

Aug 05, 2025

Industrial Goods

CVGI

NGS

Rating

Outperform

Unchanged

Current Price

\$1.85

Target Price

\$4.00

Market Capitalization

64.08m

Shares Outstanding

34.64m

Float

31.24m

Institutional Holdings

63.44%

12-Month Low/High

\$0.81/\$4.82

Average 90-Day Volume

363260

Fiscal Year End

2025-12-31

Commercial Vehicle Group

First Look: 2Q25 Shows Some Improvement but End Markets Remain Challenging

2Q25 Results. Revenue came in at \$172 million, down from \$193.7 million a year ago, but above our \$158 million estimate. Adjusted EBITDA was \$5.2 million, down from \$8.2 million a year ago, and in-line with our \$5 million estimate. Net loss from continuing operations was \$4.1 million, or a loss of \$0.12/sh, versus \$1.3 million, or a loss of \$0.04/sh in 2Q24. Adjusted net loss was \$0.09/sh in 2Q25 versus adjusted EPS of \$0.05 last year. We had forecasted a net loss of \$2 million, or a loss of \$0.06/sh.

Highlights. Gross margin improved 80 bp sequentially to 11.3% due to operational efficiency improvements. Free cash flow was \$17.3 million, up \$16.5 million, due to better working capital management. Net debt decreased \$31.8 million compared to the year end 2024 level.

Environment. End markets remain challenging with continued macroeconomic uncertainty. The Construction and AG markets remain soft, as well as the Class 8 truck market. In spite of the tough conditions, CVG did see improved performance in its Electrical Systems segment, driven by new business wins outside of the Ag and Construction markets.

Dampened Outlook. Due to the ongoing challenging market conditions, management lowered its 2025 net sales and adjusted EBITDA projections to \$650-670 million and \$21-\$25 million, respectively, from \$680-\$690 million and \$22-\$27 million. Free cash flow estimate, however, was increased to at least \$30 million from at least \$20 million previously.

Conference Call. Management will host a conference call to discuss the results this morning at 8:30 a.m. ET. The call-in number is (800) 549-8228, ID: 72110. We will provide additional commentary and update our models following the call.

Equity Research

Joe Gomes, CFA, Managing Director, Equity Research Analyst, Generalist
561-999-2262, jgomes@noblecapitalmarkets.com, [in](#) Connect on LinkedIn

Noble Capital Markets, Inc.

Trading: (561) 998-5489 Sales: (561) 998-5491
noblecapitalmarkets.com | Follow Noble on LinkedIn [in](#)

Refer to the last two pages for Analyst Certification & Disclosures

Revenues (\$ MIL)

Period	2024A	2025E	2026E
Q1	194.6A	169.8A	
Q2	193.7A	158.0E	
Q3	171.8A	162.0E	
Q4	163.3A	170.0E	
	723.4A	659.8E	690.0E

EPS (\$)

Period	2024A	2025E	2026E
Q1	0.08A	(0.09)A	
Q2	0.05A	(0.06)E	
Q3	(0.01)A	(0.04)E	
Q4	(0.15)A	(0.04)E	
	(0.03)A	(0.23)E	0.13E

Company Profile

Commercial Vehicle Group (CVG) is a global provider of systems, assemblies, and components to the global commercial vehicle market, the electric vehicle market, and the warehouse automation markets. CVG primarily manufactures customized products to meet the requirements of its customers. The Company's products are used by a majority of the North American Commercial Truck manufacturers, many construction vehicle original equipment manufacturers ("OEMs") and top e-commerce retailers.

In the quarter ended December 31, 2021, CVG completed a strategic reorganization of its operations into four segments, Vehicle Solutions,

Industrial Automation, Electrical Systems, and Aftermarket & Accessories. In the quarter ended December 31, 2024, CVG closed on the sale of its Industrial Automation segment. Detail of each is provided below.

Accounting for 56% of 2024 consolidated sales, the Vehicle Solutions segment designs, manufactures and sells the following products:

- Commercial vehicle seats for the global commercial vehicle markets including heavy duty trucks, medium duty trucks, last mile delivery trucks and vans, construction and agriculture equipment in North America, Europe and Asia-Pacific. This segment includes a portion of the company's activities in the electric vehicle market;
- Plastic components ("Trim") primarily for the North America commercial vehicle market and recreational vehicle markets; and Cab structures for the North American medium-duty/heavy-duty ("MD/HD") truck market.

The Electrical Systems segment, 26% of 2024 consolidated sales, designs, manufactures and sells the following products:

- Cable and harness assemblies for both high and low voltage applications, control boxes, dashboard assemblies and design and engineering for these applications. The end markets for these products are construction, agricultural, industrial, automotive (both internal combustion and electric vehicles), truck, mining, rail and the military/defense industries in North America, Europe and Asia-Pacific.

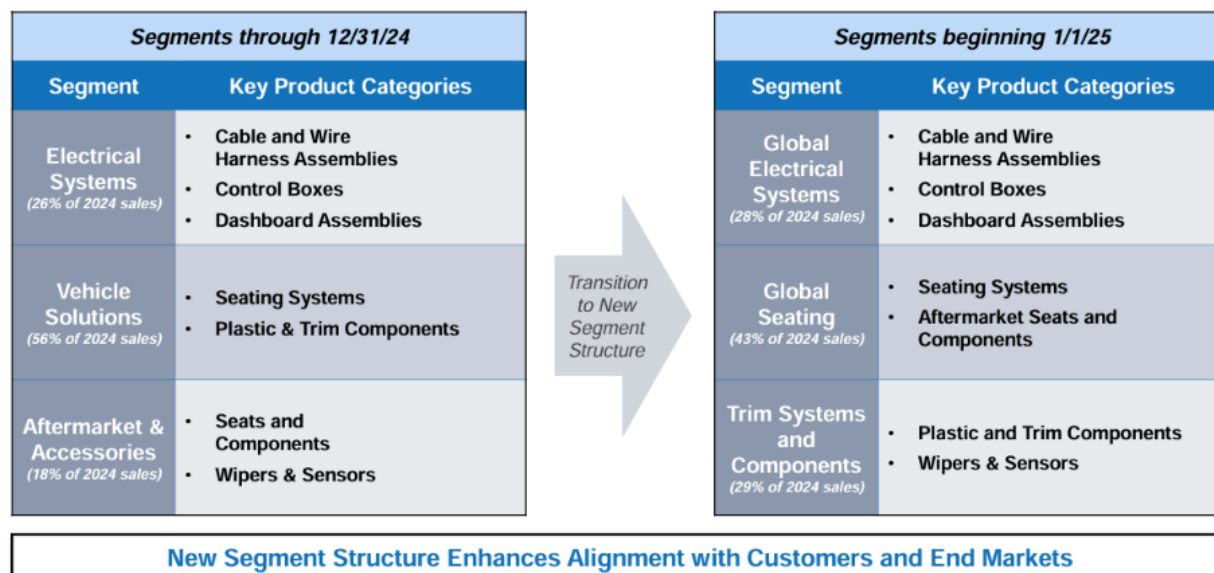
Finally, accounting for 18% of 2024 consolidated sales, the Aftermarket & Accessories segment designs, manufactures and sells the following products:

- Seats and components sold into the commercial vehicle markets in North America, Europe and Asia-Pacific;
- Commercial vehicle accessories including wipers, mirrors, and sensors; and
- Office seats primarily in Europe and Asia-Pacific.

In 2024, CVG reported \$723.4 million of revenue and adjusted net loss of \$1.2 million, or \$0.03 per diluted share.

During the first quarter of 2025, CVG implemented a new organizational structure, as outlined in the following chart.

New Organizational Structure



Q4 2024 Earnings Presentation - 4

Fundamental Analysis — 3.5/5.0 checks

We give Commercial Vehicle Group, Inc. 3.5 checks out of 5.0, which falls within our "Above Average" range of 3.5 to 4.0 checks. We give the Company superior marks for its Corporate Governance and Management. The Company has seven directors, six of whom are independent. The CEO and Chairperson roles are separated. Directors are elected annually. Management and the Board of Directors owned a reported 6.3% of the common shares as of March 2024. There is a clawback policy to recover payments of incentive-based compensation from executives and management and Board members have stock ownership guidelines. We view CVG's overall market opportunity favorably, although this is a highly competitive industry with a number of competitors that are significantly larger. We believe there is additional operating leverage as the Company scales revenue. CVG gets average marks for its balance sheet, although management has set a goal to de-lever the Company, although the Company may need to raise additional capital if it continues to acquire additional firms.

Valuation Summary

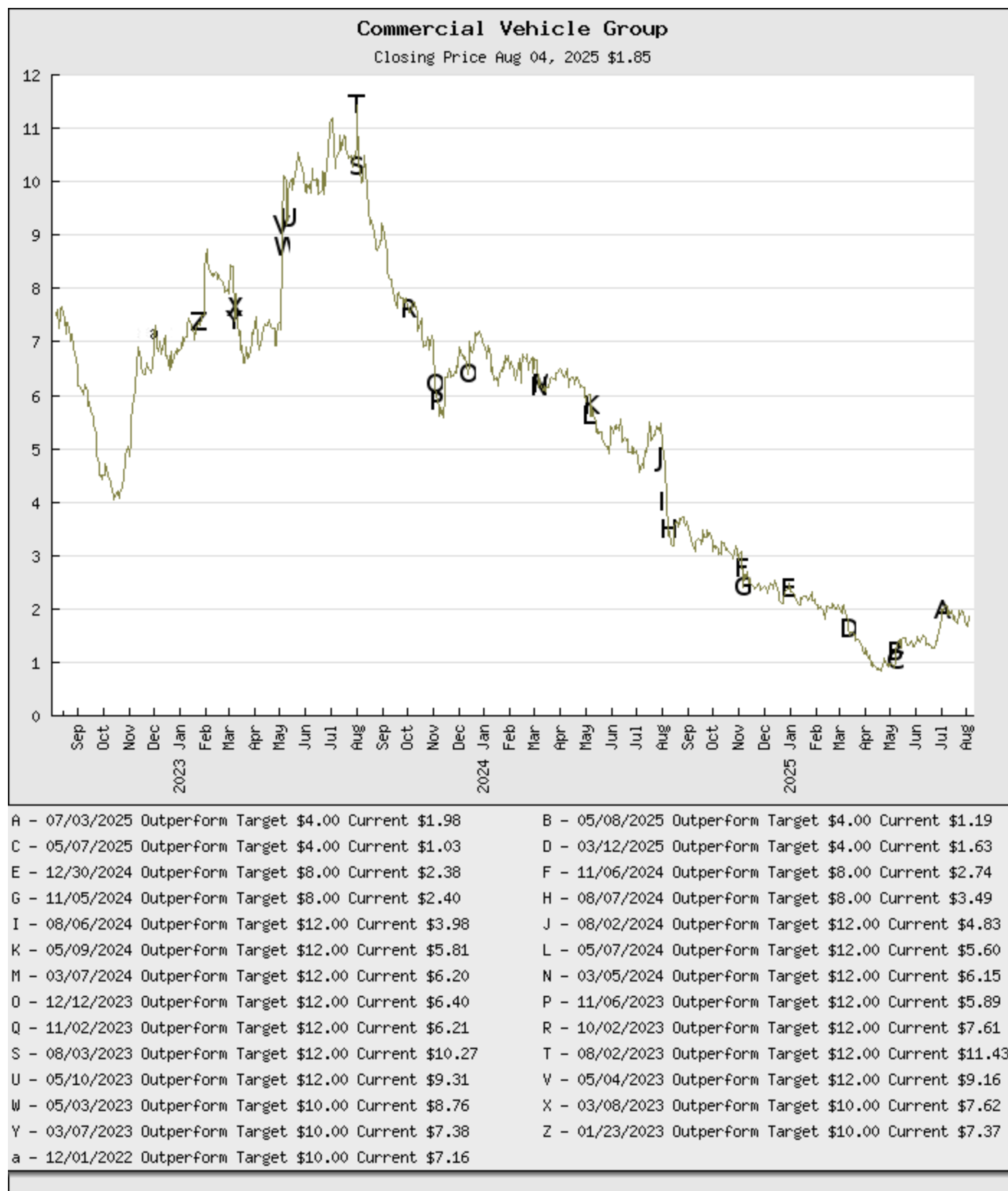
We are maintaining our Outperform rating and our \$4 price target. Importantly, we believe the Company's long-term growth outlook remains favorable, and is positioning itself well with its business transformation to drive a more diversified, profitable business. CVG is in the midst of a business transformation to drive top line revenue and overall margin improvements. At our \$4.00 price target, CVGI shares would trade at 0.4x forecasted 2025 revenue and 10.6x forecasted 2025 adjusted EBITDA.

Key Risks include, but are not limited to:

1. Volatility in and disruption to the global economic environment and changes in the regulatory and business environments in which the Company operates may have an adverse effect on the business, results of operations, and financial condition.
2. Results of operations are directly impacted by changes in the U.S. and global economic conditions, which are accompanied by related declines in freight tonnage hauled and in infrastructure development and other construction projects because, among other things:

Demand for MD/HD Truck products is generally dependent on the number of new MD/HD Truck commercial vehicles manufactured in North America. Historically, the demand for MD/HD Truck commercial vehicles has declined during periods of weakness in the North American economy; demand for construction equipment products is dependent on vehicle demand for new commercial vehicles in the global construction equipment market; and demand in the medium and heavy-construction vehicle market, which is where CVG products are primarily used, is typically related to the level of larger-scale infrastructure development projects.

3. The Company's goal of strategic acquisitions exposes CVG to all the risks associated with an acquisition, including overpaying for an acquisition, potential additional debt and/or equity financing needed to complete an acquisition, and the potential impact on the existing business if expected synergies do not materialize, among other acquisition risks.
4. The customer base is concentrated and the loss of business from a major customer or the discontinuation of particular commercial vehicle platforms could negatively impact operating results.
5. Profitability could be adversely affected if the actual production volumes for customers' vehicles are significantly lower than expected or costs are higher than expected.
6. CVG is subject to certain risks associated with foreign operations.
7. The Company could experience disruption in its supply or delivery chain, which could cause one or more customers to halt or delay production.
8. With a significant portion of employees unionized, CVG may be adversely impacted by labor strikes, work stoppages and other matters.
9. Earnings may be adversely affected by changes to the carrying values of tangible and intangible assets as a result of recording any impairment charges deemed necessary.
10. The Company's businesses are subject to statutory environmental and safety regulations in multiple jurisdictions, and the impact of any changes in regulation and/or the violation of any applicable laws and regulations by the businesses could result in an adverse effect on CVG's financial condition and results of operations.



GENERAL DISCLAIMERS

All statements or opinions contained herein that include the words "we", "us", or "our" are solely the responsibility of Noble Capital Markets, Inc. ("Noble") and do not necessarily reflect statements or opinions expressed by any person or party affiliated with the company mentioned in this report. Any opinions expressed herein are subject to change without notice. All information provided herein is based on public and non-public information believed to be accurate and reliable, but is not necessarily complete and cannot be guaranteed. No judgment is hereby expressed or should be implied as to the suitability of any security described herein for any specific investor or any specific investment portfolio. The decision to undertake any investment regarding the security mentioned herein should be made by each reader of this publication based on its own appraisal of the implications and risks of such decision.

This publication is intended for information purposes only and shall not constitute an offer to buy/sell or the solicitation of an offer to buy/sell any security mentioned in this report, nor shall there be any sale of the security herein in any state or domicile in which said offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or domicile. This publication and all information, comments, statements or opinions contained or expressed herein are applicable only as of the date of this publication and subject to change without prior notice. Past performance is not indicative of future results.

Noble accepts no liability for loss arising from the use of the material in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to Noble. This report is not to be relied upon as a substitute for the exercising of independent judgement. Noble may have published, and may in the future publish, other research reports that are inconsistent with, and reach different conclusions from, the information provided in this report. Noble is under no obligation to bring to the attention of any recipient of this report, any past or future reports. Investors should only consider this report as single factor in making an investment decision.

IMPORTANT DISCLOSURES

This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or discussed to another party, without the written consent of Noble Capital Markets, Inc. ("Noble"). Noble seeks to update its research as appropriate, but may be unable to do so based upon various regulatory constraints. Research reports are not published at regular intervals; publication times and dates are based upon the analyst's judgement. Noble professionals including traders, salespeople and investment bankers may provide written or oral market commentary, or discuss trading strategies to Noble clients and the Noble proprietary trading desk that reflect opinions that are contrary to the opinions expressed in this research report.

The majority of companies that Noble follows are emerging growth companies. Securities in these companies involve a higher degree of risk and more volatility than the securities of more established companies. The securities discussed in Noble research reports may not be suitable for some investors and as such, investors must take extra care and make their own determination of the appropriateness of an investment based upon risk tolerance, investment objectives and financial status.

Company Specific Disclosures

The following disclosures relate to relationships between Noble and the company (the "Company") covered by the Noble Research Division and referred to in this research report.

The Company in this report is a participant in the Company Sponsored Research Program ("CSR"); Noble receives compensation from the Company for such participation. No part of the CSR compensation was, is, or will be directly or indirectly related to any specific recommendations or views expressed by the analyst in this research report.

The Company has attended Noble investor conference(s) in the last 12 months.

Noble intends to seek compensation for investment banking services and non-investment banking services (securities and non-securities related) within the next 3 months.

Noble is not a market maker in the Company.

FUNDAMENTAL ASSESSMENT

The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or underserved needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclical, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

ANALYST CREDENTIALS, PROFESSIONAL DESIGNATIONS, AND EXPERIENCE

Senior Generalist Equity Analyst. Chartered Financial Analyst®. Over 25 years experience as a Generalist Analyst focused in the small to mid-cap space. MBA in Finance from Pace University and a BS in Agricultural Economics from Cornell University.

FINRA licenses 6, 7, 24, 63, 86, 87.

CONTINUING COVERAGE

Unless otherwise noted through the dropping of coverage or change in analyst, the analyst who wrote this research report will provide continuing coverage on this company through the publishing of research available through Noble Capital Market's distribution lists, website, third party distribution partners, and through Noble's affiliated website, channelchek.com.

WARNING

This report is intended to provide general securities advice, and does not purport to make any recommendation that any securities transaction is appropriate for any recipient particular investment objectives, financial situation or particular needs. Prior to making any investment decision, recipients should assess, or seek advice from their advisors, on whether any relevant part of this report is appropriate to their individual circumstances. If a recipient was referred to by an investment advisor, that advisor may receive a benefit in respect of transactions effected on the recipients behalf, details of which will be available on request in regard to a transaction that involves a personalized securities recommendation. Additional risks associated with the security mentioned in this report that might impede achievement of the target can be found in its initial report issued by . This report may not be reproduced, distributed or published for any purpose unless authorized by .

RESEARCH ANALYST CERTIFICATION**Independence Of View**

All views expressed in this report accurately reflect my personal views about the subject securities or issuers.

Receipt of Compensation

No part of my compensation was, is, or will be directly or indirectly related to any specific recommendations or views expressed in the public appearance and/or research report.

Ownership and Material Conflicts of Interest

Neither I nor anybody in my household has a financial interest in the securities of the subject company or any other company mentioned in this report.

NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	88%	14%
Market Perform: potential return is -15% to 15% of the current price	12%	5%
Underperform: potential return is >15% below the current price	0%	0%

NOTE: On August 20, 2018, Noble Capital Markets, Inc. changed the terminology of its ratings (as shown above) from "Buy" to "Outperform", from "Hold" to "Market Perform" and from "Sell" to "Underperform." The percentage relationships, as compared to current price (definitions), have remained the same.

Additional information is available upon request. Any recipient of this report that wishes further information regarding the subject company or the disclosure information mentioned herein, should contact Noble Capital Markets, Inc. by mail or phone.

Noble Capital Markets, Inc.
150 E Palmetto Park Rd, Suite 110
Boca Raton, FL 33432
561-994-1191

Noble Capital Markets, Inc. is a FINRA (Financial Industry Regulatory Authority) registered broker/dealer.
Noble Capital Markets, Inc. is an MSRB (Municipal Securities Rulemaking Board) registered broker/dealer.
Member - SIPC (Securities Investor Protection Corporation)

Report ID: 27652