

2020 Fourth Quarter and Full Year Results

Gentherm, Inc.
March 1, 2021

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 reasonable expectations and beliefs. Such statements are subject to a number of important assumptions, risks, uncertainties and other factors that may cause actual results or 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: the COVID-19 pandemic and its direct and indirect adverse impacts on the automobile and medical industries and global economy, which had, and are likely to continue to have, an adverse effect on, among other things, the Company's results of operations, financial condition, cash flows, liquidity, business operations and stock price; borrowing a availability under the Company's revolving credit facility, which was substantially less than the full amount of revolving credit facility in 2020 based on the deterioration of the Company's financial performance during 2020 (including consolidated EBITDA) due to the COVID-19 pandemic; the Company's failure to be in compliance with covenants under its debt agreements, which could result in the amounts outstanding thereunder being accelerated and becoming immediately due and payable; the Company's ability to obtain additional financing by accessing the capital markets, which may not be available on acceptable terms or at all; the macroeconomic environment, including its impact on the automotive industry, which is cyclical; any significant declines or slower growth than anticipated in light vehicle production; market acceptance of the Company's existing or new products, and new or improved competing products developed by competitors with greater resources; shifting customer preferences, including due to the evolving use of automobiles and technology; the Company's ability to project future sales volumes, based on which the Company manages its business; reductions in new business awards, which were limited, and may continue to be limited, due to COVID-19 and related uncertainties; the Company's ability to convert new business awards into product revenues; the loss or insolvency of any of the Company's key customers; the loss of any key suppliers, or any material delays in the supply chain of the Company or the OEMs and Tier 1s supplied by the Company, including resulting from a shortage of key components (such as semiconductors); the impact of price downs in the ordinary course, or additional increased pricing pressures from the Company's customers; the feasibility of Company's development of new products on a timely, cost effective basis, or at all; security breaches and other disruptions to the Company's IT systems; work stoppages impacting the Company, its suppliers or customers; changes in free trade agreements or the implementation of additional tariffs, and the Company's ability to pass-through tariff costs; unfavorable changes to currency exchange rates; the Company's ability to protect its intellectual property in certain jurisdictions; the Company's ability to effectively implement ongoing restructuring and other cost-savings measures or realize the full amount of estimated savings; and compliance with, and increased costs related to, domestic and international regulations. 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 SEC filings, for a discussion of these and other risks and uncertainties. In addition, 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, each of which may present material risks to the Company's future 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.

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 adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), adjusted earnings per share ("Adjusted earnings per share" or "Adjusted EPS"), Free Cash Flow and Revenue excluding the impact of foreign currency translation (and, for full year results, excluding 2019 divestitures), 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. The Company defines Free Cash Flow as Net cash provided by operating activities less Purchases of property and equipment. The Company defines Revenue excluding the impact of foreign currency translation as revenue, less the estimated effects of foreign currency exchange on revenue by translating actual revenue using the prior period foreign currency exchange rates. In evaluating its business, the Company considers and uses Free Cash Flow as a supplemental measure of its liquidity and the other non-GAAP financial measures as supplemental measures of its operating performance. Management provides such non-GAAP financial 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 by excluding matters not indicative of the Company's ongoing operating or liquidity results. Other companies in our industry may define and 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 or liquidity, investors should not consider these non-GAAP measures in isolation, or as a substitute for net income, revenue or other consolidated income statement or cash flow statement data prepared in accordance with GAAP. Non-GAAP measures referenced in this presentation and other public communications 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.

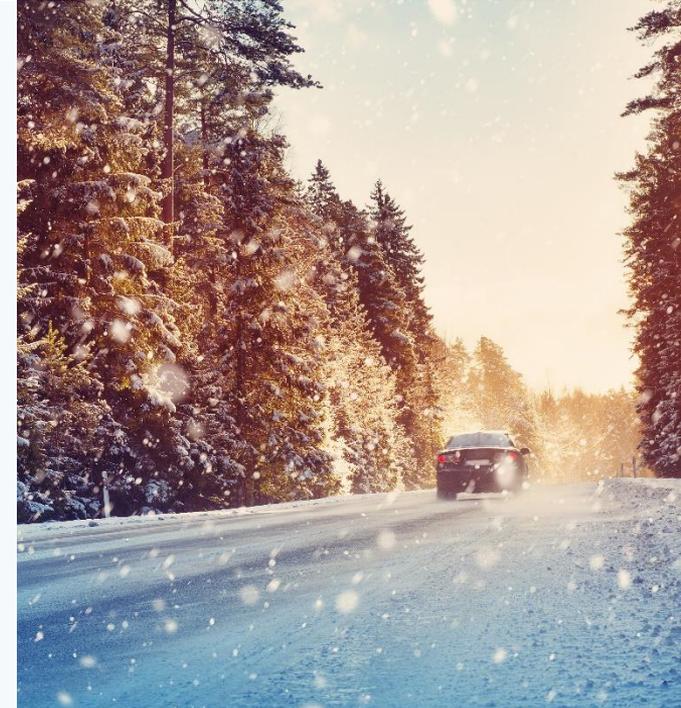
* See Appendix for certain reconciliations of GAAP to non-GAAP historical financial measures

4Q 2020 Highlights

- Record quarterly revenue and adjusted EBITDA in Company history
- \$440M in new Automotive business awards reflecting strong rebound

Full Year 2020 Highlights

- Significantly outperformed the automotive market
- \$940M in Automotive awards reflecting over 90% win rate
- Record revenue with double-digit growth in Medical
- Over 60 basis points improvement in Adjusted EBITDA Margin rate



Entering 2021 with strong momentum

Automotive 4Q 2020 Highlights

- 19 Vehicle launches with 11 OEMs
- Multiple CCS® product launches
 - Hyundai Tucson
 - Ford 150
 - Hyundai Sonata
 - Acura MDX
- Continued innovation in Battery Performance Solutions
- Advanced ClimateSense™ development projects
 - Began phase three with BMW
 - Completed phase one with Audi
 - Began phase two with Honda
 - Continued phase three with General Motors



Continued strong execution in Automotive

New Automotive Business Awards



- \$440M in awards across 12 OEMs in 4Q 2020
- Multiple CCS® awards
 - Chevrolet CUV
 - Hummer EV
 - Mazda
 - Ford
 - Land Rover
 - Volkswagen
- 8 Steering Wheel Heater awards across 6 OEMs
- Expanded strong position with General Motors with CCS® and Seat Heat awards across multiple vehicle segments
- Secured additional Steering Wheel and Seat Heat awards with one of the largest EV manufacturers
- Won innovative steering wheel adjustment electronics award with Audi
- Won next generation multi-function electronic controller award with Ford



Strong win rate and healthy pipeline enable continued growth

Current Projects

Battery Performance Solutions

- Battery Thermal Management
- Cell Connecting Technology
- Cable Technology

Climate & Comfort

- Automotive Seat Heater
- Climate Control Seats CCS®
- Steering Wheel Heaters
- Heated Interiors

Electronics

- Thermal ECUs
- Multi-function ECUs

106 Programs

30 Customers



Future

ClimateSense™

- Proprietary software
- Increased thermal content
- Significant range extension

11 Development Projects

4 Customers



Leading the industry with innovative solutions

Medical 4Q 2020 Highlights

- Expanded WarmAir® and FilteredFlo® patient warming systems across multiple large hospital networks
- Continued revenue growth of consumables
- Strong focus on innovation programs leveraging thermophysiology synergies between Medical and Automotive



Strong revenue growth in 2020 despite market challenges



Award-winning
customer service



Significant EV
program growth



Expanded take
rates and content



Double-digit
growth in Medical

Financial results demonstrate continued successful execution of our strategic plan

- Focused growth
- Realigned cost structure
- Bringing innovative solutions to market

Well positioned to deliver profitable, long-term growth

Selected Income Statement Data



Three Months Ended
December 31,

Twelve Months Ended
December 31,

2020

2019

2020

2019

(Dollars in thousands, except per share data)

	2020	2019	2020	2019
Product Revenues	\$288,884	\$230,381	\$913,098	\$971,684
Automotive	279,376	219,925	869,998	920,225
Medical	9,508	10,456	43,100	36,860
Gross Margin	92,697	65,622	268,104	288,335
Gross Margin %	32.1%	28.5%	29.4%	29.7%
Operating Expenses	50,790	43,593	178,887	204,075
Operating Income	41,907	22,029	89,217	84,260
Adjusted EBITDA	56,958	34,395	139,939	142,487
Diluted EPS - As Adjusted	\$1.16	\$0.99	\$2.29	\$2.68

Selected Balance Sheet Data



	December 31, 2020	December 31, 2019
	(Dollars in thousands)	
Cash and Cash Equivalents	\$268,345	\$50,443
Restricted Cash	—	2,505
Total Assets ^(a)	1,022,839	738,832
Debt	192,434	80,624
Current	2,500	2,500
Non-Current	189,934	78,124
Revolving LOC Availability	288,776	392,325
Total Liquidity	557,121	442,768

(a) The Company increased prior-year deferred income tax assets by \$11,446 as a result of the revised valuation of certain deferred income tax assets.

Product Revenue ⁽¹⁾⁽²⁾	\$1.05B - \$1.13B
Adjusted EBITDA Margin ⁽³⁾	17% - 19%
Effective Tax Rate	22% - 24%
Capital Expenditures	\$50M - \$60M

- (1) Assuming light vehicle production in our relevant markets grows at a low-teens rate in 2021 versus 2020.
- (2) Foreign exchange rate assumed at current levels.
- (3) 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.



Appendix

Reconciliation of Net Income to Adjusted EBITDA



	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Net Income	\$33,993	\$21,814	\$59,690	\$48,866
Add Back:				
Income Tax Expense (benefit)	6,652	(8,929)	21,866	10,285
Interest Expense	1,191	1,007	4,559	4,763
Depreciation and Amortization	10,177	10,694	40,306	43,742
Adjustments:				
Restructuring Expenses	2,351	1,110	5,803	12,919
Impairment Loss	—	—	—	21,206
Net Loss on Divestitures	—	6,557	—	1,587
Acquisition and Divestiture Expenses	1,424	(75)	2,032	324
Unrealized Currency Loss (Gain)	1,170	2,217	7,661	(2,270)
Gain on Sale of Patents	—	—	(1,978)	—
CFO Transition Expense	—	—	—	1,065
Adjusted EBITDA	\$56,958	\$34,395	\$139,939	\$142,487

Reconciliation of Adjusted EPS



	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Diluted EPS - As Reported	\$1.02	\$0.66	\$1.81	\$1.47
Acquisition Transaction Expenses	0.04	—	0.06	0.01
Non-Cash Purchase Accounting Impacts	0.07	0.08	0.27	0.30
Unrealized Currency Loss (Gain)	0.04	0.07	0.23	(0.07)
Restructuring Expenses	0.07	0.03	0.18	0.39
Gain on Sale of Patents	—	—	(0.06)	—
Impairment Loss	—	—	—	0.64
Net Loss on Divestitures	—	0.20	—	0.04
CFO Transition Expenses	—	—	—	0.03
Tax Effect of Above	(0.08)	(0.05)	(0.20)	(0.13)
Diluted EPS - As Adjusted	\$1.16	\$0.99	\$2.29	\$2.68



GENTHERM

Technology to the next degree™