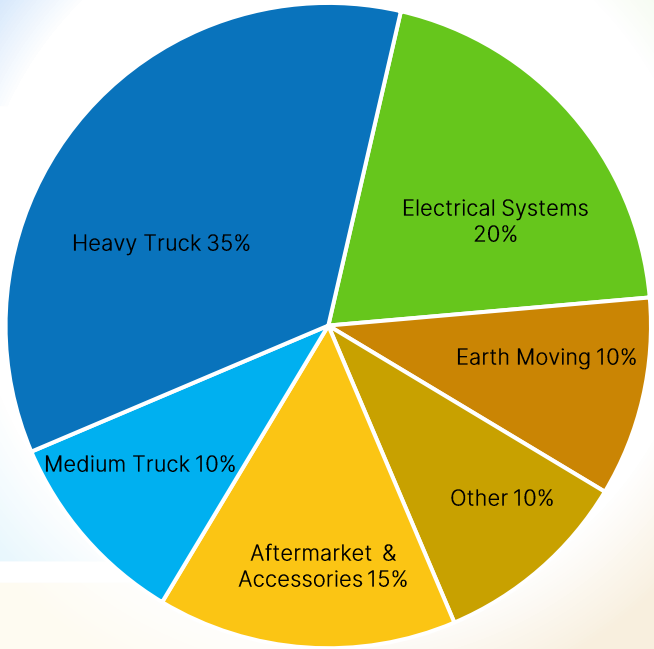
NA Medium Duty Truck Build

ACT Research is forecasting 2023 North American Class 5-7 production to be 266,000 units, an increase compared to ~241,200 units produced in 2022

Commercial Vehicle Aftermarket

- Industry forecasts compounded annual growth of 4% for 2023-2027
- Truck OEM's suggesting 2023 growth rates ~10%

CVG Revenue Profile



Electrical Systems - Wire Harnesses

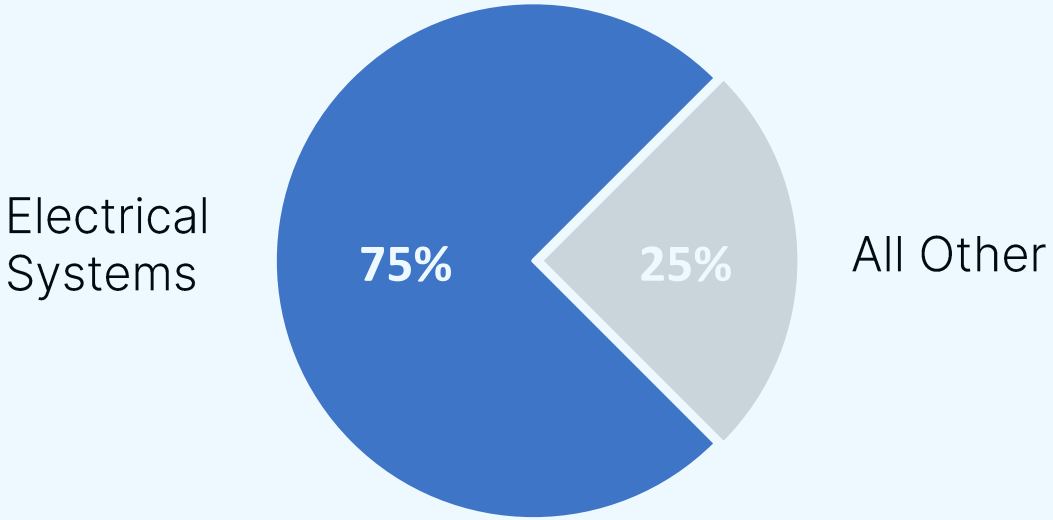
- Global commercial and automotive vehicle wire harness market is growing at 5% annually
- Half of all Class 4-8 truck sales are estimated to be battery-powered EV by 2035. (ACT Feb 22)

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

New Business Wins Program is Transforming CVG

~75% of the 2023 new wins YTD are in the Electrical Systems Segment



2023 new wins profile ~$140M YTD

- 50 different customers
- 30+ are new customers
- 70+ awards across multiple end markets


Autonomous


Aviation & Aerospace


Battery


Bus & Van


Class 8 Trucks


CON/AG

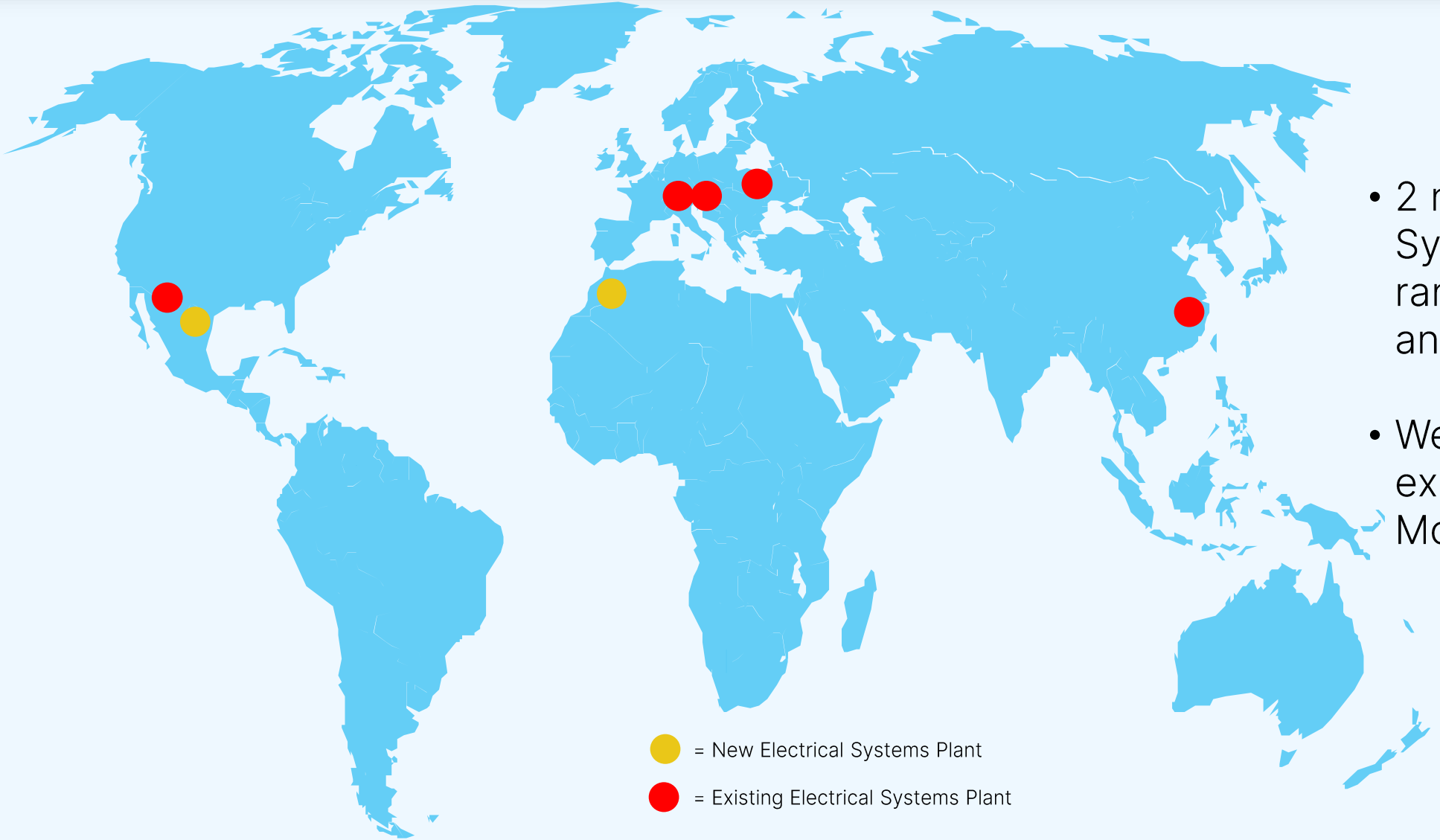

E-mobility


Marine


Military & Defense


Industrial Automation

New Business Wins driving New Electrical Systems Plants



- 2 new Electrical Systems plants ramping up in Mexico and Morocco
- We are evaluating an expansion of our Moroccan footprint

Strategically Repositioning the Business

Make Electrical Systems our largest business

- Continue to win accretive new business, increase volumes and diversify our product portfolio
- Increase the design and engineering value in our products
- Strategically add new plant locations which provide cost competitiveness and service to our customers



Diversify our vehicle platforms

- Continue to add higher growth end markets (E-Mobility, Aviation & Aerospace, Marine, Industrial Automation)
- Reduce the cyclicality of our existing platforms with diversification

Increase the number of customers

- Drive up customer roster globally through organic new wins program
- Diversify and increase customers with existing and future global plant footprint

Continuing to Deliver on our Strategy

Win new business to transform our revenue profile

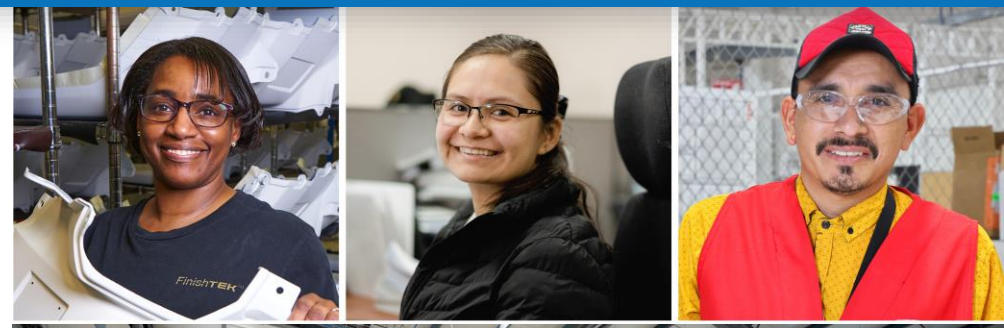
- Diversify our customer base and product portfolio
- Significantly grow the Electrical Systems business through new business wins, volume growth and market diversification
- Approximately $140 million of new business wins secured year to date 2023

Optimize our existing businesses

- Optimize costs and footprint, improve profitability
- Improve working capital, increase free cash flow and pay down debt
- Increase optionality for organic growth and bolt on M&A

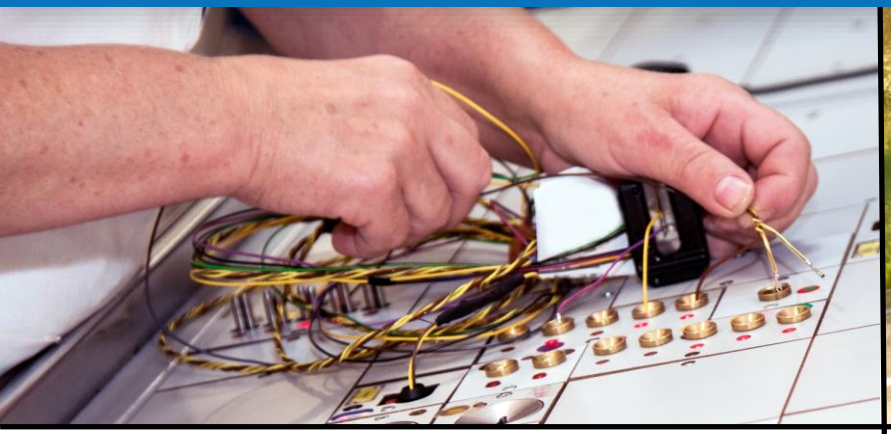
Strategy execution to deliver our long-term targets

- We believe we are on track to deliver our long-term revenue and EBITDA targets
- Consistent strategy execution and culture remain our key priorities





Execution of Our Strategy Creates Shareholder Value







Optimize our Existing Businesses

- 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

Drive Organic Growth

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

Capital Allocation Strategy

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

Increase EBITDA and Free Cash Flow, Self-Fund Company Transformation

2023 Outlook

- **Expect revenue growth for full year 2023**
  - New business wins continue at a strong pace; concentration in Electrical Systems segment
  - ACT and FTR suggest lower Q4 builds versus prior year; Q4 holidays impacting builds
  - We are closely monitoring the UAW labor negotiations at one of our truck OEM customers
- **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
- **Continued balance sheet strengthening in 2023**
  - Improved working capital position, driving free cash flow
  - Further debt paydown; much lower leverage ratio





Financial Review

Q3 – 2023

November 2, 2023

Q3 2023 – Electric Systems Shows Strong Growth

GAAP Measures	Three Months Ended Sep 30	
($ in millions except for share information)	2023	2022
Revenue	$ 246.7	$ 251.4
Operating Income	12.4	9.5
Operating Income Margin	5.0%	3.8%
Diluted EPS	0.22	0.11

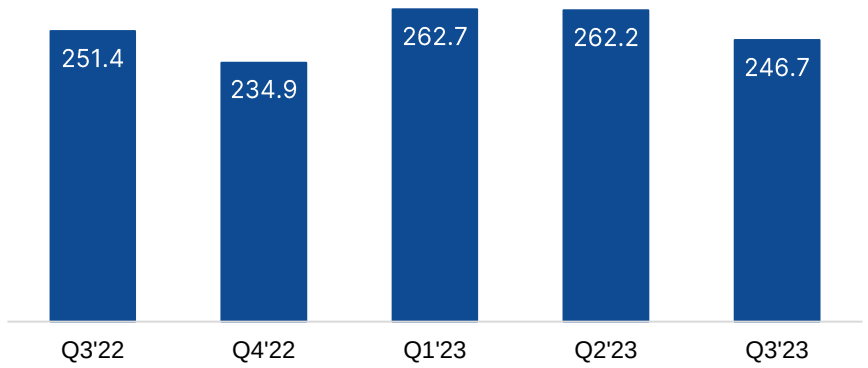
NON-GAAP Measures	Three Months Ended Sep 30	
($ in millions except for share information)	2023	2022
Adjusted EBITDA	$ 16.6	$ 14.3
Adjusted EBITDA Margin	6.7%	5.7%
Adjusted Diluted EPS	0.22	0.15
Free Cash Flow	12.5	34.4

Segment Results	Net Sales			Adjusted Operating Income		
For the Three Months Ended September 30, 2023 (in millions)	2023	2022	YoY Change	2023	2022	YoY Change
Vehicle Solutions	$ 145.4	$ 154.0	(6%)	$ 10.9	$ 9.6	13%
Electrical Systems	53.9	46.1	17%	5.9	5.2	14%
Aftermarket & Accessories	34.4	37.1	(7%)	4.5	5.4	(17%)
Industrial Automation	13.0	14.1	(8%)	0.8	(0.7)	NM

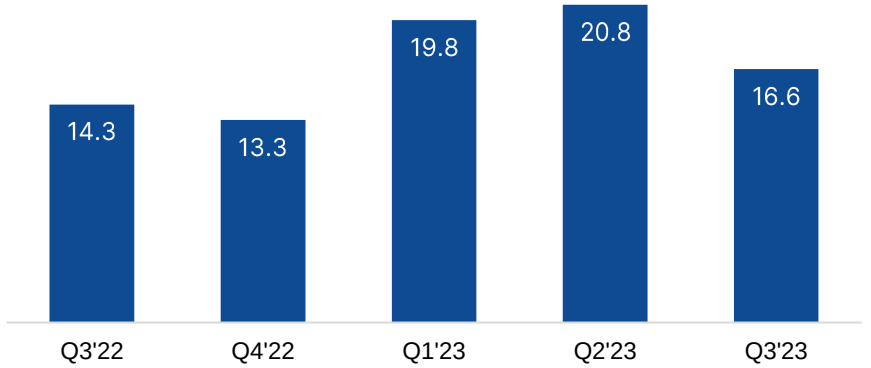
NM = Not meaningful

Key Financial Trends

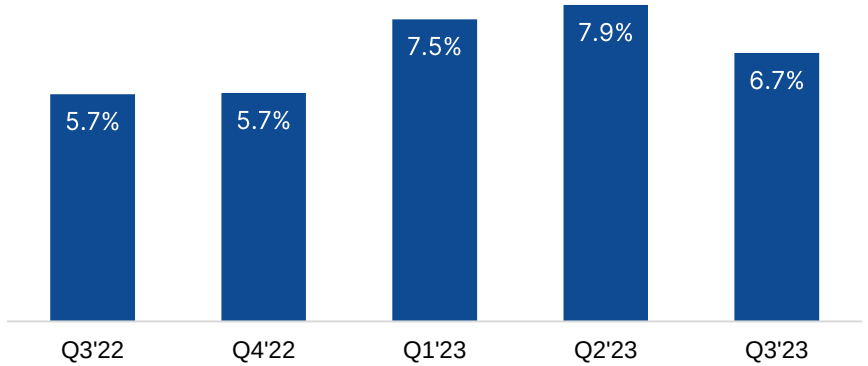
Quarterly Revenues



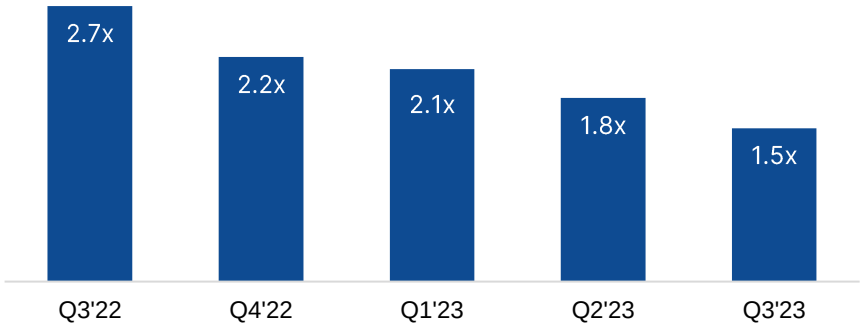
Quarterly Adjusted EBITDA



Quarterly Adjusted EBITDA Margin



Quarterly Leverage
Net Debt / Adj. EBITDA (TTM)



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



Appendix

Q3 – 2023

November 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)	Q3 2023	Q3 2022
Operating Income/(Loss)	12.4	9.5
Restructuring	0.1	0.7
Deferred consideration purchase accounting	-	0.1
Executive transition	-	0.3
Adjusted Operating Income	12.5	10.6
% of Revenues	5.1%	4.2%
Net Income/(Loss)	7.3	3.6
Interest Expense	2.6	2.8
Provision (benefit) for income taxes	2.2	1.3
Depreciation Expense	3.6	3.7
Amortization Expense	0.8	0.8
EBITDA	16.6	12.2
% of Revenues	6.7%	4.9%
EBITDA Adjustments		
Restructuring	0.1	0.7
Deferred consideration purchase accounting	-	0.1
Executive Transition	-	0.3
Hryvnia fair value adjustments on forward exchange contracts	-	(0.1)
Pension settlement	-	1.1
Adjusted EBITDA	16.6	14.3
% of Revenues	6.7%	5.7%

Note: totals may not match due to rounding

Reconciliation of GAAP to Non-GAAP Financial Measures

(in millions)	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net income/(Loss)	2.6	4.0	2.5	3.6	(32.0)	8.7	10.1	7.3
Interest	1.7	2.0	2.1	2.8	2.9	2.9	2.8	2.6
Provision / (Benefit) for Income Taxes	1.9	1.4	0.9	1.3	17.4	3.3	2.7	2.2
Depreciation	3.8	3.5	3.7	3.7	3.7	3.4	3.5	3.6
Amortization	0.9	0.9	0.8	0.8	0.8	0.8	0.9	0.8
EBITDA	10.9	11.8	10.0	12.2	(7.1)	19.1	20.0	16.6
Adjustments								
Executive Transition	-	-	-	0.3	-	-	-	-
Restructuring	1.9	1.0	1.8	0.7	2.0	0.7	0.7	0.1
Investigation	-	-	-	-	-	-	-	-
Inventory adjustment	-	-	-	-	10.4	-	-	-
Deferred consideration purchase accounting	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	12.9	13.5	12.4	14.3	13.3	19.8	20.8	16.6

Note: totals may not match due to rounding

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

(in millions except for share information)	Q3 2023	Q3 2022
Net income/(Loss)	7.3	3.6
Operating income (loss) adjustments	0.1	1.0
Hryvnia fair value adjustments on forward exchange contracts	-	(0.1)
Adjusted (benefit) provision for income taxes	-	(0.5)
Pension settlement	-	1.1
Adjusted net income (loss)	7.3	5.1
Diluted EPS	0.22	0.11
Adjustments to diluted EPS	-	0.04
Adjusted diluted EPS	0.22	0.15

Note: totals may not match due to rounding

Segment GAAP to Non GAAP QTD

For the Three Months Ended Sep 30, 2023						
(in millions)	Vehicle Solutions	Electrical Systems	Aftermarket	Industrial Automation	Corporate	Total
Operating Income/(Loss)	10.9	5.9	4.5	0.7	(9.5)	12.4
Restructuring	-	-	-	0.1	-	0.1
Adjusted Operating Income/(Loss)	10.9	5.9	4.5	0.8	(9.5)	12.5
% of Revenue	7.5%	10.9%	13.1%	5.8%		5.1%

For the Three Months Ended Sep 30, 2022						
(in millions)	Vehicle Solutions	Electrical Systems	Aftermarket	Industrial Automation	Corporate	Total
Operating Income/(Loss)	9.5	5.1	5.0	(0.9)	(9.1)	9.5
Restructuring	0.1	-	-	0.1	-	0.7
Deferred consideration purchase accounting	-	-	0.4	0.1	-	0.1
Executive transition	-	-	-	-	0.3	0.3
Adjusted Operating Income/(Loss)	9.6	5.1	5.4	(0.7)	(8.8)	10.6
% of Revenue	6.2%	11.2%	5.3%	(5.2%)		4.2%

Note: totals may not match due to rounding

Reconciliation of GAAP to Non-GAAP Cash Flow Information

(in millions)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Cash Flow from Operations	$ (21.4)	$ 16.9	$ 38.3	$ 35.2	$ 0.1	$ 11.5	$ 18.5
Capital Expenditures[1]	(3.6)	(5.0)	(3.9)	(7.2)	(3.3)	(5.9)	(6.0)
Free Cash Flow	(25.0)	11.9	34.4	28.0	(3.2)	5.6	12.5

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