




# Earnings Presentation

**James Ray - President & Chief Executive Officer**

**Andy Cheung - Executive Vice President & Chief Financial Officer**

**Q4 & FY 2023**

**March 5, 2024**



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.

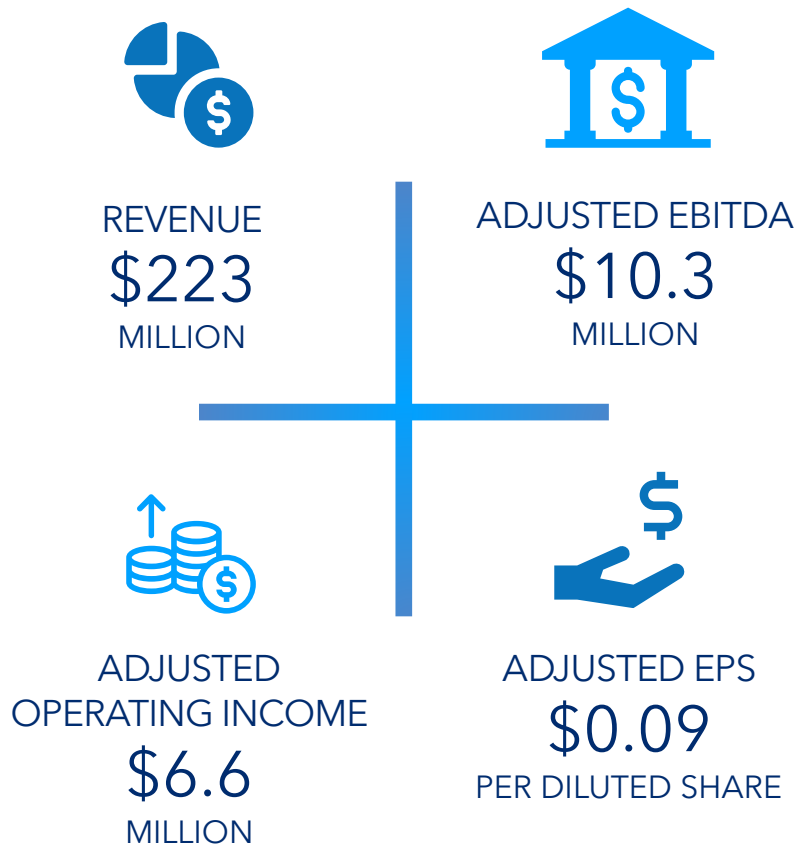


## INTRODUCTION

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**James Ray**  
President & CEO

## Q4 FINANCIAL HIGHLIGHTS



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



## 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**



## CONSOLIDATED RESULTS

### GAAP Measures

(\$ in millions except for share information)

	<u>Three Months Ended Dec 31</u>		<u>Twelve Months Ended Dec 31</u>	
	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

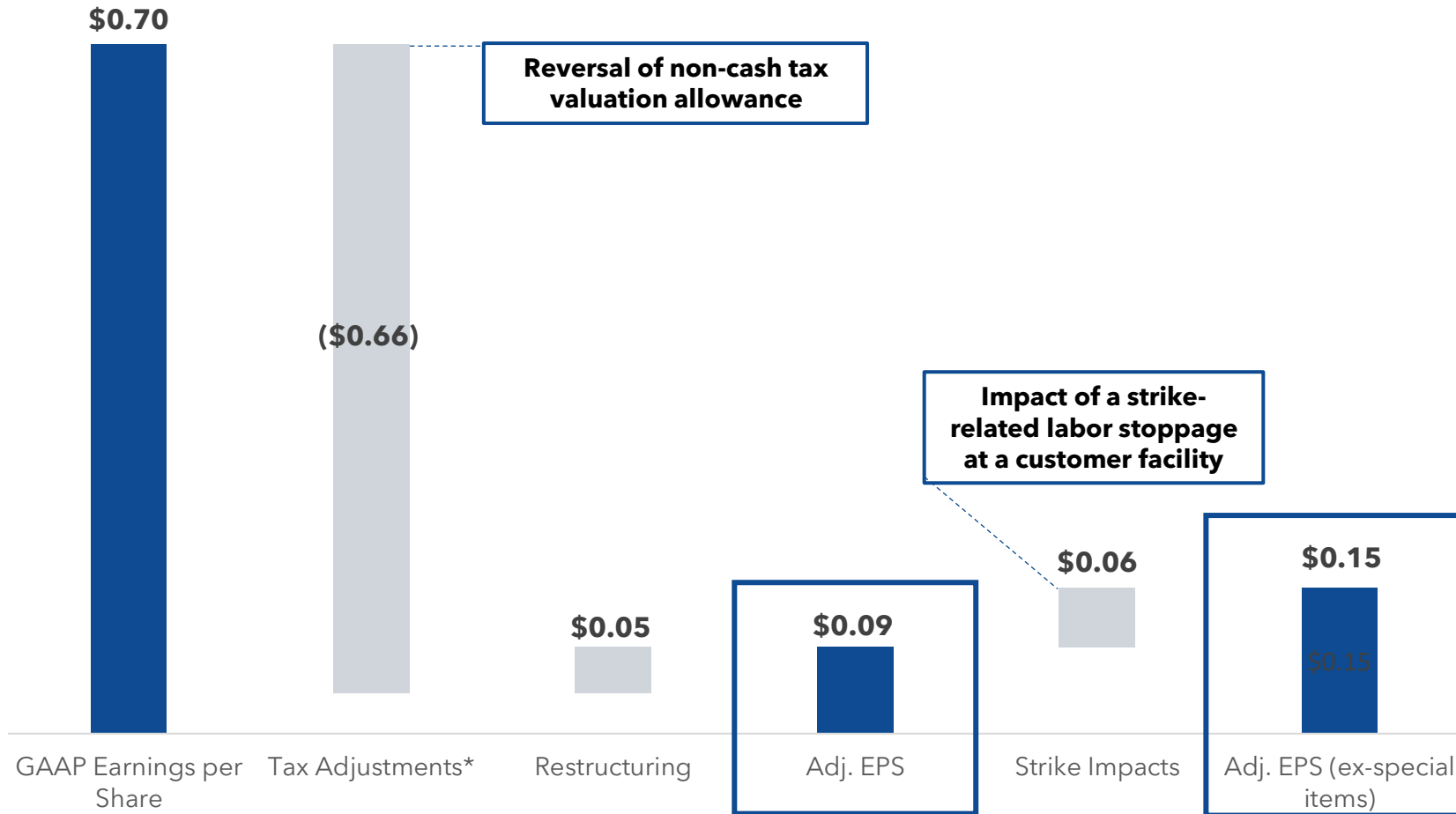
(\$ in millions except for share information)

	<u>Three Months Ended Dec 31</u>		<u>Twelve Months Ended Dec 31</u>	
	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**

# Q4'23 Adjusted EPS Bridge Including Special Items



All values are \$/share; totals may differ slightly due to rounding

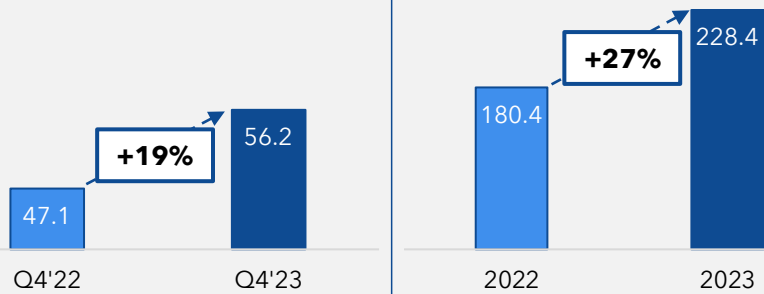
\*Non-cash items

## Sales and Adjusted Operating Income

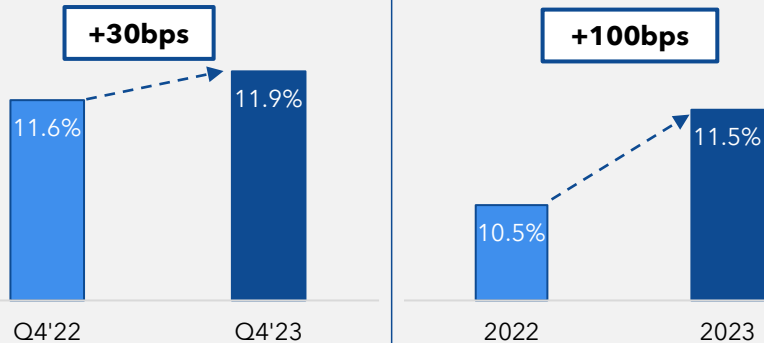
**Q4**

**Full Year**

Revenue (\$mm)



Adjusted OI Margin



## Highlights

- **Strong revenue growth and margin expansion in the Q4 and full year 2023** as pricing and contributions from prior new wins driving improved results
- Increased pricing helped offset material cost increases and other inflationary pressures
- Q4 adjusted OI margin improvement of 30bps and full year 2023 adjusted OI margin improvement of 100bps; driven by volume leverage and increased pricing
- **Launched two new plants**, one each in Mexico and Morocco with minimal capital outlay



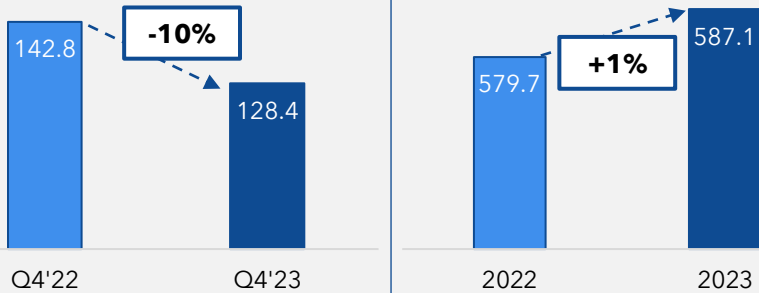


## Sales and Adjusted Operating Income

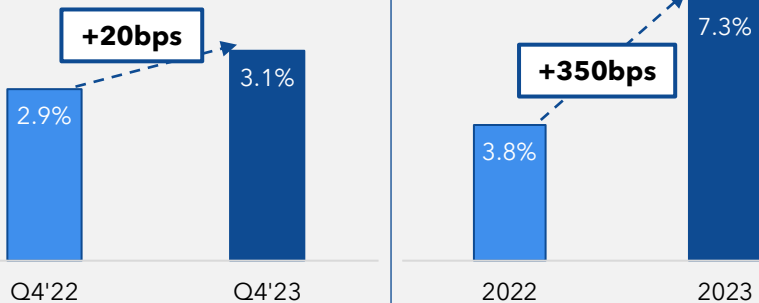
Q4

Full Year

### Revenue (\$mm)



### Adjusted OI Margin



## Highlights

- Q4 revenue negatively impacted by a labor strike at one customer facility and softness in demand
- Full year 2023 revenue up slightly due to increased N.A. Class 8 production, partially offset by lower Europe and China volumes
- Q4 adjusted OI margin improvement of 20bps versus 2022; lower volumes offset by increased pricing and cost controls
- Full year 2023 **adjusted OI margin improvement of 350bps**; benefited from increased pricing and cost reduction initiatives
- Strong cash generation due to improved working capital and capital expenditure management

**KAB // Seating**

**NATIONAL**  
SEATING™

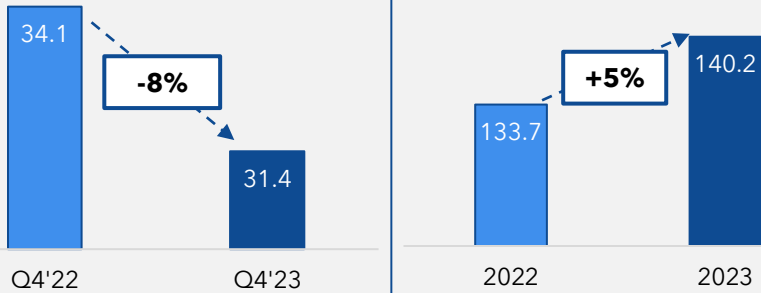


## Sales and Adjusted Operating Income

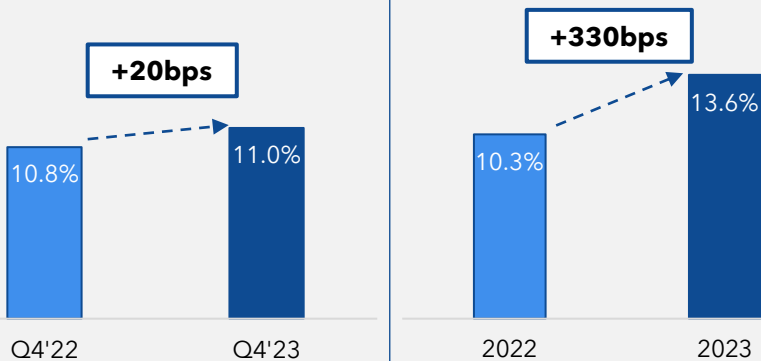
**Q4**

**Full Year**

### Revenue (\$mm)



### Adjusted OI Margin



## Highlights

- Q4 revenue declines driven by lower volumes; 2022 results benefited from significant backlog that didn't repeat in 2023
- Full year 2023 revenue increase of 5% driven by increased pricing to offset material cost increases and other inflationary pressures
- Q4 adjusted OI margin improvement of 20bps despite lower revenue
- Full year 2023 **margin expansion of 330bps** driven by increased pricing

**Seating**

**Mirrors**

**Wipers**

**Bostrom**  
S E A T I N G

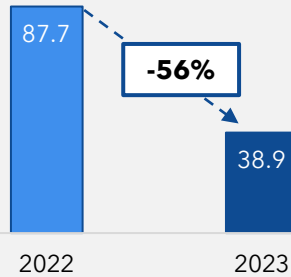
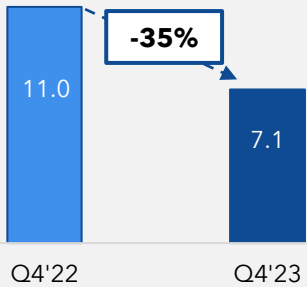


## Sales and Adjusted Operating Income

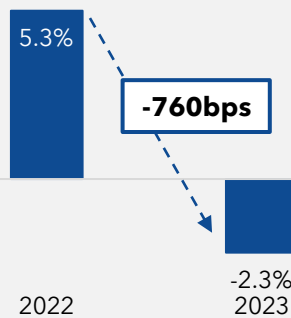
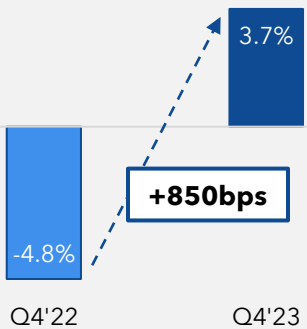
**Q4**

**Full Year**

### Revenue (\$mm)



### Adjusted OI Margin



## Highlights

- Challenging market conditions prevailed throughout the year, weighing on revenues and margins
- As a result, Q4 revenue down 35% and full year 2023 revenue down 56%
- Aligned business cost structure with lower end market demand
- Q4 adjusted OI margin of 3.7% benefited from streamlined cost structure; however, full year adjusted OI margin was down 760 bps





## Growth in Electrical Systems

- Continuing new business wins in this segment in 2024
- Electrical Systems wins reduce cyclical 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 Morocco
- Low-cost plants help drive margin expansion

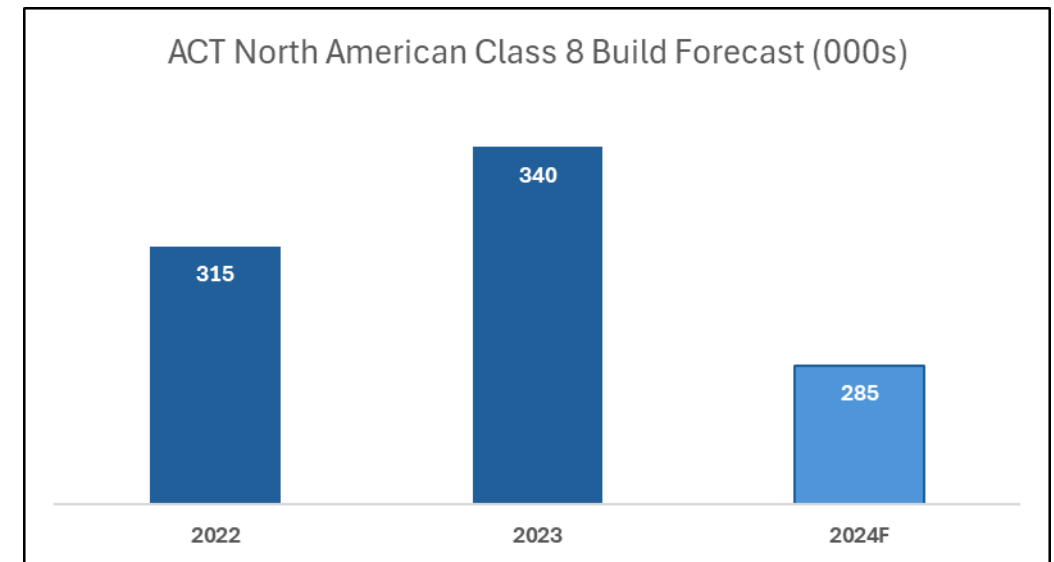


## Optimize Vehicle Solutions & Industrial Automation, Grow Aftermarket

- 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

FY24 CVG Outlook (\$mm)		
<u>Metric</u>	<u>2023 Actual</u>	<u>2024 Outlook</u>
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





# Appendix

Q4/FY 2023  
March 5, 2024



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
<i>% of Revenues</i>	<i>2.9%</i>	<i>3.6%</i>	<i>5.1%</i>	<i>3.7%</i>
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
<i>% of Revenues</i>	<i>3.9%</i>	<i>(3.0%)</i>	<i>6.5%</i>	<i>2.7%</i>
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
<i>% of Revenues</i>	<i>4.6%</i>	<i>5.7%</i>	<i>6.8%</i>	<i>5.4%</i>

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



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

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 <sup>1</sup>	(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

<sup>1</sup>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 <sup>2</sup>	(19.7)	(19.7)
Free Cash Flow	18.6	49.2

<sup>2</sup>Net of proceeds from disposal/sale of property, plant, and equipment