



REV GROUP, INC. REPORTS IMPROVED FISCAL 2021 FIRST QUARTER RESULTS PROVIDES FISCAL 2021 FULL YEAR GUIDANCE

Mar. 10th, 2021

- First quarter net sales
- First quarter net income
- First quarter Adjusted EBITDA
- First quarter Adjusted Net Income
- Net cash provided by operating activities
- Full year fiscal 2021 guidance

MILWAUKEE--(BUSINESS WIRE)--REV Group Inc. (NYSE:REV), a leading provider of commercial vehicles, today reported its first quarter 2021 results. The company's first quarter net sales increased 35.9% over the three months ended March 31, 2021, compared to the prior year quarter, primarily due to an increase in net sales in the Fire & Emergency segment.

The company's first quarter 2021 Adjusted EBITDA was \$23.2 million, or \$0.14 per diluted share, compared to an Adjusted Net Loss of \$2.7 million, or \$0.04 per diluted share, in the first quarter 2020. Adjusted EBITDA in the first quarter 2021 was \$23.2 million, compared to \$11.3 million in the first quarter 2020. The increase in Adjusted EBITDA during the quarter was driven by increased contribution from the F&E and Recreation segments partially offset by lower contribution from the Commercial segment.

"We are pleased with our fiscal first quarter results which reflect year-over-year operating improvements in our business. Backlog and order intake have been strong in fire, emergency, recreation and specialty markets and we expect our transportation service markets to respond to greater availability and adoption of COVID-19 vaccinations throughout the year," REV Group Inc. President and CEO Rod Rushing said. "Today we provide fiscal 2021 guidance that illustrates the momentum that we have achieved as we continue to offset the COVID-19 related headwinds by driving operational improvements."

REV Group First Quarter Segment Highlights

Fire & Emergency Segment

F&E segment net sales were \$280.6 million in the first quarter 2021, an increase of \$74.1 million, or 35.9%, from \$206.5 million in the first quarter 2020. The increase in net sales compared to the prior year quarter was primarily

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due to the acquisition of Spartan ER, which was acquired in February 2020, stronger pricing realizations in the legacy fire businesses and favorable mix within the Ambulance division. F&E segment backlog at the end of the first quarter 2021 was \$1,017.9 million, an increase of \$210.6 million compared to \$807.3 million at the end of the first quarter 2020. The increase was primarily the result of backlog acquired in the Spartan ER transaction.

F&E segment Adjusted EBITDA was \$10.2 million in the first quarter 2021, an increase of \$8.5 million, or 500%, from \$1.7 million in the first quarter 2020. Profitability within the segment benefited primarily from higher sales volume, pricing realization and productivity improvements including direct labor efficiencies, and lower overhead and selling, general and administrative (“SG&A”) costs, partially offset by lingering disruptions related to COVID-19.

Commercial Segment

Commercial segment net sales were \$83.1 million in the first quarter 2021, a decrease of \$75.1 million, or 47.5%, from \$158.2 million in the first quarter 2020. The decrease in net sales compared to the prior year quarter was primarily due to the divestiture of two shuttle bus businesses in May 2020, lower shipments of school buses, and lower shipments of municipal transit buses due to COVID-19 related disruptions, partially offset by an increase in sales of terminal trucks and street sweepers. Commercial segment backlog at the end of the first quarter 2021 was \$234.0 million, a decline of \$221.6 million compared to \$455.6 million at the end of the first quarter 2020. The decline was primarily the result of the sale of two shuttle bus businesses and a decline in orders for school buses and municipal transit buses, partially offset by increased orders for terminal trucks and street sweepers.

Commercial segment Adjusted EBITDA was \$3.7 million, or 34.3%, from \$10.8 million in the first quarter 2020. Profitability within the segment benefited primarily from higher sales volume, pricing realization and productivity improvements including direct labor efficiencies, and lower overhead and selling, general and administrative (“SG&A”) costs, partially offset by lingering disruptions related to COVID-19.

Recreation Segment

Recreation segment net sales were \$166.8 million in the first quarter 2021, an increase of \$14.0 million, or 14.0%, from \$152.8 million in the first quarter 2020. The increase in net sales compared to the prior year quarter was primarily due to increased sales of A units, partially offset by a decrease in sales of other product categories related to COVID-19. Backlog at the end of the first quarter 2021 was \$158.3 million, an increase of \$15.3 million compared to \$143.0 million at the end of the first quarter 2020. The increase in backlog was primarily the result of increased orders for A units, partially offset by a decline in orders for other product categories.

Recreation segment Adjusted EBITDA was \$8.1 million, or 115.7%, from \$7.0 million in the first quarter 2020. Profitability within the segment benefited primarily from increased sales volume, stronger pricing realization and productivity improvements including direct labor efficiencies, and lower overhead and selling, general and administrative (“SG&A”) costs, partially offset by lingering production and supply chain disruptions related to COVID-19.

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Working Capital, Liquidity, and Capital Allocation

Cash and cash equivalents totaled \$9.1 million as of January 31, 2021. Net debt² was \$323.0 million, and the company had \$230.0 million available under its ABL revolving credit facility as of January 31, 2021. Trade working capital³ for the company as of January 31, 2021 was \$444.6 million, compared to \$436.5 million as of January 31, 2020. The increase was primarily due to the net impact of the acquisition of Spartan ER partially offset by the divestiture of the shuttle bus businesses in the prior year. Capital expenditures in the first quarter 2021 were \$2.9 million compared to \$3.2 million in the first quarter 2020.

Fiscal 2021 Outlook

The company also provided its initial outlook for fiscal year 2021, which includes the following performance expectations:

- Net sales of \$2.45 to \$2.6 billion
- Net income of \$38 to \$52 million
- Adjusted EBITDA of \$125 to \$135 million



- Adjusted Net Income of \$56 to \$70 million
- Free Cash Flow⁴ of \$45 to \$70 million

Conference Call

A conference call to discuss the company's fiscal 2021 first quarter financial results is scheduled for today, March 10, 2021, at 10:00 a.m. ET. A supplemental slide deck is available on the REV Group, Inc. investor relations website. The call will be webcast simultaneously over the Internet. To access the webcast, listeners can go to <http://investors.revgroup.com/investor-events-and-presentations/events> at least 15 minutes prior to the event and follow instructions for listening to the webcast. An audio replay of the call and related question and answer session will be available for 12 months at this website.

About REV Group

REV Group (REVG) is a leading designer, manufacturer, and distributor of specialty vehicles and related aftermarket parts and services. We serve a diversified customer base, primarily in the United States, through three segments: Fire & Emergency, Commercial, and Recreation. We provide customized vehicle solutions for applications, including essential needs for public services (ambulances, fire apparatus, school buses, and transit buses), commercial infrastructure (terminal trucks and industrial sweepers) and consumer leisure (recreational vehicles). Our diverse portfolio is made up of "off-highway" vehicles, commercial vehicles, and consumer vehicles. We have a long history of providing recognizable names within their industry. Since our founding in 1954, we have grown our business and date back more than 50 years. REV Group is a leading provider of specialty vehicles and related aftermarket parts and services.

Note Regarding Non-

The company reports in its financial statements. However, management's presentation of Adjusted EBITDA represents net income, excluding certain non-recurring, one-time performance. Adjusted EBITDA and other adjustments to cash intangible asset and

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The company believes the methods of evaluating performance are otherwise apparent under Adjusted EBITDA and in accordance with GAAP.

g principles ("GAAP"). enhanced by a measures. Adjusted EBITDA represents net income as adjusted for underlying operating performance, one-time performance, as well as non-

ional meaningful basis that may not be A reconciliation of calculated in

Cautionary Statement About Forward-Looking Statements

This news release contains statements that the company believes to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. This news release includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "strives," "goal," "seeks," "projects," "intends," "forecasts," "plans," "may," "will" or "should" or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this news release and include statements regarding our intentions, beliefs, goals or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which we operate, including REV Group's outlook for the full fiscal year 2021.

Our forward-looking statements are subject to risks and uncertainties, including those highlighted under "Risk Factors" and "Cautionary Statement on Forward-Looking Statements" in the company's annual report on Form 10-K, and in the company's subsequent quarterly reports on Form 10-Q, together with the company's other filings with the SEC, which risks and uncertainties may cause actual results to differ materially from those projected or implied by the forward-looking statement. Forward-looking statements are based on current expectations and assumptions and

currently available data and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which only speak as of the date hereof. The company does not undertake to update or revise any forward-looking statements after they are made, whether as a result of new information, future events, or otherwise, except as required by applicable law.

Investors-REVG

¹ REV Group, Inc. Adjusted Net Income and Adjusted EBITDA are non-GAAP measures that are reconciled to their nearest GAAP measure later in this release.

² Net Debt is defined as total debt less cash and cash equivalents.

³ Trade Working Capital is defined as accounts receivable plus inventories less accounts payable and customer advances.

⁴ Free Cash Flow is defined as cash from operations less capital expenditures.

REV GROUP, INC. AND SUBSIDIARIES

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ASSETS

Current assets:

Cash and cash equivalents		11.4
Accounts receivable		229.3
Inventories, net		537.2
Other current assets		34.1
Assets held for sale		—
Total current assets		812.0
Property, plant and equipment		168.4
Goodwill		157.3
Intangible assets, net		136.1
Right of use assets		23.2
Other long-term assets		15.3
Total assets		1,312.3

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Current portion of long-term debt	\$	1.7	\$	1.7
Accounts payable		128.7		169.5
Customer advances		167.6		170.1
Accrued warranty		22.3		24.1
Short-term lease obligations		7.6		8.4
Liabilities held for sale		9.3		—
Other current liabilities		65.9		73.5
Total current liabilities		403.1		447.3
Long-term debt, less current maturities		330.4		340.5
Deferred income taxes		4.1		2.9
Long-term lease obligations		13.5		16.9
Other long-term liabilities		32.7		32.4
Total liabilities		783.8		840.0

Commitments and contingencies

Shareholders' Equity:

Preferred stock (\$.001 par value, 95,000,000 shares authorized; none issued or outstanding)



Common stock (\$.001 par value, 605,000,000 shares authorized; 64,479,781 and 63,403,326 shares issued and outstanding, respectively)	0.1	0.1
Additional paid-in capital	499.1	496.1
Retained deficit	(21.1)	(21.1)
Accumulated other comprehensive loss	(2.8)	(2.8)
Total shareholders' equity	475.3	472.3
Total liabilities and shareholders' equity	\$ 1,259.1	\$ 1,312.3

REV GROUP, INC. AND SUBSIDIARIES
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except share and per share amounts)

	Three Months Ended	
	January 31, 2020	
Net sales		532.1
Cost of sales		484.7
Gross profit		47.4
Operating expenses:		
Selling, general and administrative		46.3
Research and development		1.2
Amortization of intangible assets		4.0
Restructuring		0.6
Total operating expenses		52.1
Operating income (loss)		(4.7)
Interest expense, net		7.3
Loss on business combination		—
Loss on acquisition of intangible assets		—
Income (loss) before income taxes		(12.0)
Benefit for income taxes		(2.6)
Net income (loss)		(9.4)
Net income (loss) per common share:		
Basic	\$ —	\$ (0.15)
Diluted	\$ —	\$ (0.15)
Dividends declared per common share	\$ —	\$ 0.05
Adjusted net income (loss) per common share:		
Basic	\$ 0.14	\$ (0.04)
Diluted	\$ 0.14	\$ (0.04)
Weighted Average Shares Outstanding:		
Basic	63,445,973	62,783,080
Diluted	63,445,973	62,783,080

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(In millions)

	Three Months Ended January 31,	
	2021	2020
Cash flows from operating activities:		
Net income (loss)	\$ —	\$ (9.4)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	8.6	10.8
Amortization of debt issuance costs	0.6	0.5
Stock-based compensation expense	1.9	2.6
Deferred income taxes	1.3	1.8
Gain on sale of assets	(1.5)	(0.5)
Loss on business held for sale	3.8	—
Loss on acquisition of business	0.4	—
Changes in operating assets and liabilities, net	(13.2)	(19.1)
Net cash provided by (used in) operating activities	1.9	(13.3)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2.9)	(3.2)
Purchase of rental		(2.7)
Proceeds from sale		3.5
Proceeds from sale		1.1
Net cash provided by (used in) investing activities		(1.3)
Cash flows from financing activities:		
Net (repayments) paid		82.0
Repayment of long-term debt		—
Payment of dividends		(3.1)
Other financing activities		(0.3)
Net cash provided by (used in) financing activities		78.6
Net (decrease) in cash and cash equivalents		64.0
Cash and cash equivalents at beginning of period		3.3
Cash and cash equivalents at end of period		67.3

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REV GROUP, INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(In millions; unaudited)

	Three Months Ended January 31,	
	2021	2020
<u>Net Sales:</u>		
Fire & Emergency	\$ 280.6	\$ 206.5
Commercial	83.1	158.2
Recreation	190.2	166.8
Corporate & Other	0.1	0.6
Total	<u>\$ 554.0</u>	<u>\$ 532.1</u>
<u>Adjusted EBITDA:</u>		
Fire & Emergency	\$ 10.2	\$ 1.7
Commercial	7.1	10.8
Recreation	15.1	7.0
Corporate & Other	(9.2)	(8.2)
Total	<u>\$ 23.2</u>	<u>\$ 11.3</u>



Adjusted EBITDA Margin:

Fire & Emergency	3.6%	0.8%
Commercial	8.5%	6.8%
Recreation	7.9%	4.2%
Total	4.2%	2.1%

Period-End Backlog:	January 31, 2021	October 31, 2020	January 31, 2020
Fire & Emergency	\$ 1,017.9	\$ 965.8	\$ 807.3
Commercial	234.0	273.8	455.6
Recreation	754.3	538.9	158.3
Total	<u>\$ 2,006.2</u>	<u>\$ 1,778.5</u>	<u>\$ 1,421.2</u>

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Net income (loss)

Depreciation and
amortization

Interest expense, net
Benefit for income taxes

EBITDA

Transaction expenses

Sponsor expense
reimbursement

Restructuring costs

Stock-based compensation
expense

Legal matters

Net loss on sale of assets
and business held for sale

Loss on acquisition of
business

Losses attributable to assets
held for sale

Adjusted EBITDA

Three Months Ended January 31, 2020					
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	\$ (3.0)	\$ 8.0	\$ 3.2	\$ (17.6)	\$ (9.4)
Depreciation and amortization	3.5	1.9	3.5	1.9	10.8
Interest expense, net	1.2	0.3	0.1	5.7	7.3
Provision for income taxes	—	—	—	(2.6)	(2.6)
EBITDA	<u>1.7</u>	<u>10.2</u>	<u>6.8</u>	<u>(12.6)</u>	<u>6.1</u>
Transaction expenses	—	—	—	1.1	1.1

Sponsor expense reimbursement	—	—	—	0.1	0.1
Restructuring costs	—	—	0.2	0.4	0.6
Stock-based compensation expense	—	—	—	2.6	2.6
Legal matters	—	—	—	0.1	0.1
Losses attributable to assets held for sale	—	0.6	—	—	0.6
Deferred purchase price payment	—	—	—	0.1	0.1
Adjusted EBITDA	\$ 1.7	\$ 10.8	\$ 7.0	\$ (8.2)	\$ 11.3

REV GROUP, INC. AND SUBSIDIARIES ADJUSTED NET INCOME (LOSS)

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Net income (loss)	(9.4)
Amortization of intangible assets	4.0
Transaction expenses	1.1
Sponsor expense reimbursement	0.1
Restructuring costs	0.6
Stock-based compensation expense	2.6
Legal matters	0.1
Net loss on sale of assets	—
Loss on acquisition	—
Losses attributable to assets held for sale	0.6
Deferred purchase price payment	0.1
Income tax effect	(2.5)
Adjusted Net Income	(2.7)

REV GROUP, INC. AND SUBSIDIARIES ADJUSTED EBITDA OUTLOOK RECONCILIATION (In millions)

	Fiscal Year 2021	
	Low	High
Net income (1)	\$ 38.0	\$ 52.0
Depreciation and amortization	34.0	30.0
Interest expense, net	23.0	19.0
Income tax expense	14.1	18.9
EBITDA	109.1	119.9
Transaction expenses	2.4	2.4
Sponsor expense reimbursement	1.0	1.0
Restructuring costs	1.0	1.0



Stock-based compensation expense	7.5	7.0
Legal matters	0.7	0.4
Net loss on sale of assets and business held for sale	2.7	2.7
Loss on acquisition of business	0.4	0.4
Losses attributable to assets held for sale	0.2	0.2
Adjusted EBITDA	\$ 125.0	\$ 135.0

REV GROUP, INC. AND SUBSIDIARIES
ADJUSTED NET INCOME OUTLOOK RECONCILIATION
(In millions)

	Fiscal Year 2021	
	Low	High
Net income (1)	\$ 38.0	\$ 52.0
Amortization of intangible assets	9.0	10.5
Transaction expense	0.4	2.4
Sponsor expense		1.0
Restructuring cost		1.0
Stock-based compensation		7.0
Legal matters		0.4
Net loss on sale of assets and business held for sale		2.7
Loss on acquisition of business		0.4
Losses attributable to assets held for sale		0.2
Income tax effect of discrete items		(7.6)
Adjusted Net Income		70.0

(1) Does not include a portion of the net income from the sale of the company's interest in the company's subsidiary, which is included in this reconciliation.

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