



SEATING



FINISHING



ACOUSTICS



COMPONENTS

SECOND QUARTER 2016 EARNINGS CALL /// **AUGUST 4, 2016**

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DISCLAIMER



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Included in this presentation are certain non-GAAP financial measures designed to complement the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors. Because the Company’s calculations of these measures may differ from similar measures used by other companies, you should be careful when comparing the Company’s non-GAAP financial measures to those of other companies. A reconciliation of non-GAAP financial measures to GAAP financial measures is included in an appendix to this presentation.

AGENDA



OPENING COMMENTS

JEFFRY QUINN

SECOND QUARTER RESULTS

SARAH LAUBER

OPERATIONAL UPDATE

BRIAN KOBYLINSKI

FINANCIAL OUTLOOK

SARAH LAUBER

CLOSING COMMENTS

JEFFRY QUINN

Q&A

OPENING COMMENTS



PROGRESS UPDATE

- Second Quarter

Disappointing Results

Rapid End Market Declines In Components & Seating

Operational Performance Lower Than Expectations

Improved Free Cash Flow

FOCUS ON LONG-TERM REPOSITIONING OF JASON



JASON

SECOND QUARTER 2016
FINANCIAL RESULTS

SECOND QUARTER RESULTS



FINANCIAL RESULTS SUMMARY			
(in millions)	<u>2Q 2016</u>	<u>2Q 2015</u>	<u>2Q YoY</u>
Net sales	\$185.7	\$187.6	(1.0)%
Adjusted EBITDA	\$18.8	\$24.9	\$(6.1)
Margin	10.1%	13.3%	(320) bps

NET SALES OF \$185.7 MILLION, DECREASED 1.0%

- Foreign Currency Translation Negatively Impacted Sales 0.1%
- Acquisition Growth From DRONCO of \$7.5 Million or 4.0%
- Organic Sales Decreased 4.9%

ADJUSTED EBITDA MARGINS OF 10.1%, DECREASED 320 BPS

- Delayed Flexing With Volume Declines
- Start Up Inefficiencies in Acoustics & Mexico
- Realized \$2.4M Cost Reduction Savings Offset By \$1.2M Of Supply Chain Consulting

SECOND QUARTER SALES RESULTS



SALES

(in millions)	2 nd Quarter		Y-O-Y	FX
	2016	2015	Change	Impact
Seating	\$44.7	\$51.9	\$(7.2)	\$(0.1)
Finishing	53.2	46.6	6.6	\$(0.3)
Acoustics	63.2	56.1	7.1	\$0.2
Components	<u>24.6</u>	<u>33.0</u>	<u>(8.4)</u>	<u>-</u>
Total	\$185.7	\$187.6	\$(1.9)	\$(0.2)

- **Seating Organic Sales Decline of 13.7%**

- Early End To The Turf Care Season
- Decline In Heavy Industry & Motorcycle Revenues

- **DRONCO Acquisition Growth of 16.0% Within Finishing**

- Finishing Organic Sales Decreased 1.5%
- 0.6% Negative Impact Due To Foreign Currency Translation
- Softer Global Industrial Demand

- **Acoustics Organic Sales Growth of 12.5%**

- New Platform Launches Drove Growth
- 0.3% Increase Due To Foreign Currency Translation

- **Components Sales Decline of 25.3%**

- Expected Smart Utility Meter Declines
- Exiting Low Margin Business
- Late Quarter Declines In Railcar Products
- Softer Industrial Demand

SECOND QUARTER ADJUSTED EBITDA RESULTS



ADJUSTED EBITDA

(in millions)

	2 nd Quarter					
	<u>2016</u>	<u>% of Sales</u>	<u>2015</u>	<u>% of Sales</u>	<u>Y-O-Y Change</u>	<u>Bps Change</u>
Seating	\$5.6	12.6%	\$9.3	17.9%	\$(3.7)	-530
Finishing	7.6	14.4	6.7	14.4	0.9	-
Acoustics	6.8	10.7	7.3	13.1	(0.5)	-240
Components	3.3	13.5	5.5	16.8	(2.2)	-330
Corporate	<u>(4.5)</u>		<u>(3.9)</u>		<u>(0.6)</u>	—
Total	\$18.8	10.1%	\$24.9	13.3%	\$(6.1)	-320

- **Seating Adjusted EBITDA Margin of 12.6%**
 - Delayed Flexing On Volume Decreases
- **Finishing Adjusted EBITDA Margin of 14.4%**
 - Dronco Dilutive As We Continue To Execute On Cost Synergies
 - Cost Reduction Savings Realized of \$1.2M
- **Acoustics Adjusted EBITDA Margin of 10.7%**
 - Lower Margins Due To Ramp Up Inefficiencies
- **Components Adjusted EBITDA Margin of 13.5%**
 - Lower EBITDA on Rail Volume Decrease
 - Impacted By \$0.4M From Customer Bankruptcy
 - Favorable Material Input Costs Offset By Price
- **Corporate Expenses Increase \$0.6M**
 - Includes \$1.2M Of Supply Chain Consulting Costs
 - Lower Incentive Compensation

FINANCIAL POSITION



LIQUIDITY & DEBT

(in millions)

	<u>1Q16</u>	<u>2Q16</u>
Cash	\$ 37.4	\$ 41.3
Revolver Availability	<u>46.3</u>	<u>47.1</u>
Total Liquidity	\$ 83.7	\$ 88.4

	<u>1Q16</u>	<u>2Q16</u>	<u>Maturity</u>
First Lien	\$ 305.4	\$ 304.6	2021
Second Lien	110.0	110.0	2022
Other	<u>32.6</u>	<u>29.9</u>	
	\$ 448.0	\$ 444.5	

Net Debt To		
Adjusted EBITDA*	5.2X	5.6X

FREE CASH FLOW

	<u>1Q16</u>	<u>2Q16</u>	<u>YTD16</u>	<u>YTD15</u>
Adjusted EBITDA	\$ 18.3	\$ 18.8	\$ 37.1	\$ 45.9
Cash Interest/Taxes	(7.4)	(8.6)	(16.0)	(8.9)
Cash Restructuring	(3.3)	(2.7)	(6.0)	(4.0)
Changes In Working Capital	<u>2.7</u>	<u>3.0</u>	<u>5.7</u>	<u>(11.5)</u>
Operating Cash Flow	\$ 10.3	\$ 10.5	\$ 20.8	\$ 21.5
Less: Capital Expenditures	\$ (6.5)	\$ (5.6)	\$ (12.1)	\$ (15.3)
Less: Preferred Stock Dividends	<u>(1.8)</u>	<u>(0.9)</u>	<u>(2.7)</u>	<u>(1.8)</u>
Free Cash Flow After Dividends	\$ 2.0	\$ 4.0	\$ 6.0	\$ 4.4

*See Appendix for Calculation of Net Debt to Adjusted EBITDA. Note the consolidated first lien net leverage ratio under the Company's senior secured credit facilities was 5.0x as of July 1, 2016. See Form 10-Q for further discussion of the Company's senior secured credit facilities.

- Total Liquidity Improved \$4.7M
- Free Cash Flow Improved \$1.6M, Despite \$8.0M Of Timing Items:
 - \$7.1M Higher Interest Payments
 - \$0.9M Higher Dividends

LIQUIDITY & FREE CASH FLOW IMPROVED



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OPERATIONAL UPDATE

END MARKET DEMAND & ORGANIC GROWTH



Key End Markets	General Industrial	Heavy Fabrication	Oil & Gas	Construction	Auto	Heavy Industry Equipment	Rail	Turfcare	Motorcycle & Powersports
Finishing	—	↓	↓	↑	—				
Components	—					↓	↓		
Seating						↓		—	—
Acoustics					—				

Organic Growth	2015					2016		
	Q1	Q2	Q3	Q4	FY 2015	Q1	Q2	YTD
%								
Finishing	2.1%	(2.1)%	1.2%	(3.9)%	(0.7)%	(1.8)%	(1.5)%	(1.9)%
Components	(10.2)	6.4	1.1	(2.9)	(1.7)	(13.7)	(25.3)	(19.7)
Seating	(1.9)	(0.6)	15.7	6.5	3.5	2.1	(13.7)	(5.9)
Acoustics	(1.1)	1.2	(1.9)	10.0	2.1	21.9	12.5	17.0
Jason	(2.2)%	0.7%	3.0%	3.1%	1.0%	4.1%	(4.9)%	(0.6)%

*Organic sales refers to year over year change in net sales from existing operations excluding acquisitions and the impact of foreign currency translation.

Finishing

- *Performing well in challenging end markets*



- Primary metal wins
- Aerospace gaining traction
- Abrasives launch in USA

Components

- *Significant cut to rail outlook*
- Buffalo Grove closure and production transfer to Mexico on track
- Market diversification underway



Seating

- *Heavy industry, cycle, & turf decline*
- Plant improvements critical
- Simplifying product offerings through 80/20



Acoustics

- *Strong 2nd half outlook*
- Optimizing production efficiency on new platforms
- Investments in equipment reducing material usage and labor



COST REDUCTION AND MARGIN EXPANSION PROGRAM



SELF HELP PROGRAMS

- **SG&A RESTRUCTURING**
 - Continuation Of Restructuring Efforts Announced In January
 - Focus On One Jason Efficiencies And Simplification
 - **Additional Actions Underway**

- **OPERATIONS OPTIMIZATION**
 - Supply Chain Project
 - Footprint Rationalization
 - Evaluation Of Global Footprint
 - Closure Of Buffalo Grove Facility On-track
 - **Three DRONCO Facilities Consolidated In Q2 And Q3**
 - **Four Additional Facilities To Be Consolidated In Next 18 Months**

	2016 EBITDA Impact	Annual Savings Target Over 3 yrs
	\$7M	\$10M
	\$2M	\$20M

PORTFOLIO OPTIMIZATION

- **OPTIMIZE PRODUCT LINES, CUSTOMERS & LOCATIONS**
 - Drives Margin Expansion, Strategic Focus & Simplification Of Product Lines
 - Exiting \$50 - \$75M Of Annual Revenue
 - Non-Strategic To Growth Plans
 - Dilutive To Margins



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FINANCIAL OUTLOOK

FISCAL 2016 GUIDANCE



	2015	2016 PREVIOUS GUIDANCE	2016 CURRENT GUIDANCE
Revenue (in millions):	\$708.4	\$735 - \$750	\$715 - \$730
Adjusted EBITDA (in millions):	\$81.2	\$84 - \$90	\$73 - \$76
Cap Ex (% of Sales):	4.6%	~3.5%	~3.0%
Free Cash Flow (in millions):	\$1.5	\$15 - \$25	\$15 - \$25
Net Debt to Adjusted EBITDA:	5.0X	4.7X-4.2X	5.2X-4.8X



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CLOSING COMMENTS &
Q&A

CLOSING COMMENTS



OUR PATH FORWARD

- Operational Consistency and Reliability
- Invest In Our People
- Operate As One Jason
- Reduce Cost Structure And Expand Margins
- Optimize Our Portfolio Of Businesses
- Cash Flow Management



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APPENDIX

ADJUSTED EBITDA RECONCILIATION



	2Q16	2Q15
<i>(in millions)</i>		
Net Loss	\$(2.4)	\$(0.9)
Tax provision	2.0	0.6
Interest expense	8.0	8.0
Depreciation and amortization	11.3	11.5
EBITDA	18.9	19.2
Adjustments:		
Restructuring	1.8	1.0
Transaction-related expenses	-	0.7
Integration and other restructuring costs	-	1.1
Share-based compensation	(1.9)	2.9
Loss (gain) on disposals of fixed assets-net	-	-
Total adjustments	(0.1)	5.7
Adjusted EBITDA	\$18.8	\$24.9

ADJUSTED NET INCOME & ADJUSTED EARNINGS PER SHARE



	<u>2Q16</u>	<u>2Q15</u>
<i>(in millions, except per share amounts)</i>		
GAAP Net Loss	\$(2.4)	\$(0.9)
Adjustments:		
Restructuring	1.8	1.0
Transaction-related expenses	-	0.7
Integration and other restructuring costs	-	1.1
Share-based compensation	(1.9)	2.9
Loss (gain) on disposal of fixed assets-net	-	-
Tax effect on adjustments	0.6	(1.4)
Adjusted Net Loss	\$(1.9)	\$3.4
Diluted weighted average number of common shares outstanding (non-GAAP)	29.5	29.2
GAAP Net Loss per share available to Common shareholders of Jason Industries	\$(0.13)	\$(0.07)
Adjustments net of income taxes:		
Restructuring	0.06	0.04
Transaction-related expenses	-	0.03
Integration and other restructuring costs	-	0.03
Share-based compensation	(0.04)	0.09
Loss (gain) on disposal of fixed assets-net	-	-
GAAP to non-GAAP impact per share	0.04	-
Adjusted loss per share	\$(0.07)	\$0.12

NET DEBT TO ADJUSTED EBITDA



	<u>July 1, 2016</u>	
<i>(in millions)</i>		
Current and long-term debt	\$	430.7
Add: Debt discounts		13.8
Less: Cash and cash equivalents		(41.3)
Net Debt	\$	403.2
Adjusted EBITDA		
3Q15	\$	18.6
4Q15		16.7
1Q16		18.3
2Q16		18.8
TTM Adjusted EBITDA		72.4
Net Debt to Adjusted EBITDA		5.6x



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