
CooperStandard

*Driving Value Through Culture, Innovation and Results*

**THIRD QUARTER 2019**
**EARNINGS PRESENTATION**

***November 6, 2019***

# Agenda

| | |
|---|---|
| **Introduction** | Roger Hendriksen<br>Director, Investor Relations |
| **Third Quarter Summary** | Jeff Edwards<br>Chairman and Chief Executive Officer |
| **Financial Overview** | Jon Banas<br>Executive VP and Chief Financial Officer |
| **Business Overview and Outlook** | Jeff Edwards |
| **Q & A** | |

# Forward-Looking Statements

This presentation includes “forward-looking statements” within the meaning of U.S. federal securities laws, and we intend that such forward-looking statements be subject to the safe harbor created thereby. Our use of words “estimate,” “expect,” “anticipate,” “project,” “plan,” “intend,” “believe,” “outlook,“ “guidance,“ “forecast,” or future or conditional verbs, such as “will,” “should,” “could,” “would,” or “may,” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs, and projections are expressed in good faith, and we believe there is a reasonable basis for them. However, we cannot assure you that these expectations, beliefs, and projections will be achieved. Forward-looking statements are not guarantees of future performance and are subject to significant risks and uncertainties that may cause actual results or achievements to be materially different from the future results or achievements expressed or implied by the forward-looking statements. Among other items, such factors may include: prolonged or material contractions in automotive sales and production volumes; our inability to realize sales represented by awarded business; escalating pricing pressures; loss of large customers or significant platforms; our ability to successfully compete in the automotive parts industry; availability and increasing volatility in costs of manufactured components and raw materials; disruption in our supply base; competitive threats and commercial risks associated with us entering new markets; possible variability of our working capital requirements; risks associated with our international operations, including changes in laws, regulations, and policies governing the terms of foreign trade such as increased trade restrictions and tariffs; foreign currency exchange rate fluctuations; our ability to control the operations of our joint ventures for our sole benefit; our substantial amount of indebtedness; our ability to obtain adequate financing sources in the future; operating and financial restrictions imposed on us under our debt instruments; the underfunding of our pension plans; significant changes in discount rates and the actual return on pension assets; effectiveness of continuous improvement programs and other cost savings plans; manufacturing facility closings or consolidation; our ability to execute new program launches; our ability to meet customers' needs for new and improved products; the possibility that our acquisitions and divestitures may not be successful; product liability, warranty and recall claims brought against us; laws and regulations, including environmental, health and safety laws and regulations; legal proceedings, claims or investigations against us; work stoppages or other labor disruptions; the ability of our intellectual property to withstand legal challenges; cyber-attacks, other disruptions in, or the inability to implement upgrades to, our information technology systems; the possible volatility of our annual effective tax rate; changes in our assumptions as a result of IRS issuing guidance on Tax Cuts and Jobs Act; the possibility of future impairment charges to our goodwill and long-lived assets; and our dependence on our subsidiaries for cash to satisfy our obligations. For a more detailed discussion of these factors, see the information under “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our most recent Form 10-K and subsequent periodic filings with the Securities and Exchange Commission (the “SEC”), which are accessible on the SEC’s website (www.sec.gov).

You should not place undue reliance on these forward-looking statements. Our forward-looking statements speak only as of the date of this presentation, and we undertake no obligation to publicly update or otherwise revise any forward-looking statement, whether as a result of new information, future events or otherwise, except where we are expressly required to do so by law. This presentation also contains estimates and other information that is based on industry publications, surveys, and forecasts. This information involves a number of assumptions and limitations, and we have not independently verified the accuracy or completeness of the information.

# THIRD QUARTER SUMMARY

*Jeff Edwards, Chairman and CEO*

# Operational Performance Offset by Market Challenges

*Successfully Managing What We Can Control*

## YTD Operational Performance

| | |
|---|---|
| Operational Efficiency | $64M |
| Record Program Launches/ Green Scorecards | 176 / 92% |
| Net New Business Awards | $261m |
| Innovation Sales Awards | $276m |
| Lower SGA&E Expense | ($15)m |

## Market Challenges

| | |
|---|---|
| (11.5)% | China LV Production Volume |
| (3.8)% | Europe LV Production Volume |
| (2.2)% | N. Am. LV Production Volume |
| ($20)m | Material Economics |
| ($26)m | One-time Impact of Customer Settlements, UAW Strike (Q3) |

# FINANCIAL OVERVIEW

*Jon Banas, Executive VP and CFO*

# Financial Results

(USD millions, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Sales | $ 729.0 | $ 861.7 | $ 2,373.9 | $ 2,757.3 |
| Gross Profit | $ 69.7 | $ 119.7 | $ 285.2 | $ 441.9 |
| *% Margin* | *9.6%* | *13.9%* | *12.0%* | *16.0%* |
| Adjusted EBITDA[1] | $ 43.5 | $ 69.6 | $ 168.0 | $ 300.1 |
| *% Margin* | *6.0%* | *8.1%* | *7.1%* | *10.9%* |
| Income Tax Expense (Benefit) | $ (0.6) | $ (1.2) | $ 46.0 | $ 19.8 |
| *Effective Tax Rate %* | *3.5%* | *(3.8)%* | *26.8%* | *13.0%* |
| Net Income (Loss) | $ (13.9) | $ 32.2 | $ 128.0 | $ 130.8 |
| *EPS (Fully diluted)* | *$ (0.82)* | *$ 1.77* | *$ 7.40* | *$ 7.13* |
| Adjusted Net Income (Loss)[1] | $ (5.2) | $ 19.1 | $ 12.1 | $ 133.2 |
| *Adjusted EPS (Fully diluted)[1]* | *$ (0.31)* | *$ 1.05* | *$ 0.70* | *$ 7.26* |
| CAPEX | $ 35.6 | $ 53.4 | $ 131.1 | $ 160.1 |
| *% of Sales* | *4.9%* | *6.2%* | *5.5%* | *5.8%* |

[1] See Appendix for definitions and reconciliation to U.S. GAAP

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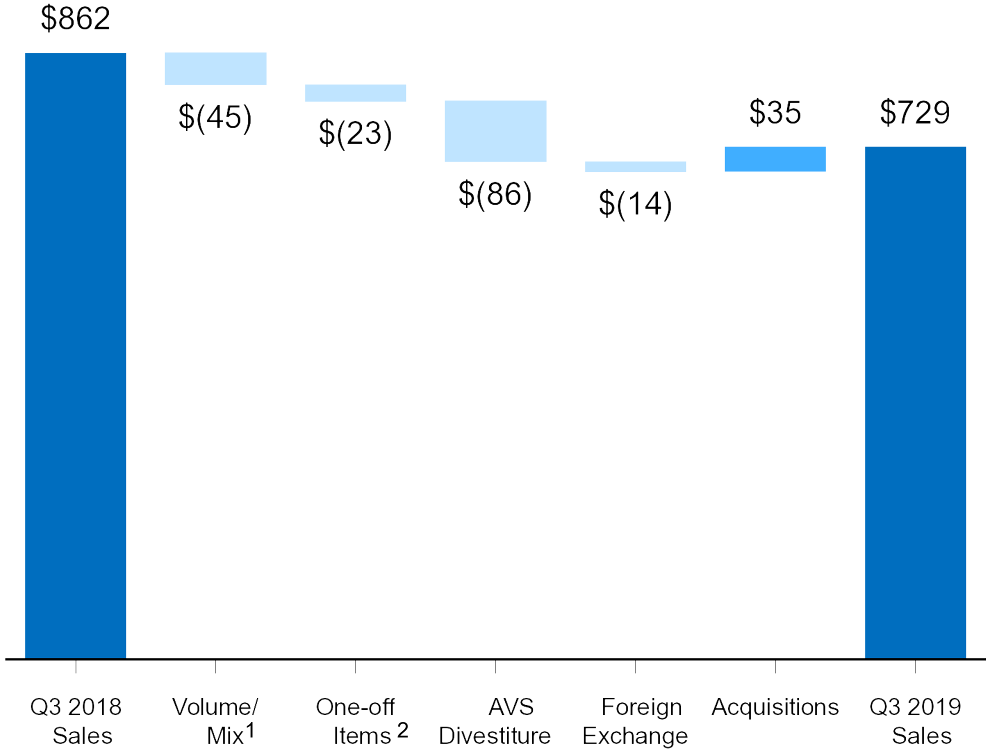
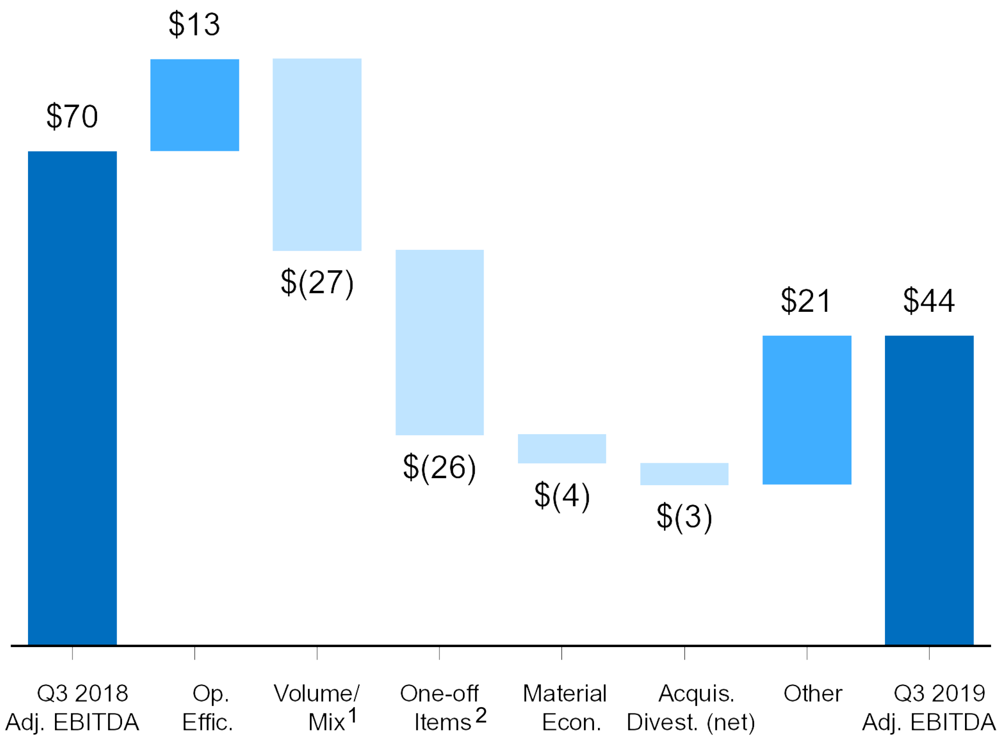
# Third Quarter Bridge Analysis

(USD millions)

## Sales




## Adjusted EBITDA[3]




[1] Net of customer price reductions
[2] Includes impact of one-off customer commercial settlements, UAW Strike at GM
[3] See Appendix for definitions and reconciliation to U.S. GAAP

Totals may not add due to rounding

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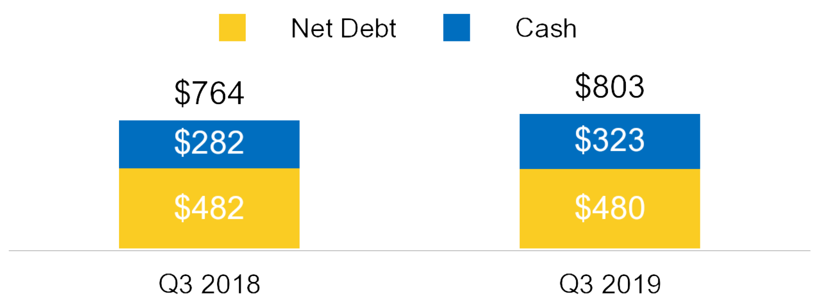
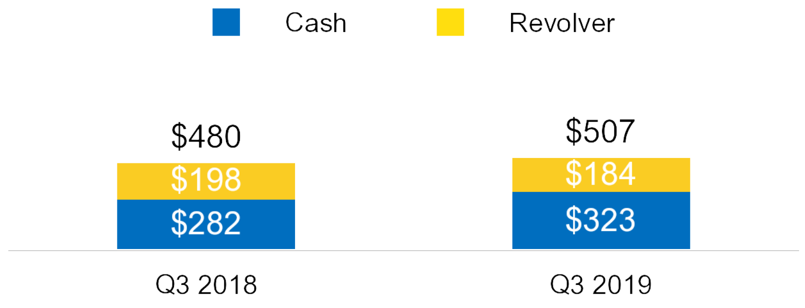
# Continuing Strong Balance Sheet and Credit Profile

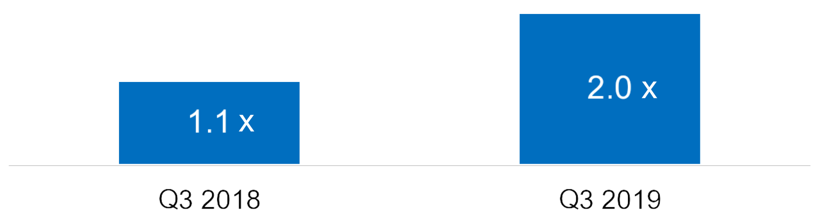
**Gross Debt and Net Debt (USD millions)**



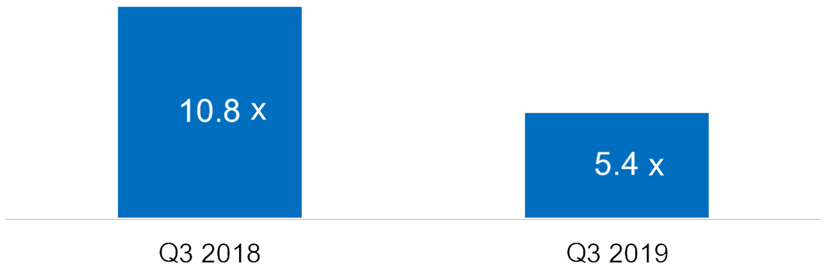

**Liquidity Profile (USD millions)**




**Net Leverage Ratio (Net Debt /TTM Adj. EBITDA[1])**




**Interest Coverage Ratio ( TTM Adj. EBITDA[1] / Interest)**

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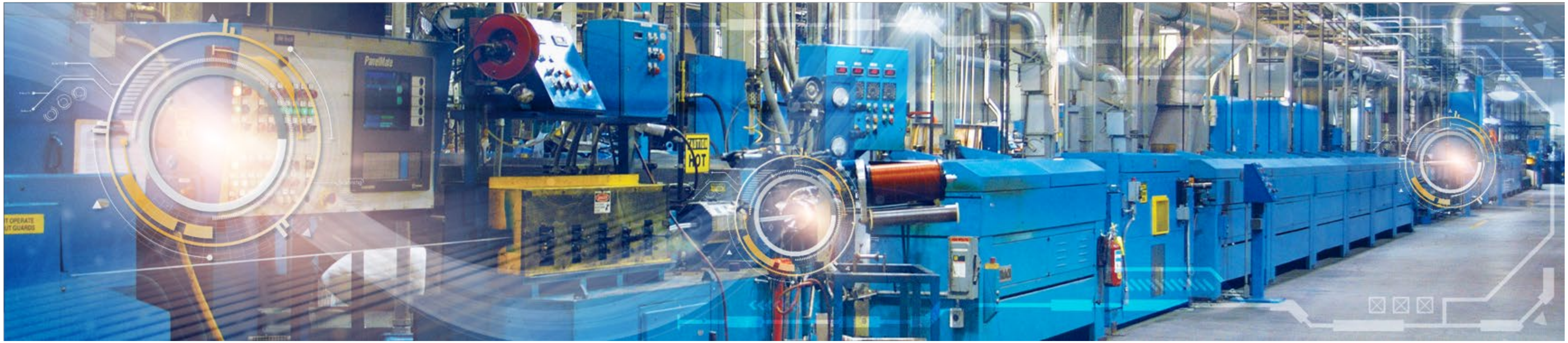
[1] See Appendix for definitions and reconciliation to U.S. GAAP
*Numbers are subject to rounding*

# BUSINESS OVERVIEW AND OUTLOOK

*Jeff Edwards, Chairman and CEO*

# Continuing Emphasis on Breakthrough Innovation

*A.I.-based Process Controls - Automated Extrusion Line is Industry First*




### A.I.-based Enhancements

- Automation of complex processes
- Predictive assistants

### Affordable Infrastructure

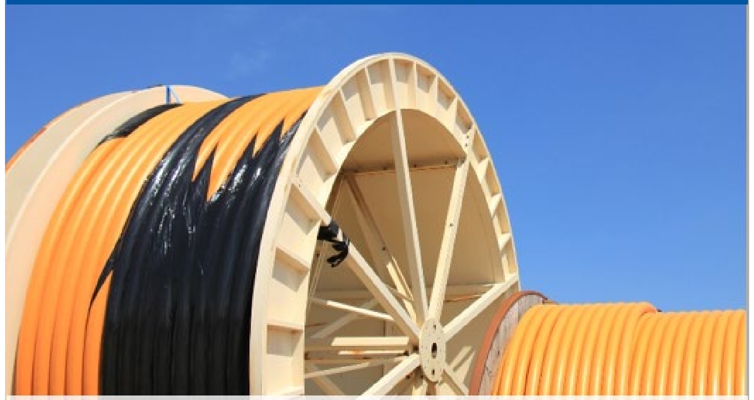
- Replicating in 2 pilot locations
- Target deployment across 345 extrusion lines

### Improved Operational Metrics

- Eliminate 50-90% of variation
- Increase quality
- Decrease scrap

# Accelerating Advanced Technology Group Strategy

## Material Licensing and Sales



Wire and Cable

Building and Construction

**Integrated ATG Strategic Direction**

- Materials licensing and sales
- Converted products sales
- Enabled by global functional teams

**Asia Growth Strategy**

- Focused market opportunities
- Asia based leadership in place

**New Business Development**

- Expect to sign 2 new license/technology agreements in Q4, on pace with full-year target

## Converted Materials

Industrial and Consumer

Commercial and Recreational

# New Global Organization Structure

*Flatter, Leaner and More Efficient*

**Global Automotive Business**

**Advanced Technology Group**

**Global Functions**

Engineering, Manufacturing, Innovation, Finance
Human Resources, Purchasing and Information Technology

- Automotive business evolves from regional management to global structure
- Increases product quality and customer service experience
- Enhances global collaboration
- Accelerates best practice sharing / standardization
- Expands economies of scale

# Driving Value in Challenging Global Conditions

*CPS Global Actions and Initiatives*

## Streamlining Operations

- Complete transition to global organization structure
  - Restructuring expense of $7-$9m
  - Payback < 1 year
- Execute on plans to close 10 facilities by 2020
  - Restructuring expense of $20-$25m
  - Payback < 2 years
- Fix or exit nonprofitable operations
  - Strategic review process initiated

## Focusing Investments

- CAPEX reinvestment ratio of 1:1 or lower by 2020
- Continuing investment in process innovation

## Accelerating Strategic Diversification

- Commercializing applied materials science
- Advancing toward delivery on first major orders

## Driving Efficiencies

- Leveraging new global structure to drive efficiencies
  - Supply chain optimization, economies of scale
  - Further reduction in SGA&E expense

## Optimizing Working Capital

- Reduce inventory DOH to 21 by 2020 (~$10m / day)
- Extend payables by 3-5 days (~$7m per day)

# FY 2019 Guidance Update

| | | Previous Guidance (8/2/2019) | Current Guidance[1] |
|---|---|---|---|
| Key Company Measures | Sales | $3.0 - $3.2 billion | $3.0 - $3.1 billion |
| | Adj. EBITDA[2] | $270 - $300 million | $190 - $210 million |
| | Capital Expenditures | $175 - $185 million | $165 - $175 million |
| | Cash Restructuring | $25 - $35 million | $35 - $40 million |
| | Effective Tax Rate | 21% - 25% | 25% - 29% |

1 Guidance is representative of management's estimates and expectations as of the date it is published. Current guidance as presented in this document is reflective of October 2019 IHS production forecasts for relevant light vehicle platforms and models, customers' planned production schedules and other internal assumptions.

2 Adjusted EBITDA is a non-GAAP financial measure. We have not provided a reconciliation of projected adjusted EBITDA range to projected net income range because full-year net income will include special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end. Due to this uncertainty, we cannot reconcile projected adjusted EBITDA range to a comparable US GAAP net income range without unreasonable effort.

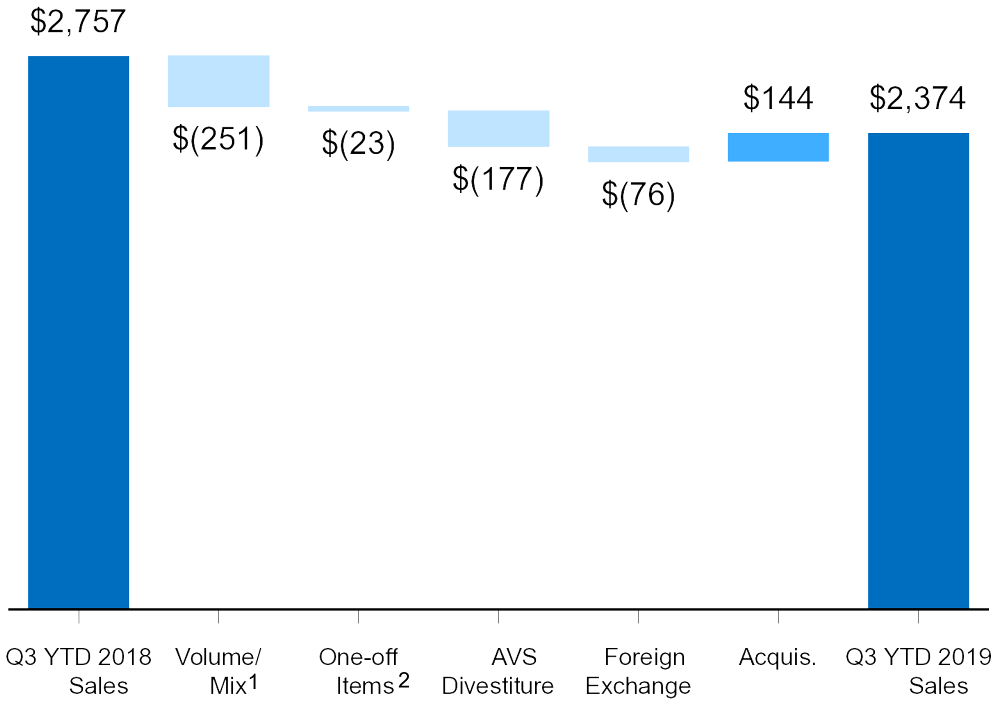
# Q & A

# APPENDIX

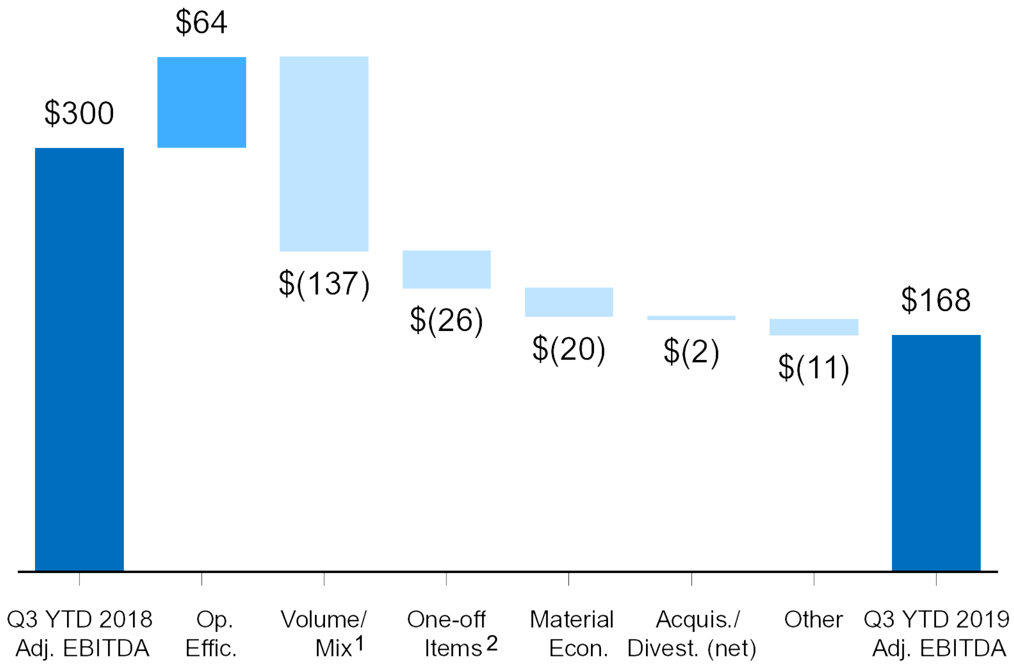
# Q3 Year-to-Date 2019 Bridge Analysis

(USD millions)

## Sales




## Adjusted EBITDA[3]




[1] Net of customer price reductions
[2] Includes impact of one-off customer settlements, UAW strike at GM
[3] See Appendix for definitions and reconciliation to U.S. GAAP

Totals may not add due to rounding

# Non-GAAP Financial Measures

EBITDA, adjusted EBITDA, adjusted net income, adjusted earnings per share, net debt and free cash flow are measures not recognized under U.S. GAAP and which exclude certain non-cash and special items that may obscure trends and operating performance not indicative of the Company's core financial activities. Management considers EBITDA, adjusted EBITDA, adjusted net income, adjusted earnings per share, net debt and free cash flow to be key indicators of the Company's operating performance and believes that these and similar measures are widely used by investors, securities analysts and other interested parties in evaluating the Company's performance. In addition, similar measures are utilized in the calculation of the financial covenants and ratios contained in the Company’s financing arrangements and management uses these measures for developing internal budgets and forecasting purposes. EBITDA is defined as net income adjusted to reflect income tax expense, interest expense net of interest income, depreciation and amortization, and adjusted EBITDA is defined as EBITDA further adjusted to reflect certain items that management does not consider to be reflective of the Company's core operating performance. Adjusted net income is defined as net income adjusted to reflect certain items that management does not consider to be reflective of the Company's core operating performance. Adjusted basic and diluted earnings per share is defined as adjusted net income divided by the weighted average number of basic and diluted shares, respectively, outstanding during the period. Net debt is defined as total debt minus cash and cash equivalents. Free cash flow is defined as net cash provided by operating activities minus capital expenditures and is useful to both management and investors in evaluating the Company’s ability to service and repay its debt.

When analyzing the Company’s operating performance, investors should use EBITDA, adjusted EBITDA, adjusted net income, adjusted earnings per share, net debt and free cash flow as supplements to, and not as alternatives for, net income, operating income, or any other performance measure derived in accordance with U.S. GAAP, and not as an alternative to cash flow from operating activities as a measure of the Company’s liquidity. EBITDA, adjusted EBITDA, adjusted net income, adjusted earnings per share, net debt and free cash flow have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of the Company’s results of operations as reported under U.S. GAAP. Other companies may report EBITDA, adjusted EBITDA, adjusted net income, adjusted earnings per share, net debt and free cash flow differently and therefore the Company's results may not be comparable to other similarly titled measures of other companies. In addition, in evaluating adjusted EBITDA and adjusted net income, it should be noted that in the future the Company may incur expenses similar to or in excess of the adjustments in the below presentation. This presentation of adjusted EBITDA and adjusted net income should not be construed as an inference that the Company's future results will be unaffected by special items. Reconciliations of EBITDA, adjusted EBITDA, adjusted net income, adjusted earnings per share and free cash flow follow.

# EBITDA and Adjusted EBITDA Reconciliation

(Unaudited, dollar amounts in thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) attributable to Cooper-Standard Holdings Inc. | $ (13,853) | $ 32,156 | $ 127,983 | $ 130,825 |
| Income tax expense (benefit) | (574) | (1,190) | 45,996 | 19,831 |
| Interest expense, net of interest income | 10,351 | 9,983 | 33,858 | 29,756 |
| Depreciation and amortization | 37,495 | 36,098 | 111,968 | 109,271 |
| EBITDA | $ 33,419 | $ 77,047 | $ 319,805 | $ 289,683 |
| Gain on sale of business (1) | 1,730 | — | (188,180) | — |
| Restructuring charges | 5,572 | 2,703 | 29,214 | 19,841 |
| Impairment charges (2) | 1,958 | — | 4,146 | — |
| Project costs (3) | 335 | — | 2,003 | — |
| Lease termination costs (4) | 512 | — | 1,003 | — |
| Gain on sale of land (5) | — | (10,714) | — | (10,714) |
| Amortization of inventory write-up (6) | — | 535 | — | 535 |
| Loss on refinancing and extinguishment of debt (7) | — | — | — | 770 |
| Adjusted EBITDA | $ 43,526 | $ 69,571 | $ 167,991 | $ 300,115 |

(1) Gain on sale of AVS product line. Adjustments to the gain recorded in the third quarter relate primarily to working capital adjustments.
(2) Non-cash impairment charges related to fixed assets.
(3) Project costs recorded in selling, administration and engineering expense related to acquisitions and divestiture.
(4) Lease termination costs no longer recorded as Restructuring charges in accordance with ASC 842.
(5) Gain on sale of land in Europe that was contemplated in conjunction with our restructuring plan.
(6) Amortization of write-up of inventory to fair value for the Lauren acquisition.
(7) Loss on refinancing and extinguishment of debt related to the applicable amendment of the Term Loan Facility entered into during such period.

# Adjusted EBITDA Margin, Financial Ratios

*Twelve Months Ended September 30, 2019*

(Unaudited, dollar amounts in thousands)

| | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | Twelve Months Ended September 30, 2019 |
|---|---|---|---|---|---|
| Net income (loss) attributable to Cooper-Standard Holdings Inc. | $ (23,059) | $ (3,460) | $ 145,296 | $ (13,853) | $ 104,924 |
| Income tax expense (benefit) | (49,514) | 2,331 | 44,239 | (574) | (3,518) |
| Interest expense, net of interest income | 11,248 | 11,932 | 11,575 | 10,351 | 45,106 |
| Depreciation and amortization | 37,427 | 36,605 | 37,868 | 37,495 | 149,395 |
| **EBITDA** | **$ (23,898)** | **$ 47,408** | **$ 238,978** | **$ 33,419** | **$ 295,907** |
| Gain on sale of business (1) | — | — | (189,910) | 1,730 | (188,180) |
| Other impairment charges (2) | 43,706 | — | 2,188 | 1,958 | 47,852 |
| Goodwill impairment charges(3) | 39,818 | — | — | — | 39,818 |
| Restructuring (4) | 9,881 | 17,715 | 5,927 | 5,572 | 39,095 |
| Gain on sale of long-lived asset (5) | 337 | — | — | — | 337 |
| Project costs (6) | 4,881 | 1,263 | 405 | 335 | 6,884 |
| Lease termination costs (7) | — | — | 491 | 512 | 1,003 |
| Amortization of inventory write-up (8) | 925 | — | — | — | 925 |
| Settlement charges (9) | 775 | — | — | — | 775 |
| **Adjusted EBITDA** | **$ 76,425** | **$ 66,386** | **$ 58,079** | **$ 43,526** | **$ 244,416** |
| **Debt** | | | | | |
| Debt payable within one year | | | | | $ 67,419 |
| Long-term debt | | | | | 736,044 |
| **Total debt** | | | | | $ 803,463 |
| Less: cash and cash equivalents | | | | | 323,142 |
| **Net debt** | | | | | **$ 480,321** |
| **Leverage ratio (Total debt/TTM Adjusted EBITDA)** | | | | | 3.3 |
| **Net leverage ratio (Net debt/TTM Adjusted EBITDA)** | | | | | 2.0 |
| **Interest coverage ratio (Adjusted EBITDA/Interest expense)** | | | | | 5.4 |
| **Sales** | **$ 871,987** | **$ 880,038** | **$ 764,806** | **$ 729,021** | **$ 3,245,852** |
| **Net income margin (Net income/Sales)** | **(2.6)%** | **(0.4)%** | **19.0%** | **(1.9)%** | **3.2%** |
| **Adjusted EBITDA margin (Adjusted EBITDA/Sales)** | **8.8%** | **7.5%** | **7.6%** | **6.0%** | **7.5%** |

(1) Gain on sale of AVS product line. Adjustments to the gain recorded in the third quarter of 2019 relate primarily to working capital adjustments
(2) Other non-cash impairment charges related to intangible assets of $791 and fixed assets of $42,915 in Q4 of 2018, and related to fixed assets in Q2 and Q3 of 2019.
(3) Non-cash goodwill impairment charges related to impairments at our Europe and Asia Pacific reporting units, net of approximately $5,463 attributable to our noncontrolling interests.
(4) Includes non-cash impairment charges related to restructuring.
(5) Gain on sale of land in Europe that was contemplated in conjunction with our restructuring plan.
(6) Project costs related to acquisitions and divestiture.
(7) Lease termination costs no longer recorded as Restructuring charges in accordance with ASC 842.
(8) Amortization of write-up of inventory to fair value for the 2018 acquisitions.
(9) Non-cash settlement charges incurred related to certain of our non-U.S. pension plans.

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# Adjusted Net Income (Loss) and Adjusted EPS

(Unaudited, dollar amounts in thousands except share and per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Net income (loss) attributable to Cooper-Standard Holdings Inc. | $ (13,853) | $ 32,156 | $ 127,983 | $ 130,825 |
| Gain on sale of business (1) | 1,730 | — | (188,180) | — |
| Restructuring charges | 5,572 | 2,703 | 29,214 | 19,841 |
| Impairment charges (2) | 1,958 | — | 4,146 | — |
| Project costs (3) | 335 | — | 2,003 | — |
| Lease termination costs (4) | 512 | — | 1,003 | — |
| Gain on sale of land (5) | — | (10,714) | — | (10,714) |
| Amortization of inventory write-up (6) | — | 535 | — | 535 |
| Loss on refinancing and extinguishment of debt (7) | — | — | — | 770 |
| Tax impact of adjusting items (8) | (1,435) | 1,486 | 35,890 | (1,010) |
| Impact of U.S. tax reform (9) | — | (7,070) | — | (7,070) |
| Adjusted net income (loss) | $ (5,181) | $ 19,096 | $ 12,059 | $ 133,177 |
| | | | | |
| Weighted average shares outstanding: | | | | |
| Basic | 16,880,736 | 17,828,358 | 17,240,366 | 17,939,544 |
| Diluted | 16,880,736 | 18,209,168 | 17,304,794 | 18,348,616 |
| | | | | |
| Earnings (loss) per share: | | | | |
| Basic | $ (0.82) | $ 1.80 | $ 7.42 | $ 7.29 |
| Diluted | $ (0.82) | $ 1.77 | $ 7.40 | $ 7.13 |
| | | | | |
| Adjusted earnings (loss) per share: | | | | |
| Basic | $ (0.31) | $ 1.07 | $ 0.70 | $ 7.42 |
| Diluted | $ (0.31) | $ 1.05 | $ 0.70 | $ 7.26 |

(1) Gain on sale of AVS product line. Adjustments to the gain recorded in the third quarter relate primarily to working capital adjustments.
(2) Non-cash impairment charges related to fixed assets.
(3) Project costs recorded in selling, administration and engineering expense related to acquisitions and divestiture.
(4) Lease termination costs no longer recorded as Restructuring charges in accordance with ASC 842.
(5) Gain on sale of land in Europe that was contemplated in conjunction with our restructuring plan.
(6) Amortization of write-up of inventory to fair value for the Lauren acquisition.
(7) Loss on refinancing and extinguishment of debt related to the applicable amendment of the Term Loan Facility entered into during such period.
(8) Represents the elimination of the income tax impact of the above adjustments by calculating the income tax impact of these adjusting items using the appropriate tax rate for the jurisdiction where the charges were incurred.
(9) Tax impact of adjustments recorded to the transition tax on undistributed foreign earnings and the tax effect of adjusting deferred taxes for the Tax Cuts and Jobs Act enacted into law on December 22, 2017.

# Free Cash Flow

(Unaudited, dollar amounts in thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Net cash provided by (used in) operating activities | $ 38,873 | $ (20,307) | $ 29,907 | $ 78,004 |
| Capital expenditures | (35,589) | (53,389) | (131,085) | (160,088) |
| Free cash flow | $ 3,284 | $ (73,696) | $ (101,178) | $ (82,084) |