Weber Robert C
Form 4
May 08, 2008

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Weber Robert C

(Last) (First) (Middle)

IBM CORPORATION, NEW ORCHARD ROAD

(Street)

ARMONK, NY 10504

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
INTERNATIONAL BUSINESS MACHINES CORP [IBM]

3. Date of Earliest Transaction (Month/Day/Year)
05/07/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Senior Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Securities	8. Price of Derivative

Security (Instr. 3)	or Exercise Price of Derivative Security		any (Month/Day/Year)	Code (Instr. 8)		of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		(Month/Day/Year)		(Instr. 3 and 4)		Security (Instr. 5)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock Unit	$ 0 (1)	05/07/2008		A (2)		20		(3)	(3)	Common Stock	20	$ 0

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Weber Robert C IBM CORPORATION NEW ORCHARD ROAD ARMONK, NY 10504			Senior Vice President	

Signatures

D. Cummins for R. C. Weber by power-of-attorney	05/08/2008
**Signature of Reporting Person	Date

Explanation of Responses:

*	If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
**	Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
(1)	Phantom stock units convert to the cash value of the company's common stock on a one-for-one basis.
(2)	Acquisition of phantom stock units under the IBM Excess 401(k) Plus Plan.
(3)	Distribution of phantom stock units under the IBM Excess 401(k) Plus Plan is deferred until separation from the company. The reporting person may transfer these phantom stock units into an alternative investment account under such plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ng-bottom:2px;padding-right:2px;">

46

fully vests as of October 20, 2018

$

37.5

1
May 2018

64

fully vests as of May 20, 2019

$
315.0

7
As of September 30, 2018, there was approximately $3.0 million of unearned compensation expense related to non-vested restricted stock awards granted under our equity incentive plans. We have elected to report forfeitures as they occur as opposed to estimating future forfeitures in our share-based compensation expense.
The following table summarizes information about the non-vested restricted stock grants for the nine months ended September 30, 2018 and 2017:

	Nine Months Ended September 30,			
	2018		2017	
	Shares (000's)	Weighted-Average Grant-Date Fair Value	Shares (000's)	Weighted-Average Grant-Date Fair Value
Nonvested at December 31	787	$ 6.84	981	$ 4.70
Granted	64	8.41	6	8.77
Vested	—	—	(6)	4.89
Forfeited	(16)	7.12	(39)	4.84
Nonvested at September 30	835	$ 6.96	942	$ 4.72

7. Performance Awards
Awards, defined as cash, shares or other awards, may be granted to employees under the Commercial Vehicle Group, Inc. 2014 Equity Incentive Plan (the "2014 EIP"). The cash award is earned and payable based upon the Company's relative Total Shareholder Return in terms of ranking as compared to the Peer Group over a three-year period (the "Performance Period"). Total Shareholder Return is determined by the percentage change in value (positive or negative) over the applicable measurement period as measured by dividing (A) the sum of (i) the cumulative value of dividends and other distributions paid on the Common Stock for the applicable measurement period, and (ii) the difference (positive or negative) between each such company's starting stock price and ending stock price, by (B) the starting stock price. The award is to be paid out at the end of the Performance Period in cash only if the employee is employed through the end of the Performance Period. If the employee is not employed during the entire Performance Period, the award will be forfeited. These grants are accounted for as cash settlement awards for which the fair value of the award fluctuates based on the change in Total Shareholder Return in relation to the Peer Group. The following table summarizes performance awards granted in the form of cash awards under the 2014 EIP in November 2017, 2016 and 2015:

Grant Date	Grant Amount	Adjustments	Forfeitures	Payments	Adjusted Award Value at September 30, 2018	Vesting Schedule	Remaining Periods (in Months) to Vesting

November 2015	$ 1,487	$ 645	$ (197)	$ —	$ 1,935	October 2018	1
November 2016	1,434	(35)	(37)	—	1,362	October 2019	13
November 2017	1,584	(85)	—	—	1,499	October 2020	25
	$ 4,505	$ 525	$ (234)	$ —	$ 4,796		

Compensation expense of $1.0 million and compensation benefit of $0.3 million was recognized for the three months ended September 30, 2018 and 2017, respectively. Compensation expense totaling $1.6 million and $0.4 million was recognized for the nine months ended September 30, 2018 and 2017, respectively. Unrecognized compensation expense was $1.6 million and $1.4 million as of September 30, 2018 and 2017, respectively.

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8. Accounts Receivable

Trade accounts receivable are stated at current value less an allowances, which approximates fair value. This allowance is estimated based primarily on management's evaluation of specific balances as the balances become past due, commercial adjustments, the financial condition of our customers and our historical experience with write-offs. If not reserved through specific identification procedures, our general policy for potentially uncollectible accounts is to reserve at a certain percentage based upon the aging categories of accounts receivable and our historical experience with write-offs. Past due status is based upon the due date of the original amounts outstanding. When items are ultimately deemed uncollectible they are charged off against the reserve previously established in the allowance.

9. Inventories

Inventories are valued at the lower of first-in, first-out cost or market. Cost includes applicable material, labor and overhead. Inventories consisted of the following:

	September 30, 2018	December 31, 2017
Raw materials	$ 66,646	$ 73,026
Work in process	12,612	10,136
Finished goods	13,937	15,853
	$ 93,195	$ 99,015

Inventories on-hand are regularly reviewed and, when necessary, provisions for excess and obsolete inventory are recorded based primarily on our estimated production requirements, which reflect expected market volumes. Excess and obsolete provisions may vary by product depending upon future potential use of the product.

10. Goodwill and Intangible Assets

Goodwill represents the excess of acquisition purchase price over the fair value of net assets acquired. We review goodwill for impairment annually, initially utilizing a qualitative assessment, in the second fiscal quarter and whenever events or changes in circumstances indicate the carrying value may not be recoverable. Our goodwill is attributable to the GTB Segment. In conducting the qualitative assessment, we consider relevant events and circumstances that affect the fair value or carrying amount of the reporting unit. Such events and circumstances could include macroeconomic conditions, industry and market considerations, overall financial performance, entity and reporting unit specific events, cost factors and capital market pricing. We consider the extent to which each of the adverse events and circumstances identified affect the comparison of the reporting unit's fair value with its carrying amount. We place more weight on the events and circumstances that most affect the reporting unit's fair value or the carrying amount of its net assets. We consider positive and mitigating events and circumstances that may affect its determination of whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. These factors are all considered by management in reaching its conclusion about whether to perform the first step of the impairment test. No impairment was recorded as a result of our second quarter 2018 assessment.

The changes in the carrying amounts of goodwill are as follows:

	September 30, 2018	December 31, 2017
Balance — Beginning	$ 8,045	$ 7,703
Currency translation adjustment	(671)	342
Balance — Ending	$ 7,374	$ 8,045

Our definite-lived intangible assets were comprised of the following:

		September 30, 2018			December 31, 2017		
	Weighted-Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trademarks/Tradenames	23 years	$8,356	$ (3,792)	$4,564	$8,472	$ (3,585)	$4,887
Customer relationships	15 years	13,769	(5,346)	8,423	14,609	(4,948)	9,661
		$22,125	$ (9,138)	$12,987	$23,081	$ (8,533)	$14,548

The aggregate intangible asset amortization expense was approximately $0.3 million for the three months ended September 30, 2018 and 2017 and $1.0 million for the nine months ended September 30, 2018 and 2017. Intangible assets accumulated amortization was positively impacted by foreign currency translation of $0.4 million for the nine months ended September 30, 2018. The estimated intangible asset amortization expense for the fiscal year ending December 31, 2018 and for each of the five succeeding years is $1.3 million per year through 2019 and $1.1 million per year from 2020 through 2023.

11. Commitments and Contingencies

Warranty — We are subject to warranty claims for products that fail to perform as expected due to design or manufacturing deficiencies. Customers generally require their outside suppliers to guarantee or warrant their products and bear the cost of repair or replacement of such products. Depending on the terms under which we supply products to our customers, a customer may hold us responsible for some or all of the repair or replacement costs of defective products when the product supplied did not perform as represented. Our policy is to reserve for estimated future customer warranty costs based on historical trends and current economic factors.

The following represents a summary of the warranty provision for the nine months ended September 30, 2018:

Balance — December 31, 2017	$3,490
Provision for new warranty claims	1,670
Change in provision for preexisting warranty claims	974
Deduction for payments made	(2,012)
Currency translation adjustment	(124)
Balance — September 30, 2018	$3,998

Leases — We lease office, warehouse and manufacturing space and certain equipment under non-cancelable operating lease agreements that generally require us to pay maintenance, insurance, taxes and other expenses in addition to annual rental fees. The anticipated future lease costs are based in part on certain assumptions and we monitor these costs to determine if the estimates need to be revised in the future. As of September 30, 2018, our equipment leases did not provide for any material guarantee of a specified portion of residual values.

Litigation — We are subject to various legal proceedings and claims arising in the ordinary course of business, including but not limited to workers' compensation claims, OSHA investigations, employment disputes, unfair labor practice charges, customer and supplier disputes, service provider disputes, product liability claims, intellectual property disputes, and environmental claims arising out of the conduct of our businesses and examinations by the Internal Revenue Service.

Management believes that the Company maintains adequate insurance or that we have established reserves for issues that are probable and estimable in amounts that are adequate to cover reasonable adverse judgments not covered by insurance. Based upon the information available to management and discussions with legal counsel, it is the opinion of management that the ultimate outcome of the various legal actions and claims that are incidental to our business are not expected to have a material adverse impact on the consolidated financial position, results of operations, equity or cash flows; however, such matters are subject to many uncertainties and the outcomes of individual matters are not predictable with any degree of assurance.

Debt Payments — As disclosed in Note 12, the TLS Agreement requires the Company to repay a fixed amount of principal on a quarterly basis, make mandatory prepayments of excess cash flows and voluntary prepayments that coincide with certain events.

The following table provides future minimum principal payments due on long-term debt for the next five fiscal years and the remaining years thereafter:

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Year Ending December 31,	
2018	$1,093
2019	$4,375
2020	$4,375
2021	$4,375
2022	$4,375
Thereafter	$150,938

12. Debt and Credit Facilities

Debt consisted of the following:

	September 30, 2018	December 31, 2017
Term loan and security agreement (a)	$164,557	$166,949

(a) Presented in the Condensed Consolidated Balance Sheets as of September 30, 2018 as current portion of long-term debt of $3.2 million, net of deferred financing costs and original issue discount each of $0.6 million; and long-term debt of $161.3 million, net of deferred financing costs and original issue discount of $1.8 million and $2.0 million, respectively.

Term Loan and Security Agreement

On April 12, 2017, the Company entered into a $175.0 million senior secured Term Loan and Security Agreement (the “TLS Agreement”) maturing on April 12, 2023, the terms of which are described in Note 6 in our 2017 Form 10-K. The unamortized deferred financing fees of $2.4 million and original issue discount of $2.6 million are netted against the aggregate book value of the outstanding debt resulting in a balance of $164.6 million as of September 30, 2018 and are being amortized over the remaining life of the agreement.

The TLS Agreement contains customary restrictive, financial maintenance and reporting covenants that are described in Note 6 in our 2017 Form 10-K. We were in compliance with the covenants as of September 30, 2018.

Revolving Credit Facility

On April 12, 2017, the Company entered into the Third Amended and Restated Loan and Security Agreement (the "Third ARLS Agreement"), the terms of which are described in Note 6 in our 2017 Form 10-K.

The applicable margin, which is set at Level III as of September 30, 2018, is based on average daily availability under the revolving credit facility as follows:

Level	Average Daily Availability	Base Rate Loans	LIBOR Revolver Loans
III	≥ $24,000,000	0.50 %	1.50 %
II	> $12,000,000 but < $24,000,000	0.75 %	1.75 %
I	≤ $12,000,000	1.00 %	2.00 %

We had borrowing availability of $63.3 million at September 30, 2018. At September 30, 2018 we had no borrowings under the revolving credit facility and the outstanding letters of credit were $1.7 million. The unamortized deferred financing fees associated with our revolving credit facility of $0.8 million and $0.9 million as of September 30, 2018 and December 31, 2017, respectively, were being amortized over the remaining life of the agreement. At December 31, 2017 we did not have borrowings under the revolving credit facility and had outstanding letters of credit $2.1 million.

The Third ARLS Agreement contains customary restrictive, financial maintenance and reporting covenants that are described in Note 6 in our 2017 Form 10-K. Since the Company had borrowing availability in excess of the greater of (i) $5,000,000 or (ii) ten percent (10%) of the revolving commitments, from December 31, 2017 through September 30, 2018, the Company was not required to comply with the minimum fixed charge coverage ratio covenant during the quarter ended September 30, 2018. The Company was in compliance with all applicable covenants as of September 30, 2018.

13. Income Taxes

We file federal and state income tax returns in the U.S. and income tax returns in foreign jurisdictions. With a few exceptions, we are no longer subject to income tax examinations by the taxing jurisdictions for years prior to 2014.

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As of September 30, 2018 and December 31, 2017, the Company had $0.5 million in unrecognized tax benefits related to U.S. federal, state and foreign jurisdictions which may impact our effective tax rate, if recognized. The domestic unrecognized tax benefits are netted against their related long-term deferred tax assets. We accrue penalties and interest related to unrecognized tax benefits through income tax expense. Included in the unrecognized tax benefits is $0.3 million of interest and penalties as of September 30, 2018 and December 31, 2017.
We are not aware of any events that could occur within the next twelve months that would have an impact on the amount of unrecognized tax benefits that would require a reserve.
At September 30, 2018, due to cumulative losses and other factors, we continue to carry valuation allowances against certain deferred tax assets, primarily in the United Kingdom and Luxembourg. Additionally, we continue to carry valuation allowances related to certain state deferred tax assets that we believe are more likely than not to expire before they can be utilized. We evaluate the need for valuation allowances in each of our jurisdictions on a quarterly basis.

The enactment of U.S. Tax Reform brought about significant changes to the U.S. tax code, including implementing a new provision designed to tax global intangible low-taxed income (“GILTI”) of foreign subsidiaries but allowing for the possibility to utilize foreign tax credits to offset the associated tax liability (subject to certain limitations). Pursuant to Staff Accounting Bulletin No. 118 ("SAB 118") issued by the SEC, the Company is allowed to make an accounting policy of either (1) treating taxes due on future U.S. taxable income inclusions related to GILTI as a current-period expense when incurred (the “period cost method”) or (2) factoring such amounts into the measurement of the Company’s deferred taxes (the “deferred method”). Although we included an estimate of the current period impact of GILTI in our tax provision for the period ended September 30, 2018, we are still in the process of evaluating and have not yet made a policy decision as to how the Company will account for the tax implications of GILTI in future periods. Under SAB 118, we have until December 22, 2018, to formalize our policy.

14. Segment Reporting
The following tables present segment revenues, gross profit, depreciation and amortization expense, selling, general and administrative expenses, operating income, capital expenditures and other items for the three and nine months ended September 30, 2018 and 2017:

	Three Months Ended September 30, 2018			
	Global Truck & Bus	Global Construction & Agriculture	Corporate/ Other	Total
Revenues				
External Revenues	$145,540	$ 79,470	$ —	$225,010
Intersegment Revenues	821	3,311	(4,132)	—
Total Revenues	$146,361	$ 82,781	$ (4,132)	$225,010
Gross Profit	$20,486	$ 12,159	$ (170)	$32,475
Selling, General & Administrative Expenses	$5,300	$ 4,554	$ 5,840	$15,694
Operating Income	$14,899	$ 7,571	$ (6,010)	$16,460
Capital and Other Items:				
Capital Expenditures	$2,536	$ 1,847	$ 281	$4,664
Depreciation and Amortization Expense	$2,173	$ 1,291	$ 575	$4,039

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	Three Months Ended September 30, 2017			
	Global Truck & Bus	Global Construction & Agriculture	Corporate/ Other	Total
Revenues				
External Revenues	$121,497	$ 76,852	$—	$198,349
Intersegment Revenues	552	2,705	(3,257)	—
Total Revenues	$122,049	$ 79,557	$(3,257)	$198,349
Gross Profit	$17,180	$ 8,316	$(346)	$25,150
Selling, General & Administrative Expenses	$5,534	$ 4,160	$4,442	$14,136
Operating Income	$11,350	$ 4,121	$(4,789)	$10,682
Capital and Other Items:				
Capital Expenditures	$1,097	$ 1,195	$476	$2,768
Depreciation and Amortization Expense	$1,838	$ 1,117	$673	$3,628
Other Items [1]	$373	$ 15	$—	$388

[1] Other items include costs associated with plant closures, including employee severance and retention costs, lease cancellation costs, building repairs and costs to transfer equipment.

	Nine Months Ended September 30, 2018			
	Global Truck & Bus	Global Construction & Agriculture	Corporate/ Other	Total
Revenues				
External Revenues	$421,014	$ 253,121	$—	$674,135
Intersegment Revenues	2,394	9,524	(11,918)	—
Total Revenues	$423,408	$ 262,645	$(11,918)	$674,135
Gross Profit	$62,675	$ 37,736	$(931)	$99,480
Selling, General & Administrative Expenses	$16,522	$ 12,752	$16,155	$45,429
Operating Income	$45,278	$ 24,879	$(17,086)	$53,071
Capital and Other Items:				
Capital Expenditures	$4,385	$ 3,924	$1,514	$9,823
Depreciation and Amortization Expense	$5,930	$ 3,827	$2,030	$11,787

	Nine Months Ended September 30, 2017			
	Global Truck & Bus	Global Construction & Agriculture	Corporate/ Other	Total
Revenues				
External Revenues	$342,964	$ 223,929	$—	$566,893
Intersegment Revenues	1,084	7,315	(8,399)	—
Total Revenues	$344,048	$ 231,244	$(8,399)	$566,893
Gross Profit	$48,288	$ 22,099	$(1,033)	$69,354
Selling, General & Administrative Expenses	$16,688	$ 12,619	$16,250	$45,557
Operating Income	$30,716	$ 9,374	$(17,283)	$22,807
Capital and Other Items:				
Capital Expenditures	$5,145	$ 3,671	$1,795	$10,611
Depreciation and Amortization Expense	$5,850	$ 3,530	$2,051	$11,431
Other Items [1]	$1,341	$ 998	$2,377	$4,716

[1] Other items include costs associated with plant closures, including employee severance and retention costs, lease cancellation costs, building repairs, costs to transfer equipment, and settlement costs associated with a consulting

contract litigation.
15. Derivative Contracts

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We use foreign exchange contracts to hedge some of our foreign currency transaction exposures. We estimate our projected revenues and purchases in certain foreign currencies and may hedge a portion of the anticipated long or short positions. The contracts typically run from one month up to eighteen months. As of September 30, 2018, we did not have any derivatives designated as hedging instruments; therefore, our foreign exchange contracts have been marked-to-market and the fair value of contracts recorded in the Condensed Consolidated Balance Sheets with the offsetting non-cash gain or loss recorded in cost of revenues in our Condensed Consolidated Statements of Income. We do not hold or issue foreign exchange options or foreign exchange contracts for trading purposes. Our foreign exchange contracts are subject to a master netting agreement. We record assets and liabilities relating to our foreign exchange contracts on a gross basis in our Condensed Consolidated Balance Sheets.

The following table summarizes the notional amount of our open foreign exchange contracts:

	September 30, 2018		December 31, 2017	
	U.S. $ Equivalent	U.S. $ Equivalent Fair Value	U.S. $ Equivalent	U.S. $ Equivalent Fair Value
Commitments to buy or sell currencies	$3,783	$ 3,958	$17,491	$ 16,838

We consider the impact of our credit risk on the fair value of the contracts, as well as our ability to honor obligations under the contract.

On June 30, 2017, the Company entered into an interest rate swap agreement to fix the interest rate on an initial aggregate amount of $80.0 million of the Term Loan Facility thereby reducing exposure to interest rate changes. The interest rate swap has a floor rate of 2.07% and an all-in rate of 8.07%, with a maturity date of April 30, 2022. As of September 30, 2018, the interest rate swap agreement was not designated as a hedging instrument; therefore, our interest rate swap agreement has been marked-to-market and the fair value of the agreement recorded in the Condensed Consolidated Balance Sheets with the offsetting gain or loss recorded in interest and other expense in our Condensed Consolidated Statements of Income.

The following table summarizes the fair value and presentation in the Condensed Consolidated Balance Sheets for derivatives, none of which are designated as accounting hedges:

	Asset Derivatives			
	September 30, 2018		December 31, 2017	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign exchange contracts	Other current assets	$ 168	Other current assets	$ 20
Interest rate swap agreement	Other assets, net	$ 2,343	Other assets, net	$ 515

	Liability Derivatives			
	September 30, 2018		December 31, 2017	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Foreign exchange contracts	Accrued liabilities	$ 7	Accrued liabilities	$ 627
Interest rate swap agreement	Accrued liabilities	$ —	Accrued liabilities	$ 246

The following table summarizes the effect of derivative instruments on the Condensed Consolidated Statements of Income for derivatives not designated as hedging instruments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017

	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivatives		Amount of Gain (Loss) Recognized in Income on Derivatives	
Foreign exchange contracts	Cost of Revenues	$ 334	$ (322)	$ 767	$ 1,438
Interest rate swap agreement	Interest and Other Expense	$ 350	$ 38	$ 1,950	$ (485)

16. Other Comprehensive Loss

The after-tax changes in accumulated other comprehensive loss are as follows:

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	Foreign currency translation adjustment	Pension and post-retirement benefits plans	Accumulated other comprehensive loss
Ending balance, December 31, 2017	$ (17,172)	$ (24,063)	$ (41,235)
Net current period change	(5,363)	—	(5,363)
Amortization of actuarial losses	—	(1,992)	(1,992)
Ending balance, September 30, 2018	$ (22,535)	$ (26,055)	$ (48,590)

	Foreign currency translation adjustment	Pension and post-retirement benefit plans	Accumulated other comprehensive loss
Ending balance, December 31, 2016	$ (24,313)	$ (24,532)	$ (48,845)
Net current period change	5,209	—	5,209
Amortization of actuarial losses	—	(1,830)	(1,830)
Ending balance, September 30, 2017	$ (19,104)	$ (26,362)	$ (45,466)

The related tax effects allocated to each component of other comprehensive (loss) income are as follows:

	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
	Before Tax Amount	Tax Expense	After Tax Amount	Before Tax Amount	Tax Expense	After Tax Amount
Cumulative translation adjustment	$(1,529)	$ —	$(1,529)	$(5,363)	$ —	$(5,363)
Amortization of actuarial losses	(1,230)	170	(1,060)	(2,500)	508	(1,992)
Total other comprehensive (loss) income	$(2,759)	$ 170	$(2,589)	$(7,863)	$ 508	$(7,355)

	Three Months Ended September 30, 2017			Nine Months Ended September 30, 2017		
	Before Tax Amount	Tax Expense	After Tax Amount	Before Tax Amount	Tax Expense	After Tax Amount
Cumulative translation adjustment	$1,130	$ —	$ 1,130	$5,209	$ —	$ 5,209
Amortization of actuarial losses	(763)	217	(546)	(2,481)	651	(1,830)
Total other comprehensive income	$367	$ 217	$ 584	$2,728	$ 651	$ 3,379

17. Pension and Other Post-Retirement Benefit Plans

We sponsor pension and other post-retirement benefit plans that cover certain hourly and salaried employees in the United States and United Kingdom. Each of the plans are frozen to new participants. Our policy is to make annual contributions to the plans to fund the normal cost as required by local regulations.

The components of net periodic (benefit) cost related to pension and other post-retirement benefit plans is as follows:

	U.S. Pension Plans and Other Post-Retirement Benefit Plans	Non-U.S. Pension Plans
	Three Months Ended September 30,	Three Months Ended September 30,

	2018	2017	2018	2017
Service cost	$ —	$ 33	$—	$—
Interest cost	418	449	265	289
Expected return on plan assets	(787)	(671)	(310)	(302)
Amortization of prior service cost	2	2	—	—
Recognized actuarial loss	69	89	126	122
Net (benefit) cost	$ (298)	$ (98)	$ 81	$ 109

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	U.S. Pension Plans and Other Post-Retirement Benefit Plans		Non-U.S. Pension Plans	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Service cost	$ —	$ 100	$ —	$ —
Interest cost	1,254	1,346	821	845
Expected return on plan assets	(2,360)	(2,013)	(960)	(882)
Amortization of prior service cost	5	5	—	—
Recognized actuarial loss	206	268	393	358
Net (benefit) cost	$ (895)	$ (294)	$ 254	$ 321

We expect to contribute approximately $3.1 million to our pension plans and our other post-retirement benefit plans in 2018. As of September 30, 2018, $2.5 million of contributions have been made.

18. Restructuring

We did not incur any restructuring charges in the nine months ended September 30, 2018. For the nine months ended September 30, 2017, we incurred in cost of revenues totaling $2 million of restructuring charges in our Monona and Shadyside facilities. As of September 30, 2017, our remaining provision of for restructuring was $0.8 million.

ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis below describes material changes in financial condition and results of operations as reflected in our condensed consolidated financial statements for the three and nine months ended September 30, 2018 and 2017. This discussion and analysis should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2017 Form 10-K.

Company Overview

Commercial Vehicle Group, Inc. (through its subsidiaries) is a leading supplier of a full range of cab related products and systems for the global commercial vehicle market, including the MD/HD Truck market, the medium- and heavy-construction vehicle market, and the military, bus, agriculture, specialty transportation, mining, industrial equipment and off-road recreational markets.

We have manufacturing operations in the United States, Mexico, United Kingdom, Czech Republic, Ukraine, China, India and Australia. Our products are primarily sold in North America, Europe, and the Asia-Pacific region.

Our products include Seats; Trim; cab structures, sleeper boxes, body panels and structural components; mirrors, wipers and controls; and electrical wire harness and panel assemblies designed for applications in commercial and other vehicles.

We are differentiated from automotive industry suppliers by our ability to manufacture low volume, customized products on a sequenced basis to meet the requirements of our customers. We believe our products are used by a majority of the North American MD/HD Truck and certain leading global construction and agriculture OEMs.

Business Overview

For the nine months ended September 30, 2018, approximately 47% of our revenue was generated from sales to North American MD/HD Truck OEMs. Our remaining revenue was primarily derived from sales to OEMs in the global construction equipment market, aftermarket, OE service organizations, military market and specialty markets. Demand for our products is driven to a significant degree by preferences of the end-user of the vehicle, particularly with respect to heavy-duty trucks. Unlike the automotive industry, heavy-duty truck OEMs generally afford the end-user the ability to specify many of the component parts that will be used to manufacture the vehicle, including a wide variety of cab interior styles and colors, brand and type of seats, type of seat fabric and color, and specific interior styling. Certain of our products are only utilized in heavy-duty trucks, such as our storage systems, sleeper boxes and privacy curtains. To the extent that demand for higher content vehicles increases or decreases, our revenues and gross profit will be impacted positively or negatively.

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We generally compete for new business at the beginning of the development of a new vehicle platform and upon the redesign of existing programs. New platform development generally begins one to three years before the marketing of such models by our customers. Contract durations for commercial vehicle products generally extend for the entire life of the platform. Several of the major truck OEMs have upgraded their truck platforms and we believe we have maintained our share of content in these platforms. We continue to pursue opportunities to expand our content.
Demand for our heavy-duty ("Class 8") truck products is generally dependent on the number of new heavy-duty trucks manufactured in North America, which in turn is a function of general economic conditions, interest rates, changes in government regulations, consumer spending, fuel costs, freight costs, fleet operators' financial health and access to capital, used truck prices and our customers' inventory levels. New heavy-duty truck demand has historically been cyclical and is particularly sensitive to the industrial sector of the economy, which generates a significant portion of the freight tonnage hauled by commercial vehicles. According to a October 2018 report by ACT Research, a publisher of industry market research, North American Class 8 production levels are expected to be 317,000 units in 2018, increase to 335,000 units in 2019, decrease to 244,000 units in 2020, and then gradually increase to 317,000 units in 2023. We believe the demand for North American Class 8 vehicles in 2018 will be between 315,000 and 325,000 units. ACT Research estimates that the average age of active North American Class 8 trucks is 11.3 and 11.2 years in 2017 and 2018, respectively. As vehicles age, their maintenance costs typically increase. ACT Research forecasts that the vehicle age will decline as aging fleets are replaced.
North American medium-duty ("Class 5-7") truck production steadily increased from 237,000 units in 2015 to 265,000 units anticipated in 2018. According to a October 2018 report by ACT Research, North American Class 5-7 truck production is expected to gradually increase to 280,000 units in 2023.
For the nine months ended September 30, 2018, approximately 22% of our revenue was generated from sales to OEMs in the global construction equipment market. Demand for our construction and agricultural equipment products is dependent on vehicle production. Demand for new vehicles in the global construction and agricultural equipment market generally follows certain economic conditions around the world. Our products are primarily used in the medium- and heavy-duty construction equipment markets (vehicles weighing over 12 metric tons). Demand in the medium- and heavy-duty construction equipment market is typically related to the level of large scale infrastructure development projects such as highways, dams, harbors, hospitals, airports and industrial development, as well as activity in the mining, forestry and other raw material based industries. We believe that construction equipment production in the markets we serve in Europe, Asia, and North America is strong.

Our Long-Term Strategy

Our long-term strategy is primarily to grow organically by product, geographic region and end market. Our products are Seats, Trim, wire harnesses, structures, wipers, mirrors and office seats. We expect to realize some end market diversification in truck and bus in Asia-Pacific and trim in Europe, with additional diversification weighted toward the agriculture market, and to a lesser extent the construction market. We intend to allocate resources consistent with our strategy; and more specifically, consistent with our product portfolio, geographic region and end market diversification objectives. We periodically evaluate our long-term strategy in response to significant changes in our business environment and other factors.

Although our long-term strategy is primarily to grow organically, we consider acquisitions and divestitures of assets.

Strategic Footprint

We review our manufacturing footprint in the normal course to, among other considerations, provide a competitive landed cost to our customers and, most recently, to minimize the impact of the tightening labor markets.

Consolidated Results of Operations

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

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	Three Months Ended September 30, (in thousands)			
	2018		2017	
Revenues	$225,010	100.0%	$198,349	100.0%
Cost of Revenues	192,535	85.6	173,199	87.3
Gross Profit	32,475	14.4	25,150	12.7
Selling, General and Administrative Expenses	15,694	7.0	14,136	7.1
Amortization Expense	321	0.1	332	0.1
Operating Income	16,460	7.3	10,682	5.4
Interest and Other Expense	3,659	1.6	3,482	1.8
Income Before Provision for Income Taxes	12,801	5.7	7,200	3.6
Provision for Income Taxes	218	0.1	2,437	1.2
Net Income	$12,583	5.6 %	$4,763	2.4 %

Revenues. On a consolidated basis, revenues increased $26.7 million, or 13.5%, to $225.0 million for the three months ended September 30, 2018 from $198.3 million for the three months ended September 30, 2017. The increase in consolidated revenues resulted from:

- a $22.0 million, or 25%, increase in OEM North American MD/HD Truck revenues;
- a $2.2 million, or 5%, increase in construction equipment revenues; and
- a $2.5 million, or 4%, increase in other revenues.

Third quarter 2018 revenues were adversely impacted by foreign currency exchange translation of $1.0 million, which is reflected in the change in revenues above.

Gross Profit. Gross profit increased $7.3 million, or 29.0%, to $32.5 million for the three months ended September 30, 2018 from $25.2 million for the three months ended September 30, 2017. The increase in gross profit is primarily attributable to the increase in sales volume. Included in gross profit is cost of revenues, which consists primarily of raw materials and purchased components for our products, wages and benefits for our employees and overhead expenses such as manufacturing supplies, facility rent and utility costs related to our operations. Commodity and other material inflationary pressures, as well as difficult labor markets, adversely affected cost of revenues. Cost control and cost recovery initiatives, including pricing adjustments, reduced the impact of these cost pressures on gross profit. The third quarter of 2017 results include costs of approximately $2.0 million arising from a labor shortage in our North American wire harness business. Third quarter 2017 results also include $0.4 million in charges relating to facility restructuring and other related costs. As a percentage of revenues, gross profit margin was 14.4% for the three months ended September 30, 2018 compared to 12.7% for the three months ended September 30, 2017.

Selling, General and Administrative Expenses. Selling, general and administrative expenses consist primarily of wages and benefits and other expenses such as marketing, travel, legal, audit, rent and utility costs which are not directly associated with the manufacturing of our products. Selling, general and administrative expenses increased $1.6 million, or 11.3%, to $15.7 million for the three months ended September 30, 2018 from $14.1 million for the three months ended September 30, 2017, primarily due to an increase in wages and benefits as a result of increased volume.

Interest and Other Expense. Interest, associated with our debt, and other expense was $3.7 million and $3.5 million for the three months ended September 30, 2018 and 2017, respectively. The increase reflects rising interest rates.

Provision for Income Taxes. An income tax provision of $0.2 million and $2.4 million were recorded for the three months ended September 30, 2018 and 2017, respectively. The period over period change in the tax provision, notwithstanding the increase in income before provision for income taxes, is primarily attributable to a $2.9 million tax benefit recorded during the quarter ended September 30, 2018 to adjust the provisional U.S. federal income tax expense in the financial statements for the year ended December 31, 2017. The $2.9 million tax benefit consists primarily of a favorable adjustment to the $4.0 million provisional tax expense on the deemed repatriation of accumulated untaxed earnings of the Company's foreign subsidiaries recorded for the year ended December 31, 2017. The tax provision recorded for the quarter ended September 30, 2018 was also positively impacted by the reduced

U.S. federal income tax rate but adversely impacted by the new GILTI provisions of the U.S. Tax Reform.
Net Income. Net income was $12.6 million and $4.8 million for the three months ended September 30, 2018 and 2017, respectively. The increase is attributed to the factors noted above.

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SEGMENT RESULTS

Global Truck and Bus Segment Results

	Three Months Ended September 30, (amounts in thousands)			
	2018		2017	
Revenues	$146,361	100.0%	$122,049	100.0%
Gross Profit	$20,486	14.0 %	$17,180	14.1 %
Selling, General & Administrative Expenses	$5,300	3.6 %	$5,534	4.5 %
Operating Income	$14,899	10.2 %	$11,350	9.3 %

Revenues. GTB Segment revenues increased $24.4 million, or 20.0%, to $146.4 million for the three months ended September 30, 2018 from $122.0 million for the three months ended September 30, 2017. The increase in GTB Segment revenues resulted from:

- a $20.6 million, or 25%, increase in OEM North American MD/HD Truck revenues; and
- a $3.8 million, or 9%, increase in other revenues.

GTB Segment revenues were adversely impacted by foreign currency exchange translation of $0.3 million, which is reflected in the change in revenues above.

Gross Profit. GTB Segment gross profit increased $3.3 million, or 19.2%, to $20.5 million for the three months ended September 30, 2018 from $17.2 million for the three months ended September 30, 2017. The increase in gross profit was primarily attributable to the increase in sales volume. Commodity and other material inflationary pressures, as well as difficult labor markets, adversely affected cost of revenues. Cost control and cost recovery initiatives, including pricing adjustments, reduced the impact of these cost pressures on gross profit. As a percentage of revenues, gross profit margin was 14.0% for the three months ended September 30, 2018 compared to 14.1% for the three months ended September 30, 2017.

Global Construction and Agriculture Segment Results

	Three Months Ended September 30, (amounts in thousands)			
	2018		2017	
Revenues	$82,781	100.0%	$79,557	100.0%
Gross Profit	$12,159	14.7 %	$8,316	10.5 %
Selling, General & Administrative Expenses	$4,554	5.5 %	$4,160	5.2 %
Operating Income	$7,571	9.1 %	$4,121	5.2 %

Revenues. GCA Segment revenues increased $3.2 million, or 4.0%, to $82.8 million for the three months ended September 30, 2018 from $79.6 million for the three months ended September 30, 2017. The increase in GCA Segment revenues resulted from:

- a $1.2 million, or 3%, increase in OEM construction equipment revenues;
- a $2.2 million, or 24% increase in aftermarket; and
- a $0.2 million, or 0.4%, decrease in other revenues.

GCA Segment revenues were adversely impacted by foreign currency exchange translation of $0.7 million, which is reflected in the change in revenues above.

Gross Profit. GCA Segment gross profit increased $3.9 million, or 47.0%, to $12.2 million for the three months ended September 30, 2018 from $8.3 million for the three months ended September 30, 2017. The increase in gross profit is primarily attributable to the increase in sales volume. Commodity and other material inflationary pressures, as well as difficult labor markets, adversely affected cost of revenues. Cost control and cost recovery initiatives, including pricing adjustments, reduced the impact of these cost pressures on gross profit. The third quarter of 2017 results reflect costs of approximately $2.0 million arising from a labor shortage in our North American wire harness business. As a percentage of revenues, gross profit margin was 14.7% for the three months ended September 30, 2018 compared to 10.5% for the three months ended September 30, 2017.

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Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Consolidated Results

	Nine Months Ended September 30, (in thousands)			
	2018		2017	
Revenues	$674,135	100.0%	$566,893	100.0%
Cost of Revenues	574,655	85.2	497,539	87.8
Gross Profit	99,480	14.8	69,354	12.2
Selling, General and Administrative Expenses	45,429	6.7	45,557	8.0
Amortization Expense	980	0.2	990	0.2
Operating Income	53,071	7.9	22,807	4.0
Interest and Other Expense	9,047	1.3	14,786	2.6
Income Before Provision for Income Taxes	44,024	6.6	8,021	1.4
Provision for Income Taxes	8,393	1.3	2,498	0.4
Net Income	$35,631	5.3 %	$5,523	1.0 %

Revenues. On a consolidated basis, revenues increased $107.2 million, or 18.9%, to $674.1 million for nine months ended September 30, 2018 from $566.9 million for nine months ended September 30, 2017. The increase in consolidated revenues resulted from:

- $77.8 million, or 33%, increase in OEM North American MD/HD Truck revenues;
- $22.0 million, or 17%, increase in construction equipment revenues; and
- $7.4 million, or 4%, increase in other revenues.

Revenues were favorably impacted by foreign currency exchange translation of $10.4 million, which is reflected in the change in revenues above.

Gross Profit. Gross profit increased $30.1 million, or 43.4%, to $99.5 million for nine months ended September 30, 2018 compared to $69.4 million for the nine months ended September 30, 2017. The increase in gross profit is primarily attributable to the increase in sales volume. Commodity and other material inflationary pressures, as well as difficult labor markets, adversely affected cost of revenues. Cost control and cost recovery initiatives, including pricing adjustments, reduced the impact of these cost pressures on gross profit. Also benefiting gross profit is the completion of facility restructuring in late 2017. The nine months ended September 30, 2017 include costs of approximately $10.0 million arising from a labor shortage in our North American wire harness business. Additionally, the nine months ended September 30, 2017 results include $2.3 million in charges relating to facility restructuring and other related costs. As a percentage of revenues, gross profit margin increased to 14.8% for the nine months ended September 30, 2018 compared to 12.2% for the nine months ended September 30, 2017.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased $0.2 million, or 0.4%, to $45.4 million for the nine months ended September 30, 2018 from $45.6 million for the nine months ended September 30, 2017. The decrease in selling, general and administrative expenses was primarily due to a $2.4 million litigation settlement in the nine months ended September 30, 2017, partially offset by increased labor and benefit costs.

Interest and Other Expense. Interest, associated with our debt, and other expense was approximately $9.0 million and $14.8 million for the nine months ended September 30, 2018 and 2017, respectively. The decrease is the result of less outstanding debt and the favorable impact of the mark-to-market of the interest rate swap agreement due to rising interest rates. In addition, the nine months ended September 30, 2017 results reflect a $1.6 million non-cash write-off of deferred financing fees and costs of $1.6 million related to refinancing the 7.875% Notes.

Provision for Income Taxes. An income tax provision of $8.4 million and $2.5 million were recorded for the nine months ended September 30, 2018 and 2017, respectively. The period over period change in the tax provision is primarily attributable to the increase in income before provision for income taxes partially offset by a $2.9 million tax benefit recorded during the quarter ended September 30, 2018 due to differences between the provisional U.S. federal income tax expense recorded in the financial statements for the year ended December 31, 2017 and the actual amounts in the Company's U.S. federal income tax return filed

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for the year ended December 31, 2017. The $2.9 million tax benefit consists primarily of a favorable adjustment to the $4.0 million provisional tax expense on the deemed repatriation of accumulated untaxed earnings of the Company's foreign subsidiaries recorded for the year ended December 31, 2017. The tax provision recorded in the quarter ended September 30, 2018 was also positively impacted by the reduced U.S. federal income tax rate but adversely impacted by the new GILTI provisions of the U.S. Tax Reform.

Net Income. Net income attributable to CVG stockholders was $35.6 million and $5.5 million for the nine months ended September 30, 2018 and 2017, respectively. The increase in net income is attributed to the factors noted above.

SEGMENT RESULTS

Global Truck and Bus Segment Results

	Nine Months Ended September 30, (amounts in thousands)			
	2018		2017	
Revenues	$423,408	100.0%	$344,048	100.0%
Gross Profit	$62,675	14.8 %	$48,288	14.0 %
Selling, General & Administrative Expenses	$16,522	3.9 %	$16,688	4.9 %
Operating Income	$45,278	10.7 %	$30,716	8.9 %

Revenues. GTB Segment revenues increased $79.4 million, or 23.1%, to $423.4 million for the nine months ended September 30, 2018 from $344.0 million for the nine months ended September 30, 2017. The increase in GTB Segment revenues resulted from:

- a $72.9 million, or 33%, increase in OEM North American MD/HD Truck revenues; and
- a $6.5 million, or 5%, increase in other revenues.

GTB Segment revenues were favorably impacted by foreign currency exchange translation of $0.7 million, which is reflected in the change in revenues above.

Gross Profit. GTB Segment gross profit increased $14.4 million, or 29.8%, to $62.7 million for the nine months ended September 30, 2018 from $48.3 million for the nine months ended September 30, 2017. The increase in gross profit is primarily attributable to the increase in sales volume. Commodity and other material inflationary pressures, as well as difficult labor markets, adversely affected cost of revenues. Cost control and cost recovery initiatives, including pricing adjustments, reduced the impact of these cost pressures on gross profit. Also benefiting gross profit is the completion of facility restructuring in late 2017. The nine months ended September 30, 2017 results include $1.3 million in charges relating to facility restructuring and other related costs. As a percentage of revenues, gross profit margin increased to 14.8% for the nine months ended September 30, 2018 from 14.0% for the nine months ended September 30, 2017.

Global Construction and Agriculture Segment Results

	Nine Months Ended September 30, (amounts in thousands)			
	2018		2017	
Revenues	$262,645	100.0%	$231,244	100.0%
Gross Profit	$37,736	14.4 %	$22,099	9.6 %
Selling, General & Administrative Expenses	$12,752	4.9 %	$12,619	5.5 %
Operating Income	$24,879	9.5 %	$9,374	4.1 %

Revenues. GCA Segment revenues increased $31.4 million, or 13.6%, to $262.6 million for the nine months ended September 30, 2018 from $231.2 million for the nine months ended September 30, 2017. The increase in GCA Segment revenues resulted from:

- a $19.8 million, or 17%, increase in OEM construction equipment revenues;
- a $9.1 million, or 34% increase in aftermarket; and
- a $2.5 million, or 3%, increase in other revenues.

GCA Segment revenues were favorably impacted by foreign currency exchange translation of $10.2 million, which is reflected in the change in revenues above.

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Gross Profit. GCA Segment gross profit increased $15.6 million, or 70.6%, to $37.7 million for the nine months ended September 30, 2018 from $22.1 million for the nine months ended September 30, 2017. The increase in gross profit is primarily attributable to the increase in sales volume. Commodity and other material inflationary pressures, as well as difficult labor markets, adversely affected cost of revenues. Cost control and cost recovery initiatives, including pricing adjustments, reduced the impact of these cost pressures on gross profit. The nine months ended September 30, 2017 include costs of approximately $10.0 million arising from a labor shortage in our North American wire harness business. Additionally, the nine months ended September 30, 2017 results include $1.0 million in charges relating to facility restructuring and other related costs. As a percentage of revenues, gross profit margin increased to14.4% for the nine months ended September 30, 2018 from 9.6% for the nine months ended September 30, 2017.

Liquidity and Capital Resources

Cash Flows

Our primary sources of liquidity during the nine months ended September 30, 2018 were cash reserves and availability under our revolving credit facility. We believe that these sources of liquidity will provide adequate funds for our working capital needs, capital expenditures and debt service throughout the next twelve months. However, no assurance can be given that this will be the case. As of September 30, 2018, we had no borrowings under our revolving credit facility and had borrowing availability of $63.3 million.

For the nine months ended September 30, 2018, net cash provided by operating activities was $20.0 million compared to net cash used in operating activities of $2.3 million for the nine months ended September 30, 2017. The improvement in net cash provided by operating activities for the nine months ended September 30, 2018 is due to the improvement in net income, partially offset by increased investment in working capital associated with the increased sales volume.

For the nine months ended September 30, 2018, net cash used in investing activities was $9.8 million compared to $10.0 million for the nine months ended September 30, 2017. In 2018, we expect capital expenditures to be in the range of $13 million to $16 million.

For the nine months ended September 30, 2018, net cash used in financing activities was $3.3 million compared to $70.4 million for the nine months ended September 30, 2017. Net cash used in financing activities for the nine months ended September 30, 2018 is attributable to payment on the Term Loan. Net cash used in financing activities for the nine months ended September 30, 2017 is primarily attributable to the debt refinancing completed in the second quarter of 2017.

As of September 30, 2018, cash held by foreign subsidiaries was $50.3 million. As a result of U.S. Tax Reform, the accumulated untaxed earnings of certain foreign subsidiaries were deemed to be repatriated to the Company and a $4.0 million tax provision was recorded for the estimated U.S. federal income tax impact in the year ended December 31, 2017. The Company recorded a favorable $2.9 million tax benefit in the quarter ended September 30, 2018 as an adjustment to the provisional $4.0 million tax expense recorded in the year ended December 31, 2017 for the impact of this transition tax. Consequently, any repatriation of earnings generated by such foreign subsidiaries after the year ended December 31, 2017 should not give rise to U.S. federal income tax as a result of the dividends received deduction enacted as part of the U.S. Tax Reform. Although the earnings held by our foreign subsidiaries will no longer be subject to U.S. federal income tax if repatriated, we do not have plans to repatriate such earnings. Rather, we intend to use the cash held in our foreign operations to fund working capital needs and the growth of those operations. Should we decide to repatriate the cash held by our foreign subsidiaries, we would accrue and pay the appropriate foreign withholding and foreign income taxes that would be incurred as a result of repatriating such cash.

Debt and Credit Facilities

The debt and credit facilities descriptions in Note 12 of the "Notes to Condensed Consolidated Financial Statements" are incorporated in this section by reference.

Covenants and Liquidity

Our ability to comply with the covenants in the TLS Agreement and the Third ARLS Agreement, as discussed in Note 12, may be affected in the future by economic or business conditions beyond our control. Based on our current forecast, we believe that we will be able to maintain compliance with the financial maintenance covenant and the fixed charge coverage ratio covenant, if applicable, and other covenants in the TLS Agreement and the Third ARLS Agreement for the next twelve months; however, no assurances can be given that we will be able to comply. We base our forecasts on historical experience, industry forecasts and

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other assumptions that we believe are reasonable under the circumstances. If actual results are substantially different than our current forecast we may not be able to comply with our financial covenants. Accordingly, there is no assurance that we will be able to comply with such financial covenants. If we do not comply with the financial and other covenants in the TLS Agreement and the Third ARLS Agreement, the lenders could declare an event of default under the TLS Agreement and the Third ARLS Agreement and our indebtedness thereunder could be declared immediately due and payable. The TLS Agreement and the Third ARLS Agreement contain cross default provisions. If we are unable to borrow under the Third ARLS Agreement, we will need to meet our capital requirements using other sources and alternative sources of liquidity may not be available on acceptable terms. Any of these events would have a material adverse effect on our business, financial condition and liquidity.
We believe that cash on hand, cash flow from operating activities together with available borrowings under the Third ARLS Agreement will be sufficient to fund anticipated working capital, capital spending, certain strategic initiatives, and debt service requirements for the next 12 months. No assurance can be given, however, that this will be the case. Additionally, the Company may under the Term Loan Facility increase borrowings by an additional $20 million if certain total leverage ratio requirements are met.

Forward-Looking Statements

All statements, other than statements of historical fact included in this Form 10-Q, including without limitation the statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” are, or may be deemed to be, forward-looking statements which speak only as of the date the statements were made. When used in this Form 10-Q, the words “believe,” “anticipate,” “plan,” “expect,” "estimate", “intend,” “will,” “should,” “could,” “would,” “
“continue,” “likely,” and similar expressions, as they relate to us, are intended to identify forward-looking statements. Such forward-looking statements may include, without limitations, forward-looking statements about our expectations for future periods with respect to our plans to improve financial results and enhance the Company, the future of the Company’s end markets, Class 8 and Class 5-7 North America build rates, performance of the global construction and agriculture equipment business, expected cost savings, enhanced shareholder value and other economic benefits of the Company’s initiatives to address customer needs, organic growth, the Company’s economic growth plans to focus on certain segments and markets and the Company’s financial position or other financial information. These statements are based on certain assumptions that the Company has made in light of its experience in the industry as well as its perspective on historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. Actual results may differ materially from the anticipated results because of certain risks and uncertainties, including but not limited to: (i) general economic or business conditions affecting the markets in which the Company serves or intends to serve; (ii) the Company's ability to develop or successfully introduce new products; (iii) risks associated with conducting business in foreign countries and currencies; (iv) increased competition in the heavy- and medium- duty truck, construction, agriculture, aftermarket, military, bus, and other markets; (v) the Company’s failure to complete or successfully integrate strategic acquisitions; (vi) the impact of changes in governmental regulations on the Company's customers or on its business; (vii) the loss of business from a major customer, a collection of smaller customers or the discontinuation of particular commercial vehicle platforms; (viii) security breaches and other disruptions to our information systems and our business; (ix) the Company’s ability to obtain future financing due to changes in the capital markets or its financial position; (x) the Company’s ability to comply with the financial covenants in its debt facilities; (xi) fluctuation in interest rates relating to the Company's debt facilities; (xii) the Company’s ability to realize the benefits of its cost reduction and strategic initiatives; (xiii) a material weakness in our internal control over financial reporting which could, if not remediated, result in material misstatements in our financial statements; (xiv) volatility and cyclicality in the commercial vehicle market adversely affecting us; (xv) the geographic profile of our taxable income and changes in valuation of our deferred tax assets and liabilities impacting our effective tax rate; (xvi) changes to domestic manufacturing initiatives; (xvii) implementation of tax or other changes, by the United States or other international jurisdictions, related to products manufactured in one or more jurisdictions where we do business; and (xviii) various other risks as outlined under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for fiscal year

ending December 31, 2017. There can be no assurance that statements made in this Form 10-Q relating to future events will be achieved. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by such cautionary statements.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We believe there are no material changes in the quantitative and qualitative market risks since our 2017 Form 10-K.

ITEM 4 – CONTROLS AND PROCEDURES

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Disclosure Controls and Procedures. Our senior management is responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

We have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report with the participation of our Chief Executive Officer and Chief Financial Officer, as well as other key members of our management. Based upon the disclosure controls evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2018 our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting. There were no changes in our internal control over financial reporting during the three months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject to various legal proceedings and claims arising in the ordinary course of business, including, but not limited to, workers' compensation claims, OSHA investigations, employment disputes, unfair labor practice charges, customer and supplier disputes, service provider disputes, product liability claims, intellectual property disputes, and environmental claims arising out of the conduct of our businesses and examinations by the Internal Revenue Service. Based upon the information available to management and discussions with legal counsel, it is the opinion of management that the ultimate outcome of the various legal actions and claims that are incidental to our business are not expected to have a material adverse impact on the consolidated financial position, results of operations, stockholders' equity or cash flows; however, such matters are subject to many uncertainties and the outcomes of individual matters are not predictable with any degree of assurance.

Item 1A. Risk Factors.

You should carefully consider the information in this Form 10-Q, including the risk factors below, and the risk factors discussed in "Risk Factors" and other risks discussed in our 2017 Form 10-K and our filings with the SEC since December 31, 2017. These risks could materially and adversely affect our results of operations, financial condition, liquidity and cash flows. Our business also could be affected by risks that we are not presently aware of or that we currently consider immaterial to our operations.

The uncertainty surrounding the implementation and effect of Brexit may cause increased economic volatility, affecting our operations and business.

On June 23, 2016, voters in the United Kingdom (UK) approved an advisory referendum to withdraw membership from the EU, which proposed exit (referred to as Brexit) could cause disruptions to, and create uncertainty surrounding, our business in the UK and EU, including affecting our relationships with our existing and future customers, suppliers and employees. As a result, Brexit could have an adverse effect on our future business, financial results and operations. The formal process for UK leaving the EU began in March 2017, when the UK served notice to the European Council under Article 50 of the Treaty of Lisbon. The long-term nature of the UK's relationship with the EU is unclear and there is considerable uncertainty when any relationship will be agreed and implemented. The political and economic instability created by Brexit has caused and may continue to cause significant volatility in global financial markets and uncertainty regarding the regulation of data protection in the UK. Brexit could also have the effect of disrupting the free movement of goods, services, and people between the UK, the EU, and elsewhere. The effects of Brexit will depend on any agreements the UK makes to retain access to EU markets either during a transitional period or more permanently. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. Further, uncertainty around these and related issues could lead to adverse effects on the economy of the UK and the other economies in which we operate. There can be no assurance that any or all of these events will not have a material adverse effect on our business operations, results of operations and financial condition.

Decreased availability or increased costs of materials could increase our costs of producing our products.

We purchase raw materials, fabricated components, assemblies and services from a variety of suppliers. We believe that our relationships with our suppliers are satisfactory and that alternative sources of supply are generally readily available. From time to time, however, the prices and availability of these materials fluctuate due to global market demands and other considerations, which could impair the Company's ability to procure necessary materials, or increase the cost of such materials. Inflationary and other increases in costs of these materials have occurred in the past and may recur from time to time. In addition, freight costs associated with shipping and receiving product are impacted by fluctuations in freight tonnage, freight hauler capacity and the cost of oil and gas.

The recent imposition of tariffs on steel and aluminum have impacted the prices of certain of our materials. The continuation or expansion of the tariffs could result in material increases in our costs.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

We did not sell any equity securities during the three months ended September 30, 2018 that were not registered under the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities.

Not applicable.

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Item 4. Mine Safety Disclosures.
Not applicable.

Item 5. Other Information.
Not applicable.

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Item 6. Exhibits:

31.1	302 Certification by Patrick E. Miller, President and Chief Executive Officer.
31.2	302 Certification by C. Timothy Trenary, Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Data Files

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		COMMERCIAL VEHICLE GROUP, INC.
Date:	November 5, 2018	By /s/ C. Timothy Trenary C. Timothy Trenary Chief Financial Officer (Principal Financial Officer)
Date:	November 5, 2018	By /s/ Stacie N. Fleming Stacie N. Fleming Chief Accounting Officer (Principal Accounting Officer)

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