



Commercial Vehicle Group, Inc. (CVGI)

Notes From Sidoti Conference: Supply Chain Issues Will Hurt Near-Term Results More Than We Originally Project; Electrical Vehicle Market May Provide Opportunity; Maintain \$18 Price Target

	2020	2021E		2022E		2023E	
		OLD	NEW	OLD	NEW	OLD	NEW
Mar.	\$0.02	\$0.27A		\$0.30	\$0.26	\$0.31	\$0.30
June	(0.24)	0.33A		0.31		0.37	
Sep.	0.21	0.25A		0.36	0.35	0.42	
Dec.	(0.05)	0.27	0.18	0.42	0.33	0.43	0.44
EPS	(\$0.06)	\$1.11	\$1.03	\$1.38	\$1.26	\$1.53	
P/E			7.8x		6.4x	5.3x	

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky.

Year	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Rev.(Mil.)	\$839.7	\$825.4	\$662.1	\$755.2	\$897.7	\$901.2	\$717.7	\$987.4	\$1039.0	\$1088.1
GAAP EPS	\$0.26	\$0.24	\$0.23	(\$0.06)	\$1.46	\$0.51	(\$1.20)	\$0.83	\$1.26	\$1.53

Description: Commercial Vehicle Group, Inc. (www.cvgroup.com) is a leading supplier of electrical wire harnesses, seating systems, and a full range of other cab-related products for the global commercial vehicle markets, including medium- and heavy-duty trucks and construction vehicles. The company also supplies electrical wire harnesses, control panels, electro-mechanical and cable assemblies, seating systems and other products to automotive, military, bus, agriculture, transportation, mining, industrial and off-road recreational markets. About 75% of annual sales is in North America. The company is based in New Albany, OH.

- **Commercial Vehicle Group, Inc. (CVGI) presented at the Sidoti Microcap Virtual Conference last week where, in our view, the focus was on the changes being made at the company and the slope of the recovery in the truck market.**
- **CVGI's diversification efforts include expanding operations into new markets, such as warehouse automation, and capitalizing on opportunities in the emerging electronic vehicle market.**
- **CVGI remains cautious about the near-term truck production outlook and management maintains that total North American production will be below consensus expectations.**
- **We were more optimistic, but now concede that supply issues have not improved as quickly as we had anticipated. As a result, we have tempered our revenue expectations for 4Q:21 and 1Q:22 and now look for EPS of \$1.03 (from \$1.11) in 2021 and \$1.26 (was \$1.32) in 2022. We maintain our 2023 EPS estimate of \$1.53.**
- **The company carries a high debt balance. At the end of 3Q:21, CVGI had cash of \$33.6 million against total debt of \$178.7 million, resulting in net debt of \$145.1 million. However, the company refinanced its debt, which resulted in considerably lower interest expenses costs starting in 3Q:21.**
- **Regarding valuation, given the ongoing transformation of CVG, we opt for a blended multiple based on the future projected profit contribution of the businesses. As such, our target multiple of 12x reflects the projected profit contribution from both the machinery and truck markets.**
- **Our unchanged \$18 price target is based on 12x our 2023 EPS estimate of \$1.53.**

CVGI's largest end market is poised for a multi-year growth spurt, in our opinion. The truck constitutes about 35% of CVG's total revenue. The company provides seats, electrical wire harness, panel assemblies and a host of other products to the class 5-8 truck market. Demand in this market has risen substantially as we have emerged from the pandemic due to that lack of production and the recovery in the global economies. Nonetheless, the current

NR

Price Target: \$18

Price: \$8.04

Risk Rating: M

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Key Statistics

Analysts Covering	3
Market Cap (Mil)	\$270
Enterprise Value	\$448
52-Week Range (NASDAQ)	14-8
5-Year EPS CAGR	22%
Avg. Daily Trading Volume	206,000
Shares Out (Mil)	32.979
Float Shares (Mil)	29.173
Insider Ownership	11%
Institutional Holdings	53%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (2023E)	\$0.75
FCF Yield (2023E)	9.3%
Net Cash Per Share (2023E)	(\$1.46)
Price to Book Value	2.1x
Return on Equity (2023E)	27.0%
Total Debt to Capital	59%
Interest Coverage Ratio	6.5x
Short Interest %	2.3%
Short Interest Days To Cover	3.8
Russell 2000	2,180
Russell 2000 – Last 12 Months	15.0%
CVGI – Last 12 Months	-10.7%



build rate is barely sufficient to cover the number of retired trucks every year (about 260,000). In all likelihood, during 1H:22, total truck orders will reach an all-time high, suggesting a multi-year build cycle will likely emerge starting in 2H:22, in our view. Current estimates by ACT Research put the class 8 truck build at 300,000 and 362,000 in 2022 and 2023, respectively compared to the estimate of 261,000 in 2021. One growth opportunity is producing seats and wire harnessing for the electronic vehicle market (EV). CVGI is involved in product development projects with 25 OEMs on about 50 new platforms. While the customers are mostly undisclosed, two are with larger clientele and have potential revenue of \$200 million. Of the \$168 million in new awards business awards garnered by CVG through 3Q:22, about 70% was in the EV market. That said, given the development timeline, we think material revenue recognition from this business is not likely to be significant until after 2023 and should therefore be considered only moderately accretive to the sales outlook, particularly as there is likely to be some substitution from the existing diesel trucks business. The company is incurring costs associated with new prototype development (\$1.5-2 million per quarter). There may be an opportunity to margin up by selling electrical systems into EVs with content potentially doubling, depending on the success of its partner platforms.

The kickoff of the growth cycle is predicated on resolution of supply chain issues. CVG’s management has asserted that the recovery will not emerge any time soon. In fact, during its presentation, CVG put articulated an outlook that class 8 trucks are likely to be about 9,000 units lower than generally accepted ACT Research data of an anticipated 64,000 units in 4Q:21. Under that scenario, the company would have about \$8-12 million of revenue deferred from 4Q:21 to later periods. Generally, every 10,000 units results in an incremental/decremental \$13 million change in revenue for the company (depending on mix). Previously, we followed the more optimistic scenario offered by ACT, but now begrudgingly admit that a step up in volume is unlikely at this juncture. As a result, we have tempered our revenue expectations for 4Q:21 and 1Q:22 and now look for EPS of \$1.03 (from \$1.11) in 2021 and \$1.26 (was \$1.32) in 2022. We maintain our 2023 EPS estimate of \$1.53.

We remind investors of another sizable growth opportunity for CVG to further expand into the warehouse automation market. The Electrical Systems Segment (about 70% of 2021 revenue) manufactures electrical wire harnesses, control panels, electro-mechanical and cable assemblies primarily for the construction, agricultural, industrial, automotive, truck, mining, rail and military markets. Within this business is First Source Electronic (acquired in September 2019), which has an attractive opportunity to supply the growing warehouse automation market. This business provided the company with electro-mechanical assemblies, cable and wire harness assemblies along with chassis integration and cabinet, panel, and rack assemblies. According to management, recent awards suggest that the warehouse automation business is on pace to exceed more than \$150 million in revenue in 2021. In 3Q:21, the company recorded \$37.13 million in revenue from this business, up more than threefold from 3Q:20 and compared to an estimated \$65 million in 2020. This business has a higher overall contribution margin than the legacy CVGI operations.

Valuation	We maintain our \$18 price target on CVGI shares. We think the ongoing transformation of CVG merits the utilization of a blended multiple, based on the future projected profit contribution of the businesses, in our valuation. In doing so, we assume that by 2022-23, 25% of revenue will be in automation and 75% in truck (and related) products. We compare this mix to the S&P small-cap truck, farming and construction and S&P small-cap industrial machinery indices. By 2023, we assume profit growth rates will slow, reflected in contracting forward P/E multiples. Over the last ten years, the median forward P/E on the S&P small-cap truck sector was 20.0x forward one-year EPS and 17.0x forward two-year EPS, with a peak forward multiple of 12x-14x. Similarly, the S&P small-cap machinery index has traded at 20.0x forward one-year EPS and 18.0x forward two-year EPS, with peak forward multiple trading at a wider spread of 10x-14x. Utilizing the midpoints of 13x peak trucking and 12x peak machinery on our projected profit contributions, we derive a blended multiple of 12x. Our \$18 price target is based on a constant 12x our 2023 EPS estimate of \$1.53. We have a Moderately Risky rating on CVGI shares to reflect the cyclicity of the truck market and levered balance sheet.		
Key Risks	Cyclicity of trucking market	Risk in new market penetration	High debt levels

COMMERCIAL VEHICLE GROUP, INC.

Table 1.

Commercial Vehicle Group, Inc. Income Statement (\$ in thousands, except per share data)

	<u>Mar.</u>	<u>June</u>	<u>Sep.</u>	<u>Dec.</u>	<u>2020</u>	<u>Mar.A</u>	<u>June A</u>	<u>Sep.A</u>	<u>Dec.</u>	<u>2021E</u>	<u>Mar.</u>	<u>June</u>	<u>Sep.</u>	<u>Dec.</u>	<u>2022E</u>	<u>2023E</u>
Electrical Systems	\$111,167	\$73,498	\$120,723	\$137,975	\$443,363	\$159,687	\$174,104	\$163,134	\$154,819	\$651,744	\$164,478	\$175,845	\$182,710	\$180,850	\$703,883	\$760,194
Global Seating	\$75,938	\$53,398	\$66,974	\$78,026	\$274,336	\$85,435	\$83,837	\$76,476	\$69,738	\$315,486	\$75,183	\$80,484	\$80,300	\$77,830	\$313,796	\$327,917
Net sales	\$187,105	\$126,896	\$187,697	\$216,001	\$717,699	\$245,122	\$257,941	\$239,610	\$224,557	\$967,230	\$239,660	\$256,329	\$263,010	\$258,680	\$1,017,679	\$1,088,111
Cost of sales	166,631	114,016	162,501	195,757	638,905	214,001	223,573	209,346	196,988	843,908	209,463	223,647	228,819	224,470	886,399	942,848
Gross profit	20,474	12,880	25,196	20,244	\$78,794	31,121	34,368	30,264	27,569	\$123,322	30,197	32,682	34,191	34,210	\$131,281	\$145,263
Selling, prod dev. & admin.	12,467	15,576	12,294	11,091	51,428	15,718	17,719	18,089	18,115	69,641	17,495	17,687	17,622	18,434	71,238	72,903
Amortization expense	860	856	858	860	3,434	-	-	-	-	-	-	-	-	-	-	-
Operating income	7,147	(3,552)	12,044	8,293	23,932	15,403	16,649	12,175	9,454	53,681	12,702	14,995	16,570	15,776	60,043	72,359
Depreciation & amort.	4,640	4,585	4,609	6,588	20,422	4,475	4,475	4,475	4,475	17,900	4,475	4,475	4,475	4,475	17,900	18,400
EBITDA	11,787	1,033	16,653	14,881	42,425	19,878	21,124	16,650	13,929	70,181	17,177	19,470	21,045	20,251	76,543	89,359
Interest expense	4,624	5,309	5,460	5,210	20,603	5,041	2,818	1,630	1,691	11,180	1,700	1,700	1,700	1,663	6,763	6,330
Other	741	(205)	214	(22)	728	(656)	(285)	(186)	(50)	(1,177)	(50)	(50)	(50)	(50)	(200)	(200)
Income before taxes	1,782	(8,656)	6,370	3,105	2,601	11,018	14,116	10,731	7,813	43,678	11,052	13,345	14,920	14,163	53,480	66,229
Provision for taxes	1,123	(1,381)	(171)	4,753	4,324	2,528	3,415	2,618	1,922	10,483	2,542	3,069	3,432	3,258	12,300	15,895
Net inc. (Cont. Ops)	659	(7,275)	6,541	(1,648)	(1,723)	8,490	10,701	8,113	5,891	33,195	8,510	10,276	11,488	10,906	41,180	50,334
Nonrecurring Items	(25,163)	(5,220)	(2,363)	(2,580)	(35,326)	-	(5,606)	(803)	-	(6,409)	-	-	-	-	-	-
Diluted shares (thou)	30,806	30,890	31,617	31,625	30,943	31,264	32,674	32,706	32,700	32,335	32,750	32,750	32,750	32,750	32,750	33,000
Adjusted EPS	\$0.02	(\$0.24)	\$0.21	(\$0.05)	(\$0.06)	\$0.27	\$0.33	\$0.25	\$0.18	\$1.03	\$0.26	\$0.31	\$0.35	\$0.33	\$1.26	\$1.53
Nonrecurring items	(\$0.82)	(\$0.17)	(\$0.07)	(\$0.08)	(\$1.14)	\$0.00	(\$0.17)	(\$0.02)	\$0.00	(\$0.20)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
GAAP EPS	(\$0.80)	(\$0.40)	\$0.13	(\$0.13)	(\$1.20)	\$0.27	\$0.16	\$0.23	\$0.18	\$0.83	\$0.26	\$0.31	\$0.35	\$0.33	\$1.26	\$1.53
<u>Yr.-to-yr. rate of change</u>																
Total revenue	-23.1%	-47.8%	-16.7%	14.0%	-20.4%	31.0%	103.3%	27.7%	4.0%	34.8%	-2.2%	-0.6%	9.8%	15.2%	5.2%	6.9%
Gross profit	-38.1%	-60.3%	-14.4%	99.1%	-25.1%	52.0%	166.8%	20.1%	36.2%	56.5%	-3.0%	-4.9%	13.0%	24.1%	6.5%	10.7%
Operating income	-59.3%	-122.4%	-2.7%	NM	-42.4%	115.5%	-568.7%	1.1%	14.0%	124.3%	-17.5%	-9.9%	36.1%	66.9%	11.9%	20.5%
EBITDA	-45.5%	-94.7%	4.1%	NM	-25.6%	68.6%	1944.9%	0.0%	-6.4%	65.4%	-13.6%	-7.8%	26.4%	45.4%	9.1%	16.7%
Net income	-93.4%	-190.7%	-16.7%	-82.3%	-110.5%	1188.3%	-247.1%	24.0%	-457.5%	-2026.6%	0.2%	-4.0%	41.6%	85.1%	24.1%	22.2%
EPS	-93.4%	-190.5%	-18.7%	-82.7%	-110.4%	1169.4%	-239.1%	19.9%	-445.7%	-1943.7%	-4.3%	-4.2%	41.4%	84.8%	22.5%	21.3%
<u>Margin analysis</u>																
Gross profit	10.9%	10.2%	13.4%	9.4%	11.0%	12.7%	13.3%	12.6%	12.3%	12.8%	12.6%	12.8%	13.0%	13.2%	12.9%	13.4%
SG&A	6.7%	12.3%	6.5%	5.1%	7.2%	6.4%	6.9%	7.5%	8.1%	7.2%	7.3%	6.9%	6.7%	7.1%	7.0%	6.7%
Operating income	3.8%	-2.8%	6.4%	3.8%	3.3%	6.3%	6.5%	5.1%	4.2%	5.6%	5.3%	5.9%	6.3%	6.1%	5.9%	6.7%
EBITDA	6.3%	0.8%	8.9%	6.9%	5.9%	8.1%	8.2%	6.9%	6.2%	7.3%	7.2%	7.6%	8.0%	7.8%	7.5%	8.2%
Pretax income	1.0%	-6.8%	3.4%	1.4%	0.4%	4.5%	5.5%	4.5%	3.5%	4.5%	4.6%	5.2%	5.7%	5.5%	5.3%	6.1%
Effective tax rate	63.0%	16.0%	-2.7%	153.1%	166.2%	22.9%	24.2%	24.4%	24.6%	24.0%	23.0%	23.0%	23.0%	23.0%	23.0%	24.0%
Net income	0.4%	-5.7%	3.5%	-0.8%	-0.2%	3.5%	4.1%	3.4%	2.6%	3.4%	3.6%	4.0%	4.4%	4.2%	4.0%	4.6%

Sources: Company data; Sidoti & Company, LLC estimates

COMMERCIAL VEHICLE GROUP, INC.

Table 2.

Commercial Vehicle Group, Inc. Cash Flow Statement (\$ in thousands, except per share data)

	<u>Mar.</u>	<u>June</u>	<u>Sep.</u>	<u>Dec.</u>	<u>2020</u>	<u>Mar.A</u>	<u>JuneA</u>	<u>Sep.</u>	<u>2021E</u>	<u>2022E</u>	<u>2023E</u>
Operating sources/uses:											
Net income	(\$24,594)	(\$12,497)	\$4,178	(\$4,136)	(\$37,049)	\$8,490	\$5,095	\$7,511	\$26,786	\$41,180	\$50,334
Depreciation & amortization	4,640	4,585	4,610	6,587	20,422	4,642	4,666	5,466	17,900	17,900	18,400
Other	<u>24,755</u>	<u>(1,345)</u>	<u>1,863</u>	<u>805</u>	26,078	<u>4,599</u>	<u>10,151</u>	<u>1,817</u>	4,599	-	-
Total	\$4,801	(\$9,257)	\$10,651	3,256	9,451	\$17,731	\$19,912	\$14,794	49,285	59,080	68,734
Operating uses:											
Accounts receivable	(11,649)	22,646	(24,683)	(20,598)	(34,284)	(35,564)	(15,275)	9,387	18,612	(17,546)	(21,757)
Inventory	(3,259)	14,459	(11,826)	(6,202)	(6,828)	(18,255)	(18,788)	(18,870)	3,391	(10,864)	(18,164)
Other non-debt current assets liabilities	<u>20,452</u>	<u>(17,685)</u>	<u>36,122</u>	<u>27,144</u>	66,033	<u>20,717</u>	<u>4,710</u>	<u>(1,388)</u>	(41,476)	176	11,056
Total	5,544	19,420	(387)	344	24,921	(33,102)	(29,353)	(10,871)	(19,472)	(28,234)	(28,866)
Operating cash flow	10,345	10,163	10,264	3,600	34,372	(15,371)	(9,441)	3,923	29,813	30,845	39,869
YTD operating CF	10,345	20,508	30,772	34,372		(15,371)	(24,812)	(20,889)			
Cash from Investing Activities											
Capital expenditures	(3,472)	(1,018)	(1,531)	(1,121)	(7,142)	(1,736)	(5,208)	(4,497)	(15,000)	(17,000)	(15,000)
Asset sales	4	83	482	153	722	27	8	7	42	-	-
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
YTD Investing act	(3,468)	(935)	(1,049)	(968)	(6,420)	(1,709)	(5,200)	(4,490)	(14,958)	(17,000)	(15,000)
Cash from Financing Activities											
Proceeds from S-T debt, net	15,000	-	(15,000)	-	-	-	-	-	-	-	-
Proceeds from L-T debt, net	(1,094)	(1,094)	(6,093)	(6,094)	(14,375)	5,706	27,140	(6,075)	(17,500)	(13,250)	(5,000)
Proceeds from common financing, net	-	-	-	(663)	(663)	-	-	-	1,670	623	400
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
Other	<u>(62)</u>	<u>(2,756)</u>	<u>(100)</u>	<u>(1,306)</u>	(4,224)	<u>(232)</u>	<u>(10,373)</u>	<u>(93)</u>	(11,000)	-	-
Total	13,844	(3,850)	(21,193)	(8,063)	(19,262)	5,474	16,767	(6,168)	(26,830)	(12,628)	(4,600)
YTD Financing act	13,844	9,994	(11,199)	(19,262)		5,474	22,241	16,073			
Foreign exchange	(2,177)	(43)	2,189	2,333	2,302	(761)	709	(633)	(230)	0	0
Beginning cash & equiv.	\$39,511	58,055	63,390	53,601	39,511	\$50,503	38,136	40,971	50,503	38,298	39,516
Cash flow	18,544	5,335	(9,789)	(3,098)	10,992	(12,367)	2,835	(7,368)	(12,205)	1,218	20,269
Ending cash & equiv.	58,055	63,390	53,601	50,503	\$50,503	38,136	40,971	33,603	\$38,298	\$39,516	\$59,785
Free cash flow	\$6,873	\$9,145	\$8,733	\$2,479	\$27,230	(\$17,107)	(\$14,649)	(\$574)	\$14,813	\$13,845	\$24,869
Free cash flow/share	\$0.34	\$0.33	\$0.32	\$0.11	\$0.88	(\$0.49)	(\$0.29)	\$0.12	\$0.46	\$0.42	\$0.75

Sources: Company Data; Sidoti & Company, LLC estimates

Table 3.

Commercial Vehicle Group, Inc. Balance Sheet (\$ in thousands, except per share data)

	Mar.	June	Sep.	2020	Mar.	June	Sep.	2021E	2022E	2023E
Assets										
Current Assets:										
Cash and equivalents	\$58,055	\$63,390	\$53,601	\$50,503	\$38,136	\$40,971	\$33,603	\$38,298	\$39,516	\$59,785
Receivables	123,293	102,771	128,648	151,101	186,036	202,058	192,111	132,489	150,035	171,792
Inventory	84,459	70,711	83,303	91,247	109,008	128,319	146,469	89,823	98,299	114,528
Other current assets	14,043	13,684	13,031	17,686	22,043	21,650	19,918	15,719	18,108	20,042
Total current assets	279,850	250,556	278,583	\$310,537	355,223	392,998	392,101	276,329	305,957	366,147
Equipment, net	70,022	66,867	64,556	62,776	59,882	61,262	62,142	61,274	61,323	58,332
Goodwill & Intangibles	24,160	23,362	22,584	21,804	20,926	20,028	19,142	15,719	18,108	20,042
Other assets	57,156	60,203	61,394	59,256	55,855	55,667	55,807	52,322	51,219	51,538
Total Assets	\$431,188	\$400,988	\$427,117	\$454,373	\$491,886	\$529,955	\$529,192	\$405,644	\$436,606	\$496,059
Liabilities & Sh. Eq.										
Current Liabilities:										
Current Port. L-T Debt	\$18,268	\$17,444	\$2,435	\$2,429	\$2,430	\$7,500	\$8,438	\$4,400	\$4,400	\$5,000
Accounts payable	73,640	54,561	89,435	112,402	135,453	141,797	139,076	78,595	82,778	91,622
Operating leases	7,730	8,274	8,874	9,236	-	-	-	-	-	-
Other accrued liab.	39,266	37,140	36,445	40,820	51,681	46,501	52,070	40,420	38,802	42,948
Total current liabilities	138,904	117,419	137,189	\$164,887	189,564	195,798	199,584	\$123,415	\$125,980	\$139,570
Long-term debt	152,304	151,729	147,965	144,147	152,035	177,225	170,253	121,253	108,003	103,003
Other	43,054	43,979	46,618	49,969	47,672	45,295	38,697	41,543	41,389	41,516
Shareholders' Equity	96,926	87,861	95,345	95,370	102,615	111,637	120,658	119,433	161,235	211,969
Total Liab. & Sh. Eq.	\$431,188	\$400,988	\$427,117	\$454,373	\$491,886	\$529,955	\$529,192	\$405,644	\$436,606	\$496,059
Current Ratio	2.0	2.1	2.0	1.9	1.9	2.0	2.0	2.2	2.4	2.6
LT Debt / Total capital	61.1%	63.3%	60.8%	60.2%	59.7%	61.4%	58.5%	50.4%	40.1%	32.7%
Total Debt / Total capital	63.8%	65.8%	61.2%	60.6%	60.1%	62.3%	59.7%	51.3%	41.1%	33.8%
Book Value / Share	\$3.15	\$2.84	\$3.02	\$3.02	\$3.28	\$3.62	\$3.91	\$3.65	\$4.92	\$6.42
Tangible BV/Share	\$0.44	\$0.57	\$2.63	\$1.14	\$2.30	\$2.51	\$2.70	\$2.05	\$3.36	\$4.86
Return on avg. equity	5.8%	-7.1%	-9.2%	-1.5%	6.4%	28.1%	21.1%	30.9%	29.3%	27.0%
Return on avg. assets	1.6%	-1.9%	-2.2%	-0.4%	1.4%	6.1%	4.5%	7.7%	9.8%	10.8%
Asset turnover	1.9	1.7	1.6	1.6	1.7	1.8	1.9	2.2	2.4	2.6
Receiv. turnover (days)	59	62	62	68	67	70	72	54	51	49
Net cash	(\$112,517)	(\$105,783)	(\$96,799)	(\$96,073)	(\$116,329)	(\$143,754)	(\$145,088)	(\$87,355)	(\$72,887)	(\$48,218)
Net cash/debt per share	(\$170.74)	\$14.54	(\$14.80)	(\$3.04)	(\$13.70)	(\$17.93)	(\$18.47)	(\$2.67)	(\$2.23)	(\$1.46)

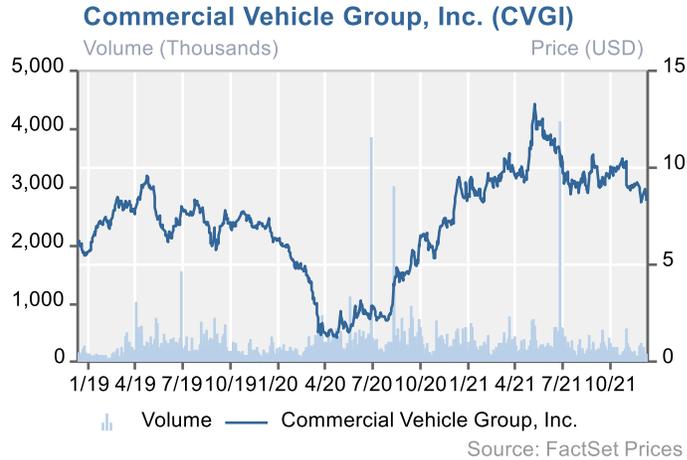
Appendix
Required Disclosures

Required Disclosures

Commercial Vehicle Group, Inc. (CVGI-\$8.04) NR Price Target: \$18 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	11/18/20	7.4	NR	14	M
PT	1/21/21	8.6		14	
PT	3/3/21	9.5		14	
PT	3/10/21	10.3		14	
PT	5/3/21	11.2		16	
PT	5/5/21	11.2		16	
PT	5/26/21	11.7		16	
PT	7/29/21	9.1		16	
PT	8/4/21	8.7		18	
PT	8/20/21	8.8		18	
PT	10/29/21	10.3		18	
PT	11/3/21	9		18	



Valuation	<p>We maintain our \$18 price target on CVGI shares. We think the ongoing transformation of CVG merits the utilization of a blended multiple, based on the future projected profit contribution of the businesses, in our valuation. In doing so, we assume that by 2022-23, 25% of revenue will be in automation and 75% in truck (and related) products. We compare this mix to the S&P small-cap truck, farming and construction and S&P small-cap industrial machinery indices. By 2023, we assume profit growth rates will slow, reflected in contracting forward P/E multiples. Over the last ten years, the median forward P/E on the S&P small-cap truck sector was 20.0x forward one-year EPS and 17.0x forward two-year EPS, with a peak forward multiple of 12x-14x. Similarly, the S&P small-cap machinery index has traded at 20.0x forward one-year EPS and 18.0x forward two-year EPS, with peak forward multiple trading at a wider spread of 10x-14x. Utilizing the midpoints of 13x peak trucking and 12x peak machinery on our projected profit contributions, we derive a blended multiple of 12x. Our \$18 price target is based on a constant 12x our 2023 EPS estimate of \$1.53. We have a Moderately Risky rating on CVGI shares to reflect the cyclicity of the truck market and levered balance sheet.</p>		
Key Risks	Cyclicality of trucking market	Risk in new market penetration	High debt levels

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