CTS Investor Presentation

March 2022









Forward-Looking Statements

This document contains statements that are, or may be deemed to be, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, any financial or other guidance, statements that reflect our current expectations concerning future results and events, and any other statements that are not based solely on historical fact. Forward-looking statements are based on management's expectations, certain assumptions and currently available information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof and are based on various assumptions as to future events, the occurrence of which necessarily are subject to uncertainties. These forward-looking statements are made subject to certain risks, uncertainties and other factors, which could cause CTS' actual results, performance or achievements to differ materially from those presented in the forward-looking statements. Examples of factors that may affect future operating results and financial condition include, but are not limited to: the ultimate impact of the COVID-19 pandemic on CTS' business, results of operations or financial condition; changes in the economy generally and in respect to the business in which CTS operates; unanticipated issues in integrating acquisitions; the results of actions to reposition CTS' business; rapid technological change; general market conditions in the transportation, as well as conditions in the industrial, aerospace and defense, and medical markets; reliance on key customers; unanticipated public health crises, natural disasters or other events; environmental compliance and remediation expenses; the ability to protect CTS' intellectual property; pricing pressures and demand for CTS' products; and risks associated with CTS' international operations, including trade and tariff barriers, exchange rates and political and geopolitical risks. Many of these, and other risks and uncertainties, are discussed in further detail in Item 1A. of CTS' Annual Report on Form 10-K and other filings made with SEC. CTS undertakes no obligation to publicly update CTS' forward-looking statements to reflect new information or events or circumstances that arise after the date hereof, including market or industry changes.

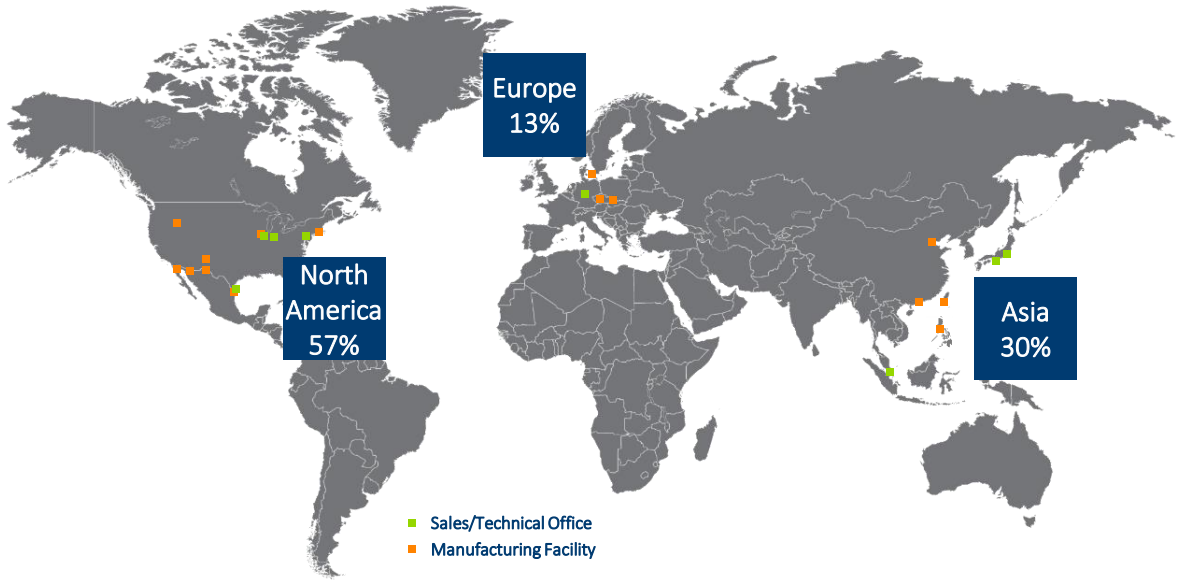
Non-GAAP Financial Measures

The information included in this presentation includes the non-GAAP financial measures of adjusted EBITDA, adjusted net earnings, adjusted diluted EPS, total debt to capitalization and free cash flow. A reconciliation of each non-GAAP financial measure to its most directly comparable GAAP financial measure is included in the Appendix to this presentation. From time to time, CTS may use non-GAAP financial measures, such as those included in this presentation, in discussing its business. CTS' management believes that the foregoing non-GAAP financial measures are commonly used by financial analysts and others in the industries in which it operates, and thus further provides useful information to investors. In addition, CTS' management uses these measures when assessing the performance of the business and for business planning purposes. These non-GAAP financial measures are intended to supplement, not replace, CTS' presentation of its financial results in accordance with U.S. GAAP. CTS does not provide reconciliations of forward-looking non-GAAP financial measures, such as estimated adjusted diluted earnings per share, to the most comparable GAAP financial measures on a forward-looking basis because CTS is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and amount of certain items, such as, but not limited to, restructuring costs, environmental remediation costs, acquisition related costs, foreign exchange rates and other non-routine costs. Each of such adjustments has not yet occurred, are out of CTS' control and/or cannot be reasonably predicted. For the same reasons, CTS is unable to address the probable significance of the unavailable information.

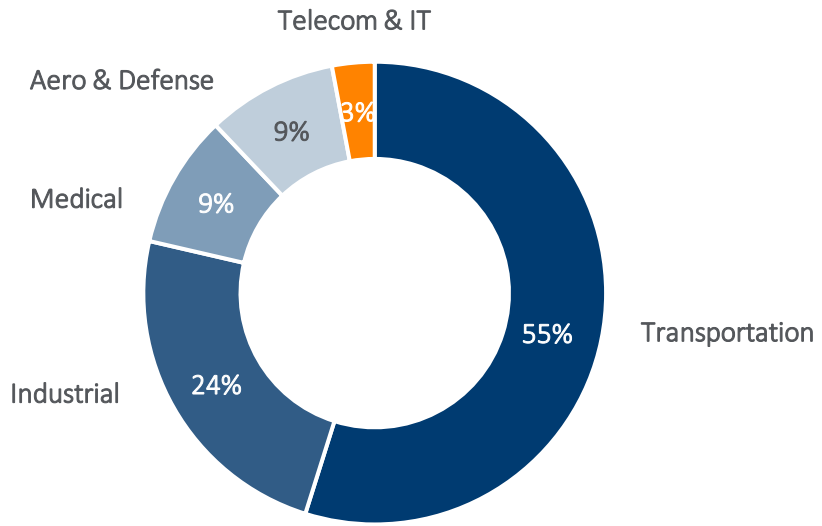
CTS is a Leading Designer and Manufacturer of Custom Engineered Solutions that Sense, Connect, and Move - Enabling an Intelligent and Seamless World

LTM Revenue	Custom Solutions	Non-Transportation Revenue	Shareholder Value
$513 Million[1]	>95% Of Revenue	11.5% CAGR[2]	$118 Million Returned[3]

Global design with regional manufacturing capabilities



Technical and application expertise applied across diverse end markets[1]

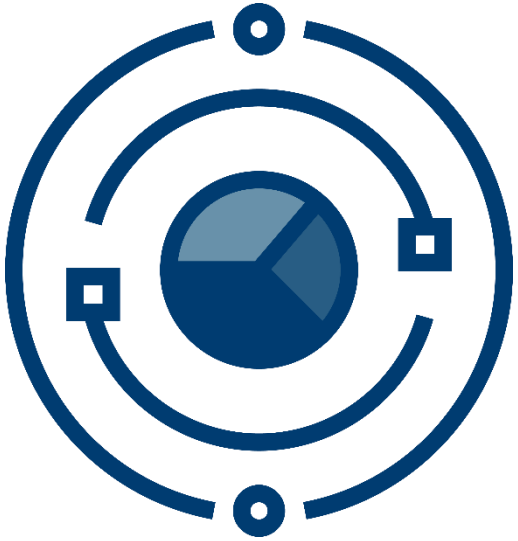


[1] *Last 12 months Revenue as of Dec 2021*
[2] *Since 2017 including acquisitions*
[3] *Cash Returned since 2013*

Why Invest in CTS



Strategically Positioned to Diversify & Grow



Successful Business Model



Strong Executional Capabilities

Multiple Drivers for Above Market Growth

Capitalize on Secular Growth Themes

Sustainability
- Electrification
- Reduced Emissions
- Fluid Metering

Automation
- Industry 4.0
- Factory Automation
- Defense Automation

Healthcare Innovation
- Improved Diagnostics
- Non-invasive
- Patient Experience

Apply Domain Expertise in Premium, Niche End Markets

Passenger Safety | Industrial Printing | Medical Ultrasound

Position Sensing | Underwater Sonar | Temperature Sensing

Diversify into Non-Transportation End Markets

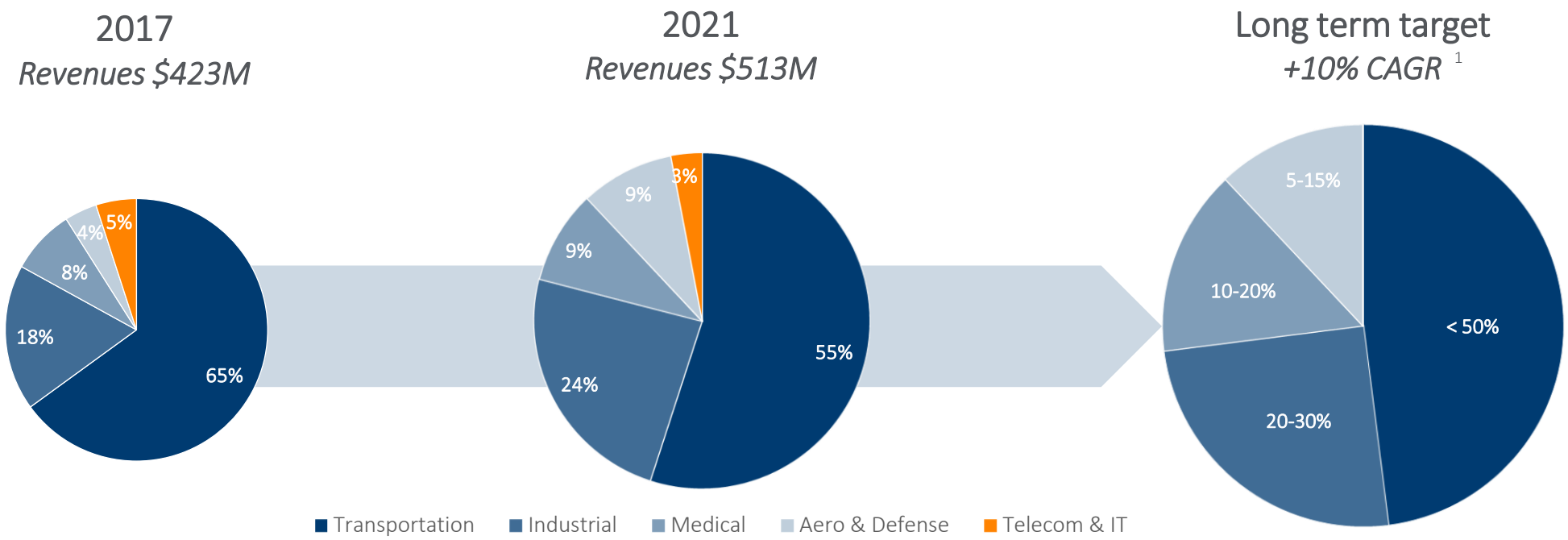
Market Size:	$3.4B	$0.9B	$0.9B	$3.4B
	Industrial	Medical	Aero & Defense	Transportation

Move Up Value Chain



Material Formulation | Sensing Elements and assemblies | Sensors and Transducers

Diversifying Revenue to High Growth End Markets Outside of Transportation



- Utilizing core capabilities and domain expertise in fast-growing end markets
- Investing in business development resources, process and technology capabilities
- Disciplined capital investments to support diversification strategy

Non-Transportation Revenue Up from 35% to 45% … Goal >50%

[1] *Beginning in 2022, sales to Telecom & IT end-market are included in the Industrial end-market*

Successful Business Model

The CTS Advantage – Your Partner in Smart Solutions

Technology Leadership	Domain Expertise	Custom Engineered Solutions	Global Footprint
Recognized leader with global design and engineering capabilities	Deep experience solving complex application requirements	Engineered solutions lead to long term customer partnerships	Commercial, Engineering and Manufacturing presence globally

Technology and application expertise creates competitive advantage and long-term relationships with blue-chip customers

Long Term Relationship with Blue-chip Customers



Transportation

TOYOTA · Cummins · HONDA · VW · gm · Autoliv · NISSAN · CHERY · ZF · Ford · STELLANTIS · MITSUBISHI MOTORS



Industrial

Johnson Controls · Honeywell · Dimatix FUJIFILM · sparton · tyco · PENTAIR · CLIMATEMASTER · ARAD Water Measuring Technologies · EMERSON



Medical

GE Healthcare · SIEMENS Healthineers · PHILIPS Healthcare · SAMSUNG · ResMed · Abbott · DeRoyal · NOVAMEDUSA · TERUMO



Aero & Defense

Raytheon Technologies · MASSA · Ultra ELECTRONICS · NORTHROP GRUMMAN · BAE SYSTEMS · LOCKHEED MARTIN · Collins Aerospace · sparton · PennState Applied Research Laboratory

Strong Execution Capabilities

Improved Operational Efficiency

- Gross Margin +590 bps[1]
- Streamlined SG&A (470) bps[1]
- Adj. EBITDA +1160 bps[1]
- Implemented SAP

Strengthened Balance Sheet

- 112% free cash flow[2]
- $118M returned to Shareholders[3]
- Solid acquisition capacity

Strategic Investments For Growth

- Enhanced front-end capabilities
- Investments in new products
- 6 Strategic acquisitions

[1] Comparison vs. 2012 continuing operations performance
[2] As of December 2021
[3] Cumulative from 2013 to 2021

Secular Themes Drive Growth Across End Markets

Sustainability






Electrification
Reduced emissions
Fluid metering
Energy efficiency

Automation






Industry 4.0
Factory automation
Passenger safety
Defense automation

Healthcare Innovation






Improved diagnostics
Non-invasive
Patient experience

Leader in Discrete Position Sensing Solutions in Transportation

Market Trends and Customer Needs

- Estimated 60% light vehicles electrified by 2030 – Growth in accelerator pedals, next generation electro-mechanical braking and sensor applications
- Occupant safety driven by consumer preference and legislation – Growth in passive safety sensor content
- Increasing demand for fuel efficient and lower emission commercial vehicle engines
- Market SAM of $3.4B with mid-single digit growth

Key Applications



Light Vehicle (ICE/EV) – Propulsion Agnostic Product Portfolio



Commercial Vehicle



Two Wheelers

CTS Differentiation

- Global expertise, custom design and manufacturing capabilities close to our customers
- Leading position in accelerator pedals
- New EV/PHEV products – current sensors, electronic brake pedals, occupant safety and position sensors
- 2021 New Business Wins include 21 EV platforms
- Majority of product portfolio applicable for both ICE, hybrid and EV powertrains

Domain Expertise Enables Next Generation Medical Applications

Market Trends and Customer Needs

- Aging population driving demand for diagnostic and therapeutic equipment
- Ultrasound growth driven by surgeries and adoption in developing countries
- Non-invasive intravascular ultrasound imaging (IVUS) growth
- Increasing penetration of temperature sensors in advanced & portable healthcare equipment
- Market SAM of $0.9B with mid-single digit growth

Key Applications



High Resolution Ultrasound



Intravascular Ultrasound



Temperature sensing



Wireless Pacing

CTS Differentiation

- Ceramic material formulation expertise for diverse applications
- High-volume, high-quality manufacturing capability
- Depth of domain and application engineering expertise
- Value added products and sub-assemblies
- New material formulation for new applications and increased value for customers

Materials and Application Expertise for Industrial End-Market

Market Trends and Customer Needs

- Industry 4.0 and industrial automation drives the need for increased, high precision sensing
- Logistics and supply chain demand increase industrial printing and material handling requirements
- Efficient and automated fluid flow measurement creating demand for sensors
- Market SAM of $3.4B with mid-single digit growth

Key Applications



Industrial Printing



Flow Rate Meters



Material Handling



HVAC



Food Service

CTS Differentiation

- Multiple material formulation and technologies for diverse applications
- High-volume, high-quality manufacturing capability
- Global locations and capabilities to meet unique customer needs
- Broad technology portfolio with superior performance characteristics
- Moving up the value chain with transducers and sub-assemblies

Cutting-Edge Technology Supports Aerospace and Defense End-Market

Market Trends and Customer Needs

- Military modernization (Anti-Submarine Warfare systems, Unmanned Vehicles, A.I.)
- Communication and radar system upgrades
- Next generation systems are focused on reduced power consumption, weight and size
- Market SAM of $0.9B with mid-single digit growth

Key Applications





Sonar



Military Communications



Unmanned Vehicles

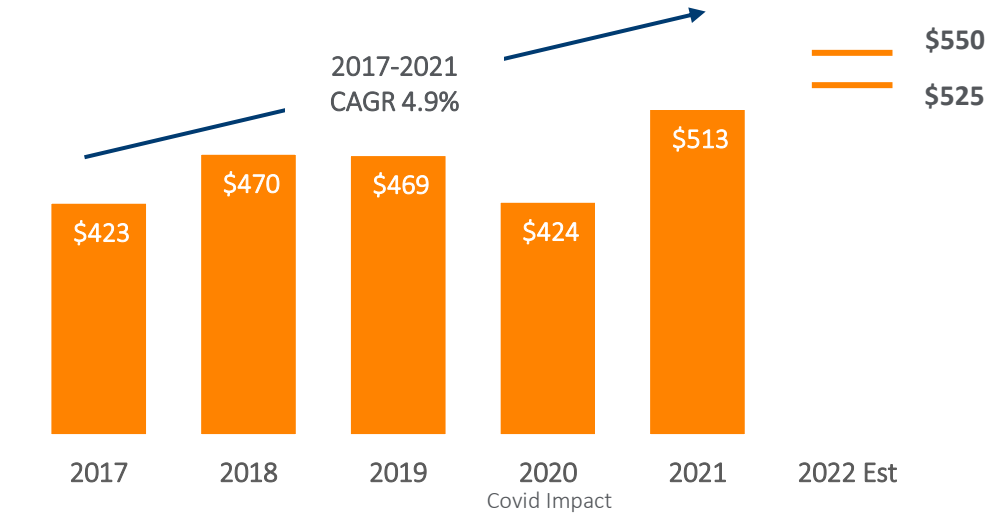
CTS Differentiation

- Manufacturing locations in US (ITAR registered) and EU
- Specialized material formulation, process expertise enable superior performance
- Next generation materials enabling higher sensitivity underwater sonar systems
- High frequency, low noise, low power precision mil-grade timing products
- High performance filters for radars and other communications equipment

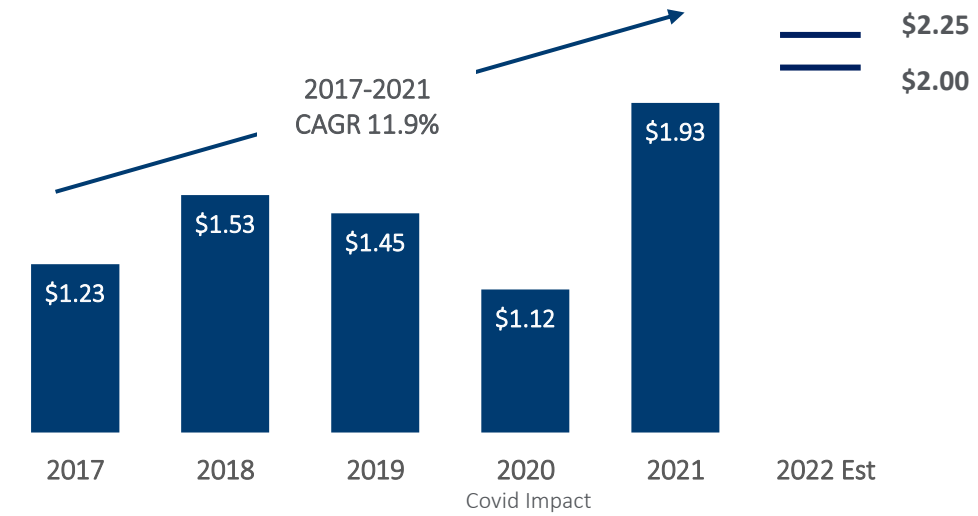
Strong Execution Capabilities Driving Sustainable, Profitable Growth

Revenue

($ Millions)

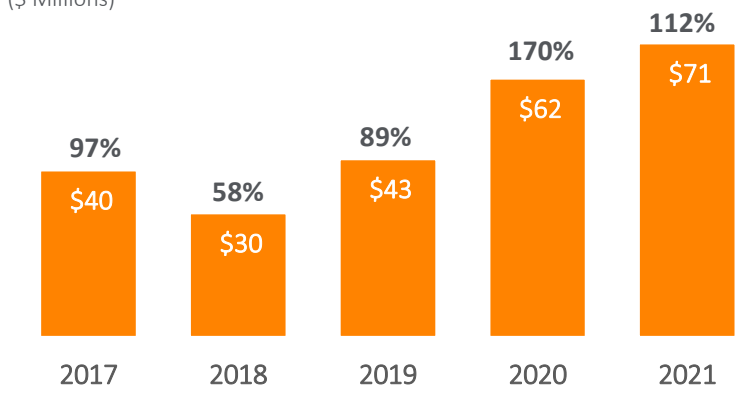


Adj. Diluted EPS



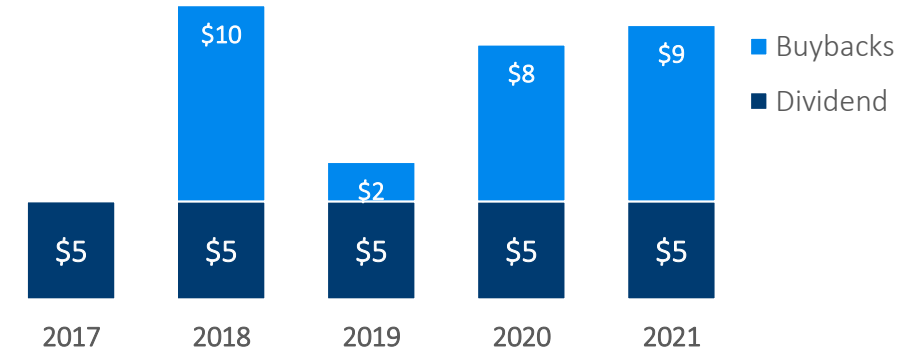
Free Cash Flow Conversion

($ Millions)



Returned to Shareholders

($ Millions)



Note: FCF Conversion = FCF / Adjusted Net Earnings

Strategic Approach to M&A



Disciplined approach to acquisitions

- ROI in excess of cost of capital
- Synergy opportunities
- Maintain balance sheet strength
- Accretive to earnings

Successfully developed Temperature Sensing Platform through M&A

2019

QTI SENSING SOLUTIONS

Industrial applications



HVAC & Refrigeration



Boilers & Water Heating



Pool & Spa



Food Service

+

2020

Sensor Scientific, Inc.

Medical applications



Neonatal applications



Lab freezers



Fluid warmers



Analytical Instruments

+

2022

TEWA TEMPERATURE SENSORS

Industrial and Medical applications

Europe Expansion



Robust growth platform with $1.1B+ SAM

Tewa Temperature Sensors Acquisition

Company Overview

- Founded in 1964, based in Lublin, Poland
- Leading designer and manufacturer of high-quality, high-performance thermistor and temperature probes in Europe
- Broad product portfolio to measure temperature for various industrial and medical applications
- Portfolio includes NTC thermistor and glass encapsulated products with capabilities ranging from -40C to +800C

Products


Custom Sensors


Overmoulded


Overmoulded


Thermocouple


Glass Encapsulated


Epoxy Coated


NTC Microchip


Thin Film

Acquisition Rationale

- Expanded presence in Europe (footprint, commercial)
- Enhanced position with the distribution channel
- Increased participation in industrial and medical end markets
- Broadened temperature sensing capabilities and application expertise
- Global market opportunity of >$1.1 billion

Applications


Boilers


HVAC


Instrumentation


Refrigeration


Biomedical


Custom Designs

Financial and Capital Allocation Framework

Financial Framework

	2012 [1]	2021	Long-Term Target
Revenue	$304M	$513M	+10% /yr
Gross Margin	30.1%	36.0%	34-38%
SG&A Expense	20.7%	16.0%	13-15%
R&D Expense	6.9%	4.7%	5-7%
CapEx	4.6%	3.0%	~4%

Capital Allocation Framework

Operating Cash Flow
12-15% of Sales

Growth
Capex ~4% of Sales
Acquisitions 60-80% of FCF

Capital Structure
Leverage 1.0 – 2.5x EBITDA

Cash Return to Shareholders
Dividends & Buybacks 20-40% of FCF

[1] *2012 financials from continuing operations (Excluding EMS business)*

Our Sustainability Journey



- Established cross-functional ESG Steering Committee
- Oversight of sustainability initiatives by Nominating, Governance and Sustainability Committee
- Board diversity >40%
- Ethical business practices and compliance training for all employees

- Supporting sustainable products
  - Vehicle electrification
- Promoting health and safety
  - High-definition ultrasound
  - Intravenous ultrasound
  - Industrial automation





- Launched CTS CARES expanding our legacy of community involvement
- Strong engagement across business
  - >600 hours in 4th Quarter
  - 18 events
  - 14 locations

cts | Cares

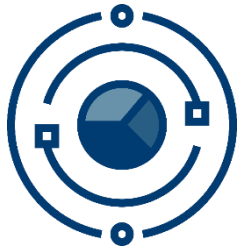
Creating Long Term Sustainable Value for Stakeholders and Community

Positioned to Grow at 10% CAGR through Organic and Inorganic strategies



Positioned to Diversify & Grow

- Clear strategy of **diversification** and **growth** led by non-transportation end markets
- **Strong balance sheet and cash flow** to support M&A strategy



Successful Business Model

- Deep **engineering capabilities** and **custom engineered products** for OEMs
- Strong presence in **position**, **ultrasonic** and **temperature sensing** with **domain expertise**
- Deep and **long-standing** customer relationships



Strong Executional Capabilities

- Focused on driving **operational excellence** to drive profitable growth
- Strong execution led by seasoned **leadership team**

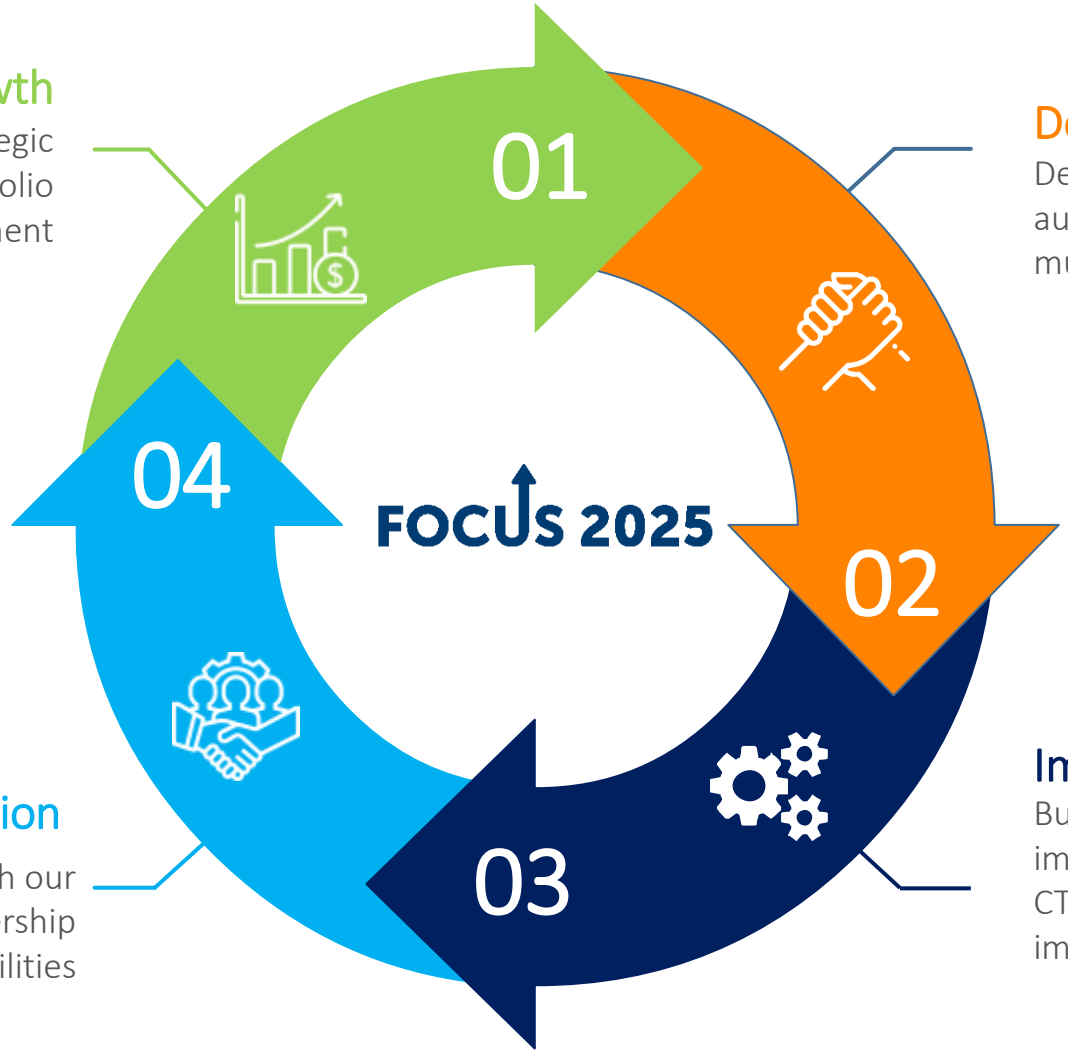
Your Partner in Smart Solutions

Appendix

Focus 2025

Profitable Growth

Improve revenue growth through strategic plan execution, M&A and active portfolio management



Deeper Customer Relationships

Develop customer partnerships that are authentic and collaborative, resulting in mutually beneficial revenue growth

Organization

Foster a culture aligned with our vision and values, Build leadership capabilities

Improved Operating Systems

Build a culture of continuous improvement through the development of CTS Operation Systems and process improvement mindset

10% Revenue CAGR with 23% EBITDA

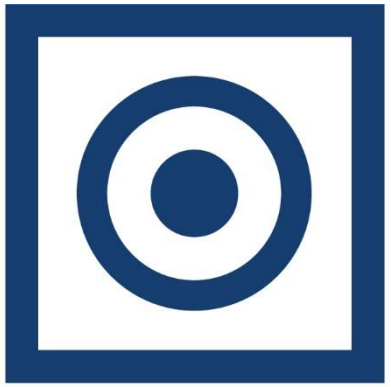
CTS Core Values



Play to Win



Responsiveness



Simplicity



Solution Oriented

Financial Summary

($ Millions, except percentages and Adjusted Diluted EPS)

	2021	2020	2019	2018	2017
Net Sales	$512.9	$424.1	$469.0	$470.5	$423.0
Gross Margin	$184.6	$139.1	$157.6	$165.0	$145.2
Gross Margin % of Sales	36.0%	32.8%	33.6%	35.1%	34.3%
Depreciation and Amortization	$26.9	$26.7	$24.6	$22.5	$20.7
Adjusted EBITDA	$107.8	$77.5	$89.5	$92.1	$80.0
Adjusted EBITDA % of Sales	21.0%	18.3%	19.1%	19.6%	18.9%
Adjusted Diluted EPS	$1.93	$1.12	$1.45	$1.53	$1.23
Operating Cash Flow	$86.1	$76.8	$64.4	$58.2	$58.0
Total Debt / Capitalization	9.7%	11.4%	19.7%	11.7%	18.2%

Regulation G Schedules

Adjusted Net Earnings

($ Millions, except percentages)

	Full Year				
	2021	2020	2019	2018	2017
Net Earnings (loss) (A)	**$ (41.9)**	**$ 34.7**	**$ 36.1**	**$ 46.5**	**$ 14.4**
Adjustments to reported net earnings (loss):					
Restructuring charges	1.7	1.8	7.4	5.1	4.1
Gain on sale-leaseback	-	-	-	-	-
Loss on sale of facilities, net of expenses	-	-	-	-	0.7
Environmental charges	2.3	2.8	2.3	1.0	-
Legal settlement / additional legal costs	-	-	(0.5)	-	-
Transaction costs	-	0.3	0.7	-	0.3
Lease termination charge	-	-	-	-	0.1
Costs of tax improvement initiatives	-	-	0.1	1.2	0.2
Pension settlement charge	-	-	-	-	13.4
Non-cash pension expense	132.4	2.5	0.8	-	-
Foreign currency (loss) gain	3.3	(5.3)	1.8	2.6	(3.0)
Additional CEO search, legal costs and acquisition	-	-	-	-	-
Total adjustments to reported net earnings (loss)	$ 139.7	$ 2.1	$ 12.6	$ 9.9	$ 15.8
Total adjustments, tax affected **(B)**	$ 108.6	$ 0.4	$ 10.2	$ 7.6	$ 9.6
Tax adjustments:					
Increase (decrease) in valuation allowances	0.9	0.2	-	(1.0)	(1.3)
Other discrete tax items	(4.7)	1.2	1.8	(1.2)	-
Tax impact of U.S. tax reform	-	-	-	(0.5)	18.0
Tax impact of other foreign taxes	-	-	-	-	0.4
Total tax adjustments **(C)**	$ (3.8)	$ 1.4	$ 1.8	$ (2.7)	$ 17.1
Adjusted net earnings (A+B+C)	**$ 63.0**	**$ 36.5**	**$ 48.1**	**$ 51.4**	**$ 41.1**
Net sales	$ 512.9	$ 424.1	$ 469.0	$ 470.5	$ 423.0
Adjusted net earnings as a % of net sales	12.3%	8.6%	10.3%	10.9%	9.7%

Regulation G Schedules

Adjusted Diluted EPS

	Full Year				
	2021	2020	2019	2018	2017
Diluted earnings (loss) per share	**$ (1.30)**	**$ 1.06**	**$ 1.09**	**$ 1.39**	**$ 0.43**
Tax affected adjustments to reported diluted earnings (loss) per share:					
Restructuring charges	0.06	0.04	0.18	0.12	0.08
Gain on sale-leaseback	-	-	-	-	-
Additional CEO search, transition and legal costs	-	-	-	-	-
Loss on sale of facilities, net of expenses	-	-	-	-	0.01
Environmental charges	0.05	0.07	0.05	0.02	-
Legal settlement	-	-	(0.01)	-	-
Transaction costs	-	0.01	0.02	-	0.01
Costs of tax improvement initiatives	-	-	-	0.03	-
Pension settlement charge	-	-	-	-	0.26
Non-cash pension expense	3.13	0.06	0.02	-	-
Foreign currency (gain) loss	0.10	(0.16)	0.05	0.06	(0.07)
Decrease in foreign valuation allowances	-	-	-	(0.03)	(0.05)
Other discrete tax items	(0.11)	0.04	0.05	(0.04)	-
Tax impact of U.S. tax reform	-	-	-	(0.02)	0.54
Tax impact of other foreign taxes	-	-	-	-	0.02
Adjusted diluted earnings per share	**$ 1.93**	**$ 1.12**	**$ 1.45**	**$ 1.53**	**$ 1.23**

Total Debt to Capitalization

($ Millions, except percentages)

	As of December 31				
	2021	2020	2019	2018	2017
Total debt **(A)**	$ 50.0	$ 54.6	$ 99.7	$ 50.0	$ 76.3
Total shareholders' equity **(B)**	$ 463.6	$ 423.7	$ 405.2	$ 377.9	$ 343.8
Total capitalization **(A+B)**	$ 513.6	$ 478.3	$ 504.9	$ 427.9	$ 420.1
Total debt to capitalization	**9.7%**	**11.4%**	**19.7%**	**11.7%**	**18.2%**

Regulation G Schedules

Adjusted EBITDA

($ Millions, except percentages)

	Full Year					
	2021	2020	2019	2018	2017	2012
Net earnings (loss)	$ (41.9)	$ 34.7	$ 36.1	$ 46.5	$ 14.4	$ 13.5
Depreciation and amortization expense	26.9	26.7	24.6	22.5	20.7	13.5
Interest expense	2.1	3.3	2.6	2.1	3.3	2.6
Tax expense (benefit)	(19.0)	10.8	14.1	11.6	25.8	1.0
EBITDA	**(31.8)**	**75.4**	**77.5**	**82.7**	**64.2**	**30.5**
Adjustments to EBITDA:						
Restructuring, restructuring-related, and asset impairment charges	1.7	1.8	6.9	4.6	4.1	4.5
Gain on sale-leaseback	-	-	-	-	-	(10.3)
Loss on sale of facilities, net of expenses	-	-	-	-	-	-
Environmental charges	2.3	2.8	2.3	-	-	-
Legal settlement	-	-	(0.5)	-	-	1.5
Transaction costs	-	0.3	0.7	-	0.3	-
Lease termination charge	-	-	-	-	-	-
Costs of tax improvement initiatives	-	-	0.1	1.2	0.2	-
Pension settlement charge	-	-	-	1.0	13.4	-
Non-cash pension expense	132.4	2.5	0.8	-	-	-
Foreign currency loss (gain)	3.3	(5.3)	1.8	2.6	(3.0)	-
Additional CEO search, legal costs and acquisition	-	-	-	-	-	2.5
Total adjustments to EBITDA	139.7	2.1	12.0	9.4	15.8	(1.8)
Adjusted EBITDA	**$ 107.8**	**$ 77.5**	**$ 89.5**	**$ 92.1**	**$ 80.0**	**$ 28.7**
Net sales	$ 512.9	$ 424.1	$ 469.0	$ 470.5	$ 423.0	$ 304.5
Adjusted EBITDA as a % of net sales	21.0%	18.3%	19.1%	19.6%	18.9%	9.4%

Note: 2012 financials are for continuing operations only

Regulation G Schedules

Free Cash Flow

($ Millions)

	Full Year				
	2021	2020	2019	2018	2017
Net cash provided by operating activities	**$ 86.1**	**$ 76.8**	**$ 64.4**	**$ 58.2**	**$ 58.0**
Capital expenditures	(15.6)	(14.9)	(21.7)	(28.5)	(18.0)
Capital expenditures to replace property damaged by casualt	-	-	-	-	-
Insurance proceeds for property damage due to casualty	-	-	-	-	-
Net capital expenditures	$ (15.6)	$ (14.9)	$ (21.7)	$ (28.5)	$ (18.0)
Free cash flow	**$ 70.5**	**$ 61.9**	**$ 42.7**	**$ 29.7**	**$ 40.0**
Free cash flow as a % of Adj. Net Earnings	112.0%	169.8%	88.7%	57.8%	97.3%