

Sidoti Small-Cap Virtual Conference

James Ray – President and Chief Executive Officer
Andy Cheung – Executive Vice President & Chief Financial Officer

March 13-14, 2024

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 17 for use of non-GAAP financial measures.



INTRODUCTION

James Ray
President & CEO

CVG – Commercial Vehicle Group

OVERVIEW

- **2023 Revenue: $995M**
- **2023 FY Adj. OI $51M**
- **2023 FY Adj. EBITDA 6.8%**
- **Market Cap : ~$225M**
- **Included in Russell 2000**
- **~8,200 Employees**
- **Founded in 2000**

Seating



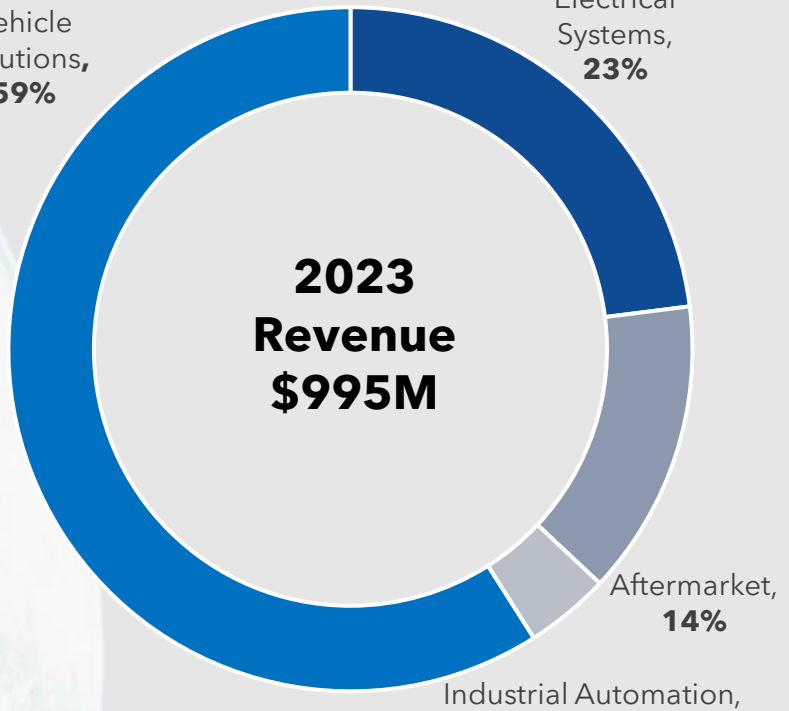
Cab Structures



Plastics



GLOBAL TIER 1 SUPPLIER



Electrical Systems



Aftermarket Parts



Industrial Automation

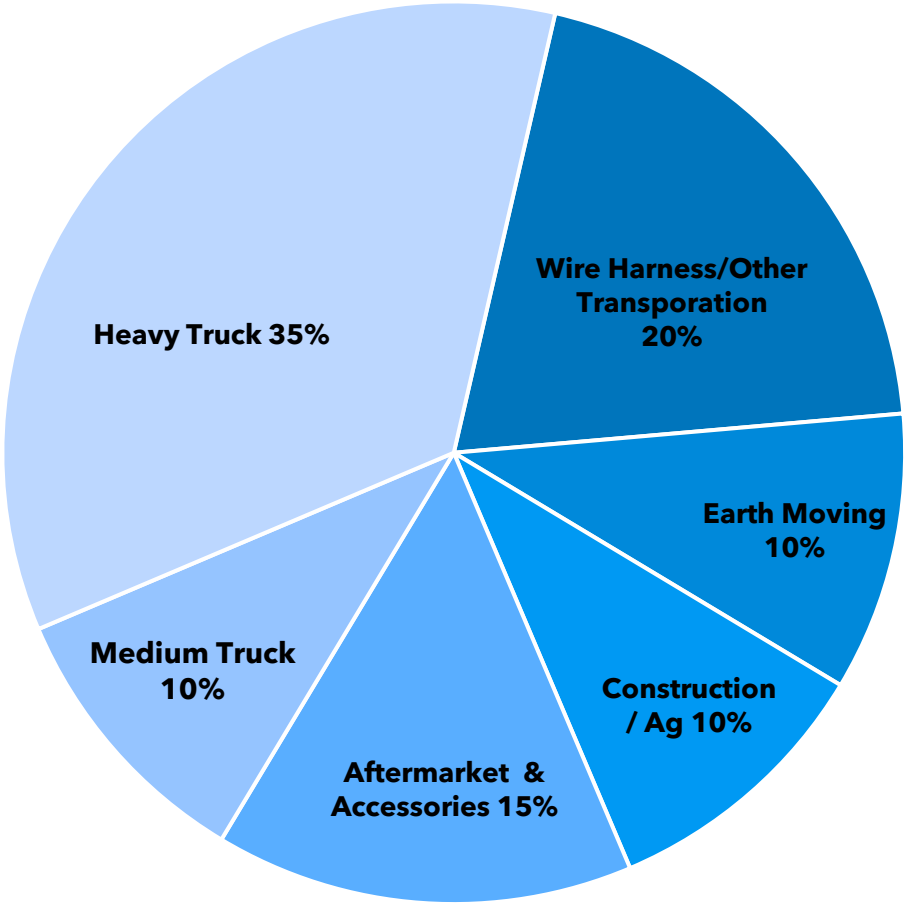


WHO WE ARE

An experienced Tier 1 partner executing on a transformation strategy to drive customer and product diversification through growth in our Electrical Systems Business

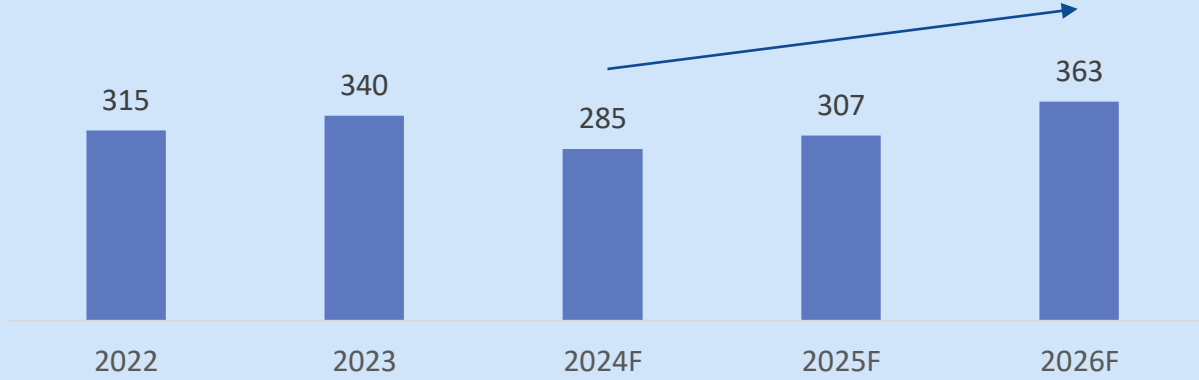
Key CVG Markets Update

CVG Revenue By End Market

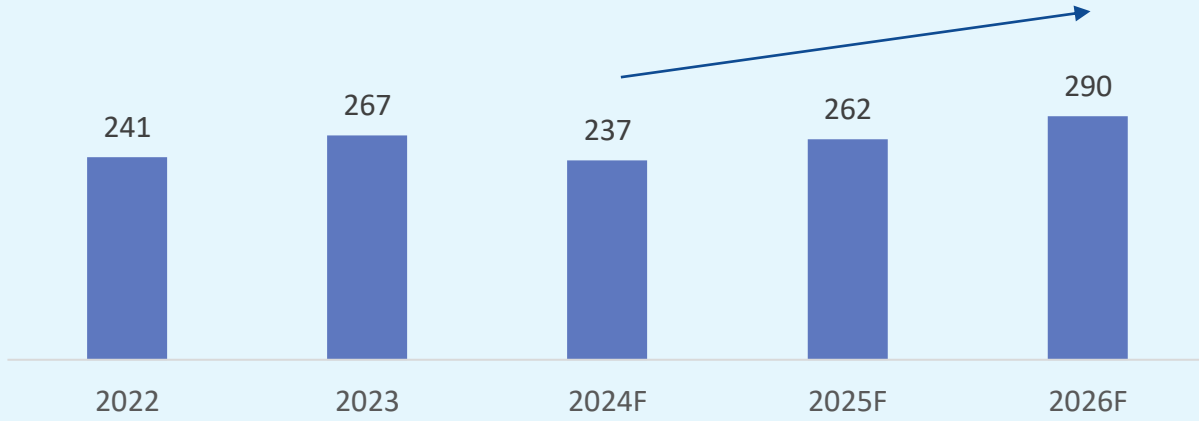


Vehicle Solutions - NA Class 8 Heavy Truck Build

ACT Research is forecasting a weaker 2024 followed by strong growth



NA Medium Duty Truck Build

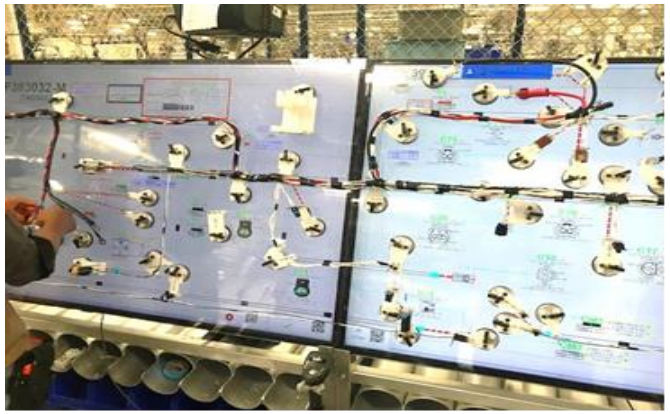


Source: ACT Research

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

Recent Strategic Actions



North American Footprint Optimization

- Actions taken to optimize footprint
- Closing one facility and shifting production to other locations
- Rationalizing higher-cost capacity to expand margins

Cost Reduction Efforts

- Reducing organizational costs and aligning resources in support of growth product lines
- Across multiple business segments
- Ongoing efforts to align costs and improve margins





FinishTEK Sale

- Hydrographic and paint decorator; previously part of Vehicle Solutions business
- Sale completed January 31, 2024
- Optimizes portfolio with more focus on core growth businesses

Improving Profitability and Increased Focus On Growing Electrical Systems

Key Focus Areas for 2024



Growth in Electrical Systems

- Continuing new business wins in this segment in 2024
- Electrical Systems wins reduce cyclicality and increase end-market diversification
- Goal is to make this our largest business

Ramp Up New Plants

- Electrical Systems plants ramping as scheduled in Mexico and Morocco
- Underway with construction phase of an additional plant in Morrocco
- Low-cost plants help drive margin expansion





Optimize Vehicle Solutions & Industrial Automation, Grow Aftermarket

- Improve profitability or exit non-strategic and/or unprofitable business
- Control costs and optimize strategic sourcing decisions
- Improve working capital and increase free cash generation

Improve Business Mix and Underlying Profitability

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

New Business Growth Continues

- In excess of $150 million of new business wins secured in 2023
- Electrical Systems continues to be a focus for CVG growth
- Benefitting from secular trends of increased connectivity, electrification and Electric Vehicles

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





Financial Review

Q4 & Full Year 2023 Highlights

Q4 FINANCIAL HIGHLIGHTS

REVENUE
$223
MILLION

ADJUSTED EBITDA
$10.3
MILLION

ADJUSTED OPERATING INCOME
$6.6
MILLION

ADJUSTED EPS
$0.09
PER DILUTED SHARE

Note: US GAAP net income was $23.3M for Q4 2023. GAAP diluted income per share was $0.70 for Q4 2023.

2023 HIGHLIGHTS

IMPROVED PROFITABILITY

Adjusted EBITDA Up 26%

Adjusted EBITDA margin Up 140 bps

NEW BUSINESS WINS

>$150 MILLION

- 2023 program wins, peak annual value when fully ramped, majority in Electrical System segment

FCF AND DEBT PAYDOWN

$19 MILLION FCF

Net Leverage reduced from 2.2x to 1.5x

2 NEW ELECTRICAL SYSTEMS PLANTS

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

Fourth Quarter & Full Year 2023 Results

CONSOLIDATED RESULTS

GAAP Measures	Three Months Ended Dec 31		Twelve Months Ended Dec 31	
($ in millions except for share information)	2023	2022	2023	2022
Revenue	$ 223.1	$ 234.9	$ 994.7	$ 981.6
Operating Income	5.0	(4.0)	48.1	20.1
Operating Income Margin	2.2%	(1.7)%	4.8%	2.1%
Diluted EPS	0.70	(0.98)	1.47	(0.68)

NON-GAAP Measures	Three Months Ended Dec 31		Twelve Months Ended Dec 31	
($ in millions except for share information)	2023	2022	2023	2022
Adjusted EBITDA	$ 10.3	$ 13.3	$ 67.6	$ 53.5
Adjusted EBITDA Margin	4.6%	5.7%	6.8%	5.4%
Adjusted Diluted EPS	0.09	0.04	0.90	0.51
Free Cash Flow	3.8	28.0	18.6	49.2

Highlights

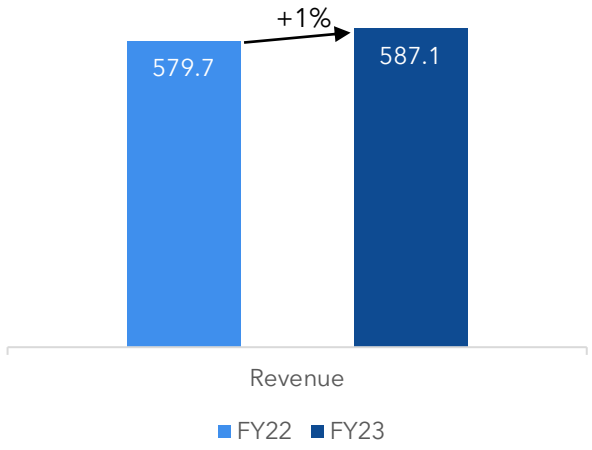
- **Record revenue** in 2023, driven by continued price realization and contribution of new business wins; fourth quarter negatively impacted by lower volumes and strike impacts
- **Adjusted EBITDA margins up 140bps** for the full year as gross margin expansion more than offsets higher SG&A; fourth quarter negatively affected by volumes and strike impacts
- Adjusted EPS up ~76% driven by higher revenue and margins
- Positive free cash flow in 2023, drives **net leverage down to 1.5x**

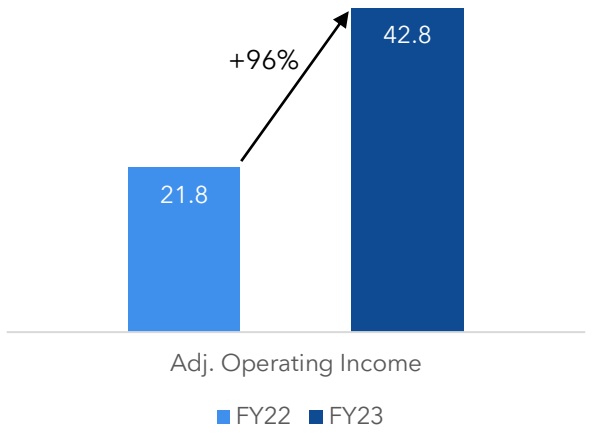
All values are in millions of dollars, except margin percentages, EPS, and Net Debt / Adj. EBITDA ratios

Financial Summary – Full Year 2023

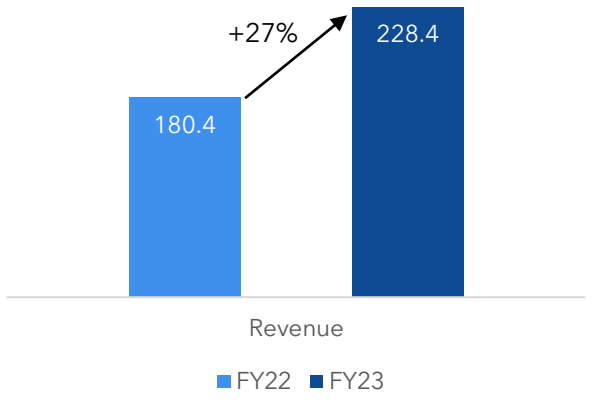
In millions

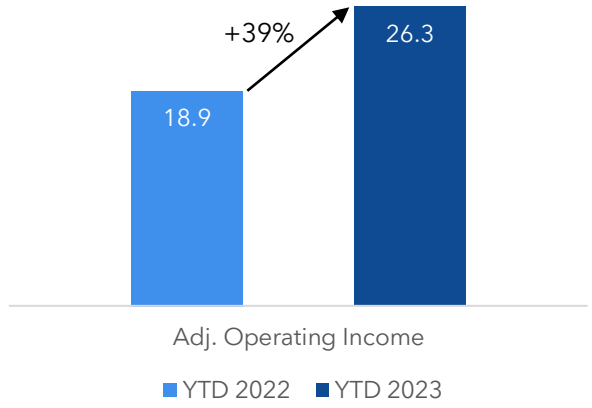
Vehicle Solutions



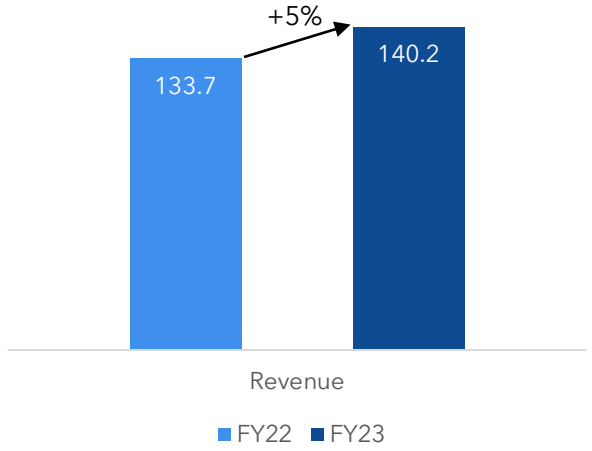


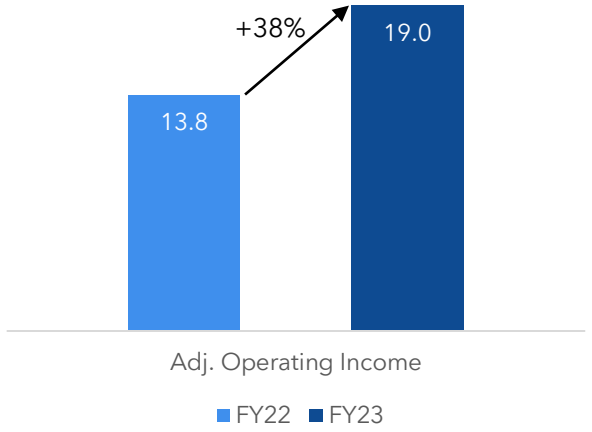
Electrical Systems



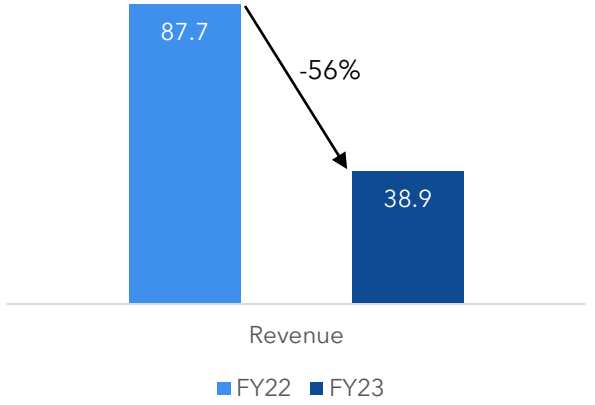


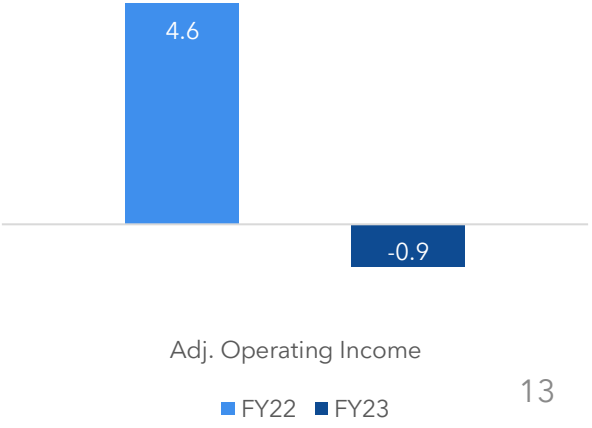
Aftermarket & Accessories





Industrial Automation

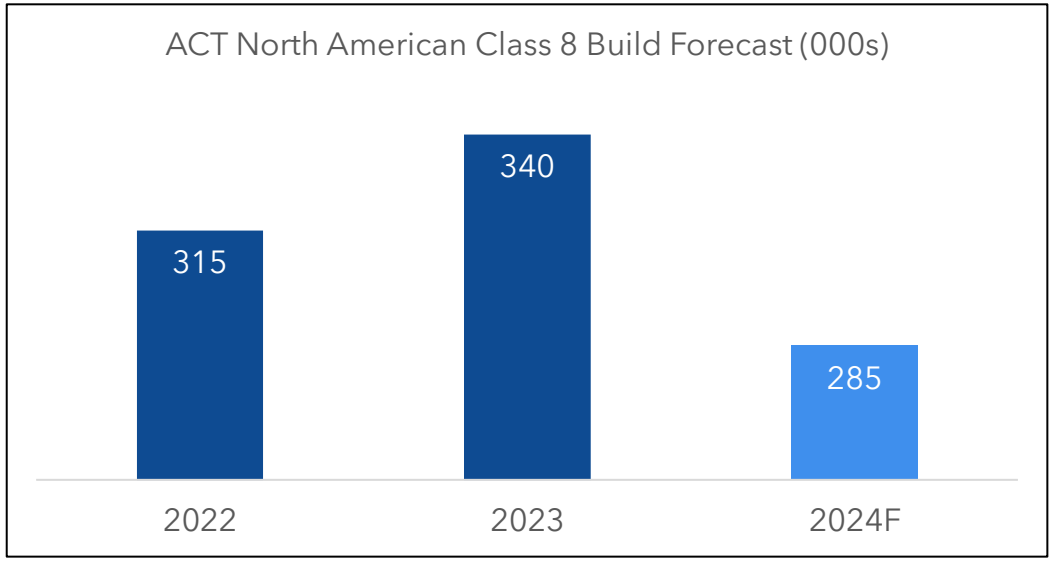




Total CVG revenue up 1.3% and Adj. EBITDA up 26.3% in FY23

Fiscal 2024 Outlook

FY24 CVG Outlook ($mm)		
Metric	**2023 Actual**	**2024 Outlook**
Net Sales	995	915 – 1,015
Adjusted EBITDA	68	60 - 73



- **Expect to benefit from growth in Electrical Systems, partially offsetting the projected 16% decline in Class 8 truck builds**
- **Full year 2024 margin performance expected to be flat compared to 2023, depending on volumes**
  - Continued mix improvement toward Electrical Systems expected to partially offset lower volumes
- **Continued balance sheet improvement in 2024**
  - Free cash flow expected to provide optionality of debt paydown and inorganic growth



Questions



Appendix

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)	Q4 2023	Q4 2022	FY 2023	FY 2022
Operating Income/(Loss)	5.0	(4.0)	48.1	20.1
Restructuring	0.8	2.0	2.3	5.4
HW Inventory adjustment	-	10.4	-	10.4
Deferred consideration purchase accounting	-	-	-	0.3
Executive transition	0.8	-	0.8	0.3
Adjusted Operating Income	6.6	8.4	51.1	36.6
% of Revenues	2.9%	3.6%	5.1%	3.7%
Net Income/(Loss)	23.3	(31.9)	49.4	(22.0)
Interest Expense	2.4	2.9	10.7	9.8
Provision (benefit) for income taxes	(21.3)	17.4	(13.2)	20.9
Depreciation Expense	3.6	3.7	14.2	14.8
Amortization Expense	0.8	0.8	3.4	3.4
EBITDA	8.8	(7.1)	64.5	26.9
% of Revenues	3.9%	(3.0%)	6.5%	2.7%
EBITDA Adjustments				
Restructuring	0.8	2.0	2.3	5.4
Executive transition	0.8	-	0.8	0.3
HW inventory adjustment	-	10.4	-	10.4
Non-cash pension expense	-	8.1	-	9.2
Loss on early extinguishment of debt	-	-	-	0.9
Other adjustment on FX	-	(0.1)	-	(0.0)
Deferred consideration purchase accounting	-	-	-	0.3
Adjusted EBITDA	10.3	13.3	67.6	53.5
% of Revenues	4.6%	5.7%	6.8%	5.4%

Note: totals may not match due to rounding

Reconciliation of GAAP to Non-GAAP Financial Measures

(in millions)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Net income/(Loss)	4.0	2.5	3.6	(32.0)	8.7	10.1	7.3	23.3
Interest	2.0	2.1	2.8	2.9	2.9	2.8	2.6	2.4
Provision / (Benefit) for Income Taxes	1.4	0.9	1.3	17.4	3.3	2.7	2.2	(21.3)
Depreciation	3.5	3.7	3.7	3.7	3.4	3.5	3.6	3.6
Amortization	0.9	0.8	0.8	0.8	0.8	0.9	0.8	0.8
EBITDA	11.8	10.0	12.2	(7.1)	19.1	20.0	16.6	8.8
Adjustments								
Executive Transition	-	-	0.3	-	-	-	-	0.8
Restructuring	1.0	1.8	0.7	2.0	0.7	0.7	0.1	0.8
Investigation	-	-	-	-	-	-	-	-
Inventory adjustment	-	-	-	10.4	-	-	-	-
Deferred consideration purchase accounting	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	13.5	12.4	14.3	13.3	19.8	20.8	16.6	10.3

Note: totals may not match due to rounding

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

(in millions except for share information)	Q4 2023	Q4 2022	FY 2023	FY 2022
Net income/(Loss)	23.3	(32.0)	49.4	(22.0)
Operating income (loss) adjustments	1.6	12.4	3.1	16.5
Other adjustment on FX	-	(0.1)	-	(0.0)
Loss on early extinguishment of debt			-	0.9
Pension settlement	-	8.1	-	9.2
Pension settlement-tax adjustment	-	1.5	-	1.5
Tax valuation allowance	(21.5)	14.7	(21.5)	14.7
Adjusted (benefit) provision for income taxes	(0.4)	(3.1)	(0.8)	(4.3)
Adjusted net income (loss)	2.9	1.4	30.2	16.4
Diluted EPS	0.70	(0.98)	1.47	(0.68)
Adjustments to diluted EPS	(0.61)	1.02	(0.57)	1.19
Adjusted diluted EPS	0.09	0.04	0.90	0.51

Note: totals may not match due to rounding

Segment GAAP to Non GAAP QTD

For the Three Months Ended Dec 31, 2023						
(in millions)	Vehicle Solutions	Electrical Systems	Aftermarket	Industrial Automation	Corporate	Total
Operating Income/(Loss)	3.6	6.7	3.4	0.9	(9.6)	5.0
Restructuring	0.4	-	-	(0.6)	1.0	0.8
Executive Transition	-				0.8	0.8
Adjusted Operating Income/(Loss)	4.0	6.7	3.4	0.3	(7.8)	6.6
% of Revenue	3.1%	11.9%	11.0%	3.7%	-	2.9%

For the Three Months Ended Dec 31, 2022						
(in millions)	Vehicle Solutions	Electrical Systems	Aftermarket	Industrial Automation	Corporate	Total
Operating Income/(Loss)	3.7	5.4	3.2	(11.9)	(4.4)	(4.0)
Restructuring	0.5	0.1	0.5	0.9	-	2.0
Inventory adjustment	-	-	-	10.4	-	10.4
Adjusted Operating Income/(Loss)	4.1	5.5	3.7	(0.6)	(4.4)	8.4
% of Revenue	2.9%	11.6%	10.8%	(4.8%)		3.6%

Note: totals may not match due to rounding

Segment GAAP to Non GAAP QTD

For the Twelve Months Ended Dec 31, 2023						
(in millions)	Vehicle Solutions	Electrical Systems	Aftermarket	Industrial Automation	Corporate	Total
Operating Income/(Loss)	42.0	26.3	19.0	(1.4)	(37.9)	48.1
Restructuring	0.8	0.0	-	0.5	1.0	2.3
Executive transition	-	-	-		0.8	0.8
Adjusted Operating Income/(Loss)	42.8	26.3	19.0	(0.9)	(36.2)	51.1
% of Revenue	7.3%	11.5%	13.6%	(2.3%)	-	5.1%

For the Twelve Months Ended Dec 31, 2022						
(in millions)	Vehicle Solutions	Electrical Systems	Aftermarket	Industrial Automation	Corporate	Total
Operating Income/(Loss)	21.0	18.2	11.9	(7.9)	(23.2)	20.1
Restructuring	0.8	0.7	1.9	1.7	0.3	5.4
Inventory adjustment	-		-	10.4	-	10.4
Deferred consideration purchase accounting	-	-	-	0.3	-	0.3
Executive transition	-	-	-	-	0.3	0.3
Adjusted Operating Income/(Loss)	21.8	18.9	13.8	4.6	(22.5)	36.6
% of Revenue	3.8%	10.5%	10.3%	5.3%		3.7%

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	Q4 2023
Cash Flow from Operations	$ (21.4)	$ 16.9	$ 38.3	$ 35.2	$ 0.1	$ 11.1	$ 18.5	$ 8.3
Capital Expenditures[1]	(3.6)	(5.0)	(3.9)	(7.2)	(3.3)	(5.9)	(6.0)	(4.5)
Free Cash Flow	(25.0)	11.9	34.4	28.0	(3.2)	5.6	12.5	3.8

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

(in millions)	FY 2023	FY 2022
Cash Flow from Operations	$ 38.3	$ 68.9
Capital Expenditures[2]	(19.7)	(19.7)
Free Cash Flow	18.6	49.2

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