

REV GROUP, INC. REPORTS STRONG FIRST QUARTER RESULTS, PROVIDES UPDATED FISCAL 2024 OUTLOOK

Mar. 6th, 2024

- First quarter net sales of \$586.0 million compared to \$583.5 million in the prior year quarter.
- First quarter net income of \$182.7 million compared to a net loss of \$13.5 million in the prior year quarter.
- First quarter Adjusted Net Income of \$145.0 million compared to a net loss of \$13.5 million in the prior year quarter.
- First quarter Adjusted EBITDA of \$71.0 million of compared to \$57.0 to \$60.0 million in the prior year quarter.
- Adjusts full-year fiscal 2024 guidance:
 - Net sales of \$2.45 billion to \$2.55 billion, an increase of 0.4% compared to \$2.45 billion in 2023.
 - Net cash from operating activities of \$72.0 million.

BROOKFIELD, Wis.--(BUSINESS WIRE)--REV Group, Inc. (NYSE: RVEV), a global leader in industry-leading specialized vehicles, reported first quarter 2024 ("first quarter 2024") financial results. Total revenue increased 0.4% compared to the prior year period. Adjusted EBITDA increased in the first quarter 2024 compared to the prior year period. The company's first quarter 2024 results include a \$0.05 million gain on the sale of a building.

The company's first quarter 2024 Adjusted Net Income was \$14.7 million, or \$0.23 per diluted share, in the first quarter 2023. Adjusted Net Income for the first quarter 2024 was \$14.7 million, or \$0.25 per diluted share, compared to Adjusted Net Income of \$6.9 million, or \$0.12 per diluted share, in the first quarter 2023. Adjusted EBITDA in the first quarter 2024 was \$30.5 million, compared to \$21.3 million in the first quarter 2023. The increase in Adjusted Net Income and Adjusted EBITDA during the quarter was primarily due to higher contributions from the Specialty Vehicles segment, partially offset by lower results in the Recreational Vehicles segment.

"We are pleased that first quarter results demonstrate continued momentum of previously announced pricing actions and operational improvements, resulting in solid year over year margin improvements and throughput increases within the Specialty Vehicles segment, which contributed to our strong first quarter earnings," REV Group Inc. President and CEO Mark Skonieczny said. "We believe our first quarter's results provide a solid foundation for delivering on our updated guidance and positions us for continued growth throughout the year."

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to a net loss of \$13.5

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



Effective January 26, 2024, the company completed the sale of its school bus business, Collins Bus Corporation (“Collins”), to Forest River Bus, LLC. In connection with the completion of the sale of Collins, the company received cash consideration of \$308.2 million, inclusive of certain preliminary working capital adjustments. In addition to the sale of Collins, during first quarter 2024, the company announced it will discontinue manufacturing operations at its EIDorado National (California) (“ENC”) facility in Riverside, California. The wind down of ENC’s manufacturing operations is expected to be substantially completed by the end of fiscal year 2024, once existing customer orders are completed and delivered. Following the sale of Collins and the decision to discontinue manufacturing operations at ENC, the Company combined the remaining Commercial segment business with the Fire & Emergency businesses into a new segment named Specialty Vehicles. Additionally, the Recreation segment was renamed Recreational Vehicles. The Specialty Vehicles segment’s results will include the operating performance of Collins through its divestiture date of January 26, 2024, as well as the operating performance of ENC through its wind down.

The company used a portion of the proceeds from the sale of Collins to reduce outstanding borrowings under its 2021 ABL facility to zero. The remaining proceeds were used to return cash to shareholders as part of the \$3.00 special cash dividend that was paid on Friday, February 16, 2024. Subsequently, on February 20, 2024, the company closed the previously announced registered underwritten public offering of 18,400,000 shares of its common stock by the company’s largest equity holders. 10,400,000 of these shares were sold to the public, and the remaining 8,000,000 shares were repurchased by the company for a purchase price of \$126.1 million. The company funded the repurchase with borrowings under the 2021 ABL Facility. The company did not sell any shares of common stock and did not receive any proceeds in connection with this offering.

“The strategic and capital allocation decisions we made were aimed at optimizing shareholder value,” said

REV Group First Quarter 2024 Earnings Call

Specialty Vehicles Segment

Specialty Vehicles segment net sales were \$358.0 million in the first quarter 2024, a decrease of \$16.5%, from \$358.0 million in the prior year quarter. The decrease was primarily due to increased backlog at the end of the first quarter 2023, partially offset by a decrease in order intake for fire apparatus and ambulance units related to the sale of Collins, and lower sales volume of terminal truck units.

Specialty Vehicles segment Adjusted EBITDA was \$20.2 million in the first quarter 2024, an increase of \$20.9 million, or 394.3%, from Adjusted EBITDA of \$5.3 million in the first quarter 2023. Profitability within the segment benefited from higher sales volume of fire apparatus and ambulance units, higher contribution from the bus manufacturing businesses, and price realization, partially offset by inflationary pressures and lower sales volume of terminal trucks.

Recreational Vehicles Segment

Recreational Vehicles segment net sales were \$169.4 million in the first quarter 2024, a decrease of \$56.6 million, or 25.0%, from \$226.0 million in the first quarter 2023. The decrease in net sales compared to the prior year quarter was primarily due to decreased unit shipments, an unfavorable mix of motorized units, and increased discounting, partially offset by price realization. Recreational Vehicles segment backlog at the end of the first quarter 2024 was \$376.7 million, a decrease of \$611.4 million compared to \$988.1 million at the end of the first quarter 2023. The decrease was primarily the result of production against backlog, order cancelations, and lower order intake in certain product categories.

Recreational Vehicles segment Adjusted EBITDA was \$11.6 million in the first quarter 2024, a decrease of \$12.7 million, or 52.3%, from \$24.3 million in the first quarter 2023. The decrease was primarily due to lower unit shipments, an unfavorable mix of motorized units, increased discounting, and inflationary pressures, partially offset by price realization.

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of \$59.2 million, or 25.0% compared to the prior year quarter was primarily due to the bus manufacturing segment, which increased by 10.2% compared to \$3,172.0 million in the prior year quarter. Demand and strong backlog, partially offset by a decrease in backlog and lower sales volume of transit bus and terminal truck units.



Working Capital, Liquidity, and Capital Allocation

Cash and cash equivalents totaled \$87.9 million as of January 31, 2024. The company had \$534.1 million available under its ABL revolving credit facility as of January 31, 2024, an increase of \$150.0 million as compared to the October 31, 2023 availability of \$384.1 million. Trade working capital² for the company as of January 31, 2024 was \$363.1 million, compared to \$318.5 million as of October 31, 2023. The increase was primarily due to a decrease in accounts payable and customer advances, partially offset by a decrease in accounts receivable and inventory. Capital expenditures in the first quarter 2024 were \$10.5 million compared to \$3.8 million in the first quarter 2023.

² Trade Working Capital is defined as accounts receivable plus inventories less accounts payable and customer advances.

Updated Fiscal Year 2024 Outlook

(\$ in millions)	Full Fiscal Year 2024					
	Updated Guidance		Recast Guidance ³		Prior Guidance ⁴	
	Low	High	Low	High	Low	High
Net Sales	\$ 2,450	\$ 2,550	\$ 2,450	\$ 2,550	\$ 2,600	\$ 2,700
Net Income					71	\$ 90
Adjusted EBITDA					165	\$ 185
Adjusted Net Income					82	\$ 99
Net cash from operations						
Adjusted Free Cash Flow					70	\$ 85

Quarterly Dividend

The company's board of directors declared a quarterly dividend of \$0.20 per share of common stock.

Conference Call

A conference call to discuss the company's financial results for March 6, 2024, at 1:00 p.m. ET will be held. The call can be accessed via the company's relations website. The link to <http://investors.revg.com> will be available for 12 months at this website.

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About REV Group

REV Group (REVG) companies are leading designers and manufacturers of specialty vehicles and related products and services, which serve a diversified customer base, primarily in the United States, through two segments: Specialty Vehicles and Recreational Vehicles. The Specialty Vehicles Segment provides customized vehicle solutions for applications, including essential needs for public services (ambulances and fire apparatus) and commercial infrastructure (terminal trucks and industrial sweepers). REV Group's Recreation Vehicle Segment manufactures a variety of RVs, from Class B vans to Class A motorhomes. REV Group's portfolio is made up of well-established principal vehicle brands, including many of the most recognizable names within their industry. Several of REV Group's brands pioneered their specialty vehicle product categories and date back more than 50 years. REV Group trades on the NYSE under the symbol REVG. Investors-REVG

Note Regarding Non-GAAP Measures

The company reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). However, management believes that the evaluation of our ongoing operating results may be enhanced by a presentation of Adjusted EBITDA, Adjusted Net Income and Adjusted Free Cash Flow, which are non-GAAP financial measures. Adjusted EBITDA represents net income before interest expense, income taxes, depreciation and

amortization and loss on early extinguishment of debt as applicable, as adjusted for certain non-recurring, one-time and other adjustments which we believe are not indicative of our underlying operating performance. Adjusted Net Income represents net income as adjusted for certain after-tax, non-recurring, one-time and other adjustments, which we believe are not indicative of our underlying operating performance, as well as non-cash intangible asset amortization and stock-based compensation. Adjusted Free Cash Flow is calculated as net cash from operating activities, excluding transaction expenses and income taxes associated with divestiture activities, minus capital expenditures.

The company believes that the use of Adjusted EBITDA, Adjusted Net Income and Adjusted Free Cash Flow provide additional meaningful methods of evaluating certain aspects of its operating performance from period to period on a basis that may not be otherwise apparent under GAAP when used in addition to, and not in lieu of, GAAP measures. A reconciliation of Adjusted EBITDA, Adjusted Net Income and Adjusted Free Cash Flow to the most closely comparable financial measures calculated in accordance with GAAP is included in the financial appendix of this news release.

³ Recast to remove the results of Collins after sale, as previously disclosed in the investor presentation dated January 31, 2024.

⁴ Guidance from the Q4 fiscal year 2023 results announcement, as presented in the 8-K dated December 13, 2023.

Cautionary Statement

This news release conveys the meaning of the Private Placement. It is based on our opinions, expectations and results and therefore a general statement. It can generally be identified by the use of words such as "anticipates," "expects," "may," "will" or "should" or similar words, or by the inclusion of a number of places throughout the document. It also includes current expectations concerning the prospects, growth, strategy and financial results for the year 2024.

Our forward-looking statements are based on current information and factors" and "Cautionary statement and in the company's SEC, which risks and forward-looking statements 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.

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REV GROUP, INC. AND SUBSIDIARIES
CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	January 31, 2024	October 31, 2023	(Audited)
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 87.9	\$ 21.3	
Accounts receivable, net	223.5	226.5	
Inventories, net	650.4	657.7	
Other current assets	26.8	27.7	
Total current assets	988.6	933.2	
Property, plant and equipment, net	153.1	150.5	
Goodwill	138.7	157.3	

Intangible assets, net	99.0	115.7
Right of use assets	35.0	37.0
Other long-term assets	6.7	7.7
Total assets	\$ 1,421.1	\$ 1,410.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 165.0	\$ 208.3
Short-term customer advances	217.0	214.5
Dividends payable	179.3	—
Income tax payable	66.1	11.8
Short-term accrued warranty	20.2	23.4
Short-term lease obligations	7.2	7.4
Other current liabilities	78.5	91.8
Total current liabilities	733.3	557.2
Long-term debt	—	150.0
Long-term customer advances	128.8	142.9
Deferred income taxes	8.9	8.2
Long-term lease obligations	28.4	30.0
Other long-term liabilities	25.6	24.1
Total liabilities	550.0	912.4
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock (\$.00 par value outstanding)	—	—
Common stock (\$.00 par value and 59,505,829 shares issued)	0.1	0.1
Additional paid-in capital	3.0	445.0
Retained earnings	3.0	52.7
Accumulated other comprehensive loss	—	0.2
Total shareholder equity	498.0	
Total liabilities and shareholder equity	\$ 1,410.4	

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	CONSOLIDATED STATEMENTS OF INCOME Months Ended January 31,	
	2024	2023
Net sales	\$ 586.0	\$ 583.5
Cost of sales	523.1	525.6
Gross profit	62.9	57.9
Operating expenses:		
Selling, general and administrative	55.4	67.8
Amortization of intangible assets	0.6	1.4
Restructuring	0.8	—
Impairment charges	12.6	—
Total operating expenses	69.4	69.2
Operating loss	(6.5)	(11.3)
Interest expense, net	6.8	7.1
Gain on sale of business	(257.5)	—
Other expense	—	0.2
Income (loss) before provision (benefit) for income taxes	244.2	(18.6)
Provision (benefit) for income taxes	61.5	(5.1)
Net income (loss)	\$ 182.7	\$ (13.5)

Net income (loss) per common share:				
Basic	\$ 3.09	\$ (0.23)		
Diluted	3.06	(0.23)		
Dividends declared per common share			3.05	0.05
Adjusted net income per common share:				
Basic	\$ 0.25	\$ 0.12		
Diluted	0.25	0.12		
Weighted Average Shares Outstanding:				
Basic	59,050,739	58,340,983		
Diluted	59,782,309	58,340,983		

REV GROUP, INC. AND SUBSIDIARIES
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Three Months Ended January 31, 2023	
Cash flows from operations:		
Net income (loss)	\$ 2.7	\$ (13.5)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	6.5	6.9
Amortization of debt discounts	0.4	0.4
Stock-based compensation	2.9	5.9
Deferred income	0.7	0.5
Impairment charges	2.6	—
Gain on sale of business	(7.5)	—
Changes in operating assets and liabilities	8.0	(7.1)
Net cash used in operating activities	\$ (9.7)	\$ (6.9)
Cash flows from investing activities:		
Purchase of property, plant and equipment	0.5	(3.8)
Proceeds from sale of property, plant and equipment	—	0.2
Proceeds from sale of business	8.2	—
Other investing activities	—	0.6
Net cash provided by investing activities	\$ 7.7	\$ (3.0)
Cash flows from financing activities:		
Net (payments) proceeds from borrowings on revolving credit facility	(150.0)	20.0
Payment of dividends	(3.1)	(3.1)
Other financing activities	(8.3)	(4.4)
Net cash (used in) provided by financing activities	\$ (161.4)	\$ 12.5
Net increase in cash and cash equivalents	66.6	2.6
Cash and cash equivalents, beginning of period	21.3	20.4
Cash and cash equivalents, end of period	\$ 87.9	\$ 23.0

Supplemental disclosures of cash flow information:

Cash paid for:			
Interest	\$ 6.2	\$ 5.5	
Income taxes, net of refunds	\$ 6.8	\$ —	



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	Three Months Ended January 31,			
	2024	2023		
Net Sales:				
Specialty Vehicles	\$ 417.2	\$ 358.0		
Recreational Vehicles	169.4	226.0		
Corporate & Other	(0.6)	(0.5)		
Total	<u><u>\$ 586.0</u></u>	<u><u>\$ 583.5</u></u>		
Adjusted EBITDA:				
Specialty Vehicles	\$ 26.2	\$ 5.3		
Recreational Vehicles	11.6	24.3		
Corporate & Other	(7.3)	(8.3)		
Total	<u><u>\$ 30.5</u></u>	<u><u>\$ 21.3</u></u>		
Adjusted EBITDA Margin:				
Specialty Vehicles	6.3%	1.5%		
Recreational Vehicles	2.0%	0.8%		
Total	3.7%			
Period-End Backlog:				
Specialty Vehicles	\$ 6.7	\$ 3,172.0		
Recreational Vehicles	5.2	988.1		
Total	<u><u>\$ 11.9</u></u>	<u><u>\$ 4,160.1</u></u>		
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Net income (loss):				
Depreciation and amortization	—	0.6		
Interest expense, net	2.4	0.1		
Provision for income taxes	—	61.5		
EBITDA	<u><u>261.9</u></u>	<u><u>11.6</u></u>		
Transaction expenses	—	5.0		
Sponsor expense reimbursement	—	0.2		
Restructuring costs	0.8	—		
Restructuring related charges	6.1	—		
Impairment charges	12.6	—		
Stock-based compensation expense	—	2.9		
Legal matters	2.3	0.6		
Gain on sale of business	<u><u>(257.5)</u></u>	<u><u>—</u></u>		
Adjusted EBITDA	<u><u>\$ 26.2</u></u>	<u><u>\$ 11.6</u></u>		
	<u><u>\$ (7.3)</u></u>	<u><u>\$ 30.5</u></u>		
Three Months Ended January 31, 2023				
	Specialty Vehicles	Recreational Vehicles	Corporate & Other	Total
Net income (loss)	\$ (4.2)	\$ 21.7	\$ (31.0)	\$ (13.5)
Depreciation and amortization	3.8	2.6	0.5	6.9
Interest expense, net	2.3	—	4.8	7.1

Benefit for income taxes	—	—	(5.1)	(5.1)
EBITDA	1.9	24.3	(30.8)	(4.6)
Transaction expenses	—	—	0.2	0.2
Sponsor expense reimbursement	—	—	0.2	0.2
Restructuring related charges	2.5	—	3.1	5.6
Stock-based compensation expense	—	—	5.9	5.9
Legal matters	0.9	—	12.9	13.8
Other items	—	—	0.2	0.2
Adjusted EBITDA	\$ 5.3	\$ 24.3	\$ (8.3)	\$ 21.3

REV GROUP, INC. AND SUBSIDIARIES
ADJUSTED NET INCOME
(In millions; unaudited)

	Three Months Ended	
	January 31,	2024
Net income (loss)	\$ 182.7	\$ (13.5)
Amortization of intangible assets	0.6	1.4
Transaction expenses	5.0	0.2
Sponsor expense reimbursement	0.2	0.2
Restructuring costs	0.8	—
Restructuring related charges	6.1	5.6
Impairment charges	2.6	—
Stock-based compensation expense	2.9	5.9
Legal matters	2.9	13.8
Gain on sale of business	(7.5)	—
Other items	—	0.2
Income tax effect of (benefit from) changes in tax laws	(8.4)	(6.9)
Adjusted Net Income	\$ 4.7	\$ 6.9

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	Annual Outlook for the Fiscal Year 2024	
	Low	High
Net income (5)	\$ 224.1	\$ 245.0
Depreciation and amortization	26.0	24.0
Interest expense, net	28.0	26.0
Provision for income taxes	75.4	81.5
EBITDA	353.5	376.5
Transaction expenses	8.5	7.5
Sponsor expense reimbursement	0.4	0.4
Restructuring costs	8.0	7.0
Restructuring related charges	6.1	6.1
Impairment charges	12.6	12.6
Stock-based compensation expense	10.5	9.5
Legal matters	2.9	2.9
Gain on sale of business	(257.5)	(257.5)
Adjusted EBITDA	\$ 145.0	\$ 165.0

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



	Fiscal Year 2024	
	Low	High
Net income (5)	\$ 224.1	\$ 245.0
Amortization of intangible assets	2.3	2.3
Transaction expenses	8.5	7.5
Sponsor expense reimbursement	0.4	0.4
Restructuring costs	8.0	7.0
Restructuring related charges	6.1	6.1
Impairment charges	12.6	12.6
Stock-based compensation expense	10.5	9.5
Legal matters	2.9	2.9
Gain on sale of business	(257.5)	(257.5)
Income tax effect of adjustments	53.6	54.4
Adjusted Net Income	\$ 71.5	\$ 90.2

REV GROUP, INC. AND SUBSIDIARIES
ADJUSTED FREE CASH FLOW OUTLOOK RECONCILIATION
(In millions; unaudited)

Net cash provided by operating activities	6.0
Cash income taxes	6.0
Transaction expenses	5.0
Capital expenditures	0.0)
Adjusted Free Cash Flow	7.0

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al Year 2024	High
6.0	\$ 35.5
6.0	66.5
5.0	5.0
0.0)	(35.0)
7.0	\$ 72.0

⁵ Does not include any amounts related to the transaction in this reconciliation. See Note 11 to the financial statements for further details.

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in those presented in the financial statements.

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