

# 2019 Third Quarter Results

**Gentherm, Inc.**  
**October 29, 2019**

# Forward-Looking Statement



Except for historical information contained herein, statements in this presentation are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent Gentherm Incorporated's goals, beliefs, plans and expectations about its prospects for the future and other future events. The forward-looking statements included in this presentation are made as of the date hereof or as of the date specified herein and are based on management's current expectations and beliefs. Such statements are subject to a number of important assumptions, risks, uncertainties and other factors that may cause the Company's actual performance to differ materially from that described in or indicated by the forward-looking statements. Those risks include, but are not limited to, risks that: new products may not be feasible; sales may not increase; new competitors may arise or customers may develop their own products to replace the Company's products; customer preferences for end products may shift; the Company may lose suppliers or customers; market acceptance of the Company's existing or new products may decrease; currency exchange rates may change unfavorably; pricing pressures from customers may increase; current and projected future declines in automobile production may have an adverse impact; the macroeconomic environment may present adverse conditions; the impact of the GM-UAW strike may result in continuing adverse conditions from our largest customer; additional financing requirements may not be available; the Company's workforce and operations could be disrupted by civil or political unrest in the countries in which the Company operates; free trade agreements may be altered in a manner adverse to the Company; our customers may not accept pass-through of new tariff costs; additional tariffs may be implemented; the Company may be unable to implement its restructuring plan to improve the Company's manufacturing productivity and rationalize its footprint and other cost-savings measures on a timely basis or at all, expenses and cash expenditures associated with such restructuring plan and other cost-savings measures may increase above expectations, and the Company may be unable to realize the full amount of estimated savings therefrom; the Company may be unable to repurchase its shares of common stock at favorable prices or at all, due to market conditions, applicable legal requirements, debt covenants or other restrictions; the Company may not be able to comply with covenants and other restrictions under the Company's credit facility; medical device regulations could change in an unfavorable manner; and other adverse conditions in the industries in which the Company operates may negatively affect its results. The foregoing risks should be read in conjunction with the Company's filings with the Securities and Exchange Commission (the "SEC"), including "Risk Factors," in its most recent Annual Report on Form 10-K and subsequent quarterly reports, for a discussion of these and other risks and uncertainties. In addition, the business outlook discussed in this release does not include the potential impact of any business combinations, acquisitions, divestitures, strategic investments and other significant transactions that may be completed after the date hereof, each of which may present material risks to the Company's business and financial results. Except as required by law, the Company expressly disclaims any obligation or undertaking to update any forward-looking statements to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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

# Recent Highlights

- Continue to outperform the Automotive market
- \$2.5B Automotive awards in last 7 quarters
- Double-digit revenue growth in Medical year to date
- Achieved highest Gross Margin rate in 9 quarters
- Increased year-to-date Operating Income by 20%
- \$25M of share repurchases in the quarter
- ClimateSense® development project results presented with General Motors at the SAE Thermal Management Systems Symposium



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

# Automotive 3Q 2019 Highlights

- 32 Vehicle launches with 18 OEMs
- Multiple CCS® product launches
  - Ford F250
  - Lincoln MKC
  - Subaru Legacy and Outback
- Launched CCS® Active on Land Rover Defender
- Strategic multi-function ECU launch with Changan
- Company's first BEV Cell Connecting technology launched on the BMW MINI Electric



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

# Automotive 3Q 2019 Awards

- \$270M in awards across 18 OEMs
- Multiple CCS® awards
  - Buick Enclave
  - Hyundai Starex
  - Kia Optima
  - Mercedes AMG SL and GT
- Steering Wheel Heater awards across 6 OEMs
- Significant growth in awards in Asia led by Great Wall and Kia



**HYUNDAI**



Mercedes-Benz



**Building a solid foundation for future growth**

# Industrial 3Q 2019 Highlights

- Launched Stihler intravenous fluid warmers in the U.S.
- Secured Blanketrol® awards from several large U.S. hospital systems
- Continued progress on new product development
- Divested the GPT business on October 1



**Well positioned to grow the Medical business**

# Selected Income Statement Data



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018 <sup>(1)</sup>	2019	2018 <sup>(1)</sup>
	(In thousands, except per share data)			
Product Revenues	\$ 240,056	\$ 261,504	\$ 741,303	\$ 792,490
Gross Margin	74,692	75,704	222,713	234,038
Gross Margin %	31.1%	28.9%	30.0%	29.5%
Operating Expenses	54,363	59,991	160,482	182,083
Operating Income	20,329	15,713	62,231	51,955
Adjusted EBITDA	40,736	35,685	108,092	105,718
Diluted EPS - As Adjusted	0.68	0.54	1.69	1.60

(1) Certain reclassifications of prior year's amounts have been made to conform with the current year's presentation.



# Selected Balance Sheet Data



	<b>September 30, 2019</b>	<b>December 31, 2018</b>
	(In thousands)	
Cash, Cash Equivalents and Restricted Cash	\$ 47,704	\$ 39,620
Total Assets	737,671	803,047
Debt	99,623	139,890
Current	2,500	3,413
Non-Current	97,123	136,477
Revolving LOC Availability	385,129	221,871
Total Liquidity	432,833	261,491

	Prior 2019E	2019E
Revenue Growth	0% - 2%	~-3%
Gross Margin	29% - 30%	~29.5%
Operating Expenses % of Revenue	19% - 20%	~20.5%
Adjusted EBITDA Margin <sup>(1)</sup>	14% - 15%	~14%

(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 Guidance



**GENTHERM**

Technology to the next degree™



# Appendix

# Reconciliation of Net Income to Adjusted EBITDA



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
	(In thousands)			
Net Income	\$ 15,887	\$ (355)	\$ 27,052	\$ 29,270
Add Back:				
Income Tax Expense	6,771	3,688	19,214	9,807
Interest Expense	1,148	1,241	3,756	3,661
Depreciation and Amortization	10,974	12,826	33,048	38,505
Adjustments:				
Restructuring Expenses	8,664	5,818	11,809	12,898
Impairment of Assets Held for Sale	837	11,476	21,206	11,476
Gain on Sale of a Business	-	-	(4,970)	-
Acquisition Transaction Expense	19	-	399	-
Unrealized Currency Loss (Gain)	(3,564)	991	(4,487)	101
CFO Transition Expenses	-	-	1,065	-
Adjusted EBITDA	\$ 40,736	\$ 35,685	\$ 108,092	\$ 105,718

# Reconciliation of Adjusted EPS



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Diluted EPS - As Reported	\$ 0.48	\$ (0.01)	\$ 0.81	\$ 0.80
Acquisition Transaction Expenses	-	-	0.01	-
Non-Cash Purchase Accounting Impacts	0.08	0.10	0.22	0.23
Unrealized Currency (Gain)/Loss	(0.11)	0.03	(0.13)	-
Restructuring Expenses	0.26	0.16	0.35	0.36
Gain on Sale of a Business	-	-	(0.15)	-
Impairment Losses	0.03	0.31	0.63	0.31
CFO Transition Expense	-	-	0.03	-
Tax Effect of Above	(0.06)	(0.06)	(0.09)	(0.11)
Rounding	-	0.01	0.01	0.01
Diluted EPS - As Adjusted	\$ 0.68	\$ 0.54	\$ 1.69	\$ 1.60