

Strategy Update

Investor Meeting

June 25, 2018

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 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, additional financing requirements may not be available, new competitors may arise or customers may develop their own products to replace the Company's products, currency exchange rates may change unfavorably, pricing pressures from customers may increase, 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, medical device regulations could change in an unfavorable manner, oil and gas prices could fluctuate causing adverse consequences, and other adverse conditions in the industries in which the Company operates may negatively affect its results. The business outlook discussed in this presentation 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. The foregoing risks should be read in conjunction with the Company's annual report on Form 10-K for the year ended December 31, 2017 and subsequent reports filed with the Securities and Exchange Commission. 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.

Certain information contained in this presentation concerning our industry and the markets in which we operate is based on information from publicly available independent industry and research organizations and other third-party sources, and management estimates. Management estimates are derived from publicly available information released by independent industry and research analysts and third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data and our knowledge of such industry and markets, which we believe to be reasonable. We also believe the data from these third-party sources is reliable. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

Use of Non-GAAP Financial Measures

In addition to the results reported in accordance with GAAP throughout this presentation, the Company has provided information regarding “earnings before interest, taxes, depreciation and amortization, deferred financing cost amortization, transaction expenses, debt retirement expenses, unrealized currency gain or loss and unrealized revaluation of derivatives” (Adjusted EBITDA), “free cash flow” and “Return on Invested Capital (ROIC)” (each, a non-GAAP financial measure). Free cash flow represents net cash provided by operating activities less adjusted capital expenditures, and we define ROIC as tax-affected operating income, prior to the effect of extraordinary or unusual items, divided by Invested Capital. Invested Capital is defined as shareholders’ equity and total debt, less cash and cash equivalents.

In evaluating its business, the Company considers and uses Adjusted EBITDA as a supplemental measure of its operating performance. Management provides an Adjusted EBITDA measure 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. Additionally, management believes that free cash flow is useful to both management and investors in their analysis of the Company’s ability to service and repay its debt, and that ROIC provides a useful measure of how effectively the Company uses capital to generate profits. 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 ROIC in isolation, or as a substitute for net income or other consolidated income statement data prepared in accordance with GAAP.

Discussion and reconciliations of historical Adjusted EBITDA financial measures to the comparable GAAP financial measure are disclosed in a Form 8-K filed by the Company with the SEC on February 20, 2018, included on the SEC’s website, www.sec.gov.

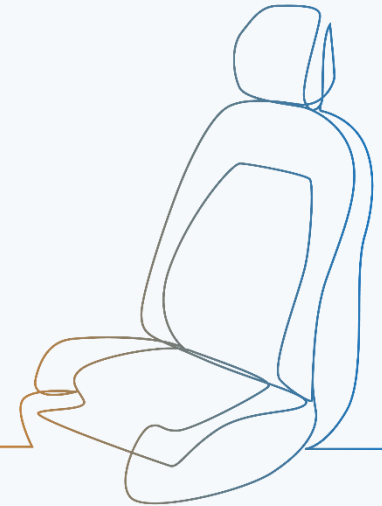
Non-GAAP measures referenced in this presentation may include estimates of future Adjusted EBITDA, ROIC and free cash flow. Such forward-looking non-GAAP measures may differ significantly from the corresponding GAAP measures, due to depreciation and amortization, tax expense, and/or interest expense, some or all of which management has not quantified for the future periods.

Attached as an appendix to this presentation is a reconciliation of Operating Income to ROIC for the year ended December 31, 2017.

Why Gentherm?



- Pure play leader in thermal management
- Global automotive market is large and massively under-penetrated with climate and comfort solutions
- Unique, innovative solutions key to vehicles of the future
- Global reach and industry-leading manufacturing capabilities
- Strong cash generation to drive shareholder returns



Poised for high-return growth, outpacing the market

A fresh perspective on Gentherm's business and growth outlook...

- Customer and partner visits
- Site visits and employee town hall meetings
- Shareholder and analyst listening tours
- Investor perception study
- Thorough financial review

UNIQUE CAPABILITIES

- Thermal technology and human thermophysiology
- Global footprint
- Customer relationships
- Manufacturing
- Entrepreneurship

Strong foundation with significant potential to improve performance

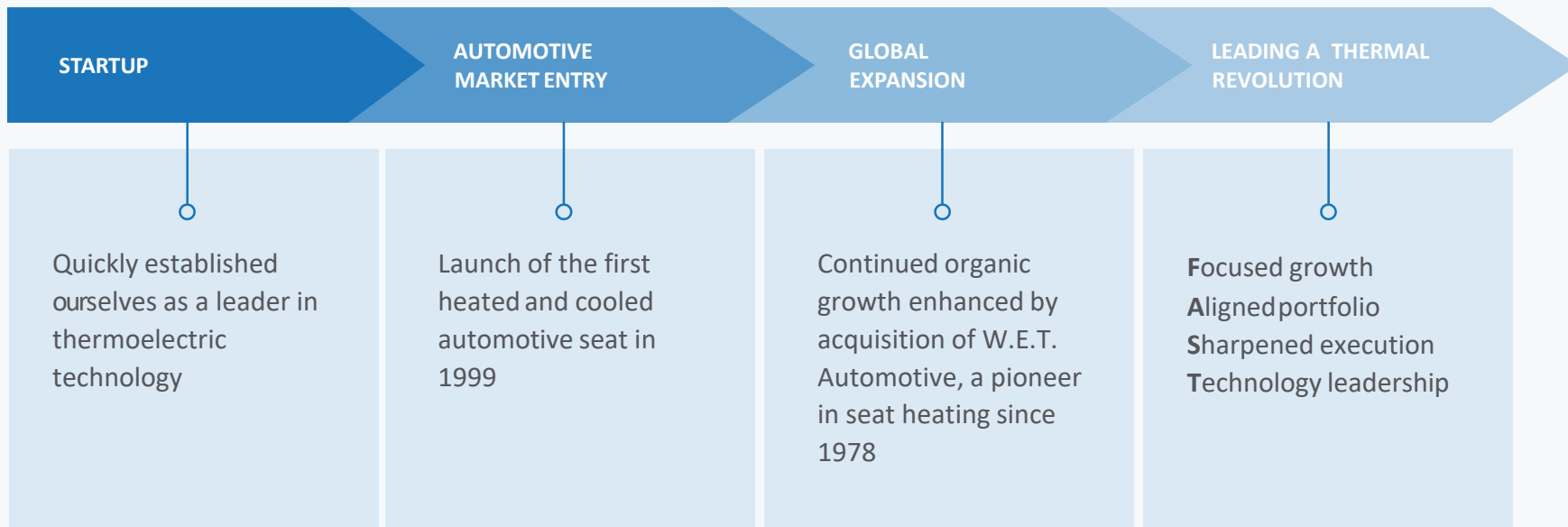
Focused growth

Aligned portfolio

Sharpened execution

Technology leadership

FORWARD



We invented the category and are the clear global market leader

Competitive Footprint Advantage

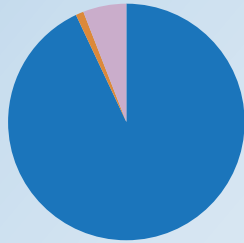


- 🏠 26 Locations
- 👤 13,000+ People
- 📈 \$1.0B Revenue *

** 2017 Pro forma includes full year of Etratech revenue*

Well positioned to serve our customers and grow in key markets

Automotive (\$926M) *



Core Thermal Products



Battery Thermal



Electronics Products



Industrial (\$106M)



Medical Products



Global Power Technology



Test Chambers



* Pro forma includes full year of Etratech revenue

40+ Global Automotive Customers

Established Customers



Mercedes-Benz

Emerging Customers



Understand Global Megatrends



Energy



Comfort



Machine Learning



Mobility



Health & Wellness

Leverage Industry Trends



Comfort & Wellness Redefined



Connected / Autonomous



Vehicle Electrification



Growth in SUVs/ Light Trucks



China Growth



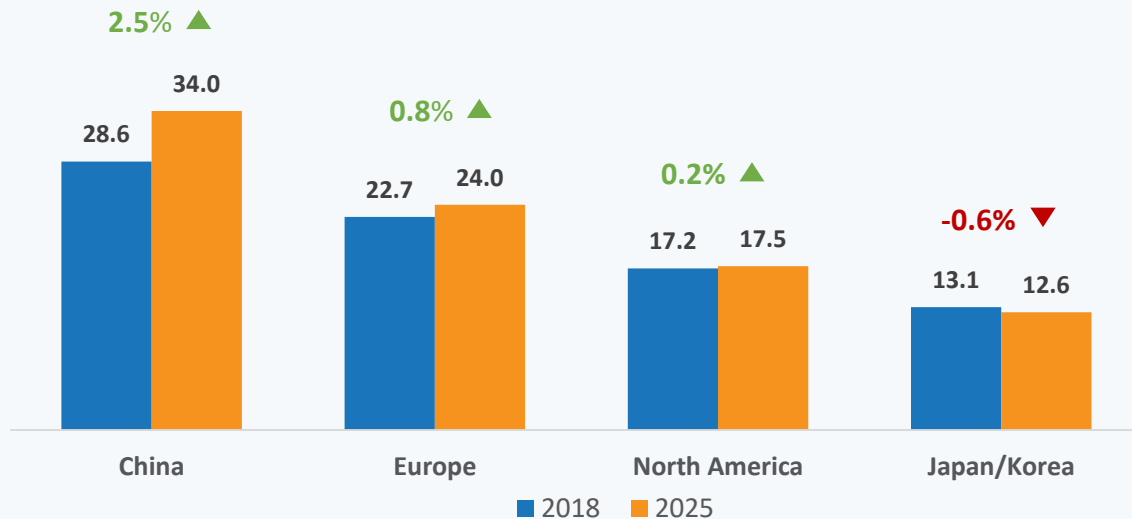
Intelligent Solutions

Opportunities

- Human thermal comfort and health
- Increasing adoption rates
- Energy optimization
- Miniaturization of HVAC
- Sensor, software and algorithm based thermal solutions
- Feature integration
- Cost effectiveness

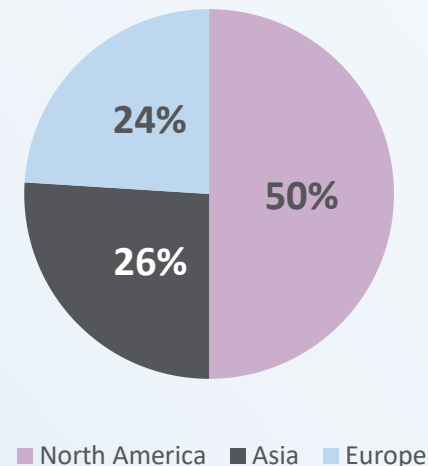
Trends pointing to strong growth opportunities

2018-2025 Vehicle Production (in millions) and CAGR by Region



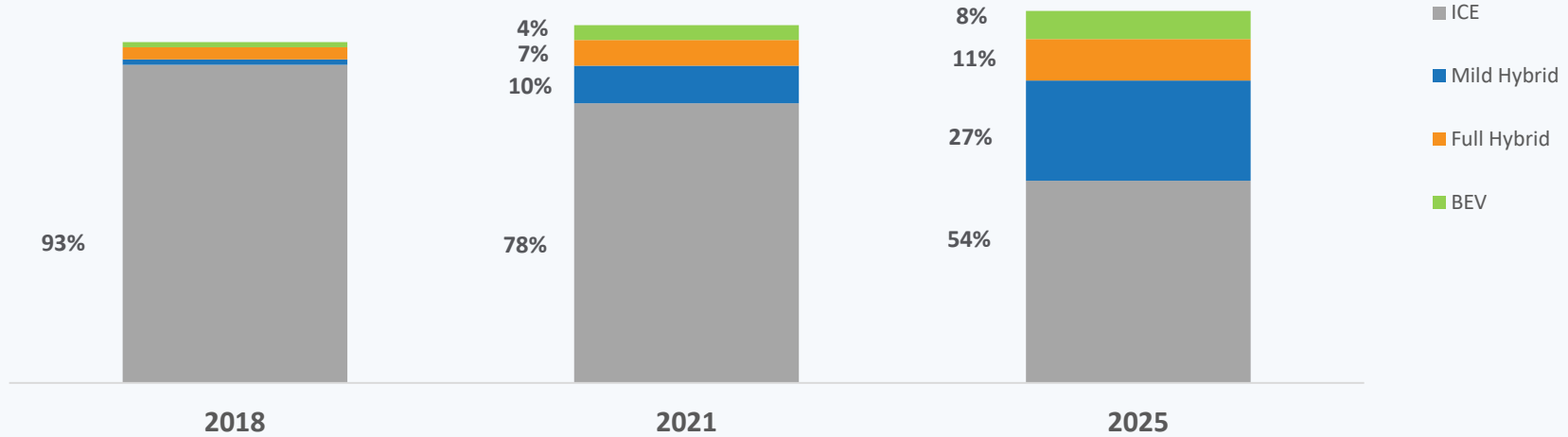
Source: IHS Light Vehicle Production Forecast April 2018

2017 Gentherm Automotive Sales By Region



Stable global growth with China outpacing other mature markets

Projected Powertrain Application Rates



Source: IHS Light Vehicle Powertrain Alternate Propulsion Forecast April 2018

Well positioned across multiple product categories to capitalize on the significant shift to electrified powertrains

Our Strategy



GENTHERM



Focused
Growth



Extend Technology
Leadership



Expand Margins
and ROIC



Optimize Capital
Allocation



Strategy 1 Focused Growth

Strategy 1: Focused Growth

Divest and minimize non-core investments

- **Divest** Global Power Technologies
- **Divest** CSZ[®] Industrial Chambers
- **Eliminate / Minimize** Investment
 - Furniture
 - Aviation
 - Battery Management Electronics
 - Industrial Battery Packs
 - Automotive Thermoelectric Generator
 - Non-core Electronics



Reset focus to higher-growth and higher-return opportunities

Strategy 1: Focused Growth



Step 1

Accelerate Core
Automotive Climate
and Comfort Growth



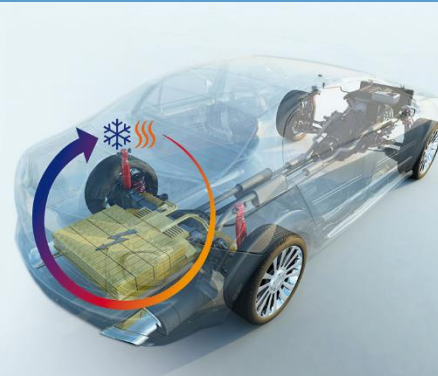
Step 2

Introduce Innovative
Microclimate Solution



Step 3

Drive Battery
Thermal Management



Step 4

Expand Patient
Thermal Solutions



Enabled by Electronics and Software Systems

Strategy 1.1: Accelerate Core Automotive Climate and Comfort

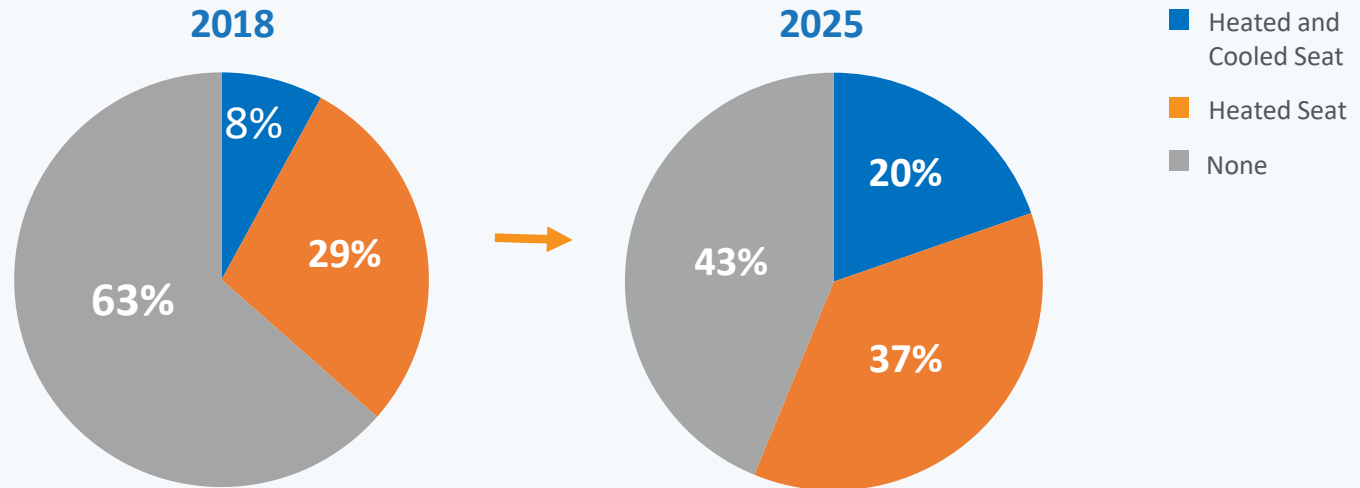


Our Climate Seating Solutions



A complete portfolio of products to deliver personal thermal comfort and energy savings across all vehicle segments and powertrains

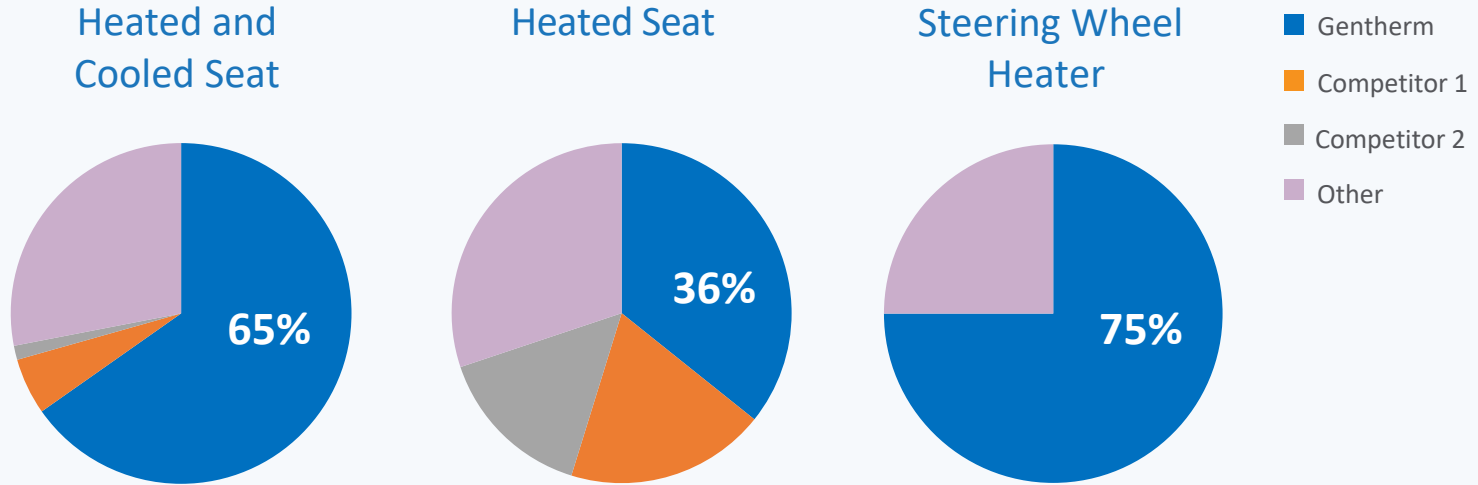
Global Penetration Rates



Source: IHS Thermal seat technologies report April 2018; Internal analysis.

Significant growth in penetration rates from 2018 to 2025

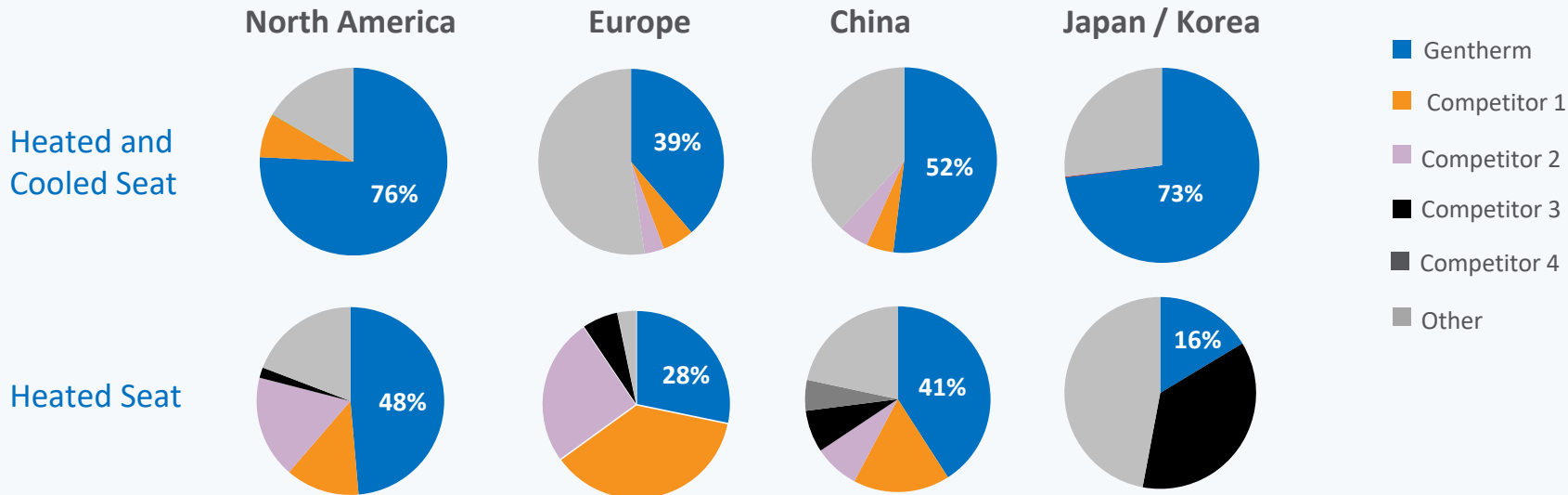
Global Market Share



Source: IHS Thermal seat technologies report April 2018; Internal analysis.

Industry-leading market share

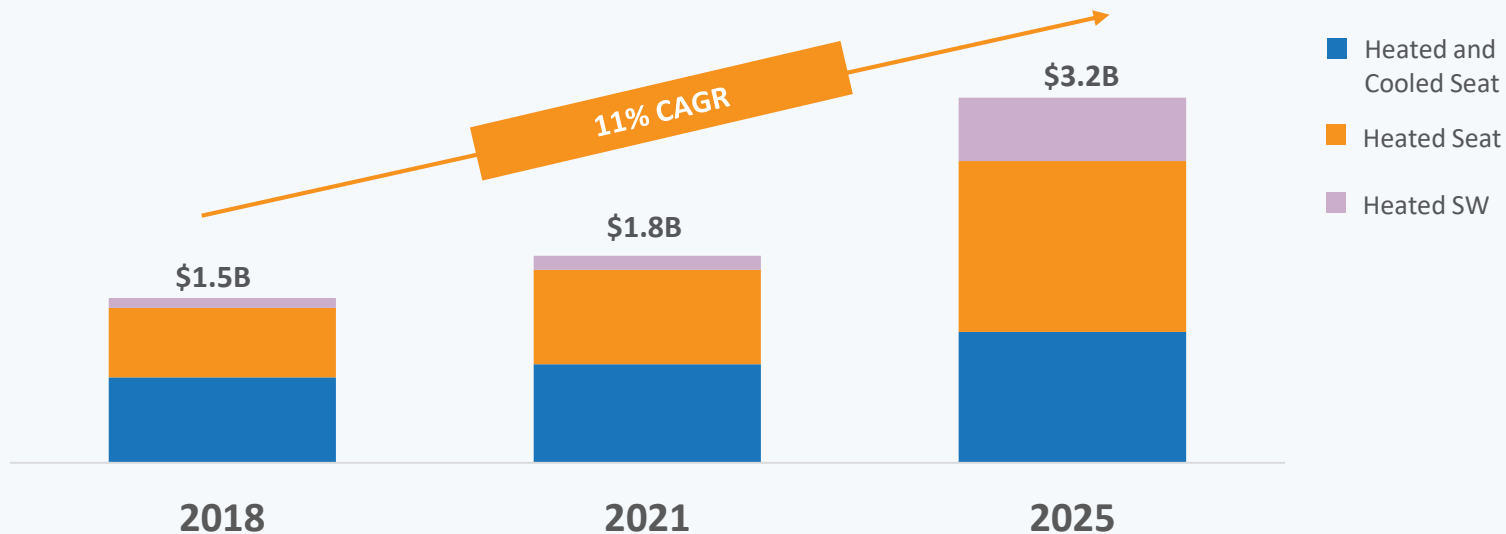
Regional Market Share



Source: IHS Thermal seat technologies report April 2018; Internal analysis.

Well positioned in key markets

Global Addressable Market



Source: IHS Thermal seat technologies report April 2018; Internal analysis.

Addressable market growing at an accelerating rate over time

Gentherm Differentiators

- Proven, unique technology
- Market-ready solutions for cars of the future
- Strong global customer base
- Robust and growing IP portfolio
- Global R&D and manufacturing footprint



Only company at the nexus of thermal health, wellness and comfort

Strategy 1.1: Accelerate Core Automotive Climate and Comfort



Proven positive environmental impact

2 CCS[®] Active seats can save 4.5g of CO₂ per mile

- Proven through testing with the U.S. National Renewable Energy Lab
- GM applied for Off-Cycle credits
- EPA has now approved GM's application
- Opens the door for other OEMs
- Additional savings per vehicle of up to \$100

Source: Impact of Active Climate Control Seats on Energy Use, Fuel Use, and CO2 Emissions: Test and Analysis, NREL, October 2017, 17TMSS-0070



CCS[®] Active is the only solution on the market that is able to deliver this value

Key Initiatives

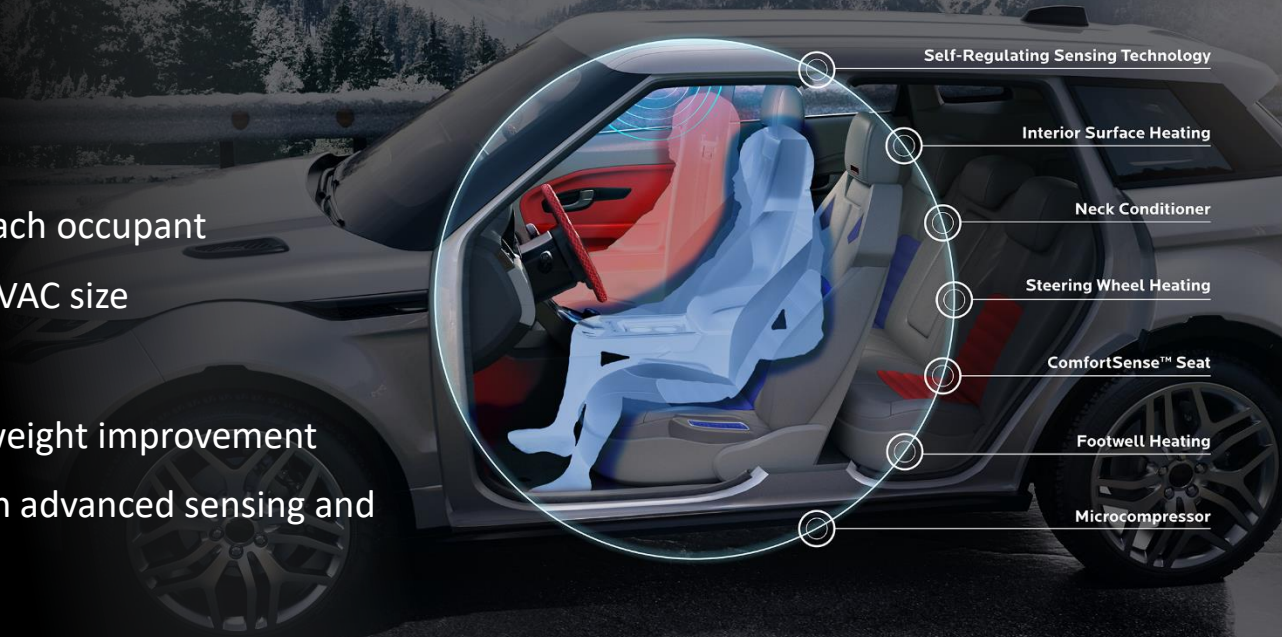
- Increase take rate and content per vehicle
- Build on strong key customer relationships
- Expand with European customers
- Capture China growth
- Collaboration, partnerships and prudent acquisitions

Aspiration: grow core revenue to over \$2B by 2025



ClimateSense™ Delivers

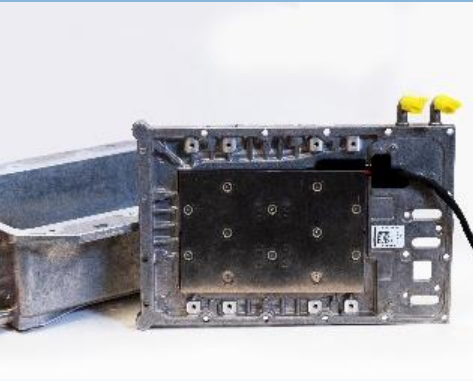
- Best-in-class thermal comfort
- Intelligent climate zones for each occupant
- 30-50% reduction in central HVAC size
- Full-electric pre-conditioning
- Greater styling freedom and weight improvement
- Self-regulating control through advanced sensing and algorithms



Gentherm ClimateSense™: Ready for the Future, Today
Energy efficiency and perfect thermal comfort in one, intelligent, integrated system

Strategy 1.3: Drive Battery Thermal Management

Active Battery
Cooling / Heating



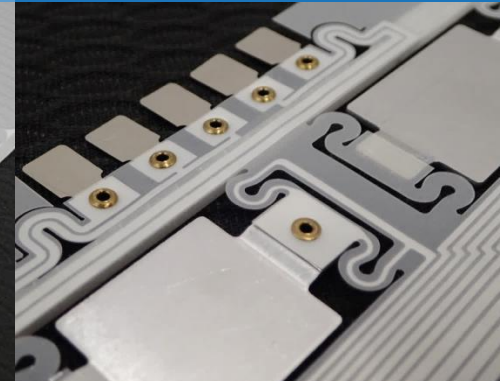
Passive Battery
Cooling



Battery
Heaters



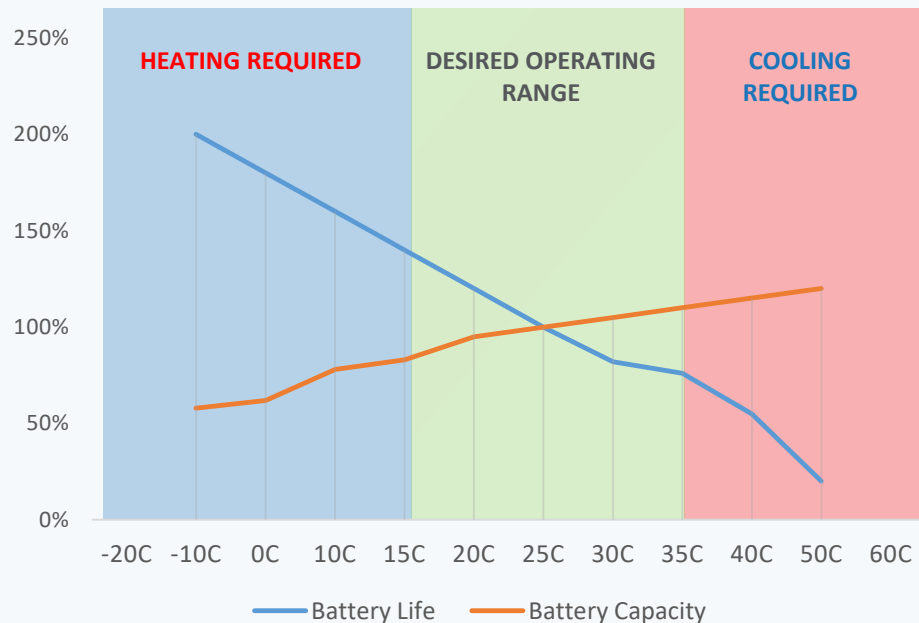
Cell Connecting
Boards



Focus Growth in BTM Core Products

Why BTM is needed

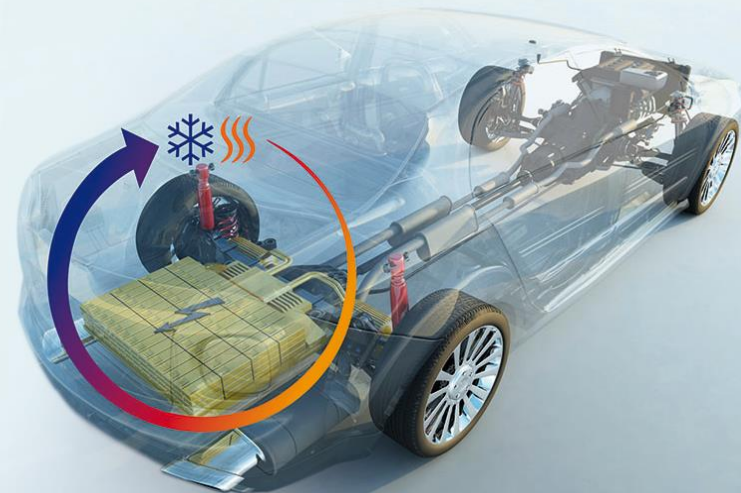
- Required to maintain peak battery performance
- Optimizing charge capacity and battery life is critical to economics of electrification
- Challenging packaging constraints increase thermal management need



Battery Thermal Management is essential for battery performance and longevity

Key Initiatives

- Drive adoption rates of TED-Based BTM Technology
 - Unique advantage for 48V
- Introduce BTM products in PHEV and 12V Li-Ion battery segments
- Launch new Battery Heating Products, leveraging proven heating technology and expertise
- Grow adjacent Cell-Connecting Board segment

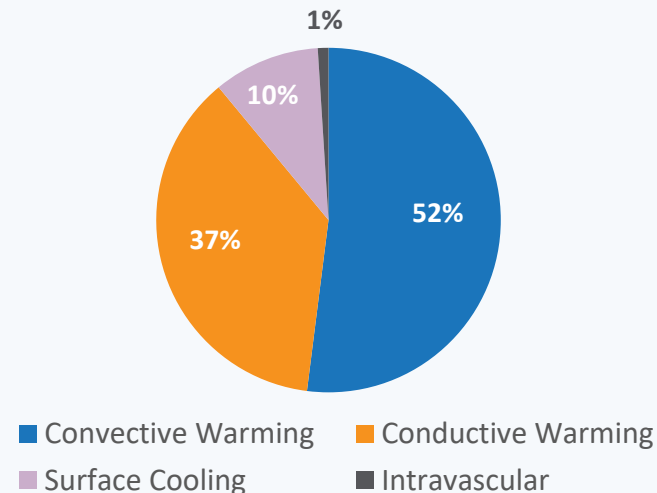


Aspiration: grow BTM revenue to \$500M by 2025

Why Medical is Attractive

- Large market with consistent underlying growth drivers
- Superior contribution margins; sustainable demand
- Low relative investment
- Highly-fragmented market, ripe for disruption
- Unique credibility with automotive OEMs

2018 Global Market (>\$2B)



Source: Markets and Markets Medical Device 2017

Patient thermal management - significant differentiator for Gentherm

Gentherm Differentiators

- Exclusively focused on Patient Thermal Management (PTM)
- Broad offering of PTM solutions which can address 99% of the market
- Core thermal technology shared with automotive, driving product development synergies

Well positioned to grow market share



Strategy 1.4: Expand Patient Thermal Solutions



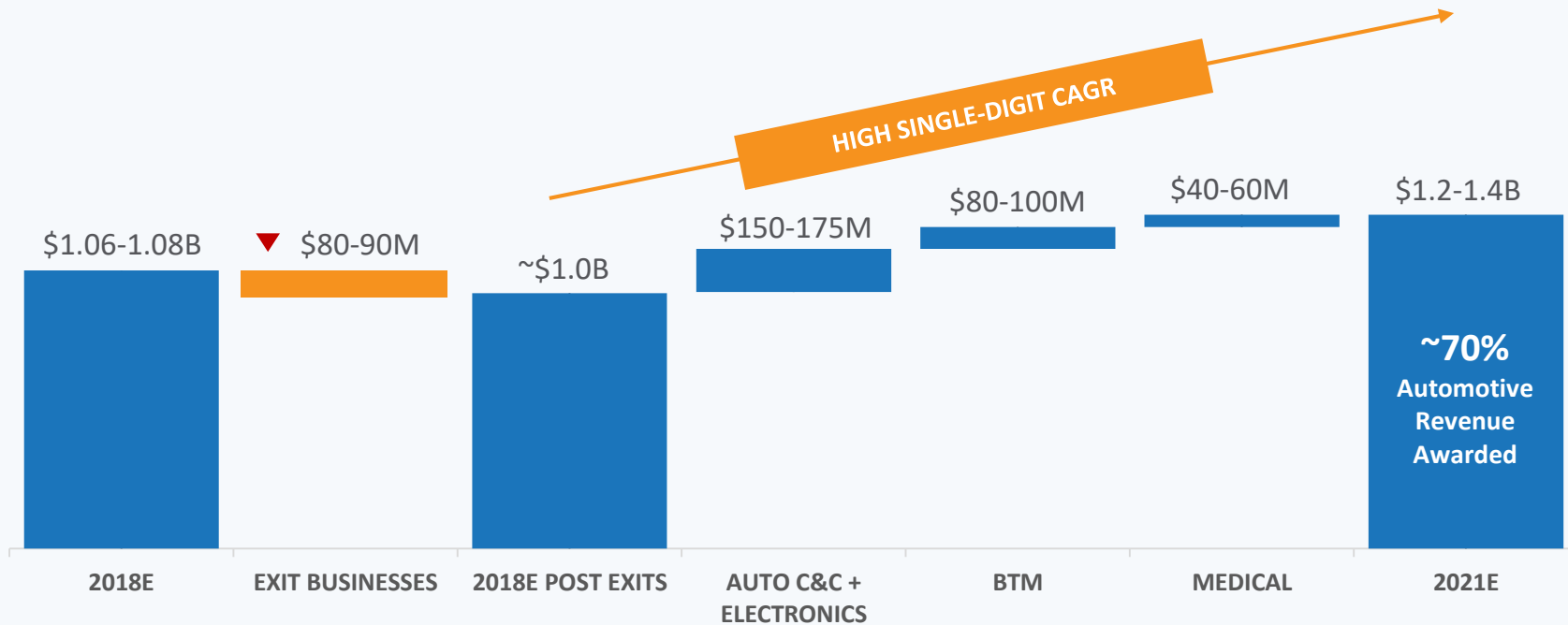
Key Initiatives

- Continued product enhancement
- Leverage direct sales force
- Expand globally
- Differentiate on superior human thermophysiology and thermal technology

Aspiration: grow medical revenue to \$200M by 2025 with company-leading margins



Strategy 1: Focused Growth – Revenue Outlook

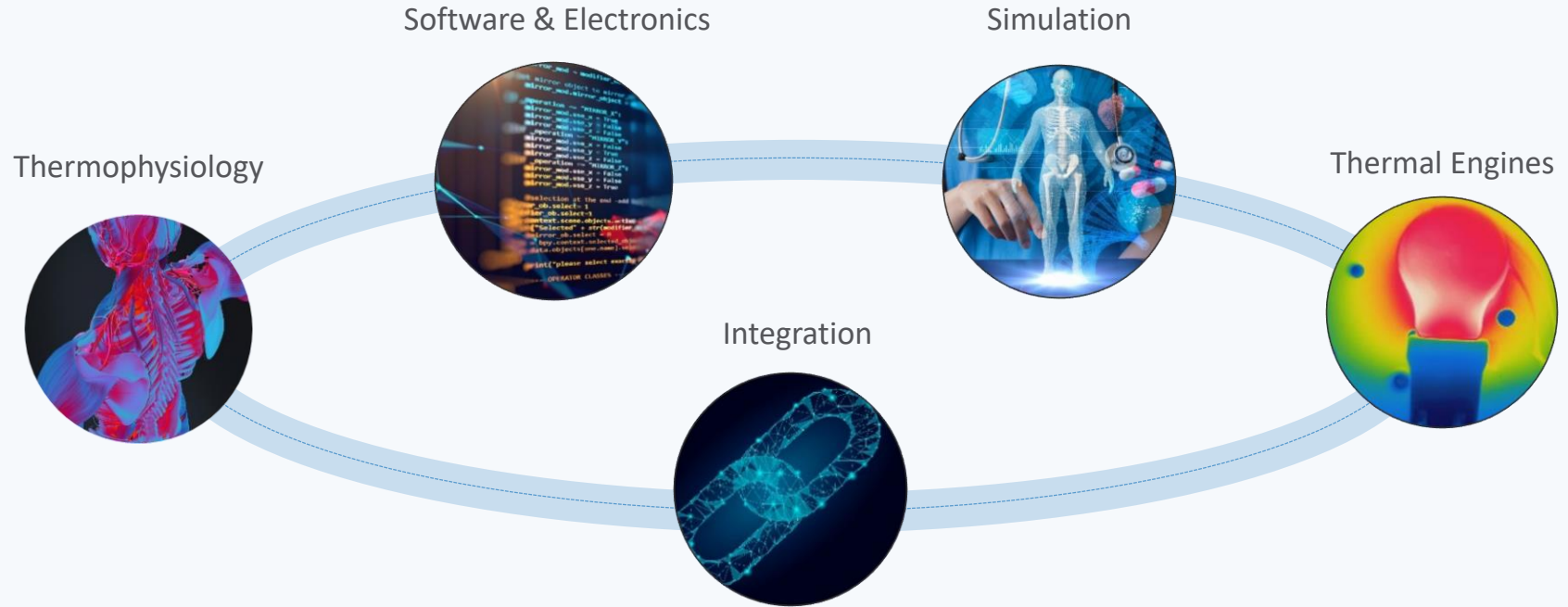


Aspiration to grow revenue to over \$2.5B by 2025



Strategy 2 Extend Technology Leadership

Strategy 2: Extend Technology Leadership

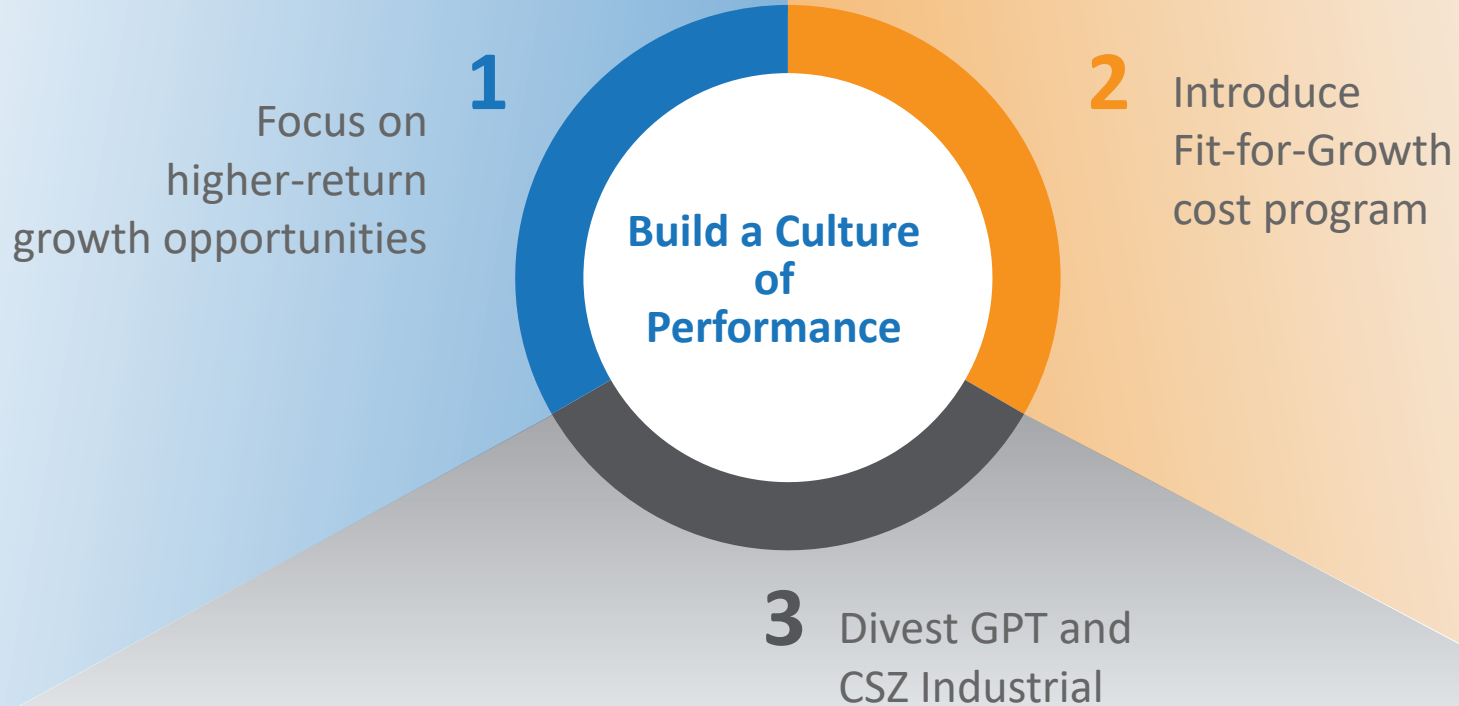


Focused investment in key core technologies and competencies



Strategy 3

Expand Margins and ROIC



Strategy 3: Expand Margins and ROIC

Fit-for-Growth

- Eliminate / minimize non-core investments
- SG&A rationalization
- Engineering focus and efficiency
- Purchasing excellence
- Manufacturing optimization

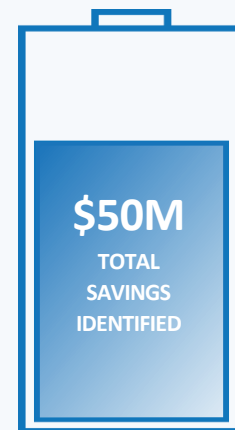
Target \$75M annual savings by 2021



Strategy 3: Expand Margins and ROIC

Fit-for-Growth

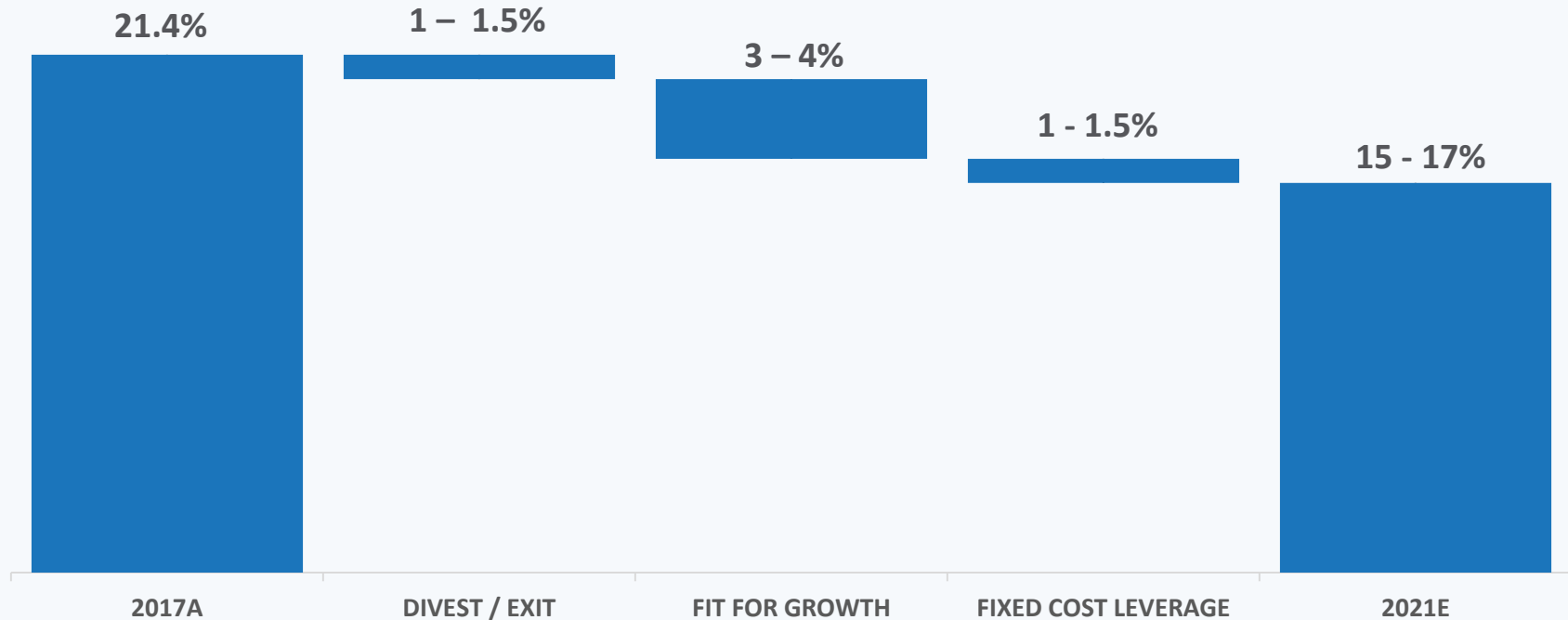
	PURCHASING EXCELLENCE	ELIMINATE / MINIMIZE NON-CORE INVESTMENTS	SG&A RATIONALIZATION	ENGINEERING FOCUS AND EFFICIENCY	MANUFACTURING OPTIMIZATION
February	<ul style="list-style-type: none"> Project Kick-Off 				
March	<ul style="list-style-type: none"> Savings Identified 	<ul style="list-style-type: none"> Identify Opportunities 			
April	<ul style="list-style-type: none"> Steps to Achieve Identified 	<ul style="list-style-type: none"> Analysis 	<ul style="list-style-type: none"> Project Kick-Off 		
May	<ul style="list-style-type: none"> Verification of Measures 	<ul style="list-style-type: none"> Approval of Strategy and Planning 	<ul style="list-style-type: none"> Savings Identified 		
June	<ul style="list-style-type: none"> Begin Implementation 	<ul style="list-style-type: none"> Begin Implementation 	<ul style="list-style-type: none"> Steps to Achieve Identified 	<ul style="list-style-type: none"> Project Kick-Off 	<ul style="list-style-type: none"> Project Kick-Off
July			<ul style="list-style-type: none"> Global Roll-Out 	<ul style="list-style-type: none"> Savings Identified 	<ul style="list-style-type: none"> Analysis
August			<ul style="list-style-type: none"> Begin Implementation 	<ul style="list-style-type: none"> Global Roll-Out 	<ul style="list-style-type: none"> Approval of Strategy and planning
September				<ul style="list-style-type: none"> Begin Implementation 	<ul style="list-style-type: none"> Begin Implementation



Program well underway supported by globally-recognized consulting firm

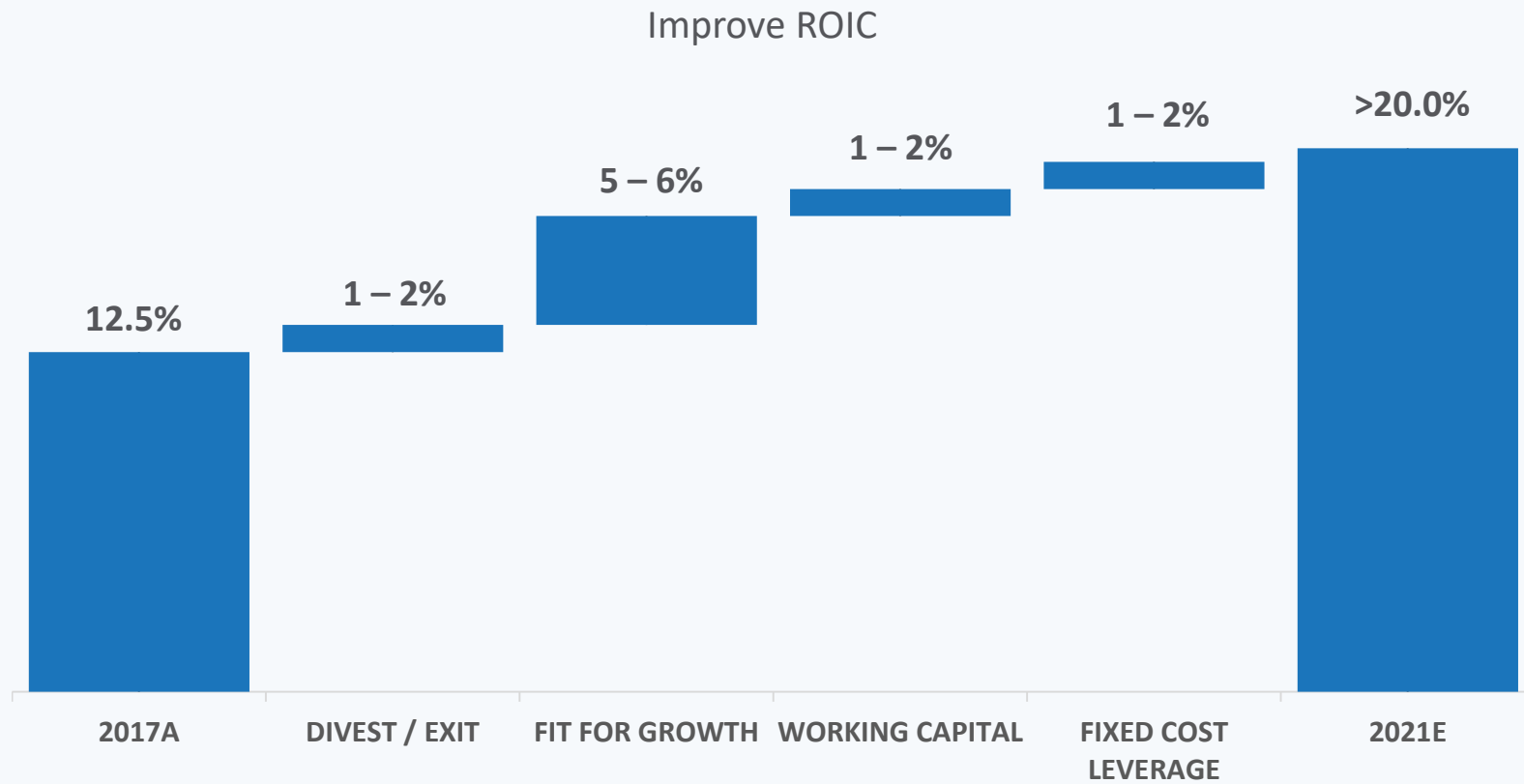
Strategy 3: Expand Margins and ROIC

Improve Operating Expense * (As a Percentage of Revenue)



* Selling, general and administrative expenses plus net research and development expenses

Strategy 3: Expand Margins and ROIC



	2018E	2021E
Revenue Growth	8 – 10% (3-5% Organic)	High single-digit Organic CAGR
Operating Expenses % of Revenue	20 - 22%	15% - 17%
Gross Margin	29 – 31%	30 – 32%
Adjusted EBITDA Margin	14 – 15%	High teens
ROIC	12 – 13%	> 20%

2021 Outlook: expected EPS growth rate more than double revenue growth



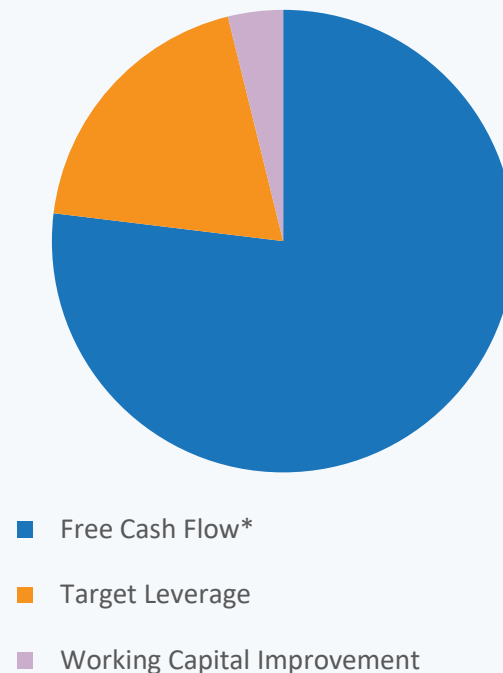
Strategy 4

Optimize Capital Allocation to Drive Shareholder Returns

Strong Cash Flow and Liquidity

- 4-Year cumulative free cash flow of over \$550M
- Establish Debt/Adjusted EBITDA leverage target (1.0 – 1.5x)
- Rigorous working capital management
 - Shed working capital-intensive businesses
 - Increase inventory turns
 - Improve Accounts Payable terms in conjunction with purchasing excellence program

Sources of Cash
(2018E – 2021E)



* Operating cash flow less capital expenditures

Disciplined Capital Allocation

- Opportunistic share repurchases
 - \$300 million Board authorization
- CAPEX projects to drive organic growth
- Invest in core innovation
- Prudent bolt-on acquisitions to accelerate core growth



Our Strategy



GENTHERM



Focused
Growth



Extend Technology
Leadership



Expand Margins
and ROIC



Optimize Capital
Allocation

Creating and delivering extraordinary thermal solutions that make meaningful differences in everyday life, by improving health, wellness, comfort and energy efficiency.



Positively impacting people's lives around the world

- Pure play leader in thermal management
- Global automotive market is large and massively under-penetrated with climate and comfort solutions
- Unique, innovative solutions key to cars of the future
- Global reach and industry-leading manufacturing capabilities
- Strong cash generation to drive shareholder returns



Poised for high return growth, outpacing the market





GENTHERM

Technology to the next degree™



Appendix

2017 ROIC Reconciliation



	As Reported	Tax reform items (1)	Other adjustments to arrive at normalized effective tax rate (2)	Acquisition transaction expenses	As Adjusted
Operating income	\$ 97,324	\$ -	\$ -	\$ 789	\$ 98,113
Effective tax rate	49.1%	-29.1%	4.00%		24.0%
Net operating profit after tax (NOPAT)	49,538	28,321	(3,893)	600	74,566
Total shareholders' equity	\$ 553,874				\$ 553,874
Total debt	144,669				144,669
Less:					
Cash and cash equivalents	(103,172)				(103,172)
Total capital	\$ 595,371				\$ 595,371
ROIC	8.3%				12.5%

(1) Adjustment reflects the one-time impacts recorded for the Tax Cuts and Jobs Act which became law on December 22, 2017.

(2) Adjustment reflects the higher estimated effective income tax rate expected for 2018 and has been included to improve the comparability to future periods.

- BEV – Battery Electric Vehicle
- BTM – Battery Thermal Management
- CCS[®] - Climate Control Seat (Heat/Cool)
- HVAC – Heating, Ventilation and Air-conditioning
- ICE – Internal Combustion Engine
- PHEV – Plug-in Hybrid Electric Vehicle
- SWH – Steering Wheel Heater
- TED – Thermoelectric Device