REV GROUP, INC. REPORTS STRONG FISCAL SECOND QUARTER 2017[1] RESULTS AND PROVIDES UPDATED FULL FISCAL YEAR GUIDANCE

Jun. 6th, 2017

- *Net sales of $545.3 … quarter*
- *Net income of $6.8 … nd quarter due to the impact of one-time …*
- *Adjusted Net Incom… second quarter 2016*
- *Adjusted EBITDA[2] … the prior year quarter*
- *Year-to-date fiscal 2… e prior year first half results*
- *Completed two acc… and strengthen its position in each of it…*
- *Accelerated and en… s in IT and our parts and service busines…*
- *Updated outlook for … n in the range of $2.3 to $2.4 billion, … ITDA[2] expectation in the range of $157…*

MILWAUKEE--(BUSIN… the three months ended April 29, 2017 (“second quarter 2017”). Consolidated net sales in the second quarter of 2017 were $545.3 million, growing 13.6% over the three months ended April 30, 2016 (“second quarter 2016”). The increase was driven predominately by strong growth in the Fire & Emergency and Recreation segments. Year-to-date consolidated net sales were $988.3 million for the six months ended April 29, 2017, which was an increase of 15.9% over the first six months of fiscal 2016.

The Company’s second quarter 2017 net income was $6.8 million, or $0.10 per diluted share. Second quarter 2017 net income was impacted by a number of one-time items that included an $11.9 million charge from the early extinguishment of debt following the Company’s initial public offering (“IPO”) and repayment of its Senior Secured Notes, as well as its April 2017 debt refinancing. Adjusted Net Income[2] for the second quarter 2017 of $19.0 million, or $0.29 per diluted share, grew 33.0% compared to $14.3 million, or $0.28 per diluted share, in the second quarter fiscal 2016 (second quarter 2016 contained fewer outstanding shares). Net income for the first six months of fiscal 2017 was a loss of $6.5 million, or a loss of $0.11 per diluted share due to several one-time expense items, the largest of which related to the IPO and debt refinancings referenced above. Year-to-date Adjusted Net Income[2] was $24.8 million for the first half of fiscal 2017 compared to $18.2 million for the first six months of fiscal 2016, which represents an increase of 36.4% due to higher earnings from operations as well as lower interest expense.

Adjusted EBITDA[2] in the second quarter 2017 was $37.6 million, representing growth of 16.1% over Adjusted EBITDA of $32.3 million in the second quarter 2016. The increase in Adjusted EBITDA was driven by a number of factors including higher vehicle sales, strong aftermarket parts sales, impact of acquisitions, ongoing procurement and production cost optimization initiatives and strategic pricing actions for specific vehicle categories. Adjusted EBITDA for the six months ended April 29, 2017 was $58.7 million, which was a 23.8% increase over the same period in fiscal 2016.

REV Group, Inc. President and CEO, Tim Sullivan said, “We are pleased to report continued growth in both our sales and profitability. Our second quarter 2017 results highlight our progress to leverage the scale of our now 29 market-leading specialty vehicle brands with the goal of generating consolidated Adjusted EBITDA margins in excess of 10%. Additionally, REV Group capitalized on our unique market position during the quarter by acquiring two highly regarded vehicle businesses in both Midwest Automotive Designs and Ferrara Fire Apparatus for our Recreation and Fire & Emergency segments, respectively. As a result, REV Group strengthened its position to grow sales and drive higher profitability in 2017 and beyond. Both businesses are excellent fits with REV Group and broaden our product portfolios and market reach while also providing significant cost and revenue synergy opportunities.” In addition, Sullivan stated, “Through the first six months of our fiscal year, we are on track with our plan for earnings in fiscal 2017 and we are updating our guidance for the full year based on the impact of our recent acquisitions.”

REV Group Segment Highlights

Fire & Emergency – Fire & Emergency (“F&E”) net sales for the second quarter 2017 were $219.0 million representing growth of 23.4% over the prior year period. Sales growth was driven by the acquisition of Kovatch
Mobile Equipment (“KM ... ment net sales
remained flat compare ... d vehicle shipments
in our Ambulance divis ... &E net sales for the
first six months of fisca ... million for the same
period in fiscal 2016. F ... .2 million compared
to $550.8 million at the

F&E segment Adjustec ... ed growth of 13.7%
compared to $21.5 mil ... the second quarter
2017 by higher vehicle ... wth in aftermarket
parts and services rev ... ales compared to
12.1% in the second q ... ch was performing at
margins significantly b ... ncreased 11.8% to
$41.1 million versus $ ... t that we are on
schedule with the KME ... es to levels more in
line with our E-ONE br

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Commercial – Comm ... , which were down
9.5% compared to the ... oduct categories as
we continue to be mor ... our Commercial product categories remain strong and growing versus the prior year. Net sales in the Commercial segment year-to-date fiscal 2017 were $289.7 million versus $316.8 million in the first half of fiscal 2016, which was a decrease of 8.5%. Commercial segment backlog grew 6.6% to $240.9 million at April 29, 2017 from $226.1 million at the end of fiscal year 2016.

Commercial segment Adjusted EBITDA was $14.7 million in the second quarter 2017 compared to $15.0 million in the second quarter 2016. Adjusted EBITDA margin expanded to 9.2% of net sales in the second quarter 2017 compared to 8.5% in the second quarter 2016. Adjusted EBITDA growth in the second quarter 2017 was strong for the school bus, transit bus and terminal truck product categories. Overall segment profitability margin improvement during the quarter was driven by sales mix, less discounting, lower fixed costs and procurement and product initiatives, partially off-set by reorganization activities. Year-to-date 2017 Adjusted EBITDA in the Commercial segment increased 13.2% to $22.8 million from $20.2 million in the same period of fiscal 2016 despite the lower revenues described above due to an enhanced mix of vehicle sales, lower discounting, and benefits from lower fixed cost and procurement initiatives in the current year period.

Recreation – The Recreation segment grew net sales to $166.3 million in the second quarter 2017, representing growth of 31.6% over the prior year period. Segment sales growth was partially driven by the acquisition of Renegade RV (“Renegade”) which was completed on December 30, 2016. Net sales growth excluding the acquisitions of Renegade and Midwest was also strong at 13.5% as the RV end markets continue to grow and the segment is benefiting from expansion of its Class C line of products, which were reintroduced in the middle of 2016. Recreation net sales for the six months ended April 29, 2017 were $293.0 million, which was an increase of 27.2% over net sales of $230.4 million for the first six months of fiscal 2016. Recreation segment backlog at the end of the second quarter 2017 was $112.7 million, which was up 40.1% from $80.4 million at the end of fiscal year 2016.

Recreation segment Adjusted EBITDA grew in the second quarter 2017 to $7.3 million compared to $2.8 million in the second quarter 2016. Adjusted EBITDA margin in the second quarter doubled to 4.4% of net sales compared to 2.2% in the second quarter 2016. The strong 220 basis point expansion in profitability is attributable to reduced discounting, a higher mix of Class A diesel and Class C units and benefits from our ongoing procurement, cost of quality and other operating initiatives. Year-to-date fiscal 2017 Adjusted EBITDA in Recreation was $10.1 million, which was an almost nine-fold increase versus the first six months of fiscal 2016.

Working capital, liquidity and capital allocation – Net working capital[4] for the Company at April 29, 2017 was $333.2 million compared to $187.3 million at the end of fiscal 2016. This increase versus prior fiscal year-end represents a normal seasonal increase in net working capital consistent with prior years but also includes the impact of the acquisitions of Renegade, Midwest and Ferrara. Cash and equivalents totaled $13.9 million at the end of the second quarter 2017. Net debt at the end of the second quarter 2017 was $267.6 million (net of deferred financing costs) and the Company had $136.6 million available under its new ABL revolving credit facility as of April 29, 2017. Consistent with prior years the Company expects net working capital to seasonally decline over the next two quarters.

Capital expenditures i … million and $37.2 million, respectively. Y… 7 planned quarterly timing and are at spen… r the Company.

"We continue to identif… erated other capital projects that will provid… ommented Tim Sullivan. "We are aggr… c growth in addition to investing capital in our… s and service businesses, investmen… duce back office expenses, and other i… ects. With these investments we are so…

The Company now exp… $50 million.

Quarterly Dividend – … er of fiscal 2017, payable on August 31, … share of common stock, which equates t…

Fiscal 2017 Full Year Guidance – "We are increasing our REV Group full-year fiscal 2017 outlook due to the impact of acquisitions completed in the second quarter. Our prior financial outlook is otherwise unchanged as we complete the first half of our fiscal year and enter our seasonally stronger second half. We now expect full-year fiscal 2017 revenues of $2.3 to $2.4 billion, net income of $36 to $39 million and Adjusted EBITDA of $157 to $162 million," said Sullivan. "This outlook does not include any impact from potential additional future acquisitions or the pro forma impact of any acquisitions prior to their purchase by REV Group."

Conference Call

REV Group, Inc. will host a conference call to discuss second quarter 2017 results and full-year fiscal 2017 outlook on June 7th at 11:00 a.m. EDT. A supplemental earnings slide deck will be available tomorrow morning on the REV Group, Inc. investor relations website prior to the call. 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.

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 and Adjusted Net Income, which are non-GAAP financial measures. Adjusted EBITDA represents net income before interest expense, income taxes, depreciation and amortization as adjusted for certain non-recurring, one-time and other adjustments which we believe are not indicative of our underlying operating performance and Adjusted Net Income represents net income as adjusted for certain after-tax, non-recurring, one-time and other adjustments which the Company believes are not indicative of its underlying operating performance as well as for the add-back of certain non-cash intangible amortization and stock-based compensation.

The Company believes that the use of Adjusted EBITDA and Adjusted Net Income 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 and Adjusted Net Income to the most closely comparable financial measures calculated in accordance with GAAP is included in the financial appendix of this news release.

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 ... ,” “will” or “should” or, in each case, their neg... mber of places throughout this news r... current expectations concerning, among oth... s, growth, strategies and the industries in w...

Our forward-looking st... ed under “Risk Factors” and “Caution... ecent prospectus dated January 30, 201... rly or annual reports on Forms 10-Q or 10-... or implied by the forward-looking statem... assumptions and currently available dat... nce. You should not place undue reliance c... he Company does not undertake to update or... a result of new information, future eve...

About REV Group

REV Group, Inc. (NYS... 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 (ambulances, fire apparatus, school buses, mobility vans and municipal transit buses), industrial and commercial (terminal trucks, cut-away buses and street sweepers) and consumer leisure (recreational vehicles (“RVs”) and luxury buses). Our brand portfolio consists of 29 well-established principal vehicle brands including many of the most recognizable names within our served markets. Several of our brands pioneered their specialty vehicle product categories and date back more than 50 years.

[1] The Company’s fiscal year ends on the last Saturday in October each year. The last day of fiscal 2016 was October 29, 2016. The last day of fiscal 2017 will be October 28, 2017.
[2] 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. These figures do not include the impact of acquisitions before their acquisition dates.
[3] Segment Adjusted EBITDA is a non-GAAP measure that is explained and reconciled to its nearest GAAP metric later in this release.
[4] Net working capital is defined as current assets (excluding cash) less current liabilities (excluding current portion of long-term debt).

Investors-REVG

REV GROUP, INC.
CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	April 29, 2017	October 29, 2016
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	$ 13,950	$ 10,821
Accounts receivable, net	223,346	181,239
Inventories, net	417,630	325,633
Other current assets	18,336	12,037
Total current assets	673,262	529,730
Property, plant and equipment, net	198,199	146,422
Goodwill	170,386	84,507
Intangibles assets, net	125,130	124,040
Other long-term assets	8,454	4,320
Total assets	$1,175,431	$ 889,019
LIABILITIES AND SHA		
Current liabilities:		
Current portion of lo		
Accounts payable		
Customer advances		
Accrued warranty		
Other current liabiliti		
Total current liabil		
Notes payable and ba		
Deferred income taxes		
Other long-term liabiliti		
Total liabilities		
Contingently redeema		
Commitments and con		
Shareholders' equity		
Total liabilities an		

REV GROUP, INC.
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; dollars in thousands, except shares and per share amounts)

	Three Months Ended		Six Months Ended	
	April 29, 2017	April 30, 2016	April 29, 2017	April 30, 2016
Net sales	$ 545,316	$ 480,229	$ 988,253	$ 853,009
Cost of sales	472,471	421,509	867,888	759,350
Gross profit	72,845	58,720	120,365	93,659
Operating expenses:				
Selling, general and administrative	42,604	35,314	99,102	62,420

Research and development costs	963	1,294	2,161	2,433
Restructuring	335	(215)	1,199	2,750
Amortization of intangible assets	2,695	2,200	5,309	4,443
Total operating expenses	46,597	38,593	107,771	72,046
Operating income	26,248	20,127	12,594	21,613
Interest expense	3,416	6,776	10,893	13,463
Loss on early extinguishment of debt	11,920	-	11,920	-
Income (loss) before provision (benefit) for income taxes	10,912	13,351	(10,219)	8,150
Provision (benefit) for income taxes	4,099	5,309	(3,730)	3,118
Net income (loss)	$ 6,813	$ 8,042	$ (6,489)	$ 5,032
Earnings (loss) per common share:				
Basic			(0.11)	$ 0.10
Diluted			(0.11)	$ 0.10
Dividends declared p			0.05	$ -
Adjusted earnings pe				
Basic			0.43	$ 0.35
Diluted			0.43	$ 0.35
Weighted Average Sh				
Basic			541,476	51,925,657
Diluted			541,476	52,123,658

CONDEN

	nths Ended	
	April 29, 2017	April 30, 2016
Cash flows from operating activities:		
Net income (loss)	$ (6,489)	$ 5,032
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	15,274	10,259
Amortization of debt issuance costs	918	1,089
Amortization of senior note discount	50	102
Stock-based compensation expense	25,817	11,246
Deferred income taxes	(8,563)	(3,870)
Loss on early extinguishment of debt	11,920	-
Gain on disposal of property, plant and equipment	(352)	(196)
Changes in operating assets and liabilities net of effects of business acquisitions:	(97,466)	(34,960)
Net cash used in operating activities	(58,891)	(11,298)
Cash flows from investing activities net of effects of business acquisitions:		
Purchase of property, plant and equipment	(37,165)	(23,001)
Payments for rental fleet vehicles	(7,799)	-

Proceeds from sale of property, plant and equipment	1,821	357
Acquisition of businesses, net of cash acquired	(153,534)	(25,293)
Acquisition of Ancira assets	-	(6,435)
Net cash used in investing activities	(196,677)	(54,372)
Cash flows from financing activities:		
Net proceeds from borrowings under revolving credit facility	127,749	89,213
Proceeds from Term Loan	75,000	-
Net proceeds from initial public offering	253,593	-
Repayment of debt assumed from acquisition	-	(3,698)
Payment of debt issuance costs	(6,744)	(704)
Repayment of long-term debt and capital leases	(180,000)	(119)
Senior note prepayment premium	(7,650)	-
Redemption of common stock and stock options	(3,251)	(20,885)
Net cash provided by financing activities	258,697	63,807
Net increase (decrease) in cash and cash equivalents	3,129	(1,863)
Cash and cash equivalents, beginning of period	10,821	4,968
Cash and cash equivalents, end of period	$ 13,950	$ 3,105

				2017	
				ate & Other	Total
Net Income (loss)				(29,024)	$ 6,813
Depreciation & amo				687	7,853
Interest expense				1,918	3,416
Provision for income				4,099	4,099
Loss on early exting debt				11,920	11,920
EBITDA				(10,400)	34,101
Transaction expens				1,089	1,861
Sponsor expenses				207	207
Restructuring costs				-	335
Stock-based compensation expense	-	-	-	311	311
Non-cash purchase accounting	10	-	736	-	746
Adjusted EBITDA	$ 24,399	$ 14,663	$ 7,292	$ (8,793)	$37,561

	THREE MONTHS ENDED APRIL 30, 2016				
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net Income (loss)	$ 18,586	$ 12,467	$ 1,873	$ (24,884)	$ 8,042
Depreciation & amortization	1,980	1,956	931	520	5,387
Interest expense	885	576	6	5,309	6,776
Provision for income taxes	-	-	-	5,309	5,309
EBITDA	21,451	14,999	2,810	(13,746)	25,514
Transaction expenses	-	-	-	1,385	1,385
Sponsor expenses	-	-	-	100	100
Restructuring costs	-	-	-	(215)	(215)
Stock-based compensation expense	-	-	-	5,563	5,[illegible]3
Non-cash purchase accounting	-	-	-	-	-

Adjusted EBITDA	$	21,451	$	14,999	$	2,810	$	(6,913)	$32,347

REV GROUP, INC.
ADJUSTED EBITDA BY SEGMENT
(Unaudited; in thousands)

	SIX MONTHS ENDED APRIL 29, 2017				
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net Income (loss)	$ 32,542	$ 16,652	$ 4,044	$ (59,727)	$ (6,489)
Depreciation & Amortization	5,628	3,678	4,756	1,212	15,274
Interest Expense	2,126	1,308	94	7,365	10,893
Provision (benefit) for income taxes	4	-	-	(3,734)	(3,730)
Loss on early extinguishment of debt	-	-	-	11,920	11,920
EBITDA	[illegible]	[illegible]	[illegible]	(42,964)	27,868
Transaction expens[illegible]	[illegible]	[illegible]	[illegible]	1,467	2,239
Sponsor expenses	[illegible]	[illegible]	[illegible]	338	338
Restructuring costs	[illegible]	[illegible]	[illegible]	-	1,199
Stock-based compe[illegible] expense	[illegible]	[illegible]	[illegible]	25,817	25,817
Non-cash purchase [illegible]	[illegible]	[illegible]	[illegible]	-	1,211
Adjusted EBITDA	[illegible]	[illegible]	[illegible]	(15,342)	$58,672

	[illegible]16				
	[illegible]	[illegible]	[illegible]	[illegible]ate & Other	Total
Net Income (loss)	[illegible]	[illegible]	[illegible]	(39,940)	$ 5,032
Depreciation & Amo[illegible]	[illegible]	[illegible]	[illegible]	621	10,259
Interest Expense	[illegible]	[illegible]	[illegible]	10,503	13,463
Provision (benefit) f[illegible] taxes	[illegible]	[illegible]	[illegible]	3,118	3,118
EBITDA	[illegible]	[illegible]	[illegible]	(25,698)	31,872
Transaction expens[illegible]	[illegible]	[illegible]	[illegible]	1,385	1,385
Sponsor expenses	[illegible]	[illegible]	[illegible]	125	125
Restructuring costs	307	-	95	2,348	2,750
Stock-based compensation expense	-	-	-	11,246	11,246
Non-cash purchase accounting	-	-	-	-	-
Adjusted EBITDA	$ 36,783	$ 20,177	$ 1,012	$ (10,594)	$47,378

REV GROUP, INC.
ADJUSTED NET INCOME
(Unaudited; in thousands)

	Three Months Ended		Six Months Ended	
	April 29, 2017	April 30, 2016	April 29, 2017	April 30, 2016
Net income (loss)	$ 6,813	$ 8,042	$ (6,489)	$ 5,032
Amortization of Intangible Assets	2,695	2,200	5,309	4,443
Transaction Expenses	1,861	1,385	2,239	1,385

Sponsor Expenses	207	100	338	125
Restructuring Costs	335	(215)	1,199	2,750
Stock-based Compensation Expense	311	5,563	25,817	11,246
Non-cash Purchase Accounting Expense	746	-	1,211	-
Loss on Early Extinguishment of Debt	11,920	-	11,920	-
Income tax effect of adjustments	(5,919)	(2,791)	(16,715)	(6,777)
Adjusted Net Income	$ 18,969	$ 14,284	$ 24,829	$18,204

REV GROUP, INC.
FORECASTED ADJUSTED EBITDA RECONCILIATION
(In thousands)

	Fiscal Year 2017	
	Low	**High**
Net income	$ 36,000	$ 39,000
Depreciation and Amortization	34,500	34,500
Interest Expense	20,000	20,000
Income Tax Expens		
EBITDA		
Transaction Expens		
Sponsor Expenses		
Restructuring Costs		
Stock-based Compe		
Loss on Debt Exting		
Non-cash Purchase		
Adjusted EBITDA		

Net Sales:				
Fire & Emergency	$219,002	$ 177,469	$404,373	$305,825
Commercial	159,524	176,363	289,745	316,814
Recreation	166,337	126,397	293,043	230,370
Corporate & Other	453	-	1,092	-
Total Company Net Sales	$545,316	$ 480,229	$988,253	$853,009
Adjusted EBITDA:				
Fire & Emergency	$ 24,399	$ 21,451	$ 41,112	$ 36,783
Commercial	14,663	14,999	22,837	20,177
Recreation	7,292	2,810	10,065	1,012
Corporate & Other	(8,793)	(6,913)	(15,342)	(10,594)
Total Company Adjusted EBITDA	$ 37,561	$ 32,347	$ 58,672	$ 47,378

Period-End Backlog:	April 29, 2017	October 29, 2016
Fire & Emergency	$636,243	$ 550,769
Commercial	240,928	226,067

Recreation	112,654	80,420
Total Company Backlog	$989,825	$ 857,256

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