

# 2019 Second Quarter Results

**Gentherm, Inc.**  
**July 25, 2019**

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In addition to the results reported in accordance with GAAP throughout this presentation, the Company has provided information regarding adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”) and adjusted earnings per share (“Adjusted EPS”), each, a non-GAAP financial measure. The Company defines Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, deferred financing cost amortization, and other gains and losses not reflective of the Company’s ongoing operations and related tax effects including transaction expenses, debt retirement expenses, impairment of assets held for sale, gain or loss on sale of business, restructuring expense, unrealized currency gain or loss and unrealized revaluation of derivatives. The Company defines Adjusted EPS as earnings adjusted by gains and losses not reflective of the Company’s ongoing operations and related tax effects including transaction expenses, debt retirement expenses, impairment of assets held for sale, gain or loss on sale of business, restructuring expense, unrealized currency gain or loss and unrealized revaluation of derivatives. In evaluating its business, the Company considers and uses Adjusted EBITDA and Adjusted EPS as supplemental measures of its operating performance. Management provides Adjusted EBITDA and Adjusted EPS measures so that investors will have the same financial information that management uses with the belief that it will assist investors in properly assessing the Company's performance on a period-over-period basis. Other companies in our industry may calculate these non-GAAP financial measures differently than we do and those calculations may not be comparable to our metrics. These non-GAAP measures have limitations as analytical tools, and when assessing the Company's operating performance, investors should not consider Adjusted EBITDA or Adjusted EPS in isolation, or as a substitute for net income or other consolidated income statement data prepared in accordance with GAAP. Non-GAAP measures referenced in this presentation may include estimates of future Adjusted EBITDA and Adjusted EPS. Such forward-looking non-GAAP measures may differ significantly from the corresponding GAAP measures, due to depreciation and amortization, tax expense, and/or interest expense, some or all of which management has not quantified for the future periods.

\* See Appendix for a reconciliation of GAAP to non-GAAP financial measures

- Significantly outperformed the Automotive market
- Continued Automotive awards momentum
- Strong double-digit revenue growth in Medical
- Achieved highest Gross Margin rate in 5 quarters
- Reduced Operating Expenses by 14 percent
- \$25M of share repurchases in the quarter



**Continued progress on Focused Growth and margin expansion activities**

# Automotive 2Q 2019 Highlights

- 20 Vehicle launches with 11 OEMs
- Multiple CCS® product launches
  - SAIC
  - FAW
  - Kia
- Innovative multifunction Electronic Control Unit launch
  - Ford Explorer
  - Lincoln Aviator
- New and follow on ClimateSense™ development projects with luxury German and U.S. automakers



**Consistently outperforming the Automotive market and exceeding customers' expectations**

# Automotive 2Q 2019 Awards

- \$260M in awards across 23 OEMs
- Multiple CCS® awards
  - Jeep Compass
  - BMW 7-Series
  - Buick Enclave
  - Chevrolet Traverse
- CCS® Active award for BMW 7-Series
- Steering Wheel Heater awards across 15 OEMs
- Air cooling Battery Thermal Management award
- First award with Renault – Seat Heater and Electronics

# Jeep



**Strategic technology awards position Gentherm for long-term growth**

# Industrial 2Q 2019 Highlights

- Double-digit revenue growth in Medical year over year
- Higher-than-expected demand for newly-acquired Stihler products
- Continued strong growth in Blanketrol® equipment and consumables with largest contribution from Asia
- Received initial orders for UV TREO, our new cardiovascular heat/cool system with integrated disinfection technology



**Well positioned to grow the Medical business**

# Selected Income Statement Data



	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(In thousands, except per share data)			
Product Revenues	\$ 243,326	\$ 266,400	\$ 501,247	\$ 530,986
Gross Margin	72,714	77,092	148,021	158,334
Gross Margin %	29.9%	28.9%	29.5%	29.8%
Operating Expenses	52,657	61,499	106,119	122,092
Operating Income	20,057	15,593	41,902	36,242
Adjusted EBITDA	32,162	35,524	67,356	70,033
Adjusted EPS	0.47	0.58	1.02	1.11



# Selected Balance Sheet Data



	<b>June 30, 2019</b>	<b>December 31, 2018</b>
	(In thousands)	
Cash, Cash Equivalents and Restricted Cash	\$ 36,181	\$ 39,620
Total Assets	751,910	803,047
Debt	107,348	139,890
Current	2,955	3,413
Non-Current	104,393	136,477
Revolving LOC Availability	378,533	221,871
Total Liquidity	414,714	261,491

	2019E
Revenue Growth	0% - 2%
Gross Margin	29% - 30%
Operating Expenses % of Revenue	19% - 20%
Adjusted EBITDA Margin <sup>(1)</sup>	14% - 15%

(1) Due to the inherent difficulty of forecasting the timing and amount of certain items that would impact net income, such as foreign currency gains and losses, we are unable to reasonably estimate net income, the GAAP financial measure most directly comparable to Adjusted EBITDA. Accordingly, we are unable to provide a reconciliation of Adjusted EBITDA to net income with respect to the guidance provided.

## Updating 2019 Revenue and Gross Margin Guidance



**GENTHERM**

Technology to the next degree™



# Appendix

# Reconciliation of Net Income to Adjusted EBITDA



	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(In thousands)			
Net Income	\$ 2,751	\$ 16,659	\$ 11,165	\$ 29,625
Add Back:				
Income Tax Expense	5,548	3,083	12,443	6,119
Interest Expense	1,240	1,240	2,608	2,420
Depreciation and Amortization	11,094	12,859	22,074	25,679
Adjustments:				
Restructuring Expenses	1,231	6,215	3,145	7,080
Impairment of Assets Held for Sale	9,885	-	20,369	-
Gain on Sale of a Business	-	-	(4,970)	-
Acquisition Transaction Expense	342	-	380	-
Unrealized Currency Loss (Gain)	71	(4,532)	(932)	(890)
CFO Transition Expenses	-	-	1,065	-
Adjusted EBITDA	\$ 32,162	\$ 35,524	\$ 67,356	\$ 70,033

# Reconciliation of Adjusted EPS



	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Diluted EPS - As Reported	\$ 0.08	\$ 0.45	\$ 0.33	\$ 0.81
Acquisition Transaction Expenses	0.01	-	0.01	-
Non-Cash Purchase Accounting Impacts	0.08	0.10	0.15	0.19
Unrealized Currency (Gain)/Loss	-	(0.12)	(0.03)	(0.02)
Restructuring Expenses	0.04	0.17	0.09	0.19
Gain on Sale of a Business	-	-	(0.15)	-
Impairment Losses	0.29	-	0.61	-
CFO Transition Expense	-	-	0.03	-
Tax Effect of Above	(0.03)	(0.02)	(0.03)	(0.07)
Rounding Adjustment	-	-	-	0.01
Diluted EPS - As Adjusted	\$ 0.47	\$ 0.58	\$ 1.02	\$ 1.11