



# REV GROUP, INC. REPORTS THIRD QUARTER RESULTS

Sep. 7th, 2022

- Third quarter net sales of \$594.8 million compared to \$593.3 million in the prior year quarter
- Third quarter net income of \$9.5 million compared to net income of \$23.7 million in the prior year quarter
- Third quarter Adjusted EBITDA<sup>1</sup> of \$29.5 million compared to \$41.6 million in the prior year quarter
- Third quarter Adjusted Net Income<sup>1</sup> of \$14.3 million compared to \$24.5 million in the prior year quarter
- End of third quarter \$3.9 billion record backlog
- Repurchased approximately 2.1 million of its common shares for \$24.1 million
- Updates full-year fiscal 2022 guidance to \$25 million, Adjusted Net Income

BROOKFIELD, Wis.--(REV) Specialty vehicles, today announced third quarter 2022 Consolidated net sales of \$594.8 million for the third quarter 2022 compared to \$593.3 million for the third quarter 2021. The increase was primarily due to higher sales, partially offset by a decrease in

The company's third quarter 2022 net income of \$9.5 million, or \$0.24 per diluted share, compared to net income of \$23.7 million, or \$0.61 per diluted share, in the third quarter 2021. The decrease was primarily due to higher interest expense on the F&E and Commercial Vehicle

"We delivered sequential quarter results and continue to take action to drive margin expansion across our businesses," REV Group Inc. President and CEO Rod Rushing said. "The mid-point of updated guidance anticipates continued margin momentum on revenue that remains constrained by the supply chain. I would like to thank our employees for their dedication and hard work as they continue to navigate today's challenging environment."

## REV Group Third Quarter Segment Highlights

### Fire & Emergency Segment

F&E segment net sales were \$230.1 million in the third quarter 2022, a decrease of \$39.4 million, or 14.6%, from \$269.5 million in the third quarter 2021. The decrease in net sales compared to the prior year quarter was primarily due to decreased shipments of fire apparatus and ambulance units related to supply chain disruption and labor constraints, partially offset by price realization. Decreased shipments of fire apparatus were primarily the result of shortages of key components such as radiators, axles, and wiring harnesses. Decreased shipments of ambulances were primarily the result of the timing of OEM supplied chassis receipts and component shortages. F&E segment backlog at the end of the third quarter 2022 was \$2,163.1 million, an increase of \$933.6 million compared to \$1,229.5 million at the end of the third quarter 2021. The increase was primarily the result of continued demand and strong order intake for fire apparatus and ambulance units, pricing actions, and lower shipments against backlog.

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to \$25 million,

industry-leading (per 2022"). of 0.3% compared to consolidated net sales over the past year,

h included \$2.3 per 2022 was \$14.3 per diluted share, in to \$41.6 million in the lower contribution from EBITDA.

remaining strong. We plines to drive margin



F&E segment Adjusted EBITDA was \$1.0 million in the third quarter 2022, a decrease of \$14.8 million, or 93.7% from \$15.8 million in the third quarter 2021. Profitability within the segment was impacted by lower sales volume, inefficiencies related to supply chain disruption, and inflationary pressures, partially offset by price realization.

## Commercial Segment

Commercial segment net sales were \$111.0 million in the third quarter 2022, a decrease of \$0.3 million, or 0.3%, from \$111.3 million in the third quarter 2021. The decrease in net sales compared to the prior year quarter was primarily due to lower shipments of school buses and municipal transit buses, partially offset by increased shipments of terminal trucks and street sweepers, and price realization. Decreased shipments of school buses and municipal transit buses were primarily the result of shortages of key components such as HVAC subsystems and wiring harnesses, and labor constraints. Commercial segment backlog at the end of the third quarter 2022 was \$530.7 million, an increase of \$218.7 million compared to \$312.0 million at the end of the third quarter 2021. The increase was primarily the result of increased orders for school buses, terminal trucks, and street sweepers, and pricing actions.

Commercial segment Adjusted EBITDA was \$6.8 million in the third quarter 2022, a decrease of \$2.9 million, or 29.9%, from \$9.7 million in the third quarter 2021. Lower profitability in the quarter was primarily the result of lower shipments of school buses, lower shipments and an unfavorable mix of municipal transit buses, inefficiencies related to labor constraints and supply chain disruptions, and inflationary pressures, partially offset by increased shipments and improved profitability.

## Recreation Segment

Recreation segment net sales were \$1,242.9 million in the third quarter 2022, an increase of \$12.9 million, or 1.0%, from \$1,230.0 million in the third quarter 2021. The increase was primarily due to price realization and favorable mix, partially offset by lower shipments related to certain businesses, and inflationary pressures.

Recreation segment Adjusted EBITDA was \$5.7 million, or 23.7%, from \$24.1 million in the third quarter 2021. The decrease was primarily due to an increase in accounts payable and customer advances, partially offset by an increase in accounts receivable and inventory. Capital expenditures in the third quarter 2022 were \$7.4 million compared to \$5.3 million in the third quarter 2021.

## Working Capital, Liquidity

Cash and cash equivalents were \$287.1 million as of July 31, 2022, a decrease of \$2.9 million as compared to the October 31, 2021 availability of \$290.0 million. During the third quarter 2022, the company repurchased approximately 2.1 million of its common shares for \$24.1 million at an average purchase price of \$11.16 per share. Trade working capital<sup>3</sup> for the company as of July 31, 2022 was \$353.4 million, compared to \$368.2 million as of October 31, 2021. The decrease was primarily due to an increase in accounts payable and customer advances, partially offset by an increase in accounts receivable and inventory. Capital expenditures in the third quarter 2022 were \$7.4 million compared to \$5.3 million in the third quarter 2021.

## Updated Fiscal Year 2022 Outlook

(\$ in millions)	Full Fiscal Year 2022			
	Updated Guidance		Prior Guidance	
	Low	High	Low	High
Net Sales	\$ 2,250	\$ 2,350	\$ 2,250	\$ 2,400
Net Income	\$ 14	\$ 25	\$ 14	\$ 35
Adjusted EBITDA	\$ 100	\$ 110	\$ 100	\$ 120
Adjusted Net Income	\$ 44	\$ 54	\$ 43	\$ 62
Free Cash Flow <sup>4</sup>	\$ 58	\$ 70	\$ 58	\$ 70



## Quarterly Dividend

The company's board of directors declared a quarterly cash dividend in the amount of \$0.05 per share of common stock, payable on October 14, 2022, to shareholders of record on September 30, 2022, which equates to a rate of \$0.20 per share of common stock on an annualized basis.

## Conference Call

A conference call to discuss the company's fiscal year 2022 third quarter financial results is scheduled for September 7, 2022, at 10:00 a.m. ET. A supplemental slide deck will be 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) companies are leading designers and manufacturers 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 ambulances, commercial vans, and transit buses), commercial industrial vehicles (recreational vehicles). Our diverse product line includes many of the most recognizable names within the industry across the product categories and date back more than 100 years.

## Note Regarding Non-

The company reports financial results in accordance with GAAP. However, management's presentation of Adjusted EBITDA represents non-GAAP measures. Adjusted EBITDA represents net income before income taxes, early extinguishment of debt, and other non-recurring items. These measures are not indicative of our operating performance and should not be used for certain after-tax, non-cash, or other purposes. Underlying operating performance is measured by Adjusted EBITDA. Free Cash Flow is calculated as Adjusted EBITDA less capital expenditures.

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The company believes that the use of non-GAAP measures, such as Adjusted EBITDA, provides 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.

## 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 2022.

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.

<sup>1</sup> 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.

<sup>2</sup> Net Debt is defined as total debt less cash and cash equivalents.

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

<sup>4</sup> Free Cash Flow is defined as net cash from operating activities minus capital expenditures.

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

		(Audited) October 31, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	8	\$ 13.3
Accounts receivable	3	213.3
Inventories, net	3	481.7
Other current assets	7	52.7
Assets held for sale	3	—
Total current assets	4	761.0
Property, plant and equipment	1	157.6
Goodwill	3	157.3
Intangible assets, net	5	126.3
Right of use assets	7	19.1
Other long-term assets	2	17.0
Total assets	2	\$ 1,238.3
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	2	\$ 116.2
Customer advances	11.0	210.6
Accrued warranty	20.7	22.3
Short-term lease obligations	6.9	7.1
Other current liabilities	76.9	80.8
Total current liabilities	574.7	437.0
Long-term debt	250.0	215.0
Deferred income taxes	23.6	21.4
Long-term lease obligations	14.5	12.8
Other long-term liabilities	21.4	33.3
Total liabilities	884.2	719.5
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; 59,343,192 and 64,584,291 shares issued and outstanding, respectively)	0.1	0.1
Additional paid-in capital	434.0	502.1
Retained earnings	13.8	16.7
Accumulated other comprehensive income (loss)	0.1	(1)
Total shareholders' equity	448.0	518.8

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

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2022	2021	2022	2021
Net sales	\$ 594.8	\$ 593.3	\$ 1,708.1	\$ 1,790.9
Cost of sales	527.0	516.7	1,527.4	1,565.2
Gross profit	67.8	76.6	180.7	225.7
Operating expenses:				
Selling, general and administrative	46.1	45.2	144.2	141.0
Research and development costs	0.9	0.6	2.9	3.3
Amortization of intangible assets	1.3	2.3	5.7	7.4
Restructuring	2.3	—	8.9	1.0
Total operating expenses	50.6	48.1	161.7	152.7
Operating income	17.2	28.5	19.0	73.0
Interest expense, net	—	—	0.2	14.4
Loss on early extinguishment of debt	—	—	—	1.4
(Gain) loss on sale of assets held for sale	—	—	0.1	2.8
Loss on acquisition	—	—	—	0.4
Income before provision for income taxes	17.2	28.5	19.7	54.0
Provision for income taxes	—	—	0.2	9.6
Net income	17.2	28.5	19.5	44.4
<b>Net income per common share</b>				
Basic	11	11	\$ 0.70	\$ 0.70
Diluted	10	10	\$ 0.68	\$ 0.68
<b>Dividends declared per common share</b>	15	15	\$ 0.05	\$ 0.05
<b>Adjusted net income per common share</b>				
Basic	54	54	\$ 0.92	\$ 0.92
Diluted	53	53	\$ 0.91	\$ 0.91
<b>Weighted Average Shares Outstanding</b>				
Basic	59,417,336	64,125,216	61,291,966	63,863,441
Diluted	59,922,851	65,379,717	61,993,292	64,883,139

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

	Nine Months Ended July 31,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 6.5	\$ 44.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	25.2	24.2
Amortization of debt issuance costs	1.3	1.6
Stock-based compensation expense	6.3	5.4
Deferred income taxes	2.2	0.4
Loss on early extinguishment of debt	—	1.4
Gain on sale of assets	(0.5)	(1.8)

Loss on sale of business or business held for sale	0.1	2.8
Loss on acquisition of business	—	0.4
Changes in operating assets and liabilities, net	18.4	21.8
Net cash provided by operating activities	59.5	100.6
Cash flows from investing activities:		
Purchase of property, plant and equipment	(15.9)	(13.9)
Proceeds from sale of assets	2.8	12.5
Proceeds from sale of investment in China JV	1.8	—
Other investing activities	—	2.0
Net cash (used in) provided by investing activities	(11.3)	0.6
Cash flows from financing activities:		
Net proceeds from borrowings on revolving credit facility	35.0	210.0
Repayment of long-term debt	—	(303.4)
Payment of dividends	(9.4)	(3.3)
Payment of debt issuance costs	—	(7.0)
Repurchase and retirement of common stock	(70.0)	—
Other financing activities	(2.3)	0.3
Net cash used in financing activities	(46.7)	(103.4)
Net increase (decrease) in cash and cash equivalents	1.5	(2.2)
Cash and cash equivalents, beginning of period	13.3	11.4
Cash and cash equivalents, end of period	14.8	\$ 9.2

Supplemental disclosures:
Cash paid (received) for:
Interest
Income taxes, net

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#### Net Sales:

Fire & Emergency					\$ 857.7
Commercial					292.8
Recreation					640.5
Corporate & Other					(0.1)
Total					\$ 1,790.9

#### Adjusted EBITDA:

Fire & Emergency	\$ 1.0	\$ 15.8	\$ 0.6	\$ 47.6
Commercial	6.8	9.7	19.0	25.1
Recreation	29.8	24.1	75.6	64.3
Corporate & Other	(8.1)	(8.0)	(23.6)	(26.6)
Total	\$ 29.5	\$ 41.6	\$ 71.6	\$ 110.4

#### Adjusted EBITDA Margin:

Fire & Emergency	0.4%	5.9%	0.1%	5.5%
Commercial	6.1%	8.7%	6.4%	8.6%
Recreation	11.7%	11.3%	10.8%	10.0%
Total	5.0%	7.0%	4.2%	6.2%

Period-End Backlog:	July 31, 2022	April 30, 2022	January 31, 2022	July 31, 2021
Fire & Emergency	\$ 2,163.1	\$ 1,788.3	\$ 1,655.1	\$ 1,229.9
Commercial	530.7	531.1	459.8	312.0



Recreation	1,242.9	1,302.7	1,282.6	1,157.0
<b>Total</b>	<b>\$ 3,936.7</b>	<b>\$ 3,622.1</b>	<b>\$ 3,397.5</b>	<b>\$ 2,698.5</b>

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

Three Months Ended July 31, 2022					
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net (loss) income	\$ (5.9)	\$ 6.0	\$ 26.3	\$ (16.9)	\$ 9.5
Depreciation and amortization	2.8	0.7	2.8	0.6	6.9
Interest expense, net	1.7	0.1	—	2.5	4.3
Provision for income taxes	—	—	—	3.4	3.4
<b>EBITDA</b>	<b>(1.4)</b>	<b>6.8</b>	<b>29.1</b>	<b>(10.4)</b>	<b>24.1</b>
Transaction expenses	—	—	—	0.1	0.1
Restructuring costs	2.3	—	—	—	2.3
Stock-based compensation expense	—	—	—	1.8	1.8
Legal matters	—	—	—	0.4	1.2
<b>Adjusted EBITDA</b>	<b>(8.1)</b>	<b>6.8</b>	<b>29.1</b>	<b>(10.4)</b>	<b>\$ 29.5</b>
Net income (loss)	(16.4)	6.0	26.3	(16.4)	23.7
Depreciation and amortization	2.8	0.7	2.8	0.5	7.6
Interest expense, net	1.7	0.1	—	1.9	3.4
Provision for income taxes	—	—	—	2.4	2.4
<b>EBITDA</b>	<b>(11.6)</b>	<b>6.8</b>	<b>29.1</b>	<b>(11.6)</b>	<b>37.1</b>
Transaction expenses	—	—	—	0.5	0.5
Legal matters	—	—	—	1.1	2.8
Stock-based compensation expense	—	—	—	1.9	1.9
Net (gain) loss on sale of business held for sale	—	—	—	0.1	(1.0)
Losses attributable to noncontrolling interest	—	—	—	—	0.3
<b>Adjusted EBITDA</b>	<b>(8.0)</b>	<b>6.8</b>	<b>29.1</b>	<b>(10.4)</b>	<b>\$ 41.6</b>

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

Nine Months Ended July 31, 2022					
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net (loss) income	\$ (32.9)	\$ 16.6	\$ 64.8	\$ (42.0)	\$ 6.5
Depreciation & amortization	11.2	2.2	10.1	1.7	25.2
Interest expense, net	4.9	0.2	—	6.1	11.2
Provision for income taxes	—	—	—	1.2	1.2
<b>EBITDA</b>	<b>(16.8)</b>	<b>19.0</b>	<b>74.9</b>	<b>(33.0)</b>	<b>44.1</b>
Transaction expenses	—	—	—	0.6	0.6
Sponsor expense reimbursement	—	—	—	0.1	0.1
Restructuring costs	8.8	—	—	0.1	8.9
Restructuring related charges	5.1	—	—	—	5.1
Stock-based compensation expense	—	—	—	6.3	6.3
Legal matters	3.4	—	0.7	2.3	6.4

Net loss on sale of assets and business held for sale	0.1	—	—	—	0.1
<b>Adjusted EBITDA</b>	<b>\$ 0.6</b>	<b>\$ 19.0</b>	<b>\$ 75.6</b>	<b>\$ (23.6)</b>	<b>\$ 71.6</b>

Nine Months Ended July 31, 2021					
	Fire & Emergency	Commercial	Recreation	Corporate & Other	Total
Net income (loss)	\$ 29.6	\$ 22.3	\$ 53.5	\$ (61.0)	\$ 44.4
Depreciation & amortization	9.0	2.2	10.7	2.3	24.2
Interest expense, net	4.3	0.6	0.1	9.4	14.4
Loss on early extinguishment of debt	—	—	—	1.4	1.4
Provision for income taxes	—	—	—	9.6	9.6
<b>EBITDA</b>	<b>42.9</b>	<b>25.1</b>	<b>64.3</b>	<b>(38.3)</b>	<b>94.0</b>
Transaction expenses	—	—	—	3.2	3.2
Sponsor expense reimbursement	—	—	—	0.2	0.2
Restructuring costs	0.1	—	—	0.9	1.0
Restructuring related charges	0.3	—	—	—	0.3
Stock-based compensation expense	—	—	—	5.5	5.5
Legal matters	—	—	—	1.4	3.1
Net loss on sale of assets and business held for sale	—	—	—	0.1	1.7
Loss on acquisition of business	—	—	—	0.4	0.4
Loss attributable to assets held for sale	—	—	—	—	1.0
<b>Adjusted EBITDA</b>	<b>(26.6)</b>	<b>(26.6)</b>	<b>(26.6)</b>	<b>(26.6)</b>	<b>\$ 110.4</b>

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Nine Months Ended July 31,				
	2020	2021		
Net income	6.5	\$ 44.4		
Amortization of intangible assets	5.7	7.4		
Transaction expenses	0.6	3.2		
Sponsor expense reimbursement	0.1	0.2		
Restructuring costs	2.3	8.9		1.0
Restructuring related charges	—	5.1		0.3
Stock-based compensation expense	1.8	6.3		5.5
Legal matters	1.2	6.4		3.1
Net (gain) loss on sale of assets and business held for sale	—	(1.0)	0.1	1.7
Loss on acquisition of business	—	—	—	0.4
Losses attributable to assets held for sale	—	0.3	—	1.0
Accelerated depreciation on certain property, plant, and equipment	—	—	2.3	—
Loss on early extinguishment of debt	—	—	—	1.4
Impact of tax rate change	—	(4.2)	—	(4.2)
Income tax effect of adjustments	(1.9)	(1.8)	(9.1)	(6.4)
<b>Adjusted Net Income</b>	<b>\$ 14.3</b>	<b>\$ 24.5</b>	<b>\$ 32.9</b>	<b>\$ 59.0</b>





	Fiscal Year 2022	
	Low	High
Net income <sup>1</sup>	\$ 14.3	\$ 25.0
Depreciation and amortization	33.5	31.5
Interest expense, net	17.0	15.0
Provision for income taxes	4.0	8.5
<b>EBITDA</b>	<b>68.8</b>	<b>80.0</b>
Transaction expenses	0.6	0.6
Sponsor expense reimbursement	0.1	0.1
Restructuring costs	9.4	8.9
Restructuring related charges	5.6	5.1
Stock-based compensation expense	9.0	8.8
Legal matters	6.4	6.4
Net loss on sale of assets and business held for sale	0.1	0.1
<b>Adjusted EBITDA</b>	<b>\$ 100.0</b>	<b>\$ 110.0</b>

### REV GROUP, INC. AND SUBSIDIARIES ADJUSTED NET INCOME OUTLOOK RECONCILIATION

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Net income <sup>1</sup>
Amortization of intangible assets
Transaction expenses
Sponsor expense reimbursement
Restructuring costs
Restructuring related charges
Stock-based compensation expense
Legal matters
Net loss on sale of assets and business held for sale
Accelerated depreciation
Income tax effect of restructuring
<b>Adjusted Net Income</b>

<sup>1</sup> Does not include any non-recurring items included in this reconciliation. See

	Fiscal Year 2022	
	Low	High
Net income	\$ 25.0	
Amortization of intangible assets	7.1	
Transaction expenses	0.6	
Sponsor expense reimbursement	0.1	
Restructuring costs	8.9	
Restructuring related charges	5.1	
Stock-based compensation expense	8.8	
Legal matters	6.4	
Net loss on sale of assets and business held for sale	0.1	
Accelerated depreciation	2.3	
Income tax effect of restructuring	(10.0)	
<b>Adjusted Net Income</b>	<b>\$ 54.4</b>	

are consistent with those presented in

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Drew Konop

VP, Investor Relations & Corporate Development

Email: [investors@revgroup.com](mailto:investors@revgroup.com)

Phone: 1-888-738-4037 (1-888-REVG-037)

Source: REV Group, Inc.



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