

REV GROUP, INC. REPORTS FISCAL 2019 FOURTH QUARTER AND FULL YEAR RESULTS

Dec. 18th, 2019

- Fourth quarter and full year net sales of \$652.9 million and \$2,403.7 million, respectively
- Fourth quarter and full year net loss of \$9.0 million and \$12.3 million, respectively
- Fourth quarter and full year cash flow from operations of \$40.8 million
- Full year net cash provided by operating activities of \$105 to \$120 million
- Fiscal year 2020 outlook: Full year net sales of \$50 to \$70 million

MILWAUKEE--(BUSINESS WIRE)--REV Group, Inc. (NYSE: RVE), a leading manufacturer of specialty vehicles and equipment, today reported fourth quarter and full year 2019 financial results. Consolidated net sales for the fourth quarter were \$652.9 million, up 1.0 percent over the same period in 2018. The result of lower sales in the Fire & Emergency ("F&E") segment, partially offset by higher sales in the Recreation segment, which was an increase of 18 percent.

The Company's fourth quarter net loss included impairment charges of \$1.0 million, as expenses related to the write-down of goodwill of \$0.9 million, or \$0.05 per diluted share, compared to Adjusted Net Income of \$17.0 million, or \$0.20 per diluted share, in the fourth quarter 2018. Net loss for the full year 2019 was \$12.3 million, or \$0.20 per diluted share, compared to net income of \$13.0 million, or \$0.20 per diluted share in full year 2018. Full year 2019 Adjusted Net Income was \$30.0 million, compared to \$72.7 million for the full year 2018, which represents a decline of 59 percent resulting from lower earnings from operations in the F&E and Recreation segments, partially offset by higher earnings in the Commercial segment, plus higher interest expense.

Adjusted EBITDA in the fourth quarter 2019 was \$19.3 million, compared to \$39.4 million in the fourth quarter 2018. The decrease in Adjusted EBITDA during the quarter was driven by lower profitability within the F&E and Recreation segments plus approximately \$6.0 million of unforeseen issues related to abnormally high medical care claims experience and inefficiencies due to the restructuring of one fire plant within the quarter, partially offset by higher sales and profitability in the Commercial segment. Full year 2019 Adjusted EBITDA was \$102.1 million, compared to \$148.0 million in full year 2018.

"Our businesses navigated tight labor markets and trade concerns to deliver results that would have been in the middle of our revised guidance range, absent the abnormally high health care cost experienced in the fourth quarter," said Tim Sullivan, CEO REV Group. "Fire & Emergency backlog grew 18% year over year, we received a pair of significant multi-year municipal transit contracts and won top design awards at the Elkhart RV Open House. We feel

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confident that the structural changes currently being implemented in Fire & Emergency and Recreation will position us to begin moving our performance back to more acceptable levels."

REV Group Fourth Quarter Segment Highlights

Fire & Emergency Segment

Fire & Emergency ("F&E") segment net sales were \$269.0 million in the fourth quarter 2019, an increase of \$18.5 million, or 7.4 percent, from \$250.5 million in the fourth quarter 2018. Net sales for the quarter were in line with our revised expectations. Production of fire and ambulance units increased sequentially however ambulance sales declined year over year as production against a large municipal order began late in the fourth quarter 2019 for delivery starting late in the first quarter of fiscal 2020. F&E net sales for full year 2019 were \$967.9 million, a decline of 1.2 percent from \$956.6 million in full year 2018 due primarily to irregular ambulance order timing and delayed timing of fire shipments due to inefficiencies at one fire facility. F&E backlog at the end of the fourth quarter 2019 was \$832.7 million, up 17.7 percent compared to \$707.5 million at the end of fiscal year 2018, and up 7.3 percent from \$775.7 million at the end of the third quarter 2019, reflecting the typically strong fourth quarter ordering pattern.

F&E segment Adjusted EBITDA was \$7.4 million in the fourth quarter 2019, compared to \$18.5 million in the fourth quarter 2018. The decrease in Adjusted EBITDA was primarily due to a reduction in gross profit margin resulting from labor inefficiencies during ongoing efforts to increase production capacity at our largest fire plant. Fourth quarter 2019 F&E segment Adjusted EBITDA margin was 2.8 percent, compared to 18.5 percent in the fourth quarter 2018. Full year 2019 Adjusted EBITDA margin was 8.0 percent, compared to 9.0 percent for full year 2018.

Mr. Sullivan commented, "We are pleased to see a continuation of solid execution and margin improvement across the segment throughout the year. As we look forward to 2020, we expect production to increase sequentially, and expect to further reconfigure our factory footprint, and expect to set up for a strong second half of the year with increased backlog. In addition, we expect to set up for a strong second half of the year with increased backlog. In addition, we believe the market conditions will contribute to year over year growth in backlog."

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Commercial Segment

Commercial segment net sales were \$236.1 million in the fourth quarter 2019, an increase of \$24.2 million, or 10.6 percent, from \$181.9 million in the fourth quarter 2018. Net sales for the quarter were in line with our revised expectations. Commercial transit bus units sold increased sequentially, and the segment experienced a 12.8 percent increase from \$358.5 million in full year 2018. Commercial backlog at the end of the fourth quarter 2019 was \$317.3 million, a decrease of 16.8 percent compared to \$381.4 million at the end of fiscal year 2018 due primarily to delivery of buses under one large municipal contract, and seasonally down 19.7 percent from \$395.3 million at the end of the third quarter 2019. The backlog is not reflective of orders against the Chicago Pace award announced within the quarter or a recently received LA County add-on award which are expected to be recorded in backlog in the first quarter of fiscal 2020.

Commercial segment Adjusted EBITDA was \$16.3 million in the fourth quarter 2019, compared to \$9.6 million in the fourth quarter 2018. This increase was primarily due to favorable product mix as a result of higher volumes of transit bus units sold and higher profitability across many of the segment's other businesses. Adjusted EBITDA margin was 7.9 percent of net sales in the fourth quarter 2019 compared to 5.3 percent in the fourth quarter 2018. Full year 2019 Adjusted EBITDA in the Commercial segment was \$56.0 million, compared to \$38.1 million in full year 2018. Commercial segment Adjusted EBITDA margin for full year 2019 was 7.8 percent of sales, compared to 6.0 percent for full year 2018.

Mr. Sullivan commented, "We are pleased to see a continuation of solid execution and margin improvement across much of the Commercial segment. During the fourth quarter 2019 we announced an incremental municipal transit bus award, and subsequent to fiscal year end we officially received a substantial municipal transit bus add-on award, which we believe provides a strong tailwind for the Bus division through fiscal 2020 and into fiscal 2021. However, we expect this will be partially offset as market visibility for the Specialty division is currently diminished and there was

one larger commercial bus order in fiscal 2019 that will not recur. In addition, during the quarter the Company and Daimler have agreed in principal to sell the Company's interest in the Setra motor coach North America distribution joint venture to Daimler, which is expected to close by the end of the first quarter 2020."

Recreation Segment

Recreation segment net sales were \$173.7 million in the fourth quarter 2019, a decrease of \$61.7 million, or 26.2 percent, from \$235.4 million in the fourth quarter 2018. The decrease in net sales was primarily due to lower net sales attributable to our Class A business, and to lesser extent, lower Super C, towable and camper unit sales. Recreation net sales for the full year 2019 were \$716.3 million, an 11.8 percent decrease from \$811.9 million in full year 2018. Recreation segment backlog at the end of the fourth quarter 2019 was \$167.0 million, which was down 42.6 percent from \$290.7 million at the end of fiscal year 2018, but up 28.8 percent sequentially from \$129.7 million at the end of the third quarter 2019.

Recreation segment Adjusted EBITDA was \$7.5 million in the fourth quarter 2019, compared to \$21.8 million in the fourth quarter 2018. The decrease in Adjusted EBITDA was due to decreased profitability in most categories due to lower wholesale shipments as dealers reduced inventories. Adjusted EBITDA margin of 4.3 percent of net sales in the fourth quarter 2019 decreased 500 basis points compared to 9.3 percent in the fourth quarter 2018. Full year 2019 Adjusted EBITDA in the Recreation segment was \$46.8 million, compared to \$60.4 million in full year 2018. Recreation segment Adjusted EBITDA margin for full year 2019 declined 90 basis points to 6.5 percent of sales, compared to 7.4 percent in 2018.

Mr. Sullivan commented, "We are continuing to see the effects of the market shift in the industry, resulting in several dealers exiting the market. Our product lineup was designed to support the needs of the industry as wholesale inventories have declined. In addition, we believe there is significant opportunity in fiscal 2020 that is not reflected in our current backlog."

Working Capital, Liquidity and Capital Resources

As of October 31, 2019, the Company had \$225.7 million available under its credit facility with Daimler to distribute to the Company. The transaction is expected to close in early 2020.

Net working capital² for the fourth quarter of fiscal year 2018, represented a decrease in net working capital, partially offset by an increase in raw material inventories and a longer duration in our F&E segment.

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The Company reduced net debt by \$35.4 million during the fiscal year. Cash and cash equivalents totaled \$3.3 million at October 31, 2019. Net debt³ was \$373.3 million and the Company had \$225.7 million available under its ABL revolving credit facility as of October 31, 2019. Cash from the sale of other assets of \$24.0 million also contributed to the debt reduction within the fiscal year. Capital expenditures in the fourth quarter 2019 were \$6.7 million compared to \$8.7 million in the prior year quarter and totaled \$20.8 million for the full year 2019 compared to \$41.0 million for full year 2018. In addition, the Company reached an agreement with its banking partners during the quarter to adjust its net debt to EBITDA financial maintenance covenant to 4.0x from 3.5x through the end of the third quarter 2020.

During the quarter the Company did not repurchase any shares. During fiscal year 2019, the Company repurchased a total of 717,597 of its common shares for \$8.3 million, an average repurchase price of \$11.62 per share. Shares outstanding as of October 31, 2019 were 62,217,486.

Fiscal 2020 Outlook

The Company also provided its initial outlook for fiscal year 2020, which includes the following performance

in September, the strength of our new products is expected to outperform the market. We believe this is going forward. In addition, we expect to benefit from the profitability tailwind from the new products.

LC, a joint venture with Daimler, has a significant amount. The transaction is expected to close in early 2020.

5.0 million at the end of the year. The decrease in net sales is partially offset by an increase in backlog and a reduction in the backlog.



expectations:

- Full year 2020 revenue of \$2.45 to \$2.6 billion
- Net income of \$11 to \$31 million
- Adjusted EBITDA of \$105 to \$120 million
- Adjusted Net Income of \$32 to \$50 million
- Capital Expenditures of \$20 to \$25 million
- Interest expense of \$27 to \$31 million
- Effective tax rate of 26 percent to 28 percent
- Net cash provided by operating activities of \$50 to \$70 million, plus \$5 to \$10 million of net cash from sale of other assets

Mr. Sullivan concluded, "We continue to believe most of our end markets remain strong outside of Recreation and our Specialty division, and that we have taken necessary steps to improve execution and profitability in fiscal 2020. Our strategic review resulted in the decision to divest our interest in our North America motor coach distribution joint venture, as well as additional plant restructurings within our businesses. This strategic review process is ongoing, and we will continue to take any actions we feel necessary and appropriate to maximize shareholder value as we progress through fiscal year 2020."

Quarterly Dividend

Our board of directors
holders of record on Ja
\$0.20 per share of con

Conference Call

REV Group, Inc. will h
at 11:00 a.m. EST. A s
investor relations webs
webcast, listeners can
minutes prior to the ev
question and answer s

About REV Group

REV Group, Inc. (NYS
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 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.

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. 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 for the add-back of non-cash intangible asset amortization and stock-based compensation.

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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," "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.

Our forward-looking statements are subject to risks and uncertainties, including those highlighted under "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Information" in the Company's Annual Report on Form 10-K and in the Company's other periodic reports filed with the SEC, which risks and uncertainties are described in the forward-looking statements contained in the Company's currently available documents. The Company disclaims any obligation to update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this document. The Company does not undertake to update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this document, even if new information, future events or otherwise.

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report on Form 10-K, and in the Company's other filings with the SEC, including those that are expected or implied by the forward-looking statements. You should not rely on these forward-looking statements because the Company does not undertake to update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this document, even if new information, future events or otherwise.

Investors-REVG

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(In millions, except share and per share amounts)

	October 31, 2019	October 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3.3	\$ 11.9
Accounts receivable, net	253.5	266.9
Inventories, net	513.4	514.0
Other current assets	19.4	24.0
Assets held for sale	19.5	26.3
Total current assets	809.1	843.1
Property, plant and equipment, net	201.7	214.3
Goodwill	159.8	161.8
Intangible assets, net	159.9	174.6
Other long-term assets	16.6	14.3
Total assets	<u>\$ 1,347.1</u>	<u>\$ 1,408.1</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 3.6	\$ 1.3



Accounts payable	200.8	218.1
Customer advances	129.9	117.8
Accrued warranty	16.1	19.0
Other current liabilities	70.2	55.5
Liabilities held for sale	15.4	5.5
Total current liabilities	436.0	417.2
Long-term debt, less current maturities	376.6	420.6
Deferred income taxes	15.4	19.9
Other long-term liabilities	13.9	18.0
Total liabilities	841.9	875.7
Commitments and contingencies		
Shareholders' Equity:		
Common stock (\$.001 par value, 605,000,000 shares authorized; 62,217,486 and 62,683,808 shares issued and outstanding, respectively)	0.1	0.1
Additional paid-in capital	490.8	492.1
Retained earnings	15.8	40.6
Accumulated other comprehensive loss	(1.7)	(1.4)
Total REV's shareholders' equity	505.0	531.4
Non-controlling interest	0.2	1.0
Total shareholders' equity	52.5	532.4
Total liabilities and shareholders' equity	841.9	\$ 1,408.1

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	Months Ended		
	, October 31,		
	2018		
Net sales	77	\$ 2,381.3	
Cost of sales	99	2,103.3	
Gross profit	33	278.0	
Operating expenses			
Selling, general and administrative	33	182.8	
Research and development	33	6.5	
Amortization of intangible assets	4.0	4.5	17.2
Restructuring	1.5	0.2	5.7
Impairment charges	6.1	35.6	8.9
Total operating expenses	66.7	91.4	235.9
Operating (loss) income	(5.0)	(18.3)	15.9
Interest expense, net	8.3	7.4	32.5
(Loss) income before benefit for income taxes and non-controlling interest	(13.3)	(25.7)	(16.6)
Benefit for income taxes	(3.5)	(3.7)	(3.5)
Net (loss) income before non-controlling interest	(9.8)	(22.0)	(13.1)
Less: net loss attributable to non-controlling interest	(0.8)	—	(0.8)
Net (loss) income	\$ (9.0)	\$ (22.0)	\$ (12.3)
			\$ 13.0

(Loss) income per common share:

Basic	\$ (0.14)	\$ (0.35)	\$ (0.20)	\$ 0.20
Diluted	\$ (0.14)	\$ (0.35)	\$ (0.20)	\$ 0.20



Dividends declared per common share	\$ 0.05	\$ 0.05	\$ 0.20	\$ 0.20
Adjusted income per common share:				
Basic	\$ 0.05	\$ 0.28	\$ 0.48	\$ 1.14
Diluted	\$ 0.05	\$ 0.28	\$ 0.48	\$ 1.11
Weighted Average Shares Outstanding:				
Basic	62,532,440	63,101,433	62,789,165	63,966,977
Diluted	62,532,440	63,443,646	62,789,165	65,210,169

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

	Fiscal Year Ended		
	October 31, 2019	October 31, 2018	October 31, 2017
	\$ 3.0	\$ 31.4	\$ 31.4
Cash flows from operating activities:			
Net (loss) income	\$ 3.0	\$ 31.4	\$ 31.4
Adjustments to reconcile net income provided by (used in) operating activities:			
Depreciation and amortization	6.0	37.8	37.8
Amortization of intangible assets	1.9	1.8	1.8
Amortization of software	—	0.1	0.1
Stock-based compensation	6.3	26.6	26.6
Deferred income taxes	4.1)	2.9	2.9
Loss on early extinguishment of debt	—	11.9	11.9
Gain on sale of property, plant and equipment	3.0)	(1.2)	(1.2)
Impairment charges	5.6	—	—
Changes in operating assets and liabilities:			
Receivables, net	2.3)	(39.7)	(39.7)
Inventories, net	4.5)	(61.9)	(61.9)
Other current assets	2.2)	(1.2)	(1.2)
Accounts payable	6.1	54.7	54.7
Accrued warranties	1.3)	(6.2)	(6.2)
Customer advances	12.1	1.9	(0.8)
Other liabilities	24.6	(23.6)	(22.2)
Long-term assets	(3.1)	1.0	(0.8)
Net cash provided by (used in) operating activities	52.5	(19.2)	33.2
Cash flows from investing activities:			
Purchase of property, plant and equipment	(20.8)	(40.6)	(54.0)
Purchase of rental fleet vehicles	(3.0)	(20.1)	(17.7)
Purchase of land in Riverside, CA	—	—	(7.6)
Proceeds from sale of assets	24.0	8.7	6.6
Investment in China JV	—	(7.6)	—
Acquisition of businesses, net of cash acquired	—	(60.0)	(156.4)
Net cash provided by (used in) investing activities	0.2	(119.6)	(229.1)
Cash flows from financing activities:			
Net (repayments) proceeds from borrowings under April 2017 ABL Facility	(90.0)	141.5	75.9
Net proceeds from borrowings of Term Loan	49.2	50.0	75.0
Repayments on Term Loan	(1.5)	—	—
Payment of dividends	(12.5)	(12.8)	(6.4)
Repurchase and retirement of common stock	(8.3)	(53.3)	—
Net proceeds from initial public offering	—	—	253.6

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Payment of debt issuance costs	(0.2)	(1.0)	(6.8)
Repayment of long-term debt and capital leases	—	—	(180.0)
Senior Note prepayment premium	—	—	(7.7)
Proceeds from exercise of common stock options, net of employer payroll taxes	0.6	9.5	2.6
Other financing activities	1.4	(1.0)	(3.3)
Net cash (used in) provided by financing activities	(61.3)	132.9	202.9
Net (decrease) increase in cash and cash equivalents	(8.6)	(5.9)	7.0
Cash and cash equivalents, beginning of year	11.9	17.8	10.8
Cash and cash equivalents, end of year	<u>\$ 3.3</u>	<u>\$ 11.9</u>	<u>\$ 17.8</u>

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

(Unaudited)

Three Months Ended October 31, Twelve Months Ended October 31,

2018

Net Sales:

Fire & Emergency

Commercial

Recreation

Corporate & Other

Total

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Adjusted EBITDA:

Fire & Emergency

Commercial

Recreation

Corporate & Other

Total

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Adjusted EBITDA Margin:

Fire & Emergency

Commercial

Recreation

Corporate & Other

Total

3.0%

6.0%

4.2%

6.2%

Period-End Backlog:

Fire & Emergency

Commercial

Recreation

Total

October 31,

2019

\$ 832.7

\$ 707.5

October 31,

2018

\$ 317.3

\$ 381.4

\$ 167.0

\$ 290.7

\$ 1,317.0

\$ 1,379.6

REV GROUP, INC. AND SUBSIDIARIES
ADJUSTED EBITDA BY SEGMENT
(In millions; unaudited)

Three Months Ended October 31, 2019

Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
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Net (loss) income	\$ (1.7)	\$ 10.5	\$ 1.9	\$ (19.7)	\$ (9.0)
Depreciation & amortization	3.5	1.9	3.7	1.6	10.7
Interest expense, net	1.1	0.4	—	6.7	8.2
Benefit for income taxes	—	—	—	(3.5)	(3.5)
EBITDA	2.9	12.8	5.6	(14.9)	6.4
Transaction expenses	(0.3)	(0.3)	—	0.9	0.3
Sponsor expense reimbursement	0.6	—	—	0.2	0.8
Restructuring costs	0.9	0.2	0.3	0.1	1.5
Stock-based compensation expense	—	—	—	(0.1)	(0.1)
Legal matters	—	—	1.0	1.3	2.3
Impairment charges	3.3	2.2	0.6	—	6.1
Losses attributable to assets held for sale	—	1.4	—	—	1.4
Deferred purchase price payment	—	—	—	0.6	0.6
Adjusted EBITDA	\$ 7.4	\$ 16.3	\$ 7.5	\$ (11.9)	\$ 19.3

Three Months Ended October 31, 2018

	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	\$ 11.8	\$ (8.7)	\$ 16.0	\$ (41.1)	\$ (22.0)
Depreciation & amo	—	—	—	2.3	12.1
Interest expense, ne	—	—	—	5.8	7.2
Provision for income	—	—	—	(5.0)	(5.0)
EBITDA	—	—	—	(38.0)	(7.7)
Transaction expenses	—	—	—	0.7	0.7
Sponsor expense re	—	—	—	0.4	0.4
Restructuring costs	—	—	—	—	0.2
Stock-based compa	—	—	—	1.2	1.2
Legal matters	—	—	—	2.8	2.8
Impairment charges	—	—	—	20.5	35.6
Losses attributable	—	—	—	—	4.3
sale	—	—	—	1.9	1.9
Deferred purchase p	—	—	—	(10.5)	\$ 39.4
Adjusted EBITDA	—	—	—	—	—

Agree

(In millions; unaudited)

Twelve Months Ended October 31, 2019

	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	\$ 17.9	\$ 35.9	\$ 26.7	\$ (92.8)	\$ (12.3)
Depreciation & amortization	14.1	8.5	15.6	7.2	45.4
Interest expense, net	4.0	2.0	0.2	26.2	32.4
Benefit for income taxes	—	—	—	(3.5)	(3.5)
EBITDA	36.0	46.4	42.5	(62.9)	62.0
Transaction expenses	0.1	(0.3)	—	1.2	1.0
Sponsor expense reimbursement	0.7	—	—	0.7	1.4
Restructuring costs	1.3	0.2	2.0	2.2	5.7
Stock-based compensation expense	—	—	—	7.2	7.2
Legal matters	1.8	—	1.7	4.2	7.7
Impairment charges	3.3	5.0	0.6	—	8.9
Losses attributable to assets held for sale	—	4.7	—	—	4.7
Deferred purchase price payment	—	—	—	3.5	3.5

Adjusted EBITDA	\$ 43.2	\$ 56.0	\$ 46.8	\$ (43.9)	\$ 102.1
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	Twelve Months Ended October 31, 2018				
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	\$ 60.7	\$ 7.1	\$ 41.9	\$ (96.7)	\$ 13.0
Depreciation & amortization	15.0	9.7	13.4	7.4	45.5
Interest expense, net	3.8	2.2	0.5	18.8	25.3
Benefit for income taxes	—	—	—	(12.2)	(12.2)
EBITDA	79.5	19.0	55.8	(82.7)	71.6
Transaction expenses	0.2	—	—	2.6	2.8
Sponsor expense reimbursement	—	—	—	0.9	0.9
Restructuring costs	0.3	0.2	2.6	3.9	7.0
Stock-based compensation expense	—	—	—	6.3	6.3
Non-cash purchase accounting expense	0.4	—	0.5	—	0.9
Legal matters	0.7	0.3	—	4.5	5.5
Impairment charges	0.8	12.8	1.5	20.5	35.6
Losses attributable to assets held for sale	4.1	5.8	—	—	9.9
Deferred purchase price payment	—	—	—	6.0	6.0
First year public company costs	—	—	—	1.5	1.5
Adjusted EBITDA				(36.5)	\$ 148.0

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	Five Months Ended October 31,	
	2019	2018
Net (loss) income	(12.3)	\$ 13.0
Amortization of intangible assets	17.4	18.1
Transaction expenses	1.0	2.8
Sponsor expense reimbursement	1.4	0.9
Restructuring costs	5.7	7.0
Stock-based compensation expense	7.2	6.3
Non-cash purchase accounting expense	—	—
Legal matters	2.3	2.8
Impairment charges	6.1	35.6
Losses attributable to assets held for sale	1.4	4.3
Deferred purchase price payment	0.6	1.9
Impact of tax rate change	—	1.2
Income tax effect of adjustments	(4.6)	(13.2)
First year public company costs	—	—
Adjusted Net Income	\$ 3.3	\$ 17.6
	\$ 30.0	\$ 72.7

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

	Fiscal Year 2020	
	Low	High
Net Income	\$ 11.0	\$ 31.0

Depreciation and amortization	45.0	40.0
Interest expense, net	31.0	27.0
Income tax expense	4.0	12.0
EBITDA	91.0	110.0
Transaction expenses	1.0	—
Sponsor expense reimbursement	1.0	0.5
Stock-based compensation expense	8.0	7.0
Legal matters	3.5	2.5
Deferred purchase price payment	0.5	—
Adjusted EBITDA	<u>\$</u> 105.0	<u>\$</u> 120.0

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

	Fiscal Year 2020	
	Low	High
Net Income		31.0
Amortization of intangible assets		15.5
Transaction expenses		—
Sponsor expense reimbursement		0.5
Stock-based compensation expense		7.0
Legal matters		2.5
Deferred purchase price payment		—
Income tax effect of items above	(6.5)	
Adjusted Net Income		50.0

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¹ REV Group, Inc. Adjusted Net Income is the nearest GAAP measure.

² Net Working Capital (current assets minus current long-term debt).

³ Net Debt is defined as

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